Preparing For An Annual Review With Your Advisor

In everything you do, you would need to monitor your efforts. You should set some benchmarks and ways to measure results. This way, you could be sure that you are succeeding. A monitoring and evaluation system also helps you check your efforts and know what it is you need to work on and what you should do to improve.

The same goes true for your financial goals and investments. ***This is the reason why annual reviews exist.*** An annual review is that time when you meet with your financial planner to see whether you are on track in achieving your financial goals or whether these goals are still feasible and realistic. You would also get to know what has changed during the year, and know what is going right as well as what is going wrong with your investments.

What to do during an annual review

1. Come up with your own agenda

List down all the things you want to discuss with your advisor before you start the annual review. This will help you ensure that you get everything covered and that you could have some control in the meeting.

2. Make sure that your advisor is updated with what is happening with you

Your adviser would need to know anything significant that has happened to you during the past year. Have you or your spouse been laid off? Are there plans for renovations around the house or is your spending still within the limits of your plan?

Some of the things you need to discuss with your advisor to update him about your financial situation includes:

- Your job, and any current situations and future plans, such as promotions, a raise in your salary, or plans to resign
- Changes to your retirement plans, such as what you want to do during your retirement or whether you are planning to retire earlier than anticipated
- Any changes to your life and your living arrangements, such as getting separated or divorced, or moving residences
- Purchase of additional properties
- Changes to your debt situations, like whether you have paid out your debt, or have taken out loans during the year. If you have additional loans and debts, you should provide pertinent information, such as the lender, the interest rate and the amount of debt.

Your financial planner might also ask you for some legality, such as going over your will to see whether or not you need to change it or perhaps drawing up a power of attorney document.

3. Seek advice on anything that involves a big amount of money

The annual review is a great time to ask your advisor regarding any plans you might have that involves a huge amount of money. This way, you would be able to maximize the fees you pay to him or her.

Your financial advisor should be able to give you an idea of how these purchases would affect your investments and ultimately your future. He should be able to give you tips on how to make sure that you're spending is in line with your long-term plans.

In fact, do not wait for your annual review to ask for advice. Call your financial advisor ahead of time if it is something urgent.

4. Do not do all the talking

Do not forget the main purpose of an annual review, which is to know how your investments are progressing. So be sure to listen to your advisor as he tells you about what happened during the year and about its results.

Keep a financial diary

You really do not have to wait for your annual review to check your progress, especially to see what could be going wrong with your investments. Instead, be sure to track and monitor everything the entire year.

This is where a financial diary comes in. Be sure that you keep meticulous notes all throughout the year. Record everything that you think is working and what vehicles and methods are not. You can also use a financial diary to list down the things you want to discuss with your advisor during your annual review.

In fact, keeping a financial diary can help you do all of the things mentioned above. You could just review your diary to come up with a list of things you need to discuss with your advisor.

What could go wrong?

There are some events that could adversely affect your financial plan. It could be that the economy is in a downturn, or the stock market unexpectedly crashes. But for the most part, there are some things that you could do in order to help your financial plan and your advisor to succeed. What are these?

1. Follow your financial plan

Be sure to follow your financial plan to the letter. If you are having real problems following the plan, then you might have a deeper problem. Or you might have different goals in mind this time. During an annual review, talk to your advisor about your past, present and future goals, compare these goals and see if these are still within the scope of your financial plan.

When you have problems following your plan, do not wait for your annual review period to ask your advisor for help. The sooner you come up with adjustments to your plan, the less the damage it will do to your finances.

2. Be realistic

Be honest with yourself in terms of how much you could set aside every month for your financial goals. This way, you could still live comfortably without overspending. If you have problems with an overly ambitious plan, the annual review might be a good time to get some help in drawing up a new plan that would require you to save a little less.

3. Your plan should evolve with your goals

It is okay to have changing goals, but you should make sure that your plan changes along with these goals.

Always remember that everyone does not need to have the same objectives all throughout. You could have different goals at different times depending on your situation and depending on what you want at certain points in your life. For example, you may have encountered problems at work during the past year and may want to start a small business now. Or perhaps you encountered something life-changing and would want to plan a grand European vacation for the whole family while you are still healthy and in-tact.

When these changes in your goals and objectives happen, it is important that you and your advisor take steps to adjust your plan. That is why it is also important to make your plan flexible from the start. If your plan is flexible enough, then you will have no problems making adjustments and following through.

4. Communicate with your advisor

Be sure to talk, e-mail or call your advisor if you need advice on major purchases and other financial decisions. He will be able to help you see just how these purchases would affect your finances in the long run. Without proper communication between the two of you, your financial plan may eventually fail.

5. Be realistic about your expected returns

Remember that investments may be tricky and not every one of them is a winner. If you expect your plan to give you a 12% or 15% return and that is way above market returns, then you might end up very disappointed.

Plan for a small market return instead and you will be happy with a higher than expected return. You are not losing money and you more or less have a good idea of how much you are making.

I would like to take this opportunity to schedule a time for you to speak with Bert for your annual review.

Please feel free to contact myself or our office at **780-488-9889 Ext 1** or Toll Free at **877-455-3222 Ext 1** to schedule an in office meeting or telephone appointment.

Regards,

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