



ENTERPRISE

Investing

Whom do you need to help run your investment plan?

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With myriad investment options available, deciding who to rely on for financial advice can be complicated. While some investors enjoy following the market and managing their own investments, others realize they simply don't have the time or training to be as effective as a financial professional trained for the job.

A professional financial adviser has been trained to work with businesses or individuals to evaluate their goals and make recommendations to help them reach those goals.

With an overwhelming number of investment and 401(k) plan options, many employees seek help on choosing investments. Employees are often surprised to find out that a stockbroker or even 401(k) plan representatives may not be qualified to legally advise them on investing.

Technically, stockbrokers aren't trained to give financial advice. They are trained to sell products. It may sound like a minor difference, but it is a significant clarification point.

Historically, stockbrokers have been paid a commission per transaction made on their client's behalf. Thus, they may not legally be allowed to give advice on long-term investing.

In addition to stockbrokers, employees may call their 401(k) plan manager to ask for advice. Perhaps a 35-year-old intends to make investment choices for the long-term, or a 65-year-old is preparing for retirement.

Look for key designations

When calling a 401(k) or pension plan manager, be sure to ask if the person you are speaking with is a registered investment adviser. Only RIAs are legally qualified to provide investment advice based on specific needs.

Another designation to look for among financial advisers is a certified financial planner. The Certified Financial Planning Board of Standards establishes and enforces education, examinations, experience and ethics requirements for CFP certificants. While the CFP

designation isn't required legally to provide financial advice, it is a highly regarded certification among financial professionals.

From a business owner's perspective, choosing the right type of adviser to manage your pension plan can save you time and reduce your liability.

Choosing a plan manager without RIAs on staff can create two problems. First, employees may want advice on investment choices, and they won't be able to get it.

Second, if employees are receiving advice, they may be getting it from someone who isn't legally allowed to provide it, which could create a liability for the business.

What you want from advisers

When choosing a financial adviser:

- Consider advisers who have both a broker's license and are affiliated with an RIA designation. An adviser with just one or the other will be restricted in the types of investments they can make on your behalf and the type of advice they can legally offer.
- Ask the adviser if they have a CFP designation. The CFP further qualifies a financial planner.
- Make sure the adviser has access to research on securities and investments.
- Find out how much experience a potential adviser has, particularly in volatile markets.
- Ask about the process the adviser uses to help create a financial plan. An adviser should take the time to understand each individual's situation and work with them to develop specific financial goals.
- Ask friends and family for referrals to financial planners they have used and check references.

When working with a financial adviser:

- The adviser should discuss and understand your financial goals as well as your risk tolerance when investing.
- Clients should receive a written financial plan detailing their goals and a strategy to reach them.
- Expect proactive management of your portfolio, including expertise and suggestions for investment options aligned with your goals.
- Ask for regular check-up meetings to continually evaluate your financial situation and make any appropriate adjustments to your strategy.

Individuals typically have a long-term relationship with their financial adviser, so it is worthwhile to spend a little extra time checking references and asking the right questions.

Business owners also need to make sure they have the right financial adviser managing their 401(k) or pension plan. Financial needs and situations will continue to change and a qualified adviser should be making proactive suggestions to help meet financial goals.

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