

Guide to Picking the Right Financial Advisor for You

Every journey needs a reliable guide. How do you choose the right financial advisor to take you down the road to financial confidence? Some advisory services seem to cater to industry professionals. But at Humanity Wealth Advisors, our focus is on providing experienced advice to non-specialists.

In this guide, we'll show you some [important questions to ask](#) to help find a financial advisor that's right for you.

How to Select the Right Financial Advisor for You

Before you consider what you want from an advisor, it's helpful to think about what you want to achieve through financial planning. Your financial goals and core values will guide you in finding an advisor who will help you to meet your objectives without compromising your shared values.

What Are Your Financial Goals?

Start by considering what you hope to achieve through a financial plan. Are you looking to fund a college education? Buy a new home? [Plan for retirement](#)? Be specific. Write your goals down. You're going to want to connect to a financial advisor who can guide you toward these goals by crafting realistic, measurable objectives along the way.

What Are Your Values?

What are your core values? Do qualities like integrity, transparency, and open communication matter to you? If so, you're going to want to find a financial advisor who shares these values, which can give you financial confidence.

Who Do They Work For?

As you research various financial planning options, one of the first things you'll discover is that financial advisors tend to have different client bases. In other words, you can distinguish between financial advisors based on who they work for. There are two broad types of financial planners that you might encounter: Those who work for a wirehouse or bank and those who work for an independent financial firm.

Wirehouse or Bank

The word "wirehouse" is a throwback to the days in which broker-dealer offices were connected via the telegraph. Today, the term refers to a full-service broker-dealer.

Many wirehouse services and banks employ financial advisors as employees of the company. The advantage of this arrangement is that the advisor has the full resources of their financial institution at their disposal. The disadvantage is that sometimes those

resources are limited, and may not always be the best option for you as the client.

Independent Financial Firm

[Independent financial advisors](#) are regarded as the owners of their advisory businesses. A Registered Investment Advisor (RIA) can serve individual clients and craft a financial plan or investment strategy.

Independent financial firms are able to offer personalized advice that align with their client's desired outcome.

What Services Do They Offer?

This is where your own financial goals come into play. You want to ensure that your financial advisor can help you meet your financial objectives, whether that includes income planning, insurance planning, estate planning, or tax planning.

The services offered by a financial advisor tend to vary. Next, we'll talk about two broad approaches to advisory services and what they mean for you.

Generalized Portfolio Management

Many advisors adopt a generalized portfolio management approach when it comes to investing. There are so many formulas and equations that go into investing, that an advisor may identify a client within a certain risk profile and then match them to the formula that is associated. Although adhering to the client's stated risk profile is not wrong, you may prefer more of a personalized approach.

Personalized Portfolio Management

Many financial advisors offer personalized service and active portfolio management. As the name implies, active portfolio management refers to the practice of buying and selling with a specialized strategy linked to a specific benchmark.

While there can sometimes be greater risk involved, the advantage is that this approach may yield greater returns.

A financial advisor can offer you options that create a strategy for income planning or tax planning. Many advisory services also extend their offerings to insurance planning and estate planning.

How Are They Paid?

Financial professionals can differ in the [ways that they are paid](#). A financial advisor is typically fee-based while a registered representative is usually commission-based. Each structure has its advantages and disadvantages.

Fee-Based Providers

A fee-based financial advisor charges a flat fee for their financial services. This might include a retainer, as well as an additional hourly rate.

In this structure, you pay an agreed-upon flat fee so you know what you're getting into, and the advisor is receiving a percentage of the growth of your investments. So, the more your investments grow, the more the advisor will be paid, but the more you will make as well.

Commission-Based Providers

A commission-based financial consultant earns their pay based on the financial products that they buy and sell to clients. So, are commission-based advisors motivated by their clients' financial issues or are they simply motivated to sell a particular financial product? Asking specific questions can help you understand the full scope of how your financial advisor or consultant is paid which can give you some peace to trust they are on your side.

Does the Service Justify the Cost?

The value you receive from your financial advisor depends entirely on how well they help you to meet your goals. Always be sure that the advisor you select has your needs ahead of their own.

Whether you choose a fee-based advisor or a commission-based advisor, the service should be clear and transparent. Transparency helps create a culture of authentic service, which can help you trust in the management of your wealth. When you trust the management of your wealth, it will be easy to determine if the advisor can help you reach your goals.

What Are Their Qualifications?

With your financial future at stake, you want to ensure that your financial advisor has the right qualifications. What exactly should you be looking for?

Track Record

Never be shy about asking a company about its track record for investments. Some companies can provide model portfolios to give you an idea about the services they provide. In other cases, you may be given an idea of the financial benchmarks they pursue and how they strive to achieve those benchmarks.

A solid track record offers no guarantee of future performance, but it certainly increases consumer confidence that your advisor understands the industry.

Years of Experience

How many years of experience does your financial advisor have? You shouldn't necessarily neglect start-ups, but an advisor with years of experience can provide confidence. Their experience may give them a better understanding of the markets over time.

Assets Under Management

While advisors can't divulge details about specific clients, a solid company will have a handle on their total [assets under management](#) (AUM), which is the total value of all the assets that they currently manage.

Bigger doesn't always mean better, but a company that's used to handling high-value investments may have more experience in managing large-scale assets.

Professional Designations

While "financial planner" is a vague title, professional designations can help to establish a financial advisor's personal qualifications. When you're considering a financial advisor, look for some of the following [professional titles](#):

- CERTIFIED FINANCIAL PLANNER™
- CERTIFIED PUBLIC ACCOUNTANT (CPA)
- Chartered Financial Consultant®
- Chartered Life Underwriter®
- Certified Fund Specialist®

It's important to understand the strengths of each of these professional titles, as well. General financial advice can be obtained from a CFP or a ChFC, but a certified public accountant (CPA) can offer more specific advice regarding tax planning. A certified life underwriter can help with insurance planning or estate planning, while a certified fund specialist (CFS) can offer input regarding mutual funds or other investment strategies.

What Are Their Values?

Finally, one of the most important questions to consider is how well your financial advisor's values align with your own. Admittedly, assessing an advisor's values isn't as easily done as measuring the value of their assets under management. But just because their values aren't easily measured doesn't mean they can't be known.

While your personal core values may vary, we recommend looking at these five key areas when selecting a financial advisor:

Fiduciary Focus

The word "fiduciary" shares the same Latin root as the word "faithfulness." In [financial terms](#), this means that your advisor has a responsibility to put your needs above theirs. Not all financial advisors have a fiduciary duty, but it's one of the most important values

a financial advisor can have. Ask whether that is the case for the advisor you are planning on partnering with.

Transparency

Trustworthiness depends on transparency. You'll want a financial planner that gives you total access to your portfolio, explaining each step of the process along the way. After all, these are your investments, and your planner should serve as your personal guide.

Accountability

Look for a financial advisor that cares about your personal finances and goals. Taking ownership of the success of your money should be a priority when it comes to evaluating a financial professional. Since you are paying to have your money cared for, accountability should be a priority for both you and your advisor.

Communication

Knowledge is power, especially when it comes to financial investments. Your financial advisor should communicate regularly with you so that you have the best and most current understanding of market performance and how your wealth is being managed.

Motivation

What motivates your financial advisor? As we noted, some advisory services act in the interest of their parent institution rather than their clients. An independent advisory firm can provide personalized services and advice that meet your needs, rather than those of a corporation.

Financial Advising at Humanity Wealth Advisors

[Humanity Wealth Advisors](#) is an independent firm founded by Harry Sherdil. With over 20 years in the industry, Harry is committed to offering professional—yet personal—financial advice, as well as developing a library of financial resources to help you manage your assets, plan for the future, and pursue your long-term financial goals.

At the company's core is a commitment to making financial planning services accessible to all age groups, all life stages, and all financial backgrounds.

Connect with Humanity Wealth Advisors

We believe the right advice makes all the difference. For advice you can trust, turn to Humanity Wealth Advisors.

If you have a question or would like to connect more directly to a personalized financial advisor, contact us by phone or online through our [contact page](#).

Learn More

If you want to dive deeper into this topic, take a look at the articles below!

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