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The Top Investment Services And How To Use Them To Increase Your Wealth

Dan Eggertsen: Hello this is Dan Eggertsen. I'd like to welcome everyone to the call. I'm here with my father, Karl Eggertsen. How you doing today Dad?

Karl Eggertsen: I'm doing good Dan.

Dan Eggertsen: Hey good. Well we've been getting a lot of questions on investment services. So I've taken some time to summarize the top three questions that we get asked on a daily basis from hundreds of visitors and we're going to go through and get started right away on the first, most popular question we get asked. It's, "How do I find a good investing service to help me plan my investing and execute trades?"

Karl Eggertsen: Okay Dan. That's certainly a very important and very basic question that almost any investor that's starting out is going to be asking about. And my answer to that is basically, many new investors need some help initially from a professional advisor, I guess that's the best way to put it, initially and it could be a very good thing to help him get started.

In time, many investors, in fact I like to believe that most can do it on their own with discipline and continual and consistent application of some very basic principles of investing that a financial advisor can help them get familiar with. The key is to get a good start, under appropriate circumstances, financial circumstances and goals that each investor's going to have.

There're some basic principles that can be learned quickly and with a little hand holding, which many new investors are a little insecure, a little concerned about their money that they can get from a really good financial advisor. So where do you find a good financial advisor that would provide top quality investing services. It is best to start with someone who is qualified and certified to make broad based decisions based on your financial situation.

It's not hard to find good candidates. There're several organizations that have registry services for certified investment advisors. The Financial Planning Association is one. It has a very good website and you can get names of members in your specific area. The second one that I would recommend is the National Association of Personal Financial Advisors.

It's called NAPFA. NAPFA is the acronym for it. It's very important to consider the credentials and the experience of the advisors that you look at. You want to see designations such as CFP, CHFC, MSFS, and/or registered financial consultants.

Dan Eggertsen: Those are all certifications that...

Karl Eggertsen: These are all credentials and these people have all had the appropriate education that would lend themselves to having the knowledge and the skills to be able to do the job for you. It's best to start off with three candidates in your area, at least three candidates. Visit their office. Ask for detailed statements of the services they offer, of the fees that they charge and what they base the fees on, their resume of experience, and references, people that they have worked for in the past.

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Dan Eggertsen: Right.

Karl Eggertsen: For executing trades, that was the second part of this question, executing trades. Three excellent investment brokerage companies that with the help of your advisor you could contact based on what your advisor provides to you that you're comfortable with is Charles Schwab, Vanguard, and Fidelity Investment Companies. All three of these companies have very reasonable fees, they're very broad based on the services that they offer, and they're very reputable.

Dan Eggertsen: Okay. Well good. Now I'm going to kind of go a little deeper into this question just for a minute. We have about a minute left on this question but I myself have heard a lot of horror stories about these predator investing financial planners and that is a concern especially because most people don't know how to invest properly.

This stuff is not taught in school. So number one they do need some guidance. Number two they're nervous because this is the money that they've earned and so they're going to be putting this potentially at risk into some investment services. Plus there's the additional nervous reaction to all the horror stories you hear about, like recently in the news, what's the guy's name, Madoff?

Karl Eggertsen: Yeah.

Dan Eggertsen: You want to be careful who you invest your money with. So all the organizations and brokerages that you've mentioned are trustworthy as long as you follow the guidelines about finding out their credentials? Is that a fair assessment? I mean you would trust these services that you've recommended.

Karl Eggertsen: Yes they're a very – let's back up just a little bit here. Number one you never want to give your money to the advisor to have full control of. Okay? You want to keep it in your own account. He's only advising you. He has no hands on control of your money. He's advising you, giving you knowledge. You never want to hand your money over like the people did with the Madoff scandal.

Number two, if you're uncomfortable for whatever reason, after you've interviewed people, asked them the questions, selected people off these very reputable websites that I mentioned to you that are associated with these very reputable organizations, you could go through a broker. Charles Schwab does a detailed look for example, of their advisors that are independent of Charles Schwab but Charles Schwab has screened them and checked them out really carefully.

You can get advisors through Vanguard, through Charles Schwab, through Fidelity that are backed by these very reputable, very large brokerage houses. Okay? So these are the things you can do and going to references of people that they've worked for. Get at least three and you want to personally be very comfortable. Always go with your gut. You know you can listen, you can assess things intellectually but you want to really carefully think about them.

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Sleep about the decision that you're going to make about an investment advisor, wake up in the morning and see how you feel. Go back and see them again, call them again if you need to or again you could go through a brokerage house and have even more backing of the people that you select but never never hand over your money to somebody to control for you totally.

Dan Eggertsen: Okay. In the long run...

Karl Eggertsen: That's the key.

Dan Eggertsen: Yeah great Dad. Great answer and really what it comes down to in the long run, this stuff really isn't rocket science as long as you have a good teacher to teach you the sound investing principles so in the end you can basically do all this yourself without having a financial planner, by just knowing your specific situation, having some guidance from a good solid teacher to teach you what to do with your money and you invest the money into the mutual funds and stocks that are recommended and you kind of set it and forget it as long as you're using these sound principles.

So let's move on to the next question. The next question we're getting a lot is, "How much will it cost me to use an investment company to help me make my investments?" So what are the costs involved with this Dad, with these services or companies that can help you make your investments?

Karl Eggertsen: Okay there's no standard fee system or scale in the financial services industry. There are some controls of the nature that I've just talked with you about. There's organization and very reputable brokerage houses like Charles Schwab and Vanguard for example. There is no standard fee system or scale across the board nationally. You can pay an advisor by the hour. You can do it only when you feel the need to do it. You can pay him for a service or product for example, a financial plan.

If you say, "I want a financial plan." That could be several hundred dollars to have them do that for you after they get all the information they need about your financial situation, what your goals are and needs are. Or it could be an ongoing fee basis based on the value of your portfolio

or it can be on the amount of time that you spend with them over a period of a month, or six months, or a year however long you want to use the advisor.

Dan Eggertsen: Right.

Karl Eggertsen: There can be an ongoing fee basis or it could be a combination of commission and on a time basis. So the bottom line is, the commission based way of paying an advisor is not recommended. I don't recommend that because there's too much temptation for your advisor to be selling you products and services that you may not need just to get a big commission.

Dan Eggertsen: I see.

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Karl Eggertsen: Or it may not be as appropriate as maybe some other things that they could do for you. But if they're on commission, they're obviously going to think about themselves first. So getting a fee only advisor, either by the hour or over a period of time however you want to use them, a standard fee just to do a financial plan. \$250 to do a financial plan for you, that kind of thing but stay away from commissions is important.

Typically cost for a fee only advisor is 1% to 1 ½% plus or minus some can be depending on the size of your portfolio or the deal that you're able to work out with your advisor. It could even be less than 1%. It can be as high as 1.5%. But that's the range that you'd be looking at for this type of thing but again, there's no standard practice for how much to charge. That's why you want to interview three or four different people and find out what the cost and benefit is of each.

Dan Eggertsen: Right.

Karl Eggertsen: You can again, can get the fee only advisors through NAPFA. Fee only advisors they have a larger registry all over the country and you can pick your area and pick advisors right from that. Fee only advisors are likely the most objective for your specific needs and they're much more likely to be working on your side and not thinking so much about, and doing a good job for you and not thinking so much about selling you some products that you may or may not really need.

Dan Eggertsen: Okay. Quick follow up on this. Real quick, just an additional little question on this is, in the process of selecting a company or an investment advisor or an investment service to help you, is it important for you to know the basics yourself so that you can see what they propose to do with your money and you would kind of at least know the basics to know if that's kind of a smart way to go or not? I mean does that help to have some basic knowledge to help in evaluating these guys?

Karl Eggertsen: Oh absolutely and that's I think very important for anybody to not be totally dependent on somebody else. To select a good advisor and to evaluate their performance for you and to have some reasonable expectations of what you should be getting and what you shouldn't be getting, you want to have some knowledge on your own. I would highly recommend that the

individual investor that's just starting out, get some basic understanding and knowledge about investing in general; a basic knowledge so that you're not totally naïve.

Dan Eggertsen: Yeah.

Karl Eggertsen: If you're totally naïve, it's very hard to evaluate, assess, making good decisions for yourself about who's doing, you know if you really need somebody what you need them for and if they're the right person for you.

Dan Eggertsen: Right. Excellent Dad. Excellent answer. Okay. Now the last question, it looks like we've already covered it for the most part. But I just wanted to make sure there's nothing else you wanted to add.

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The question is, "What investing services do you recommend that can help me plan a strategy?" Do you feel we covered that or is there anything else you wanted to add because I know we went over it?

Karl Eggertsen: Yes. That gets into what we just finished talking about. Getting the investor, having his own resources, some of his own basic knowledge so he can make good decisions for himself on who the advisor should be, what he should expect from them, what he should ask them to do for him, if they're really doing a good job for him, how is their performance?

You want to have some of your own knowledge and the way you can do this and the way I've done it over many years is there's two organizations that I highly recommend that the individual utilize, one or both to get their own knowledge. So that they have their own knowledge bank about investing so they can take care of, make sure that their money is being properly taken care of.

One of them is the American Association of Individual Investors, AAI. It's a national, independent, non-profit, educational association for individual investors. Their total goal is to educate very broadly and in as much depth as you want, all about investing from investing in mutual funds, stocks, and so on and even getting down to how to evaluate people who you would use as financial advisors.

They have a monthly journal, they provide live educational programs, and they have how-to guides, step-by-step how to invest, including recommendations on specific investment and strategies. And Morningstar is another organization that is superb. They're very well thought of, highly regarded nationally as they have a wonderful rating service for mutual funds, exchange-traded funds, individual stocks, and they provide educational materials and have investment conferences and their rating services have really no peer.

Anybody who's talking about mutual funds or stocks or whatever, Morningstar often comes up as the four, five star or three star; however they rate various mutual funds and so on. They are

looked to more than anybody else. They also have educational services. So these two organizations, I use them both.

They really have helped me stay on top of things. For experienced investors as well as investors who are just starting out, wonderful way to get up to speed on aspects of investing and so I highly recommend both.

Dan Eggertsen: Great Dad. Well thanks so much for your time today. We covered all three of these questions. I hope everyone benefits from it. I think they will. Great stuff. Thank you everybody for being on the call. Thank you for your time Dad and we'll talk to you again soon.

Karl Eggertsen: Okay Dan.

[19:02.4]

Dan Eggertsen: All right. Bye-bye.

Karl Eggertsen: Good-bye.

Dan Eggertsen: Okay Dad excellent jobs.

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