

5 Questions to Ask Your Advisor

Financial planning and money management can be confusing enough. Then there's the decision of who to go to if you need financial help. When interviewing potential advisors, here are five questions you should feel comfortable asking and our responses if you were to ask us.





1. How long have you managing other people's money? What are your credentials?

Donald E Simmons, CFP® has been guiding families and organizations since 1988. The Simmons Capital Group Team represents more than 75 years of combined experience working with investors. The members of our team have navigated the treacherous and tumultuous environment of the 80's, 90's and 2000's. We are one of the few investment advisor teams in the Capital District with a Certified Financial Planner® and a Chartered Financial Analyst® on staff, ready to serve our clients.

2. What is your investment discipline?

The vast majority of our clients are nearing or in retirement, so their primary focus is on achieving competitive investment returns while reducing risk and volatility and avoiding catastrophic losses. No one can predict the future, but it is proven that different assets and investments will perform well at different times. Therefore, in order to minimize risk and provide potentially more consistent returns, we design our portfolios to be diversified across numerous asset classes and areas of the market.

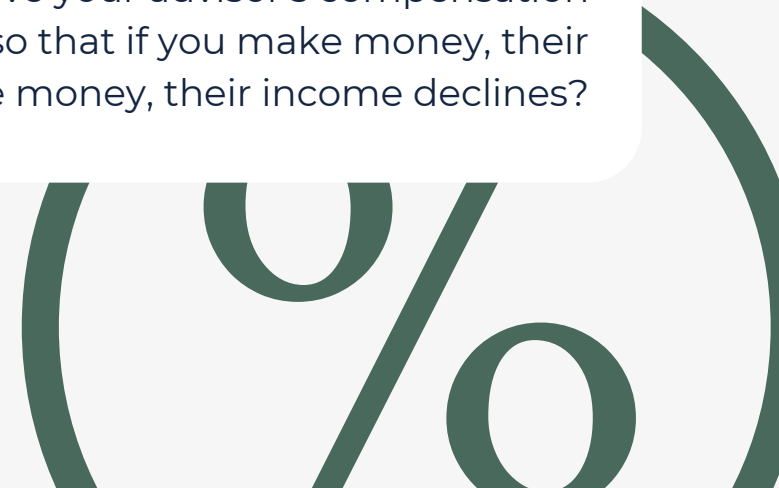
We have a thorough investment process designed to sift through the universe of no-load mutual funds and ETF investments to find the managers that have strong patterns of outperforming their peers and their benchmark indexes. By investing in a combination of ultralow-cost index funds, ETF's and actively managed funds, we design low cost portfolios that have attractive risk adjusted returns. We design a core strategic asset allocation comprised of non-correlated asset classes based upon each client's risk tolerance, investment goal and investment time frame. Then we overlay tactical allocation shifts based on market conditions.

For our socially responsible investment clients, we make use of screened mutual fund/ETF investments, or allow our clients to create their own separately managed account (SMA) that allows them to fully align their investments with their values in a way that is fully customized to them.

3. Is your compensation commission-based or fee-based?

Simmons Capital Group operates as a Registered Investment Adviser (RIA) under the regulations of the Securities and Exchange Commission (SEC). As such, our investment advisory services are fee-based, not commission-based.

Transaction-based versus Performance-based compensation? Have you ever hired a contractor to do work at your house? If you pay the contractor for the entire project at the beginning, what is the likelihood that he will come every day, working conscientiously until the job is completed? Why would you consider paying an investment advisor in advance for an investment in the hopes that he/she continue to provide excellent management for many years in the future? Doesn't it make more sense to have your advisor's compensation be tied to the growth of your accounts so that if you make money, their compensation grows and if you lose money, their income declines?





4. Are you a fiduciary?

Would it surprise you to know that a large percentage of financial advisors are not legally obligated to act in your best interest? Pretty crazy, right? The suitability standard (under which many advisors operate), means that the broker/agent is not required to disclose or minimize his/her conflicts of interest. This often means the products that are best for the broker also have higher costs and potentially lower returns for the investor. On the other hand, we act under the fiduciary standard, which **legally** requires advisors to act in the **best interest** of their clients.

For instance, faced with two identical products but with different fees, an advisor under the fiduciary standard must be compelled to recommend the one with the lowest cost to the client, even if it means fewer dollars in compensation. As a Registered Investment Advisor, Simmons Capital Group and its members as Investment Advisor Representatives, are held to the same fiduciary standard for their clients as are Trustees of a trust, Trustees of a not-for-profit organization, or board members of an organization.

Each can be held legally accountable for failing to act in the best interest of the organization or client for which they are acting as a fiduciary. Is your advisor a fiduciary?

If so, ask for their Form ADV Part 2, which is filed with the SEC.





5. What will the total costs to work with you be? (Disclosed and embedded)

All Simmons Capital Group's annual advisory fees are based on the total assets under management and are offered to clients on a sliding scale that decreases as asset levels increase. The quarterly calculation of advisory fees is based on an average daily balance over the quarter and billed for the 3 months that have just past.

Sample Fees:

SCG Management Fee: 1.15-1.65% annually (Billed Quarterly)
Internal Fund Fees: 0.25% - 0.55% annually (embedded by Fund Company)
TOTAL FEES: 1.40% - 2.20% annually

DISCLOSURES

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