

# 12 QUESTIONS YOU MUST ASK YOURSELF, BEFORE YOU CHOOSE A FINANCIAL PLANNER.



## *YOUR GUIDE TO ANSWERS* *ANNE C. CHERNISH, CFP®*

*CFP® and Certified Financial Planner™ are certification marks owned by the Certified Financial Planner Board of Standards, Inc. These marks are awarded to individuals who successfully complete the CFP Board's initial and ongoing requirements.*

Having a financial planner in-tune with your specific situation is vital.

As with any business or professional relationship, you must be diligent about with whom you choose to work.



Here are answers to 12 key questions you should be asking yourself throughout the selection process.

## Do I really understand the role of a Certified Financial Planner™? CLU? Chfc? What are Investment Advisors? Investment Counsel? Wealth Managers? Agents? Brokers?

A **Certified Financial Planner™**, CLU, Chfc, PFS, and/or CFA all undergo rigorous, lengthy training, examination, ongoing continuing education — and adhere to codes of ethics. Professionals with these credentials may be employed by various financial institutions, such as banks, stock brokerage firms, accounting firms, insurance companies, investment advisory and/or wealth management firms. They are compensated by commissions, fees, or a combination of commissions and fees. It is your right to understand their training, background, standing with their credentialing organization, as well as how you will be compensating them. Individuals with various “initials” following their name have passed examinations and adhere to ongoing requirements to maintain their status. The Certified Financial Planner Board of Standards maintains disciplinary information by individual planner at [www.cfp.net](http://www.cfp.net). Other professional boards may do the same.

**Investment Advisors** or **Investment Counsel** must be registered with the Securities Exchange Commission or their state of incorporation under requirements of the 1940 Act. You can check the record of the organization at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

In colloquial use is the term **RIA** or **Registered Investment Advisor**. This is the same thing as Investment Advisor or Investment Counsel. Representatives of Investment Advisory firms (RIA) are properly referred to as **Investment Advisor Representative**. Principals of the firm are Representatives, as well as members or proprietors of their firms.

For more information on RIAs, go to [www.anchorithaca.com](http://www.anchorithaca.com), click on *About Our Company*, and click on the RIA link.

**Wealth Manager** is a popular term, yet not legally defined; generally implying someone who provides a combined financial planning and portfolio management service. Wealth Managers can be registered investment advisors and/or stock brokers. Method of compensation will depend upon licensing.

**Investment Advisors** or **Investment Counsel** are fee-oriented. Stock brokers are commission oriented. Increasingly, advisors or brokers are offering blended compensation arrangements. You should understand what you are agreeing to pay for and what the fee covers before you enter into any arrangement.

An **agent** or a **broker** employed by an insurance company is an insurance professional. A broker can be either an insurance professional or a stock broker; and the term refers to the fact that they act to match consumers with products and receive a commission for their efforts.

A **stock broker** is technically a registered representative of a broker-dealer firm. Stock brokers are commission oriented. It is important to understand who your "financial advisor" is employed by; what licenses they hold; what they are qualified to do; and how they are compensated. Do not be afraid to ask.

And what is the ubiquitous term . . . financial advisor? **Financial Advisor** is a generically applied and widely misused term. Actually, the term financial advisor means nothing.

## When is the best time to investigate personal financial strategies? Am I too late? Is it too early?

If you're in the initial stages of your career, you may need to concentrate on protecting your health, life and earning power and thus choose an insurance agent to help you. As you begin to accumulate wealth, you may wish to investigate the services of the various advisors. No matter your timing, there is most likely something that can be done with competent advice.

## As investment objectives change with every phase of life, am I (are we) involved in making the investment decisions?

Always. If you are not, seek another source for advice. Ask, ask and ask again until you are comfortable with the investments and decisions being made. You should check-in with your advisor when you feel the need. You should receive some form of ongoing communication be it written, electronic, telephonic, or in person. Your advisor should strive to provide a level of communication that seeks and incorporates your involvement. Monthly statements of holdings and transactions should be provided, as well as quarterly or annual performance numbers.

## When working with our planner/advisor setting goals, deciding investment preferences, and timing, do I (we) have final say?

Always. A plan is just that and until it is implemented it is useless. When you're comfortable that the plan is tweaked to your satisfaction you may choose to implement it or not. Once you are in the implementation phase, you have the final say in what you do and do not do.

## Am I (are we) willing to dedicate the time to work with a financial planner?

How much hands-on attention you want is up to you. In the initial stages be prepared to spend several hours gathering budget information, statements of assets, insurances, legal documents. You'll, most likely, need to spend several hours in face-to-face meetings. If your planner/advisor is a registered investment advisor (RIA) she/he is assuming a fiduciary responsibility and must be able to "put herself in your shoes." It may take several meetings, e-mails, and telephone calls to get on the same "thought plane." You should then sit down with your planner, at least once a year, to thoroughly review your financial situation. Do not go on autopilot. Working with a qualified planner/advisor can be incredibly valuable for your financial life — however, you still should pay attention.

## Am I (are we) open to new ideas and a fair-minded approach to financial planning and asset management?

If, where you are now, you don't feel well-served, consider opening up to new ideas.

## Can I (we) expect the financial planning and asset management process to be understandable, enjoyable and rewarding?

The process is time-consuming and requires a commitment from all parties. Initially, it may not be enjoyable, rather more like a job. As the planner/advisor pulls together the details, the process should become understandable. The reward of seeing clearly your overall picture, understanding the pieces of the puzzle and how they work together is a most enjoyable outcome.

## Can other family members and trusted advisors be brought into the financial planning process?

All relationships are confidential. The client determines how much interaction with others is desirable or necessary. Should the client desire other advisors or family members to be included a memo of instruction to include them will allow the advisor to incorporate others into the process. It's typical for an advisor to educate younger family members and prepare them to inherit wealth. It's also typical that the client's team of trusted advisors, such as planner/advisor, accountant, lawyer, insurance professional, work together to make the best thought out plan available.

## Will the financial planner advise and guide my stockbroker, accountant, insurance agent, and lawyer?

No. They should work with your other valued advisors, as a team, to mutually achieve your goals given your resources.

## Will a planner/advisor help me (us) determine and keep us on track to maintain the highest possible standard of living in retirement?

Yes, when you commit to an ongoing relationship and implement the plan through your chosen advisor. You should expect your advisor to continuously work toward achieving all of your goals, including a comfortable standard of living, commensurate with your assets during all phases of life, including retirement.

## We're still putting children through college and now our parent's welfare is endangered. Can our financial planner provide guidance? How can we be sure this doesn't happen to us?

You are part of an increasing "sandwich generation." Hopefully, your parents have time to make plans before special needs become increasingly expensive. Do not hesitate to find out the options for them and yourselves. Implement these ideas at the same time you assist your children in becoming independent. There is an optimal solution for each multi-generation family and a good planner/advisor can tailor one for you.

## Is there a Certified Financial Planner™/advisor in Central New York who can provide customized solutions to my (our) financial situation?

Yes. Don't be afraid to consult several professionals in your area before you decide on the proper fit. Remember, this is a face-to-face business. Most likely, you'll want to work with someone geographically close to you — to facilitate in-person meetings. Many advisors offer complimentary initial consultations and will be delighted to share an hour of time to guide you and explore the possibilities of a relationship.

*CFP® and Certified Financial Planner™ are certification marks owned by the Certified Financial Planner Board of Standards, Inc. These marks are awarded to individuals who successfully complete the CFP Board's initial and ongoing requirements.*

*The Securities Exchange Commission and individual States of registration do not approve Registered Investment Advisors and their approval should not be inferred.*