

## HOW TO . . .

# Choose a Planning & Investment Professional

What a daunting task it seems to be: Either choosing or replacing your planning and investment professional. You may be either starting out or unhappy with the relationship you have with your current individual. With hundreds of choices in the Roanoke Valley, how does one decide on who to trust with their financial well-being?

A good starting point would be to take inventory of what you're looking for. Are you interested in saving for a specific event, say retirement or the kids education? Do you have a large estate and need considerable planning to minimize taxes and pass on your assets to your heirs? Or are you simply looking for someone who understands you and shares your values?

### Referrals, Referrals, Referrals...

Don't be afraid to ask for referrals. Friends, family members or professionals who you trust, such as your attorney or CPA, are great sources in your quest. Ask questions such as what they like and dislike about the investment professional, do they provide adequate service and value, and do they understand everything that their professional is doing for them. Good professionals tend to be good educators.

Try to compile a list of three or more prospective financial professionals. Use the internet or yellow pages if you cannot come up with three referrals. If you are looking for a specific type of professional, such as someone who specializes in socially responsible investing or business retirement services, base your search on that criteria. Give them a call and let them know that you are in the market for a new planning and investment professional, and that you would like to schedule a time to ask them some questions.

### What Do I Ask?

Start out by asking them about their business. How long have they been in the business, how many clients do they have and do they have any minimums? Typically, it's good to find someone who has at least 5 years experience and has been through some market cycles. In addition, be wary of individuals who



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serve more than 250 clients: you don't want to get lost in the crowd. Do they plan on staying in the business or do they have plans to retire and transition the business to someone else.

Fees are an important part of any relationship. How do they charge: is it fee only, fees plus commissions or commission only. Can the professional estimate what your first year costs will be? What do you get for your money: a written financial plan, investment advice or products only? Remember that fees are not the only consideration. Many times it's worth paying more for an individual that provides value and that you're comfortable with.

Ask for references. Any successful planning and investment professional will be able to give you the names of three clients that you can contact. Also ask for references from two outside professionals, such as CPAs or attorneys. This will show that he or she is respected by his/her peers. Many people ask for referrals, but do not actually follow-up and contact them. Make sure to do so, as you can never learn too much about the person you will be trusting to help you make your major financial decisions.

How often do they keep in contact with their clients? Quarterly, bi-annually, annually? It's important to know up front what to expect. Does he or she have a network of professionals that they work with including CPAs, attorneys, insurance agents, etc. This support can be invaluable as you plan your future and as need arise. Where do they get their research and information from, and is it from a reliable

source. There have been too many instances of conflicts of interest in the past few years to ignore this question. Do they incorporate an investment policy statement in their plan?

Ask if they have a clean regulatory record. You can check up on them at <http://www.nasd.com/brokercheck>. It goes without saying that you want an ethical professional handling your money.

And finally, make sure to simply chat with the person. Are you comfortable talking with them and telling them your life story. Ask them theirs. It's these intangibles that many times cement the relationship. Recognize that there are many other questions that you may need to ask to suit your specific needs, and make sure to include them.

### Make the Decision & Follow-Through

After meeting or talking with the financial professionals, calling their references and tabulating your results, you are then ready to get started. Which person provides the best value, meets your needs, and will be a pleasure to work with. If no one that you interviewed accomplishes this, then continue your search. Otherwise make plans to follow through.

Call your choice and set up a time to get started. Although you don't have to, it is polite to inform the individuals that you did not choose of your decision. A professional will understand that not everybody is going to hit it off.

The bottom line is that it does take some homework to find the right financial professional for you. By looking at a number of different factors, both tangible and intangible, you have the opportunity to start a relationship that can last for many years.

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