

# 5 QUICK TIPS

## How To Select The Best Financial Advisor

PRESENTED BY: JEFF LEWIS



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**Y**ou want a financial expert you can trust to help you plan your financial future and invest your assets in the securities markets. Every advisor you talk to claims to be a trustworthy financial expert. Are they telling you the truth or are their claims deceptive sales tactics?

## THREE CHALLENGES

Let's start with the challenges you face when you select a financial professional:

- ▶ Most advisor information is verbal (sales pitches) so you have no record of what was said to you
- ▶ Lower quality advisors use false claims to compete with higher quality advisors
- ▶ Slick salespersons know you have no easy way to validate their sales claims

These challenges make the selection of a financial advisor or firm a high-risk decision. You win if you select a top quality advisor for the right reasons. You lose if you select the advisor with the best sales skills.

## YOUR RESPONSIBILITIES

You can delegate responsibility for investing your assets to professionals. You cannot delegate your selection of a financial advisor. You are solely responsible for making the right decision. Therefore, it is imperative that you:

- ▶ Ask the right questions
- ▶ Know good answers (benefit you) from bad ones (create risk)
- ▶ Validate the accuracy of advisor information
- ▶ Minimize the impact of advisor personalities and sales tactics
- ▶ Select the best advisor for the right reasons



You can learn how to select higher quality advisors and avoid lower quality advisors by reading our Tips. Make sure you follow the Tips when you select a financial advisor. Your pay-off is more assets for your future use.

## QUICK TIPS

We know you don't want to spend a lot of time learning how to select top quality financial advisors. You can read 5 Quick Tips in a few minutes. You will make a better decision if you adhere to the Tips in this eBook.

*You make better decisions when you have all of the facts.*

### TIP 1. REAL ADVISORS

You can avoid salespersons by selecting a Registered Investment Advisory Firm. This registration allows them to provide financial advice and ongoing services for fees. The registration also makes them financial fiduciaries (see below).

*No sales pitches! Require documentation for all key information that will impact your selection decision.*

### TIP 2. PERSONALITIES & SALES PITCHES

There is an old saying: "Trust what you see, not what you hear." Do not select advisors based on personalities and verbal sales pitches. Select advisors who document their credentials, ethics, business practices, compensation, expenses, and services. Avoid advisors who use undocumented sales claims to convince you to buy what they are selling.



### TIP 3. FIDUCIARY STANDARD OF CARE

You may not know the financial service industry has two ethical standards. Financial fiduciary is the higher ethical standard – your interests have to come first. Salespeople have a lower ethical standard – your interests do not have to come first. Select an advisor who acknowledges he or she is a financial fiduciary in writing.

#### TIP 4. FEE FOR SERVICE

Salespeople are paid commissions\* by third parties to sell you investment and insurance products. Advisors are paid fees for their knowledge, advice, and services. You should pay financial advisors a fee for the same reason you compensate other professionals (CPAs, attorneys) with fees. Paying a fee (hourly, fixed, % of assets) is in your best interest. You can stop the payment of the fee anytime you are not satisfied with your results.



\*Jeff is licensed as an Insurance Broker and Registered Securities Representative and can accept payment by commission if a client needs such a plan or requests in lieu of a fee.

#### TIP 5. COMPLIANCE RECORDS

Never select a financial advisor without checking his or her compliance record at FINRA's website. Ask the advisor for his or her CRD number to access his or her FINRA/BrokerCheck report. Avoid advisors who have a history of client complaints, terminations, sanctions, and suspensions.

#### NEXT STEPS

Contact Jeff Lewis ([jlewis@northridgewealth.com](mailto:jlewis@northridgewealth.com)) or call at 631.546.5403. Use our Tips to evaluate the firm and make your selection decision.

