



CHOOSING AN ADVISOR

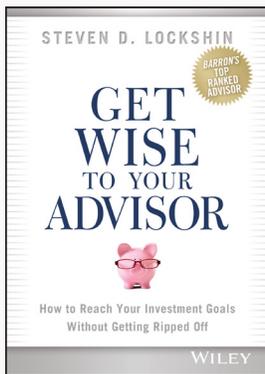
KNOW WHAT YOU DON'T KNOW



AdvicePeriod

CHOOSING THE RIGHT ADVISOR IS CRITICAL TO YOUR FINANCIAL HEALTH MUCH LIKE CHOOSING THE RIGHT DOCTOR FOR LIFE-SAVING SURGERY

A self-help guide to choosing the right advisor for you.



Get Wise To Your Advisor
by Steven D. Lockshin

[Buy on Amazon](#)

This guide will help you ask the right questions to identify a truly capable fiduciary to guide you in your financial endeavors. The questions below are an excerpt from *Get Wise To Your Advisor*. The answer key is available in the book or by emailing a request to answers @getwisetoyouradvisor.com

INSTRUCTIONS

- 01 Send this PDF to at least three candidates or fill in notes from your firm interviews.
- 02 Compare answers from each firm to highlight areas of importance and concern.
- 03 Compare the answers to the answer key in *Get Wise To Your Advisor* or by emailing us for the answer guide.
- 04 Choose wisely and unemotionally.

Remember, you are hiring a critical advisor in your life, not shopping for a new friend!

Duty

Your advisor should adhere to the highest level of duty and loyalty to clients, always putting your interests ahead of his or her own.

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Safeguards

Your advisor should make every effort to keep clients' assets safe from fraud and keep client information private.

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Professionalism

Your advisor should operate his or her business according to the highest standards of professionalism in the industry.

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RI/A Broker Information

Please answer all questions and return upon completion. Thank you.

Your Name _____
Firm Name _____
Phone (Work) _____ Cell _____
Email _____

Core principle DUTY

1 Describe your firm's typical client.

ADDITIONAL NOTES

A. Does your firm have a unique expertise or a specific focus on certain types of clients (e.g., retirees, doctors, small business owners)?

If you had to identify one type of client that is the largest percentage of your firm's client base, who would it be? _____

B. What is your firm's average account size (mean)? _____

What is your firm's median account size? _____

What are your firm's total Assets Under Management (AUM) / Assets Under Advisement (AUA)? _____

How many clients does your firm have? _____

2 Describe you firm's service profile.

A. Describe the typical service your client expects and what your firm delivers as standard practice.

How often do clients get to speak with an advisor and what is the advisor's level of experience?

B. Does your firm utilize technology to interface with clients? Y /N

Describe the ways clients can access their advisor and their information.

How many times per year do you meet with clients face to face? _____

In what other forms will your firm communicate with clients (describe)?

C. How many advisors does your firm have and what are their credentials?

How many support professionals does your firm have? _____

What would a client's team look like (please list names, titles, licenses and designations)?

3 Please provide a list all of the licenses you carry? (p. 195)

A. Are you a licensed stockbroker (series 7)? Y /N

Are you a licensed insurance agent? Y /N

Are you a Registered investment Advisor? Y /N

Is your firm registered with the SEC? Y /N

If yes, is your firm's SEC registration current? Y /N

4 How do you ensure that your firm remains in compliance with legal and regulatory statutes?

A. When did your firm last undergo an SEC audit? _____

B. Does your firm undergo mock audits? Y /N

If yes, how often? _____

C. Does your firm have an outside auditor? Y /N

If yes, please provide their name and contact information.

D. Does your firm have a dedicated compliance officer with no other responsibilities? Y /N

If yes, please provide their resume. *(Attach upon return of this form.)*

5 How does your firm get paid?

A. How does your firm get paid for investments it may recommend?

Do some recommended investments pay your firm more than others?

If yes, please explain in detail. Y /N

B. Is your firm paid commissions on investments or other products

(e.g., insurance) it sells? Y /N

if the answer is no, move on. if yes, please complete the questions below.

What percentage of your firm's business is fee based versus commission based? _____

What accounts for the difference?

Will your firm ever recommend commission based products for a client's portfolio? Y /N

C. Are there any other forms of compensation (such as cash, trips, or other bonuses) that your firm may receive as a result of any business a client may engage in with your firm? If yes, please explain. Y /N

D. Does your firm receive compensation from any mutual fund or other investment companies that it may recommend? if yes, please explain. Y /N

E. Can your firm be paid a flat annual fee? Y /N _____

Can it be an agreed upon dollar amount per year? Y /N _____

Can it be an agreed upon percentage per year? Y /N _____

F. Do you manage any client assets yourself? Y /N

If yes, how do you determine when it is time to fire yourself?

Do you have any economic incentive to manage the funds yourself?

If yes, please explain. Y /N

G. Is there any case where your firm may charge clients a wealth management fee and another fee on top of that for investment products managed by your firm or any other business related to your firm?

If yes, please explain. Y /N

H. Aside from what a client pays you, what other costs would they incur?

Please be very specific.

I. Does your firm engage in soft dollar arrangements?

If yes, please explain. Y /N

Core principle

SAFEGAUARDS

1 What safeguards does your firm have in place to ensure that clients' assets are protected from fraud?

A. Where would a client's assets be custodied?

B. Does your firm use any structures where it is deemed to have custody (e.g., limited liability companies or hedge funds) and where it is the manager? If yes, please explain. Y /N

C. Does your firm require that any investment that is not held by an independent custodian (such as partnerships, hedge funds, or IICs) utilize a well-known accounting firm to conduct audits of these investments? Y /N

D. Do all of the funds/investments that may fall into the category above employ a third-party administrator? Y /N

E. Would this be a discretionary relationship or would your firm contact the client before making any changes to their portfolio?
Discretionary / *Non-Discretionary*

F. Who can move money out of clients' accounts?

G. How would clients' accounts be titled?

H. What is your firm's level of liability insurance and who is its liability insurance carrier? Please provide a copy of your firm's policy or outline of coverage from your firm's insurance company.

I. How does your firm ensure privacy of client information? Please provide a copy of your firm's privacy policy. (*Attach upon return of this form.*)

J. How does your firm monitor employees' ethical conduct?

K. Has your firm ever had to fire an employee for unethical conduct?

Y /N

If yes, please explain reasoning and what was done to prevent the act from happening again?

Core principle

PROFESSIONALISM

1 What does your firm do to plan for the future?

A. What happens to a client's relationship if their advisor dies, is disabled, or retires?

Who services a client's account besides the advisor?

B. What happens to the firm if the largest shareholder dies?

2 Please provide a list of your credentials and background (other than the licenses previously described).

A. How long have you been a financial advisor? _____
What was your formal training?

B. What do you do to stay current?

C. What other skills do you bring to the relationship that can improve a family's financial condition?

D. What are the credentials of the other people working on client accounts?

3 Explain (in plain English) your firm's investment process.

A. Do you provide clients with an investment policy statement? Y / N

How often is it reviewed? _____

Does it identify appropriate benchmarks for each investment so clients can analyze your firm's manager selection success? Please provide a sample.

(Attach upon return of this form.) Y / N

B. Does your firm's performance report show a clients returns, net of all fees?

Y / N

Does it illustrate each investment against an appropriate benchmark?

Y / N

C. Does your firm use a formal investment selection process to choose underlying investments? if yes, please provide a copy.

(Attach upon return of this form.) Y / N

Does your firm rely on someone else's research? Y / N

if so, who and why?

D. Does your firm direct any client assets to outside hedge funds or other partnership structures? Y / N

If so, what are your firm's policies and procedures for selecting these funds?

E. Does your firm manage any of the assets in-house? Y / N

F. If a client works with you, would they have a limited number of investment choices? Y / N

if so, who decides which investments are in the universe of choices?

G. How many employees are employed as full-time research staff without any other responsibilities? _____

GET ANSWERS

To receive an answer key, please email
answers@getwisetoyouradvisor.com

GET THE BOOK

Purchase your copy of "Get Wise To Your Advisor"
on [Amazon.com](https://www.amazon.com)