

Investor Education

Securities Division, Maryland Attorney General's Office

How to Choose an Investment Adviser or Financial Planner

- 1. Interview and ask questions to find the right investment adviser/financial planner.**
 - ✓ Identify your goals and objectives as an individual, a couple, a family.
 - ✓ What is the adviser/planner's education and experience? Ask for and check references. Determine if the adviser/planner has experience in areas that serve your interests and needs.
 - ✓ Is the adviser/planner interested in clarifying a particular problem you want to resolve or helping you achieve a particular goal? Some people may need a plan for only a segment of their finances. Make sure the adviser/planner understands your needs.
 - ✓ Does the adviser/planner offer services that fit your income bracket and investment philosophy?
 - ✓ Give this information to your adviser/planner *in writing*, and keep a copy of this and all other pertinent documents for your records.
 - ✓ Does the adviser/planner offer a wide range of investment choices, or only those for which the adviser/planner will receive a fee or commission?
 - 3. If you need on-going planning and advisory services, be certain that the adviser/planner will provide:**
 - ✓ Ask how the adviser/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.
 - ✓ A clearly-written plan that sets forth goals, alternatives and risks.
 - ✓ Call us to inquire about your adviser/planner's status and to check disciplinary history.
 - ✓ Specific suggestions to improve your cash management.
 - ✓ Projections of the impact of shifts in interest or inflation, and a plan to generate case 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.
- 2. Do your homework; determine your financial status and objectives. Be prepared to talk about your specific financial goals.**
 - ✓ Gather your financial data: income, savings, real estate, taxes, wills, etc.
 - ✓ 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/planner.
- ✓ If you ever find information in your account statement or plan that you do not understand, contact your adviser/planner immediately and get a satisfactory explanation.
5. **You can check with industry groups that offer help finding qualified advisers or financial planners.**

- ✓ Certified Financial Planner Board of Standards, all listed planners have the CFP designation. www.cfp.net
- ✓ National Association of Personal Financial Advisers, all members are fee-only planners (i.e., planners who are not compensated through commissions). www.napfa.org
- ✓ American Institute of Certified Public Accountants, all members have earned a Personal Financial Specialist (PFS) designation. www.findacpapfs.org

Remember to do your own homework. Call us to inquire about your adviser's/planner's status and any complaints that may have been filed against the adviser/planner. Check the Investment Adviser Public Disclosure System for information about your adviser/planner at www.adviserinfo.sec.gov

Call us, we're here to help.

**The Maryland Securities Division
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