

## Noel Swain: What to Expect from an Elite Advisor

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Have you ever stayed at a Ritz-Carlton hotel?

When you do you know to expect a much higher level of service and comfort. The primary purpose for both the Ritz and a budget hotel room is to provide you with a place to sleep. If that's the case, why do so many people opt for the much higher price of the Ritz?

In many cases it's because people want that little part of their lives to be made easier and more comfortable. So when they stay at a luxury hotel, the concierge desk can arrange their taxi rides and make their dinner reservations, among other things.

What can one expect when he or she visits a financial adviser for the first time? Just the same as in hotels, there are different levels of advice and service according to the adviser you may visit.

First, there are the product salesmen. These people hold themselves out as advisers, but they usually push just one product, like annuities. If all one has to sell is a single product, he is going to try to sell that product to whomever he can get in front of.

It reminds me of the old analogy that to a hammer, every problem looks like a nail. Those products usually pay a significant up-front commission of 6 percent or more, but nothing ongoing. So what incentive does the salesman have to continue to provide service if no further revenue is being produced from that account?

Then there are advisers who represent many different companies and products. They may tell their clients that they don't manage the client's assets, they manage the managers.

You may be curious as to what criteria they use to manage those managers. In most cases, it's the recent past history of the managed funds, along with how they feel at the time. I know. I used to be one of those.

Finally, there is the fee-only adviser who has no allegiance to any product and who makes no commission. He charges a fee for the management of the client's assets and for the planning work he does. He usually invests in his own research and builds model investments that he manages. And instead of only monitoring the client's investments occasionally (or not at all), he monitors his clients' progress every day and makes changes to the clients' portfolios as soon as his research calls for it.

An elite adviser also makes his clients' lives easier by taking care of the little issues that may come up, like getting a distribution from his investments, or helping his client work out a good retirement strategy.

An elite adviser makes himself available so that his clients can bounce ideas back and forth with him, and works closely with his other advisers, such as his attorney or accountant.

And one last thing – if he is really an elite adviser, he will usually end up costing his client less than the adviser who may not be so knowledgeable or up-to-date.