

Who's Minding Your Money?

We've got the financial advisors on one side and the clients on the other side. Whether it's the millionaire losing millions, or the widow losing several thousand, the results are always bad: anger, fear, grief, disbelief, insecurity – and no one seems to be winning.

Both sides – advisors and clients want to make more money – not lose it; but how can anyone relax when they are worried about losing money, about conflict of interest, or about making all the best decisions?

It seems that daily there is news of some financial advisor doing something worthy of a major fine or banishment from the industry. This means the industry tightens their rules, companies increase their requirements for compliance, advisors become more restricted in what they can do and say, clients become more skeptical and ultimately no one is winning.

The majority of advisors working in the financial industry are hard-working, ethical professionals trying to earn a living by recommending financial solutions to clients who want a safe and appropriate place for their money. The majority of clients are looking for someone who can advise them on how to keep their money safe, while helping them make more money so they can do more things with what they already have. However, lately it seems the only answer is to become an expert and do it yourself so you can avoid the 'fast talking salesman who's only interest is making more money for himself'. We've all heard that a monkey could throw a dart and do a better job of managing money than most people. That's fine, but if you don't know what you don't know then you aren't ever going to know that you didn't know. Translated means – you won't ever know that you could have done better.

There have been thousands of articles and entire books written on these issues, so what's the simple answer that everyone, rich or poor, can understand and use to avoid the insecurity of not knowing, or the emotional upheaval of losing money?

First consider where you won't find the answers. There is no quick fix. The quick fix is the pathway that might at first seem like the slow way. You won't find the answer in any one person, or any one company - or for that matter, in any one investment. Even if you think you know the person or company you're dealing with – it's still your money and it's still your life and therefore, **it's still your responsibility.**

But, you don't need to become an expert in the world of finance to remain in control of your money. You can learn to be cautiously skeptical while still trusting your advisor. But remember that no one person will have all the answers. And, just because it worked for one person doesn't mean it will work for you the same way.

There is a delicate balance between wanting and needing the advice, expertise and resources that financial advisors and financial institutions have access to, while making appropriate decisions for your own unique situation. Thousands of people have lost millions of dollars. While we can't get that money back for those people, we can certainly do something to help them as they move forward, and we can certainly help others avoid a similar plight.

How do the industry and the clients come together so everyone can win? I believe it starts with us – KNOW YOURSELF. What do you want? Why? What are you prepared to do and not to do? Why? What is your background, experience, expertise? How does it relate to the financial decisions you're making today? Does your advisor know these things? Are your expectations in writing?

KNOW YOUR ADVISOR – How do you know them? How are they paid? How much are they being paid? What are their motivations? Who else is involved in their recommendations? What is their relationship to the company they represent or are recommending? What makes them qualified to make this recommendation? How do you know? Will they put their comments in writing?

KNOW YOUR INVESTMENT – Does it fit with your background, understanding and overall philosophy? What do you expect it to do? Why? How and when will you sell? What will it cost you? Is the amount appropriate? Is everything in writing? Have you personally verified the information? Do you fully understand the risks as well as the rewards? Are you prepared for the worst case scenario?

Who's minding your money? You are. But you don't have to become an expert if you can you remember at least six things:

1. Know that everything needs to be in writing.
2. Know yourself.
3. Know your advisor. Or, if you are the advisor – know your client.
4. Know your investment.
5. Know when and how to get out.
6. Know why.

Learn to ask questions and trust cautiously. There are resources out there that offer unbiased reference without an alternate agenda. If you don't know who or where they are a good financial advisor can direct you to the provincial securities regulators, the insurance council, the investment dealers association, the financial planners' standards council, the investment funds institute, the superintendent of financial institutions, etc. If you don't know who these people are, then ask more questions; because ultimately you, the investor, need to be confident that you are dealing with a professional advisor, not a scam artist. While this still won't provide a complete guarantee at least you won't lose more than you can reasonably afford. And if you're not prepared to do the research, then be prepared take responsibility for the consequences.