

YEAR -END REVIEW

Rules & Recommendations for Clients

Preparing For Your Year-End Review

Rules and Recommendations for Clients

It is that time of year again: time for us to schedule your Year-End Portfolio Review.

To help you prepare for our meeting, I wanted to pass along some tips by making an analogy to what most people already know well: the annual employee performance review. So, indulge me with this analogy so we can make your upcoming Review efficient and productive.

Let's start with **The Golden Rule:**

The Golden Rule: *There Should Be No Surprises*

When your boss sits down with you to review your annual performance, there really shouldn't be any surprises, assuming your boss has done his/her job throughout the year. And if something your boss says surprises you, then you should be concerned.

The same is true for when you sit down with your financial advisor. My team provides you with so much information throughout the year – arguably more than you might want to read – that you should never be surprised. Ever.

So, please review your statements, verify your trade confirmations and read my market commentaries. And if I ever break the Golden Rule? Find a new advisor.

Now let's get to my recommendations:

Recommendation #1:

Be Prepared

Most employees don't walk into an annual performance review without at least thinking about the past year and what they accomplished. In a perfect world, what your boss thinks you accomplished and what you think you accomplished would match exactly. But sometimes, your boss forgets what was accomplished and they need a gentle reminder.

The same is true with your financial advisor: you need to be prepared before we schedule your Review. Think about everything that my team and I accomplished on your behalf during the year. Did we help you establish a 529 account for your child, suggest you invest in a new international equity fund or recommend that you sell all your stocks on January 22nd when the U.S. government shut down (ah, no we didn't)?

Ideally, you have kept good records and can review everything from us in about an hour. And if you have not kept good records, spend some time gathering information and reviewing it ahead of time. We can provide so much information – and almost all of it is accessible online – that it is easy to document what happened throughout the year and arrive at your Review meeting prepared. If you are having trouble finding the information online, please call my office and we can help.

Recommendation #2:

Ask Thoughtful Questions

If you don't ask your boss any questions during your review, then you will likely come across as disinterested or worse. The same is true with your financial advisor.

Now while you should know the answer to these questions because you did your homework ahead of time, ask me anyway to see what I say. Thoughtful questions to ask me include:

- Overall, how did my portfolio perform, relative to an appropriate benchmark?
- Why did my portfolio outperform or underperform?
- What were my total all-in fees this year – including financial planning fees, mutual fund fees, and transaction fees – any fees deducted from my account?
- What do you wish you had done differently?
- How do the past year's results impact the achievement of my goals?

Each question will naturally lead to additional questions and you will begin to have a better understanding of how the year turned out.

Recommendation #3:

Be Open To Constructive Criticism

Newsflash: not all employees get great performance reviews. And some times, clients do things that their financial advisors recommend against.

During an employee performance review, constructive criticism is critical to improving and it can be a terrific career motivator – if an employee listens carefully and avoids getting defensive.

Author Dan Schawbel, in his book Promote Yourself and Me 2.0 was talking about employees when he wrote, “your focus should be on how to improve in the following year, rather than trying to spin the numbers.” So, if I gently suggest that you need to diversify or suggest a mutual fund not managed by your brother's college roommate, please listen.

Recommendation #4:

Establish Clear Goals

Now that the “Review” part of the meeting is over, we can move to the step that is often neglected by clients. And that is establishing goals going forward.

A good financial advisor will know how to help you reach your goals, but you need to determine your goals on your own. After all, they are your goals, no one else's.

Be specific too – a planned retirement in 10 years, paying for college in 4 years, or supporting an aging parent next year. Saying things like “I want to do better” or “I want to retire comfortably” are not specific enough.

Recommendation #5:

Build A Plan Together

Once we have reviewed the past year, discussed how we can improve, and established your goals, it's time for me to build you a customized financial plan for the coming year. And while I already have some ideas about your new plan – like increasing your allocation to international equities, for example (and it really is just an example to make a point by the way) – you will need to give me some time to create your new plan. This means at least another conversation and probably another meeting with me.

If you follow **The Golden Rule** and these **5 Recommendations**, I believe you will greatly benefit from the entire wealth management process. And as you digest everything we talk about during your Annual Review, ask yourself one final question when your review concludes: **would you hire me as your financial advisor again?**

Because that is the exact question that bosses always ask themselves when they conclude an employee performance review: would I hire this employee again?

I look forward to our meeting.