HOW TO CHOOSE AN INVESTMENT ADVISOR?

Finding a reliable source for investment advice has always been a challenge. It is especially difficult in today's investment environment. There is no shortage of places to turn to for financial investment advice. The shelves at the book stores are filled with "experts" offering their perspectives on how and where to invest. The financial pages of newspapers and magazines are crowded with articles and advertising on this subject. Not to mention the family members and friends with their own particular opinions.

So where should you turn to for professional, trustworthy guidance? The choice to put part of your financial future in someone else's hands should not be made hastily or without gathering critical information. I would like to offer several suggestions to help you in your quest to find the investment advisor that is right for you.

You will want to look for someone with considerable experience, with a solid theoretical background as well as real world practice in investment management. Your advisor should be able to draw upon a wide variety of investment choices, not just a family of mutual funds. You should feel comfortable talking to your advisor. Make sure that he or she *listens* to you. A successful investment management relationship is based upon clear and consistent communication. Test the advisor with a few questions. For instance, ask about his or her approach to investing. Is that approach easy to understand and clearly articulated? Does their investment philosophy match your own?

You need to have an understanding of how your potential advisor is compensated. For instance, stock brokers are typically paid commissions based on the number of trades executed for clients. Brokers are transaction driven, the greater the number of trades they make, the greater their compensation.

Brokerage firms may also offer wrap accounts. These combine professional money management, securities trading and periodic performance reports, all wrapped up in a package in which the investor pays a single annual fee, instead of per transaction fees. Fees are based upon the assets in the wrap account and can vary based upon the broker and the size of the account.

Financial planners also offer investment advice. Their recommendations may be fee based or they may also earn commissions when the products that they recommend are purchased. Some financial planners earn fees both ways.

Bank trust departments generally charge annual fees for investment services based on the amount of assets under management. Graduated fee schedules normally employed. This means larger accounts pay lower fees on a percentage basis, than smaller accounts. Similarly, investments counselors or advisory firms impose a percentage fee, based upon the amount and type of assets being managed.

You should look for someone who offers personalized service. An investment advisor should be available to review your needs and preferences in detail, and then tailor your investment portfolio accordingly. As your situation changes, appropriate changes to your portfolio should be made. Your plan is implemented after the investment advisor has done a thorough study of your financial picture, your tax situation and your long term goals. With these thoughts in mind, you should work with an investment advisor to develop a custom tailored investment strategy that will help you to achieve you financial goals.