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You Need a Financial Advisor

<http://www.fool.com/how-to-invest/broker/2010/03/03/you-need-a-financial-advisor.aspx>

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It's no secret that we at The Motley Fool think you are the best person to manage your money. (However, it is not as well-known that the letters in "The Motley Fool" can be rearranged to spell "Fly me to the loo.")

Despite our propagation of do-it-yourself money management, there are some good reasons why you should seek professional help. Here are a few:

- You're lazy.
- You're busy.
- You procrastinate... a lot.
- You equate researching personal finance topics to sharing a jail cell with a 400-pound guy named "Meat" who eschews bathing.

In other words, you're like many of us.

We know we *could* handle all the aspects of our finances on our own; we may even think we *should* handle it all on our own. But we never get around to it. We have too many other things to do ... or we convince ourselves we do. ("I know I should create a budget, but my kitchen cabinet's a disaster!")

Herein lies the value of a financial advisor. You have someone who can tell you everything you need to know. You have someone to call when you have a question. And there's someone who will call you when you need a reminder to fund your IRA, to send in your life insurance forms, or to choose a 529 plan.

If every time you think of opening an IRA, you say to yourself, "I will, as soon as I learn whether I should choose a Roth or traditional IRA" -- and you've been saying this for several years -- then it's time to get an advisor.

There's an old saying: "The enemy of the good is the better." (I think Voltaire said it, but it may have been Homer Simpson.) In other words, we put off doing an OK job because we think we'll eventually take the time to do a great job. But you know what happens: We often end up doing no job at all.

We firmly believe that you can learn all you need to know about personal finances. It just takes time (and a little curiosity about the topic helps). But if you find that you're just not getting around to taking care of business, then get an advisor. The money you pay her will be worth the bigger nest egg, reduced debt, lower taxes, sufficient insurance, and peace of mind.

But beware of sharks

This is all predicated on finding a *good* financial advisor, which brings us to another Motley maxim: If you hire someone who's paid via commission, watch out for the inherent conflict of interest. Though these people may call themselves "financial advisors," they're really salesfolks. They're more formally

known as "registered representatives," and they're the suits you see behind the faux-oak desks of such places as **Morgan Stanley** (NYSE: [MS](#)), **Wells Fargo** (NYSE: [WFC](#)), and **Bank of America's** (NYSE: [BAC](#)) Merrill Lynch.

They care predominantly about your investments, and maybe your insurance. A good one will ask you about your debt, your budget, your mortgage -- but they don't have a financial incentive to do so. If an advisor recommends that you should first contribute to your 401(k) to get the employer match, he won't make a dime for his advice. However, if he instead sells you an annuity, he pockets a handsome commission.

A few of us Fools know about commission-based financial advisors because we were once them. I myself was a broker with one of those big brokerages, albeit for just 20 months. However, that was enough time to get an eye- and earful of what really goes on behind a stockbroker's closed door. You want to know what I really think of these "professionals"? I'll tell you: Some are really good people. In fact, I sent my mother to one. And he's not the only reputable broker I've met. I could name a few others who just about deserve their lofty incomes.

But there are plenty of others who place the size of the commission above the benefit to the client. The government and the Financial Industry Regulatory Authority (FINRA) try to keep out the criminals. To become a registered representative with a brokerage, you have to get fingerprinted. Does that say anything about some of the people who've been in this profession?

That's why we at The Motley Fool recommend fee-only financial planners. You pay them for their advice, not their products. And, if they're good, they'll discuss your entire financial picture -- your taxes, your budget, your estate (even if you're not a millionaire) -- not just your investments.

How do you find such an advisor? The Motley Fool has partnered with the [Garrett Planning Network](#), an international group of financial planners who get paid by the hour, by the project, or as a percentage of your assets. They refuse to get paid by commission, so there's no incentive for conflicted advice. Furthermore, they're fiduciaries -- legally obligated to put your interests first. Unconscionably, the typical "advisor" at a big-name brokerage is not. (To see whether there's a Garrett planner near you, click on your state in the [Locate an Advisor map](#). A Motley Fool logo next to an advisor's name indicates a limited-time 10% discount for Fool readers.)

If you're the type who needs an objective, professional second opinion about your finances -- or a benevolent nag -- then consider at least meeting with an advisor (or two or three) to see if you could benefit from their services. Most financial advisors will schedule a free "get acquainted" meeting, when they get a chance to explain what they do. (Just don't expect to get free advice during the meeting.) Over on the Garrett Planning Network website, you can download a [free advisor questionnaire](#) to bring with you on your "interviews." You just might find one you trust, and who deserves every penny you pay. Just stay away from the ones named "Meat."

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