

Think you're too young for a financial advisor? Think again

4 min read • Nov 27, 2023 • Jeannine DeFoe

Key takeaways

- 1 Working with a financial advisor is beneficial to young people and those early in their careers.
- 2 Financial advisors can help with life milestones like starting a family, buying a house, or launching a business.
- 3 Study your financial situation to see if an advisor can help.

Many of us see working with a financial advisor as something only for people nearing or living in retirement—or for those with a lot of money who want others to manage it. But even if you're young, an advisor can help get you on the right financial track.

Here's how an advisor can guide you throughout your financial life.



Connect with a financial professional

Get complimentary financial guidance that's focused on your goals and how to reach them.

[Schedule an appointment](#)

What is a financial advisor?

Advisor is a broad term covering several kinds of professionals who help people with their money. Generally, a financial advisor reviews your financial documents, investments, and other assets and then provides personalized advice tailored to your situation and goals.

Many advisors, such as a certified financial planner (CFP®), carry industry credentials. These pros must complete hundreds of hours of education and meet experience requirements. CFPs are also “fiduciaries,” which means they’re legally required to put your goals and needs before their own.

Other certifications indicate expertise within a specific area. For example, retirement income certified professionals (RICPs) help you plan for life *in* retirement, while chartered life underwriters (CLUs) advise on life insurance and estate planning.

Look at an advisor’s website or ask about their credentials (then double-check on their respective regulators’ websites) to see if they can help with your needs.

When to get a financial advisor

There are many [reasons to consider getting financial advice from a pro](#). Early in your working years, there are critical chapters in life where a financial advisor can help. Significant events like starting a family, buying a home, opening a business, or retirement take planning that you’re never too young to begin.

Let’s break down how a financial advisor might work with you at each stage:

Starting a family

Starting a family can completely change your life. Not only does your day-to-day feel very different than it used to, but your finances likely do as well. Having or adopting a baby is as much a financial event as it is an emotional experience.

New parents will likely need to figure out how to pay for child care, whether they’re single or partnered. You’ll also face higher food bills, housing, and transportation costs. A financial advisor can help you create or revise your budget for extra expenses and help you consider if one parent staying home makes economic sense.

The high and ever-rising cost of college means parents must start saving as early as possible. Your financial advisor can help you build a plan to [save for college today](#), including guiding you through college saving options like 529 accounts, custodial accounts, and Roth IRAs.

Buying a home

For many of us, [buying a first home can be daunting](#). Saving 10% or 20% of the purchase price for a down payment, applying for a mortgage, choosing a home, paying closing costs, and maybe making modifications can bring challenges to even the most prepared. A financial advisor can help you find ways to get there.

Once you're in your new place, your advisor can build a revised spending and saving plan. That will help you manage mortgage and insurance payments while saving for long-term goals like retirement. If you're considering a second or vacation home, an advisor can help determine if it fits your budget.

Starting a business or buying an investment property

Are you looking to start your own company? An advisor can help determine how dipping into your savings or borrowing can impact your finances. If you're working a part-time side hustle and want to turn it into a full-time job, an advisor can help you decide when and how to make that leap.

Many advisors specialize in working with small business owners, so ask prospects about their experience and get referrals from other business owners. An advisor can also team up with small business coaches or other consultants who work with entrepreneurs.

Are you considering buying an investment property to generate rental income? You'll likely work with a real estate agent. But becoming a landlord—or even investing from afar—takes more than finding a pretty property. A financial advisor can help you run the numbers you'll need to know—like whether your expected rent will cover your mortgage and provide the extra income you hope for. Of course, they can also help you find funds for your down payment.

Saving for retirement

Your retirement may be several decades away, but acting today can bring benefits. The sooner you start saving, the more you can take advantage of [compounding](#). Waiting just five years to get going may mean losing out on tens of thousands of dollars in your nest egg.

Beyond deciding when and how much to save for retirement, a financial advisor can help you navigate your retirement savings options. These might include workplace plans like 401(k)s and 403(b)s and individual retirement accounts (IRAs).

An intimidating part of retirement saving can be choosing and monitoring your asset mix—which investments to buy (or sell) and in what proportions. Even if you have some investing experience, an advisor can help you pick an investment mix of stocks, bonds, and other assets that matches your risk tolerance—how much risk you'll accept. The advisor can then update your investments over time.

Do you wonder [if you can retire early](#)? An advisor can help you run the numbers to see if your savings will stretch long enough to support your lifestyle. If not, and that's a goal of yours, they'll advise you on the sorts of changes you'll need to make to get there.

Evaluate your financial picture

Here's an easy way to consider whether you should work with an advisor: Think about your upcoming life events and goals for your money. If you could benefit from help managing your money—because you lack knowledge or time—paying a financial advisor may be worth the expense.

Studying your financial picture can help you identify where an advisor can help. Start by listing your goals (home down payment, retirement, etc.). Next, add up your debts, including mortgages and student loans. This will show you where your finances stand today. That information will also be valuable to your advisor as they begin working with you.

An advisor can help you [create a budget](#) to manage your expenses and save toward your future goals. Before meeting with an advisor, consider how much you know about money and your comfort with taking investment risks.

What type of financial advisor do I need?

Understand that not all advisors are alike. Depending on your goals and needs, you might need a specific type of advisor. Note that not all kinds of advisors fit everyone's situation.

Here's a quick breakdown of five common types of advisors:

- **Financial planner:** Financial planners help plan or map out your financial goals, such as retiring by a certain age. But understand that anyone can call themselves a "planner." Ask them what type of clients they work with and check [their qualifications](#). Many financial planners hold the CFP® certification.
- **Investment advisor:** An investment advisor provides guidance on stocks, bonds, mutual funds, exchange-traded funds (ETFs), and

other investment assets and strategies. Some will also manage your portfolio. These advisors must register with the Securities and Exchange Commission (SEC).

- **Wealth manager:** Aka wealth advisor, this pro generally works with “high-net-worth” clients who typically have at least \$750,000 to invest. However, each advisor has different criteria for whom they’ll work with.
- **Asset manager:** An asset manager primarily focuses on growing your investment portfolio, compared to a wealth manager, who takes a more holistic view of your financial picture. Asset managers also must register with the SEC.
- **Financial coach:** Like athletic coaches, these pros can teach money management skills like budgeting or raising your credit score and encourage you. Because they don’t give specific investment advice, they don’t need to hold the same credentials as other advisors.

Tips for choosing an advisor

Choose carefully if you want advice on critical financial decisions. Seek an advisor who specializes in your needs and has clients like you, such as young parents juggling college and retirement savings.

Consider working with an advisor near where you live. They’ll be familiar with state and local tax laws and your area’s economy.

Also, know that different advisors charge differently, particularly if they manage your money. Many levy a fee based on the amount of assets they manage. The costs can range from around 0.25% for a robo-advisor to 1% for an in-person advisor. Some charge a flat fee for services, while others might earn commissions if you buy products they recommend, like certain annuities and life insurance policies. Clarify how you will pay when vetting candidates.

Meet with prospective advisors to ask questions *before* you agree to work together. In particular, find out how (and how much) they charge, their services, their qualifications, and how (and how often) they’ll communicate with you.

Once you’re working with an advisor, consider an annual “tune-up” conversation to check on your portfolio. You should also update them on any significant financial and life changes.

What you can do next

Consider your financial situation and assess the goals you want to reach in the future. If there are goals you're unsure how to achieve, you might benefit from professional advice.

[Find a financial professional](#) near you. If you'd like to ask some more questions before making your decision, [schedule an appointment](#) with a Prudential advisor.

Jeannine DeFoe is an experienced financial writer who focuses on topics including investing, fintech, wealth management, and personal finance.

1074886-00001-00

Find what interests you



Building trust: 7 questions to ask your financial advisor