



W.A. SMITH
FINANCIAL GROUP

RETIREMENT INCOME | WEALTH MANAGEMENT | ESTATE PLANNING



HOW TO HIRE

THE RIGHT FINANCIAL ADVISOR






The Potential Benefit of Working With A Financial Advisor

Do I need a financial advisor? Should I do it myself and invest on my own? I could probably just use “index funds” and be O.K., right? Is an advisor really worth the fee I’ll likely have to pay? How do advisors get paid, anyway? What if I make a mistake and hire the wrong person? Where do I even begin with all of this?

These are just a few of the questions you might be asking yourself if you are reading this guide for the first time. You aren’t alone. Whether you have a financial advisor already or not, finding, interviewing, and selecting the right advisor is not an easy task. Financial advisors, brokers, investment bankers, insurance agents and financial product providers come in all sorts of shapes and sizes.

So, where should you start? What steps should you take to make sure you hire the right type of advisor for your specific situation? Which questions should you ask?

If you are the type of person who wants to worry more about your life and less about your money, working with the right financial advisor could help you take your financial plan or your investment strategy to the next level. In this guide, we’ll help you navigate 3 easy steps you can take to make sure you are working with a financial professional that suits you best.



According to a survey from Northwestern Mutual, people who work with financial advisors are more likely to report happiness, confidence and stability in their financial and personal lives.¹



Step 1: Map Out Your Own Objectives, Expectations, and Goals

Former American automobile racer Bobby Unser once said, "Success is where preparation and opportunity meet." Simply requesting this guide proves that you have a desire to be successful with your investments and your financial plan. It's certainly possible that hiring a financial advisor can make a huge impact. That said, the first step that you need to take, before you even think about working with a financial advisor, is to be laser-prepared and to identify exactly what it is that you are hoping to accomplish.

Prior to seeking opinion and/or recommendations from a financial advisor, you need to make sure that you have thought long and hard about what you want out of retirement. What does retirement mean to you? A holistic planner's approach in a first consultation should include a good deal of fact-finding. The discussion the advisor leads with should help you identify exactly what your goals and objectives are as well as what should be focused on to help you succeed.

How Much Will You Need?

According to the Employee Benefit Research Institute's "2020 Retirement Confidence Survey," 4 in 10 workers expect to need \$1 million or more to live comfortably in retirement. How much will you need?²

Try to keep things simple. And remember, not a lot has to change. If you prepare properly on the front end, the rest may come a lot easier. Start things off by asking yourself;

“Do I need a comprehensive plan for income in retirement, or do I simply want to improve my investment strategy?”

If you want a comprehensive plan

What’s my target date for retirement?

How much money do I spend now every month?

What are my basic expenses of living?

Will my expenses change when I enter retirement?

What income streams will I have coming in when I retire?

How might the death of my spouse affect that retirement income?

How long will the income stream need to last?

Is it important that I leave a legacy to my family?

Do I just want a better investment strategy?

What is your risk tolerance?

How much do you pay for your investment advice now?

What fees are associated with your current investments?

Is diversification important to you?

Is your current strategy tax efficient?

How often do you adjust your target allocation?

Do you have an “active” or a “passive” investment approach?

If you pass away, will your spouse be comfortable handling the investments?

Step 2: Understand That There Are Different Types of Financial Professionals

You'd think that all financial advisors are cut from the same cloth, follow the same rules and regulations, and offer the same type of advice. Unfortunately, it's much more complicated than that. Financial planner, broker, insurance "specialist", investment advisor, portfolio manager, and wealth advisor are just a few of the titles that are used today to describe financial professionals. To make matters worse, there are more than 200 different designations available to financial professionals, all with varying requirements and intensity.³ So, who do you hire? How are they different? And why does it matter?

A **product-provider** can help you purchase a financial product that may suit your needs and objectives for said investment dollars. It may be your responsibility to determine whether or not said product is the best option for your specific goals.

An **investment advisor** may focus more on your risk tolerance, the management of risk with your investment strategy, and your asset allocation as a whole. They might focus more on your investment strategy as opposed to other areas of planning, such as income, tax or estate planning.

A **holistic planner** aims to help you create a plan first before focusing on products and investment strategy. Whether you have a plan already or want to develop one, the holistic planner will focus on all 5 of the key areas: investments, income, taxes, estate and health care.



Holistic Planner
(Customized)

Investment Advisor
(Templated)

Product Provider
(Self-Directed)



Step 3: Interview Advisors To Determine The Best Fit

Whether you desire a comprehensive plan, or you aim to increase your investment allocation efficiency, a holistic planner might help you raise the bar. You know there's a difference between certain types of advisors and how they provide advice. Now it's time to apply that preparation and knowledge and take action. Establishing an interview process that guides your selection is critical to making the right decision. Simply "winging" the meeting process could prove to be a huge mistake.

Most all advisors will have a "process" that they take you through when you first meet with them. Always remember what your initial goal going into the meeting was. If you can't articulate what it is that you need help with, you are shooting yourself in the foot!

When selecting a financial advisor you should feel confident that they are equipped with the appropriate knowledge and experience needed to help you meet your objectives. The services and type of advice you are going to receive from your advisory relationship should be crystal clear. If you are still confused about "what you will get" when hiring an advisor, you may have a problem!

The Advisor's Alpha

Based on research, analysis, and testing, Vanguard has concluded that there is a quantifiable increase in return from working with a financial advisor. Vanguard calls this advantage the "Advisor's Alpha." When certain best practices are followed, the result can be an "Alpha" (or potential improvement) in the 3% per year range. ⁵



A **holistic planner** will spend most (if not all) of the first meeting learning about you, your situation, and your specific goals. The meeting should be an integrated conversation that assists the advisor in learning what they need to know to establish the right plan of attack moving forward.

So, how do you know the meeting is heading in the right direction?

1. You've identified a specific problem or area that you desire help with
2. You are committed to creating a plan of attack that solves your problem
3. You feel that the financial professional you are consulting with has the ability to help you fix the problem
4. The advisor explains things simply and effectively and in a manner that you can understand
5. You can identify a specific path moving forward that you can follow to create actionable improvement

Good Questions to Ask A Financial Advisor In A First Meeting ^{5 6 7}

Are you a fiduciary?

How are you compensated for your services?

What services does your company provide?

Do you have a “minimum”? (minimum investment requirement)

How often will we meet should we work together?

How do you measure success with your clients?

Do you provide holistic advice in other areas, such as tax or estate planning?

Who is your custodial partner? (IE – What firm “custodies” your clients accounts?)

What would happen to my accounts if you were to leave the firm?

How long have you been a financial advisor?

Will I work with you directly or do you have a “team approach”?

What process do you follow to build a financial plan?

What does your ideal client look like?

What do you love about your job?

How will we communicate about my investments?

Already have an advisor?

Then you should be asking the same questions! If you are having second thoughts about whether your advisor is the best fit for you moving forward, get a second opinion. Ask yourself questions like:

- Am I happy with my advisor’s communication with me?
- Do I have a written, identifiable financial plan that is easy to understand?
- Do I feel more knowledgeable or overwhelmed after talking with my advisor?
- When was the last time my advisor adjusted my strategy?

Areas of Concern We Address

Will I run out of money?

Do I have enough money to retire?

How should I invest my money?

How do I create a paycheck from my investment savings?

How much risk should I be taking?

When should I collect my Social Security benefit?

Will he/she be OK when I die?

How can I address the potential for rising taxes?

Will I have to give things up?

How should I plan for health care costs in retirement?

How can I ensure that my business succession plan will work the way I want it to?

Who Is W.A. Smith Financial Group?

Who We Are

W.A. Smith Financial is a team of holistic planners that are held to a fiduciary standard. **Our mission** is to ensure our clients worry more about their life and less about their money. **Our vision** is to be the last advisor our clients ever need. If you've worked with other financial professionals who seemed more like salespeople than advisors, rest assured that you won't have that experience with us. At W.A. Smith Financial, we focus on plans, not on individual products.

What We Do

We manage money for successful individuals and business owners. Through our proprietary Retirement Tune-Up™ financial review, we help you create a wealth management plan that addresses your specific goals and strategies. The end result is what we call a 5-Star Retirement Plan™, one that addresses income, investing, estate planning, tax planning, and healthcare.

To determine if we could be the right fit for you, or to get your questions answered, schedule your complimentary consultation now. Call toll-free, 1-866-417-4156

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