



Selecting the right financial planner for you

Selecting the best financial planner is an important decision for you. Plenty of friends and family may have recommendations, but in the end, it's all about you, your goals, and your finances. You need to feel comfortable with your planner. You will have some difficult conversations over the time you work together. If you don't feel comfortable enough to ask the questions you need to ask and have your concerns listened to, you and your planner can't do your best work. As you meet with planners watch to see if they understand your needs. Are they listening to you or just launching into a prepackaged spiel? Your planner should treat you as an individual, not just another deal to close.

Questions to ask your planner candidates:

Plan to interview several planners. Below are the questions you'll want to have answered, with a bit of background on each question. As you review the planner's materials watch out for guaranteed returns or "free" planning. Free planning is just hiding the fee somewhere else, likely in a commission you haven't been told about. *Please print the last page to facilitate your conversations with financial planners.*

1. Who do you typically work with? Tell me about how you decided on that focus.
You want to be your planner's ideal client. There are many planners and many planning needs. Find a planner who understands where you are in life and the financial planning issues you face. Hearing the back story on how your planner chose their niche is a window into the excitement and passion they feel about the work they'll be doing for you.
2. Will I work with just one planner or are there others on your team?
Some planners work alone, others have an ensemble of planners who specialize in different areas of planning. There is not a right or wrong here, but you should understand if you will be a client of the firm or client of the planner.
3. How are you compensated? Are you fee-only or fee-for-service? (You want to hear a "Yes!")
If a planner is not fee-only you need to be aware that sales of some products give higher commission. Some planners are limited to selling their companies' products. Ask about this!

Don't be fooled by "Fee-based" that just means fees *and* commissions.



Fee-only or fee-for-service mean the same thing and it's pretty simple, no money from anyone but you, the client. That means:

- No referral or affiliate fees
- No commissions of any sort
- Not limited in what they are allowed to recommend
- No money that will impact what they recommend to you.

4. Are you a fiduciary? Do you adhere to the fiduciary standard at all times?

You want a fiduciary planner. No quality planner should be afraid of this word. Simply put, they work in your best interest at all times. Your planner should work to reduce conflicts of interest at all times and reveal any conflicts that remain.

NOTE: Fiduciary is not the same as a suitability. If your planner says they adhere to a suitability standard keep pushing. Ask if they will sign a fiduciary oath. The answer should be yes, or you get to thank them for their time and move on.

5. How do you determine the fees?

Make sure you understand how they determine fees. This should be easy to understand. Some planners need to know a bit about you and your planning needs to determine your fees, but how they are determined should be transparent to you.

6. What if you refer me to someone for other work, do they pay you?

The answer here should be no. You want to be referred to providers your planner trusts to do the best for you, not the one who pays. Ideally your planner will give you a few referrals so that you can pick the person with whom you most wish to work.

7. What are some of the topics we will be addressing?

This is your way to see how comprehensive your planner truly is. The word comprehensive can get used rather loosely, so get it defined for you by each planner you interview. Some topics you want to hear are:

- Portfolio Analysis & Investment Planning
- Retirement planning
- Budget Analysis & Cash flow
- Estate planning review
- Insurance and risk mitigation review
- Tax planning (possibly even tax preparation, but not necessarily)
- Education planning

8. Tell me about your investment philosophy.

There are several good answers here, but you should understand the planner's outlook on investments and your planner should be able to meet you where you are no matter



how much, or how little, you know about investments. If they can't take time to help you learn and understand you should look for a planner who will.

9. How often will we meet? What if I need help between meetings?

You need to know what you are getting for your fees. Many clients will make financial decisions not realizing they could have reached out to their planner for help. It's good to know you can run that job offer or mortgage refi idea past your planner.

10. What are your qualifications?

The gold standard for financial planners is the CERTIFIED FINANCIAL PLANNER™ (CFP™). If you have specific needs, you may find additional designations that are useful for your planner to have. Ask your planner about their educational background and continuing education practices.

11. Why did your last client leave?

You are looking for attitude and red flags here. How is your planner addressing any issues that arose causing a client to leave? Was it a natural part of the process or due to a planning issue?

12. What contingency plans do you have in place should something happen to you?

This is a little dark, but it's important. Accidents happen. Your planner should have some other planners to lend a hand in an emergency.



Read that form ADV.

The form ADV can be a little daunting and most planners will not focus on it, nor do most clients read them, but you can be an educated shopper if you read the ADV. Read through it to get an idea of your planner's background and education. Be sure to make note of a few specific items:

ADV Part 2A - Firm Brochure:

Item 4: Advisory Business - this is probably easier to get from their website and conversation, but you can read about the different options available here. You should be able to envision how you will work through the planning process together.

Item 5: Fees and compensation - this may not be on the website at all. There are a variety of fee types you may see:

- AUM - Assets Under Management - you are charged a percentage of the money you have your planner managing for you. Many advisors include planning when they manage assets above a certain amount. Others have separate planning and asset management fees.
- Ongoing - this is planning that continues beyond the initial plan creation. Your planner may include asset management in this fee and have no AUM or they may have a combination.
- Project - you may have a specific topic you need advice on. A planner will determine the cost of that project. Some price based on each project, some planners will have specific menu items you can choose.
- Hourly - you are charged for the time your planner works on your planning.

You want to look for the following statement "We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds." or something similar.



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