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10 Questions to ask your Financial Advisor

1. **"Are you a fiduciary?"** A fiduciary works in the best interest of the client and only recommends investments that are the best fit. Non-fiduciaries, such as investment firm and insurance representatives, need only to recommend products that are "suitable" — even if they're not the lowest-cost or most ideal for you. Products can also lock your money up for a period of time with penalties to access it. Products should match a need and your timeline.

2. **"How do you get paid?"** Advisors can use a variety of fee structures. Consider focusing on fee-based advisors. Fee-based advisors might charge a percentage of the assets they manage for you (1% is common), a flat fee for services, or an hourly fee. Know what services you are getting for these fees. Products generally pay advisors fee through commissions. Although not always problematic, make sure the advisor is planning for your needs vs. a commission revenue.

3. **"What are my all-in costs?"** In addition to paying the advisor, you'll face other fees, like investment expenses — and you'll want to know what they are. Fees can reduce your growth over time.

4. **"What are your qualifications?"** Financial professionals can have a confusing list of initials behind their names. And whether a finance professional goes by "investment advisor" or has a certified financial planner designation, it's your job to vet them. The Financial Industry Regulatory Authority's (FINRA) professional designations database will tell you what they mean and check their background (https://brokercheck.finra.org/); if there are any education requirements; if anyone accredits the designation; whether there's a published list of disciplinary actions; and if you can check professional status. You can also use a Form ADV to check an advisor's record.

5. **"How will our relationship work?"** Put another way: How much access will you have to the advisor? You want to know how often you'll meet and whether they're available for phone calls or emails outside of scheduled appointments, a list of the services they will provide to you for the fees you are paying.

6. **"What's your investment philosophy?"** It's important to know whether you have the same investment management philosophy. Here's why: "You have to believe in what they're doing to stick with it," Finn says. "When financial advisors really do their job is when the market is down and they can convince you to stick to the same page," she says, so you don't sell at the bottom of a market cycle. It's also important to make sure you and your advisor align on investment style. For example, if impact investing is important to you, you may want to ask whether your advisor will be able to help you create a portfolio that aligns with your values.

7. **"Do I have any life milestones coming up that will impact my investments?"** New chapters — for you and your family — also mean new wealth management strategies to consider. Got a new child, niece, nephew, or grandchild coming? It might be a good time to open a college 529 plan. Or maybe you've turned 50, and you can start making catch-up contributions into tax-advantaged retirement plans. If you've turned 72, you'll probably have to start taking required minimum distributions from those retirement plans. As we progress through life, each phase has a new milestone. Goals and money needs to be aligned to these periods to make sure your plan evolves with you.

8. **"What asset allocation will you use?"** Your asset allocation is how you create a diversified portfolio. You should understand how your allocation is chosen and how aggressive or conservative the approach to make sure it aligns to you, your comfort, needs, goals and your timeline.

9. "**How do you expect my investment portfolio to affect my taxes this year?"** Capital gains and losses can have a big effect on your tax bill. Whether they help or hurt, it's good to be prepared for what's coming. Depending on your situation, it could make sense to actively (aka: sell) some securities. Your financial advisor can look over your investment portfolio and tell whether that strategy applies to you. Ideally, they work in harmony with your tax advisor to make sure your plan is positioned well for growth and tax efficiency.

9. **"What are your personal and firm's values?"** A shared sense of values between you, your advisor and the firm you choose should be a central part of the decision-making process. After all, you'll be sharing some of your most personal feelings, stories, and ambitions over time. When you have aligned goals, you'll likely feel a lot more comfortable sharing your most personal details when your financial advisor shares similar values to you and your family. While asking this question may feel a bit uncomfortable at first, the most genuine financial advisors I've met over the last two decades should be excited to share their answer.

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