

10 Questions you should ask every Investment Advisor

You may occasionally wonder how you will ever have the time to create an asset allocation strategy and evaluate the results. This is a daunting and complex task. When it comes to managing your money you really have only **three options**:



- **Neglect your money**
- **Do it yourself**
- **Select an advisor**

A knowledgeable advisor will guide you through a logical step by step process for developing and executing a sound investment plan. Ask your investment advisor if they can help you with the following:

1. Assess your investment accumulation or income needs (future cash flow analysis).
2. Identify your true tolerance for risk. Until investors suffer big losses, people tend to believe they're more risk-tolerant than they really are. How many quarters of negative returns can you realistically handle?
3. Employ both fundamental analysis (what to buy) and technical analysis (when to buy and when to sell). **THIS IS A CRITICAL DECISION!**
4. Make tactical shifts in your asset allocation when warranted by changing economic conditions (i.e. what should you do with bonds when interest rates rise?)
5. Decide when to fire a fund manager.
6. Monitor the entire investment process on a monthly basis.
7. Keep your emotions in check during turbulent times.
8. Does the advisor have a strong academic background with the actual experience of having been through several market cycles?
9. What about continuity? If your advisor decides to retire, who is in place to support your long-term goals?
10. Finally, how does your advisor get paid? (i.e. annual management fees and/or hourly consultation fees)

With the right combination of qualities, an experienced advisor is able to assume a variety of roles that the job requires. Your advisor should be a confidante, educator, sounding board, and advocate, as well as a source of thoughtful counsel. An advisor can help you avoid the big mistakes that investors all too frequently make on their own.

We suggest that you take this article and ask every advisor you meet with about each of the ten topics. If their answers are unacceptable, keep looking!

Invest Your Time Before You Invest Your Money!