

# The 7 Major Values Of a Financial Advisor

Why do people hire a financial advisor?

Why do people hire Warren Financial in particular?

**People hire a financial “advisor”** because at some point in time, they have come to believe that they need some additional “advice”, “coaching”, “investment acumen”. This often happens when a person reaches a life-change, such as retirement, or relocating, or re-marriage. When these life changes occur, the person comes to feel that their money is particularly important for the quality of their future lifestyle and the financial markets are too vast and too complex to navigate alone.

In general, as “advisors”, we provide a number of valuable services.

As Warren Financial advisors, our job is to do these things better than all the other competition:

### Service #1: Advice



Help with big financial decisions as well as small ones. Help deciding on home and vacation home purchases/sales. Help with college savings plans. Help with workplace retirement plans, stock option plans (ESOP), restricted stock plans, etc. Help finding the alternative investments that will jumpstart and secure your plans.

### Service #2: Comprehensive Financial Planning



Comprehensive financial planning, especially for retirement utilizing comprehensive, customized state-of-the-art tools.

### **Service #3: Access to “good”, “better”, or “special” investments.**

Warren Safer Equity Fund and WFS Angels are two great examples. In addition, Warren Financial has been bringing unique private equity and private fund investment opportunities to our accredited investors.

### **Service #4: Strategies**



Strategies that the client has heard about, but may not understand, such as personal & family trusts, charitable gift trusts, donor advised trusts, tax loop-holes etc.

### **Service #5: Corporate know-how**

Corporate start-up know-how, strategy, and advice

### **Service #6: Network of additional advisors**



A network of other advisors such as legal (Estate planning), tax (CPA, tax prep), and medical (concierge service)

## Service #7: A better return on investment



### WFS adds the 7<sup>th</sup> component... Potential for a better return on investment via:

- a. Providing truly groundbreaking private equity investment opportunities which target a double or triple of assets in 24-36 months.
- b. Searching out the best private funds from managers which have a special niche and which may provide stable, significant income potential that is less-correlated to the overall stock market.
- c. Not selling products for commission. Not selling annuities.
- d. Not just being “manager of managers”. Instead we often directly invest the clients money into stocks and bonds. Some of our private equity investments are direct purchases of private company stock which have no fund fees.
- e. Lower cost solution. By not just being “manager of managers” we cut out the middleman. By building direct portfolios we are avoiding some management fees and reducing costs for our customer. The fees we avoid will typically save from .5% up to 1.25% per year.
- f. Tactical Asset Allocation allows us to be light-on-our-feet and to reduce risk in times of great market stress to avoid massive losses. This is not a miracle. It simply means using *common sense* and getting out of risky assets when the economy is heading into recession. It also does not mean jumping in and out of the market. We don’t respond to market pull-backs (-10 to -15% market losses) by selling stocks in a panic at the low. Instead we weather temporary storms. We take action when we see macro-sea-change type adjustments on the horizon. These macro changes are usually accompanied by signals given by the market. Our Tactical Asset Allocation expertise is in knowing, reading, and understanding these market signals.

#### Additional Value Adds:

Death services. When a client passes away, we do a lot to help the heirs, including showing them how to file with the state for inheritance tax. Explaining what needs to be done. Submitting death certs. Opening new accounts for heirs. Splitting up accounts to speed up and avoid probate.

**As a result, our best clients tend to be people who understand our value proposition and find “value” in the services we provide.**

## Mistakes some clients make:

### Mistake #1: Expecting miraculous performance



Some people make the mistake of hiring a financial advisor in the hopes the advisor will perform miracles – creating always-positive returns, even when the market is producing negative returns. Often these are the do-it-yourselfers who hire an “advisor” for the first time convinced that the advisor won’t do anything better than he/she could have done himself – and while they “hope” the advisor will pull-off a miracle, they fully expect the advisor to “fail”. Thus, as soon as the market has a bad year and the advisor doesn’t produce a miraculous positive return, the customer is vindicated and disappointed that the advisor is not a miracle worker. Worst of all, the client feels that they paid for this negative return and lack of a miracle. This type of customer does not put any credence into the “7 Major Values” available from their advisor – all they wanted was a miracle.

### Mistake #2: Not meeting often enough with advisor



Some people don’t meet with their advisor often enough to let the advisor give proper advice and planning.

### Mistake #3: Multiple Advisors

Some people break their money up between themselves and one or more advisor. While this may work initially, and provide the customer with access to the 7 Major Values of the advisor, there is little value in continuing to do-it-yourself since most advisors, especially Warren Financial provide steep discounts for larger customers. By holding back part of the assets, the customer is failing to take advantage of those steep discounts.

## Mistake #4: Averse to paying fees



Some people simply hate paying fees. They miss the point. It's not about what you pay. It's about what you received. It's about VALUE. Value is defined by considering what you get compared to what you paid for it.

$$\text{Value} = (\text{services you received} / \text{cost paid}).$$

It's easy to forget that when you go to a doctor, lawyer, plumber or any professional that works on a fee-for-service basis, outcomes are never "guaranteed". The professional will naturally do everything possible to accommodate the client and help the client reach a point where they feel the relationship has been "successful". A successful "advisory" relationship can't be simply defined by return on investment. Most customers forget that risk and reward go together. A better return is probably achievable only by taking greater risk. And with greater risk comes greater chance of loss. Fees are part of the fee-for-service relationship. Advisors, like all other fee-for-service professionals get paid even if the outcome (in the client's mind) is not successful. Even a plumber continues to get paid by the hour if a job turns out to be more complex than initially anticipated. But if we can steer our clients into a knowledge of the 7 Major Values and away from the pitfalls or mistakes and misperceptions, then we can steer our clients toward success.

But at Warren Financial we structure our fees not by taking commissions, but rather we structure the relationship such that we do better, when you do better.

## Mistake #5: Simply beating the SP-Index

Some people just want their advisor to beat-the-SP index. While this is a nice goal, we need to educate the client on the 7 Major Values, as well as educate the client on the risk and reward relationship. The return objective for every client should be a proper **risk-adjusted** return on investment, not beating some esoteric index. For example,

- a client who wants to take less than market risk, yet we achieve market returns should be thrilled, not disappointed. The client should be thrilled that while taking less than market risk they achieved a market return.
- Another example, the client who takes market risk, yet achieves a better than market return should also be thrilled.
- Alternatively, the client that takes much greater than market risk, yet only achieves slightly better than market returns should not be happy – even though their portfolio outperformed the SP.

## Success.

So, how do we know when our “advisory” relationship with a client is successful.

At Warren Financial, we feel that success is best defined by helping the customer achieve their *Greater Purpose*, their lifestyle goals. The achievement of their *Greater Purpose* comes in the context of the above 7-Major-Values.



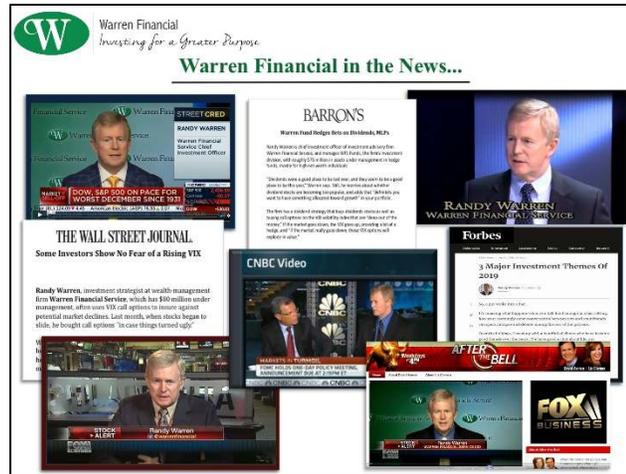
As individuals within Warren Financial, and as Warren Financial as a whole, our goal is to be better at providing value to our customers than any other advisory service in the marketplace. For each of us, this means continuing to educate ourselves in the areas of the 7 Major Values so that we can provide expertise in each area. It means monitoring our client portfolios so that we can perform well in all kinds of markets – when the market is good, and when the market is bad. In those bad times, losing less is a victory. In the good times, winning more is a victory. Throughout the entire process, providing value to the customer is a victory, which ultimately leads to helping the client achieve their *Greater Purpose*.

Most importantly, success in the advisor client relationship is defined by TRUST.

If you have an advisor and you don't feel like your advisor is delivering on all 7 of these major values, or you don't have an advisor and are looking for your first advisor, then please give us a call and let us show you how we work together with you to help you achieve “Your Greater Purpose”.

**About Warren Financial:** Since 1965, Warren Financial has been providing best in class services for wealth and investment management to high net worth individuals and couples. Building on the vision and legacy of the founder, Bill Warren – that each person has a unique purpose and desire to make an impact in their world – Warren Financial builds unique and focused plans for clients that deliver on the promise of serving our clients and enabling them to achieve their Greater Purpose™. We believe that clients are unique and that their portfolios and investment strategies should also be unique. Using extensive research and analysis, including listening and understanding client needs and expectations, we create financial plans and models to best design the investment plan that best serves our clients’ greater purpose. And then we execute. Consistently.

Don’t miss Warren Financial on CNBC, in Forbes, on Fox or Bloomberg, Barrons, or the Wall Street Journal.



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