



What Is A Financial Advisor?

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*“The salesman knows nothing of what he is selling save that he is charging too much for it.”
- Oscar Wilde*

The other day a woman came to us to get a second opinion. She had previously visited with another financial advisor and was unsure about the recommendation; it had been suggested that this woman, a widow, put all of her money into a single insurance/investment product. Granted, this product had all sorts of bells and whistles (which in my cynical mind means all sorts of fees and commissions), but still, just one product was apparently the solution. This got me thinking... what is a true financial advisor?

First, please know that everything I am about to say is strictly my opinion, but it is also the basis upon which I have practiced for almost 27 years (and Wynne for over 15 years). With that being said, let's start with what I think a “financial advisor” is not.

I do not believe is a financial advisor is someone who has a turnkey product or strategy ready to be sold to everyone under the sun, no matter their situation. A financial advisor is not someone who has a solution ready before you even discuss your problem, for lack of a better word. And a financial adviser is not someone that gets paid a big commission upfront and then has no duty to follow-up thereafter.

Instead, we strongly believe that a true financial adviser is someone who will listen to what is going on in your life, and ask as many questions as possible about the different pieces of your financial life. Then, and only then, an adviser will begin to put together a plan that looks at the whole financial puzzle, and seek to make sure all of the pieces work together.

In fact, many times when we first meet potential clients they will ask us a specific question, and sometimes the best answer we can give them is, “I don't know”. You see, until we get a handle on all the different aspects of your finances or pieces of the puzzle (be it assets, liabilities, cash flow, taxes, estate issues, etc, etc), we simply will not have enough information to make the right recommendations to get you on the right path. In other words, how can anyone act as a true financial adviser until they have the right information to advise upon? Well, don't tell that to the “financial advisers” who are really just salespeople; cynically, I don't think these salespeople really care what your path may be, they just want to get paid (I use quotes above because I do not believe these salespeople are actually true advisors).

And, not for nothing, we always remember that no two people and/or couple should be on the exact same path, much less have the exact same investment product/strategy in the exact same proportions. Sure, we use similar securities/products for most clients to implement a plan, but I'd easily hazard to guess that we have

never used the exact same securities/products in the exact same proportions for anyone - because no matter how similar your situation might be to a friend, colleague, or relative, no two people or couple are exactly alike and thus no two financial plans (and implementation) should be exactly alike.

Another trait of a true adviser, in our opinion, is how financial advice is applied. To wit, we believe that sometimes the best advice is to tell people what *not* to do, especially when the markets are tempting people to react emotionally (to either fear or greed). Thus, we may also earn our stripes (and compensation) by advising people *not* to do something, like *not* to buy or sell some security or product. Ironically enough (and strangely enough, to me), we are sometimes asked by LPL Financial's compliance department to explain why there has been no activity within a particular account for a period of time; we tend to answer the same most times, that it was in the client's best interest to *not* trade a security, and so we advised accordingly.

Speaking of LPL Financial, I'd be remiss if I did not again explain our relationship with them. Specifically, we are *not* employees of LPL Financial. You see, years ago when I was a W-2 employee at UBS Financial Services (and before that at A.G. Edwards & Sons), I felt that I had a conflict of interest; my perception was that as an employee of UBS they could ask for or even demand my loyalty. But in my mind's eye (acting as a fiduciary or not), my loyalty should only be to my clients and their best interests. So I left UBS in 2003 (which at the time was tough emotionally and even more so financially) and began to work as an independent advisor (and essentially hired, or affiliated with, LPL Financial). Since then, we have told everyone that we truly only work for our clients, period. As I like to say, tongue-in-cheek, but also very seriously, there are only two people I will ever answer to: my wife, and my clients.

I hope this discussion is helpful, and certainly am not disparaging this industry that I love, because there are lot of very good, ethical advisors that focus solely on their clients' best interests. Unfortunately, as in every profession, there are some bad apples; there may be too many salespeople who like to call themselves "financial advisers", and we believe that simply has no place in a true financial advising environment.

And for better or worse, not only am I a universal cynic (which I think is healthy), but I have also seen a lot in the last twenty-seven years as a financial adviser as well as a FINRA arbitrator for the southeast region. But it's this experience and perspective that makes us proclaim, in life and in business, that we will always seek to do the right thing; we only really offer our character and integrity, and that will never be up for sale.

As always, thanks so much for your friendship, your trust, and your referrals! Have a great March!

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