Choosing a Financial Pro

Student Money Management Center
Meet The Speakers

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AGENDA

• Define Net Worth
• Understand types of financial professionals
• Know which questions to ask
• Understand fiduciary vs. non-fiduciary
• Receive tools to assist in selection
What’s Your Worth?

Net worth is a numerical value that provides a snapshot of your wealth (or assets) compared to your debt (liabilities).

Assets - Liabilities = Net Worth
Know Your Habits

Before meeting with a financial professional, it is important to have a clear picture of your financial habits.

Record your spending patterns so you can better prioritize your goals with your financial professional.
Do you use any financial websites or apps to help keep track of your financial habits and spending patterns?

YES  NO

Share in chat what apps or websites you use to track of your spending.
Financial Preparation

Documents to Review or Bring

- **Income**
  - Recent Pay Stubs
  - Investments & Other Assets

- **Expenses**
  - Fixed
  - Variable

- **Other**
  - Taxes
  - Loans & Debt
DISCUSSION ACTIVITY:
What do you think are the top reasons a person may seek advice from a financial professional?
Why Use a Financial Professional?

- Help during times of transition
- Assistance with specific financial services
- Help reach financial goals
Alphabet Soup

- Accredited Financial Counselor
- Personal Financial Specialist
- CPA
- Financial Planner
- Senior Specialist
- Certified Financial Planner
- Registered Investment Advisors (RIA)
Two Titles Defined by Law

**Investment Advisors**
- Give advice about securities
- May manage client’s investments

**Brokers**
- Focus on buying and selling securities for clients

Note: A financial planner may be an investment advisor, a broker or neither.
Someone who must legally put your interests first, even before his or her own interests.

Fiduciary professionals must tell you:

- their qualifications
- how they’re paid
- any potential conflicts of interest
- disciplinary actions taken against them
Who is a Fiduciary?

**Investment Advisors**
- **YES**
  - Must recommend investments that are *best* for you

**Brokers**
- **NO**
  - Must recommend *suitable* investments
  - May consider the commission or bonuses they receive for selling an investment
Which type of financial professional must legally put your interests first when providing financial advice?

A. Investment Advisor
B. Broker
Ask Questions!

- Identify candidates
- Request an initial interview (usually at no cost)
- Compare
How to Choose

Experience & Credentials
Do they match the service you need?
If broker or investment advisor, do they have required license or registrations?

Qualifications
Continuing Education?

Personality
Are you comfortable talking to them?
How are financial professionals paid?
Know How They Are Paid

- **Flat fee**
  - By the task, by the hour or a percent of the assets managed

- **Commission**
  - Income based upon what you choose to buy

- **Combination** of fee and commission
When choosing a financial professional, how would you prefer that they be paid?

A. Flat fee
B. Commission
C. Combination
Remember!

There is less potential for a conflict of interest with a fee-only professional than with a commission paid professional.
What Else Do You Need to Know?

**Fiduciary vs. Non-Fiduciary**

- How is the financial professional being paid?
- Experience & Credentials
- Written Plan?
- What process do you follow to identify clients’ goals? How will the financial plan be tailored to my personal needs?
- What services are offered?
Steps To Finding a Financial Professional...

1. **Locate financial professionals in your area**
   - Online directories listed on Choosing a Financial Professional website.
2. **Next, interview at least two people**
   - [http://web.extension.illinois.edu/financialpro/](http://web.extension.illinois.edu/financialpro/)
3. **Check their background and references**
   - Illinois Securities Department, 1-800-628-7937
Next, interview at least two people

web.extension.illinois.edu/financialpro
Financial Literacy Badges Program

Want to participate in University of Illinois financial education events and programs while also earning badges that you can display on social media sites? Participate in the Financial Literacy Badges Program!

COMPLETE THE EVALUATION: go.uillinois.edu/MoneyMattersEval

Learn more about the Financial Literacy Badges Program by visiting: badges.illinois.edu/usfsco/financialliteracyprogram

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Questions