

Finding the Right Financial Professional

At some point in our lives, many of us turn to a financial professional for help with financial matters. Charting a course with a professional to reach your financial goals can be an exciting adventure, but it shouldn't have to be a blind leap of faith. Before you commit to a long-term relationship, here are some things to think about.

Credentials and area of expertise

Take a look at the credentials of any financial professional you're considering. What degrees, licenses, certifications, and/or financial designations, if any, has he or she earned? These may depend on the professional's area of expertise.

Speaking of expertise, you should find out whether the financial professional concentrates his or her practice in a particular area, or whether he or she has a more broad-based practice. Maybe you're looking for someone with expertise in a particular area, such as business succession planning or investing in real estate and commodities. Or perhaps you want someone who will look at every aspect of your financial situation--from budgets, to saving for college and retirement, to insurance coverage, to tax planning, to estate planning. Obviously, you'll want to make sure that the person you'll be working with has experience in the financial areas for which you're seeking advice or works with other professionals who do.

Experience and reputation

While experience is important, a long track record isn't worth much if it isn't a good one. Even if you

get a recommendation from family or friends, you can't be sure how thoroughly they did their research or how their circumstances might be different from yours in subtle but important ways.

If the person you're considering is a Registered Investment Advisor (RIA), you can ask him or her for a copy of Form ADV, which reviews an advisor's background, services, fees, and any disciplinary actions. Similarly, the Financial Industry Regulatory Authority (FINRA) has a BrokerCheck section on its website, www.finra.org, that allows you to check an investment broker's licensing, registration, and any history of disciplinary problems.

Communication skills

A relationship with your financial professional is an ongoing one. To adapt your changing financial circumstances and preferences to the ever-changing, complex world of financial regulation and products, a financial professional must communicate with you recurrently. Therefore, you'll want to find someone who is both a good listener and responsive to your needs.

After your initial meeting, ask yourself these questions:

- Did he or she take the time to fully understand my goals, and do a good job of explaining the proposed approach to meeting those goals?
- Will we be able to meet or speak regularly about my portfolio or other issues that may arise?
- Will my e-mail and/or phone calls be promptly answered?

After you've had a few conversations, review your interactions. Is the individual you're considering a thoughtful listener who answers questions patiently and objectively? A good financial professional will put together and implement a viable plan to match your expressed financial goals.

Fair compensation

Financial advice isn't free. All financial professionals get paid and deserve to be fairly compensated. Your job is to make sure you understand how your financial professional is paid.

Some are fee-only--their compensation depends entirely on the services they perform. They may be paid by the hour, by the project, or on a percentage of assets managed. But others get at least some of their income from commissions, which are based on the investments they sell. Compare the various compensation alternatives and consider the one with which you are most comfortable.

Before you spend time, energy, and money investing in a long-term relationship with a financial professional, make sure you feel comfortable with the person you've chosen to help you navigate the financial world. Trust your instincts, and remember - you are in control.

Ask the Experts: Should I lay off employees from my small business?

With today's troubled economic conditions, more employers are facing this difficult question. Lay-offs are no fun for anybody. It's hard for the workers who lose their jobs, it hurts the morale of remaining workers, and it can be a financial and emotional hardship for small business owners who typically have dedicated resources to develop their workers' skills, and often have social ties with their employees.

To help answer this question, first determine whether cutting payroll expenses is your best course of action. Remember, there is a cost to laying off, rehiring, and training employees. Perhaps it would be wiser to obtain an infusion of cash from investors, or cut other budget items instead, such as employee benefits.

Next, consider other options. For example, it may be better for both you and your employees if you retain everyone but reduce wages across the board.

Or, you could change your workers' schedules, cutting back hours. Now may be a good time to consider instituting a four-day work week or have full-timers become part-timers. Check to see if your state government will help by offering unemployment benefits to workers who must go part-time (a few states do).

If layoffs are necessary, carefully consider your business needs. Some persons may be vital to the success of your company, and laying them off may not be a valid option. On the other hand, this could be an opportunity for some housecleaning. Make your company more efficient by trimming excess staff, or letting go unneeded management and poor performers.

Before making any terminations or layoffs, however, seek legal advice to avoid any potential employee lawsuits. You'll need to comply with certain federal and state laws, and any employment or union contracts.