

# PARRILLO INVESTORS LLC

## Questions That Every Investor Should Ask Their Advisor<sup>1</sup>

Most people with a wealth manager never question the relationship. Not because they are satisfied but because the subject feels too complicated to engage, and the person across the table has every incentive to keep it that way.

That discomfort is costing you money. A 1% annual management fee on a \$1,000,000 portfolio compounding at 7% over twenty years does not cost you \$200,000. It costs you \$662,549, the difference between what your portfolio would have earned and what it actually earns after fees. That number is not hypothetical. It is arithmetic.

The five questions below are not complicated. They require no financial expertise to ask. But they will tell you everything you need to know about whether your wealth manager is working for you or for their firm.

1. In plain language, what is your firm's specific advantage that justifies your fee versus just owning an index fund?
2. How has my account performed compared to a simple index fund after your fees over the past one, three, five, and ten years?
3. What is the actual business purpose of your firm and how does it serve me rather than your firm?
4. How do you determine my risk tolerance and appetite for return, and how do you structure my portfolio to reflect those preferences?
5. If I asked you to manage my account to match the index rather than beat it, would your fee change?

*The answers — or the reluctance to answer — will tell you what you need to know.*

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<sup>1</sup> This list is not an exhaustive due diligence questionnaire but provides basic guidance to evaluate a prospective advisor or if an incumbent advisor, retain or release that advisor.