

## Questions to Ask a Financial Planner or Advisor



You may be considering help from a financial planner for a number of reasons, planning for retirement or your children's education, looking to minimise estate taxes, investing your "serious money" or simply to have the peace of mind that you're on track that comes with working with an experienced professional. You only get one chance at major goals in your life, but an experienced planner has been through these things many times before. In many cases, working with a financial planner can be a helpful step in securing your financial future.

The questions below will help you interview and evaluate a financial planner to see if they're right for you. You will want to select a competent, qualified professional with whom you feel comfortable, one whose expertise and business style suits your financial planning needs. An interview checklist has been included for your convenience.

### **1. What experience do you have?**

Find out how long the planner has been in practice and the number and types of companies with which she has been associated. Ask the planner to briefly describe her work experience and how it relates to her current practice. Choose a financial planner who has a minimum of five years experience counselling individuals on their financial needs. If you are receiving investment advice, it is advisable to work with someone who has been an advisor through at least one recession or down stock market.

### **2. What are your qualifications?**

The term "financial planner" is used by many financial professionals (and many non-professionals). Ask the planner what qualifies him to offer financial planning advice and whether he holds a financial planning designation such as the Certified Financial Planner or Chartered Financial Analyst marks. Look for a planner who has proven experience in financial planning topics such as insurance, tax planning, investments, estate planning or retirement planning. These professional designations show dedication to the profession and the ability to pass detailed examinations. Determine what steps the planner takes to stay current with changes and developments in the financial planning field. If the planner holds a financial planning designation or licenses, check on his background with the [FPA](#), [AIOFP](#) or other relevant professional organizations.

### **3. What services do you offer?**

The services a financial planner offers depend on a number of factors including credentials, licenses and areas of expertise. Financial planners cannot offer insurance or securities products such as managed funds or stocks without the proper licenses, or give investment advice unless registered with the Federal authorities. Some planners offer financial planning advice on a range of topics but are not licensed and do not offer financial products. Others may provide advice only in specific areas such as estate planning or on tax matters.

### **4. Are you independent of financial product sponsors?**

Getting financial advice from financial product sponsors is like asking a car salesman whether you should buy a car....today. Product sponsors include stock brokerage firms (discount and full service), insurance companies and banks. Ask the financial planner about the type of clients and financial situations he or she typically likes to work with. Some planners prefer to develop one plan by bringing together all of your financial goals. Others provide advice on specific areas, as needed. Make sure the planner's viewpoint on investing is not too cautious or overly aggressive for you. Some planners require you to have a certain net worth before offering services. Find out if the planner will carry out the financial recommendations developed for you or if you must go elsewhere to do so.

### **5. Will you be the only person working with me?**

The financial planner may work with you himself or have others in the office assist him or her. You may want to meet everyone who will be working with you. If the planner works with professionals outside his own practice (such as lawyers, insurance agents or tax specialists) to develop or carry out financial planning recommendations, get a list of their names to check on their backgrounds.

### **6. How will I pay for your services?**

As part of your financial planning agreement, the financial planner should clearly tell you in writing how she will be paid for the services to be provided. Planners can be paid in several ways:

- a *salary* paid by the company for which the planner works. The planner's employer receives payment from you or others, either in fees or commissions, in order to pay the planner's salary.
- *fees* based on an hourly rate, a flat rate, or on a percentage of your assets and/or income.
- *commissions* paid by a third party from the products sold to you to carry out the financial planning recommendations. Commissions are usually a percentage of the amount you invest in a product.
- a *combination of fees and commissions* whereby fees are charged for the amount of work done to develop financial planning recommendations and commissions are received from any products sold. In addition, some planners may offset some portion of the fees you pay if they receive commissions for carrying out their recommendations.

### **7. How much do you typically charge?**

While the amount you pay the planner will depend on your particular needs, the financial planner should be able to provide you with an estimate of possible costs based on the work to be performed. Such costs would include the planner's hourly rates or flat fees or the percentage he would receive as commission on products you may purchase as part of the financial planning recommendations.

### **8. Who are you licensed by?**

Many financial planners offer advice in securities or insurance when they are not licensed in these areas. Licensed persons must pass examinations and have many hours of continuing education annually. However, some licensed advisors are merely salesmen in an advisors suit. Ask the planner to provide you with a description of her conflicts of interest in writing. For example, financial planners who are employees of banks, insurance companies or investment firms often favour their own company products, even when less competitive. The planner may also have relationships or partnerships that should be disclosed to you, such as business he or she receives for referring you to an insurance agent, stockbroker, accountant or lawyers for implementation of planning suggestions.

### **9. Have you ever been publicly disciplined for any unlawful or unethical actions in your professional career?**

Several government and professional regulatory organisations, such as the [Financial Ombudsman](#) or the [CFP Board](#). Ask what organisations the planner is regulated by, and contact these groups to conduct a background check. All financial planners who have registered as investment advisers with the Australian Securities and Investment Commission, or who are associated with a company that is registered as an investment adviser, must be able to provide you with a disclosure form called Financial Services Guide. Many financial planners do not hold securities or insurance licenses.

### **10. Can I have it in writing?**

Ask the planner to provide you with a written agreement that details the services that will be provided. Keep this document in your files for future reference.

### Check list for Interviewing a Financial Planner

Planner Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

#### 1. Do you have experience in providing advice on the topics below?

If yes, please indicate the number of years.

- Retirement planning \_\_\_\_\_
- Investment planning \_\_\_\_\_
- Tax planning \_\_\_\_\_
- Estate planning \_\_\_\_\_
- Insurance planning \_\_\_\_\_
- Integrated Planning \_\_\_\_\_
- Other \_\_\_\_\_

#### 2. What are your areas of expertise and how do your qualifications in those areas compare to others? \_\_\_\_\_

\_\_\_\_\_

#### 3. A. How long have you been offering financial planning advice to clients?

- Less than five years
- Five to 10 years
- 10 to 20 years
- More than 20 years

#### B. How many core clients, those whom with you have a regular quarterly contact, do you currently have?

- Less than 10 clients
- 11 to 39
- 40 to 79
- 80 +

#### 4. Briefly describe your work history:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**5. What are your educational qualifications? Give area of study.**

Undergraduate Degree \_\_\_\_\_

Advanced Degree \_\_\_\_\_

Other \_\_\_\_\_

**6. What financial planning or investment management designation(s) do you hold?**

- Certified Financial Planner or CFP
- Chartered Financial Analyst (CFA)
- Certified Public Accountant - Personal Financial Specialists (CPA-PFS)
- Chartered Financial Consultant (ChFC)

**7. What financial planning related continuing education requirements do you fulfil?**

\_\_\_\_\_ hours every \_\_\_\_\_

**8. What areas can you advise on?**

- Insurance (Life, Disability, etc)
- Securities
- Superannuation
- Other \_\_\_\_\_

**9. A. Are you personally licensed or registered as an Investment Adviser with a:?**

Banking Institution? \_\_\_\_\_

Fund manager? \_\_\_\_\_

Other institution? \_\_\_\_\_

If no, why not? \_\_\_\_\_

**B. Will you provide me with your Financial Services Guide?**

- Yes
- No
- If No, why not \_\_\_\_\_

**10. What services do you offer?**

\_\_\_\_\_  
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\_\_\_\_\_  
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**11. Describe your approach to financial planning.**

\_\_\_\_\_  
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**12. A. Who will work with me on my plan?**

Planner \_\_\_\_\_

Associate(s) \_\_\_\_\_

**B. Will the same individual(s) review my financial situation?**

- Yes
- No
- If no, who will? \_\_\_\_\_

**13. How are you paid for your services?**

- Fee
- Commission
- Fee and commission
- Salary
- Other \_\_\_\_\_

**14. What do you typically charge?**

**A. Fee:**

Hourly Rate \$\_\_\_\_\_@ hour

Flat fee (range) \$\_\_\_\_\_ to \$\_\_\_\_\_

Percentage of assets under management \_\_\_\_\_ percent

**15. A. Are you employed by any company whose products or services you recommend?**

- Yes
- No
- Explain
- \_\_\_\_\_

**B. Can you implement the plan by making transactions for us or do we have to find a properly licensed person (i.e. Securities placement)?**

- Yes
- No
- Explain \_\_\_\_\_

**C. Do professionals and sales agents to whom you may refer me to send business, fees or any other benefits to you?**

- Yes
- No
- Explain \_\_\_\_\_

**16. Do you provide a written client engagement agreement?**

- Yes
- No
- Explain \_\_\_\_\_