

A Guide To Choosing The Right Financial Advisor

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How to choose a financial advisor

Choosing a financial advisor is one of the most important decisions you can make for your financial future. With so many types of advisors, fee structures, and specializations, it can feel overwhelming to know where to start. This guide is designed to help you navigate that process with confidence.

Inside, you'll find clear definitions, fee structure explanations, advisor types, and key questions to help you quickly decide if an advisor is the right fit.

Whether you're just beginning your search or looking to refine your options, this guide provides the foundational knowledge to help you make informed decisions and build a partnership that supports your financial goals

Fiduciary vs. non-fiduciary

- + **Fiduciary advisor:** Legally required to act in your best interest, prioritizing your needs over their own.
- + **Non-fiduciary advisor:** Held to a "suitability" standard, meaning they can recommend products that are suitable for you, but not necessarily the best or lowest-cost option.

Types of financial advisors

- + **Registered investment advisor (RIA):** Independent firms or professionals offering personalized advice, typically fiduciaries.
- + **Broker/dealer representative:** May sell investment products and earn commissions; often not fiduciaries.
- + **Wealth manager:** Offers broad financial guidance, including investments, estate planning, tax strategies, and more.
- + **Financial planner:** Helps clients build comprehensive plans across budgeting, saving, retirement, and insurance.
- + **Robo-advisor:** Digital platform providing automated investment management, often at lower cost and with limited personal interaction



Types of fee structures

- + **Fee-only:** Advisor is compensated solely by client fees (flat fee, hourly, or percentage of assets under management). Eliminates conflicts of interest tied to product sales.
- + **Commission-based:** Advisor earns a commission when you buy or sell financial products. Lower upfront costs, but potential conflicts of interest.
- + **Fee-based (hybrid):** Combines client fees with potential commissions. Transparency is essential to understand when and how fees apply.

Examples of specializations

Advisors may focus on serving specific types of clients or planning needs, such as:

- + Retirement income planning
- + Small business owners and succession planning
- + Estate and legacy planning
- + Charitable giving strategies
- + High-net-worth or ultra-high-net-worth families
- + Divorce or sudden wealth transitions



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Questions to ask your advisor

Before hiring an advisor, consider asking:

1. Are you a fiduciary, and will you always act in my best interest?
2. What types of clients do you typically work with?
3. How do you charge for your services, and what will my total costs be?
4. What certifications or credentials do you hold?
5. How will you help me align my investments with my life goals?
6. Who will be on my advisory team, and what resources support you?
7. How often will we meet, and what is your preferred method of communication?
8. What happens if I decide to change advisors?

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