

# Questions to ask when choosing a financial adviser

Choosing a financial adviser is a big decision. An adviser can help you set financial goals, choose investments and track your progress.

Here's what to ask.

## 1 Are you registered?

Registration helps protect investors because securities regulators will only register firms and individuals if they are properly qualified. Firms and individuals are registered by category—each category has different education and experience requirements, and permits different activities.

Your local securities regulator can tell you if a firm or individual is registered and if they have a record of any disciplinary actions.

## 2 What is your background?

You want someone who is qualified and has the right experience to give you the help you need. Ask questions like:

- What are your educational and professional qualifications?
- How long has your firm been in business?
- How long have you been with the firm?

- How long have you worked in the industry?
- What professional associations do you belong to?

## 3 How are you paid?

Advisers can be paid by salary, commission, a flat fee, or a combination of these methods. If an adviser is paid by salary, the cost of their advice is built into the products you buy. Many advisers are paid a commission for every product they sell. Other advisers charge a flat fee based on an hourly rate or a percentage of the assets in your account.

Find out how the adviser is paid, how much their services will cost you and what services you'll get for your money.

## 4 What kinds of products and services do you offer?

Not all advisers offer the same products and services or have the same expertise. Some specialize in



certain kinds of investments. Others can offer you a wide range of investments and services.

If you're an experienced investor, you may want an adviser who offers a wide range of products and lets you choose. If you're newer to investing, you may be more comfortable with fewer choices and more guidance from an adviser.

## 5 Who are your clients?

An adviser's job is to help you work toward your financial goals. It will help if the adviser has a good track record with clients like you—people with similar backgrounds and goals. Ask the adviser to describe their typical client.

Also ask for references from clients who have been working with the adviser for a while.

For more information, read the *CSA's Working with a financial adviser guide*.



### **Making the most of the relationship**

Think of your relationship with your adviser as a partnership, with both of you working to achieve your financial goals.

You'll want to keep the lines of communication open and meet at least annually. Ask questions when you don't understand something.

Be honest with yourself and your adviser about your financial situation. Your adviser needs accurate information to recommend the best investments for you.

### **6 How will you help me reach my goals?**

The adviser should ask about your financial goals and investment objectives. Are you mainly looking for safety, income or long-term growth? Are you saving for something specific, like retirement? The adviser will also ask about your financial situation, investment knowledge and experience, and risk tolerance.

This information may seem personal, but it helps the adviser make the best recommendations for you. Make sure the adviser asks for this information and gives you a copy. You should also let your adviser

know whenever your personal or financial situation changes so they can update this information.

### **7 What level of service can I expect from you?**

You should discuss this with the adviser up front. Ask questions like:

- How often will we meet to review my financial plan?
- How will you update me on the performance of my investments?
- How quickly will my phone calls and e-mails be returned? Will they be returned by you or by support staff?

### **Contact your local regulator**

Securities regulators oversee Canada's capital markets and the advisers who sell and manage securities traded in those markets. You can contact your local securities regulator to check the registration of an individual or firm, and to find out if they have a record of any disciplinary actions.

For information on how to contact your local securities regulator, visit the Canadian Securities Administrators website at [www.securities-administrators.ca](http://www.securities-administrators.ca).