



Do I Need A Financial Advisor?



www.paladinregistry.com

This guide is a free public service from Paladin Registry. It contains information that will increase your awareness about financial advisor issues and help you determine if you need the services of an advisor.

This Guide is for information purposes only. It is not intended to be any type of financial, tax, or legal advice. We strongly suggest you contact a qualified professional before you make any decisions that impact your financial future.



What are some important questions that I should ask myself to determine if I need the services of a financial advisor?

- Do I have time to develop a well thought-out strategy and invest my own assets?
- Is investing my own assets the highest and best use of my time?
- Do I understand the constantly changing complexities of the financial markets?
- Do I have the knowledge to research alternative investments, track their performance, and make changes as necessary?
- Can I stay objective and not make emotional financial decisions?
- Does it make sense to manage my own assets as I get older?
- Who will step in and manage my assets if I suffer a debilitating illness?

Why do so many investors select bad advisors?

- Investors don't know the right questions to ask to determine the quality of advisors.
- They can't believe people they like will take advantage of them for money.
- They trust people they like, but likeability has nothing to do with competence and ethics.
- They use the same selection processes for new advisors that they used to pick the ones they just fired.
- Their selection criteria are subjective.
- They place too much emphasis on advisor personalities.
- They hire advisors who say the right things (high return with low risk is a sales pitch).

Who uses the services of financial advisors?

- Based on a nationwide Paladin Registry study, 77% of those surveyed with at least \$100,000 of investable assets use the services of financial advisors.
- The remaining 23% develop their own financial plans, conduct their own research, and make their own investment decisions on an unassisted basis.

Why do 77% of investors use the services of financial professionals?

- They use the services of advisors for the same reasons they use the services of other professionals (CPAs, attorneys, etc.).
- They don't have the time or expertise to do the work themselves.
- They know high quality professionals produce better results than they can on their own.

Why do investors increase their use of professionals as their asset amounts grow?

- Investors with larger asset amounts use more professionals because mistakes have a greater financial impact. For example, if bad decisions reduced your returns by 10%:
 - You lose \$10,000 if you have \$100,000
 - You lose \$50,000 if you have \$500,000
 - You lose \$100,000 if you have \$1,000,000

Why don't 23% of investors use the services of financial professionals?

- They don't think they have enough money to afford advisors.
- They had bad experiences with previous advisors so they don't trust them. This is a direct outcome of selecting a low quality advisor.
- They don't like to pay for bad advice.
- They have the time and knowledge to do the investment work themselves.
- They believe they can produce better results than professionals.



Why do some people invest some assets themselves and use advisors for their larger, more serious sums of money?

- They enjoy the investment process so they manage some of their assets on their own. Some investors actually call investing their hobby.
- However, they can't afford to make mistakes with larger sums of money, for example the assets they are accumulating for retirement, so they use the services of financial professionals.

Can I outperform the returns that are produced by professionals?

- Yes, if the advisor is low quality and you have sufficient time and knowledge.
- No, if the advisor is high quality and provides sophisticated wealth management services.

How do I compare the performance I produce to that of a financial advisor?

- First, you have to be very honest with yourself in regard to the results you produce.
- Then you calculate gross returns minus all expenses to determine net returns.
- Net returns are a more accurate measurement of the results that are produced by you and an advisor.

If I manage my own assets, what investment activities consume the most time?

- Investing is a lot of work if you are going to do it right.
- For example, you have to do in-depth research on a large number of investment alternatives before you select the ones that you think are best.
- Once you've selected a number of investments you have to monitor their performance and risk characteristics for changes that may impact future results.
- Then you have to obtain a performance report that tracks investment results, holdings, and transactions.
- You also have to make changes to your portfolio based on your evolving needs and current market conditions.
- Since markets change daily you should commit time on at least a weekly basis.

If I manage my own assets, how much knowledge is required to do the investment work?

- It depends on how you conduct your research.
 - It takes thousands of hours of specialized education to conduct your own research and produce competitive returns.
 - It takes less knowledge if you are going to rely on company research, for example Morningstar.
 - Even if you buy research you have to evaluate the data and make the investment decisions.
- It's much easier to hire a quality professional than to learn to do the professional's job.

Who makes the investment decisions if I use the services of a financial advisor?

- You can delegate work to professionals, but retain control over financial decisions.
 - This is called a non-discretionary relationship.
 - Advisors cannot buy or sell investments without your approval in advance.
- Or, you can delegate the work and the decision-making to professionals.
 - This is called a discretionary relationship.
 - Advisors have limited authority to buy or sell investments without your approval in advance.

What is a fiduciary advisor?

- They are the ideal financial professionals because they are Registered Investment Advisors or Investment Advisor Representatives and they acknowledge their fiduciary status.
- Fiduciary advisors are held to higher ethical standards, they have more disclosure requirements, and they are more accountable for the quality of their advice.
- Most high quality professionals are fiduciary advisors.

Where can I go to obtain additional information about protecting my financial interests from bad advice?

You can go to www.paladinregistry.com / Tips-4-Investors (on the home page). The Tips are free and no registration is required to access them.



Where can I go to find high quality, trustworthy professionals who can help me achieve my financial goals?

You can go to www.paladinregistry.com / We Find Advisors for You (on the home page). The search services are free and there is no obligation.

About Paladin Registry

PaladinRegistry.com provides free public services to investors who rely on professionals for the achievement of their financial goals. Registry services include education, advisor search, and advisor documentation. You can contact Paladin Registry by sending an email to info@paladinregistry.com or calling (877) 719-2022.