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Wealth Strategies

The Steps to Success

From Roth vs. Traditional 401(k), one of the very first financial decisions you'll make, to Family Wealth Transitions, your financial success is dependent on ensuring you consider every step in between.

Financial success requires that you think about more than just selecting and monitoring investments. It's not about investment returns, but rather about accomplishing your goals. Therefore, it's equally as important to recognize all aspects of comprehensive wealth management.

Investment Advisors

- Focus on accounts and balances
- Deal with numbers and percentages
- Measure subjective gains and losses

Wealth Managers

- Help you identify personal goals and achieve them
- Act as your professional financial partner
- Coordinate investment advice with your needs
- Measure value by your success



Wealth management considers a myriad of topics, including but not limited to:

- [Where to Begin; The Building Blocks](#)
- [401\(k\) and Retirement Savings](#)
- [Pretax vs. Roth](#)
- [Debt Management](#)
- [Asset Allocation](#)
- [Avoiding Bad Investments](#)
- [College Planning](#)
- [Age Based Tax Planning](#)
- [Estate Planning](#)
- [Social Security](#)
- [Family Wealth Transitions](#)

Not one person can be an expert in all things financial. That's why it's important to hire the right team of professionals to help you accomplish your financial goals. However, in the financial services industry there are four main types of professionals, which can make selecting the right person for you difficult.

Brokers

Also known as Broker-dealers, they buy and sell investment products on behalf of a client. The people who work for broker-dealers are known as registered representatives, however they may also use other names such as financial consultant, financial advisors, or investment consultant. These professionals are required to hold certain licenses in order to execute transactions on behalf of their clients.

Registered Investment Advisers

Regulated by the Securities and Exchange Commission (SEC), Registered Investment Advisers (also referred to as RIAs) provide investment advice to their clients.

It's important to note that not all Investment Advisors (referenced above as an alternative name for a broker) are technically Investment Advisers. RIAs provide tailored investment advice by managing investment portfolios as well as providing financial planning services.

Financial Planners

Financial Planners can include brokers and RIAs, or may hold no licensing or credentials. They may provide services that encompass your entire financial situation, while others may only recommend products or services that they sell. Financial Planners are not regulated under a certain body, unless they hold the CERTIFIED FINANCIAL PLANNER™ certification.



Insurance Professionals

Insurance professionals, also known as insurance agents, sell insurance products to clients. Insurance agents are not regulated by any overriding authority, however they are required to hold state licensing.

In order to accomplish your financial goals, it's critical to understand the difference between the advice that these types of professionals are able to, or required to, offer. One way to discern whether

the professional is working in your best interests is to evaluate their services through the *suitability rule* vs. *fiduciary standard*. Let's explain:

Technically speaking, the suitability rule applies to broker-dealers who are regulated under the Financial Industry Regulatory Authority (FINRA). Under this rule, the investment professional is only required to advise clients to purchase investment products that are *appropriate* for their situation. However, the fiduciary standard applies to RIAs, under authority of the SEC, and are required to advise clients to purchase investments that are *best* for their individual financial situation.

Let's look at an example:

Take two investment products. Investment A is a good option, and pays a commission to the investment professional who sells it. Conversely, Investment B is the best option for your personal financial situation, however it does not pay any commission to investment professionals.

Under the suitability rule, a broker dealer can recommend their clients purchase Investment A because, while not the best investment, it is still a decent investment. Under that situation, the investment professional will receive a commission and the client will receive a decent investment.

However, an RIA regulated by the SEC cannot recommend that their client purchase Investment A as it is not the best investment for that client. RIAs will recommend their clients purchase non-commission paying investments in order to provide clients the best investment.

To help you select the best investment professional for your circumstances, the SEC released a list of questions that they recommend clients ask before engaging an adviser.

- What experience do you have, especially with people in my circumstances?
- Where did you go to school?
- What is your recent employment history?
- What licenses do you hold?
 - Are you registered with the SEC, a state, or the Financial Industry Regulatory Authority (FINRA)?
- What products and services do you offer?
- Can you only recommend a limited number of products or services to me? If so, why?
- How are you paid for your services?
- What is your usual hourly rate, flat fee, or commission?
- Have you ever been disciplined by any government regulator for unethical

or improper conduct or been sued by a client who was not happy with the work you did?

- For Registered Investment Advisers, will you send me a copy of both parts of your Form ADV?

Additional questions include:

- Do you clearly disclose all fees, including the management fee and any additional investment-related fees?
- Can you disclose conflicts of interests (every firm has them, so don't take 'none' as answer)?
- Do you have a succession plan in place?
- Do you have a team of experts to help me accomplish my goals (as to avoid a 'one man shop')?

If the professional that you are considering cannot answer or do any of the above, *walk away*.

Comprehensive wealth management encompasses much more than investment management, and focuses on much more than investment returns. To ensure that you are working with a professional that is aimed at becoming your trusted financial partner, and who is truly focused on helping you accomplish your personal financial goals, it's crucial that you engage the services of an SEC registered RIA.



About RFA

Reilly Financial Advisors is a fee-only Registered Investment Advisor, aimed at helping our clients both define and achieve their individual financial goals through four unique service offerings:

- 1. Wealth Building – for those still accumulating their investment portfolios**
- 2. Wealth Management – for those who have amassed their savings and have specific needs associated with their wealth**
- 3. Wealth Legacy – for those who have accumulated a significant amount of wealth and face unique wealth transition needs**
- 4. Corporate Retirement Services – tailored solutions for plan sponsors and participants**

RFA, founded in 1999, services clients around the United States and in more than a dozen countries worldwide. As an independent advisor, we are able to provide our clients with the highest level of Fiduciary services which allows us to make investment decisions based solely in the best interest of our clients. Our goal is to be our client's first point of contact for all of their financial needs, serving as a trusted financial partner for the long term.