15 Interview questions you should ask ANY Financial Advisor before hiring him/her

223 E. Blackstock Road
Spartanburg, SC 29301
p. 864 582 7766
1-800-277-0025
asknoel@theprovestperspective.com
www.TheProvestPerspective.com
www.ProVestWealth.com

Not all financial advisors are created equal so it is important to make sure your goals and your financial advisors goals line up. Before you commit to any financial advisor, you want to make sure you're hiring the best person for you and your situation.

Since it's important to go in eyes-wide-open to any engagement with a financial advisor, it is important that you interview anyone you're giving access to your money. These 15 questions will help to assure you exactly what you're getting in exchange for what you're paying for, as well as ensuring that both yours and your Financial Advisor's goals are in line.

1. Are you licensed to sell securities? YES ___ NO ___

If the answer to the above question is no, then there is no need to go any further. Say, "Thankyouverymuch" and hang up the phone. Just like you wouldn't listen to your plumber who gave you medical advice, you should never listen to a non-licensed person giving stock market advice. If they only have a license to sell you insurance products like life insurance and annuities, they are not real financial advisors, they are financial salespeople.

If the answer to question 1 is yes, ask this question;

2. What securities registrations do you hold?

These are the primary registrations most real financial advisors might have.

6	___	Investment Company (Mutual Funds) and Variable Contracts
*7	___	General Securities Representative (Stocks and Bonds)
22	___	Direct Participation (Limited Partnerships)
24	___	Registered Principal (ability to supervise)
63	___	Uniform Securities Agent State Law Exam
65	___	Uniform Registered Investment Advisor Law Exam
**66	___	Uniform Investment Advisor (combines 63 and 65)
_____	Other	Explain: ____

* A 7 negates the need for a 6 or 22

** A 66 negates the need for a 63 or 65

3. In the last year, in what percentages did you sell each of the following products?

Life Insurance		____%
Fixed Annuities		____%
Fixed Index Annuities		____%
Variable Annuities		____%
Mutual Funds		____%
Individual Stocks & Bonds		____%
Third Party Managed Accounts	(Using ETF's)	____%
In-House Managed Accounts	(Using ETF's)	____%
Interval Funds		____%
REITs		____%
Total		100%

4. How long have you been in the financial advice business? ____ Years

While longevity doesn't always equal knowledge of the business, it is easy to understand why some people in their 50's and 60's may not put their full trust in the judgment of a 35 year old financial advisor with five years of experience. However, combining experience with credentials can be a powerful combination that can create wisdom in the person you are counting on to deliver you a worry-free retirement.

5. What credentials do you hold? _____ _____ _____ _____ _____

The most well known and respected credentials are the CFP (Certified Financial Planner), ChFC (Chartered Financial Consultant), CFA (Chartered Financial Analyst) and CPA (Certified Public Accountant) designations. Other, less-well-known designations include CLU (Chartered Life Underwriter), CEBS (Certified Employee Benefits Specialist) and RHU (Registered Health Underwriter).

While these designations have long since been accepted as part of the financial services establishment, the new wave of credentials that has since arisen has served to cloud the validity of some of these older certifications. However, closer analysis of many of these designations quickly reveals that they only require a small fraction of the coursework that is demanded from the traditional sources of accreditation. For example, the Accredited Asset Management Specialist (AAMS) and Chartered Mutual Fund Counselor (CMFC) designations can certainly aid advisors in the investment selection and management process (and will also likely sound impressive to clients and prospects). However, the academic curriculum required for either certification barely scratches the surface of the material covered by either the CFA or CFP curricula.

6. What's your investment philosophy?

____

____

____.

Advisors have a range of investing strategies available to them, and some may be more aligned with your risk preferences. If your primary goal is preservation of wealth, for example, that may require a different approach than pursuing aggressive growth.

7. What types of clients do you specialize in?

____

____.

Some financial advisors work exclusively with wealthy individuals and their families. Others may work specifically with business owners or people in a certain professional fields, such as doctors or university employees. Choosing an advisor who works with clients whose situations are similar to yours means he or she will be better equipped to offer the type of guidance and advice you need.

8. Are you a Fiduciary? YES ___ NO ___

This means that the advisor is legally bound to act in your best interests. Registered Investment Advisors (RIAs) and Investment Advisor Representatives (IARs) must adhere to this standard.

9. How will you be compensated? FEES ___COMMISSIONS ___BOTH ___

Many financial advisors charge a percentage of assets under management or a fixed fee. However, some receive commissions on the sale of certain investments, which can create a conflict of interest.

10. (If fees) What fees will I be paying? (Annually)

Total Advisory Fee	____%
Mutual Fund Fee	____%
Variable Annuity Fee	____%
Brokerage Fee	____%
Other	____%

11. (If commissions) What is the total commission I will be charged? ____%
How much of that commission do you keep? ____%

It can be difficult to assess all the fees involved in certain investments. Different investments have different types of fees, and in cases such as annuities, for example, they can be substantial.

12. If by subscription or hourly, how much is your rate?

13. Is there a surrender charge for the financial product you are recommending?
YES ___ NO ___ If Yes, HOW LONG? _____ Years HOW MUCH ___%

When you buy a financial product, like, say, a fixed or fixed index annuity, all the money you invest goes directly into the contract. You may even receive a “bonus,” or extra amount of money in your contract. If you invest, say, $100,000, the company may “bonus” you an extra 10% and your account will show a $110,000 balance. How does the insurance company make money on that account? They have just added $10,000 to your account and paid the agent who sold you the contract from 5% to 10% commission. First, they don’t make it back all at one time. They invest the money you give them and pay you an interest rate on the account. The difference between the two amounts is called the “spread” and that is what they make. They must make that spread for several years before they have recouped the cost of putting your account on the books and they achieve a profit. The Surrender Period is the amount of time that has to pass before you can get your money without a surrender charge. The Surrender Charge is the percentage of your assets the company will keep should you decide to surrender your contract before the Surrender Period has passed. Normally speaking the longer the surrender period and the higher the surrender charge, the higher the commission to the agent is.

14. Do you write full financial plans for your clients? If so, how much do you charge for an average written plan? Average Charge $______

If the number above is zero, it may be the costliest financial plan you could have. First, a true financial plan should be in written form. It has been said that an unwritten goal is still just a dream. A written financial plan should honestly state your financial goals, when you hope to achieve them and how you plan to accomplish them. It should take into account your current investments, along with the contribution level of your retirement accounts and company matching contributions. It should reveal your tolerance for taking risk, and the current risk level of your current portfolio. Skimming on any of these important details could mean a financial plan that gets torpedoed by an incident or event that you never saw coming. Building such a financial plan takes time and expertise. It is a collaborative effort between you and your financial planner. As such you should be prepared to pay anywhere between $300 and $3,000, depending upon the complication and sophistication of your current financial status and the plan you need. Once completed, the plan should be updated every year or two to make sure the plan is on track and the goals, as stated, will be achieved on time.

15. Do you have any disclosures? YES ___ NO ___

Disclosures can refer to any past regulatory, criminal or disciplinary actions on an advisor's record. These can be red flags when deciding who to work with. You can search for these at www.Brokercheck.com.

223 E. Blackstock Road
Spartanburg, SC 29301

p. 864 582 7766
1-800-277-0025

asknoel@theprovestperspective.com
www.TheProvestPerspective.com
www.ProVestWealth.com