DecisionPoint
Financial Wellness

The Power of Questions

QuickGuides

Helping You be an Informed, Aware and Careful Consumer

Your Financial Advisor:

Assessing the Relationship

The "Assessing the Relationship" questionnaire covers six important areas of interaction with your current advisor. Your responses will help you: 1) confirm that your current advisor continues to provide meaningful and measurable value, or 2) alert you to shortfalls or gaps between what your needs and expectations are, and what your advisor provides. If you find that your advisor isn't meeting your expectations, or is adding measurable value to the relationship, this InfoGuide provides direction on what to do.

InfoGuide Contents

What to Know

This guide and checklist covers six important areas of interaction with your advisor. Completing the checklist will help you determine whether your current advisor continues to provide meaningful and measurable value. You can't afford to stay in a relationship that isn't meeting your needs or adding meaningful value.

Some of the attributes of a good business relationship with a financial advisor include:

- ☐ Sound guidance and advice
- ☐ A commitment to placing your needs and interests first
- ☐ Prudent investment management
- ☐ Transparency in all matters associated with your account including performance measurement and total costs
- ☐ Open and engaged communication

For many, an alignment of values is also important. When some of these attributes are lacking, it may lead to dissatisfaction.

Is the relationship between you and your advisor right for you? In determining this, some guidance is in order:

- ☐ Do not evaluate your advisor by cost alone. The value of sound guidance and stewardship within a trust-based relationship is difficult to price.
- ☐ Do not evaluate your advisor by performance alone, especially over the short-term. The benchmark for performance may be the progress you're making toward meeting your financial goals. "Beating the market" may be secondary.

Another way to measure the value of your advisory relationship is client communication and administrative services. There is no excuse for poor communication, sloppy work, or attitude from receptionists/sales assistants. These alone are grounds for leaving.

What to Do

Complete the "Assessing the Relationship" Questionnaire. When completed, return to the next section on this page: "Reviewing Your Questionnaire Responses".

Reviewing Your Questionnaire Responses

How is the relationship between you and your advisor? Mostly "yes" answers may indicate a good relationship. Mostly "no" answers may suggest a relationship with gaps between what your needs and preferences are, and what your advisor provides. It may also indicate shortfalls in what you should reasonably expect from a full-service financial advisor. If your Relationship Assessment shows shortfalls or gaps which have you concerned or dissatisfied, use the following sequence of actions with your advisor:

What to Do: Part 1

- ☐ Meet with your advisor and discuss your concerns or dissatisfaction. Your Relationship Assessment will be helpful in providing the specifics.
- ☐ Give your advisor the opportunity to resolve the problems to your satisfaction.

Be specific with the corrective action you expect from your advisor.

There are other important factors or circumstances that may affect your relationship with your financial advisor:

- ☐ Conflicting personalities and communication styles can create a sense of discomfort and dissatisfaction with your advisor. Often there's no fix for this.
- ☐ A change in your financial situation, needs and preferences can also create a miss-match between you and your financial advisor. Your advisor may not be capable of providing truly qualified advice on financial-related matters beyond investment management. You may simply outgrow your advisor.
- ☐ If the trust between you and your financial advisor has been broken or drawn into question, it is unlikely that he or she will ever completely regain it. Leaving your advisor is often the only solution.

If the shortfalls or gaps in your *Relationship Assessment* are not corrected to your satisfaction, or if other important factors or circumstances lead you to believe that leaving your financial advisor is your only option, the question is: what do you do next?

What to Do: Part 2

Use the FieldGuides titled "Finding Mr. and Ms. "Right" (Part 1 and 2). You can't afford to jump out of one relationship and into another.

Note: If you like the financial institution your advisor is with, and the office is conveniently located, you may be able to find another advisor within the firm that's more suitable for you. In this case, everything about your account would stay the same except you'd have a new advisor of record on your account.

Transferring Your Account

Transferring your account to a new financial advisor and a new brokerage/ advisory firm is automated. While your former advisor is alerted that your account is transferring, they are not directly involved in the process. Here's how it works:

The financial institution you are transferring your account to is referred to as the "receiving firm" (your new advisor's firm). The receiving firm initiates the transfer by submitting your signed ACATS form (Automatic Customer Account Transfer System) to the "delivering firm" (your former advisor's firm). This automated transfer process is typically completed within six business days.

Fees are synonymous with financial services. When you transfer your account, the delivering firm typically charges a transfer fee. These charges are generally between $50 and $100. Other fees, like closing an IRA may also apply. As a gesture of appreciation, the receiving firm may credit your account for the transfer fees the delivering firm charged you.

Caution: you may have investments that have back-end sales charges. If your new advisor directs the delivering firm (your old advisor's firm) to sell these investments, or if your new advisor plans to sell them once they transfer over, you may incur substantial charges. Make sure you're on top of this. Get justifications for any recommended sales.

While leaving your financial advisor may be difficult, *your interests must come first.* Forming the right relationship with the right advisor offers tremendous long-term value for you. You can't afford to stay in a relationship that isn't right.

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Your Financial Advisor

Assessing the Relationship

Client Service and Communication

1. Does your financial advisor or the sales assistant return your calls within a timeframe that's acceptable to you?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

2. Does your advisor's sales assistant address you professionally and courteously?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

3. Is the receptionist professional and courteous?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

4. Are your service requests handled quickly, thoroughly, and accurately?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

5. If mistakes occur, is your advisor or the sales assistant quick to take responsibility and correct the mistake?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

Service

1. Do you receive periodic, "just checking in" service calls from your advisor that are NOT tied to an investment recommendation or sales pitch?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

2. Does your advisor listen intently to your questions and concerns? Is he or she earnestly engaged during phone conversations?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

3. Does your advisor give you complete answers to your questions, and provide explanations that are understandable and to your level of satisfaction?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

4. Does your advisor offer non-commercial educational seminars, provide periodic reports or newsletters on important financial-related topics?

☐ Yes ☐ No

Investment Management

1. Do you understand the investments you own and the activity in your account to your level of satisfaction?

☐ Yes ☐ No

2. Does your advisor provide performance report reports on your account that include a way a way for you to gauge whether the performance is good or not so good?

☐ Yes ☐ No ☐ Not sure

3. Does your advisor periodically disclose *all* the commissions, fees and other underlying expenses associated with your account?

☐ Yes ☐ No ☐ Not sure

4. Does your advisor periodically calculate your personal net worth?

☐ Yes ☐ No ☐ Not sure

Other Services

1. Does your advisor provide you with other financial-related services beyond investment management? For example, financial, insurance and legacy planning, or specialized services and advice on family-related matters like post-divorce planning, special needs children and aging parents?

☐ Yes ☐ No ☐ Not sure

2. Is he or she truly qualified to provide those services?

☐ Yes ☐ No ☐ Not sure

3. Does your advisor actively engage allied professionals to the benefit of your account? For example, your attorney, CPA or accountant, or financial advisors with specific areas of expertise?

☐ Yes ☐ No ☐ Not sure

Personal

1. Are you able to discuss personal or family-related matters with your advisor?

☐ Yes ☐ No ☐ Not sure

2. Does your advisor counsel you against making emotional decisions?

☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

3. Does he or she help you manage your emotions and behavior in a manner that increases the probability of you meeting your long-term investment related goals?

   ☐ Yes ☐ No ☐ Most of the time ☐ Some of the time

4. Are you comfortable with your advisor? Do your personalities mix well?

   ☐ Yes ☐ No

5. Are your personal values aligned with your advisor's?

   ☐ Yes ☐ No ☐ Not sure

   Is this important to you?

   ☐ Yes ☐ No

Conflicts of Interests

Does your advisor do what's right for you, and always put your needs and interests first in the relationship?

☐ Yes ☐ No ☐ Not sure

Return to "Reviewing Your Questionnaire Responses" on page 2.