

12 WAYS A GOOD FINANCIAL ADVISER CAN ADD VALUE TO YOUR LIFE



A recent study revealed that approximately 36% of the adult population in the United States lacks an understanding of what financial advisers do. More specifically, 46% of millennials do not have a thorough understanding of what financial advisers do, while 31% of people in previous generations are not intimately familiar with the role that financial advisers play.

A study conducted by Harris Poll showed that, while 58% of Americans think they need to improve their financial plans, 34% of them have not taken any steps to prepare for their financial future.

Why do many Americans from different generations not understand the value a good financial adviser can provide? Is the role of a financial adviser to pick the best investments for their clients? What about making sure a client's asset allocation matches their risk tolerance? While these are certainly important aspects of the job, they tend to represent the baseline expectations of a client when entering a relationship with an adviser. Where a financial adviser really distinguishes him or herself is on the advice and service side of the relationship. Here are 12 ways a good financial adviser will add value to a client relationship:

HELP YOU AVOID COSTLY MISTAKES

Not refinancing a mortgage can cost you thousands of dollars in interest over time. Supporting your favorite charities with cash instead of appreciated securities can be less tax efficient. Putting too much of your savings into an illiquid investment. Money mistakes (or missed opportunities) come in many forms, some serious, some trivial, but it's YOUR money and you should want to maximize its value to you and your family. A good financial adviser will help you discover ways to make your hard-earned money work harder for you, while avoiding mistakes along the way.

POINT OUT BLIND SPOTS AND HIDDEN RISKS

Are you the sole breadwinner in your family? Do you have disability insurance? What about enough life insurance? Do you have the basic estate planning documents (will, POAs, etc.) in place? These are just a few of the blind spots and hidden risks we help uncover during our financial planning process. Hughes Financial Services doesn't sell insurance or do estate planning, but we can help you get your ducks in a row and give you several referrals.

SIMPLIFY YOUR FINANCIAL LIVES

The financial services world continues to become more complex with each passing year. A good financial adviser will simplify any financial decisions you may face and explain financial concepts in plain English. Having a trusted advocate in your corner will help to relieve the burden of facing these decisions on your own.

MINIMIZE FEES AND EXPENSES FOR YOU

Higher fees typically result in lower performance. Minimizing expenses and fees can result in a better bottom line for you. Some adviser business plans place more importance on this aspect than others. It's important to know how your adviser is being compensated. Are they paid to sell products? If so, this can lead to conflicts of interest.

ACT AS AN EMOTIONAL SURGE PROTECTOR

This is perhaps the area where an adviser can add the most value. It also encompasses some of the other items listed here. Emotions and money don't mix well. It's far better to separate the two and be one of those rational economic beings your high school econ book talked about. Easier said than done, which is why you work with a good financial adviser who will do all the worrying about your investments on a daily basis.

BE A FINANCIAL ADVOCATE

An advocate is someone who goes to bat for the person they represent and always looks out for and fights for the best resolution for them. This means always putting the interests of the client first. You want to work with someone who holds themselves to the fiduciary standard, both when offering and implementing their advice and, more importantly, does so on their own volition.

HELP YOU MAXIMIZE YOUR NET WORTH

While investment performance is important, a good financial adviser will help a client grow their net worth in many other ways. There are numerous ways to save on taxes, stretch your charitable dollars, manage your debt load, save for college, and avoid making money mistakes.

HELP YOU MAXIMIZE YOUR LIFE WORTH

Balancing saving for the future with enjoying the present is sometimes difficult. Okay, it's difficult most of the time. But the point of saving and investing is to put yourself in a position to have options. This could mean a retirement lifestyle of leisure, a career change to a lesser paying but more personally rewarding line of work, or just the peace of mind in knowing that you can do what you want to do in life. A good financial adviser will help you articulate and plan for your financial and life goals, and in the process, help you maximize both your net and life worth.

KEEP YOU FOCUSED ON THE BIG PICTURE

There's a quote we've all heard about not seeing the forest for the trees. In the world of investing, the trees are represented by short-term market movements, while the forest is the long-term. If you're early on in your career and the market tanks, you should be happy for the opportunity to invest money at cheaper prices. You'll do that, right? If you're nearing retirement, remember you won't need all your savings and investment money the day you retire, or even for the next 10 years. Markets will recover. If you're in drawdown mode, focus on what you can control (see below).

PREACH PERSISTENCE AND PATIENCE

These are two of the most important qualities for being successful in anything, and they apply when investing. Persistence to continue investing in good markets and bad and the patience to have a long-term perspective will reward you immensely.



HELP YOU UNDERSTAND WHAT YOU CAN AND CAN'T CONTROL

You can control how much you spend, and you have influence over how much you earn. You can't control what the market does. You can control how you react to market events, both bull and bear markets. You can control your financial goals. Did we mention you can't control what the markets do? Focus on what you can control.

HELP YOU UNDERSTAND THAT TIME IN THE MARKET IS MORE PROFITABLE THAN TIMING THE MARKET

If you own the market and continue to own the market, you will be successful at investing. If the stock market scares you at these levels, there's a high likelihood it will scare you more at much lower levels. The problem with market timing is that it's easy to get out of the market, but very hard to get back in. Choose a strategy, pick an asset allocation, and stick with both.

These dozen ways merely scratch the surface of what a good financial adviser can do to help you reach your financial goals. Leverage the expertise of a good financial adviser to help you on your journey.

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