How to choose a financial advisor

Most journalists and professionals agree that when searching for an advisor you should make sure he or she meets certain requirements. Typically these requirements include:

- Not working on commissions
- Independence from company quotas and influence
- A certain level of training
- A minimum number of years of experience
- A commitment to act in the client’s best interest
- A clean regulatory history

Financial planning and investing are very important areas of your life. The decisions you make today will impact you for many years, so it is paramount to find a quality financial advisor you can trust.

We have constructed a very comprehensive questionnaire to help in your selection. It is a thorough examination of the advisor and their practice. This is an excellent tool to have when you are interviewing potential candidates. You can use it for initial phone inquiries, first meetings, or you can mail it to several advisors and instruct them to complete it and mail it back to you.

Comprehensive Financial Advisor Questionnaire

1. What is your educational background?

   College Degree Area of Study: _____________________________

   Graduate Degree Area of Study: ____________________________

2. What are your financial planning credentials/designations and affiliations?

   - NAPFA-Registered Financial Advisor
   - Certified Financial Planner (CFP)
   - Certified Public Accountant/Personal Financial Specialist (CPA/PFS)
   - Accredited Investment Fiduciary (AIF)
   - Chartered Financial Consultant (ChFC)
   - Financial Planning Association (FPA)
   - Other: _____________________________
3. **How long have you been offering financial planning services?**
   - Less than 2 years
   - 2-5 years
   - 5-10 years
   - More than 10 years

4. **Will you provide me with references from other professionals?**
   - Yes
   - No (If no, please explain)

5. **Have you ever been cited by a professional or regulatory governing body for disciplinary reasons?**
   - Yes (If yes, please explain)
   - No

6. **How many clients do you work with?**

7. **Does your firm work with any specific clientele?**
   - Yes (If yes, please explain)
   - No

8. **Are you currently engaged in any other business, either as a sole proprietor, partner, officer, employee, trustee, agent or otherwise?** (Exclude non-investment related activities which are exclusively charitable, civic, religious or fraternal and are recognized as tax-exempt.)
   - Yes (If yes, please explain)
   - No

9. **Will you or an associate work with me?**
   - I will
   - An associate will
   - Act as a Team

   If an associate will be my primary contact, complete questions 1-8 in the Background & Experience section for each associate as well.

10. **Will you sign the Fiduciary Oath below?**
    - Yes
    - No
FIDUCIARY OATH

The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client. The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest which will or reasonably may compromise the impartiality or independence of the advisor. The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product. The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.

What the Fiduciary Oath means to you - the client

- I shall always act in good faith and with candor.
- I shall be proactive in my disclosure of any conflicts of interest that may impact you.
- I shall not accept any referral fees or compensation that is contingent upon the purchase or sale of a financial product.

__________________________
Signature

11. Do you have a business continuity plan?

- Yes
- No (If no, please explain)

COMPENSATION

Financial planning costs include what a client pays in fees and commissions. Comparison between advisors requires full information about potential total costs. It is important to have this information before entering into any agreement.

12. How is your firm compensated and how is your compensation calculated?

- Fee-Only (as calculated below):
  Hourly rate of $________/hour
  Flat fee of $___________
  Percentage____-% to ______% of ________________

- Commissions only; from securities, insurance, and/or other products that clients buy from a firm with which you are associated.

- Fee and Commissions (Fee-Based)
  Hourly rate of $________/hour
  Flat fee of $_________
  Percentage____-% to _____% of ________________
What percentage of your clients are handled by charging:

- Fees only __________
- Commissions only __________
- A combination of the two __________

- **Fee Offset**, (charging a flat fee against which commissions are offset.) If the commissions exceed the fee, is the balance credited to you?
  - Yes __________
  - No __________

13. **Do you have an agreement describing your compensation and services that will be provided in advance of the engagement?**

- Yes __________
- No __________

14. **Do you have a minimum financial planning fee?**

- Yes __________ (If yes, please explain)
- No __________

15. **Do you have a minimum fee or account size for investment management?**

- Yes __________ (If yes, please explain)
- No __________

16. **If you earn commissions, approximately what percentage of your firm’s commission income comes from?**

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Insurance products</td>
<td>__________%</td>
</tr>
<tr>
<td>Annuities</td>
<td>__________%</td>
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<tr>
<td>Mutual funds</td>
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<tr>
<td>Limited partnerships</td>
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<tr>
<td>Stocks and bonds</td>
<td>__________%</td>
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<tr>
<td>Coins, tangibles, collectibles</td>
<td>__________%</td>
</tr>
<tr>
<td>Other: ______________________</td>
<td>__________%</td>
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</tbody>
</table>

17. **Does any member of your firm act as a general partner, participate in, or receive compensation from investments you may recommend to me?**

- Yes __________
- No __________
18. Do you receive referral fees from attorneys, accountants, insurance professionals, mortgage brokers, or others?
   ➢ Yes
   ➢ No

19. Do you receive on-going income from any of the mutual funds that you recommend in the form of "12(b)1" fees, "trailing" commissions, or other continuing payouts?
   ➢ Yes
   ➢ No

20. Are there financial incentives for you to recommend certain financial products?
   ➢ Yes (If yes, please explain)
   ➢ No

SERVICES

Financial planners provide a range of services. It is important to match your needs with services provided.

21. Do you offer advice on? (check all that apply)
   ➢ Goal Setting
   ➢ Cash Management and Budgeting
   ➢ Tax Planning
   ➢ Investment Review and Planning
   ➢ Estate Planning
   ➢ Insurance Needs
   ➢ Education Funding
   ➢ Retirement Planning
   ➢ Other: ______________________

22. Does your firm specialize in any areas?
   ➢ Yes (If yes, which ones)
   ➢ No

23. Does your firm require me to commit to your investment management services in order to become a financial planning client?
   ➢ Yes
   ➢ No
24. Do you provide a comprehensive written analysis of my financial situation and recommendations?
   - Yes
   - No

25. If I don’t need (or am not interested in) a full-blown comprehensive financial plan, can you provide me with modular advice in a few specific areas?
   - Yes
   - No

26. Does your financial planning service include recommendations for specific investments or investment products?
   - Yes
   - No

27. Generally speaking, what investment products do you usually recommend for a portfolio?
   - Stocks
   - Bonds
   - Mutual funds
   - Annuities
   - Options and/or futures

28. Is your investment philosophy more of an active or passive approach?
   - Active
   - Passive

29. Do you offer assistance with implementation with the plan?
   - Yes
   - No

30. Do you offer continuous, on-going advice (regular meetings and check-ups) regarding my financial affairs, including advice on non-investment related financial issues?
   - Yes
   - No
31. **Do you take custody of, or have access to my assets?**
   - Yes
   - No

32. **If you were to provide me on-going investment advisory services, do you require "discretionary" trading authority over my investment accounts?**
   - Yes
   - No

**REGULATORY COMPLIANCE**

Federal and state laws require that, under most circumstances, individuals or firms holding themselves out to the public as providing investment advisory services are required to be registered with either the U.S. Securities & Exchange Commission (SEC) or the regulatory agency of the state in which the individual/firm conducts business.

33. **I am (or my firm) is registered as an Investment Advisor?**
   - Yes
   - No

Please provide your Form ADV Part II or brochure being used in compliance with the Investment Advisors Act of 1940. If not registered with either the SEC or any state, please indicate the allowable reason for non-registration.

   Signature of Planner: ___________________________________________________________

   Firm Name: ________________________________________________________________

   Date: _____________________________________________________________________

**Please Note:**

A yes or no answer requiring explanation is not necessarily a cause for concern. The advisor should be given an opportunity to explain any response.

This questionnaire was largely based on a form created by the National Association of Personal Financial Advisors (www.NAPFA.org) to assist consumers in selecting a personal financial planner. A few more specific questions were added to go into greater detail in certain areas. This questionnaire can be used as a checklist during an interview or sent to prospective planners as a part of a preliminary screening.