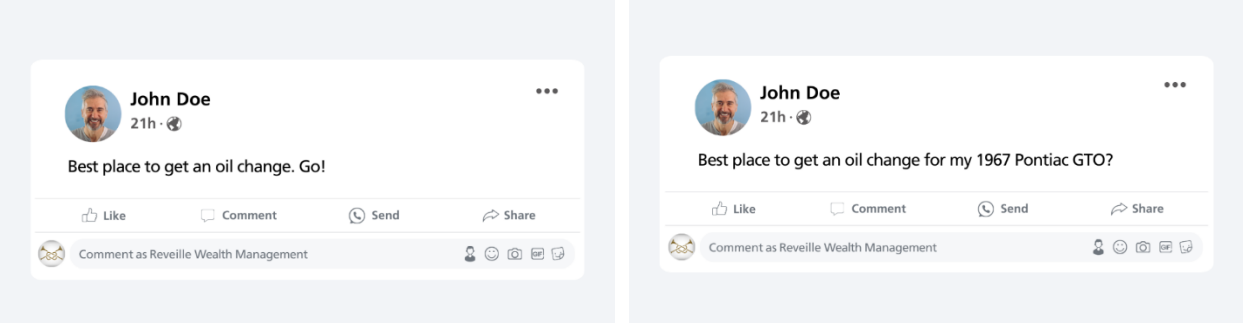
# How do I find the best financial advisor for me?

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*Choosing a financial advisor can be a chore. This white paper serves to help investors make an informed decision when selecting a financial advisor or advisory team. It offers guidelines and examples of open-ended questions we believe would be relevant in the interview process.*

We often see questions floated on social media where individuals are looking for recommendations for accountants, attorneys, insurance agents, real estate agents, and financial advisors/financial planners. These are the modern day "want ads." Before the person even spells out the nature of their need, the comments turn into a cacophony of blanket endorsements and respondents saying, "pick me." Soliciting a recommendation for a financial advisor should not be on par with asking where to get the oil changed in your car (with all due respect to the many fine automotive technicians out there). To that end, consider the difference in these two requests:




Does the second request strike you any differently than the first? Probably so, and we only added some basic qualifiers to the statement. Suddenly, this oil change probably isn't just a run-of-the-mill trip to the Jiffy-Lube anymore.

## Objective 1: Define yourself

As we saw in the preceding example, providing some details can impact not only the types of recommendations you receive, but potentially also the group you're willing to solicit recommendations from. When considering the type of advisor you'll want to work with, you need to consider the type of investor or client that you are. The way you describe yourself and your circumstances matters.

- How old are you?



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- What is your family situation?
- How did you build your wealth?
- What is your temperament towards money?
- Why are you seeking financial advice currently?
- What are your concerns?

Following some of these simple prompts quickly transforms "Wanted: Financial Advisor" into something much more specific. A 63-year-old business owner with an adult special needs child, for example, will likely have different financial goals than a recently retired corporate executive with a concentrated equity position. This honest self-assessment is a necessary first step in determining your requirements for a financial advisor.



Why is defining yourself important?

When searching for an advisor, you are looking for someone who works with people like you. The advisor will have gained experience in the specific concerns of people in your profession, tax jurisdiction, family status, etc.

Conversely, the more your financial advisor knows about you and your situation, the more equipped they will be to tailor their advice and recommendations to you. As an example, someone near or at retirement age will have a vastly different tolerance for risk than someone early on in their investing career.

## Objective 2: Find an advisor who works with clients like you

After you've defined yourself as a client, you can then begin the process of finding the right advisor. Regardless of how you choose to search for an advisor- whether it's an online search, or asking friends and family for recommendations- you should plan to interview several advisors or advisory teams. The goal of these meetings is to find an advisor that:

- Has experience in working with other people in a similar situation
- Is looking to onboard new clients
- Has the capacity and processes to serve you

Let's unpack these bullet points and consider some open-ended questions within each one.

*Does the advisor have experience in working with other people in a similar situation?*

Your wealth is extremely personal and choosing the advisor/advisory team that helps you manage it should be a very selfish endeavor. Only you know what sacrifices you had to make to build the wealth you have today; thus, you do not want to entrust what you have to someone inexperienced. As philanthropic as you may be, you are not there to get someone else's career off the ground. That's not to suggest, however, that working with an advisor who is younger or newer to the industry is a poor decision. If that individual has a broader network of experienced support, they could be an option to consider.

In considering a prospective advisor's experience, this is the appropriate time to ask what industry designations he or she may have. These designations typically require a level of study, testing, and often a continuing education requirement that can offer some comfort in the advisor's qualifications to create a tailored financial solution for you.



Some common examples of designations among financial advisors include but are not limited to:

- Chartered Financial Analyst (CFA)
- Certified Financial Planner® (CFP®)
- Chartered Retirement Planning Counselor (CRPC®)
- Certified Private Wealth Advisor® (CPWA®)
- Certified 401(k) Plan Professional (C(k)P)
- Chartered Market Technician® (CMT)
- Certified Investment Management Analyst® (CIMA®)

While the CFA is widely considered the most challenging to obtain, it also may be less relevant to a client-facing advisor. The CFP® is often considered the most comprehensive and relevant for an advisor providing financial advice. Advisors with the CFP®, CRPC®, CPWA® or C(k)P® designation may have a practice more designed around planning and wealth design. Those holding a CMT or CIMA® may be more focused on investments and portfolio management. Ask an advisor to explain how the designations they hold help them serve clients in your situation.

How long have they been working with clients like you? How many clients like you do they have? Why are they working at the firm they are with today, and how does that firm help them best serve their clients?

Ask them to describe some of the successes and failures they've experienced along the way. Most all will be quick to discuss the success stories, but getting an advisor to openly and honestly share about failures they've experienced is extremely important. Have those previous failures impacted how they work with clients today? They should be able to answer these questions without violating client confidentiality. If no failures come to mind, that's a red flag.

*Are they looking to onboard new clients?*

Many experienced professionals, whether they are accountants, financial advisors, etc. have a finite number of relationships they wish to or can adequately serve. The higher up the scale you go in the wealth management industry, the truer this becomes. Some mass affluent focused financial advisors have hundreds or even thousands of clients. There are private wealth practices that serve a single client. Ask a prospective advisor if they are currently onboarding new clients. If so, when was the last time they onboarded a new client? If they are not currently accepting new clients, do they anticipate onboarding new clients at some point in the future, and what would precipitate that change?

*Do they have the capacity and processes to serve you?*

Every relationship requires an investment of time, and financial advisor/client relationships are no different. The key to any successful long-term relationship is sustaining that investment of time. Most financial advisors are salespeople (more on this later), so many are eager to begin new relationships. The advisor may be very willing to bring on a new client and communicate with them a number of times each year, have a certain number of face-to-face meetings, and be very responsive to client phone calls or emails. This "honeymoon period" usually sees both high quantity and quality time, but typically it will

subside to a more comfortable level of engagement once the relationship is more established. When interviewing an advisor, try to consider how the advisor or advisory team will interact with and serve you when your relationship isn't brand new. What assurances can the client have that the level of interaction won't diminish in the future?

One way to gain an understanding of this would be to speak with some of the advisor or advisory team's long tenured clients and ask them about their personal experience. Asking for references from the advisor can be hit or miss, either due to the advisor's tendency to cherry pick or the possibility that it could breach confidentiality. The better way to establish expectations is to ask them to describe how they interact with their clients. Is there a process? If there is an advisory team, who will be the main point of contact? How frequently will the client be contacted and in what manner? Many financial advisors will employ staff to help with the various aspects of their practice (financial planning associates, client service professionals, and relationship managers), so it's not uncommon for the majority of your interactions to be with someone other than the advisor. This is a perfectly normal structure for an advisory team to have, but it is important to understand who you will be working with directly.

## Objective 3: Understand what a prospective advisor plans to do with your money

All the topics we address in this white paper are important, but this one is where the rubber really meets the road. The most well laid out plan can be left in ruins if your money is poorly managed. A prospective advisor must be able to answer the following:

- "How do you construct a financial plan tailored to me?"
- "What is your investment philosophy/strategy/process?"
- "How do you manage money for clients like me?"
- "Since we don't control the financial markets, how do you help me manage market risk?"
- "How does your investment philosophy/strategy/process compare to other advisors'?"

None of these are "gotcha" questions. The aim of each question is to test the advisor's ability to articulate a reasonably succinct response. This is somewhat of a Goldilocks test. Too short of a response could signal the advisor is stumped. An overly long and complicated response could be an effort to "fog" away the same. In the end, you want something in simple, understandable terms. The ultimate objective is for the advisor to be able to answer these questions in such a way that not only can you as the client understand it, but that you understand it well enough to explain it to someone else.



Warning!

If an advisor is describing their investment process and it seems overwhelming or over your head, it could be intentional. While the financial world is rife with jargon, an experienced financial advisor should be adept at explaining complex topics in understandable terms – that's their job. Beware the advisor that uses complexity and confusion as a justification of their value.

Asking these questions is not an inquiry into the advisor's past results, although those are important, and the proof will be in the pudding. If you plan to give the advisor full discretion/control of your investments, you want transparency into the investment decision making process. Why do they invest in the

things they do? Should you always be invested? When do they sell? How do they manage tax considerations? Top-tier advisors will likely incorporate something related to a client's financial objectives into the investment discussion.

Before an advisor even gets into any detail related to their investment process, they should be able to articulate how they create a financial plan that is tailored to you. Regardless of your investment objectives, having a structured approach to meeting your goals is imperative. Your financial plan is also how you will measure your progress towards those goals over time. Without it, you have no way to know if you're on track.

Finally, every investment strategy or system has a period where it doesn't work according to plan. An advisor needs to be able to explain what might happen to your investment when that strategy fails. As rare as those occurrences may be, they still happen. How does that make you feel as an investor who would potentially be subject to that stress? Ultimately, an investor's success is often more reliant on their ability to stick to a strategy over time than choosing the strategy itself. It's easy to stay with something that's performing strongly. What does that advisor do during those scenarios when their strategy underperforms and/or loses money?

## Objective 4: Understand how a prospective advisor is incentivized

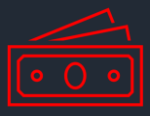
It should go without saying that trust is crucial in a client/advisor relationship. Clients need to sense that their advisor is always operating in their best interest. Proverbs 28:21 tells us that "a person will do wrong for a piece of bread." Given that an advisor's work is how they feed themselves and their family, to that end, there needs to be full transparency into how financial advisors are compensated. There is no "right way" for advisors to be paid, but there are many common methods that seek to align the objectives of both the client and the advisor.

Red flag warning: The advisor you're interviewing tells you there is no cost to you. Is the advisor's compensation zero? Probably not. If it sounds too good to be true, it probably is.

A reasonable inquiry during an advisor interview might be: "Tell me the different ways you get paid."

The purpose behind this is because advisors may receive compensation in different ways depending on the services they provide. Below are some examples.

**Transactional (commissions):** The advisor charges the client a transaction fee or commission to complete each transaction. This was the most common way for "brokers" to get paid. They advised a client to buy a stock, and if the client agreed, the



Warning!
Additional Fees

While a financial advisor's overall fee structure may be transparent, it's important to ask about additional fees that may be included in your arrangement. Some examples are:

*Annual account fees, fees for administrative functions (wire transfers, account transfers, checks, etc.), product specific charges (mutual fund loads, sales credits, etc.).*

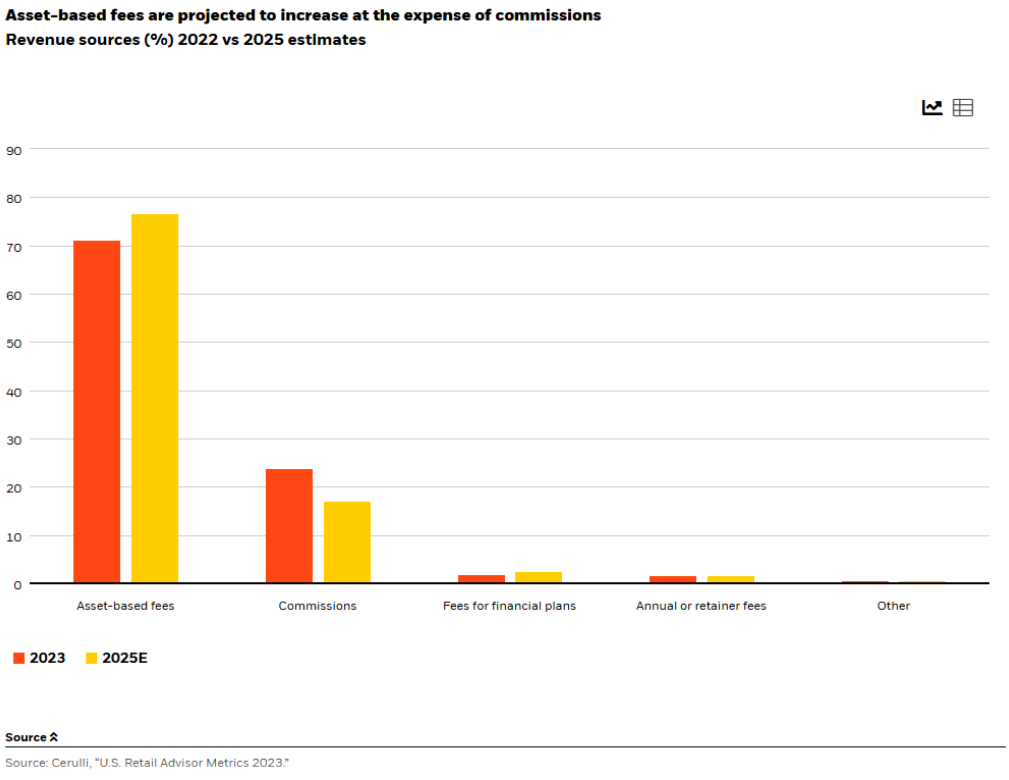
These fees are common, but are important to understand so that you know the true all-in cost of the service.

broker/advisor would then charge the client a commission to purchase the stock.

In today's environment, certain areas of the market are highly transactional (real estate, insurance, alternative investments, etc.). The advisor's commission is earned at the time the transaction occurs, and they may or may not have any duty of care to the client past the transaction date.

**Fee for service (fees for financial plans):** This could also be represented as "fee only" where the advisor charges a flat dollar fee for their time. This arrangement, similar to the way you would engage an attorney to draft a will or trust document, is more common with planning-oriented advisors who you might engage with for the purposes creating a formal financial plan. The expenses could range from a few hundred dollars to tens of thousands of dollars depending on the complexity of your situation.

Under this arrangement, the advisor compensation could be for a specific deliverable, and once the deliverable has been provided, the arrangement is complete. Other advisors may charge a flat dollar amount for their services each year, which may include investment advice or investment management. This arrangement is more common among Registered Investment Advisors (RIAs) than advisors who are affiliated with a Broker-Dealer.

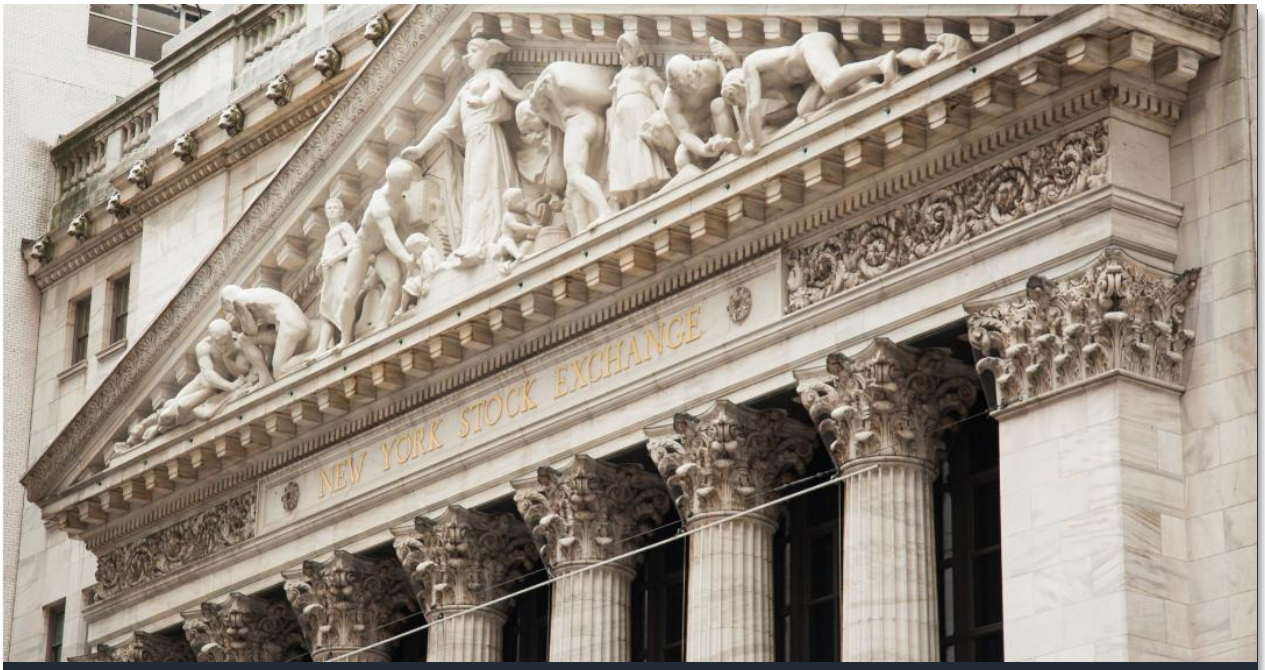



Asset-based fees make up the majority of US financial advisor revenues and are projected to continue increasing as a percentage of the total industry.

**Fee-based Advisory (asset-based fees):** A "fee-based" advisor charges a percentage fee-for-advice based on assets under management (AUM). This is the most common approach to advisor compensation in today's environment. This fee is traditionally billed directly against the client's investment account being managed or overseen by the advisor. Instead of charging commissions for trades, the client pays the advisor an asset-based fee on their overall portfolio. The action of performing a trade in a client account will not result in any compensation for the advisor.

Some firms position this as, “We do better when you do better.” That isn’t a unique characteristic to any firm – it’s now ubiquitous. The way the fee is determined is based entirely on the value of the account multiplied by the annual percentage rate. The rate of the fee is likely inversely correlated to the value of the investment account being managed. The smaller the account value, the higher the annual percentage rate. The larger the account value, the lower the annual percentage rate. Rates could vary from 0.25%-2.0% annually depending on various factors.

While the advisor may be providing advice and services for financial planning, etc., their compensation may be tethered directly to an investment management function. This style of advisor compensation tends to make both parties believe they proverbially sit on the same side of the table. The advisor owes




A brief history lesson might help provide some context on why these various fee structures exist.

The financial services industry in 2025 is vastly different from the way it operated 30 years ago. Back then, most advisors or brokers were very transaction oriented with their client accounts. Out of concern for clients, regulators scrutinized actions like “churning,” where the advisor/broker would perform numerous transactions to generate commissions with little to no benefit to the client. The subsequent and widespread adoption of fee-based arrangements was largely a response to those types of behavior. Ironically, regulators are now concerned about the opposite of churning – something they call “underutilization” as they have observed that the number of actions taken within client investment accounts have fallen precipitously. Is this due to the fact that advisors are no longer incentivized via commissions to make a trade?

Enter “Regulation Best Interest” or “Reg BI.” It requires that advisors establish a “best interest” standard of conduct when they make a recommendation to a retail client concerning a securities transaction or investment account. Otherwise stated, sometimes it would be in the client’s best interest longer-term to pay a commission up-front, one time to purchase an investment versus paying a recurring fee on an account where they could purchase the same security for no commission. Ask your advisor how they have considered Reg BI and your interests when making investment recommendations. If they can’t answer, that’s a red flag.

the client an ongoing duty-of-care and is serving in a fiduciary capacity. The advisor's fee will rise and fall in large part based on the performance of the client's investment account.

### Objective 5: List and evaluate other considerations

Once you've narrowed your search, there are a number of other secondary factors to consider that could ultimately make or break which advisor or wealth management firm you choose:

- Partnership: Will the financial advisor work seamlessly with the other "advisors" that support you? If you have a CPA that does your personal or business tax returns, a lawyer that wrote your will or trusts, a business manager, a banker, or even another financial advisor (high net worth individuals often employ more than one financial advisor), you will want to hire an advisor that actively collaborates with those individuals for your benefit.
- Technology: How will you monitor your investment strategies and your progress relative to your financial plan? Most firms will have some type of website/app combination that they can demonstrate for you. They may have tools to aggregate outside accounts, cloud storage for you to store important documents, electronic rather than paper agreements. Understand what tools are available to you as a client and how they compare across firms.
- Additional Resources: To continue to attract new clients, many wealth management firms have built out an enormous array of resources that clients may access. Everything from trust and estate professionals, stock and bond research, wealth education, various lending products, etc. could be at your disposal. Ask your potential financial advisor what their firm offers to clients like you.

The process of choosing a financial advisor can be an onerous task. You are choosing a steward to help preserve and grow your hard-earned wealth, and to help you and your family plan for your dreams and aspirations. Our hope is that you will utilize this white paper as a guide to ensure you find the advisor that is the right match for you personally and professionally. Feel free to reach out if you would like to talk to us about how to best conduct your search.

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