Fresh Advice

Questions to Ask of Financial Advisors
part 2 (of 3): What Do Financial Advisors (not) Outsource?

A 3-Part Series in Fresh Advice
Questions to Ask of Financial Advisors

Part 1: (August) Credentials and What They Mean
Part 2: What Do Financial Advisors (not) Outsource?
Part 3: (October) Generosity and Charitable Giving

Questions to Ask of Financial Advisors

Part 2: What Do Financial Advisors (not) Outsource?

When you search for, or compare, financial advisors, you find advisors at firms that can differ greatly in knowledge, experience, skill and process, all of which can impact whether a particular advisor can serve as the best fit for your particular needs. How can you select the best fit? This issue of Fresh Advice offers some questions about processes and tools of the trade to help your search. It is the second of a three-part series about ways to question and assess financial advisors, so that you can seek out who will be the best fit for you.

Piton Wealth offers two categories of service, financial planning and investment management, so what follows is a look at what the processes for each can you tell you about advisors, firms and what kind of fit they can be for you.

What is a Financial Planning Process?

Financial Planning, as practiced at Piton, embraces a number of services that you can find advertised as separate: tax planning, risk management, estate planning, retirement planning, charitable giving strategies, and so on. "A key here is that none of these services are in silos," emphasizes Wealth Advisor II Nick Mercer, CFP®, "Planning for your family affects your retirement, and those factor into what is the best strategy, and all those together have particular tax consequences, all of which change in line with charitable goals and other life goals that you have now or that you decide to pursue later." "For us, those are all components and factors in the planning process. If you don't pay adequate attention to any part of it, the plan overall might not work as well as it could. That has to include both qualitative and quantitative data."

The quantitative data includes the numbers and amounts in accounts and other assets. What an advisor collects and, at least as importantly, what they do with that data, can be very informative for someone comparing advisors. Michelle Clary gives examples on this: "Most advisors will begin by collecting data from a client, but what they ask for and what they do with it can be very informative. For example, we review a lot of tax returns, not because we are tax professionals (we are not, so we coordinate with tax professionals in many cases), but because that return demonstrates part of the whole financial plan in action. Sometimes we might be aware of something relevant for the client's return that is not on a tax specialist's radar, so we can help make sure all the relevant pieces are in play."

An advisor's commitment to qualitative data can also come through in their process. Many advisors and firms market personal or individualized service, but, as with financial data, it can be revealing how much the planning process is dedicated to that personalization. Michelle Clary continues, "At least half of our first formal meeting consists of exercises so that we understand a client's goals, preferences and values. People have goals that they want to achieve and their financial assets are a tool to use in reaching those goals. Computer programs help with tax consequences, market trends, and so on, but they can't, not even with AI, tell you whether a plan matches a client's life and goals. That has to happen between the client and the advisor and it has to keep happening year in and year out. Life goals change, so the plan to achieve those goals has to change and the relationship has to deepen for that to happen. That's why our process does not have a 'final' meeting, just an ongoing structure for keeping the plan in alignment."

To meet these needs, Piton has its own trademarked process, The Navigated Journey™, which provides a solid structure and robust paths to individualize planning for every client. This Journey has four formal stages: Discover (including the values discovery exercises Michelle cites), Design, Realize, and Achieve. The last, Achieve, is not a single meeting, but an ongoing, regular maintenance process to keep the client's plan going forward in support of their life goals.

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Investment Management: Strategy and Team

Countless sources online provide market data and analysis, but even with resources like these on a firm's website, it is not necessarily transparent how that information translates into being an engaged steward of a client's assets. The presence of market reports does not guarantee that a client's portfolio is in line with the developments in the data. "That's why we have weekly meetings of the Piton Investment Team," explains Michelle Clary, "Every Piton advisor knows what the Investment Team is doing and why, The Team and Piton's Wealth Advisors work out what is the best course of action for clients. We might make a change. We might decide to hold steady. We might time changes for particular reasons, but we never say that we only make changes once a quarter or once a year or whatever. And we work to be as transparent as possible about that." Clients have updates from the Piton Investment Team regularly at meetings and events, and for those interested in Piton's services who want to learn more about how the Team works, there is a public blog (https://pitonwealth.com/investment-resources/blog/). Clary concludes, "I'd say the most important thing to understand is that the entire Piton Investment Team works for Piton clients. They make a decision and execute those decisions for Piton clients. There's no layer or distance between the Investment Team and the rest of the Piton team."

3 Questions to ask when comparing Financial Advisors:

1: When an advisor or firm collects a client's qualitative information, is that process individualized and how thorough is that information?

2: Does the process of an advisor or firm demonstrate a commitment to understanding a client's life and goals, so that a plan supports those goals?

3: When it comes to investment management, how involved is the advisor or firm in the decisions about portfolios and other client assets?

QUIZ

Piton's Navigated Journey™ is a

a. guidebook to Piton offices
b. Piton's recreational activity
c. Financial Planning Process
d. Investment Management Process

CAN YOU FIND the HIDDEN PITON?

ANSWER: c. – You can see the piton on page 1 last sentence

A piton is a tool which mountain climbers use to secure a hold and climb higher than they could have otherwise. That is why we are Piton Wealth, to advise clients to help them climb to ever higher goals. Comprehensive financial planning is the dedicated tool that the Piton team uses to help clients achieve those goals. The ultimate goal is a fulfilling and generous life. The Piton team hopes to see you as part of that life at one of Piton's community events, or any of the many life-affirming events in our communities, and we would love to talk to you about a plan, so please reach out to us when you want to find out about a potential Navigated Journey for you and your loved ones.

If you are interested in Piton Wealth's services, call (509) 582-0570 or visit pitonwealth.com/schedule/

We hope to hear from you!

Visit pitonwealth.com/investment-resources/videos for videos and more free information

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