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.)

- 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).

- 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.

- 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.)

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