

3 TOPICS TO COVER DURING YOUR ANNUAL REVIEW

When you meet with your financial advisor for your year-end checkup, what should you ask? Should you just show up and listen to what your advisor tells you? Or should you come prepared with an agenda of your own?

The three questions below form the core of your advisor's service. Use them to judge your advisor's performance and whether the advice you're getting is in your best interest.

QUESTION #1 – HOW DID I DO?

Did my financial plan and my portfolio perform in a way that will allow me to meet my goals? If not, why not?

This question is best answered in the context of your goals. Presumably, your advisor has already helped you set the right goals and come up with a financial plan and corresponding portfolio to help you get there. This includes staying in touch throughout the year to see if your future needs have changed or if the portfolio is somehow off track. Further, your advisor should have provided performance reports to you at least every quarter, but possibly monthly, so you know how well you are (or are not) progressing toward your goal. That way, you will know if your advisor is doing a good job helping you meet your goals.

This question will probably consume the majority of your meeting, and there will be a lot of explanation as to why you either underperformed or outperformed. You should listen carefully to the reasons and keep asking “why” as often as necessary to further unpack the reasons for your performance.

QUESTION #2 - WHAT DO I NEED TO DO NOW?

What annual return do I now need in order to meet my goals going forward? Say your portfolio made 18% last year, but it was loaded with risky assets that are keeping you up at night and you only need to earn 7% per year to live your current lifestyle.

Why are you then taking extra risk? Is your goal to make as much money as possible or to make sure you can maintain your lifestyle with the least amount of risk? If your goals change, of course, so should your financial plan as well as your investments—especially your asset allocation.

QUESTION #3 – HOW DO YOU GET PAID?

How do you, the advisor, get paid and what is the total cost of our relationship? You need to be sure that the fees are reasonable because fees eat into your returns.

Ask how much his or her fees are and who actually pays. An advisor's compensation method can affect the type of advice you get, so you should understand the differences. And you should know that there are three basic ways financial advisors and planners are compensated: Commissions, fees and a combination of both. Neither is absolutely more or less expensive for you. And while you might think that this is an unsavory topic, don't. Your advisor should expect this question and be able to give you an answer easily.

You have a lot going on, and you do not always get around to looking at your financial situation. That's one reason an annual checkup with your financial advisor is so important. Get started with an advisor by visiting [DuncanGRP.com](https://duncangrp.com)