

THOUGHT LEADER OF THE MONTH

ALL FINANCIAL ADVISORS ARE NOT CREATED EQUAL

An investment portfolio is not a financial plan.

When we visit a doctor, we expect to receive advice from a real doctor, not someone simply calling themselves a doctor. They are board-certified, educated, trained and in the business of delivering medical advice. Why is this important? It's our health and therefore, undeniably important.

Health is important, but so too is wealth. Unfortunately, when you visit your "financial advisor" or "financial planner," the same standards do not apply. As a matter of fact, you may be meeting with someone who is allowed to call themselves an advisor, but has no experience or skill in delivering

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objective financial advice in your best interest. Here are some tips to identify a real financial advisor.

Experience and credentials. A real advisor has dedicated their career to the service of delivering financial advice. There is no substitute for experience. If someone has been working with clients for years, their ability to help you solve your financial challenges will be aided by those experiences. Credentials are important as well. Many credentials in our industry are bought and paid for, not earned.

In my opinion, only a few matter. The most prominent credential dedicated to our profession is the CERTIFIED FINANCIAL PLANNER™ designation (CFP®). Just because someone is a CFP® practitioner does not mean they are qualified, but it's a good starting point. The Certified Public Accountant (CPA) and Chartered Financial Analyst (CFA) credentials show a higher competency in tax and investment matters respectively, and should also be valued when hiring an advisor.

It's about the plan, not the products. Most advisor meetings start with an update on the markets and a discussion

on portfolio performance. Inevitably this segues into a discussion about the existing products being used, followed by a pitch for new products you must consider. Outside of following a recommendation to add a new product to the mix, no actual planning advice was provided. Sound familiar? More often than not, this suggests you are working with a salesperson and not a financial advisor.

A financial planning challenge is almost never magically solved with a product, even if it "guarantees" you can have all the upside of the stock market, but never lose money. Instead, your meetings should be comprehensive planning sessions aligned specifically with your goals. You should leave these meetings with a clear understanding of the specific planning strategies to reach your goals, not a large prospectus to read, filled with nothing but fine print.

There is a transparent fee—for the plan. When you see a doctor, you expect them to advise the best treatment, not something to make them the most money. Shouldn't the same be expected of your financial advisor? A real financial advisor will charge you a fee for the planning work, not just some arbitrary percentage of your assets, or worse, a commission from a company to sell their product. Transparency is the foundation of trust. At PDS Planning, we charge a flat fee for our work, stated in dollars, not seemingly marginal percentages. Welcome to real financial planning.

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