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WEALTHYMINDS

INSIGHTS FOR YOUR FINANCIAL WELL-BEING



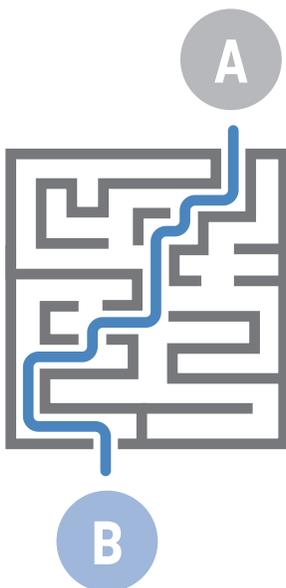
INVESTMENT ADVICE: LOST IN A MAZE?

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NAVIGATING THE MAZE

All investors share the same overall goal: choosing the advisory option most likely to assure them they'll have the financial resources they need when they need them.



WHEN YOU'RE LOOKING FOR investment advice, do you feel like Odysseus wandering around for 10 years before reaching home? You'd be forgiven if you did, because the menu of advisory options is large, complex, and growing ever larger. And with this abundance of choices comes confusion and fatigue for many investors.

The below paper provides some guidance—not suggestions—on which options investors have available.

What Advisory Option Is Best for You?

We can't answer this question in the abstract—only by meeting one-on-one with each of our clients. However, we can lay out the spectrum of possibilities as a guideline that investors can match to their own unique circumstances and investment preferences. While “unique” is the operative word there, all investors share the same overall goal: choosing the advisory option most likely to assure them they'll have the financial resources they need when they need them.

It's an easy goal to state—but a hard one to satisfy. Let's examine the advisory alternatives, in broad outline, moving on the advice scale moving from least provided to most:

Do-It-Yourself: *Having It Your Way*

For some investors, running their own portfolios free of professional advice sounds good, and may even be a good choice—if they know what they're doing. That's a key qualification, especially as investment choices proliferate and become more complicated. We'd counsel extreme caution about taking the do-it-yourself route.

Advantages:

- Total independence: You're in charge (an advantage if that's what you want)
- No advisory fees

Disadvantages:

- May light on a shortsighted or imprudent strategy, with no counterargument
- May neglect to address financial needs outside of investing
- Often focuses on risky short-term trades to the detriment of long-term financial security.
- Necessary knowledge and time may be lacking

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WHAT LEVEL OF INVESTMENT ADVICE IS RIGHT FOR YOU?*



Robo Advisors: *The Computer Is King*

Investors who don't need personal investment counseling but also don't want to rely on themselves to make the right choices might look into "robo advisors"—and indeed are doing so in increasing numbers. A robo advisor is a computerized model that matches an investor's risk/return profile with one of several portfolio allocations. With some providers, however, investors can also consult with a human advisor (often for an extra fee, though). The portfolios of most robo advisors contain only mutual funds or exchange-traded-funds--no individual securities, although there are exceptions.

Robo advice has caught on big-time, and many firms, including full-service advisors, now offer the option. It's particularly appealing to younger investors who are computer-savvy and used to an on-line environment. But it's also the route of choice for some older investors, including retirees, who need little personal contact with an advisor and feel confident that they know their risk/return profiles.

Advantages:

- Robo advice uncomplicated, with programs often easy to navigate
- Attractive if you don't want to deal with human advisors
- Wide range of advisors makes many investment alternatives available
- Programs may be tailored to your investor demographic (age, for example)
- Fees usually low, as are minimum investment requirements (if any)

Disadvantages:

- Only as good as the robo advisor's computer algorithm
- Portfolio you choose is fixed (For investors who want to delegate all their decisions, this is an advantage)
- Advice typically investment-specific; does not address other financial needs

Not Your Father's Broker Anymore

Going to a broker-dealer is a traditional route for receiving investment advice—but a lot has changed of late. In days gone by, most investors used brokers to execute security purchases and sales (usually stocks), whether self-initiated or encouraged by the brokers.

Today, many brokers offer a much richer menu of investment choices and investment advice. You should note that brokers typically suggest investments under the "suitability" standard—which means any investment they judge as suitable for meeting your needs. The higher "fiduciary" standard is more holistic and assures you of impartial oversight, but not all investors feel they need the guidance that comes with fiduciary advisors; many are comfortable relying on a trusted broker.¹

1. The fiduciary issue is complicated, since the Administration and the courts are currently involved. It is yet to be determined whether brokers will need to adopt the fiduciary standard for retirement accounts or perhaps all accounts.

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WHAT ARE YOUR PREFERENCES ?

Personal communication preferences can play a large part (though not the entirety) of dictating an investor's choice of an advisory option.

Do you prefer to have someone to call when decisions need to be made?



Do you prefer to act immediately on your own actions?

Do you prefer to meet in person...



...or keep your interactions online or nonexistent?

Advantages:

- Likely to work with you on critical asset-allocation issues, the most important determinant of long-term performance
- May strive to understand your investment needs and goals, and how they change over time
- Often come with the resources of a well-established firm, including a large slate of investment choices

Disadvantages:

- Suitability standard for investment decision-making, and the brokers' reliance on commissions that comes with it, doesn't fit every investor's profile
- May be excessively focused on short-term trades
- May or may not help with larger financial needs outside of investments if that's the tack you wish to take

Independent Financial Advisors: *Unfettered*

By definition, independent financial advisors operate freely, outside the bounds of any firm but their own practice. This independence and freedom appeal to many investors—but the field of independent advisors is crowded and highly uneven: Not all advisors are created equal.

Advantages:

- Typically, access to multiple markets and the products of many firms.
- May take a holistic perspective on your wealth...
- ...and operate under the fiduciary standard, a plus for some investors.
- May be able to introduce you to other financial experts, such as attorneys, accountants, and insurance professionals, if appropriate for you.

Disadvantages:

- Level of expertise and client service varies by professional.
- Isn't connected with the full resources of a large, integrated financial firm.
- May or may not be able, or wish to, offer certain financial products.

Full-Service Financial Providers: *Comprehensive Advice*

Investors interested in the most inclusive advisory services should consider full-service firms (which may be large or small). Just as with independent advisors, there's a wide range of expertise and professionalism out there, but investors who choose well are often rewarded.

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WHAT SIGNALS MATTER?

There's no quick answer to which advisor is best for you.

What you can do is:



Research

Do your due diligence around any advisor you're thinking about

Trust

Your gut instinct is worth listening to.



Consider

Be cautious about hiring too many advisors—while you can diversify, you want to make sure any advisor you work with has a full picture of your finances.

Advantages:

- Likely oriented toward meeting your goals, monitoring your progress over time, and helping you modify your portfolio as your needs evolve.
- Definitely on the fiduciary standard if registered with the SEC.
- Varied investment styles and philosophies available (active vs. passive, for example, or growth vs. value, or hybrids).
- Broad spectrum of products likely available (often in-house and out-of-house).
- Often focused on your complete financial picture, and connected to a network of other financial professionals.
- In some cases, discretionary options available, for investors comfortable with leaving all investment decisions to a professional.²

Disadvantages:

- For active managers (those who seek to beat indexes), any active style may be out of favor, potentially for quite a while—though long-term results are what count.
- Manager skill varies widely.
- “Open architecture”—offering other managers' products, typically in addition to proprietary products—no guarantee against losses.
- Fees and required minimum investments vary widely.

And So...

Unsurprisingly, there's no quick answer to which advisor is best for you. Further, there are few bright lines separating types of investors or advisors: An investor may choose do-it-yourself for one set of investments even as she reaches out to full-service (maybe even discretionary) management for other portfolios. Similarly, many of the advisor alternatives we outlined above feature the same advantages or drawbacks—and some practitioners in each category don't fit the paradigms here.

So what to do if you're seeking investment advice?

- **Research any advisor you're thinking about:** Check the advisor history, longevity in the business, investment philosophy (if applicable), communications program, any awards or commendations, any demerits. Ask a lot of questions (we can help you with those).
- **Trust your gut:** Particularly if it's flashing warning signs.
- **Be cautious about hiring too many advisors:** While you may choose to go with more than one advisor, be cautious about hiring too many. You don't want to fragment your investments so that each advisor sees only a tiny shard of your total financial picture.

2. Some fiduciary managers allow clients to make limited modifications to the manager's portfolios.

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- **Many investors want to focus on not just their investments but the wider financial world:**
Their real estate, gifting and estate plans, insurance, annuities, and tax situations—to name just a few possibilities. We see that as a distinct plus for most investors and advisors (though you or your advisor may want to take a narrower view)
- **After you hire, check that your advisor is on the case:**
Particularly if your circumstances change.

The bottom line: We believe that any advisor should keep your needs at center stage, and offer enough investment choices and flexibility that you feel comfortable not only about meeting your goals but in staying invested when the markets get tough—which they inevitably do at some point. Emotional and faulty market-timing is probably the primary reason for investor failure. Good advice is what can save you from making that mistake.

Where We Come In

People's United Advisors offers investment and financial advice customized to each client, drawing on its own expertise and the extensive resources of People's United Bank. Our Advisors work with an integrated team of financial professionals—and will be happy to work with your personal team as well. Our advisory goal is the same as yours: providing you with peace of mind about your financial future. That's our ultimate, and most satisfying, mission.

People's United Advisors can help provide the advice you're seeking.

Please contact us at 1.800.772.8778 or visit peoples.com

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Products are:**

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May Lose Value