



12 ways an excellent financial advisor adds value

by Jon Sevenker

Is the role of a financial advisor to pick the best investments for you? What about making sure your investment mix is appropriate for your risk profile? While these are essential aspects of the job, they tend to represent your baseline expectations when entering an advisory relationship. Where an advisor distinguishes themselves is on the advice and service side of the relationship. We present 12 ways an excellent financial advisor adds value to a client relationship:

- **Helps you avoid costly mistakes** – By not refinancing a mortgage to lower rates, you might be passing up thousands of dollars in savings over time. By supporting your favorite charities with cash donations instead of using highly appreciated securities, you aren't getting the biggest bang for your buck. And by investing too much of your portfolio in an illiquid investment, you might not be able to easily access the money. Money mistakes and missed opportunities come in many forms. Still, it's YOUR money, and you should want to maximize its value to you and your family. An excellent advisor will help you discover ways to make your hard-earned money work harder for you while avoiding mistakes along the way.
- **Points out blind spots and hidden risks** – Are you the sole breadwinner in your family? If so, do you have disability insurance? Enough life insurance? The essential estate planning documents (wills, POAs, trusts)? These are just a few of the blind spots and hidden risks we help uncover during the financial planning process. As a reminder, we do not sell insurance or do estate planning, but we can help you get your ducks in a row and provide you with a referral, if needed.
- **Simplifies your financial life** – The complexity of the financial services world continues to increase each year. An excellent financial advisor will simplify any financial decisions you may face and explain concepts in plain English. Having a trusted advocate in your corner will help relieve the burden of facing these decisions.
- **Seeks to minimize fees and expenses for you** – Higher investment costs can result in lower performance. By reducing your investment fees, you keep more of your hard-earned money working for you. It's essential to know how your advisor earns their keep. Are they paid to sell products? If so, this can lead to conflicts of interest. A fee-only advisor has a transparent business model and does not sell products. Additionally, fee-only advisors are full-time fiduciaries, meaning they must put your best interests before their own.
- **Guides you through market turbulence** – Emotions and money typically don't mix well, so it's better to separate the two. Easier said than done, which is why hiring a professional to worry about your investments and guide you can save you from negatively impacting your financial future.
- **Serves as your financial advocate** – An advocate is someone who goes to bat for you and always puts your interests before their own. When choosing a financial advisor, make sure they are a fiduciary, the highest standard of client care in the financial world.
- **Helps you maximize your net worth** – There are numerous ways to save on taxes, stretch your charitable dollars, and manage your debt load. Saving for college, avoiding money mistakes, and recognizing opportunities are three additional ways to help maximize your net worth.

- **Helps you maximize your life worth** – There's a balance between saving for the future while still enjoying the present. The point of saving and investing is to put yourself in a position to have options later in life, to reach your financial freedom point. An excellent financial advisor will help you articulate and plan for your goals. Money is the means to an end. What life goals are you working toward?
- **Keeps you focused on the big picture** – We've all heard the quote about not seeing the forest for the trees. In investing, the trees are represented by short-term market movements, while the forest is the long-term. If you're early in your career and the market tanks, you can invest money at lower prices. If you're nearing retirement, remember you won't need all your savings and investment money the day you retire, or for the next 10 years. Markets will recover. If you're in drawdown mode, focus on what you can control (see below).
- **Preaches persistence and patience** – These are two essential qualities for success in anything, and especially when investing. Persistence to continue investing in good markets and bad, and the patience to have a long-term perspective will reward you.
- **Helps you understand what you can and can't control.** – In investing, you can control three things: the investment costs you pay, your investment mix, and how you react to market action. You can't control what the market does. Additionally, you can control how much you spend, and you have influence over how much you earn. An excellent financial advisor will help you focus on what you can control.
- **Stresses that "time in the market" is more profitable than "timing the market."** – 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. We find it's more successful to choose a strategy, pick an investment mix, and stick with both. Patience and persistence.

An excellent financial advisor is a fiduciary, doesn't sell you products, and is constantly looking for ways to add value in your financial life. By encouraging you to focus on what you can control and helping you avoid money mistakes, an excellent financial advisor can help you maximize not only your net worth, but your life worth.

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