

# PARRILLO INVESTORS LLC

## Questions to Ask Your Current or Prospective Advisor<sup>1</sup>

**Know what you are paying. Know what you are getting.**

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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 8% over twenty years does not cost you \$200,000. It costs you \$791,273, the difference between what your portfolio would have earned and what it 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?

If the answer includes tax and financial planning, then ask what they would charge separately for those services. (Of course, they will tell you that they are included in the total asset-based fee that accrues daily for as long as they have your account even if you do not change your financial and tax plan daily.)

2. How has my account performed compared to a simple index fund after your fees over the past one, three, five, and ten years in dollar and percentage terms?
3. What is the 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.