

# CHOOSING A FINANCIAL ADVISOR

WHAT TO KNOW BEFORE YOU INVEST



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hoosing a financial advisor may be one of the most important financial decisions that you will ever make. The person you decide to work with will be in a position

to influence critical investment and planning decisions, and the quality of his or her advice could heavily influence your long-term financial success. Whether you are preparing for retirement, planning an estate, selling a business or handling a wide range of complex financial matters, having the right advisor relationships in place is vital. Here are some areas you may want to consider before selecting a financial professional.

## TYPE OF ADVISOR AND EXPERIENCE REQUIRED

The financial services field is broad and there are a number of different types of advisors who offer a range of qualifications, experience, and services. Determine what your primary needs are, such as: help establishing a nest egg, planning your retirement, or buying a house, and look for advisors with experience in those areas.

While most advisors can assist you in developing general long-term financial strategies, many advisors specialize in niches like total wealth management, services for business owners, or financial advice for women. If you need specific experience, make sure you seek out advisors who qualify.

## QUALIFICATIONS

Check the qualifications and experience level of any prospective advisor before investing with them. While certifications and professional designations are not everything, advisors with



legitimate designations have demonstrated a desire to go the extra mile in their professional training. Most of these designations require candidates to demonstrate competence in a range of topics and meet high ethical and professional standards.

You can also check an advisor's credentials and complaint history using FINRA's BrokerCheck or the SEC's Investment Advisor Search.

## KNOW YOUR OPTIONS

It's important to be objective when choosing an advisor, and setting up multiple interviews allows you to compare advisors and select the one that best fits your needs. Use a process of elimination and cross each advisor off your list as you identify your likes and dislikes. Focus on objective criteria such as years of experience, qualifications, as well as subjective ones such as personality match. You want an advisor who meets your needs as well as meshes with your personality.

# QUESTIONS TO ASK A PROSPECTIVE ADVISOR

## HOW LONG HAVE YOU WORKED IN FINANCIAL SERVICES AND WHAT BROUGHT YOU TO THE INDUSTRY?

It's important to know that the advisor to whom you entrust your assets has both experience and a passion for financial planning. Many advisors enter the financial services industry as a second career and you may want to ask a potential advisor about his or her current and past experiences in financial planning.

## HOW DO YOU GET PAID?

It's essential to understand exactly how an advisor makes money and reluctance to discuss compensation is a big red flag. Typically, advisors earn a living through commissions, management fees, or by charging flat rates for their services. There are many reasons why an advisor would choose one compensation plan over another and there are advantages and disadvantages to each system. The important thing is to always understand how you will be paying for services and how that may affect the advice you will receive. Good advisors structure their compensation to minimize conflicts of interest for their clients and will always disclose how they are being compensated.

## HOW OFTEN AND THROUGH WHAT CHANNELS CAN I EXPECT TO HEAR FROM YOU?

Take some time to think about how often you would like to hear from your advisor. Once a week? Once a month? Once a quarter? It's important to establish the advisor's typical schedule of contact so you can decide if it meets your needs. It's also critical to know in advance how much contact you can expect during inevitable market declines and whether the advisor will be proactive in keeping you informed. Establish how the advisor typically keeps in touch with clients; if you prefer phone

calls and mail, an advisor who relies on online account management and email may not be a good fit.

## WHO MAKES THE INVESTMENT DECISIONS FOR YOUR CLIENTS?

It's important to know if the person you are compensating is actually the person who will be making the investment decisions or do they hire a third party to manage the investments. Additionally, what strategies are utilized to choose investments? For example, if they invest their clients' money in individual stocks, how do they choose which stocks to buy and sell and when to buy or sell them?

## IN CONCLUSION

We hope you find this guide useful in researching and finding a great advisor. Remember, only you can decide whether to work with a financial advisor or not and you shouldn't feel pressured to make a decision quickly. Always trust your instincts and don't be afraid to push for more information.

Here at Empire Wealth Management, we work hard to make sure our clients understand all the options available to them so they can make educated choices. After considering your options, we hope you'll make Empire Wealth Management your choice! Please feel free to call or email us with any questions.

## EMPIRE WEALTH MANAGEMENT

1760 East Pecos Road, Suite 344  
Gilbert, Arizona 85295

Phone: (480) 422-8522

Advisors@EmpireWealthAZ.com



1760 East Pecos Road, Suite 344 Gilbert, Arizona 85295  
Advisors@EmpireWealthAZ.com  
www.EmpireWealthAZ.com  
(480) 422-8522