



# WHEN & WHY SHOULD I HIRE A FINANCIAL ADVISOR?



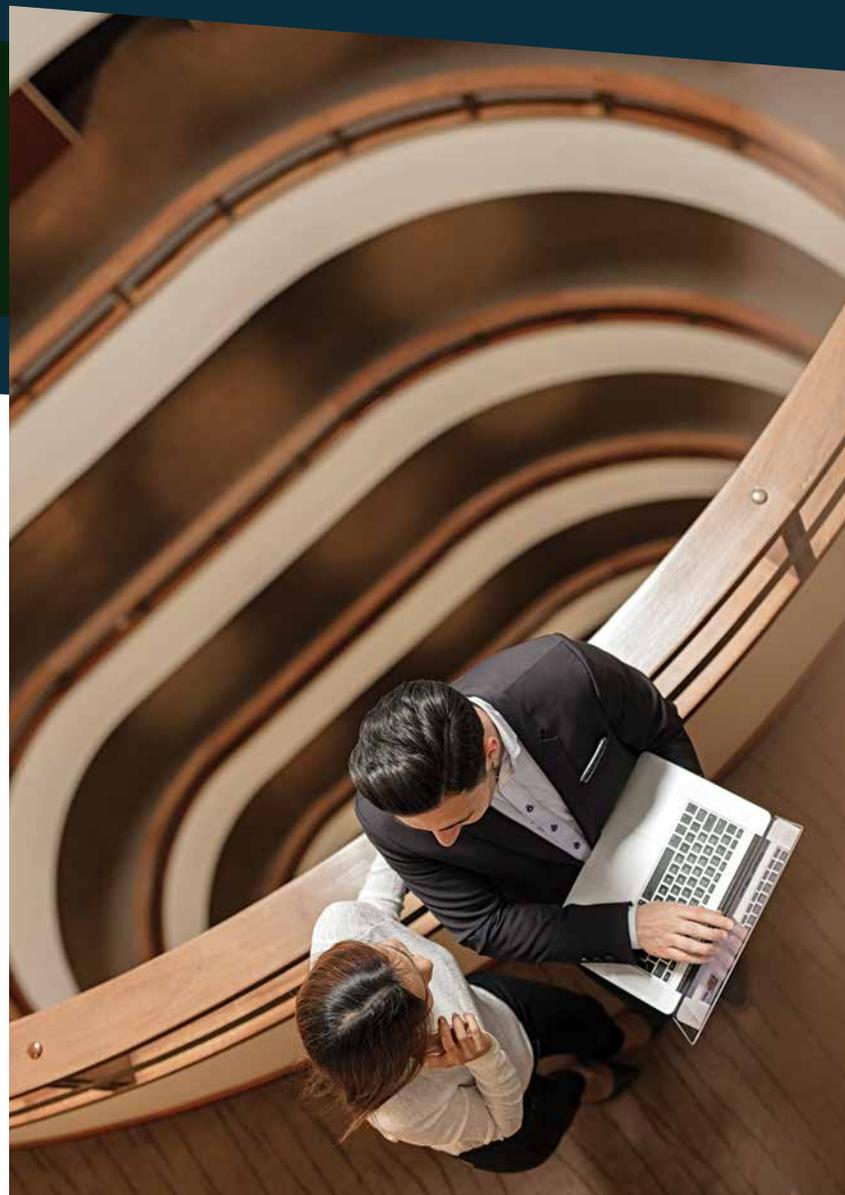
**THE HIDDEN  
VALUE OF A  
CLIENT-ADVISOR  
RELATIONSHIP**

**CUNA MUTUAL GROUP**

**A**ssessing the worth of a relationship with a financial advisor could be done in the literal sense — boiling it down to the fee they typically charge for services.

However, the real value of the client-advisor relationship lies in the intangibles of an advisor's expertise, such as helping you reshape financial behaviors, coaching you toward achievable goals, reviewing and updating your portfolio, customizing a financial plan or providing other important services.

It's these types of value-adds that likely lead you to work with a financial advisor. Use this guide to assess your needs and readiness as well as the benefits of establishing a client-advisor relationship.



# When should I hire a financial advisor?



There's no set formula for determining if or when you should hire a financial advisor.

However, there are some indicators that may suggest pursuing expert financial advice is a good choice, including:

## **RETOOLING SPENDING HABITS:**

Deciding to define and prioritize future financial goals could mean undergoing a significant shift in your current spending habits. Expert guidance can get and keep you on the right track.

## **A DESIRE TO HAVE YOUR MONEY WORK FOR YOU:**

Financial advice isn't reserved solely for the wealthy. Often the motivation for seeking out an advisor is wanting to plan for and accomplish basic goals — living relatively debt free, having an emergency savings fund equivalent to 6 to 12 months of expenses, or maximizing retirement accounts.

## **LIFE EVENTS:**

Graduating from college. Getting married or divorced. Having children. Buying a home. Changing jobs. Retiring. Events that significantly impact your lifestyle might also have the same effect on your finances and may require professional guidance.

## **EMOTIONAL ATTACHMENT:**

Emotions are powerful and can run high when it comes to finances. If you and your spouse or partner have fundamental differences about money management or you otherwise can't separate yourself from the feelings surrounding your finances, it may be time to opt for the strategic objectivity of a financial advisor.



# The value of time

Sometimes people forgo hiring a financial advisor “to save money.” What they’re not considering is what they could be losing — time.

The amount of time required to create, update and manage a financial plan is often grossly underestimated, and someone with even a modest portfolio might need to spend anywhere between 20 – 100 hours maintaining it each year.

That’s not including certain value-added services that a financial advisor may include as part of a relationship, such as:

- » Annual updating
- » Monitoring and adjusting goals and risk tolerances
- » Coordinating with tax or legal professionals if necessary
- » Retirement planning and distributions

Working with a financial planner saves you time and, based on typical investing habits, may also save you money.

## WHAT IS YOUR TIME WORTH?

The time spent meeting with you and going over your financials is just a snapshot of the time an experienced advisor may spend on your financial strategy. Leading up to and following those meetings, they’ll work to develop a financial plan tailored to you, gather data, select appropriate investments, create proposals, consider tax consequences, manage your accounts and much more.



# Why should I hire a financial advisor?

**It might be the right time to seek guidance from a financial advisor, but your decision to pursue a client-advisor relationship shouldn't be based on timing alone.** The long-term value a financial advisor provides is wide-ranging and multifaceted.

## PEACE OF MIND

**Financial advisors don't just help manage your money; they may also help manage your emotions and contribute to your sense of financial and emotional wellbeing simply by what they represent. Because they're experienced professionals, they may help you strategically meet current financial obligations and feel secure about the choices that impact your financial future.**

A financial advisor may also steer you away from certain investing behaviors that are so closely aligned with human nature you may not even realize you could be making potentially detrimental missteps:

» **A tendency to buy high and sell low.**

When there's a bull market, it's tempting to buy. When there's a bear market, it's

tempting to sell. It sounds logical since a market upswing suggests higher returns and lower risk, and vice versa for a market downturn. However, these misperceptions could lead you to miscalculate the amount of risk you're actually taking.

» **Basing investment decisions on others' fears or goals.** You may unwittingly let the biases and emotions of family, friends, co-workers and others in your circle of influence interfere with your investment decisions.

» **Moving in and out of investments too frequently.** Mutual fund investors may only stay invested for a fraction of the market cycle, which is not enough time to properly execute a long-term strategy.

» **Attempting to time the market.**

What matters in investing is time in the market, not timing in the market. Consider working with your advisor to develop a disciplined approach to investing that aligns with your risk tolerance and accounts for potential market volatility.

## EXPERIENCED GUIDANCE

**A financial advisor's impartiality is key in helping you navigate decisions that could be clouded by emotion or subconscious behaviors.** However, it's an advisor's willingness and ability to help you reach your goals that serve as a solid foundation for a client-advisor relationship and your long-term financial strategy. A financial advisor who is engaged with you will guide you in these ways:

- » Seek to understand your current financial situation and where you want to go.
- » Identify your preferred investment style and risk tolerance.
- » Build an actionable financial plan focused around your investment and life goals.
- » Develop an action plan to reduce high-interest debt so you can keep more of your own money.

- » Rely on and recommend professionals in other disciplines for expert advice, such as attorneys or accountants.
- » Review and adjust your investment mix to keep pace with market changes, including an annual rebalancing of your portfolio to maximize returns potential and minimize risk.
- » Keep the lines of communication open with you at all times.

In turn, these translate to marked differences between advised clients and individuals choosing not to partner with a financial advisor. Studies show that investors who don't use an advisor might experience costly consequences:<sup>1</sup>

- » 4 in 10 workers who tried to estimate their retirement savings "guessed" the amount they needed.
- » Most workers are not meeting their retirement savings goals.
- » Money mistakes cost the average American more than \$1,200 last year.



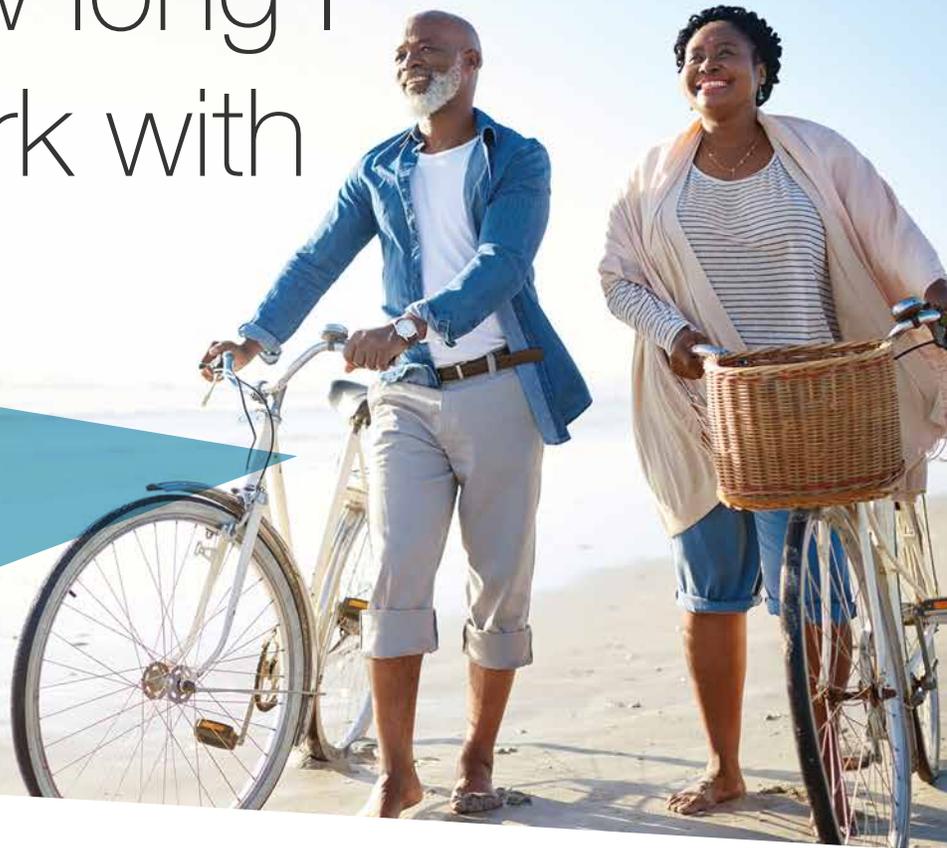
## VALUE SUBTRACTION

A financial advisor often provides services beyond — and sometimes in conjunction with — investment management and retirement planning. Narrowly defining their role in the client-advisor relationship could mean you're

missing valuable opportunities to receive professional advice for:

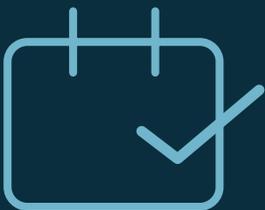
- » Tax planning
- » Insurance solutions
- » Intergenerational planning
- » Estate planning

# Does it really matter how long I wait to work with a financial advisor?



The choice remains yours, but time could well be of the essence if you're looking to build your nest egg. Regardless of any poor financial choices you may have made in the past, it's never too late to begin working with a financial advisor.

It's important to remember that you don't have to have wealth to begin working with an advisor, but doing so may help you achieve more of it. Establishing a relationship with a financial advisor is a proactive decision that can add layers of value over time.



**SCHEDULE SOME TIME TO  
DISCUSS NEXT STEPS WITH AN  
ADVISOR TODAY!**



## SOURCES

<sup>1</sup>CNBC, *75 Percent Of Americans Are Winging It When It Comes To Their Financial Future*, April 2, 2019

## IMPORTANT DISCLOSURES

This material is informational only and is not investment advice. If you need advice regarding your financial goals and investment needs, contact a financial advisor.

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