

INTERVIEW QUESTIONS TO ASK A FINANCIAL ADVISOR

A publication of PaladinRegistry.com



Most advisors will volunteer basic information about themselves, their firms, and their services. However, you should not expect them to volunteer information that would cause you to reject them or their sales recommendations.

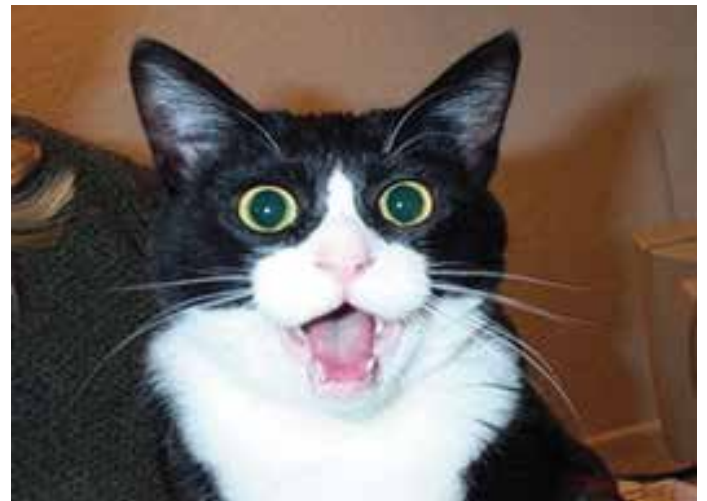
No Mandatory Disclosure

Why is obtaining information from advisors even an issue? They don't have any mandatory disclosure requirements. It is perfectly legal for them to withhold information from you.

The financial services industry has made it YOUR responsibility to ask the right questions and know good answers (benefit you) from the bad ones (damage you).

No Surprises

You ask questions so you can make informed decisions. You also don't want any surprises. For example, you find out an advisor has numerous client complaints after you bought what he/she was selling.



Documentation

Any information that is going to impact your decisions should be obtained in writing so you have a record of what was communicated to you. If there is a future dispute, you will need documentation to prevail.

You should develop a questionnaire so advisors can provide written responses to the same questions. You have a written record and it's easier to compare responses of multiple advisors.

QUESTIONNAIRE

Firm Information

You should research the advisors' firms as part of your due diligence. Good advisors can work at bad firms.

1. What is the name of your firm?
2. When was your firm established?
3. How many professionals work at your firm?
4. What is your relationship to the firm? Owner, Partner, Employee, Independent Contractor?

Licensing & Registration

Licensing and registration impact advisor services and compensation. Make sure you check the advisors' compliance records. Advisors with numerous client complaints can hold current securities licenses. Convicted criminals can obtain securities licenses as long as the crime was not securities related.

5. What is your CRD number? Use the CRD number to check the advisor's compliance record at FINRA.org.
6. What securities licenses do you hold?
7. What insurance licenses do you hold?
8. Are you registered to provide financial advice and ongoing services for fees?
9. Do you acknowledge you are a fiduciary when you provide financial advice and ongoing services for fees?
10. Do you have any disclosures on your compliance record?
11. Do you have disclosures on a criminal record?

Qualifications

All advisors claim to be financial experts. Where did their expertise come from?

12. What are your years of financial service experience?
13. Do you have any college degrees?

14. Do you hold any industry certifications or designations?

15. Do you belong to any industry associations?

Scope of Current Business

Be cautious if an advisor says he has ten years of experience and very few clients. Make sure you will be a meaningful client for the advisor – divide his assets by his number of clients.

16. How many clients do you currently provide advice and services to?

17. What are the assets under management or advisement?

Business Practices

Business practices vary by advisor. Make sure the advisor meets your expectations.

18. Do you have a minimum asset requirement for your investment services?

19. Do you charge a minimum fee for your advice and services?

20. What are your methods of compensation? Fees, Commissions?

21. Which company will have custody of my assets?

22. How frequently will we meet to review my results?

23. Where will we meet to review my results? Your location, my location, both?

24. What types of reports do you provide your clients? Brokerage statements, performance measurement reports, market environment reports?

Services & Products

Make sure the advisor provides the types of advice and services you need to achieve your financial goals.

25. What financial advice and services do you provide to your clients for fees? Financial Planning, Investment Advice, Insurance Advice, Tax Advice, Legal Advice?

26. What investment products do you sell for commissions?

27. What insurance products do you sell for commissions?