IS HIRING A FINANCIAL ADVISOR THE RIGHT CHOICE FOR YOU?

Most financial advisors charge roughly 1% of assets under management per year. Whether that fee makes economic sense is a question only you can answer, but there is a straightforward framework for thinking it through.

THE QUESTION TO ASK YOURSELF:
Does it seem probable that a financial advisor's guidance will do any combination of the following, and does the combined benefit add up to more than 1% per year?

1. **Save you more than 1% per year in the cost of mistakes they may be able to help you avoid** – unnecessary taxes, lack of income strategy, and behavioral mistakes driven by emotion.

2. **Cause your lifetime portfolio return to be at least 1% per year higher** than it would otherwise have been – through disciplined asset allocation, rebalancing, tax planning, and risk management.

3. **Save you the equivalent of 1% per year in time, effort, worry, and administrative work** – the hours spent researching, the anxiety of uncertainty, and the mental overload of managing a complex financial life on your own.

If any combination of these three benefits sums to more than 1% per year, your economic decision would seem to be made.

Likewise, if you feel that these three things don't add up to at least 1% annually, then working with a financial advisor may not be the right fit for you, and it is a perfectly valid conclusion.