

From the Heart: Your Finances

Asking the Essential Questions When Working with a Financial Advisor

By Katherine S. Newton, CFP™

If you've read prior "From the Heart: Your Finances" columns, then you may have begun setting goals by looking deep within yourself, and you may have begun looking for, or may have found, an advisor to help you achieve those goals. (Can you become wealthy and attain your goals without an advisor? Surely. Should you try? Almost certainly not. Is this my personal opinion and bias? Of course!)

My last column included questions you can use as you interview a prospective advisor. In this column, I'll attempt to help you frame the proper questions that you should be asking of yourself and of your advisor once you have engaged her and those that your advisor should be asking you once you've established that relationship with her. Smart women know that you can't find the right answers until you know how to ask the right questions.

Here is what your financial advisor should be asking you:

"Who are you and what's ***important*** to you?"

"Where are you now?"

"Where do you want to ***go***?"

"What do you ***expect from*** me your ***advisor***?"

Questions you should ask of yourself and of your advisor are:

"What does wealth mean to me? How much money is enough? How can I find my "number" or the amount of money I need?"

"What really are stocks and bonds and which should I own? Should I own anything else?"

"What is risk? What would constitute risk for me? How can I avoid it or minimize it?"

"What must I do (how must I behave) to become wealthy and to reach my goals?"

Let's take these one at a time. Today I'll elaborate on the first questions, and then in subsequent columns I'll cover the others.

"Who are you and what's important to you?"

First of all, your relationship with your advisor should be comfortable enough that you can share with her your circumstances, your worries and fears, and your dreams and aspirations. The more you can share with her, the greater chance you have of attaining success. Of course, this type of relationship does not

happen immediately but will develop over time. But when your advisor asks “Who are you?” or “Tell me about yourself,” it is to begin to establish a relationship of trust and to learn about you and your personality. She will want to know about your family and any people who depend on you or who are important to you. She will want to understand your life’s work and also what you enjoy doing in your leisure time. She will want to know some of your “history”: where you are from, where you went to school, places you have visited, and so on.

Your value system will be of interest to her as well. Values are those desired qualities that give your life meaning. They are essential to satisfaction and happiness. So your advisor needs to understand if you are adventurous, achievement oriented, generous, creative, or athletic. Is it more important to you that others are treated justly or charitably? Do you spend your time being introspective or outgoing? What you do as opposed to what you say is important to you may not reflect the same values, so it’s important that you be able to communicate your ideals, even if they don’t truly reflect where you are now. These types of discussions with your advisor can help you clarify what you truly want to achieve, how you see your “life plan,” and can help move you toward more consistency in ideals and actions.

An understanding of all of these issues is essential to her so that she can personalize and individualize the financial plan she will prepare for you, the portfolio she will design for you, the risk management program she will recommend to you, and any other financial advice she may give to you.

In addition, your advisor may grow to truly care about you on a level that seems to go beyond simply advising you financially. But that caring and love may make a world of difference between your simply accumulating money and assets which may not make sense to you emotionally and spiritually and your having the means to achieve your goals and to become truly fulfilled.

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Katherine Newton, a 29-year veteran of the financial services industry and Certified Financial Planner™, helps clients nationwide enrich their retirements by working to create reliable streams of income, freeing them to do what’s most important in their lives.

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