

Investor Education

Securities Division, Maryland Attorney General's Office

How to Choose a Financial Planner

1. Interview and ask questions to find the right financial planner.

- What is the planner's education and experience? Ask for and check references. Determine if the planner has experience in areas that match your interests and needs.
- Does the planner offer services that fit your income bracket and investment philosophy?
- Does the planner offer a wide range of investment choices, or only those for which the planner will receive a fee or commission?
- Ask how the planner will be paid, and how payment will be made. Payment methods include flat fees, performance based fees (a fee based on the increase in the value of your account), hourly rates, commissions, or a combination of these methods.
- Call us for a copy of the Financial Adviser Interview Checklist. We developed this checklist to help you choose a financial planner. You can use the checklist during an interview or send it to a financial planner as part of a preliminary screening.
- Call us to inquire about your planner's status and to check disciplinary history.



2. Do your homework; determine your financial status and objectives. Be prepared to talk about your specific financial goals.

- Gather your data: income, savings, real estate, investments, taxes, wills, etc.
- Identify your goals and objectives as an individual, a couple, a family.
- Some people may need a planner to clarify or resolve a particular problem or help achieve a particular goal. Make sure the planner understands your needs.
- Give this information to your planner *in writing*, and keep a copy of this and all other pertinent documents for your records.

3. If you need on-going planning and advisory services, be certain that the planner will provide:

- A clearly-written plan that sets forth goals, alternatives and risks.
- Specific suggestions to improve your cash management.
- Projections of the impact of shifts in interest or inflation, and a plan to generate cash in case of emergency.
- Monthly or regular written summaries of transactions and the status of your account or plan, documentation of recommendations, and periodic review of your plan's status and progress.

- Access to other sources of advice from lawyers, bankers, brokers, accountants, etc. (Check references here, too.)

4. Make sure you can understand account and plan statements.

- Understanding your account and plan statements is key to controlling your investments. Check the statements over carefully as soon as you receive them. Familiarize yourself with the format, terms and codes used by your adviser.
- If you ever find information in your account statement or plan that you do not understand, contact your adviser immediately and get a satisfactory explanation.

5. You can check with industry groups that offer help finding qualified financial planners.

- The Financial Planning Association (“FPA”) will provide a list of planners in your area, along with brochures about how to select a financial planner. To be in this referral program, planners must affirm that they meet all regulatory requirements applicable to their practice, and agree to abide by the FPA’s Code of Ethics. Call 1-800-945-4237.
- The National Association of Personal Financial Advisers, whose members must be fee-only planners (i.e., planners who are not compensated through commissions), will provide a list of members from your state along with a financial planner interview form and a brochure that helps illustrate how and how much the planner and firms will be compensated. Call 1-888-FEE-ONLY.
- The American Institute of Certified Public Accountants will provide the names of members in your area who have earned its

Personal Financial Specialist (PFS) designation. The PFS designation is awarded to CPAs who have several years of financial planning experience, maintain a continuing education schedule, and pass a qualifying exam. Call 1-800-862-4272.

Remember to do your own homework, and call us to inquire about your planner’s status.

Call us, We’re here to help.

The Maryland Securities Division
(410) 576-6360

Visit our website:
<http://www.oag.state.md.us/securities>

Free Publications Available

If you would like to receive a full listing of all our investor education publications, visit our website, call us or send your request to:

Investor Education
Maryland Securities Division
200 St. Paul Place
Baltimore, MD 21202