



Motley Fool
Wealth Management

5 Questions to Ask a Wealth Advisor

Choosing a financial advisor may be one of the most important decisions you will ever make. This person can influence critical investment and planning decisions, and the quality of advice could heavily influence your long-term financial success. Whether preparing for retirement, planning an estate, selling a business, or handling a wide range of complex financial matters, having the right advisory relationship is vital.

But the choice may not be easy. The financial services field includes several different types of advisors with various qualifications, experience, and services offered.

So just like when you shop for new shoes, you should “try on” different advisors to find the best fit. Each advisor has different strengths, so match their best attributes with your needs and objectives. To do this, we recommend interviewing at least two or three different people to assess their style and scope of services.

Here's a checklist of five questions to consider before you select a financial professional.

1

Are you a fiduciary?

A fiduciary is bound by law to always act in your best interest. But not all professionals that offer financial advice are fiduciaries.

For example, many broker-dealers offer advisory services similar to those offered by investment advisors and may even use the title of “financial advisor” for their registered representatives. But they are not subject to the same legal standards as Registered Investment Advisors (RIAs).

Broker-dealers must meet a suitability standard, whereas RIAs have a fiduciary duty. This fiduciary duty affords investors more protections than the suitability standard.

2

What are your qualifications?

It's important to know that the Wealth Advisor to whom you entrust your assets has the experience and a passion for financial planning. So check out any prospective Advisor's qualifications and experience level before working with them. While certifications and professional designations don't necessarily indicate a level of proficiency, they do demonstrate formal training and education.

For example, there are several certifications that planners can get, such as the Certified Financial Planner (CFP)[®], Chartered Financial Analyst (CFA)[®], and Chartered Financial Consultant (ChFC)[®] designations. Each requires extensive training and testing that demonstrate competence and high ethical and professional standards.

You can also check an Advisor's credentials and complaint history using FINRA's BrokerCheck or the SEC's investment advisor search.

3

How do you get paid?

Wealth Advisors get paid in various ways. No one way is right or wrong, but the Advisor should clearly lay it out for you.

We believe fee structures should minimize conflicts of interest. For example, receiving a commission may unintentionally bias an Advisor towards a specific product, even if it's not the best fit for you. (This is where having a fiduciary can help.)

To help you assess fees and other aspects of an Advisor's practice, the Securities and Exchange Commission (SEC) mandates that each advisor provide a Client Relationship Summary. This document can help you compare every Advisor on an apples-to-apples basis. Here's a [link](#) to ours.

4

How accessible are you?

How frequently do you want to hear from your Wealth Advisor? You may prefer a high touch—like a weekly newsletter or a quarterly call. Or, you may take a “no news is good news” approach.

Find out your Advisor's typical contact schedule to determine if it meets your needs. Also consider their preferred mode of communication.

Think about if you prefer phone calls, emails, or a mix of both. Then see if your preferences match the Advisor's primary ways of communication.

5

Do I feel comfortable with you?

Your Advisor is someone you want to have an open relationship with because they will discuss your finances, family situation, dreams, and goals. So feeling a comfortable and strong personal connection with your chosen professional is vital to achieving your wealth success.



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