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10 Questions to Ask a Financial Advisor

To find the right financial planner, first consider the type of help you want. Then explore fees, qualifications, your working relationship, investment details and more.



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Before you commit to a financial advisor, you want to make sure you're hiring the best person for you and your situation. Start by asking yourself a key question, then check out the 10 questions you should ask an advisor before hiring one.

First, what type of financial help are you looking for?



I just need to get started investing for my financial goals.

A [robo-advisor](#) may be the best fit if you're just starting out or only need investment management. For a low fee, these computer-based services choose and manage an investment portfolio for you. Some also offer access to financial advisors if you have questions about your investments or your goals. Robo-advisors often have low or no account minimums, so it's easy to get started.

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If building out an investment portfolio is your main goal, another option is to open an account with a broker. This route often requires more hands-on involvement than working with a robo-advisor, but it can also offer you the ability to select your own investments and the flexibility to set your own investment strategy. Some online brokerages also offer ancillary services that allow you to meet with a financial advisor.

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I want personalized financial advice but don't need to meet my advisor in person.

There are many services that offer online financial planning for less than you'd pay a traditional in-personal financial advisor or financial consultant. These companies provide complete investment management and holistic financial planning; the major difference is that you'll meet your advisor virtually — by phone or video chat — rather than in a local office. Most services pair you with a dedicated advisor or certified financial planner; some less-expensive options offer access to a team of advisors.

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I want a local advisor or a wider array of financial advice.

On the other hand, if you want in-person financial planning or have a more complex situation, you may decide a traditional [financial advisor near you](#) is the right choice.

» **Need to back up a bit?** Read our cheat sheet for [how to choose a financial advisor](#).

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FIND A FINANCIAL ADVISOR

10 questions to ask financial advisors

If you think exploring a relationship with a traditional financial advisor is the right move, be sure to ask these 10 questions during the interview process.

1. "Are you a fiduciary?"

A **fiduciary** works in the best interest of the client and only recommends investments that are the best fit. Nonfiduciaries, such as broker-dealers, need only to recommend products that are "suitable" — even if they're not the lowest-cost or most ideal for you.

2. "How do you get paid?"

Advisors can use a variety of fee structures. To keep it simple and avoid conflicts of interest, consider focusing on **fee-only advisors**. They don't get commissions for selling products.

"Make sure it's fee-only — those particular words," says Alice Finn, founder of PowerHouse Assets and author of "Smart Women Love Money," a guide to investing. (Some of the questions here are from her book.)

Fee-only advisors might charge a percentage of the assets they manage for you (1% is common), a flat fee for services, or an hourly fee. If cost is a concern, you may want to go with a low-fee robo-advisor, or an online planning service like those mentioned above.

3. "What are my all-in costs?"

In addition to paying the advisor, you'll face other fees — and you'll want to know what they are. Fees can reduce your savings over time. "You can lose half your net worth without even knowing it," Finn says. "You want to be vigilant."

4. "What are your qualifications?"

Financial professionals can have a confusing list of initials behind their names. And whether a finance professional goes by "investment advisor" or has a **certified financial planner** designation, it's your job to vet them.

The Financial Industry Regulatory Authority's (FINRA) professional designations database will tell you what they mean; if there are any education requirements; if anyone accredits the designation; whether there's a published list of disciplinary actions; and if you can check professional status^[1].

You can also use a [Form ADV](#) to check an advisor's record.



5. "How will our relationship work?"

Put another way: How much access will you have to the advisor? You want to know how often you'll meet and whether they're available for phone calls or emails outside of scheduled appointments. (Learn more about [what financial advisors do](#) and what you can expect from the relationship.)

6. "What's your investment philosophy?"

It's important to know whether you have the same investment management philosophy. Here's why: "You have to believe in what they're doing to stick with it," Finn says. "When financial advisors really do their job is when the market is down and they can convince you to stick to the same page," she says, so you don't sell at the bottom of a market cycle.

It's also important to make sure you and your advisor align on investment style. For example, if [impact investing](#) is important to you, you may want to ask whether your advisor will be able to help you create a portfolio that aligns with your values.

Also ask: Who are your typical clients? Find an advisor who is used to a situation like yours, and is able to help you meet your goals.

7. "What asset allocation will you use?"

You've heard how important it is to be diversified, right? Your asset allocation is how you create a diversified portfolio.

"It drives most of your returns," Finn says. "You don't want someone who is just going to pick U.S. large-company stocks."

She says your portfolio should include domestic and international stocks, and small-, mid- and large-cap companies.

8. "What investment benchmarks do you use?"

Advisors should use benchmarks that directly relate to what they're invested in, or be able to explain why they don't.

Some managers will use a "straw-man benchmark," Finn says. For example, the advisor says: "My goal is to beat the Standard & Poor's 500." But if that advisor is investing in a diversified portfolio beyond simply large-cap U.S. companies, that benchmark is a mismatch.

"Over time, they should beat the S&P 500, because they're taking on more risk," Finn says.

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9. "Who is your custodian?"

Ideally, your financial advisor has hired an independent custodian, such as a brokerage, to hold your investments rather than act as their own custodian. That provides an important safety check.

"If I send my clients performance information ... and it tells them how much I say is in their account, they can go online any minute and double-check," Finn says.

10. "What tax hit do I face if I invest with you?"

This helps ensure the advisor has your tax bill in mind when making financial decisions. And asking about taxes and fees is a way to explore what your estimated net return might be.

"What you want to know is: What do you get to keep after fees and after taxes?" Finn says.

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1. Financial Industry Regulatory Authority. [FINRA Professional Designations database](#). Accessed Aug 1, 2024.
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Her work has appeared in The Wall Street Journal and MarketWatch.

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