

Checklist for Choosing a Financial Planner and Adviser

How do you sift through the hype when looking for a financial advisor? Are you better served by a firm with a large advertising budget – will they do the best job helping you to meet life's financial goals? Advertisements talk about hopes and dreams, but ultimately salespeople focus almost exclusively on selling an investment product or insurance. Your adviser should analyze your current condition, make prudent recommendations and provide support as you follow a well-defined path to your goals. With the growth of the industry, and the loose-usage of terms like *financial planning*, *Fee-Only*, and *financial advisor* AIKAPA believes that this checklist should help you begin your search for a financial planner that is more likely to have your best interest at heart.

This list does not include all that needs to be checked but it does provide a way to initially filter financial advisors. The gray boxes indicated the preferred answers.

Can you trust them?	Yes	No
Is the individual you'll work with a fiduciary? They should put your best interest first and not sell you company products (i.e. insurance or investments).		
Will they sign a fiduciary oath? – they should have one ready for you		
Have they ever been subject to disciplinary action? –		
Is the firm an independent registered investment advisor? – fewer conflicts		
Do they have an agreement describing compensation and services that will be provided in advance of the engagement?		
Do they receive referral fees from attorneys, accountants, insurance agents, mortgage agents, brokers, insurance or other professional?		

What are their qualifications?	Yes	No
College Education?		
Graduate Education?		
Continuing Education courses in financial planning?		
Do you have at least 3 years providing financial advice? – more is not always better		
Is the person working with you a CFP or MSFS? These are the highest qualifications for a financial planner but there are many other qualifications.		

How will they and the firm be compensated?	Yes	No
Do they receive any commissions for products recommended? This can be called <i>Commission</i> or <i>Fee-Based</i> or <i>Fee Offset</i>		
Do they receive only an hourly or pre-agreed amount for all of the services? (This is called <i>Fixed Fee-Only</i>)		
Do they receive payment based on the assets they manage for you? The term used is <i>Fee-Only</i>		

What services are provided?	Yes	No
Goal setting and tracking		
Cash Flow setup, management and follow-up/Budgeting		
Tax planning		
Investment review and planning		

Risk review and planning		
Insurance planning		
Home purchase planning		
Retirement planning		
Educational planning		
Estate planning		
Personal disaster recovery planning		

How do they provide services?	Yes	No
Written Analysis – a financial planning document		
Provide planning recommendations		
Provide recommendations and implementation		
Provide coaching		
Provide ongoing advice		

What does YES or NO mean? We've grayed the best choices and below outlined our rationale.

Accountability is critical in financial planning. While many people profess to have the client's best interest at heart, you need to be on the lookout for conflict of interest that occurs when they choose a product from which they profit. We recommend that you require your financial planner to sign a Fiduciary Oath. We also believe that advisors should be fee only and financial planners provide their services on a fixed-fee only upfront agreement. We believe this is the best way for clients to be certain that the advice they receive is free of profit based conflicts of interest.

Commission-based advisers should be able to explain how you will know that the recommendations received will be conflict free. Some investment products charge 12b(1) and other fees which can also be called "trailers". Anyone recommending these products is not a fee-only advisor.

Prior to formalizing a relationship, you should always receive information on how the business is compensated and if they have minimum fees. Minimum fees may not be in your best interest.

We believe that your advisor should have advanced education and know a great deal about topics such as investments, taxes, insurance and other areas in which they provide advice. We believe that they should have continuing education to ensure that they don't rely on old approaches that are no longer viable. Unfortunately there are a large number of professional designations for financial advisors that are available and we've concluded that the Certified Financial Planner (CFP) designation is the one that is most comprehensive although none can replace the need for continuing education and concern for your specific financial situation.

Privacy laws severely limit an advisor's ability to share client information and I would think that advisors who do share this information are treading a very fine ethical and regulatory line. Only registered investment advisors owe a fiduciary duty under the law to their clients. We are required to always act in the best interest of our clients and to make full and complete disclosure of all materials, especially when the adviser's interests may conflict with those of the client.

We wish you the very best success in your future. We believe that establishing a financial path based on your goals (through the financial planning process) can be a great way for people to empower themselves, their families and their future. By choosing a Financial Planner that has your best interest at heart you are taking this first important step.

**Checklist is provided by AIKAPA
A California Register Investment Advisor**