



Five Important Topics Your Financial Advisor Should Cover During a Portfolio Review

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Everyone has different financial needs, and proper planning is a critical step to ensure you are on track to meet your goals. When we are young, life seems simple, but as we age our lives become more complex and this requires more planning. When you meet with a financial advisor, it is important for the advisor to understand every component of your life. During a portfolio review meeting, you and your advisor should cover these five topics.

Life Events, including Health/Family/Work

All financial planning meetings should include a review of your health, family, and work life. Life events, such as marriage, your job situation, children, a new home, or retirement should always be discussed. Your advisor needs to know if anything in your life has changed or is anticipated to change. Your advisor should fully understand your unique situation to make sure your portfolio construction is best suited for your personal circumstance. If your advisor does not know your situation, he/she could be investing too aggressively or too conservatively. Further, many life events require advance planning, so making your advisor fully aware of future life events will allow time to be financially ready.

Income Needs

Your advisor should cover your income needs to make sure you have enough funds available to meet upcoming expenses. Panic selling to raise funds to pay expenses is one of the worst investing mistakes. If an advisor reviews your cash flow with your income needs in mind, there is time to create an appropriate investment plan, eliminating the need to sell assets at perhaps a less than optimal time (when markets are down). Alternatively, your advisor needs to make sure you are not receiving too much income that might just be sitting in savings earning little to no interest. With rates at historic lows, that extra income could potentially be earning higher interest if invested.

Beneficiary Review

One of the most important functions of a financial advisor is to make sure your wishes are known and can be implemented upon death. Every year, a review of your beneficiaries should be completed

to ensure they are correct and up to date. Since your beneficiaries can change over time, it is extremely important to make sure that the person or persons you wish to receive your assets after death is current. It is critical to understand that beneficiaries supersede wills and/or trusts. Even if you update your will and trust, you still need to update beneficiaries, so that your wishes are followed.

Nest Egg and Life Expectancy

Your financial advisor should not only focus on when you want to retire, but also review your genetics and your health to assess probable longevity. Obviously, no one can say with certainty how long they will live. However, your financial advisor needs to have a discussion to make sure you have realistic expectations on how long your nest egg will last.

Performance

Your advisor should be looking back at past performance to see if it continues to match your investment objectives. They should review the markets to make sure your current asset allocation is on track to meet your expectations. If you are expecting a 20% annual return and your portfolio includes an 80% investment in bonds, a 20% return would be difficult to obtain.

At a minimum, an annual portfolio review is necessary with your advisor. Depending on your situation, quarterly reviews may be warranted. Be prepared to be open with your advisor about all aspects of your life so that you and your advisor are creating a strategic financial plan that is right for you.

About the Author – Kevin Harris, CRPC®

[Kevin Harris, CRPC®](#) is Vice President, Financial Advisor at [WSFS Wealth Investments](#), where he guides clients in all areas of wealth management, including, but not limited to, retirement and education planning, portfolio construction, liability management, and insurance needs. Kevin holds the Chartered Retirement Planning CounselorSM (CRPC®) designation as awarded by the College of Financial Planning. He holds his FINRA Series 7 and 66 securities registrations through Commonwealth Financial Network®. In addition, he holds life, health, and long-term care insurance licenses.

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