

What Should You Ask a Financial Advisor?

Managing your finances and investing for your future are important tasks — and they can be challenging. But you don't have to go it alone. Many people benefit from working with a financial advisor, someone who knows their needs and goals and makes appropriate recommendations. If you're considering getting some help, you'll want to ensure a particular financial advisor is right for you, so it's a good idea to ask questions.

Here are some to consider:

- *Have you worked with people like me?*

All of us are unique individuals. Yet, you do share certain characteristics with others — age, income, family situation and so on. And you might feel comfortable knowing that a financial advisor has worked with people like you and can readily understand and appreciate your needs and specific goals: college for your children, a certain type of retirement lifestyle, the kind of legacy you'd like to leave and others. The more information you can provide about yourself upfront, the better your chances of finding a good match.

- *Do you have a particular investment philosophy?* Some financial advisors follow a particular investment style, while others might focus on specific investments or categories. There's nothing inherently wrong with these types of approaches, but you might be better served by working with someone who takes a broader view — one that emphasizes helping clients meet their goals over any particular philosophy or strategy.

- *How will you communicate with me?*

Open and frequent communication are key to a successful relationship with a financial advisor. So, you'll want to know what you can expect. Will you have annual or semi-annual reviews of your accounts? In between these reviews, can you contact your advisor at any time with questions you may have? How will an

advisor notify you to recommend investment moves? Is the financial advisor the individual you'll communicate with, or are other people involved?

- *How do you define success for your clients?* Some investors track their portfolios' performance against that of a specific market index, such as the S&P 500. But these types of benchmarks can be misleading. For one thing, investors should strive for a diversified portfolio of stocks, bonds and other investments, whereas the S&P 500 only tracks the largest U.S. stocks. So, when you talk to potential financial advisors about how they define success for their clients, you may want to look for responses that go beyond numbers and encompass statements such as these: "I'm successful if my clients trust me to do the right things for them. And, most important, I'm successful when I know I've helped my clients reach all their goals."

- *How are you compensated?* Financial advisors are compensated in different ways — some work on commissions, some charge fees, and some combine fees and commissions. There isn't necessarily any best method, from a client's point of view, but you should clearly understand how a potential advisor is compensated before you begin a professional relationship.

These aren't the only questions you might ask a potential financial advisor, but they should give you a good start. When you're trusting someone to help you with your important financial goals, you want to be completely comfortable with that individual — so ask whatever is on your mind.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.

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