

The Head and the Heart of a Financial Advisor

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You would probably agree that a good Financial Advisor needs great analytical skills in order to guide you properly. But don't you need something more from your Advisor if you are to move confidently in the direction of your goals? Not every issue for consideration is a matter of black-and-white choices. Sometimes more questions need to be asked than answers given to inspire you to move decisively and passionately in the direction of changing your life for the better.

Let's use the example of giving away money. Two major considerations are how and when to make gifts. For the purpose of this article, let's consider the 'when' of charitable giving.

Head and Left Brain

Using the left brain means your advisor runs numbers and draws on a body of data and knowledge about money, taxes, and planning to advise you effectively.

For example, the left brain is used to help you prepare financial statements, analyze your ability to make gifts, and measure potential tax benefits. The left brain answers questions and solves problems related to whether there is enough money to be given away, either now or later, without compromising your other goals such as retiring comfortably without having to worry about running out of money.

Your advisor's left brain is also used to analyze what tax savings can potentially be realized, whether those savings fall into the gift, estate, or income tax arena, and when best to make gifts to maximize those tax savings. Knowledge of impending changes in the estate or income tax code will come into play as well.

Heart and Right Brain

But what about questions and considerations regarding whether you should make those gifts at death as part of a testamentary directive (in the will) or to give money away now during your life to fulfill a dream of making a difference in the life of someone else?

In order to inspire you to take action, your Financial Advisor needs to understand how much satisfaction you might derive from items such as setting up a foundation during your lifetime rather than waiting until you are gone. Your advisor may also show you how establishing such a foundation gives you the ability to shape and craft a legacy with your energy and action rather than by writing a mission statement to be adhered to later, a statement which might either be too vague or too specific to accomplish your intentions and which might even hamper your heirs' or trustees' abilities to help potential beneficiaries. These are all functions of the right brain and are matters of the heart.

Some clients want more involvement and control in their relationship with the charities they support, and a great Financial Advisor can show you how you can actively participate in the work of the foundation now in order to set an example for those who work with the foundation for decades to come. Such a strong personal model might also accomplish much more in the way of directing others after you are gone than any written mission statements or directives.

A great Financial Advisor makes sure she gives you both good empirical advice as well as getting to the heart and soul of your dreams. She needs to use all her analytical resources but also to employ her best counseling abilities to discover what is really important to you. She needs to know how to use her head AND her heart when inspiring you to make meaningful choices and changes in your life in order to fulfill your dreams and aspirations.

The views are those of Katherine Newton and should not be considered as investment advice.

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Katherine Newton, a 30-year veteran of the financial services industry and Certified Financial Planner™, helps clients nationwide enrich their retirements by creating reliable streams of income, freeing them to do what's most important in their lives.

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