

# How to Choose the Right Financial Advisor...for YOU

While background, experience and credentials are important, it is also crucial to seek someone that you are comfortable working with. Use the checklist below for help finding YOUR Financial Advisor, not just a Financial Advisor.

## Figure out what part(s) of your financial life are keeping you up at night

An orderly way to pay down debt? Obtaining financial independence and/or organization? Planning for retirement? Assistance managing your investments? Life transition planning (after divorce or death)? Establishing a college fund? All of the above? Figure out what it is that you need so that you can seek an advisor who specializes in helping you fulfill your objectives.

## Learn about the different types of financial advisors

Anyone can call themselves a financial advisor, so it's important to know what differentiates those who have your best interest at heart vs those who don't. To do this, learn what a fiduciary advisor is.

**An advisor who has a fiduciary duty** is legally required to work in your financial best interest before their own. Fiduciary advisors are also fee-only (as you will read below).

**Non-fiduciary advisors** may give advice that is "suitable", albeit with inherent conflicts of interests. Examples of this include (1) an advisor has access to two investment products that accomplish the same goal for the client, but one pays a higher commission than the other; or (2) advisor recommends a product because the wholesaler for that product takes the advisor to free dinner on a regular basis. This is called the suitability standard – not always in the best interest for the client, but generally a "suitable" product given client goals and objective.

**Look to work with CERTIFIED FINANCIAL PLANNER™ professional (CFP®)**. This designation signifies that the advisor has met stringent education and experience requirements to better serve their clients' comprehensive financial planning needs. They are also held to an ethical standard by the CFP Board (<https://www.cfp.net/>).

## Consider and understand how the Advisor gets paid

It is important to learn the difference between fee-only advisors, advisors who make money by commission and fee-based advisors.

Fee-only advisors earn money from the fees you pay for their services, generally charged as a percentage of the assets they manage for you. These advisors are fiduciaries (as discussed above). They, in turn, have an inherent interest to manage your money with the goal of increasing your account value over time since they are paid based on this value each year.

Advisors who make money by earning commission do this through a third party. They will sometimes label themselves as "free" advisors as they don't charge ongoing fees for services. Note that these types of advisors are not fiduciaries... they work as salespeople for brokerage companies and make money based on each product they sell. So, rather than charging an ongoing fee to manage an account, this type of advisor receives a payout each time they recommend a buy, sell or the purchase of a product (annuity, life insurance, etc).

Fee-based advisors charge both fees and commissions (a combination of the above two definitions) – this NOT the same as fee-only.

Every investor has different goals and objectives. How an advisor is paid does not make them good or bad. The take-a-way here is to have a clear understanding of pay structure to ensure it aligns with your goals.



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## Talk with your friends and family

Friends and family are generally the ones that most people go to for advice, so it is important to see if they have an advisor they enjoy working with and why... or if they had a bad experience with an advisor and why.

## Research financial advisors

Whether you have decided you'd like to work with a fee-only, fiduciary advisor or a commissioned advisor, be sure to use those keywords in your Google search. For example, type in the Google search bar "fee-only, fiduciary advisors in St. Louis, MO" or "women-owned, fee-only, fiduciary advisor". Use the right words to help you find the type of advisor you are looking for.

## Check the advisor's credentials

Check the background of your financial professional at [BrokerCheck.finra.org](https://www.brokercheck.finra.org) or [AdviserInfo.sec.gov](https://www.adviserinfo.sec.gov). Both are free tools that provide the background and experience of individual advisors and firms. These sites will also tell you any disciplinary action the advisor has received. The CFP Board also maintains a list of disciplined CFPs by state on its website.

## Seek an advisor with whom you are comfortable and confident working with

While an advisor may have all the credentials and experience you desire, their personality may not mesh well with yours. Working with someone who empowers you to create financial purpose and embraces your core values is crucial to ensure you achieve your most fulfilling return on life.

## Meet with an advisor and don't be afraid to ask questions!

- What are your company's values?
- Are you a fiduciary?
- How do you get paid?
- Are there any other fees that I have to pay?
- What are your qualifications?
- How often do we meet?
- Have you ever had any complaints filed against you by past clients?
- In managing my investments, what is your plan for my money in the event of high market volatility and/or a prolonged bear market?
- Do you have a formal succession plan in the event something happens to you and/or your team?
- What cybersecurity measures do you have in place to protect my personal information?
- How frequently will you communicate with me?
- How do you measure 'success' in a client relationship?
- What resources are available to me as a client?
- Will you collaborate with my CPA and Attorney?

Check out our website for more information on this topic at [www.ARKFinancialWellness.com](http://www.ARKFinancialWellness.com).

References: <https://www.cfp.net/>

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