

# U.S. News & World Report

## The Pros and Cons of Hiring a Financial Advisor

Here's how to decide if you need professional financial advice.

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Making long-term decisions about money can be difficult and even a little scary. Many people turn to financial advisors for help with their financial decisions. Many advisors offer good advice, but deciding whether or not they're worth the price can be difficult. Before you hire a financial advisor, whether for advice on paying off debt or [investing your extra income](#), be aware of the pros and cons of such a choice.

**Pros of hiring a financial advisor.** There are many potential benefits to hiring an investment advisor. They often have a broader, deeper knowledge of money management than you do. This is especially true when it comes to complicated money matters like investments and taxes.

If you need help with investing and other financial planning, a certified financial planner may be the way to go. These individuals can help you figure out your savings strategies, retirement options and overall retirement plan. A professional opinion can be especially helpful toward the beginning of the retirement planning process, when you're trying to set goals.

Another benefit of hiring a financial advisor is that he or she can save you time. Some of these individuals will manage your portfolio for you, which will take this particular task off your plate. While you will need to periodically meet with your advisor to talk about your goals and where your investments stand, you won't be responsible for things like periodically rebalancing your accounts.

Finally, when you're hiring a financial advisor, especially a fee-only advisor, you may find that you put only a little money into getting some great advice. You will need to shop around to find an advisor who charges [reasonable fees](#), but many of them, especially online advisors, offer good services for a small fee.

**Cons of hiring a financial advisor.** One of the biggest drawbacks of hiring a financial advisor is that they [don't always have your best interest in mind](#). While some advisors are bound to make decisions that will benefit the client, it's not unusual to see conflicts of interest pop up. You can avoid some problems by using a fee-only advisor, rather than someone whose income increases from selling you specific products and services that might not be appropriate for your situation. Find out if your potential financial advisor is willing to act as a fiduciary. Fiduciaries are

required by law to recommend investments in the client's best interest, not their own. Beginning in April 2017, those who provide advice to 401(k) and IRA participants will be considered a fiduciary, due to a [new Department of Labor rule](#).

Another potential issue with financial advisors is that if you're not investing much money, even a small fee can significantly cut into your returns. If you don't have a huge portfolio and are just starting out, you may not be able to afford to hire a financial advisor. Learning as you go and allowing yourself to make some mistakes could be beneficial over the long term, but might hurt your short-term returns.

Finally, before you shell out money to an advisor, consider that there are many alternatives, especially in the online investing market. Tools like Motif Investing and Personal Capital can help you get more comfortable with investing without [spending hundreds on financial advice](#). You still need to pay for these services, but the costs are often lower, and you play a bigger roll in managing your own investments.

**Deciding if an advisor is right for you.** Sometimes hiring a financial advisor does make sense, but this isn't always the case. Take a look at all your options, including cheaper online investment options, before you decide whether or not to hire an advisor to direct you or even take control of your investments.