



CHOOSING A FINANCIAL ADVISOR



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4164 STONEBRIDGE LANDING • CHESAPEAKE, VA 23321 • 757-288-7154

Choosing A Financial Advisor: What To Know Before You Decide

Choosing financial advisors may be one of the most important financial decisions that you will ever make. The professionals that you decide to work with will be in a position to influence critical investment and planning decisions, and the quality of their advice may significantly affect your long-term financial success. Whether you are preparing for retirement, planning an estate, selling a business or handling a wide range of complex financial matters, having the right advisor relationships in place is vital. Here are some things you may want to consider before selecting a financial professional:

Advisor Alphabet Soup

Many advisors increase their knowledge and demonstrate competence by earning professional designations. While this list is not exhaustive, here are some of the most widely recognized acronyms you may see after an advisor's name.

CFP®: CERTIFIED FINANCIAL PLANNER™ professionals must demonstrate competence over a wide range of financial planning topics and pass a rigorous comprehensive examination.

ChFC: Chartered Financial Consultants study a variety of financial planning topics and must have a minimum of three years of experience.

CLU: Chartered Life Underwriters are trained in a wide range of insurance products.

CPA: Certified Public Accountants have passed rigorous examinations on accounting and taxation.

Type of Advisor and Experience You Will Require

The financial services field is broad and there are a number of different types of advisors who offer a range of products and services. Determine what your primary needs for advice are, such as; investments, insurance, or planning for retirement, and look for advisors with experience in those areas.

While most advisors can assist you in developing general long-term financial strategies, many specialize in niches like total wealth management, services for business owners, or financial advice for women. If you need specific expertise, seek out advisors who have extensive experience in that area.

Advisor Qualifications and Experience

Evaluate the competence and background of a prospective advisor before investing with them. While licenses and professional designations alone are not guarantees of success, advisors who hold well-regarded designations have demonstrated a commitment to go the extra mile as a professional. Most of these designations require candidates to demonstrate competence in a range of topics and to maintain high ethical and professional standards.

[Click here](#) to learn about some of the most common financial designations

[Click here](#) to find a CERTIFIED FINANCIAL PLANNER™ professional

[Click here](#) to find a CLU/ChFC

You can also check an advisor's credentials and complaint history using FINRA's [BrokerCheck](#) or the SEC's [Investment Advisor Search](#).

Know Your Options

It's important to be objective when choosing an advisor, and interviewing multiple advisors may help you select one that best fits your needs. Use an interview form and rate each prospective advisor on all factors that are important to you. Focus on objective criteria such as years of experience, specialized expertise, licenses held, and their level of independence and objectivity, as well as subjective ones such as personal compatibility. You want an advisor who meets your needs and that you can work well with.

Questions to Ask a Prospective Advisor

How Would You Describe Your Typical Client?

Listen closely to their answer. What you want to hear is that the advisor works with clients in similar situations to your own. If you're preparing for retirement, you want to know that the advisor works extensively with retirees. If you are a business owner, ask the advisor to explain how they work with owners of similar businesses. Ask about the advisor's typical account sizes; if your account is substantially smaller than that of most of their clients, you may not get the level of service that you expect. A good advisor should be able to give you a chart showing the range of services they provide to clients with different asset levels.

How Often, and By What Methods Can I Expect to Hear From You?

Think about how often you would like to hear from your advisor. Once a year? Once a quarter? It's important to know the advisor's typical schedule of contact so you can decide if it meets your needs. It's also critical to know in advance how much contact you can expect during inevitable market declines and whether the advisor will be proactive in keeping you informed. Establish how the advisor will communicate with you. If you prefer phone calls and regular mail, an advisor who relies on online account management and email may be a poor fit.

Why Did You Become An Advisor? What Are Your Plans For the Future?

It's important to know that the person to whom you entrust your financial matters has both experience and a passion for financial planning. It is also important to ask how long they plan to remain an advisor, and whether they have a succession plan in place to continue your advisory services if they are unable to.

How Are You Compensated?

It's important that you understand exactly how an advisor makes money. Any reluctance to discuss compensation is a red flag. Most advisors are paid by commissions, management fees, or by charging a specified fee for their services. Some choose to only be paid by one of these methods, while others may offer a combination, depending on the licenses they hold and their relationship with an individual client. There are many reasons why an advisor may offer one compensation option over another, and there are advantages and disadvantages to each. The important thing is to always understand how you will be paying for services and how that may affect the advice you will receive. Reputable advisors strive to align their compensation with the best interests of their clients and will always disclose how they are being compensated.

Whom Do You Represent?

Is the advisor an employee of an insurance company, bank, brokerage, or other financial company, or are they an independent broker? Ask about any potential conflicts of interest due to compensation incentives that may exist for selling proprietary products or services of their employer, affiliated companies, "preferred partner" companies, etc. Some advisors claim to be independent, but represent a company that restricts or specifies which products and/or services they can offer. When seeking help with investments, ask whether the advisor will act as a broker or as an investment advisor representative. Brokers are usually held to only a standard of suitability when making recommendations, whereas investment advisor representatives must adhere to a fiduciary standard, which requires that they act in the best interest of the client. There is no "best" model when choosing an advisor, but it is very important that you try to ensure that the way the advisor does business is a closely aligned with your financial needs and preferences.

For Further Consideration

Here are more informative articles on the subject of choosing a financial advisor:

US News and World Report: How to Choose A Financial Advisor

<http://money.usnews.com/money/personal-finance/financial-advisors/articles/2014/02/11/how-to-choose-a-financial-advisor>

Forbes: 10 Questions To Ask When Choosing A Financial Advisor

<http://www.forbes.com/sites/laurashin/2013/05/09/10-questions-to-ask-when-choosing-a-financial-advisor/>

The Wall Street Journal: How to Choose A Financial Planner

<http://guides.wsj.com/personal-finance/managing-your-money/how-to-choose-a-financial-planner/>

The Motley Fool: How to Choose A Financial Advisor

<http://www.fool.com/investing/general/2015/03/20/how-to-choose-a-financial-advisor.aspx>

Barron's: How to Choose A Financial Advisor

<http://online.barrons.com/articles/how-to-choose-a-financial-advisor-1417240828>

Investopedia: Choosing A Financial Advisor: Suitability vs. Fiduciary Standards

<http://www.investopedia.com/articles/professionaleducation/11/suitability-fiduciary-standards.asp>

In Conclusion:

We hope you find this guide useful in researching and finding a great financial advisor. Remember, only you can decide whether or not to work with a particular advisor, and you shouldn't feel pressured to make a decision quickly. Trust your instincts, and never be afraid to ask for more information.

At [Great Circle Wealth Strategies](#), we work hard to make sure our clients understand all the options available to them so they can make educated choices. We hope you'll make Great Circle Wealth Strategies your advisor of choice! Please feel free to call or [email us](#) with any questions.

GREAT CIRCLE WEALTH STRATEGIES

4164 Stonebridge Landing, Chesapeake, VA 23321
888-316-9771

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