

Musings by Mitchell – June 2017

Identifying a Financial Advisor

Ever wonder why “Financial Advisors” have so many names associated with them? I am in the profession and an advisor and I get overwhelmed with the title soup that is out there. I have seen “financial advisors” be represented as: wealth manager, senior vice president, financial service representative, principal, founder, financial advisor, registered representative, vice president, financial planner, and many, many more.

Want an easy way to fix the muddy waters around finding and identify a fiduciary financial advisor? Stop the word play of titles in the financial advisory industry. The last time I checked, there was one title for a; lawyer – JD, accountant – CPA, doctor – MD, chiropractor – DC. Why should the financial advisor industry be different?

In some cases, professionals in the industry don’t want to show where their true allegiance lies with. Titles such as life insurance salesman, annuity salesman, stock broker, bond broker, or fixed indexed annuity salesman make a clear statement that they are sales individuals selling a product. Do you know where these sales individual’s allegiance lies? It is most likely not with the consumer, but with the sales company they are representing.

So, why the wordplay? Simply stated, some individuals in the Financial Services profession do not want the General Public to know or understand where their loyalty lies or how they are compensated. As an example: A Registered Representative is contracted with a Broker/Dealer and they are legally bound by the contract with the Broker/Dealer firm they are representing. An insurance agent has a contract with an insurance company and is paid a commission for the products individuals purchase. Some insurance agents are “captive,” meaning they must do their best effort to place products with the company they are captive with first and foremost before shopping other carriers if their company does not have a suitable product for their client’s needs. Some insurance agents are “independent” and are able to represent multiple companies. Does that mean that these products, such as life insurance, are not needed? No. But as a consumer, you should understand how the individual sitting across the table from you showing different types of insurance products gets compensated and if there may or may not be a conflict of interest in what they are showing you.

Any financial advisor that wants to be called a financial advisor should be held to the fiduciary standards and moral compass. This is what we expect from our doctors, dentists, and local food inspector. Why should or wouldn’t we expect it from our Financial advisor.

So, an easy way to check your advisor and see where his or her interest lies, ask for his or her ADV Brochure. If he doesn’t have one, he doesn’t have a fiduciary duty and therefore does not have to put your interests first. Does this means he or she is a bad advisor? No. It does mean that they don’t have to contractually put your interest first and this is what, you as a consumer, need to know and understand.

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As recently quoted by Elliot Weissbluth – Hightower CEO: “When you are in the business of doing the right thing, you don’t need the Department of Labor to come in and tell you to do the right thing.” At MJT & Associates, LLC. Financial Advisory Group, we are in the business of doing the right thing. We are fiduciary advisors, here to navigate you to financial success through and with ethical and intelligent navigation. We are here to answer any questions or concerns regarding your goals or financial future. Give us a call over the summer to revisit your existing plan or put a fresh set of eyes on your vision for the future.

Have a fun and enjoy your time with friends and family this summer.

Sincerely,

Mitchell J. Thompson, CFP®
Navigating Clients to Financial Success™