

A second chance for a second opinion



By Vijay J. Marolia, MBA

We all know that you never get a second chance to make a first impression. Fortunately for us, we do have a second chance to get a second opinion.

Most of us would not think twice about obtaining a second opinion if our *health* depended on it. So why is it that most of us never think twice about getting a second opinion when our *wealth* depends on it?

Many investors have worked with the same financial advisor for several years. Some even have followed their advisors to different firms as the larger financial firms continue to swallow up the smaller ones. But now, much of that is changing.

The events that have unfolded since the "Great Recession" started in late October 2007 have caused many investors to rethink some very important questions as to the quality of their financial advice, and more importantly, who is in the best position to offer it. As a result, many investors are leaving Wall Street firms in mass exodus while hunting for an independent advisor they can trust.

Here are some basic but vital questions for all investors to ask about their current advice.

Communication: When was the last time I communicated with my advisor?

It's probably obvious that if your financial advisor has *not* been in continuous contact with you since the turmoil started, it probably makes sense to shop around for a new one. But what is less obvious is the question of how often we should communicate. While we recommend some contact at least once every quarter, annual meetings should be the bare minimum.

Independence: Am I working with a mutual fund or insurance salesman, or an independent financial advisor?

Although the title on their business card may say 'financial advisor,' many professionals in the industry are compensated strictly for their ability to sell products instead of the quality of the advice being given. Make sure to ask if your advisor works on fees or commissions, as the latter may present conflicts of interest.

Comprehensiveness: Are we talking about more than just stocks and bonds?

Wealth management is not just about managing money. It includes several areas of your financial landscape that all need to be consistent and congruent with each other. For example, your estate plan must be consistent with your life insurance.

The title of your brokerage accounts should be consistent with any living trusts that may need to be funded, and so on. Unless all of your assets, liabilities, insurance policies, legal documents, and tax reduction strategies are consistent, the plan may not work as intended.

Strategy: My world looks different now. What is our strategy going forward?

This may be the most overlooked and underrated benefit of working with an independent financial advisor. We only need to look at the last 18 months to see just how dramatically life is changing, not just here in the U.S., but all over the world. Your advisor should not only be acutely aware of these changes, but should also have a strategic plan to navigate the new world we live in. The same old advice will yield the same old results.

As the saying goes, "Crisis brings opportunity." This is your opportunity to obtain a second opinion and protect the wealth you've worked so hard for.

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