



Choosing a Financial Professional

Financial professionals can assist you with a wide range of financial planning issues. Whether you are planning for retirement, investing for your child's education, getting married, saving for a home or consolidating debt, it's wise to consult with a financial professional. There are many different types of financial professionals, and you may choose to work with different types of professionals at different times, depending on your situation or current needs. This guide provides an overview of the types of financial professionals and how each can help you—plus a checklist of important questions to ask before hiring a financial professional.

Types of Financial Professionals

Following are some of the various financial professionals who may be able to help you with your financial needs. You may work with just one or a combination of them depending on your needs. Or, you may hire one of these advisors to act as a coordinator of the team and facilitate the process. For example, it is not unusual for an attorney, a certified public accountant (CPA), and insurance agent, and a stockbroker to all be involved in planning a retirement and estate plan. Some professionals to consider include:

- **Attorneys** can provide guidance as to important documents that you may need to draft and/or draft documents for you. They can also assist with other legal and financial transactions. Many attorneys specialize in one area (e.g., estate planning, real estate, elder law issues, etc.) For information on the various types of attorneys and how to select one that best meets your needs, please refer to *Finding a Lawyer That Is Right For You*.

Some financial planners, CPAs or investment counselors offer free seminars on investing and financial planning. These sessions may provide a good general overview of financial management and planning. However, watch out for sales pitches for financial products and services and make sure you are getting objective advice.

- **A CPA (certified public accountant)** can assist you in structuring the financial aspects of your plan and prepare for the tax implications (both to you and your beneficiaries). Many CPAs, but not all, can assist you with investments and the tax implications of your financial decisions. All CPAs have at least an undergraduate degree and have passed a national examination.
- **A CFP (certified financial planner), ChFC (chartered financial consultant) or CLU (chartered life underwriter)** can help you with issues relating to investments, retirement planning, insurance coverage, taxes and estate planning. Generally, these professionals will have taken several courses in investment planning and are certified by an association or group. They may be able to help you devise a financial plan to help you meet your goals, or counsel you on the tax implications of your investments, retirement planning or estate planning. Many professionals who call themselves financial planners/consultants are also attorneys, accountants and/or insurance agents.
- **Stockbrokers** can offer a variety of investment vehicles such as mutual funds, stocks, bonds and money markets.
- **Insurance agents** can help you evaluate and plan for your life, health and long-term care insurance benefits and needs, as well as your home and auto insurance needs.



Evaluating Financial Professionals

Before you hire any financial professional, interview each person you are considering and ask questions about his or her background, expertise and qualifications to help you make an informed decision. Consider using the following checklist when interviewing financial planning professionals. Depending on whom you are interviewing, and for what purpose, some questions may not apply. Use this checklist as a guide and adapt it to your own specific needs.

Background

1. What educational experiences qualify you for your position? _____

2. Are you a member of any professional organization(s)? No Yes. Please list: _____

3. Do you hold any professional designation(s)? No Yes. Please list: _____

4. Have you ever been cited by any regulatory organization(s) for disciplinary reasons?
 No Yes. Please explain: _____

5. How long have you been in business? _____
6. What kind of experience do you have in financial planning? _____

Expertise

7. What is your area of expertise? _____
8. What services do you provide? Tax Accounting Legal Estate Planning
 Financial Other: _____
9. How large is your client base? _____
10. Do you carry liability insurance? No Yes
11. Can you provide references of clients with needs similar to my own? (Ask for the names and phone numbers of at least five clients, preferably those who have worked with him or her for three years or more and be sure to contact them. If the planner says this information can't be released, assume he or she doesn't have it and move on in your search.)
 1. _____
 2. _____
 3. _____
 4. _____
 5. _____
12. Can you provide various types of sample financial plans? No Yes

Compensation

13. What is your fee? _____
14. How do you bill clients? By the hour Fee-for-service payment plan
 Other: _____
15. Do you receive commissions on the sales of products or services? No Yes
(*Note*—If he or she receives a commission for selling company products and services, make sure you are getting objective advice.)

Services

16. Will your service include a goals statement, budgeting advice and/or insurance coverage analysis? No Yes. Please explain: _____

17. Will your service help me with financial planning for my specific needs (i.e., estate, retirement, tax, education, investment planning, etc.)? No Yes.
Please explain: _____
18. Do you provide a written analysis, description of strategies and product recommendations based on my needs? No Yes. Please explain: _____

19. Do I have to hire you to implement your strategies and products or can I handle implementation on my own? _____

Additional Questions for Stockbrokers:

20. Do you have business experience with mutual funds, stocks and bonds, and other investment vehicles? No Yes. Please explain: _____
21. What percentage of your income comes from commissions from the products you sell? ____
22. Are you registered with the Securities and Exchange Commission (SEC)? No Yes
23. Are you registered with your state securities office? No Yes
24. Can you send me a copy of your form ADV from the SEC? No Yes
(The form ADV is a short name for the Uniform Application for Investment Advisor Registration, which indicates what state(s) the individual or firm is registered in and how long the registration has been in effect. This form is proof of both state and federal registration and indicates that the individual or firm has been deemed business-worthy.)

Helpful Resources

American Institute of Certified Public Accountants (AICPA)

1211 Avenue of the Americas
New York, NY 10036
888-247-3277
212-596-6200
www.aicpa.org

AICPA is the largest professional association for Certified Public Accountants (CPAs) in the country. It provides information to the public about estate planning, financial planning and choosing an accountant. The web site offers online publications on accounting and taxes, news, resources, and links to federal legislative and tax sites.

Financial Planning Association (FPA)
4100 E. Mississippi Avenue, Suite 400
Denver, CO 80246
800-322-4237
800-647-6340 (National Financial Planning
Support Center for consumers)
www.fpanet.org

The Financial Planning Association (FPA) is the membership organization for the financial planning community. A nationwide network of local chapters provides information on financial planning, support programs and projects that enable members to better serve their clients. Visit the web site or call for information on services and resources designed to help the public understand the importance of the financial planning process.

National Association of Financial and Estate Planning (NAFEP)
Salt Lake City, UT 84107
801-266-9900
www.nafep.com

This organization provides education, support and materials to help with estate and financial planning and choosing an accountant. Visit the web site to download brochures on all aspects of estate and financial planning, including capital gains and taxes, asset protection and more.

National Association of Personal Financial Advisors (NAPFA)
3250 North Arlington Heights Road,
Suite 109
Arlington Heights, IL 60004
800-366-2732
www.napfa.org

The National Association of Personal Financial Advisors (NAPFA) is the largest nationwide organization of financial planners. It provides information and educational materials on choosing a financial planner and free referrals to NAPFA members in your

area who can provide comprehensive personal financial planning services. NAPFA also offers information on insurance, securities, financial planning, asset allocation, investment management and assistance with creating a portfolio.

National Association of Tax Professionals (NATP)
720 Association Drive
P.O. Box 8002
Appleton, WI 54912
800-558-3402
www.natptax.com

This nonprofit association serves tax professionals but also offers helpful information on tax preparation for consumers. Visit the web site to access publications, tax forms and referrals to tax professionals as well as state-specific links to resources such as the state Board of Accountancy, state government offices and state Department of Revenue.

Society of Financial Services Professionals
17 Campus Boulevard, Suite 201
Newtown Square, PA 19073
610-526-2500
www.financialpro.org

This nonprofit organization provides referrals to its more than 25,000 members nationwide who provide assistance with estate, retirement and financial planning; employee benefits; business and compensation planning; and life, health, disability and long-term care insurance. The web site offers educational articles and a search feature to locate a financial planner in your area.

This publication is for general informational purposes only and is not intended to provide any reader with specific authority, advice or recommendations.

Copyright © 2011 LifeCare®, Inc. All rights reserved. LifeCare®, Inc. is the worldwide provider of Life Event Management® Services

#7206_ChoosingaFinancialProfessional_FOH_0411

