



5 Questions to Ask When Deciding to Hire a Financial Advisor

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You're Considering Working with a Financial Advisor

But, not only are you not sure how to find a good advisor, you don't even know if you want to work with an advisor to begin with! If that's how you feel, then you're at the right place. Because once you finish this guide - and it won't take that long - you will be much closer in my opinion, to making a sensible choice for an advisor that will be matched to you.

There are 5 simple questions which you score from 1 to 10. Note: no one is trying to be tricky here. Answer these and you'll gain greater clarity. Furthermore, you'll have an idea of where to start and what type of professional to seek out (which will put you ahead of most people who get referred by their Aunt Bunny to someone who ends up, not surprisingly, not being a good fit).

"Pre-Workout"

Before we jump in, you have some homework to do. This will go a long way to making this exercise productive. And here it is: I would (highly) recommend you conduct a values conversation and goal conversation with a skilled listener. When you know what's important to you, it's easier to match yourself to an appropriate professional.

The easiest way to do this is to use the exercises in Bill Bachrach's book, "Values based Financial Planning." Go through the chapters in the value conversation (What's important about money to you) and the goals conversation.

If this book is not available to you, call me and I'll send you a copy (888.278.9433x5). The alternative is to spend some time thinking about what's important to you and fleshing that out and then going through your goals while being very detailed as to goal date, amount of money needed for goal and what achieving it would mean to you.

Alternatives: George Kinder's 3 questions could work here for some people. Or for others, asking yourself "If we were sitting here 3 years from now, what has to have happened in those 3 years for you to feel you have accomplished what you would have wanted to in that time?"

Now that we've covered that, lets go through the 5 Questions...

Question 1. How Well Do you Play with Others?

I typically encounter three main client types:

1. The Do-it-yourselfer (DIY)
2. The Collaborator
3. And The Delegator

The Do-It-Yourselfer ("DIY") prefers to do his own stock research, read up online on insurance types and study Morningstar for mutual fund offerings. He likely prepares his own taxes and reads Kiplingers. His motto is **"why pay someone else for something I can do myself?"** It could seem that DIYs value money more than time.

The collaborator likes to work with professionals but make the final decisions for herself. An example would be someone who researches and buys his own insurance but hires a licensed insurance advisor and pays him a fee to review her top 3 choices and make a recommendation. her motto is **"I want to make the decisions but with good second opinions to back them up."**

The Delegator is the opposite of the DIY'er. The delegator is not naive - she knows that she has limited time and focuses her working time on what she does best, while preserving her "free time" for those tasks that she can not delegate. Things like:

- Personal fitness and health
- Time with family/kids
- Charitable work
- Hobbies and sports

The delegator says **"why do something myself that I can pay someone else to do for me?"** The delegator values time more than money.

Regarding tasks that are NOT your core competency/where you earn your income, on a scale from 1-10, score yourself a “1” if you are total do-it-yourselfer, a 5 or 6 if you are collaborator, and a 9 or 10 if you prefer to be a complete delegator.

Place Your Score Here:



Question 2. Your “Scope of Services” Preference?

This part goes hand in hand with question one. Do you feel you simply need a specialist in one financial subject (e.g. Taxes, Long Term Care Insurance, or IRA Rollover) or do you prefer to find someone who will take your entire financial picture into account and develop a comprehensive, coordinated financial plan?

Give yourself a score closer to “1” if you are seeking a product or a niche specialist and something closer to a “10” if you want a more comprehensive advice experience.

Place Your Score Here:



Question 3: is This Long Term or a "Fling?"

Some people prefer a short term consultation or product fix. Others want an advisory relationship that lasts a long time. Short term could mean someone helping you buy a long term care insurance policy; long term might mean an advisor that meets with you 2-4 times per year on a continuous year to year basis.

On a scale of 1-10, with 1 being short term needs and 10 meaning you want to retain someone for the long term, score which time frame best matches what you are looking for.

Place Your Score Here:



Question 4: How Do You Want to Pay Your Advisor?

Compensation in the financial industry comes in many shapes and sizes. However we can break them down into some easy to sort large categories that breakdown largely between product compensation and fees:

- **Commissions** on the sale of insurance products, mutual funds and annuities (often a large one time charge).

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- **Commissions** on stock and bond trades - smaller, sometimes frequent costs.
 - **Trail commissions** - renewal commissions paid to agents each year that you renew your various insurance policies or keep that annuity.
 - **Fees based on a percentage of your assets** or net worth (industry averages hover around 1-1.2% per year) for continuous plan and/or account management.
 - **Hourly consulting and flat retainer fees** for services performed and/or continuous financial plan management.

On a scale of 1-10, score yourself closer to 1 if you're ok with commissions, product based compensation and trails. Score closer to 5 if you don't mind a mix of commissions and fees, closer to 7 or 8 if you're ok with asset fees and consulting fees and score a 10 if you are ardent about only paying flat fees (hourly or annual retainers for long term relationships).

Place Your Score Here:



Question 5: What's in a Name?

Some clients prefer to work with a very large company because they prefer the "stability" and reputation of a larger firm. They also prefer the resources (one e.g.: large stock research teams) that these firms make available to their clients. Especially their heavy hitters.

Others prefer to work with smaller firms due to the higher personal attention, the customization and the privacy because usually, for example, small firms do not have large affiliates to share their clients personal information with.

On a scale of 1-10, score yourself closer to 1 if you prefer working with a large, established firm and score yourself closer to 10 if you prefer a smaller firm. Score a ~ 5 if it doesn't matter to you.

Place Your Score Here:



The Results!

Add up the scores from your 5 answers. If your total score is 5, then it's very easy, you should consider doing most of your own planning work, and using professionals from large firms purely as resources to back up your personal decisions. You may choose to let them earn commissions from you, or pay them hourly. Or you may direct your brokerage trades to them in exchange for their research.

if you scored closer to 50, you should consider delegating your money matters for long term comprehensive financial planning to a small, quality financial planning firm and paying them a flat annual fee.

if you scored in the middle range (i.e. ~ 25), you may prefer a collaborative relationship with an advisor and/or firm where you make the decisions but regularly consult with your advisor.

Finding A Professional Who Feels the Same

The final important part of this analysis is them finding a financial professional who wants to work with you in the way that you want to be worked with. And now that you've gone through these 5 exercises, you can go to anyone in the financial field and say something like this - for example, if you scored a "44":

"I would be a client that works best in a delegating role meaning I want you to organize, advise and monitor my overall financial plan. I prefer to work with a smaller planning organization and I want a lot of personal attention. Furthermore, I prefer a fee paying arrangement, and particularly a flat fee as opposed to paying commissions. I am also looking for a long term relationship. Would I be a suitable fit to work with you based on your business model?"

The advisor will probably answer (after picking himself up off the floor as I bet no client has ever approached him in such an informed manner) whether you'd be a good fit or not. The advisor should have an ideal client profile and ideally you should match 75%+ of that. If the advisor strikes you as someone who would take anyone as a client, then you should run away. Your goal should be finding a good **FIT**.

A Focused service model is always more helpful and focus makes the advisor much better qualified to serve you if you fit the advisor's ideal client profile.

Where We Fit - an Example

As you can probably guess, I have an idea client profile ("ICP"). Otherwise, writing this would make me quite the hypocrite! Our ICP can be found on the next page. I hope this helps you clarify my above points on advisor "fit."

Chris Grande's Ideal Client Profile

Able to Enjoy Simplicity: Our clients enjoy the simplicity and freedom that comes from having all of their financial affairs under the watchful eye of a single comprehensive advisory firm with a simple fee structure.

Realistic and Able to Handle the Truth: Our clients want to hear the truth from us regarding their financial situation no matter what. Our clients are also realistic, and do not watch or listen to *insert favorite media channel here* all day nor do they let market swings affect their long term goal planning.

Optimistic and Simply Awesome: Our clients are often the linchpin for their families and communities; they are serious and committed about their desire to accomplish their goals, both for themselves and the people they care about. And they realize that achieving those goals requires both money and planning.

Grateful for Our Work Together: Our clients appreciate advice and guidance. Due to the high level of client interaction and attention, we are most financially appropriate for clients with a net worth over \$2M and/or income over \$250,000 annually.

Focused on What is Important: Our community of clients values our relationship. And they are wise stewards of their most valuable asset: Time. By delegating their financial affairs to us, they can focus their valuable time and energy on the things in life that are more important to them than money - the things that CAN NOT be delegated.

“We help you clarify, design and execute a brilliant financial strategy so that you can accomplish your goals and Live Your Higher Purpose. ”

I Want to help You

You're probably thinking. "Why would this guy want to help me? What's in it for him?"

If you're thinking that, you're normal. But let me lay it straight for you. You know my ideal client profile (I just shared it above). And since I only work long term with DELEGATORS who fit that profile (and I am limiting that number to 75-80) I know there is at least an 80% chance that you and I are not a good fit.

Therefore, at least 80% of you I know I won't be working with. Nonetheless, I want to help you go through the five questions, and help you determine the best way to work with people in my industry. I want to be one of the good guys in finance. The type that helps without looking out for number one all the time.

I know that if I help enough people get what they want, I will be taken care of because I do believe what goes around comes around (the old Zig Ziglar principle). So there is some self-interest in this! But overall I want to help you make smart financial choices and succeed! So what are you waiting for? Lets get started...

If you suspect that we may be a good fit, fill out our pre-meeting Questionnaire which can be found here: <https://www.planwithchris.com/planwithchris> - thank you!

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