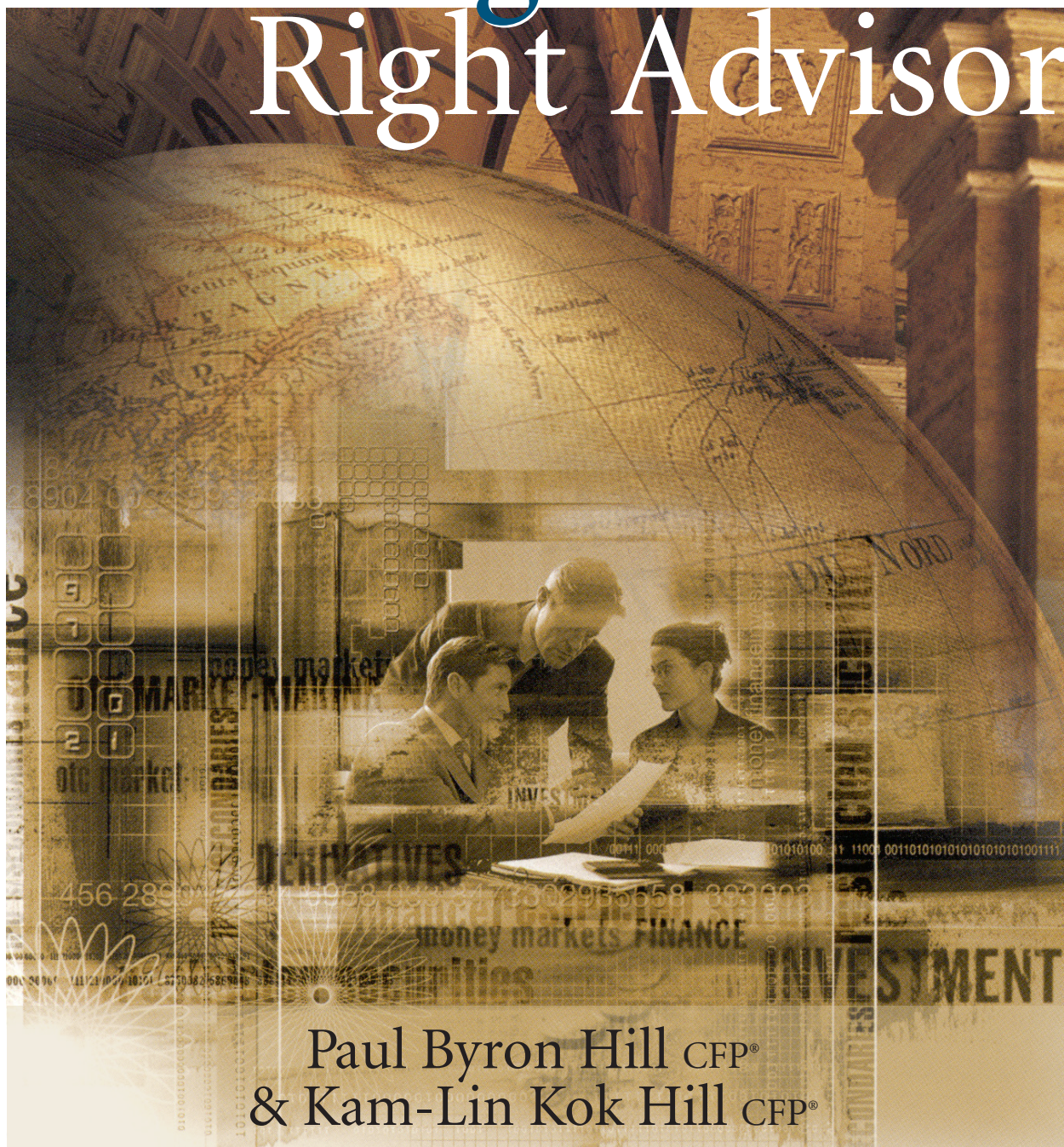


Integrity in Investing

Selecting the Right Advisor



Paul Byron Hill CFP®
& Kam-Lin Kok Hill CFP®



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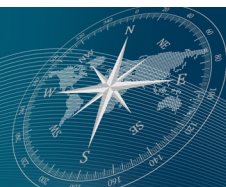
Consultative Wealth Management

CLARITY. COMMITMENT. CONFIDENCE.



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Consultative Wealth Management ■ Clarity. Commitment. Confidence.



FORWARD: Integrity in Investing

For making informed decisions to achieve all that is most important to you and your family, clarity of purpose is essential. Realizing your financial goals and dreams requires more than simply planning an investment experience. You likely need expert help in meeting significant financial challenges that threaten the most careful planning. You want to make smart decisions about wealth of course, but it's not only about investing well, but about mitigating taxes, transferring wealth to heirs, and protecting assets from untimely loss.

Wealth management should provide a disciplined process for helping you, and all those who are important to you, make informed decisions over your lifetime. But to make planning decisions, the journey must be clear both for you and for your advisor. So a financial advisor helps you develop a roadmap using a comprehensive planning approach. Your deepest needs, values and concerns are understood. Perspective and focus are the foundation of an integrated investing strategy to achieve all that is important for you.

With a financial roadmap clearly defined, you can commit to making the unavoidable difficult decisions necessary for you to travel from Point A to Point B. Saving and spending, enduring economic volatility or bearing life's disappointments may sometimes require enormous discipline. Confidence, or a lack of it due to past mistakes, can grow as measurable progress is made toward goals once thought impossible.

Making a financial plan many times is not that difficult. Staying committed to the plan always is. Investors must have integrity to experience the successful outcomes they plan. That is why the wealth management process is so important. Advisors reinforce *integrity* for *accountability* to planning commitments—avoiding unwise detours and temptations to abandon an otherwise sound plan when times, sooner or later, get tough.

Integrity, as we define it, is not only a moral or ethical code: it is a state or condition of being sound, whole and complete. Integrity bridges the gap between theory and practice, knowing and doing. A bicycle wheel without all the spokes will not be cycled too many miles without a breakdown.

Integrity is the critical difference in a successful wealth management process. Salesmen often make no distinction between “investing” and “wealth management.” Of course they are related. But as we show in our book, investing is only a subset of wealth management. Pursuing “winning” investments often may be counterproductive to the successful outcomes an investor keeps finding so elusive.

The purpose of our *Integrity in Investing* series is to show how integrity is the essence of planning an informed investment experience—leading to confidence and peace of mind by making informed decisions. The wealth management process is not only about a happy destination—it's *also about enjoying the journey*. The real possibility of that serendipitous occurrence embodies the true value of the right advisor.

We hope this book helps you find the right advisor as a guide for achieving all that is important to you.

Sincerely yours,


Paul Byron Hill, CFP®


Kam-Lin “Katherine” Hill, CFP®

Table of Contents

1. Making Smart Decisions	4
2. Why is Choosing the Right Advisor So Important?	5
3. Compensation Models Affect The Advice You Get.....	6
4. Three Steps for Financial Advisor Selection.....	9
5. What Matters Most to Affluent Families.....	12
6. Five Major Concerns of the Affluent	14
7. Do Most Advisors Understand What Matters?	15
8. The Wealth Management Formula.....	17
9. Wealth Management Uses a Consultative Process	19
10. Informed Investment Management Decisions	21
11. Conclusion: Keep Making the Right Decisions	24
Appendix:	
Introduction to Dimensional Fund Advisors	25
Biographies of the Authors	27
CFP Code of Ethics	29
Professional Financial Second Opinion Service	31

Integrity in Investing: Selecting the Right Advisor

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Chapter 1:

Making Smart Decisions

“A sensible wealth management process compensates for human tendencies of overconfidence by planning processes that maximize discipline and minimize distractions.”

Many people planning for important life goals, such as a comfortable retirement, are disappointed with the low interest rates and smaller market returns of recent years. Fading memories of a global financial crisis, combined with mergers and the disappearance of familiar financial firms they once trusted, has caused many investors to re-evaluate both their portfolios and their financial advisors. Bank failures, coupled with financial scandals within leading banks and brokerage firms, as well as the huge losses of many investors, have created distrust and insecurity. Troubled domestic and international economies and conflicts and wars abroad only compound a sense of malaise, and makes investors wonder *where can they find the right direction?*

Many long-time trusted client relationships have changed due to banks and brokerages merging with large national or gigantic global financial institutions, resulting in significant and continuing employee turnover. Many experienced advisors they once employed, unable to accept the merger or the politics, either left or simply retired. Typically, they were replaced by less knowledgeable and younger people as the mammoth institutions searched for ways to economize.

Some investors are still satisfied with their trusted financial advisors. But most wonder if it's time for a change—or just want to make sure they still are in the right place. Living through The Great Recession following the aftermath of a great financial crisis, many investors are second-guessing traditional investment approaches, as well as their advisors, wondering if they may be better served elsewhere. One study conducted by Prince & Associates indicated that over 80 percent of those with more than \$1 million of investible assets have considered changing advisors. Only two percent are recommending their current firm to others.¹

Even many do-it-yourself investors, previously confident of their skills in normal times but still traumatized by losses, are considering hiring a financial advisor. People today—those approaching the end of their working

years, but particularly those already retired—realize that the stakes for growing and preserving their wealth are more challenging than ever. The increasing popularity of smaller financial advisory firms focused on serving the needs of specific groups of clients, such as physicians or dentists, are at the vanguard of a changing financial service industry. The enormous Wall Street firms may suit many general investing needs well, but often lack the specialized expertise for the complex and special wealth management needs, values and goals of many affluent families.

Successful stewards of family wealth are asking themselves two serious questions: Do we have the right financial advisor? And, how do we decide which one is right for us? Many individuals and families turn to a financial advisor (or perhaps several) in the hope of finding meaningful assistance in achieving their important values, goals and dreams. Yet there are more than 460,000 financial advisors of all types in America today. Sadly, too many investors learn too late in the game that their advisors lacked the qualifications to help them or their firm lacked access to the necessary resources or expertise. You see, wealth management is much more than managing a portfolio—it is planning for major concerns closely intertwined into families' important values, goals and dreams.

1. Robert Frank, “Wealthy Investors Stage Revolt Against Advisors,” *Wealth Report: Wall Street Journal* (9/30/2008).

Chapter 2:

Why Is Choosing the Right Advisor So Important?

Choosing the right financial advisor—and for affluent families, the right *wealth* advisor—is among the more important decisions you can make to meet your financial challenges. While certainly not as critical as finding the right spouse, selecting the right profession, or teaching your children the right values, choosing the right advisor can have enormous positive impact on your financial outcomes and your future peace of mind. The right financial advisor with an expert team behind them can liberate you from many common financial concerns. That freedom allows you to focus limited precious time on what really matters. In contrast, a poor decision about your financial advisor, or indecision about making a change, can result in disappointing financial outcomes, higher taxes, excessive expenses, needless complexity, and stress or anxiety.

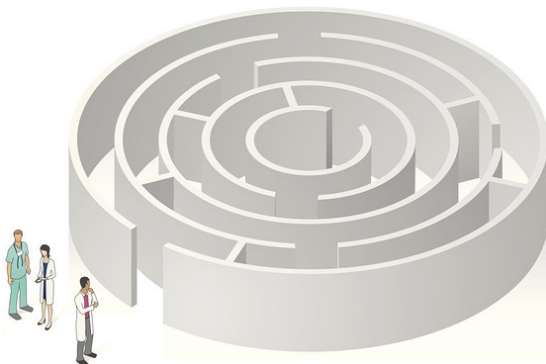
Firms and institutions everywhere actively compete to manage your money. Billions are spent on print and electronic advertising, making plenteous promises. However, relatively few firms concentrate on assessing and counseling specific groups of affluent individuals and families approaching retirement or enjoying retirement. Even fewer can skillfully align the client's assets and resources with their true values, goals and dreams for those they care most about, including themselves. Doing it effectively requires substantial expertise and experience as well as spending considerable time developing a much deeper relationship than is required for simple standard suitability questionnaires used by brokerage firms to sort a few funds or select a couple of money managers to recommend.

Selecting and working well with the right financial advisor should help you realize three things as time progresses:

1. *Great outcomes:* Financial security and more simplicity
2. *Great experience:* Confidence and peace of mind
3. *Great service:* Convenience and fewer concerns

Now let's identify the critical considerations any affluent investor must know before you select advisors and advisory firms to interview. Understanding how your prospective financial advisor is compensated almost always will have a major affect on your ultimate investment experience. The advisor's particular compensation method provides significant insights regarding conflicts of interest. Conflicts of interest almost always directly impact the nature and the range of the planning advice you are likely to get, and the particular products or services that will be—or will not be—recommended.

Selecting the right advisor will affect investment outcomes that almost certainly determine your family's financial security many years from now in unforeseeable ways.





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