

What Does a Financial Advisor Do? And Why You Might Want One

A financial advisor is more than just a money manager – they are a strategic partner helping individuals and businesses build, grow and protect wealth. Whether you're planning for retirement, managing investments or navigating a major financial decision, a financial advisor can provide expert guidance tailored to your unique goals.

Types of Financial Professionals

Roles differ between financial professionals in the knowledge required and the recommendations they are allowed to make. Look for one in the areas you need or may need advice in.



1. **Financial Advisors** provide comprehensive financial planning, offering advice on retirement, tax strategies, estate planning, investments and more. They take a holistic approach, interpreting the influence of one area onto the others, helping you manage your overall financial situation. Services can vary but they typically focus on creating personalized strategies for managing your wealth.
2. **Brokers** focus on buying and selling securities like stocks, bonds, and mutual funds on behalf of their clients. They earn commissions based on transaction amounts but they may not offer the full range of planning services that financial advisors do.
3. **Tax Advisors** specialized in tax-saving strategies, deductions, credits and IRS compliance.
4. **Insurance Agents** help people mitigate financial risks by selling life, health, disability and long-term care insurance.
5. **Estate Planners** draft wills, trusts and other estate planning documents. They help structure assets for efficient wealth transfer, minimizing estate taxes and ensuring legal compliance.

Key Areas a Financial Advisor Helps With

A financial advisor carefully evaluates all key factors in your financial picture to create a comprehensive plan that safeguards your future from every angle.

1. **Retirement Planning:** Ensuring you have enough savings, investment and income sources to enjoy a comfortable retirement.
2. **Investment Management:** Helping you choose the right investment strategies based on your risk tolerance, financial goals and time horizon.
3. **Tax Planning:** Identifying tax-saving strategies to minimize liabilities and maximize after-tax income.

4. **Estate Planning:** Structuring your assets to ensure a smooth transfer of wealth to your heirs while minimizing estate taxes.
5. **Debt Management:** Providing strategies to reduce and eliminate debt efficiently.
6. **Insurance Planning:** Recommending coverage to protect your assets and loved ones from financial risks.
7. **Budgeting & Cash Flow:** Creating a financial plan that ensures you live within your means while still achieving long-term goals.

Why Hire a Financial Advisor

Hiring a financial advisor can provide significant benefits, especially if you're feeling overwhelmed by managing your finances, if you're unsure about how to plan for the future or if you have a complicated situation that may need specialized planning. A financial advisor can:

1. **Create a Personalized Financial Plan:** You need a personalized plan that addresses your concerns, helps you meet your goals and addresses the shortfalls that could significantly impact your success.
2. **Big Picture Planning:** Seeking expert guidance from a holistic advisor who evaluates how each financial aspect affects your overall plan is a valuable investment for you and your family.
3. **Offer Ongoing Support:** Financial situations are dynamic and an advisor can help you adjust your plan through time as your life circumstances evolve.

How to Find a Credible Financial Advisor

It's important to find someone who is trustworthy and qualified. Here's how to find the right professional for you:

1. **Check Credentials:** Look for certified professionals such as a Certified Financial Planner (CFP), Chartered Financial Analyst (CFA) or other reputable designations. These certifications require specific education, ethical standards and experience.
2. **Verify Regulatory Status:** You can check if the advisor has any disciplinary actions or complaints through databases like [FINRA's BrokerCheck](#) or the [SEC's Investment Advisor Public Disclosure](#) website.
3. **Interview:** Most firms offer free initial meetings, be sure to interview more than one professional to have some points to compare. Be sure to understand their approach and ensure it aligns with your needs and interests. Ask how they are compensated for the services provided.

Questions to Ask in Your First Meeting

The first meeting with a financial advisor is your chance to get to know them and see if their services are right for you. Here are some key questions to ask:

1. **What are your qualifications and certifications?** Understanding a professional's credentials helps you assess their expertise and ability to provide sound financial guidance.

2. **Are you a fiduciary and will you always act in my best interest?** Fiduciary advisors are legally obligated to act in your best interest, ensuring unbiased advice without hidden conflicts of interest.
3. **What areas of financial planning do you specialize in?** Advisors may specialize in retirement, tax strategies, estate planning or investments – knowing their expertise helps you select a professional that matches your needs.
4. **What investment products do you typically recommend and why?** This reveals their investment philosophy, risk tolerance approach and whether they push specific products for commissions.
5. **How do you tailor your advice to fit my specific financial situation and goals?** You want advice tailored to your goals and lifestyle.
6. **How do you handle market downturns and adjust financial plans accordingly?** Markets fluctuate, a good advisor should have a strategy to minimize losses, rebalance portfolios and keep you on track during downturns.
7. **How do you handle situations where my goals or risk tolerance change over time?** Select an advisor that is flexible and willing to adjust your plan as life circumstances change.
8. **How are you compensated – fee only, commission-based, or fee – based?** Compensation structure impacts objectivity. Fee – only advisors generally avoid conflicts of interest and are not pressured by the incentive to sell products.
9. **What are your typical fees and are there any additional costs I should be aware of?** Understanding the cost structure upfront prevents surprises and ensures transparency in what you're paying for.
10. **How often will we meet and how do you communicate with clients?** Regular check-ins and clear communication are essential to keeping your financial plan updated and ensuring you stay on track toward your goals.

Money decisions can be complex and without expert guidance, costly mistakes can happen. A financial advisor helps you make informed choices, stay on track with your goals and adjust your plan as life changes. Whether you're starting your career, growing your wealth or preparing for retirement, having a trusted advisor can give you confidence and financial security.

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