YOUR FINANCIAL WELLNESS

What Parts of Your Advisory Relationship Should You Keep—and What Should You Question?

By Kristin Poole

Early on January 1, my daughter, Riley, gleefully asked me what our New Year's resolutions would be. Mine was simple: do more yoga.

Riley had two, and they were more ambitious: learn a musical instrument, guitar or piano; and master the canter so she could compete at a higher level at horse shows. I was charmed by her positivity, but also saw complexities and challenges she would have to work through to achieve her goals.

A daughter's ambitious resolution sparked thoughts of the significant hurdles investors come across.

My daughter's resolutions actually got me thinking about clients, and the complexities and challenges they face to achieve their goals. One significant challenge can be achieving a constructive, healthy advisory relationship. Many clients have relationships that feel valuable, yet are simultaneously lacking.

I have seen firsthand how choosing or changing advisors can feel complex and overwhelming. I have also seen how having an advisor that you truly trust can reduce stress, give you confidence, and improve your financial — and overall — wellness.

A good resolution to make: Ensure that you are getting the most out of your partnership with your financial advisor. Consider starting with two simple questions: What should you keep and what should you question?

What should you keep?

Respectful Communication. You have the right to work with an advisor who provides communication that fits three categories:

- *Responsive:* Your advisor gives you sufficient time for relaxed conversations and responds in a timely manner.
- *Collaborative:* Your advisor is interested in your perspective and listens thoughtfully to your priorities and concerns.
- *Educational:* Your advisor finds opportunities to clarify relevant topics without using jargon or being judgmental.

When communication is mutually respectful, clients can comfortably explore their goals and values, and the advisor can explore the right combination of investment and planning strategies.

Clear Planning. You have the right to know what, if any, financial planning to expect from your advisor. Does your advisor explore how your estate plan, tax plan, charitable giving and investments are working in concert? Do you know whether you are on track for goals like retirement, or what the plan is to get on track? If you are paying for advice, you deserve clear answers to those questions.

Transparency. You have the right to know how much you pay for your investments, how much you pay for advice and how your advisor is compensated. This is one of the few situations in which asking how someone is paid is appropriate, and the answer may help you evaluate your partnership.

What should you question?

Disrespectful Communication. You do not deserve to work with an advisor who makes you feel incapable of understanding investment concepts or, even worse, undeserving of his or her attention. If you have felt any such judgments after speaking with your advisor, you may want to question the mutual benefit of the partnership.

Market Timing. You do not deserve to feel pressured to worry about if or when you should be jumping in or out of the market, or whether one stock will grow enough or another stock has peaked. Peer-reviewed evidence has continually shown that even the best-informed “experts” cannot sustain accurate speculation year after year. If you seek a less stressful, more effective approach, you may want to explore different investment philosophies.

Commissions. You do not deserve to worry that conflicts of interest may be influencing the advice your advisor gives or the investments he or she recommends. Commissions, kickbacks, and sales goals rarely improve a client’s portfolio. If you seek a more objective approach, it may be time to consider a fee-based service.

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