

How to Hire a Financial Advisor

Hiring a financial advisor can provide valuable guidance in managing investments, retirement planning, tax strategies, and estate planning. However, not all advisors are the same, and it's essential to vet them thoroughly before making a decision. This checklist outlines key steps, questions to ask, and factors to consider when selecting a financial advisor. For those who may not be in a position to afford a financial advisor, utilizing online resources, financial literacy tools, and seeking guidance from a local support advocate can be a cost-effective alternative.

Determining Your Financial Needs

- ☐ Identify your primary financial goals, such as retirement planning, investment management, tax strategies, or debt reduction.
- ☐ Assess whether you need a one-time consultation, ongoing financial management, or specialized services such as estate planning.
- ☐ Determine your budget for financial advisory services and whether you can afford ongoing fees or prefer a fee-only consultation.
- ☐ Consider whether you need a fiduciary financial advisor, who is legally required to act in your best interest, or if a commission-based advisor is an option.

Questions to Ask a Financial Advisor

- ☐ What are your qualifications, credentials, and areas of expertise?
- ☐ Are you a fiduciary, and do you always act in your clients' best interests?
- ☐ How do you charge for your services—flat fee, hourly rate, commission-based, or percentage of assets under management (AUM)?
- ☐ What is your investment philosophy, and how do you tailor financial plans to individual client needs?
- ☐ Can you provide references or client testimonials?
- ☐ How do you incorporate tax planning, estate planning, and retirement strategies into your financial planning approach?



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- ☐ How frequently will we meet, and how accessible are you for questions or consultations?
- ☐ What happens if I decide to discontinue your services? Are there penalties or fees for withdrawal?

Reviewing Advisor Credentials and Background

- ☐ Check the advisor's certifications and qualifications, such as CFP (Certified Financial Planner), CFA (Chartered Financial Analyst), or CPA (Certified Public Accountant).
- ☐ Verify the advisor's background using FINRA's BrokerCheck (brokercheck.finra.org) or the SEC's Investment Adviser Public Disclosure website.
- ☐ Review their fee structure to ensure transparency and avoid hidden costs.
- ☐ Look for any past disciplinary actions, customer complaints, or legal disputes in their professional history.
- ☐ Ensure the advisor has experience working with individuals in your financial situation or age group.

Understanding Financial Advisor Fee Structures

- ☐ Fee-only advisors charge a flat fee or percentage of assets under management and do not receive commissions from financial products.
- ☐ Fee-based advisors may charge a combination of fees and commissions, which could create conflicts of interest.
- ☐ Commission-based advisors earn income from the sale of financial products, such as insurance policies or mutual funds, which may influence their recommendations.
- ☐ Ask for a breakdown of all potential costs, including advisory fees, trading fees, and administrative expenses.

Final Steps Before Hiring

- ☐ Schedule an initial consultation with multiple advisors to compare services and determine which one best fits your needs.



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- ☐ Review and understand the advisor's service agreement before signing.
- ☐ Ensure that the advisor's investment philosophy aligns with your risk tolerance and financial goals.
- ☐ Set clear expectations for communication, ongoing reviews, and adjustments to your financial plan.

Alternatives to Hiring a Financial Advisor

- ☐ If hiring a financial advisor is not financially feasible, consider using free or low-cost online financial planning tools and calculators.
- ☐ Take advantage of educational resources from reputable financial websites, such as Investopedia, Vanguard, and government financial literacy programs.
- ☐ Seek guidance from local nonprofit financial counseling services, community financial workshops, or support advocates specializing in personal finance.
- ☐ Explore robo-advisors, which provide automated financial management for lower fees than traditional advisors.
- ☐ Consider working with a fee-only financial planner for a one-time consultation rather than ongoing management services.



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