

## Interviewing Advisors

Here's a list of questions you should consider asking when interviewing advisors. This is not meant to be a fully exhaustive list. There may well be other questions that will occur to you over time.

Ideally, you should bring this list with you and fill in the answers as you go or immediately after each interview. This will ensure the responses are still fresh in your mind when you record them.

You may also wish to email a summary of the questions and responses to each advisor and to obtain his or her confirmation. This will create an electronic record of what you've been told—useful in the event there are disagreements in future.

1. Please confirm that you function as a fiduciary. (You likely won't have the conversation if the advisor indicated earlier that she is not a fiduciary.)
2. Will we sign a formal contract outlining terms of service, fees, etc.?
3. Which specific services do you, or does your firm, offer?
  - a. Investment planning
  - b. Retirement planning
  - c. Estate planning
  - d. Tax planning
  - e. Insurance planning
  - f. Education planning
  - g. Budgeting
  - h. Other
4. Do you adhere to a particular planning or investing philosophy?
5. Is there a minimum investment required?
6. Will I receive a comprehensive written financial plan from you?
7. Will you execute the plan (buy and sell securities and other instruments, such as insurance products) or will I do that myself?
8. With whom will I work on a day-to-day basis? Will it be you, or colleagues of yours with less or more experience? (Some firms impress you with a senior advisor who gets you on board, but then bait and switch and give you a much less experienced advisor for day to day activities.)
9. What is the turnover rate of employees at you firm? (A high turnover rate is a red flag. A firm that can't retain staff often has other problems that could harm your interests.)
10. How are your fees determined? (For example, agreed-upon set fee, commissions, loads, percentage of AUM.)
11. What are your hourly rates, AUM fee percentages, flat-fee ranges, commission rates?
12. What are the breakpoints in your fees? Breakpoints are AUM levels at which your fees change. Many advisors offer lower fees on larger account values. At what dollar amounts (breakpoints) do those lower fees kick-in and what are the fees at each breakpoint?
13. Do you have a minimum fee?
14. Are there annual fees for maintaining an account with your firm?
15. How frequently will we review my plan?

16. How frequently will we meet?
17. Who will be in control (have custody over) my assets?
18. Who will have authority to initiate trades in my account?
19. How will you protect my sensitive information?
20. If you are for any reason unavailable or incapacitated, or no longer with this firm, with whom will I end up working? (If the answer is unknown when you ask, ask who will make the decision and how it will be made.)
21. How many clients do you have?
22. Who is your broker/dealer? (this is the company that executes trades)
23. Are you affiliated in any way with firms whose products or services you recommend?
24. Do you receive any financial incentives for recommending certain products?
25. Does anyone other than me gain any benefit from the recommendations you provide or the assets I purchase?
26. If you refer me to other professionals, do you receive any financial or non-financial benefits?
27. Do you or anyone else at your firm receive referral fees from other professionals such as insurance professionals or mortgage brokers?
28. Are there any noteworthy implications in the event I wish to liquidate or reverse an investment, or if I close my account? (More specifically, will I be charged any fees/penalties if I sell a fund or instrument or close an account?)
29. How do you stay current on new products, rules, regulations, tools, etc.? What personal development initiatives do you pursue?
30. Have you ever been convicted, sanctioned, or disciplined by a government or professional regulatory organization? If yes, explain.
31. What can you tell me about the proven quality of your advice? Do investors who work with you benefit from superior returns?
32. What relevant education do you have? (Don't hesitate to ask for and confirm academic institution(s) attended and year(s) of graduation as well as continuing education and certification courses.)
33. What relevant certifications, designations, and licenses do you hold? Are you properly licensed to sell all the products you represent?
34. How many years of experience do you have in the various advisory areas in which you have qualifications? What other work experience do you have?
35. If you switched to financial advisory from a different field, what did you do before and why did you make the switch?
36. Will you provide references?
37. Are you registered with the SEC or equivalent state regulatory agency?
38. Are you licensed by FINRA?
39. Is your firm a member of the Securities Investor Protection Corporation (SIPC)?
40. Do you need to have discretionary decision-making power over my assets? That is, will you make and execute buy and sell decisions on my behalf?
41. Do you personally invest in assets you recommend to clients?

Feel free to add other questions.