

Breaking the Inertia: Switching Advisors

It's easy to find advice on how to choose a financial advisor. You can search the internet or go to your local book store. I've even written an article on the subject recently. But what if choosing a new advisor isn't the problem. What if you're having trouble breaking away from your old advisor.

Having been in the financial services industry for nearly eight years now, I've spoken with many investors. There are a couple of generalities that I find in these discussions. First, most people appreciate a reasonable rate of return. Second, they hate to change advisors.

Investors have numerous reasons for wanting to leave their current advisor: fees, underperformance, bad customer service, lack of services or they simply don't get along. Whatever the reason, it is important that you not delay. Once inertia sets in, it is hard to break.

Education

Susan Lowe, a local healthcare manager recently began a new relationship to manage her retirement assets. "I'd been considering switching for seven years," she says. "I needed education, and wasn't skilled enough to ask the right questions, so I didn't ask any. You sit there like a deer in headlights and don't make a change."

She finally decided to make a move because she grew too uncomfortable with how her retirement assets were invested. She took the time to educate herself on the issues and initiated the change. After having worked with an advisor to plan out her retirement, she wishes that she had not waited seven years to do so.

Susan's situation is not unusual. Many people don't want to admit that they are not financially savvy. So, instead of making a change, they maintain the status quo because it appears to be safe.

Services

Sometimes an advisor doesn't offer the particular services or expertise that you desire. Sean & Amy McGinnis of Roanoke weren't unhappy with the service they were receiving from their previous advisor. "Nothing was forcing us to make a change," Sean says.



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"But we were looking for a way to align our financial investments with our social and environmental ethics, and we wanted to support an advisor whose primary focus was to do work in this area."

Making the change, however proved difficult. Sean says that momentum continued to get in the way. "We already had something in place, and it was working to some degree. The pain to go through all the paperwork, do the research to feel comfortable, and the time required is difficult as opposed to staying the course."

Nonetheless, they realized that the money invested was theirs, and that they had a responsibility to themselves to follow through and make a change. Sean and Amy went through an education process that led to a change, and now happiness and comfort with their situation.

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But what if it simply comes down to dollars and cents? Bill Millner, a local businessman was motivated to change because he felt that the fees he was paying were too high. "If I had done it two years earlier, it would have saved me a bunch of money," he says.

To make matters worse, his previous broker was his own *brother*. This made the change twice as difficult. Millner says "It became a matter of contention, and my brother felt slighted over the situation, but it was a change that I had to make." When Millner realized that every day was costing him more money than necessary, he initiated the change.

The brothers have since patched up their differences, but this case shows that even if you have a relative handling your assets, you can replace them if necessary. Bill adds, however "It's difficult taking an account away from a

relative. For that reason, you probably shouldn't have a relative manage your money."

Psychology

There, of course, are psychological reasons for our actions, or lack thereof. Dr. Chris Buchholz, a psychology professor at Roanoke College outlined some of these tendencies. "As humans, we have a natural motivation to seek safe, stable and predictable situations," he says, "yet at the same time we also have a motive to seek out novel situations and experiences." We all have a combination of the two, but some people are "adventurous and inquisitive, while others of us strive for stability and fear change."

In order to initiate change, Buchholz says people need to feel comfortable with the alternative. The new advisor should be a credible expert, "we are more likely to take an MD's advice than a bartender." He also believes that if people see themselves behaving in a way that doesn't align with their beliefs, a change will be initiated.

Take Ownership

You must remember that the assets are yours, and everyone in the financial services industry realizes this. Many are working to get and keep your business. Competition can be fierce, and if you are not receiving the service you desire, there is someone else out there who will provide it for you. If your fees are too high, there are alternatives, and if you simply don't get along, move on.

Even though switching advisors can be difficult and time-consuming, it will prove to be worth your time when you settle in to a relationship that you are comfortable with. Susan Lowe was looking for "someone to really listen...and I found him." And as Sean McGinnis said "we didn't feel like we had a really strong personal relationship with the others. We do now."

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