



THE **COMPASS** CHURCH

# GUIDANCE FOR BUILDING A FAITHFUL STEWARDSHIP

ADVISORY TEAM OF

FINANCIAL PLANNERS

TAX ADVISORS

ATTORNEYS, ETC.

# BUILDING YOUR FAITHFUL STEWARDSHIP ADVISORY TEAM

***Plans fail for lack of counsel, but with many advisers, they succeed.***

*Proverbs 15:22*

## IT TAKES HUMILITY AND INTELLIGENCE TO ASK FOR HELP

Finding and building a diligent and effective advisory team takes time and effort.

It will require humility, emotional intelligence, and self-awareness to admit that you could use the help of some trusted professional advisors when it comes to maximizing the effectiveness of your stewardship of God's resources that he has entrusted to your care to manage.

It is also intelligent and wise to acknowledge that learning from the expertise of others will prove helpful.

This brief guide is designed to help you consider how to interview, vet, and work with trusted professional advisors who have the heart of a teacher.

If your advisors cannot explain the investment options, applicable laws, and the tax implications of any strategy they are suggesting - in a way that you can understand the pros and cons - then, it's time to find new advisors.

## YOUR ADVISORY TEAM HAS LIMITATIONS

Financial planners, tax advisors, attorneys, etc. are not infallible. They are human and have limitations. These include:

- They do not and cannot predict the future.
- Their advice is limited by the information you give them and the timeframe in which they are making the recommendation. If you give them inaccurate or incomplete information, this limits their ability to provide sound counsel.
- Laws, investment tools, and circumstances change. What could have been the best strategy three years ago has changed because life is not static, it is dynamic. When these variables change it is wise to get updated advice.

## ULTIMATELY YOU ARE RESPONSIBLE FOR THE DECISIONS YOU MAKE

In the end, advisors only advise. You are responsible for the decisions you make. Do not sign, invest in, or begin any strategy that you do not understand. Take your time to learn. Don't just nod your head in agreement when you are still foggy on the details. With humility, ask more questions until it becomes clear to you.

**What you do**, even though it is based on the information from your advisors, **is ultimately your decision.**

***Your advisors are not responsible for your decisions.***

## STARTING YOUR SEARCH

Taking care to build the right team will have a huge impact on the long-term financial health, growth, and distribution of the resources God has entrusted to your care.

***Start your search by getting recommendations from trusted friends and family who you know are humbly effective with managing finances.***

You can also do some vetting and research online. Then, narrow the pool down to more than one candidate per advisory type (i.e. Financial Planners, Tax Advisors, Estate Planning Attorneys, etc.). Three candidates could prove to be helpful in your discernment process.

You should meet with several advisors before you make a decision. Assess how much you are learning from each advisor you meet with before you make your decision to put them on your Advisory Team.

## **VET & SELECT YOUR TEAM LIKE YOU WOULD A BABYSITTER**

You need to vet and select your Faithful Stewardship Advisory Team with at least as much diligence as you would take in selecting a babysitter for beloved children.

## **FIVE KEY QUESTIONS TO ASK**

Before you would allow someone to care for beloved children, you would get answers to these key questions. Getting answers to these questions will give you the clarity and wisdom you need to build your Faithful Stewardship Advisory Team.

### **1. WHAT IS YOUR BACKGROUND?**

***You are looking for integrity and trustworthiness.***

*The integrity of the upright guides them, but the unfaithful are destroyed by their duplicity. Proverbs 11:3*

You would not knowingly allow a convicted felon to take care of your kids. Additionally, if a babysitter were to have the responsibility for driving your children from school, to practice, or out for dinner - you would require that they have a valid license and a record of good driving without significant violations.

You must take the same diligence when vetting the backgrounds of your potential Advisory Team.

You need to be diligent to check legal records and proper credentials for the services they are seeking to provide you.

Do some research and digging to see if they have any legal issues such as felonies, warrants, or a history of fraud. You can also look to see if they have been in several lawsuits and what were the findings of those legal proceedings. Lawsuits may not disqualify someone - but it becomes a healthy background check and will lead to a clarifying conversation.

After answering the background question and testing for integrity and trustworthiness, the next question of credentials and experience needs to be asked.

### **2. WHAT ARE YOUR CREDENTIALS AND EXPERIENCE?**

***You are looking for appropriate and current certifications for the counsel they will be providing.***

*The way of fools seems right to them, but the wise listen to advice. Proverbs 12:15*

Imagine you approach two different teenagers you are considering for the opportunity to babysit beloved children. The first teenager is a member of several clubs at school, has younger siblings, is CPR certified, and has a list of references from their three years of experience. The second teenager has none of these experiences or certifications, but they do possess a really big smile and they promise they are the best choice. Now, in this scenario, the wise choice seems

obvious. Unfortunately, many people choose the second person because most people do not proceed with due diligence past a nice smile.

Registered advisor credentials, licenses, and areas of expertise are all factors that determine the services a potential advisor can offer. Generally, financial planners cannot sell insurance or securities products, such as mutual funds or stocks, without proper licenses. And they cannot give investment advice unless they are a registered investment advisor with state or federal regulatory bodies. Certified Public Accountants and Estate Planning Attorneys must all pass competency examinations to qualify for providing the services they offer.

## **HIRING A HEART SURGEON TO TREAT A COMMON COLD IS UNNECESSARY**

Just as you would not need the expertise and expense of a heart surgeon to treat you for the common cold, so too, your current specific needs, goals, and desires will help guide you to the appropriate counsel you need for your current situation. Your needs and circumstances will change over time and you may need a different kind of advisor or specialist in the future.

## **CREDENTIALS WITH WHICH YOU NEED TO BE FAMILIAR**

Below is a list of credentials and qualifications that you should be familiar with when looking for someone qualified to be on your Advisory Team.

**CFP® - Certified Financial Planner:** The Certified Financial Planner Board of Standards (CFP Board) requires candidates to meet what it calls “The Four E’s”: Education (Education through one of several approved methods, must demonstrate a comprehensive financial plan, covering investment, insurance, estate, retirement, education, and ethics), Examination (a 10-hour exam), Experience (three years of full-time experience) and Ethics (disclosure of any criminal, civil, governmental inquiry). CFPs must adhere to the fiduciary standard.

**CPA - Certified Public Accountant:** Someone with a CPA license has completed a bachelor’s, has 150 hours of education, and has passed a rigorous Certified Public Accountant exam. CPAs are known for their role in income tax preparation but can specialize in many other areas, such as auditing, bookkeeping, forensic accounting, managerial accounting, and information technology.

**PFS - Professional Financial Specialist:** The American Institute of Certified Public Accountants (AICPA) grants the Personal Financial Specialist (PFS) credential only to certified public accountants (CPA) with significant personal financial planning education and experience. Many of these individuals hold a CFP in addition to their CPA. Individuals pursue the PFS credential because they want to display their expertise and knowledge as it relates to all aspects of financial planning.

**ChFC - Chartered Financial Consultant:** A professional designation representing completion of a comprehensive course consisting of financial education, examinations, and practical experience. Chartered Financial Consultant designations are granted by The American College upon completion of seven required courses and two elective courses. Those who earn the designation are understood to be knowledgeable in financial matters and to have the ability to provide sound advice.

**CFA - Chartered Financial Analyst:** If you are going to be analyzing a lot of intricate investments and above-average financial situations, CFAs are the ones for the job. Successful candidates take an average of four years to earn their CFA charter. The program covers a broad range of topics relating to investment management, financial analysis, stocks, bonds, and derivatives, and provides a generalist knowledge of other areas of finance. This is a prestigious and difficult certification.

**MBA - Master of Business Administration:** A postgraduate degree that is awarded to students who have mastered the study of business. The real advantage of someone with an MBA is their broad scope of knowledge about business in general. Someone with an MBA may be able to help with your personal finances, as well as consult your business endeavors.

**J.D. - Estate Planning Attorney:** An estate planning attorney must earn a Juris Doctorate degree from an accredited law school. They must take and pass the state bar exam where they practice. The focus of their law practice should include family law, real estate law, asset management, drafting wills, powers of attorney, and trusts.

**\*NOTE: Degrees, titles, licenses, certifications, endorsements, or impressive initials after a name ... even those that have a requirement to be a fiduciary ... these in themselves do not guarantee that your BEST INTERESTS will be served. This is why you must get satisfactory answers to the next question.**

### 3. ARE YOU WORKING FOR MY BEST INTERESTS?

**You are looking for someone who has the heart of a teacher and is seeking to serve your best interests.**

*The plans of the righteous are just, but the advice of the wicked is deceitful. Proverbs 12:5*

Some babysitter's come with a servant's heart and diligent work ethic. They come to serve, not just get paid. They come prepared with fun activities. They help your children with their homework. They feed them healthy snacks, and they clean up the house while they are babysitting.

The babysitter you don't want to hire is the one who is asleep on the couch when you arrive home. You find out the kids didn't get fed, and there is an unkempt mess all over the house that wasn't there when you left. This type of babysitter is there to get paid, and not to serve your best interests.

Some advisors are here to serve you, and some advisors just want to get paid.

#### **FILTERS FOR SCREENING ADVISORS FOR YOUR BEST INTEREST**

Here are some of the filters you can use to screen if an advisor has your best interests in mind as their first priority.

##### **Fiduciary vs. Suitability:**

**One of the most important questions you can ask your advisor is if they are committed to being a fiduciary: someone who will always give advice that is in your BEST INTERESTS.**

Unfortunately, many financial planners don't act as a fiduciary; they only act on suitability. This means that a financial planner without a fiduciary responsibility or heart commitment may not do what is best for you. Instead, they do what is suitable for you and what is best for them or their company.

**Educator vs. Salesman:** An educator will take the time to make sure you understand the investment vehicles you are using and the options and decisions that are available. A salesman just wants to make commissions off of trades and must meet sales goals. If the advisor is pushing you to make decisions quickly, and you don't quite understand what you're getting into, RUN FOR THE HILLS!

**Conservative vs. Aggressive:** Make sure the advisor's viewpoint on investing and life is neither too cautious nor overly aggressive for your risk tolerance and capacity. Your risk tolerance is a term used to describe how emotionally comfortable you are with the big ups and downs of investing in markets with risk. Your risk tolerance reveals what level of risk causes you to not sleep well at night. Your risk capacity is grounded in the realities of your current situation. You may be very comfortable with risk emotionally but your situation may demand that you are more conservative with your investments.

If you have a very low-risk tolerance, your advisor should be able to educate you to the point where you feel more comfortable taking on long-term risk for higher returns. If you have a very high-risk tolerance, your advisor should be willing to educate you on the potential for loss and help you feel comfortable with strategies for keeping risk at a healthy level.

## GOOD QUESTIONS TO ASK A POTENTIAL FINANCIAL ADVISOR

- ***Will you show me your personal investment portfolio percentages, and explain why you've put your money in those investments with those percentages?***

Your advisor may recommend different investments for you because you might be in a different stage of life, but they should be willing to show you where their money is allocated and why they have chosen that allocation for themselves.

It would be inappropriate to expect them to show you how much they have - however, they should be able to share percentages and how they arrived at that plan for themselves.

- ***Describe a poor investment decision or underperforming investment you made in the past five years and how you addressed correcting that poor decision.***

No financial advisor bats a thousand. Their response to this question will give you insight into how humble they are and how nimble they are in monitoring and making adjustments to their financial strategies and advice.

- ***What is your investment philosophy?***

Listen to this answer carefully. Does this advisor focus more on timing the market and picking stocks? Does this advisor choose to buy and hold investments that have been around for a long time and proven themselves? Does this advisor believe the world is about to end, or that it's getting brighter every day?

Knowing these things will allow you to find someone who believes the same things you do.

Or, you may be better served by someone you respect who can challenge your perspective and educate you on some unfamiliar investing strategies that you should consider thoughtfully.

- ***Will you advise on all my assets or just those under your management?***

You need a financial advisor who gives you guidance on all aspects of your financial goals and plan. If they are only willing to provide guidance for assets under management this may be a window into their motivation. Are they here to serve you or to get paid?

## GOOD QUESTIONS TO ASK A POTENTIAL ESTATE PLANNING ATTORNEYS & TAX ADVISORS

- ***How many years have they been practicing? What percentage of their practice is dedicated to estate planning / tax preparation or planning? What type of estate plan / tax planning do you employ personally? Who is their network of advisors? Can they provide a list of references?***

## GOOD QUESTIONS TO BE ASKED BY A POTENTIAL ADVISOR

Pay attention to the questions this potential advisor asks. Are they questions that you feel would be important to be asked?

Knowing the answers to these questions before meeting with a potential advisor could prove to be very beneficial for your conversation.

**How is your health?**

**Are you funding it to the maximum?**

**Will you inherit money someday?**

**Are you in debt?**

**Are you responsible for aging parents?**

**Are you saving for your children's education?**

**To what age have your parents lived?**

**Do you have a will or trust?**

**Do you need to make a major purchase soon? (car, roof, etc.)**

**Do you have a retirement plan?**

**Do you have adequate insurance?**

## 4. HOW WILL YOU BE PAID FOR YOUR TIME AND SERVICE?

***You are looking for a fair way to assess costs for services so that you can do mindful comparisons with other potential advisors for your team.***

*For Scripture says, . . . “The worker deserves his wages.” 1 Timothy 5:18*

So you're online searching for a babysitter. One babysitter charges a flat rate of \$50 and another charges \$15 per hour, and yet another charges on duties performed (i.e. help with homework, transportation, cooking, cleaning, etc.). Which is the best rate? Well, there really isn't a definitive right choice for how compensation is structured. It all depends on your specific needs and situation. So knowing how your babysitter structures their compensation is crucial to your decision.

It's important to understand how advising service professionals are paid. Knowing these fee structures can help determine the type of advice you will receive.

### COMMON COMPENSATION STRUCTURES

Here are the most common compensation arrangements:

**Fee-only:** This structure is also called “fee-for-service.” The client pays the advisor for a specific service provided. Payment can be by the hour or based on a fixed price, retainer, percentage of assets managed, or a combination thereof.

**Commission-based:** In this fee structure, the advisor receives a percentage of the sale or premium from service companies after selling a product or service.

Commission-based advisors can have the right heart and can be educators, but it's important to get all the facts so you get a product that is a great benefit to you, not just a commission for the firm.

**Fee-based:** This approach is a combination of commission and fee-for-service models. It can be confusing because consumers often don't understand which part of the advice they're getting is “fee-only” and which part is subject to commissions.

Fee-based advisors can also have the right heart and can be doing what is best for you. What you are looking for is complete transparency on how they are being compensated and why they are recommending a certain service.

## 5. ARE YOU AT PEACE WITH THIS ADVISOR & THEIR ADVICE?

***You are looking for wisdom from God through prayer that brings about a restfulness and peace in you.***

*If any of you lacks wisdom, you should ask God, who gives generously to all without finding fault, and it will be given to you. James 1:5*

*Do not be anxious about anything, but in every situation, by prayer and petition, with thanksgiving, present your requests to God. 7 And the peace of God, which transcends all understanding, will guard your hearts and your minds in Christ Jesus. Philippians 4:6*

If after asking the first four key questions you were still unable to make up your mind between two qualified babysitting candidates, how should you proceed toward making a decision?

It would be wise to consult three sources as you seek a wise and peace-bringing decision.

## CONSULTING THREE SOURCES FOR FINAL DISCERNMENT AND PEACE

### First - Consult the Lord.

Pray that God's presence, guidance, and peace help you as you select your Faithful Stewardship Advisory Team. Ask the Holy Spirit of God to guide you.

*But when he, the Spirit of truth, comes, he will guide you into all the truth. John 16:13*

**Next - Consult your spouse. If single consult with a trusted friend or family member** who is humble, older with more experience, wise, and handles their financial resources faithfully.

It is a good idea to have a partner engaged in this discernment process. If the potential advisor avoids educating your partner or neglects their input that should serve as a red flag. Even if you handle your finances primarily, your partner can be more discerning around character and trustworthiness. They may be better than you at feeling out the spiritual temperature of character traits and have the discernment to notice if they sense an individual is withholding information or is being less than transparent.

### Then - Consult with your children. (If applicable)

Your children might not be old enough to make a cognitive final decision, but many of us have experienced the ways God has used our children to point out the simple truths of life when we are overthinking things. Often, the decisions you make with finances directly impact your children and affect multiple generations. Also, a majority of advisors inherent children as clients as they grow older just like a family doctor, attorney, or insurance agent.

# RESOURCES FOR YOUR SEARCH

## LINKS

**[Kingdom Advisors Directory](#)** of competent professionals who are receiving ongoing biblical training, and are committed to technical competency, ethical standards, and they personally give and steward their own finances.

**[Ramsey Solutions Trusted Providers](#)** - Vetted professionals who can help provide information and advice regarding Insurance, Real Estate, Debt Elimination, Investing, and Taxes.

**[FINRA](#)** - Every investor in America relies on one thing: fair financial markets. To protect investors and ensure the market's integrity, FINRA is a government-authorized not-for-profit organization that oversees U.S. broker-dealers. FINRA is authorized by Congress to protect America's investors by making sure the broker-dealer industry operates fairly and honestly. They oversee more than 624,000 brokers across the country—and analyze billions of daily market events.

**[FINRA BrokerCheck](#)** - A free tool to confirm whether investment professionals and firms are licensed. It should be the first resource you turn to when choosing whether to start or continue doing business with a particular person or firm.

**[FINRA Fund Analyzer](#)** - Automatically compare fees and analyze information on over 30,000 mutual funds, exchange-traded funds, exchange-traded notes, and money market funds.

## FAQ'S ON THE COSTS OF WILLS & TRUSTS PREPARATION AND TIME IT TAKES TO PREPARE

How much does a Simple Will vs. Will Plan (Simple+Living+POA-Power Of Attorney) vs. Trust Plan (Simple+Living+POA+Trust ) Cost?

- *(Simple) \$250-\$500; (Will Plan) \$375-\$1,000; (Trust Plan) \$800-\$4,000+*

How long does it take to create a will or trust?

- *(Simple) Approx 2 Hours; (Will Plan) Approx. 3 Hours; (Trust Plan) 4 Hours+ Time Funding Trust*

## ADVISOR TYPES, ROLES, AND HOW TO VET

ADVISOR TYPE	ROLE	HOW TO VET
<p><b>ACCOUNTANT</b> (CPA, PFS) Tax Advice</p>	<p>Offer strategies for taking advantage of the tax code in ways that help you opt-out of paying taxes and giving those resources to causes you are passionate about supporting.</p>	<p>A bachelor's degree with appropriate accounting courses and then pass the Uniform CPA Exam. The number of years in practice. Percentage of practice in estate planning. What type of estate plan do you employ personally? Who is their network of advisors? Do they have a list of references?</p>
<p><b>ATTORNEY</b> (J.D., Esq) Legal Advice</p>	<p>Protect your assets and document your decisions in a legally valid form.</p>	<p>Law school degree and pass the bar exam. The number of years in practice. Percentage of practice in estate planning. What type of estate plan do you employ personally? Who is their network of advisors?</p>
<p><b>FINANCE</b> (CFP, ChFC, CFA) Financial Advice</p>	<p>Grow your assets.</p>	<p>Do they have the heart of a teacher? Are they able to explain the options they are recommending in language and with concepts that you understand? Do you feel like they are a salesman or a teacher?</p>

## ADDITIONAL NOTES

## HOMWORK - ACTION PLAN - CHECKLIST

ACTION ITEM	TARGET DATE	COMPLETED
<i>Read - Guidance for Building a Faithful Stewardship - Advisory Team</i>	Today	✓
Prayerfully Put Homework Action Plan Together with Target Dates		<input type="checkbox"/>
Consider and decide what types of advisors you currently need Put together a list of advisors with whom you would like to connect. You can build your list with recommendations from trusted friends or family members. CAUTION: It is not always wise to hire a friend or family member. If you are considering this, make sure you interview and vet two other potential candidates who are not friends or family members. Visit the links in this document to see additional options for advisors near you.		<input type="checkbox"/>
Interview your list of potential advisors with the "Five Key Questions To Ask" found in this document. Many advisors who are still taking on new clients will give you a "free" hour for interviewing and potential fit types of questions.		<input type="checkbox"/>
Check client and peer references		<input type="checkbox"/>
Consult with Spouse and/or Trusted Friend(s)		<input type="checkbox"/>
Consult with Children and Family		<input type="checkbox"/>
Pray for and receive God's peace regarding this decision		<input type="checkbox"/>
Decide on your advisor(s)		<input type="checkbox"/>
Meet with your advisor for counsel		<input type="checkbox"/>
After prayer and discerning peace is received . . . Act. Put your plan into place.		<input type="checkbox"/>
Review your plan and strategy at least annually. Put a date on the calendar		<input type="checkbox"/>

## TO BE CLEAR

This *Guidance For Building A Faithful Stewardship Advisory Team* and all associated materials are intended to inspire and assist you with faithful stewardship information and instruction. This booklet is not an attempt to render legal, accounting, or other professional services. Your personal financial situation is unique and fact-dependent. Before making any decisions or implementing any financial strategy, you should consider obtaining information and advice from wise professionals who are fully aware of your circumstances.

