

# let's make \$ense

Issue 4 | June 2013

A Newsletter by S&A Financial Strategies & Services, LLC

## Your Money, Your Interests

by Steven Tambone



Is your advisor acting solely in your best interest? What exactly does this mean – and does it really matter? Today unfortunately, many investors may not understand the **significance of these simple questions**. First, to provide some context – it's important to recognize that it all starts with you – the families, individual investors and small businesses. Without you there wouldn't be a financial services industry and financial advisors! You have personal finance goals and needs; you have money to invest – and that's why we're here. But it starts to get a little more complicated when you consider that financial advisors and financial services companies have needs as well. Advisors need to be paid and remain employed – and financial services companies, banks and insurance companies need to be profitable. So now let's return to our original question. An advisor acting **solely** in your **best interest** means that he, or she, is committed to focusing **only** on your needs – **all others** should be set aside. It also means that if he or she provides you with advice or recommendations – they must (given all available options) truly believe it's the **best solution for you!** This is what's known as a **fiduciary standard**.

So, should all this really matter? There are many

*within the industry* who say no, it shouldn't. But I believe these naysayers may be missing the point. It's not for them to decide – it's for you to decide – because it's your money! If you decide it's not important – then fair enough. But if you decide it is, then being proactive in your search for an advisor is the key. You can always ask any advisor if they will agree to “act solely in your best interest.” You can also ask if they will agree to “act as a fiduciary.” Even better – you can ask to have them put it in writing. But as the old saying goes – “actions speak louder than words” so here are a few other things to look for:

- To me, it **just makes sense** that someone acting in your best interest will not only listen carefully to your needs and make recommendations based on what they believe is **best for you** – they will also take **the time to explain why!** For example, today (in retirement planning) there are many different strategies, many different investment products – so there should always be some dialog as to why **any particular approach is the best for you.**
- Someone committed to acting solely in your best interest will also never pressure you to make a decision – and they will always take time to answer all of your questions.



Remember – it's your money, so make sure your advisor is taking care of your interests first – not their own.

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- They will always **discuss** all the **potential costs** associated with any investment product (strategy) they recommend – because they know these costs are paid out of **your pocket** (or investment account) and that you have a right to know.
- They will be sure to discuss how **they are paid** (and how much they stand to make if you follow their advice) – because they know that it's you (alone) who must judge whether the size of any payment/reward has potentially influenced the advice you've just received.
- Finally, if you have been working with someone and they haven't made an effort to keep in touch – it's hard to make an argument that your best interest was ever a priority.

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