

When You're Serious...

by Bradley R. Newman, CFP®

I Wish Someone Had Asked...

Most articles that focus on planning opportunities for the New Year contain the same trite advice such as “save more” or “diversify your portfolio”. While neither of those recommendations will be detrimental to your long-term financial health, let’s take a step back and focus on the issues and, more importantly, the questions that will be truly meaningful and impactful to you in the upcoming years.

Unfortunately, the basic approach to investing and financial planning that is taken by the mainstream financial services industry often doesn’t answer, or more importantly ask, the real questions that will ultimately determine if you will be able to accumulate enough assets to meet your long-term goals.

What Really Matters?

In most cases, the ultimate goal is providing the necessary income stream that will allow you to live your desired lifestyle throughout retirement. Unfortunately, there are too many situations where the most important and basic questions related to attaining that goal are never asked.

The typical advisor tends to be more focused on what products they can sell you and how they can increase the amount of assets under their purview than the real issues which center on adequate retirement funding and attaining your goals with the least amount of risk/volatility necessary.

Too often, advisors are focused on telling you why their products are superior instead of asking you the questions that would allow them to focus on the real issue at hand; helping you meet your goals. If nobody has taken the time to sit down with you and ask you the types of questions that will center on these issues, you are likely missing the mark.

Questions To Ask

Too often the most basic questions have never been asked by anyone. Without having the very basic questions asked and answered, how can you quantify your goals and how will you know if you are on track for success or failure?

If the right questions aren’t being asked, you are likely operating under broad assumptions that are made either by you, your advisor or both. By making these assumptions without getting some of the basic questions out on the table you and your advisor could be moving toward very different goals and very different end results. Some of the most basic questions that need to be answered include:

- When do I plan to retire?
- How much income will I need in retirement?
- How much income can I reasonably generate from investments?
- What are the tax implications of my current and future situation(s)?
- What variables have I overlooked (long-term responsibilities for a parent or child, charitable giving, business ownership issues, etc)?

Will I Reach My Goal?

Once you have a handle on what it is that you are trying to accomplish, only then can you create a comprehensive plan and begin the process of quantifying your progress on a regular basis to determine if you are on track. This is the point in the process when you can start assessing some of the variables that are typically the point of focus; i.e., “do I need to save more?” and “is my portfolio adequately diversified?”.

The Dutch Uncle

Hiring an independent advisor to provide a second opinion is money well spent; there is too much at stake to make an error in planning for your financial security in retirement. Even if their analysis merely confirms that you haven't overlooked any large issues and are indeed on track, it is difficult to put a monetary value on the peace of mind that it provides.

As you evaluate potential advisors, be sure to conduct your due diligence thoroughly. Consider their level of expertise, the types of clients that they regularly work with and how they are compensated; generally, an advisor that works purely for fees that you pay them directly, and does not sell products, will provide you with the best option for truly independent advice.

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