

# Competence considered key when seeking a financial advisor

All facets of clients' finances should be taken into account

By MATTHEW REITZ

**R**etirement planning is one of the most important and constant objectives many individuals have in life, but who should you choose to watch over your money and give you financial advice?

Choosing the right financial advisor for you is crucial to your retirement and financial planning. The wealthiest Americans can end up in financial ruin without practical advice and sound planning for the future, so there are many different things to consider when selecting the financial advisor that best fits your needs.

G. Joseph Votava Jr., Seneca Financial Advisors CEO, says finding the right financial advisor might be a little bit different for everyone, as people have differing needs and ideas of what they're capable of doing on their own.

"It can be different person-by-person — it's not one size fits all," Votava said, but investors should be asking about any prospective advisor's experience and credentials. "A person's financial life has a lot of little pieces to it, and there can be holes that they just haven't thought about."

Brennan R. Redmond, Sage Ruttly financial advisor and first vice president, says the first thing an individual should look for in an advisor is that they're a fiduciary, which can help investors differentiate between true advisors and sales representatives.

"A fiduciary means there can be no conflicts of interest," Redmond said. "They can't sell you the in-house mutual fund because they're going to get a trip to Hawaii if they sell a certain amount."

Such practices were rampant at one time, and though it has been curbed it does still happen. Redmond says a general rule of thumb is to avoid places with proprietary products,

because investors are likely to get those proprietary products whether it makes sense for your portfolio or not.

Prentice Wealth managing partner William Prentice II says there are three basic tenets individuals should look at when choosing a financial planner, and people should be searching for a competent, trustworthy advisor that they feel comfortable with. Most important, Prentice says, is ensuring the person you're working

says, and educate clients about the implications of decisions.

Fee structures and the cost of a financial advisor are an obvious place to look, but Redmond says investors need to be aware of layered fees and know in advance what fees a financial advisor is charging.

"The goal with all fees is to know what they are in advance and to review them regularly," Redmond said.

Aside from fees, Redmond said

**"The reason that defined benefit pension plans worked is they were the golden goose that would keep on laying eggs."**

*William Prentice II, founder and managing partner of Prentice Wealth Management*

with is competent and trustworthy.

"Competence, in my opinion should be first, second should be trust and third should be like," Prentice said. "I would rather deal with somebody that is highly competent that I know always has my interest in mind even if I don't like them."

There are many ways to assess competence, Prentice said, but he pointed to an advisor's background, education and certifications as critical pieces when searching for a financial advisor. Individuals should also talk to prospective advisors about the technical ins and outs of the industry to gauge their level of competence.

Investment returns should not be the only thing people consider, Prentice said, noting people should look at what an advisor actually does for clients and the total scope of provided services.

Trust is also essential, according to Prentice, who said some firms may be acting as a fiduciary in some aspects, but are not always required to work in a client's best interest. Advisors should be willing to help clients understand the different regulatory standards in the industry, Prentice

there are a number of items investors should look for when choosing a financial advisor, including credentials and experience. Credentials can help differentiate between sales people and finance professionals, according to Redmond, who said the two highest-quality credentials are chartered financial analyst (CFA) and certified financial planner (CFP).

Ask financial planners about their investment strategy, Redmond says, noting one of the most important decisions people can make is asset allocation, or how their investments are divided between stocks, bonds and other investments.

People often don't "look under the hood" when choosing how to manage their money, Prentice said, and with the rise of technology driven services, investors need to decide whether they want to have a person to call who they know and trust when circumstances become difficult.

"Invariably markets will go down," he said. "And that's what we're really here for — to talk through what that looks like, what should the reaction be and are you allocated appropriately."

Financial advisors should have a dynamic, goals-based plan and help clients understand how decisions can impact the future, Redmond said, noting going into retirement without a plan is "like building a house without a blueprint."

"If you want to make good, educated decisions and understand how they will impact your future then it is best to have an infrastructure for doing so, and that's what planning is all about," he said.

Advisors should be able to provide "holistic advice," Redmond said, noting a financial advisor should be the one in the best position to make sure your taxes, insurance, estate planning and investments are all in order. Experts say the financial advisor doesn't have to provide all those services, but should be able to ensure the pieces are properly linked.

"The financial advisor is the one who should make sure that all these different parts of your financial life are moving together and in harmony," Redmond said. "We have the best seat to be able to do that, and we should be making sure your taxes are minimized, your insurance is proper on top of doing the investment management and the retirement planning."

Investors should also pay close attention to the firm an advisor is a part of, according to experts, who said a firm with depth would ensure if anything were to happen to your advisor or broker someone would be able to step in and take care of your accounts.

Redmond also recommends searching BrokerCheck, a website run by the Financial Industry Regulatory Authority, that people can use to search for any complaints, disputes or disciplinary action taken against anyone licensed to sell financial securities.

"It's a matter of public record — so you want to check it out," he said, but noted a complaint alone might not mean much. Legitimate complaints typically result in a fine, termination or settlement.

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