

# TRS FINANCIAL AWARENESS VIDEO SERIES

## **VIDEO #8: Financial Advisors**

### *Transcript*

Meet Steve. Steve is an academic advisor at a university. He's been a TRS member for 6 years. Steve's pride and joy is his 1968 Camaro - but...it's in need of a few major repairs. Steve could try to do the repairs himself, but he's not an automotive expert.

Financial planning is kind of like auto repair. If you don't have the time or skills to do it yourself, consider hiring an expert to help you. A financial advisor can help you build a budget, get on track for retirement, pay off debt, and work toward other long-term goals.

Here are a few initial questions you should ask of a potential financial advisor:

**One - What are your credentials and experience?** Be aware that there is no single degree or certification that qualifies someone as a "financial advisor" - in fact, a person can call themselves a "financial advisor" or "financial planner" without any training at all. Two credentials that indicate formal training, among others, are Certified Financial Planner (or CFP) and Personal Financial Specialist (or PFS).

**Two - How do you get paid?**

- Commission-based financial advisors are often agents or brokers who recommend certain financial products on which they make a commission. Since these advisors may profit from steering you into particular products, they may recommend products that are not solely in your best interest.
- Fee-based financial advisors earn a commission from selling certain financial products and charge a fee for their services.
- Fee-only financial advisors do not earn a commission from the sale of financial products. They only charge for their financial advice, in the form of a flat rate or an hourly fee.

**Three - Are you a fiduciary?** Another way of asking this question is to ask if the financial advisor has a legal duty to act in your best interest. If

## TRS FINANCIAL AWARENESS VIDEO SERIES

your financial advisor is a fiduciary, he or she has a legal duty to put your needs before their own.

You can start your search for a good financial advisor the same way you might search for a good mechanic - ask your friends, family, and coworkers for recommendations. You can also check out the resources accompanying this video for information to help you get started.

Like Steve, don't risk what's important to you - your financial future. Seek the advice of a qualified financial advisor who is looking out for your best interest. By planning ahead, you'll be on the road to long-term financial success.

*The Financial Awareness video series is provided by TRS for educational and informational purposes only. It is neither intended as tax or investment advice nor does it constitute a recommendation to buy or sell any security.*

*All investing is subject to risk, including the possible loss of all the money you invest. Before investing, consider your investment objectives, risks, charges and expenses. You should not assume that you will have the same investment returns or tax consequences discussed in the video series.*