

How to find an Investment Advisor

By Ulli G. Niemann

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Ulli G. Niemann
ulli@successful-investment.com

Successful Investment <http://www.successful-investment.com>

Do you think you need an Investment Advisor? Hold on before you answer because this is sort of a trick question. Also, I am definitely biased because I am an Investment Advisor. Nonetheless, I think I can assist you in looking at this issue in a way that will serve you.

Working with a fair number of investors over the last nearly 20 years, I have observed that while most are intelligent people, and many are fairly knowledgeable about the market, they are, as a group, not terribly successful with their investing.

Why should they be? More likely than not they have made their living doing something other than investing, so why would they think they can do what a professional does better than a professional? (After all, they go to professionals for health care or for car repairs when needed!)

Most investors-even some professionals-tend to be "off" in their timing: they buy things when they are hot, not when they are cold. But for the greatest benefit, it should be the opposite. The media doesn't help much when it comes to this buying approach, and let's face it; greed and fear play a large part in most peoples' investment decisions.

I truly believe the majority of people would be better off (that is, they would end up with more money at the end of the day) if they used professional money managers to advise them on their investing. Specifically I am referring to Registered Investment Advisors with proven track records of performance in investing in stocks, bonds, mutual funds

Let me burst one myth right off the bat: You don't have to be a millionaire to engage the services of a topnotch advisor. Some people think you need to start an account with \$50,000 or more to get a really good advisor. Well, you may have more choices if you're at that level, however you can find very successful

Investment Advisors who will accept opening accounts for as little as \$5000.

There are literally thousands of Registered Investment Advisors in the US. Just what do they do-what service do they provide you? They do the legwork; the research and analysis. Maybe more importantly, they keep their primary focus on the markets, and specifically on their specialty area like individual stocks, mutual funds, or bonds.

Because they spend the bulk of their time and energy researching, considering, and analyzing, they naturally have a greater sense of the market and its movements than those of us who don't put this kind of attention into it. So, with the right advisor, you can keep your focus on what you want-like your business or your retirement or whatever-and still get the information you want and need to invest wisely.

How Do You Find The Advisor for You?

Since there are good Investment Advisors and bad ones, how do you find the former and avoid the latter? Good question, and there are some keys. Most large brokerage firms list the Investment Advisors they work with and maintain information about their past performance. This is not a foolproof resource, though, since they tend to recommend the Investment Advisors who invest in their products or clear their business with the firm. So if you pursue this avenue, you need to watch for conflict of interest issues.

You can always subscribe to one of the numerous database services that include information, and sometimes rankings, on Investment Advisors. These services tend to be fairly pricey, though, so they may not be your best choice. Another option is to find articles (yes, like this one) or free newsletters written by Investment Advisors. If you find one or several that make sense to you, check out the IA and see if there's chemistry between you.

When checking out advisors, here are some things to keep in mind:

1. Verify their record -- look over their past performance;
2. Consider their system. Will it work in different market environments?;
3. As best you can, check out their operation and
4. See if they've had regulatory problems.
5. Equally important as doing your due diligence is making sure there is good communication between you and your advisor and that you trust this person with your money choices.

Another quick free way to scan through a select database and find a wide variety of candidates is with www.investortree.com <http://www.investortree.com> . I'm registered there myself as an

advisor and know that the company did a background check regarding registrations and regulatory issues.

An important question to ask is the how the advisor gets compensated. You want to stay away from commission junkies or salesmen disguised as advisors. I believe that you will get the best unbiased advice from someone who is paid a management fee based on the value of the assets that you entrust them with.

To take it one step further, ask if the advisor invests his own money in the same methodology that he recommends for his clients. If he doesn't, ask why. If you don't like the answer, close your check book and run as fast as you can.

Choosing an Investment Advisor can yield long-term high profit benefits. I encourage you to consider it if you haven't before. However, as with any relationship, make sure there's a fit before you jump into it.

Ulli Niemann is an investment advisor and has been writing about objective, methodical approaches to investing for over 10 years. He eluded the bear market of 2000 and has helped hundreds of people make better investment decisions. To find out more about his approach and his FREE Newsletter, please visit:
<http://www.successful-investment.com> .

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