FROM YOUR ADVISOR

HIRING FINANCIAL HELP

Here are five questions to ask during your first meeting with a financial advisor

You might think your initial meeting with a financial advisor will involve an in-depth discussion about assets and investment plans.

But not so fast. Instead, think of this meeting as if it were a job interview for the advisor.

"I think people feel the pressure of getting all of their [financial] statements together for the first meeting," says Rosemary Smyth, business coach and founder of Rosemary Smyth and Associates in Victoria. "The first meeting should really be about determining whether the advisor is a good fit for you."

Smyth suggests five key questions to ask an advisor you are considering working with:

1. Would you please tell me about yourself?

This question gives the advisor an opportunity to describe his or her qualifications, including licences (such as a licence to sell securities), designations (such as certified financial planner), experience in the financial services sector and areas of expertise (such as retirement planning).

2. What would working with you be like?

The advisor should be able to define clearly what you will experience as his or her client. This would include details about the advisor's services; who the advisor's typical client is; how the advisor will communicate with you, and how often; and what will take place during your review meetings.

3. What is your investment methodology?

Responses to this question should include the types of products the advisor uses (managed portfolios or individual securities, for example) and the type of financial planning he or she undertakes. If the advisor uses a particular investment model, you can ask for the typical returns that this model produces. Just remember: typical return is not a guarantee that you can expect the same return.

4. How much will it cost to work with you?

An advisor is required to disclose what fees you will be paying, how much of that goes to his or her firm, and how he or she gets paid.

Some advisors are compensated on a transactional basis, which means they earn commissions on the products sold. Other advisors may refer to themselves as "fee-based" advisors, which means they charge a percentage based on the value of the assets held in your account. "Fee-only" advisors charge a fee for advice, regardless of asset levels. Some advisors use combinations of these fee models.

5. Why should I choose you?

Knowing what makes your advisor unique and a good fit for you will contribute to a good, long-term relationship. Think about whether you and your advisor have common priorities, such as volunteering in the community, or whether your advisor can offer a specific area of expertise that pertains to your needs — small-business planning, for example.

By Tessie Sanci