

**THE MOST IMPORTANT QUESTIONS YOU NEED TO ASK
BEFORE CHOOSING A FINANCIAL PLANNER?**

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If you have received this checklist from anywhere but my web site, please call and let me know. And don't forget, if you find the checklist useful, please make a small donation (\$5 - \$10) to either; your favorite charity, your local homeless shelter or a children's home in your area. I'm helping you in your time of need, consider helping the less fortunate who are in constant need, THANKS!!

1. Are you a Certified Financial Planner® Certificant? YES / NO

2. Which other professional qualifications do you hold?

CLU - ChFC - CFA – CPA/PFS - Other _____

3. How are you compensated?

Fee Only - Commission Only - Fee-Offset - Combination of Fee / Commission

(Remember, the “method of compensation” is less important than the willingness to “fully disclose” compensation and the competence of the planner. Refer back to my article for more details)

4. Do you have a written Disclosure Statement? YES / NO

If No, I would suggest you move on. It's imperative that you receive written disclosure about the person's qualifications, State & Federal licenses, potential conflicts and how they go about minimizing them, as well as how they are compensated prior to entering into a client agreement. If there is ever a problem, how will you set about proving the representations made to you at the time you entered into an agreement?

5. Are you a Registered Investment Advisor?

Remember, If a person charges a fee for service, with few exceptions he / she should be a Registered Investment Adviser. As such, he / she MUST provide you with a copy of the ADV Form Part II, or a brochure containing the same information under SEC Rule 206(4)-3 (The Brochure Rule) An Investment Adviser Representative must provide you with the same information from the firm he represents. No brochure, no business, it's that simple!

6. Are you licensed with the Dept. of Insurance? YES / NO

7. Which Companies Do You Represent?

A captive agent licensed with only one company is at a disadvantage here because when it comes to insurance, his product portfolio is limited. N.B. Insurance Agents in California and some other states

must provide their license number to you on all advertising materials including business cards. If you meet with a Fee-Only financial planner who intends to discuss insurance issues as part of the financial plan you are paying for even if he claims the insurance information is for free, please remember that 39 States REQUIRE a separate license for this activity. Call your State's dept. of Insurance, ask whether this person is licensed to perform such activities and DO NOT do business with fee-only planners that break the law by remaining unlicensed in the name of "objectivity". Please read the article on my web page regarding the illegal activities of fee-only planners in the business of insurance on my web site.

8. Are you licensed with the NASD or the SEC (Circle one)

IF NASD, Licenses held?: Series; 6 / 7 / 22 / 24 / 8 / 2 / 63 / 65 / 66

Refer to my glossary of terms on the web site which includes info on most of these NASD licenses

9. What is the address and telephone number of your Broker Dealer's regional office?

Always get this up front so that, in the event of a problem arising, you have a further contact. If you ever have a problem, the first person you need to ask for is the Branch Manager. If you receive no satisfaction, insist the number to the "Office of Supervisory Jurisdiction" or "Head of Compliance". If they don't give it to you, write a formal complaint and send a copy to the local NASD office, you will get action.

10. How do you intend to generate my financial plan and what areas will it cover?

Computer / Personally / Computer & Personally

(Areas covered)

11. Which federal state or self regulatory bodies regulate your activities?

NASD / SEC / Dept of Insurance / State Bar / Board of Accountancy

CFP Board / Other: _____

12. Are YOU going to provide me with all financial planning and other services, OR, will I also be dealing with anybody else, and if so, What are their qualifications and licenses?

12A. Would you be prepared to work on a flat fee basis, or offset your fees for service against any commissions you earn? YES / NO

14. After the initial plan is developed will you be responsible for implementation? YES / NO

15. Do you provide ongoing services including portfolio monitoring, supervision, regular revisions? YES / NO

**HAVING ASKED ALL THE RIGHT QUESTIONS,
HERE ARE SOME THINGS TO DO BEFORE ENTERING INTO
ANY CLIENT AGREEMENT**

1. Call the NASD disciplinary hot line at 1-800-289-9999 and ask whether the planner has any disclosable information on file. (This service is free to you!) You will receive written confirmation, including details about any problems the planner may have had in the past. The NASD now provides an on-line service providing the same information at: <http://www.nasdr.org>

2. If you are purchasing futures, call the National Futures Association at 1-800-676-4632 and ask if they have any information about the planner on file.

3. If the Planner claims to be a Certified Financial Planner® Certificant either; Call the CFP Board toll free at: (888) CFP MARK (1-888-237-6275) and ask if the planner is currently licensed and in good standing.

-OR-

Log on to the CFP Board's Home Page and go to the section "Check the status of a CFP® Certificant" <http://www.cfp-board.org/>

4. If the planner is a CLU or ChFC then call the American College at 610-526-1000 for further information.

5. If the planner is insurance licensed, call your state Dept. of Insurance and ask if the planner is currently licensed and whether there are any complaints on file. If the planner is fee-only and provides comprehensive financial planning including a "risk management assessment" and is not licensed, ask your State's Dept. of Insurance whether he / she can legally perform these functions on a fee basis without a license. 39 States currently require a separate Analyst or Counselor State insurance license if you charge the client directly, rather than get commissions. An active insurance license DOES NOT mean a planner can charge a client a fee for insurance advice, in 39 States a special license is required for that specific form of compensation. IF THEY DON'T HAVE THE PROPER LICENSES, REPORT THEIR ACTIVITY and take your business elsewhere. Don't reward people for breaking the law!

7. Call any organizations where the planner claims to be a member and ask whether he/she is, don't assume!

8. ALWAYS READ the planner's written disclosure statement, IN ITS ENTIRETY! Remember, regulatory bodies do not regulate how qualified or unqualified a person is to do the job, especially once they hold any license, they only demand that the planner tell the truth in their disclosure statement. Pay particular attention to how the planner conducts his/her business and, if they provide comprehensive investment advice, how they reach their investment recommendation decisions. The

best advice I can offer is to choose your financial planner as wisely as you choose your REAL friends. After all he's the person you will empower to either, provide you with a carefree lifestyle and worry free retirement, or, put you in the poor house!

9. Once you have chosen a planner to work with, ask for any material statements he/she makes to be confirmed in writing and always ask for a written explanation of the risks involved in implementing his/her recommendations. Once you get that confirmation, READ IT..... and more importantly, if you don't understand something, or you do not remember having heard the statements a planner is making in writing, SAY SO on the spot and then follow it up in writing so that you have a proper record! This is your best protection because it will allow the planner to go over things you didn't understand properly before they become a problem. One ounce of prevention is always preferable to a pound of cure and will certainly help clear up many misunderstandings before they lead to possible arbitration or litigation.

10. Be expected, when dealing through NASD firms, to sign an arbitration form when opening an account but also remember, you are not obligated to sign this form. (Of course, neither is the broker/dealer obligated to open the account, most will however.) Many investment advisers have mandatory arbitration clauses in their contracts. In many states these are unenforceable, so always consult a competent securities litigation attorney if you have a serious problem.

11. You can obtain very useful and comprehensive information and brochures at little or no cost from the Consumer Information Catalog, which is printed by the United States General Services Administration. (Pueblo, Colorado) You can contact the GSA in a number of different ways;

**Write to: Consumer Information Center,
P.O. Box 100, Pueblo, CO 81002**

and ask for a Consumer Information Catalog

Or order direct from their World Wide Web Address:

<http://www.pueblo.gsa.gov/>

Electronic BBS: (202) - 208 – 7679

12. If referrals are an important part of your decision making process, Take a tip from me, referrals from happy, "smiley faced" clients are mostly worthless unless they come unsolicited from friends of yours. Ask for professional referrals such as; attorneys, CPA's or other CFP® Certificants outside their firm the planner has worked with in the past. (Or do you believe you would ever receive a referral to a client that hates them?)