

How to Select a Wealth Advisor

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Do Your Homework:

Think about the goals and financial issues with which you need assistance before you approach a wealth advisor and consider any professional specialties that may be required to solve your problem before calling to set up a meeting. In fact, you should not call a wealth advisor and make an appointment if you are not seriously interested in hiring a professional to assist you for compensation. The advisor's time is valuable as well.

Look for Professional Credentials:

Favor working with a professional wealth advisor that is a Certified Financial Planner®. A CFP® has demonstrated competency in all aspects of financial planning and must follow high ethical standards. This is a challenging professional designation to attain and demonstrates a commitment to be among the best in the planning industry. If you have a special need - life insurance, for example - ask the advisor about their professional experience in that specific field.

Do Some Research:

Review the wealth advisor's professional website and perform a web search to gain additional information about the advisor and form an initial impression about their competence and professionalism before calling the advisor for the first time.

Kick the Tires:

Request an introductory meeting with the advisor that allows you both to get acquainted to see if there is a chemistry and basis to commence a relationship. The wealth advisor should agree to meet with you the first time on a no-cost, no-obligation basis. However, it is their prerogative to qualify you over the telephone to see if you fit their client profile. Conduct the first meet in the wealth advisor's office if at all possible to meet the staff and gain a fuller first impression.

Go Empty-Handed:

The first meeting should not involve investment statements or life insurance policies, so be weary if you are asked to gather a lot of personal financial information or to complete a detailed questionnaire as part of the first meeting agenda. The first face-to-face meeting should be limited to a constructive dialogue to create a foundation of creditability and trust for future planning interactions.

Ask Good Questions:

Have a few open-ended questions ready for the first meeting with the prospective advisor to get them speaking about how they have helped people like you in your situation in the past. Asking a couple technical planning questions will help you determine if the advisor is truly a teacher about wealth matters and it should foster a good dialogue about your needs and goals. It will also flush out the product salesperson that will not be able control the urge to share their technical knowledge and make the sales pitch.

Ask About The Cost:

It is important to leave the first meeting with the wealth advisor with a clear understanding of how they will be compensated for your relationship. This may include hourly planning fees, commissions, money management fees and income paid by mutual funds/annuity companies to advisors called 12b-1 fees. If an hourly planning fee does apply, determine if the advisor's billable time will be capped or is it open-ended like an attorney engagement.

Independence is Important:

It is important to understand whether the wealth manager sells investments and insurance products and, if so, do they recommend captive or proprietary financial products to their clients. If you hire a wealth advisor that does recommend financial products as part of the planning process, select an independent wealth professional who sits on your side of the table recommending the best independent financial products in the marketplace for your benefit without conflicts of interest.

Understand the Process:

Ask the wealth manager specifically how the planning engagement will flow, including the expected number of meetings and timetable to complete the plan. A good advisor will take the initiative to explain the planning process during the first meeting and will summarize by explaining the next steps in the process.

Are You a Team Player?

Ask about the wealth advisor's core competency and if they go outside of their firm for certain specialties (estate planning, health insurance, etc.). Ask the advisor if there have any revenue-sharing arrangements with other professionals to whom they may refer you as part of the advisory team.

Get References:

Ask for references from the wealth advisor's existing clients to help you make a final selection decision. If the advisor hesitates to provide references without good reason, this should give you pause.

Read Their Marketing Stuff:

Be sure to read the advisor's marketing materials very carefully. Notice if they are professionally prepared, free of typos and mistakes and devoid of technical jargon.

Make an Independent Decision:

Do not hire a wealth advisor simply because your sister told you to. Many bad advisor relationships result from referrals from trusted friends and family. Chances are the trusted referrer may not even know if they are truly being served well by the advisor. Use your own judgment about selecting your wealth advisor based on your comfort level and research.