

Interview Your Advisor

ADVISOR'S NAME: _____

FIRM: _____ DATE: _____

Questions you should ask your Financial Advisor. And ensure you interview and listen to their answers to judge how comfortable they are answering them. If there is hesitation, often it can be a sign of the fact an Advisor is hiding something or lacks knowledge. The questions are also listed in a suggested order of importance.

1. Although not industry required, are you a CERTIFIED FINANCIAL PLANNER (CFP)?

If yes, for how long? If no, why not / why would I want to hire you?

2. What licenses do you hold? Are you an Investment Advisor able to offer a wide variety of securities? Are you a Mutual Fund Advisor? Are you an Insurance Advisor?

You should also ask, "What licenses do you not hold?" i.e. What limitations do you have to access products? And then ask yourself how important those products are to you and your family.

Note: Designation such as CFP, RFP, Bachelor Degrees, Certificates, etc. are NOT licenses and should not be confused with actual licenses.

3. How do you get paid/What fees do you charge?

What is your Advisory Fee? Also, what are Fund/ETF fees (what the mutual fund or ETF charges), annual administration costs, and trading fees. Does it include a financial plan, or what extra charges do they have (i.e. a la carte menu)?

Note: Depending on the dealer (the company who licenses the Advisor), an Advisor has some control over the Advisory Fee & trading fees). Other fees tend to be fixed and not negotiable.

4. How long have you been in the business and with this firm?

If they are new, be aware of their lack of experience. If they have experience, but recently joined the firm, ask why they left & why this firm? How many clients do they manage (more is NOT better)? (sweet spot 100- 250).

5. What is your Asset Allocation / Investment Philosophy?

Many Advisors with large dealers will have access to "canned" portfolios who dress them up with fancy names. Do some research if this is the case. Also, does the Advisor only push their own Dealer's products? This can be a big red flag as far as biasness by the Advisor.

6. Who are your typical clients? Do you specialize in areas?

Advisors who won't offer this information should be of concern. You should ensure their expertise match up with your situation or line of work.

7. What can I expect from you as my Advisor? How do you communicate?

Can you reach your Advisor by phone or email easily. Do they return calls same day or by next day? Communication is extremely important (in any relationship).

Remember, at the end of the day, this is a relationship you are trying to build long term. Be comfortable with whomever you choose. Remember, the Advisor is also interviewing you: Will you listen to the advice? Will you be too time consuming? Will you be a pain to deal with? Will you complain about any little issue? Advisors don't want liability clients. Just like you can move your account, an Advisor can suggest you move it too.