

WHY CHOOSE A FEE-ONLY ADVISOR

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You might be asking yourself, what is a Fee-Only advisor? As defined by [NAPFA](#), the National Association of Personal Financial Advisors, a Fee-Only advisor is “one who, in all circumstances, is compensated solely by the client, with neither the advisor nor any related party receiving compensation that is contingent on the purchase or sale of a financial product.” On the other hand, an advisor who is commission based receives their compensation from investment or insurance companies. Commission-only advisors may be stockbrokers, insurance agents and even financial planners. Which choice is right for you?

COMPENSATION

Knowing a financial advisor’s source of compensation is very important since it can directly influence the client/advisor relationship. Commission-only advisors have an inherent conflict of interest that may hinder objectivity or bias since they have a direct financial stake in their recommendations. For example, imagine a stockbroker has identified two similar mutual funds which meet the basic requirements of the client. One fund pays a much higher commission at the time of the sale as well as a reduced continuous commission payment,

called a trail, which can continue as long as the investment is held. The other option does not include any commission payout until the investment is sold. The choice will have a direct influence on the advisor’s

paycheck. This creates a conflict of interest that may lead to a less desirable recommendation for the client.

In a Fee-Only arrangement, the amount of the fees paid by the client is clearly stated up front. Recommendations for and purchases of financial products will

“...neither the advisor nor any related party receiving compensation that is contingent on the purchase or sale of a financial product.”



not have any effect on the advisor’s compensation. Commissions, on the other hand, can be buried in the cost of a product and may leave a client unaware of the total compensation an advisor receives. A Fee-Only advisor is free to consider all options for a client’s investment account including no load mutual funds as well as load waived mutual funds with no concern for his or her bottom line. The focus can remain on the best investment choice for the client.

FULL DISCLOSURE

It is important to obtain an advisor who will exercise his or her best efforts to act in your best interest. A Fee-Only advisor is obligated to disclose in writing any conflicts of interest that could compromise the impartiality or independence of the advisor both prior to your en-

agement and throughout the term of the engagement. If the advisor receives referral fees or is included in a third party arrangement, this information must be contained within their disclosure statement known as the ADV Part II. This document must be provided prior to signing an agreement and must be offered annually. It is important for the client to review this document carefully before engaging any advisor.

Fee-Only advisors may also provide quarterly investment performance statements while commission-only advisors typically do not. Performance statements can help you track your portfolio results against an objective standard.

COMPETENT AND COMPREHENSIVE

Of course it is crucial that your advisor be both competent and comprehensive, regardless of his or her status. Competency can be determined by asking potential advisors strategic questions.

- How much education do they have in the field of financial advising?
- What is their track record?
- How do they stay abreast of the financial markets?
- How do they keep up with the changing tax laws?
- How do they determine and deliver advice? Do they have a commitment to work solely in the client's interest at all times?

Answers can be confirmed or refuted by posing similar questions to various references.

Competent and informed financial recommendations must take into account all factors that comprise an individual's financial profile including taxes, estate plan-

ning, insurance, risk tolerance, specific family circumstances and financial goals. Therefore, a truly comprehensive financial plan is much more than investment advice. It is an all-purpose tool that enables an advisor and client, working together, to make better financial decisions since each individual decision is made within the context of the larger picture. While many financial advisors claim to offer comprehensive financial planning, few actually provide it.

There are times when a commission-only advisor may be beneficial such as when purchasing insurance. Some clients do, in fact,

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prefer paying a one-time commission rather than a fee. In certain circumstances it may be the most cost effective solution. The objective is for you to educate yourself regarding the varying fee structures available so you can determine what is right for you. An advisor with your best interest in mind will be glad to take the time to explain their structure, whether fee or commission based.

In summary, a good Fee-Only financial advisor focuses on truly serving his or her clients. Choosing one that is well-qualified can help you obtain the objectivity, comprehensive planning and valuable expertise you seek. Your advisor will help you create a financial plan to meet your specific goals and can customize an investment portfolio consistent with your risk and reward objectives. To find out more about Vantage's Fee-Only services, please contact a Relationship Manager.

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You're invited! Join us and hear NBA superstar Bob Love's story of tragedy and triumph.

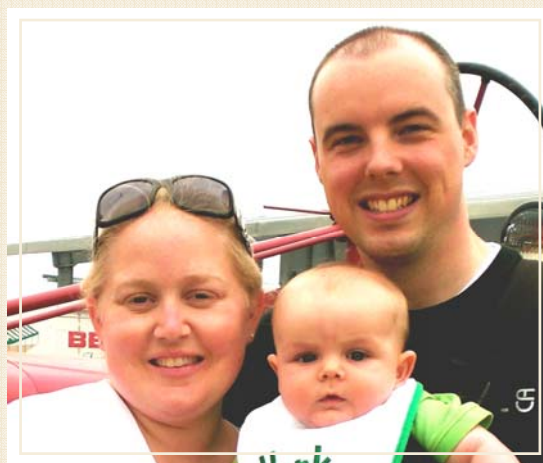
Please RSVP by 9/20 to Maria Saravia
847-590-5555 x 108

VANTAGE NEWS

Join us in extending a warm welcome to Dave Grant, our Financial Planning Analyst and newest team member. Dave was born and raised in the UK and just last week celebrated his 4 year journey to become a U.S. Citizen. He shared how moving it was to see immigration officers singing "Proud to be an American" at the top of their lungs at the end of the ceremony. Dave's family includes his wife Sarah and 5 month old son Eli. Welcome Dave – we are glad to have you on board!

Sam Swisher just returned from attending LPL Financials focus10 conference held in Boston, Massachusetts. Topics ranged from Maximizing Social Security Benefits to How to Cope in this Low Interest Environment. "I always come away from these conferences with a broader perspective on the issues which will immediately bring benefit to our clients."

Congratulations to Dan Kaibel for passing the Level One exam for Chartered Financial Analyst. He will begin studies for the Level Two exam which will take place next June. Way to go Dan!



Sarah, Eli and Dave