

[If personal finance is difficult for you carefully hire a good financial and investment advisor](#)

Category : Financial Decision Rules

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Summary: A previous financial article, ["The Solution - ONLY follow financial strategies that are scientific, passive, diversified, savings focused, risk controlled, low cost, and tax efficient,"](#) suggested that investors are much better off with a well-considered financial plan. A stable set of financial beliefs can help you to keep focused and on track throughout your life. This follow-up article discusses how important it is for people to be careful when they select a financial advisor. If you realize that you need help with your personal financial planning, get a good financial advisor. However, be very, very careful with your financial advisor selection process. A good financial advisor could make things much better. A poor one could make things much worse. (See: [Financial advisor costs and the value of their investment strategies determine your return on investment from these investment advisor services](#)) Competent, self-directed investors may have less need for a financial advisor, when they adhere to financial planning strategies and investment funds purchasing practices that are similar to those summarized in *The Skilled Investor's* "[Financial Decision Rules](#)" articles category. By already following more optimal investment returns strategies, they may find it more difficult to justify the cost of a financial planning and investment advisor. In contrast, individual investors may repeatedly cost themselves substantial sums by making behavioral errors, and these investors could benefit from the assistance of a good financial advisor. For them, the cost of an advisor may be easier to justify, because of their personal finance inefficiencies. Investors with investment behavior problems might pay the advisor's costs and still come out substantially ahead relative to having done more poorly on their own. (See: [Value-added and value-diminishing investor activities](#) and [What is the cost to individual investors of sub-optimal portfolio diversification?](#)) If behavioral control is difficult or implementation is confusing for you, then you should carefully select and hire a good advisor. You will still be the ultimate decision maker, but you can empower your financial advisor to try to keep you in bounds, while you listen seriously to his or her advice. However, if you do decide to hire a financial planning advisor and/or investment advisor, do not take this advisor selection process lightly. The financial advisor you choose could help you to make or break your lifetime financial plan. The Skilled Investor has written extensively on financial advisors to suggest ways that individuals can improve their advisor selection process. (See these articles on [Selecting an Advisor](#) and these articles on [Regulation of Advisors](#)) Selecting a financial advisor just because your relative, friend, or neighbor trusts the financial advisor they are using could be a disastrous way to choose an advisor. How do you know that this person did their homework when they selected the advisor that they trust? Many of the advisory scandals reported in the media show that one person trusted the recommendation of another person and on and on. Unfortunately, nobody along this chain of referrals did their homework to check the advisor's background, competence, and ethics. In the end, they all get taken for a ride on the dead end train of financial greed. Unfortunately, many people have thrown up their hands at the seeming complexity of doing personal financial planning and investing. They use slipshod methods to quickly pick a financial

advisor and hope that this advisor will do what is right for them. Unfortunately, advisor selection is a minefield and lack of knowledge among financial advisors and financial conflicts of interest are major culprits. (See these articles on [Payment of Advisors](#) and these articles on [Advisor Fraud](#))

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