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Financial Advisors: 7 Ways to Tell If Your Financial Advisor Is Doing a Great Job



[Susan Carr-Templeton](#) on 04.12.10 at 7:38 PM | [no comments](#) | [Like](#)

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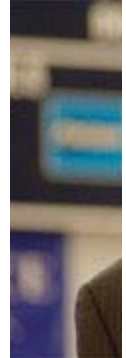
Is your financial advisor doing the job for you?

Are you wondering if your financial advisor has your best interest in mind? Concerned that he or she isn't putting you first but perhaps forgetting about you? Here are a few reasonable questions to ask yourself or your financial advisor:

- 1. Does your financial advisor make an effort to touch base with you once a quarter?** Either by phone or to meet? Your financial advisor or wealth manager needs to talk with you about your retirement portfolio and find out from you if your goals or financial situation have changed. Your financial advisor should also send you quarterly statements.
- 2. How are you paying your financial advisor?** If your financial advisor earns commissions on trades, then be sure that the wealth manager isn't making a lot of unnecessary trades just to earn fees. I have a problem with this type of structure as plain and

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simple, your advisor's incentives are not aligned with yours. If you're not aware of the fees that you're paying, then ask for an outline in writing. Also, if your financial advisor is buying stocks and telling you that there is no commission being charged, then ask what kind of "spread" the company is taking. Commission-free does not really mean commission-free. You should request such a report from your advisor each year.

3. Have you and your financial advisor set expectations for the performance of your portfolio? If so, your quarterly statement should show your portfolio's performance relative to that benchmark. Don't fire your financial advisor for a bad quarter or two but his or her performance should be in line with those agreed upon expectations after fees over a two year period. Be reasonable. If you've told your financial advisor that you can't tolerate losses in your portfolio, then don't expect your portfolio to be outperforming the stock market-- there is no free lunch. Update your return expectations relative to the amount of risk you are willing to take each year with your advisor as your situation may have changed.

4. Does your financial advisor keep your tax situation in mind? Did your advisor take losses for you in 2008 and 2009 so you could get the benefit of the losses offsetting taxable income? Although this is particularly significant due the severe market decline, your advisor should be proactive about this each and every year.

5. If you have both taxable and tax exempt accounts, has your financial advisor been cognizant of the two and kept high turnover, and income producing investments in your tax exempt account? This is important because odds are good that all income tax rates are going up. If you're in a high tax bracket, the taxes you pay on gains can be as high as 39 percent!

6. Has your advisor talked to you about your IRAs and encouraged you to review whether they should be converted to a Roth IRA? Starting this year you can convert a traditional IRA to a Roth IRA regardless of income and spread the taxes due over the next few years.

7. Just as important as the above, you need to trust your instincts. This is your money and you need to be comfortable.

If you do find that your financial advisor isn't meeting your needs or expectations, it's a good idea to have a conversation about the changes you'd like to see. If your advisor is receptive you may want to continue the relationship. Bear in mind that changing financial advisors may result in you changing investments and paying for those changes in new fees and commissions.

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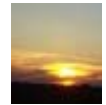
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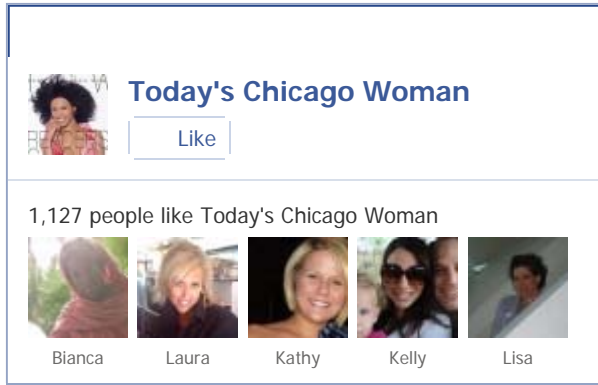
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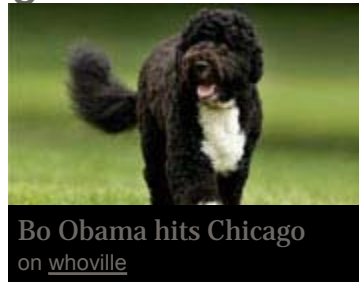
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From Around ChicagoNow



A group of young women are smiling and posing for a photo. The text below the image reads 'Lady Gaga in Lincoln Park?' and 'on [whoville](#)'.



A black and white dog is running in a grassy field. The text below the image reads 'Bo Obama hits Chicago' and 'on [whoville](#)'.



An older man in a suit is pointing his finger. The text below the image reads 'Vote fraud convictions' and 'on [publius forum](#)'.



A person is seen from behind, looking towards a stage or event. The text below the image reads 'Lollapalooza' and 'on [via chicago](#)'.

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