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THREE WAYS AN ENGAGED FINANCIAL ADVISOR CAN CHANGE YOUR LIFE

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When someone goes out to hire a financial advisor, they expect that advisor to be engaged. That would seem like a normal expectation. All too often however, that is not the case. It is not my intent to criticize others in our industry; in fact, I would very much like to elevate the opinion of all of us advisors working in the Financial Services industry. The CFA Institute/Edelman Investor Trust Study 2013 found only half (53%) of investors trust investment management firms to do what is right. Retail investors in the United States are also less trusting of the industry than their institutional counterparts (51% vs. 61%, respectively). More troubling is the fact that the financial services is the industry least trusted by the general population. It even comes in behind used car sales people. That's pretty rough for a profession that requires as much trust as managing people's life savings does.

It is our strong belief at RHS Financial that nearly all investment professionals do have their client's best interests in mind; it is just that they aren't all engaged in their clients' lives in a meaningful way. Since they are not engaged, it is difficult for them to offer the right kind of advice that could make the difference between meeting a client's financial goals and not meeting them. The role of investment advisor is a very important one and the advisor must be trustworthy. Period. Anything less and the investor won't share the needed information for the advisor to properly do his or her job. In this paper we will outline why having an engaged advisory relationship is beneficial to you and if your current advisor is not engaged a few quick tips on how to get started working in a more engaged way.

Reason #1

An engaged financial advisor will help you figure out what you are trying to accomplish when it comes to investing and financial planning. First, ask yourself,



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what are you trying to achieve? if you don't have an idea of what you want, how can your advisor help you? Hiring an advisor when you don't know what you want is not always a good solution. In fact, it is a frustrating and generally expensive proposition with usually poor results. If you are unclear as to what you want, an unbiased advisor can help you "untangle" your ball of string and get you focused on what matters most. An engaged advisor will spend time on the "front end" of the relationship and get to the core of your desires and how the financial end fits into that puzzle.

This may seem silly, but most Americans aren't used to slowing down a bit and asking themselves, "what am I trying to actually accomplish with all that I am doing?" When I ask new clients what financial success means to them they will often give a generic answer like "financial freedom." It is what we are practically programmed to say. It's the same as many of the answers people make when they are asked what they would do if they won the lottery. They don't really know, but they know their lives would change. So then I ask the follow up question what does "financial freedom" mean to them - they often have a blank look on their face. It's as if they will know what to do when they get there. That is not enough; you need to be specific, especially now, when you are working towards that goal.

For example, I might ask a new client:

Q: *What does financial success mean to you mean to you?*

A: Financial freedom

Q: *What does financial freedom mean to you?*

A: It means I don't have to worry about paying the bills or sending the kids to college.

Q: *What does not having to worry about paying the bills or sending the kids to college mean to you? (This is where it gets interesting and where few Americans have really thought about their true goals).*

A: (after much deliberation) It means I could write a book on mythology I've always wanted to do and spend 25 hours a week volunteering with wounded veterans like I would like to do.

Q: *What does writing the book and volunteering mean to you?*

A: It would change my life and add a dimension of meaning and accomplishment that is very important to me (and so on).



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Ok, so let's get working on a financial plan and an investment strategy that will get you there. Sound good? Of course it does! You have now put a purpose behind your investments and now the advisor must get engaged in order to get you from point A to Point B in record time. We all know you don't have forever. This is where the advisor can leverage their knowledge of planning and markets in order to achieve that financial freedom.

Reason #2

An engaged advisor can help you "envision" what is possible and develop a plan to get you there. Now don't forget, you are in the driver seat, it's your money and life after all—a financial advisor is just an expert navigator. While he or she may help you "envision" the possible, you must also log the flight plan. Make sure that your navigator is engaged and has a plan to get you from point A to point B. A good financial advisor should be able to help you leverage your assets and earnings power to create a plan that is in alignment to achieving your life goals (within reason obviously). Remember, you are not this advisor's only client. What that means is, an engaged advisor can learn from others and provide insight into your situation. They have many clients going through similar situations as you are and may be able to shed light on your situation or see it from another angle based on what another client has been through and successfully navigated. This "case study" benefit is frequently overlooked when do it yourself investors decide to go it on their own. There is a reason why Harvard and many other business schools adopt case studies as a method for learning.

Reason #3

An engaged advisor can help you avoid making mistakes along the way. Good advisors know the rules; they can protect you from making mistakes that may make the difference between retiring and retiring well. The finance world may be filled with jargon which is bad enough, but tax rules and selling company stock at the wrong time can be a killer for many people. More importantly, if you have a financial advisor who is engaged and knows what your goals and aspirations are, they can often help you avoid making life changing mistakes and offer perspective on opportunities that can be good or bad for you. There are numerous case studies out there that tell of stories of people just like you who hear about an outside investment that at the time makes sense to the client but in the longer run, it puts their family's financial plans at risk. After the advisor confers with the client, objectively outlines the risks and rewards of such an investment, the client may have a different view. If the investment or undertaking fits with the client's goals and makes sense then it good that the investment has been reviewed and perhaps vetted. Remember, even the smartest financial minds put an objective advisor between them and their investments.



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So what is the difference that hiring an engaged financial advisor can make? The choice is as much yours as it is his or hers. That is because they need your involvement in order to produce results for you. They can help minimize emotional ties to stock and selling stocks when you feel compelled not to. They can help you look objectively at outside investments. They can help paint a picture of what the outcomes of a successful financial plan can be. Most importantly, they can help you navigate an industry that is riddled with jargon, complexity and hard to understand products. Nothing is more frustrating to an advisor like myself than when we take on a new client and that client basically hands over the reins and says "you take care of it, I trust you." We appreciate the trust, but doing everything for you isn't what you hired us for!

Here are a few tips if you currently feel like there is little engagement with your advisor. Hopefully, you can get him or her reengaged.

- **Pro Tip #1:** It is ok to ask questions, never assume. Somehow, many investors think the financial markets are some kind of black box. Sure, they are complex but so is every other industry once you get into it. Point is; asking questions is ok. The financial services industry is riddled with jargon that can be very confusing and misleading, but what it isn't is exclusive. If you don't understand something, don't hesitate to ask about it. Ask about risk, expected return and more importantly, does this type of investment fit my investment and life goals?
- **ProTip #2:** Ask for a financial plan. If your advisor is unwilling to give you a plan or an outline, then you may have a problem. The plan process will likely start with the advisor asking you a series of questions about your goals and gathering data about all of your investments, insurance coverage, etc. That plan should provide a roadmap that outlines a path to your family's financial success. That plan should help you attach a purpose to your investment plan and goals to strive for.
- **Pro Tip #3:** Share your goals and plans with Family. Now that you have attached purpose to your investment plans, make sure to share them with your family and even your friends that you deeply trust. Sharing your goals and plans with family makes you accountable. Between your desires to reach the goals you have outlined and the accountability that you have placed upon yourself to achieve them. You now have a solid foundation for Investing With Purpose®.



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If you don't have an advisor or if you can't seem to get yours engaged, the simplest way to solve this problem is to arrange a free one-on-one strategy call with me, Risley Sams, CFP®, MBA. I will personally get on the phone with you to discuss your situation and help design a mini plan for moving forward.

While I cannot guarantee investment results, I can guarantee that this call will help you start thinking bigger about your personal finances and move you to stop just Investing and start Investing With Purpose®.

We hope this whitepaper has helped you think about how you are working with your advisor. If you have gotten this far, it is likely that what we have outlined here is of interest to you. We have a solid reputation as a firm that not only helps people get results but we do it ethically and with transparency. We look forward to speaking to you on your strategy call soon.

About the author: Risley Sams is an avid sailboat racer and an active member of the St. Francis Yacht Club and Staff Admiral of the San Francisco Bay Knarr Fleet. He started RHS Financial after many years serving as a Financial Advisor in several major brokerage houses before setting up his own practice. As an Independent Financial Advisor (RIA), he takes the time to understand each of his client's life goals and build a customized wealth accumulation and distribution plan that fits their needs. Risley is a Certified Financial Planner®. He holds a Bachelor's in Business Administration from California State University, Chico and an MBA in International Finance from Purdue University.

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