Lots of questions to ask before picking your financial planner

Since the debut of this column I have received hundreds of e-mails from readers dissatisfied with their financial planner and searching for new people to manage their money.

Because I want to stay objective, I don't recommend individual planners or companies. However, here are the things I would consider when looking for a financial planner.

1. Let your current planner know you are unhappy and your reasons for leaving.

2. Make a list of what you need and expect from a planner (create a written financial plan, manage your money, estate and tax planing, access to an Accountant and/or legal services).

3. Get names of potential planners from trusted friends, family and co-workers.

4. Understand, there are two types of planners. Some only prepare a written financial plan. After that, you buy your investments and manage them yourself, perhaps through a discount brokerage account. These particular planners will prepare the plan, present it and outline where you should be investing according to your time horizon, goals and risk tolerance. They will not manage your money, but will charge a fee for the plan preparation. Because the relationship is relatively short, but extremely vital, you must carefully check references and qualifications.

5. Alternatively, you can choose to use a full service planner. These professionals prepare the plan, sell investments, manage your money and are paid primarily through commissions received from the financial companies he/she invests your money with. Because this relationship is built solely on long-term trust, you must do your homework.

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Personal Fortune

Here are the questions to ask full service planners. Interview at least three people.

- What is their experience and qualifications? Ask them to be specific.
- What is the minimum dollar value of individual portfolios they will manage?
- How many clients do they personally manage? Too many and you'll get lost in the crowd.
- How often would you expect to hear from them? Once a year is not sufficient.
- Would they allow you to call three of their randomly selected clients for reference checks?
- Can they sell anyone's products including No Load and Low Load Funds?
- Do they have facilities to allow you to actively buy and sell shares, corporate and provincial bonds, mortgage backed securities? What will be the costs?
- Do they have facilities to allow you to view your portfolio on line?
- Do they offer free investment and tax seminars to their clients?
- Will you always meet with one designated adviser or be shuffled to whomever has time see you when you book an appointment?
- Do they have computer software that will illustrate the past performance, risk and total costs of all the products they sell?
- If you advise them of your risk tolerance (example: Medium) can they provide you with firm statistics of what a $30,000 investment made with them five years ago would now be worth?
- Do they call clients during turbulent markets or automatically re-balance portfolios if they feel clients are facing potential losses due to uncertain global events?
- Perhaps most important. Does this person make you feel comfortable? Pleasant personality, excellent eye contact and a feeling they are actively listening and not just paying lip service or telling you what they think you want to hear.

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