

Robin Dolezal ([00:00](#)):

Hello everyone. Welcome to another topic in our podcast series. My name is Robin Dolezal. With me as always is David Renzi and Alex Pars. Together we are with Ironwood Financial. Guys, this is a great topic and one that we are very familiar with. It's something quite honestly, we talk about many of times in our first meetings with clients. Many times clients want to know what to look for in an advisor. So we're going to answer those questions today. Alex, give me the first one. What's one thing someone should look for in an advisor?

Alex Pars ([00:29](#)):

I mean, the first thing I would want to know is how do they get paid? Because that's very, very important as we've talked about in some of our other videos, is what they're going to recommend, whether they're commission-based or fee-based, drastically changes depending on how they're paid. So someone who's, they've got incentive to sell you the highest commission product, they can get away with someone. They don't get paid more for X or Y or Z. So generally they're going to look to do what they think is in your best interest and they're actually held to that standard legally. So again, number one most important question is how does an advisor get paid? In my opinion,

Robin Dolezal ([01:08](#)):

I'm going to kind of tail in that one by saying you want to look for someone who's a fiduciary that goes along with what you just said. Someone who's a fiduciary legally needs to do what is in your best interest, not the advisor's best interest, not the company's best interest, but only the client's best interest. They are going to try to avoid conflicts of interest, and if there are any, they'll let you know. And the other version of that would be someone selling commissioned products like Alex just mentioned. They may be selling things that are suitable, but that's about it, right? So you want to find someone who's a fiduciary. Go ahead Alex.

Alex Pars ([01:44](#)):

It's also very difficult to be a fiduciary and sell commissioned products because you are kind of directly at odds with your clients. It's like when you're negotiating with the car salesman, every dollar more they get you to pay is more money in their pockets. So even if they said they're doing what's right for you, the reality is they are directly opposed to your best interests. So commission products, it's not quite that bad, but it is very similar.

Robin Dolezal ([02:11](#)):

Alright, David, what to look for in a financial advisor?

David Renzi ([02:13](#)):

The number two most important item is experience. You want an advisor who has some designations, who's seen a variety of market conditions and who's been around for a while. I mean, it's hard to be an expert in your field when you've only been in the industry for two years. And so I would really be focusing on someone who's been around for 10 years plus and who's seen things and done things and actually talked to people and worked with and met their goals through a variety of markets. I mean, it's tough when that advisor is experiencing their first down market and then trying to explain to you, Hey, this is a strategy that works when they don't have any idea if it does or not. You're

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Robin Dolezal ([02:48](#)):

Right. That's something

Alex Pars ([02:49](#)):

Actually great

Robin Dolezal ([02:50](#)):

Point. I look at myself, gosh, 2003 version of myself. I feel like I've learned a lot. I think that's a great point.

Alex Pars ([02:59](#)):

Well, I was just going to jump onto what David said. I mean, every time there's a really strong bull market, I dunno if you remember back in 2001, if you turned on Facebook or YouTube or TikTok or whatever, there was all these financial gurus. What were they all talking about? You remember? Oh

Robin Dolezal ([03:16](#)):

Yeah,

David Renzi ([03:18](#)):

Yeah,

Alex Pars ([03:19](#)):

Crypto

David Renzi ([03:19](#)):

Tech stocks.

Alex Pars ([03:20](#)):

They were talking about crypto.

David Renzi ([03:21](#)):

Oh, 2000,

Alex Pars ([03:22](#)):

Right? So it's all, this is how you get rich. I'm a crypto guru. I know everything. Well, that's easy to do when the market's going up. You'll notice the following year, I dunno if you remember the following year, 2022, it was a pretty negative year and well guess what happens? Those people all kind of disappeared and crypto went down what, 75, 90 5% depending on what it was. So it's easy to be an expert in an up market.

Robin Dolezal ([03:49](#)):

I want to jump in and say it's important to interview a couple different advisors. I don't think just finding the first one that you run across is important. Obviously you want them to have experience in history

like we just talked about. I think if you can find one that's got or is a fiduciary that's important as well. I want to say some of it is do you like the person and do they mesh with your investment style? Right? We've actually run across lots of clients who had advisors and this client, their experience tells us that they're a little bit more conservative, yet their advisors got them in a very aggressive allocation. So those two people are not really aligned in my opinion. So find someone that you mesh with and don't just hire the first person that you come across.

Alex Pars ([04:33](#)):

And that actually brings up another point, which is funny. When we are interviewing people who have currently have a financial advisor, we ask 'em a question like, well, what's the strategy you're following? And what, nine times out of 10 they couldn't tell you. They don't know what they're signed up for. What's the, I don't know, he just does stuff. Okay, well it's probably a good idea before you hire someone to understand why they're doing the things they're doing, what strategy are they following? Does it make sense to you? There are lots of different ways out there. One kind of amusing strategy is you're only invested in the market when Congress is out of session. So if Congress is in session, you're completely in cash. I mean, so there's millions of different strategies. You should know what your strategy is and make sure it resonates with you. Yeah,

Robin Dolezal ([05:19](#)):

Good point. Alright David, what else should we look for in a financial advisor?

David Renzi ([05:24](#)):

And I think something that's, I've heard some horror stories where I'll give a particular example. I had a client who came in, she was a prospect at the time and she said, I had a financial advisor and I got nervous because the market was falling. And I called in and they said, Hey, he's busy, he'll call you back tomorrow. And the next day she got a call, we're based in Arizona. She got a call from someone in Florida that said, Hey, I'm your new advisor, welcome. She was transitioned and pushed off to someone else. And I think it's very important, and you don't really see that when you have a small wealth management firm or small relative to the big wirehouses, but it's important to know who you're a of. Is it your particular advisor or is it the actual firm? I mean, if you go to a bank, you might have the issue of, hey, your advisor has now transitioned to some other location and that makes it extremely inconvenient for you if you want to stay with that person.

Robin Dolezal ([06:10](#)):

Yeah, that's a good point.

Alex Pars ([06:11](#)):

I thought they did that on purpose. I thought the banks did that on purpose to make sure that you couldn't get too good a relationship with someone so that if the advisor left the firm, they couldn't take the client with them. I mean, if you're working with any of the major warehouses though, you're basically calling an 800 number. I mean, my first client that I ever started working with is still a client and that's been 24 years. So it's definitely an advantage in my opinion, to have someone that you know and trust and knows your situation. You don't want to have to explain it again on the phone to the next person you talk to.

Robin Dolezal ([06:44](#)):

Good point. I want to say the next thing a client should look for an advisor is maybe credentials. I know we talked about this in one of our other podcasts, but credentials really show someone that the advisor has gone the extra mile to study the craft, to take the time to learn the industry. We've talked about credentials before and one of the things I think you should look for is someone with A CFP or even A CFA or either or. There's lots of designations out there, but those are the two that I would recommend a client would look for.

Alex Pars ([07:14](#)):

Yeah, that's a good point. Again, there are designations that mean a lot less in my opinion than those two and some of that are very specialized. There's a designation out there, CLU that you see a lot of financial advisors. What that means is they're relatively expert in insurance products. Well, insurance is part of the financial plan, but nobody thinks of, well, no client probably thinks of financial planning as how many different insurance products can I get? They're thinking about investments and retirement planning and tax strategies. So you have to be careful with the designations, make sure that they are broad-based financial planning, not just a specialty designation.

David Renzi ([07:53](#)):

Alex, that reminds me of something else that you should consider when hiring an advisor. Is that person providing financial planning or is it just purely asset management? I mean, we've seen situations where people will come in and they say, Hey, I've had an advisor for 15 years and I have no idea when I can retire. And I'm shocked

Alex Pars ([08:09](#)):

You're going to take off on a trip and you don't know where you're going. What are the chances you get there? Like, I'm going to Michigan. Well, that at least helps. Okay. A lot of people, if they've never done a financial plan, they don't have a goal. You need to have a number. You need to have X dollars, X dollars in pensions and social security, my house paid off, you name it. What are the different things I need to have done in order to be able to retire? Because if you don't know that chances of you getting there are significantly lower.

David Renzi ([08:39](#)):

And I think it helps hold both parties accountable. I mean, if you have a financial advisor who lays out a path for you, now you have to meet your savings goals and that financial advisor has to meet their management goals. So it really keeps both parties accountable and gives you a better chance of actually meeting those goals and having a successful retirement.

Robin Dolezal ([08:56](#)):

How about independence? I always like an advisors who's independent. That's a good one. Be tied to a brokerage firm or a bank. Independence means the advisor's not going to have to sell a certain type of product or a certain brand of product. They're going to go out there and they're going to look for the most efficient investment that's going to be important for their clients as well.

Alex Pars ([09:18](#)):

And that's the reason we founded this firm is we were at a company that had a particular product that they wanted us to sell and we were saying, well, that's not best for our clients. And they said, okay, we'll

find different clients. They give you quotas, they give you trips to Jamaica if you sell enough of a particular product. But the reality is, is that necessarily best for the clients? Probably not, probably. I mean, it's much better, in my opinion, to be able to choose from the whole world of investments. Another great question I like to ask is Fidelity, you've heard of them, they're great, right? Is Fidelity the best at every type of money management? And there's obviously no. So if you're with a firm that only uses one fund family or one brand of investments, are they the best at it? Well, they may be best at something, but chances of them being best at everything is highly unlikely. Well, isn't

Robin Dolezal ([10:11](#)):

Like me at sports, Alex, I'm not great at them all. Just really good at a couple of 'em.

Alex Pars ([10:19](#)):

There was beer pong, right? Was that the one?

Robin Dolezal ([10:22](#)):

Alright guys, I think we hit on a lot of 'em. Obviously there's a couple of important ones like obviously the independence fiduciary fee base were some of the top ones that I've heard. But most importantly, obviously I think just making sure you do your due diligence, we're here is obviously to help. You can find us@ironwoodfinancial.com. We'd be happy to sit with people. We sit down with folks all the time on a non-fee basis just to talk about how we service clients, how we manage money. So if that's something you're interested in, please use us as a resource. You can also reach us at 5 2 0 3 1 8 4 6 0 0. Gentlemen, I appreciate your time. Until next time, we'll talk to you real soon.