

Tough Questions To Ask Your Advisor

David S. Meyers, CFP® is a NAPFA-registered financial advisor.

NAPFA, the National Association of Personal Financial Advisors, is the country's leading professional association of Fee-Only financial advisors. To be a NAPFA-registered advisor, not only must the professional be truly fee-only (meaning he or she receives no income from commissions for selling any products), but also take a Fiduciary Oath (and renew it annually), get regular ongoing continuing education, and also prepare a financial plan for presentation for the approval of other NAPFA professionals. This last is especially important to demonstrate not only that they know the details and technical information, but also how to bring it all together and present the plan to clients.

NAPFA has assembled a handy questionnaire which they recommend anyone interested in working with a financial advisor have that advisor fill out. Note that "financial advisor" is a very broad term which encompasses everything from insurance salespeople and commission-based brokers to financial planners and fee-only advisors. Simply being a NAPFA-registered advisor answers about half the questions in the questionnaire.

We are pleased to say that several clients and prospective clients have asked us to answer the questions and for convenience have prepared these responses and notes.

1. What is your educational background?

BS in Applied Physics from Emory University
MS in Applied Mathematics from Georgia
Institute of Technology
Certificate in Financial Planning from Boston
University

Over 13 years experience as a quantitative analyst working with large institutional fixed-income portfolios prior to starting up an Meyers Wealth Management in 2008 to do comprehensive financial planning and portfolio management for individuals, families, small businesses

people - it was difficult for them to get the kind of advice that they really needed. This inspired me to transition my professional career from institutional investing to personal finance. In 2008 I established Meyers Wealth Management as a state-registered Registered Investment Advisor in Massachusetts, primarily doing hourly consultations with individuals, families, and small businesses. In 2009, we moved to California and have been expanding our offerings to include ongoing retainer-based financial planning services and portfolio/asset management services in addition to project-based and hourly financial planning.

2. What are your financial planning credentials/designations and affiliations?

- a. NAPFA-Registered Financial Advisor
- b. Certified Financial Planner (CFP)

3. How long have you been offering financial planning services?

During the course of my career in institutional finance, I started working informally with friends and family on their personal finances. I loved the personal work, and found that there was a gap in the available services for

4. Do you have clients who might be willing to speak with me about your services?

The answer to this question is "yes" but we need to explain why this is not a great answer. First, of course, no advisor would send prospective clients to existing or former clients who are not happy with their services, so any such referral needs to be taken in that context. Secondly, and very importantly, while we do occasionally ask existing clients to speak to prospective clients, it's an imposition on those existing clients. All clients of Meyers Wealth Management are



entitled to privacy, and we cannot hand out the names of any clients without their prior approval. Our clients are all busy people who have hired us to help them. While they have been very open and generous in talking about our work, we need to be very careful not to abuse that generosity.

5. **Will you provide me with references from other professionals?**

We have been fortunate to build great relationships with a variety of other professionals - attorneys, accountants, insurance people, mortgage people, etc. When a client needs the use of such services, we are happy to provide a list of such professionals as necessary, and we've been referred clients by many of those same people. We neither pay nor receive any referral fees, by the way.

6. **Have you ever been cited by a professional or regulatory governing body for disciplinary reasons?**

No.

7. **What more can you tell me about your experience in providing financial planning services?**

Meyers Wealth Management is a unique financial planning shop. Our primary goal is to provide unbiased, clear and simple yet sophisticated financial planning services to our clients in the most efficient and effective ways possible.

While many financial advisors sell products (often insurance products, or else selling securities and getting commissions), we do not. We provide advice. Period. That advice may be in the form of ongoing financial planning and portfolio management, portfolio oversight and review, consultation about financial issues, asset management, recommendations, referrals to other professionals for services, modeling and analysis.

Moreover, while there are many other "fee-

only" shops, we also stand out because while most fee-only financial planners require very substantial assets to be turned over to them for management, we do not. The typical fee-only financial planner is fee-only in the sense that a client needs to turn over a substantial portfolio to the planner to manage, the client pays a fee which is a percentage of those assets, and the financial planning is part of that asset management engagement. If our clients want to keep their assets with existing custodians, or their assets are in their employer's 401k plan or otherwise not easily turned over for outside management, that's perfectly fine with us.

Depending on the individual situation, we may charge a separate fee for financial planning distinct from fees for portfolio management. This allows us to have much lower minimum amounts to invest (in fact, we have no minimum) and it's also why we can often charge a *lower* fee for portfolio management than may be typical when that portfolio management engagement is part of a financial planning engagement.

8. **How many clients do you work with?**

This is not as easy a question to answer as it appears it ought to be. One of the hallmarks of Meyers Wealth Management is that we are proud to do one-off consultation and project-based planning work. That means that those are limited-time engagements and they are finished upon delivery of notes or advice or, even, sometimes simply at the end of a meeting. During the course of any given month, in addition to the steady ongoing retainer-based and asset-management clients, we have many such small-scale engagements as clients come and go.

This is quite different from the assets-under-management based advisors for whom all their clients are, in fact, ongoing — in which case, it's very easy to answer the question.

That all said, during the course of 2013, we've worked on a project/one-off basis with approximately 50 clients, and on an ongoing retainer basis with approximately 10 clients.

In addition, we've provided consultation for several other local financial planners to assist them with analysis and planning for their own clients.

9. Are you currently engaged in any other business, either as a sole proprietor, partner, officer, employee, trustee, agent or otherwise?

No.

10. Will you or an associate of yours work with me?

David S. Meyers, CFP is the sole advisor at Meyers Wealth Management and works directly with all clients of Meyers Wealth Management.

11. Will you sign a Fiduciary Oath?

I have, both as CFP professional, and as a member of NAPFA, and I reaffirm that oath annually.

12. How is your firm compensated and how is your compensation calculated?

Fee-only. And, in fact, unlike many fee-only shops, most of our clients write checks to us directly since we don't require them to turn over portfolios and therefore don't simply take our fees out of their brokerage accounts. Not only are we explicit about all fees we receive and all compensation we get, but we assist our clients in understanding any hidden costs they may not have been aware of in existing relationships and products they bring with them when they come to us.

If you don't know how much you're paying, you may be paying a lot more than you think.

13. Do you have an agreement describing your compensation and services that will be provided in advance of the engagement?

We do.

14. Do you have a minimum fee?

We do not have any minimum of assets to manage for our clients, which is often the biggest hurdle for folks to finding fee-only financial planning. Note that we get paid directly by our clients in a variety of ways - either flat annual retainers, percentages of assets managed, by the project, or by the hour.

A typical hourly engagement or one-off project is around \$1500, though it varies widely depending on the nature of the issues to be addressed, the complexity of the client's situation, etc.

We do generally request, but not require, that clients engage us for a minimum hourly project of at least \$500.

15. If you earn commissions, approximately what percentage of the firm's commissions comes from...?

We earn zero commissions. Period.

16. Does any member of your firm act as a general partner, participate in, or receive compensation from investments you may recommend to me?

No.

17. Do you receive referral fees from attorney, accounts, insurance professionals, mortgage brokers, or others?

No, nor do we pay any such fees.

18. Do you receive any on-going income from any mutual funds that you recommend in the form of 12b(1) fees, trailing commissions, or other continuing payouts?

No.

19. **Are there financial incentives for you to recommend certain financial products?**

No.

20. **Do you offer advice on...?**

We offer advice on: goal setting, cash management and budgeting, tax planning, investment review and planning, estate planning, insurance needs, education funding, retirement savings, cash-flow projections, social security timing, general financial issues, etc.

21. **Do you provide a comprehensive written analysis of my financial situation and recommendations?**

It is client and/or project specific. If a client comes in with a limited set of issues to address, while we do generally try to review their overall situation and look for anything else they may not have been aware required attention, we do try to keep focus on the client's needs and goals.

For retainer-based planning, or folks specifically asking for comprehensive written analysis, we do provide notes as necessary, sometimes with illustrations and projections. Moreover, we offer our clients ongoing access to online financial planning software which helps keep their overall financial situation in clear view and with regular updates.

22. **Does your financial planning service include recommendations for specific investments or investment products?**

Yes it does, and we take into consideration the investment options you may have within your employer-based plans, existing investments you already have, and your specific situation.

23. **Do you offer assistance with implementation of the recommendations?**

Yes.

24. **Do you offer continuous, on-going advice regarding my financial affairs, including advice on non-investment related financial issues?**

Yes.

25. **Do you take custody of, or have access to my assets? If you were to provide me on-going investment advisory services, do you require "discretionary" trading authority over my investment account?**

No, we never take custody of client assets.

We do use third-party aggregation software which allows us a read-only *view* of the contents of client accounts which we use for on-going financial planning. For those clients who ask us to provide ongoing portfolio management, however, we do ask the clients to allow us to make trades on their behalf via a *limited power of attorney for trades* which simply allows us to make trades but absolutely does *not* give us custody of nor access to the assets.

Thanks for taking the time to review all this. We understand that hiring a financial planner is a major personal decision and we hope this document has helped you get to know us a little better. We are proud to be members of NAPFA, and are pleased whenever clients or prospective clients find us through them and explore their recommendations and information about fee-only financial planning.

Please contact us at <david@meyersmoney.com> or at 1-800-993-2994. We'll be happy to have a no-obligation, complimentary consultation to answer any further questions about how we work, and how we might work with you. At Meyers Wealth Management, our goal is to help you achieve your goals.