

AII Survey: Readers Offer Opinions on Financial Advisers

The mission of AII is to help individual investors become better managers of their own assets. Taken to the extreme, that would mean they manage all of their assets themselves without using a financial adviser. However, we know that many AII members still use financial advisers to help keep things organized and for the piece of mind having a professional oversee their investments.

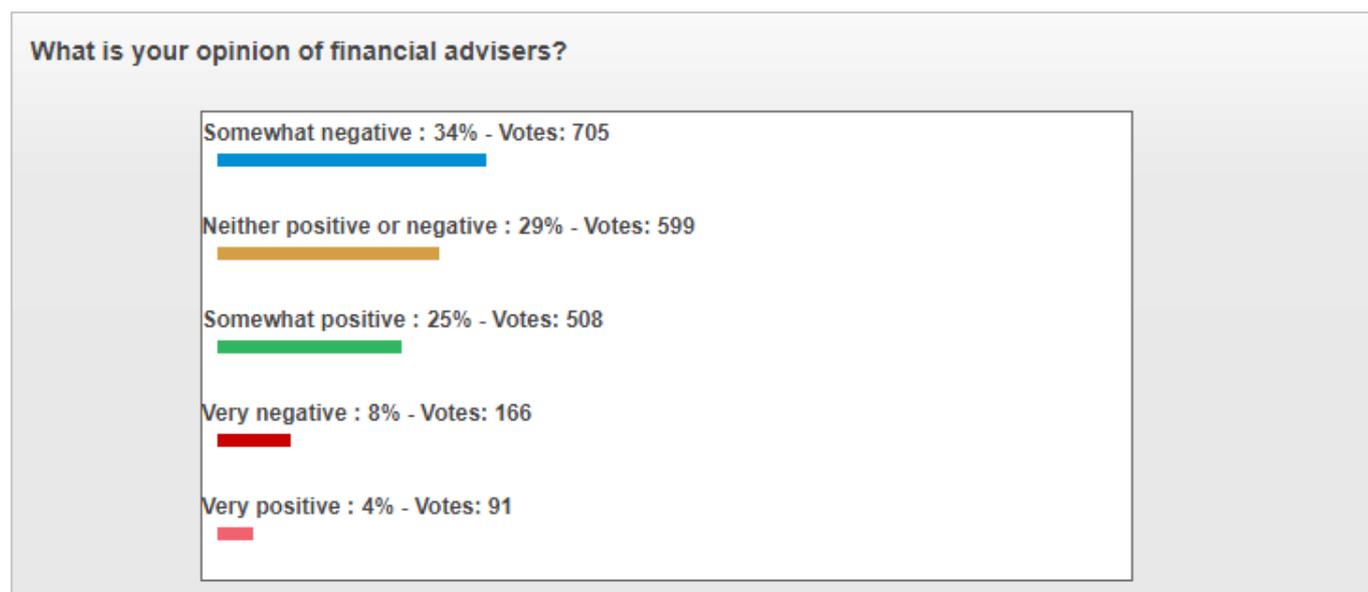
Unfortunately, there are too many stories of unscrupulous advisers fleecing their clients, to the point where many AII members I meet and talk to aren't sure who they can trust to manage their assets.

AII Weekly Survey Question

To get an idea of the current feelings of our readers about financial advisers, last week's AII survey question asked:

What is your opinion of financial advisers?

Here are the results:



In all, 2,069 readers participated in the survey.

Since AII members and readers tend to be self-directed investors, it perhaps isn't surprising that

the largest block of responses held a somewhat negative opinion of financial advisers (34%).

In second place, with 29% of responses, was neither positive or negative opinion of financial advisers.

One-quarter of readers hold a somewhat positive opinion of financial advisers.

At the extremes, twice as many readers have a very negative opinion of financial advisers versus those with a very positive opinion (8% versus 4%).

Weekly Special Question

To get a better idea of why our readers use or don't use a financial adviser, last week's special question asked:

What is the biggest reason why you have or haven't used a financial adviser?

This question generated a lot of interest and in all, we received 574 responses.

By an over four-to-one margin, those responding do not use a financial adviser.

For those that do not use a financial adviser, roughly 25% said that they don't use a financial adviser because they don't see the "value-add." Another 23% say that they prefer to manage their finances on their own instead of using a financial adviser. Also, nearly 19% of readers feel that financial advisers have a conflict of interest and don't have the clients' best interests in mind.

For those readers that do use a financial adviser, over half (54%) say that they use an adviser because of the guidance they offer or because they serve as an added resource. Only 17% of readers who use an adviser do so because they feel they don't have the knowledge or ability to manage their own finances/investments. Another 16% of those who use an adviser do so because they do not have the time to do it themselves.

Here is a sampling of the reasons why our readers either do or don't use a financial adviser:

- “I am confident managing my own finances.”
- “I like doing it myself.”
- “I use a financial adviser because I don’t have the knowledge or time to do my own investing.”
- “I used a financial adviser starting about one year before I retired to have a review of my finances and my ability to retire with success.”
- “I do not trust the majority of ‘advisers,’ most of whom are disguised salesmen.”
- “A financial adviser may have more information than the average investor, but there is always the personal interest that drives the advice.”
- “AII and other financial resources give me what I need and I have the firmest grasp of my personal objectives.”
- “I like to make my own decisions, which keeps me educated and I learn from successes and bombs.”
- “The fee was way too expensive for what they provided.”
- “Their planning recommendations are too general and do not fit well to my specific situation.”
- “I use an adviser for the piece of mind and for a second opinion.”

Everybody has an opinion! Why not give us yours? Participate in our weekly member poll, updated every Monday, and see the results online at www.aaii.com/memberquestion.