



Hiring the right planner is key to financial success

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The myriad designations a financial planner might have can be confusing. How does a random series of letters such as CFP, R.F.P., CLU, CFA or CH.F.C. behind someone's name serve your interest when choosing a planner?

The designations relate to various aspects of financial planning or investment advice. Many financial planners or advisors have one or more of the above designations.

Don't get too wrapped up in the designations initially. Learn what they are representing and use them as a filtering tool. There are other important factors to consider.

Clients need to take control of the hiring process to ensure they successfully select the correct planner. Consider this article an introduction on how to hire a financial planner.

The starting point is to treat the meeting process with the financial planner as if you are hiring the person on a full-time basis.

Have an idea of the perfect person and then using your criteria, find someone who fits.

Arrange an appointment and meet in their office for a conversation. Learn about the individual you are interviewing. What is their investment philosophy?

Some planners will promote the idea of owning mutual funds. Others might suggest it is better to own diversified portfolios of stocks and bonds.

Is the planner of the belief they can achieve investment returns above the market averages by picking the best managers of funds or specific securities?

Ask about their average client's age, objectives and size of their investment portfolio. Our suggestion is that an advisor is more likely able to assist you if they have experience helping people like you.

This process is similar to choosing medical specialists. If it is your shoulder causing problems, then find the best shoulder expert. Specialization allows any professional to focus all of their attention on a specific area.

These questions will help you understand the planner, what they do for clients and if they may be of help to you.

Now it's time to get down to the business side of things. Ask the planner how they get paid. Is it commission from the sale of investment products? Perhaps they are remunerated by fees. If so, then what are those fees and how do they compare to others in the industry?

What services can the financial planner offer you? What percentage of their time and energy is focused on the investment side versus financial planning?

Why pay a planner if you want investment advice. The reverse may also be true. If you have specific financial planning issues, you may require someone with that expertise.

Ask to hear about the process of serving clients. Is there a written financial plan or investment policy statement? How many meetings are there per year and what are the objectives?

Does the planner have people working together as a team and if so, who are they? What are their qualifications both in education and experience? How do they get paid?

If they have met your expectations with regard to their investment philosophy and you are satisfied with their business model, then you can move on to the final step.

Do you like the person? Do you have a rapport? What does your spouse think?

All of these questions are components of a healthy business discussion. You are by no means challenging the planner. However, you are taking a serious approach to the important task of hiring a financial planner. Your success with hiring the right planner is a major first step to achieving your financial goals.

— Submitted by Peter Watson, MBA, CFP, R.F.P., CIM, FCSI.

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