

# ADVISOR QUESTIONNAIRE

## Deciding to bring in professional help

Like many people, you may decide to hire specialists to help you save, invest, and protect successfully. Following are the types of advisors who can help you with important financial decisions:

Attorney	legal and tax matters (ex. will preparation and estate planning)
Accountant	tax and tax planning (ex. tax efficiency and pre-retirement planning)
Banker	banking and borrowing (ex. savings vehicles and mortgages)
Insurance Agent	insurance decisions (ex. life or Long Term Care insurance)
Investment Broker	investment opportunities (ex. education and retirement accounts)

## The importance of your decisions

Hiring *the right advisor* can save you time and money. A good advisor will create value by:

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| Determining where you are and where you can go, and creating the right plan to get you there |
| Monitoring your progress, modifying your plan and keeping you on the path to success         |
| Partnering with other experts to manage your entire financial picture                        |

Hiring *the wrong advisor* can cost you time and money. A bad advisor will destroy value by:

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| Not caring or knowing enough about you, or understanding your total financial situation     |
| Not possessing the necessary knowledge, relationships or resources to help you in key areas |
| Not remaining committed to you, your goals or needs over the long-term                      |

## Getting help with your decisions

Rather than personally hiring each individual separately, consider hiring a well-qualified financial planner to help you manage a team of professionals. You can start your search by contacting the following organizations:

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| The Certified Financial Planner Board of Standards at <a href="http://www.cfp.net">www.cfp.net</a> or 888-CFP-MARK               |
| The Financial Planning Association at <a href="http://www.fpanet.org">www.fpanet.org</a> or 800-322-4237                         |
| The National Association of Personal Financial Planners at <a href="http://www.napfa.org">www.napfa.org</a> or 800-366-2732      |
| The Society of Financial Service Professionals at <a href="http://www.financialpro.org">www.financialpro.org</a> or 888-243-2258 |

Once you have identified a few solid candidates, consider asking questions like those provided on the next three pages. Take good notes, observe how each advisor responds to your questions, and grade them on their answers.

The *Financial Readiness Resource*<sup>®</sup> *Advisor Questionnaire* should not be construed as business, financial, tax or legal advice.

# Basic Questions

Asking basic questions from the list below can help you evaluate the financial advisors you interview. If you want to compare a few advisors, grade each advisor's response to the questions using a scale of 1 to 4.

- 1 — **Excellent** Very thorough and truthful response with demonstrated expertise.
- 2 — **Good** Solid and straightforward response with some expertise demonstrated.
- 3 — **Fair** Response provided a sense of capabilities and direction, but more information is needed.
- 4 — **Poor** Weak and questionable response with nothing to support claims.

*Name of Firm Advisor*

1. What is the primary product focus for (a) you and (b) your organization? <i>Helpful Hint: An advisor should cite one or two of the following areas: Financial Planning, Investments, Insurance, Banking, Estate Planning, and Accounting.</i>			
2. What does the ideal client account look like for (a) you and (b) your organization? <i>Helpful Hint: An advisor should describe their ideal client, including minimum or desired assets, premium dollars, lending amounts or ongoing account activity.</i>			
3. What have you done and what do you plan to do to ensure you are most qualified to help me plan for my financial future? <i>Helpful Hint: An advisor should always be seeking ways to improve themselves through college degree(s), professional designations, or organizational memberships promoting ethics, professionalism and education.</i>			
4. How can I be sure you'll be more successful at helping me achieve my goals than if I did it myself or worked with somebody else? <i>Helpful Hint: An advisor should be able to provide multiple client testimonials and success stories, as well as be a solid example herself/himself.</i>			
5. How will you notify me of changes that affect my financial planning? <i>Helpful Hint: An advisor should provide sample materials used to communicate previous investment, tax, or legal information (ex. workshops, newsletters, etc.).</i>			
6. How will you help me set realistic personal financial goals? <i>Helpful Hint: An advisor should describe an approach that will help you save, invest and protect adequately.</i>			
7. Are there any internal requirements or promotions that might conflict with your commitment to act in my best interests? <i>Helpful Hint: An advisor should demonstrate organizational backing for your goals and needs.</i>			
8. What tools will you use to monitor my financial well-being? <i>Helpful Hint: An advisor should show you reliable research, tools and reports that will help both of you monitor and measure performance.</i>			
9. Who provides the tools and products you will use to monitor my financial well-being? <i>Helpful Hint: An advisor should assure you that all recommendations will be based on thorough, objective research rather than sales information provided by vendors.</i>			
10. How often will you visit with or talk to me about my financial plan? <i>Helpful Hint: An advisor should explain what will prompt conversations and how often personal conversations will occur.</i>			
11. Will you disclose and explain all fees, expenses and compensation in writing to me, and list all services that are provided for the specified amounts? <i>Helpful Hint: An advisor should describe in writing all compensation to be received on work done on your behalf.</i>			

**Total Score**

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## Fees and Expenses

1. Will you always tell me exactly how you are compensated for the purchase of investment, insurance, banking/lending, financial planning, legal/estate planning or accounting services?
2. Will you provide an itemized bill showing all fees, expenses and compensation you receive from my account?
3. Will you inform me of all compensation received in association with the services you provide (ex. commission, revenue-sharing, incentive compensation, and overrides)?
4. What financial penalties will I incur if I sever our relationship (list and describe in detail)?

## Planning and Strategy

1. What is your philosophy, attitude or formula for managing my saving, investing and protecting needs?
2. How will you tailor a plan that meets my financial needs (ex. investment, insurance, banking/lending, financial planning, legal/estate planning, accounting)?
3. What criteria will you use to determine which products are most suitable for me and my needs?
4. How will you help me determine my savings needs and set savings goals?
5. How will you help me determine my investing needs and set investing goals?
6. How will you help me determine my protection needs and set protection goals?
7. What other advisors will you consult or engage in the development of my personal financial plan?
8. How often will you review my plan to ensure I am on track to meet my goals?
9. What do you expect from me in the relationship?

## Knowledge and Expertise

1. How long has your firm been providing financial advisory services?
2. How long have you been providing financial advisory services?
3. What is your academic background and professional training?
4. What licenses, certifications, and registrations do you hold? How long have you held these?
5. What designations, workshops or other training have you pursued or plan to pursue that will help me reach my financial goals?
6. What financial planning organizations do you belong to? If you belong to one (or more), please provide me with a copy of the organization's Code Of Conduct or Ethical Requirements.
7. With respect to financial advisory services, what legal action has been taken against you or your firm? If any, list and describe the (a) actions and (b) outcomes of those actions.
8. Has any organization ever censured you, reprimanded you, or suspended your membership or credentials? If so, describe the reasons for their actions.
9. During the past three years, how many clients have terminated their relationship with you? Why did this occur and what have you done to prevent further losses?
10. Will you provide the names of three current clients and two past clients for me to talk to?

## Measurement and Reporting

1. How will you present data (ex. benchmarking, forecasting, valuations) necessary to make periodic decisions and evaluations?
2. How will you measure and report the performance of our individual holdings and overall portfolio?
3. Do you always report performance net of compensation, fees and expenses?
4. How will you illustrate the impact of taxation on portfolio performance and insurance protection?
5. What tools will you use to measure, evaluate and price insured risks?
6. What tools will you use to help me make the best use of life insurance in protecting my estate? How will you help me determine which products to use?
7. Who provides you with the data, information and analysis you will use to advise me? How will you notify me if information is not completely objective?

## Services and Resources

1. Who is involved in the daily and periodic servicing of my account(s)? If others are involved in making decisions on my behalf, how are they managed and held accountable?
2. Assuming others from your organization will serve me, do you have in-house experts who will help me achieve my goals? If so, provide their names, titles and biographical information.
3. If I require outside expertise (ex. investment, insurance, banking/lending, legal/estate planning, accounting), how will you partner with these financial professionals?
4. Will you be my daily contact? If not, who is (provide resume or brief biography) and when can we meet?
5. Under what circumstances will you transfer me (and my accounts) to another financial advisor?
6. Will you provide written acknowledgement of your role as a fiduciary?
7. What are your standards for returning phone calls, letters or e-mails?
8. What steps are in place to manage and resolve disagreements or disputes?
9. What types of educational opportunities and materials will you routinely provide to me?
10. What types of financial planning tools do you offer and how will they help me?
11. How will you disclose conflicts of interest (ex. ownership interests, business affiliations, and contests/incentives)?
12. What level of Errors & Omissions or Professional Liability coverage do you have? Have you ever filed a claim against such a policy?

## Niche and Focus

1. What products and services do you, as an agent, specialize in (ex. investments, insurance, banking/lending, financial planning, legal/estate planning, accounting)?
2. What products and services does your organization specialize in, and does this reflect your personal focus?
3. Do you have minimum client requirements, such as minimum account balance or minimum assets? If so, what happens if I fail to meet or exceed these requirements?
4. Where will I fit in terms of your overall client mix?
5. What specific ideas or services distinguish your firm from your competitors?