How to Choose the Right Financial Advisor

A short excerpt from Doug Goldstein's book about managing inheritances received from the U.S.A.

If you already have an advisor, he can help you invest your inheritance since he is familiar with your situation and needs. Receiving an inheritance is a good time to update/revise your financial plan. Moreover, understanding your current situation is crucial if you are a U.S. citizen living in Israel. For example, it is potentially problematic if an American citizen inherits Israeli mutual funds because the IRS considers those funds “offshore mutual funds” (a.k.a. “Passive Foreign Investment Corporations” [PFICs]) and taxes them much more harshly than American mutual funds. Make sure your advisor understands cross-border financial issues and invests your money accordingly.

The broker who handled the assets before you inherited them may have had good reasons to advise investing the way he did. However, the investments the deceased chose may not be suitable for you.

Also, consider technical issues: If the broker is abroad, are his office hours convenient for you? What licenses does the original advisor hold? For instance, an insurance broker may not be able to put inherited funds in certain asset classes like stocks, bonds, and mutual funds if he isn’t licensed as an investment advisor. As such, he might not even suggest those to you. And does the broker know how to maintain the tax-deferred status of an inherited IRA account?
Read my article: www.profile-financial.com/how-to-pick-a-financial-advisor

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Date of show: 03/01/2018