

Accepting Financial Advice

A financial advisor is anyone who offers you information, products, services or opinions on any matter that could affect your personal finances. Before you can work with financial advisors, you must first understand who your advisor really is. Why is this definition important? Because technically, myself, or anyone else providing financial information is providing you with financial advice. You will use this information to evaluate financial products and strategies as well as making financial decisions. This is an important distinction because we make judgments and decisions based on our knowledge, which ultimately stems from personal experience, and from information we have received – whether or not we actually solicited that information.

Normally, we think of a financial advisor as a person who is in the business of providing us with professional financial information. However, the definition I offer here includes those people, but also the authors, speakers, friends, family and institutions we come in contact with daily. The information they share with us could come as a specific idea, strategy or principle such as having written goals; as an individual product, service or strategy such as a mutual fund, RESP or insurance product; as a formal financial plan from a qualified and experienced professional; or even as a casual comment from a friend or family member.

Financial information from our own experiences gets combined with all the tips, ideas and strategies we receive from the various sources to determine how we make decisions. This is important to understand because whether the person we listen to is a professional advisor or not, we still weigh the information we receive from them against all our other experiences and information we have to ultimately make our decisions. AND, it's these decisions that determine our financial outcome. Yes – ultimately we are the one's who make the decisions and we are the ones who reap the rewards or suffer the consequences of ALL financial decisions.

When making ANY financial decision – especially the bigger ones like investments for retirement, real estate transactions, tax strategies, insurance products, etc. – it is essential to consider who is offering you the information as well as to become aware of your personal judgments, biases, fears, desires, values and preferences. What does this person know about your ultimate vision and goal for your life? How is this product, service, idea or information going to support the vision? We need to be aware of our vision so we can make decisions that support the goals.

What do we expect this person giving advice, or this product, service or concept to do for us? And who is responsible for the outcome, either positively or negatively, in each situation? Have we verified the recommendation with other qualified sources and compared it to our personal goals? Yes – personal goals – not the goals of the person giving the advice or of your friends or family – your very own, unique goals. If we don't know where we're going, we'll probably end up somewhere else because we are making decisions that are based only on the moment or short-term situation and they may or may not be supportive of a longer-term vision. And, if our vision isn't clear, how can we expect the person giving advice to know what's best for us?

What qualities are most important to you in a professional advisor? What do you expect them to do for you? Can you write that down and be clear before acting on their advice. This is the same strategy that applies to your brother-in-law or any other third party information. You must be clear on your outcome and understand your expectations BEFORE acting – regardless of the perceived qualifications of the source. You must also be clear of the weight you are giving to each source of information – professional, friendly, authored or your own past experiences.

There are three categories of information to explore in realizing financial success and, by far, the largest and most important is in knowing yourself. The other two are: knowing your advisor and knowing your investment. When you know yourself, this is the basis from which you evaluate advisors and investments. And because in the absence of facts, all opinions are valid - without knowing where you're going, even the facts can look good at the time, and a perception of better

knowledge than yourself can cloud your decisions. Without vision and goals, any solution or product can always be justified at any given time.

You are the one who is affected most by the decisions you make – good or bad – even the best intentions of the advisor will still ultimately be yours to live out. When you take control of your financial decisions, you understand yourself and what you ultimately want for your life, you ask more questions and work effectively with professionals – not giving them blind trust and expecting them to know everything about everything. They certainly have professional standards to adhere to, but they too are affected by their own experience, preferences, biases, values, etc. as we all are. Become personally aware, make informed decisions, follow up if you suspect any wrongdoing, yet take responsibility for the outcome of your decisions and reap the rewards that are yours when you know where you're going and how you're getting there.

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FINANCIAL ADVICE EVALUATION

1. What is my ultimate vision and goal?
2. Why is this important to me?
3. What are the consequences of not realizing this goal?
4. Does this worry me?
5. Does this advisor or source know and understand my vision and values?
6. Why do I need or want this advice?
7. What do I expect from this person or source?
8. What to do they expect from me?
9. What am I prepared to contribute to the situation?
10. What are their qualifications to advise me?
11. Have I confirmed their background and experience?

12. Is the recommendation in writing?
13. Is the information supported and confirmed by other sources?
14. Who is backing this person or source and their advice? What is my insurance?
15. Do I understand how this person will be compensated from providing me with this advice?
16. Where is this person receiving their information? Have I confirmed it?
17. What is the biggest benefit this person or source can offer to me?
18. What is the biggest attraction I have to this advice or service?
19. Why is the attraction and benefit above important to me?
20. Who are the other people this advisor works with (associates)? Have I met them?
21. What other client does this advisor deal with or who else uses this source? Have I spoken with them? Do they have the results I am looking for?
22. Does acting on this advice support my ultimate vision and goal?
23. Other important details or comments I have about this person or this source of information.