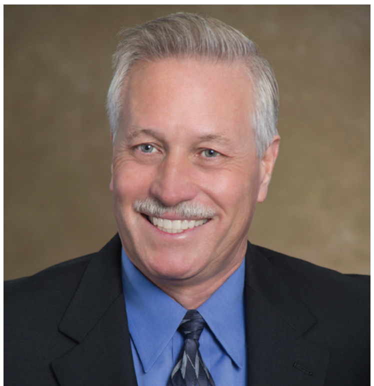
Between the Beacons

Charting Your Course to Retirement

Finding the Right Financial Coach in Retirement: Is Yours Still Right for You?


James D. Stillman

One of the most frequent questions I get asked as a financial advisor is how to know which financial professional is the right choice. Although there's no simple answer, the first thing I always tell folks is to trust your feelings. Aside from all the financial talk, you need to feel that you can trust your advisor, and that they are on the same page as you. Another thing to remember is that the advisor that got you to retirement may not be the right advisor to get you through retirement. It's extremely important to understand the difference between advisors that help you "accumulate wealth" and advisors that help you "protect and distribute wealth". In retirement, it's vital to guarantee income and protect assets from too much risk, in my opinion.

Another important thing everyone should ask a potential advisor is what their ideal client profile looks like. This is important because there are different kinds of advisors, with different areas of expertise that should be used at different times of your life. Not every advisor is suited to serve clients in your particular phase of life. For example, if you are younger (say 25 – 45) and have 20 to 40 years before retirement, it may be better to have a more aggressive advisor that invests in the market through stocks, bonds, ETF'S, and mutual funds. When you're younger, you have time on your side and can afford to take on more risk trying to grow and accumulate assets. Many folks already do this with 401k plans, even if they're not working with an advisor. Stock brokers typically fall into this category. I call these folks "accumulation experts". Their job is to get you to retirement by accumulating assets. Like it or not, attempting to get higher returns means taking on higher risk. That's okay at a younger age with time on your side and a paycheck to back up any losses.

Once you reach age 50 or 55 and above, what's more important, accumulation or preservation of assets? As retirement looms closer, the last thing folks can afford is to lose 25% - 50% of their retirement nest egg because the market didn't cooperate! Once retired, ask yourself if it's worth the risk of chasing high returns at all cost. Personally, I think it's foolish, especially in this age of high volatility, political gridlock, and out of control debt. If you're retired, and you lost a lot of money in 2000, 2001, 2002, or 2008, you were likely with an advisor that was focused on "accumulation".

So, what type of advisor should most folks have when approaching or in retirement? Find an advisor that specializes in "preservation & distribution" strategies. What that means is an advisor that's focused on secure investments and income planning strategies. A "preservation & distribution advisor" will typically have a better understanding of social security, tax issues, IRA planning, guaranteed income planning, and how to efficiently pass on assets to heirs (legacy planning). The skill set of these advisors is far different from the advisors that focus on accumulation. Note: This does not mean that one type of advisor is right and one is wrong. It simply means that they are different. All advisors should choose the type of clientele they want to serve and what they want to focus on. It's very difficult to be all things to all people. Therefore, a lot of financial advisors have become highly specialized (at least the good ones have), just like doctors and lawyers.

Another very important question that should be asked of a potential advisor is whether they operate under the Fiduciary Standard. Working under the Fiduciary Standard means that the advisor must legally put your interests ahead of their own at all times, giving you the best recommendation available, as well as fully disclose any conflicts of interest and potential fees. In my opinion, you'll get the best non-biased advice from a fee-based Registered Investment Advisor that's also skilled at insurance planning in retirement. We're set up as a Registered Investment Advisory firm here at JDS, and we're also well versed in insurance planning. We have decided to operate this way, because we feel it's truly best for our clients.

As always, if you would like more information, any of our free reports, a free consultation, or a copy of my book "Finding Safe Harbor in Retirement", then just let us know. At JDS, everything we do is designed to take the worry out of your retirement. If you'd like to set up a visit to discuss your retirement and get your own ***Chart Your Course Retirement Plan***, then give us a call.

And remember: ***The purpose of the money dictates where you put it!***

Until Next Month,
James D. Stillman

Chart Your Course to Retirement

Thursday September 6th and
Tuesday September 11th
at Epic Chophouse in Mooresville
6:30pm
(doors open at 6:00pm)

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