



What can you expect from your financial advisor?

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I intended to write an article about “the markets” for this publication, but then realized how foolish that would be. Even if I were writing this one day before you read it rather than several weeks, whatever I say would be outdated. I have no way of knowing what the stock market will do one hour from now, let alone what it will do tomorrow or next week or next month. You should be very skeptical about any advisor who indicates to you that he or she does know. I do know that the stock market goes up and goes down, always has and always will, and at the end of virtually any 10 year period you care to review, will be higher than the beginning. I also know that at the end of most any 10 year period, the average annual return will have been higher than what was earned on a lower-risk fixed income investment. There is, of course, no way to know that this will always be true in the future.

I think it may be more helpful to write about what things you should expect when working with a good financial advisor. Looking for a prediction on what will happen in the market is not one of those things. Neither is looking for an advisor who will feed you the next stock tip. Rather, you need an advisor who understands who you are, what you need, and how you feel and think about money.

You need an advisor who knows what your need for money may be in the foreseeable future, such as college funding, a home purchase or renovation, vehicle needs, vacations, helping family, and so on.

You need an advisor who helps you manage the risks you face in life, such as premature death or disability.

You need an advisor who knows when you plan to retire, or has at least asked you that question and asked you to think about it; and either knows or will help you determine what your need for income will be at that time. You need an advisor who

knows about any pension income to which you may be entitled, as well as how your 401k plan may be invested.

If you are retired, you need an advisor who knows what your income needs are and from where that income is coming, and has worked with you to structure a portfolio that provides that income and has taken into account those things that come up for all of us whether retired or not—health care, home maintenance, vehicle maintenance, family assistance, etc.

You need an advisor who can work with other professionals you employ such as accountants and attorneys, to make sure that the tax implications of what you do, both currently and for the next generation, make sense along with the investment plan and risk management plan.

You need an advisor who can answer any question you have as to why your portfolio is set up as it is and why you shouldn't be concerned with what happened to the market today or where it will close tomorrow. You need an advisor who, when you hear the latest investment advice just dispensed 5 minutes ago to several million people on the cable news network that caused the market to fall by x%, helps you remember that this cable guy/gal doesn't know anything about *you* or your needs and wants.

Your part in this picture is to share with your advisor what he or she needs to know to help you in all the areas I have mentioned, and to *not* be the one who expects your advisor to know where the market is going tomorrow. If you have the relationship described above and have implemented the recommended plan, you won't care so much about the next cable news crisis.

That is true peace of mind.

If you would like more information on this topic, please contact John Darrah at 800-791-8994 or jdarrah@hkfs.com.

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