

10 Key Questions to Ask When Choosing a Wealth Management Firm



When searching for a wealth management firm it is important to do your own due diligence. Start by asking for referrals from friends, family, colleagues, CPAs and attorneys. Look up the company website. Do the company values and services line up with your values and needs?

Once you have your short list, consider asking each Advisor you are interested in the following questions:

1. How is the Advisor held accountable?

Is the advisor a “fiduciary” — required by law to do what is in your best interest at all times? Because of the way they are structured and/or regulated, many brokers and other types of advisors are not held to the fiduciary standard. Find out if yours is.

2. How will the Advisor tailor my portfolio to meet my personal goals and needs?

In an effort to cut costs, some firms may have a cookie-cutter process to portfolio management. Be sure the wealth management firm you choose is willing and able to customize your portfolio. One size does not fit all, when it comes to money management.

3. How is the Advisor compensated?

Some advisors collect sales fees to recommend certain mutual funds and other financial products. It may appear that a broker/dealer is a better deal because the fees are hidden in transactions. But it doesn't mean the broker is making recommendations that are in your best interest, as they may not be obligated by law to do so (see question 1 above).

4. How will I know if our plan is working? How often do I meet with the Advisor?

To know if your plan is working, you will want to meet with your Advisor regularly. How often and how (in person, teleconference, etc.) depends on you and the Advisor. Choose an Advisor willing to meet with you at intervals that meet your level of comfort.

5. Will my advisory team have all encompassing expertise?

Ideally, you want to select a wealth management firm that can advise you on a variety of financial strategies, in addition to investment management. Services for high-net-worth clients typically include trust and estate planning and in-depth financial planning.

6. Is trust administration available?

If you have wealth to leave to others (family, a favorite charity, etc.) then selecting a wealth management firm deeply experienced with trusts is a good idea.

7. Are the Advisors experienced in planning for multi-generational wealth?

Some wealth management firms focus strictly on investment management. Multi-generational wealth planning requires advisors who have the additional knowledge, skill and expertise in trust and estate planning.

8. Do the investment strategies factor in estate and income tax consequences?

Advisors should consider the big picture when making recommendations, including estate and tax consequences. You don't want to be surprised later by a large tax bill that offsets any gains you may have made from investments.

9. What licenses, credentials or other certifications do they have?

This all depends on your needs. The main certifications you would want your advisor to have include but are not limited to: Certified Public Accountant (CPA), Certified Financial Planner (CFP), Certified Financial Analyst (CFA), Chartered Financial Consultant (ChFC) or Juris Doctorate (JD). For trust management, you'll want to see Certified Trust Financial Advisor (CTFA).

10. Did he or she ask me questions and seem to be interested in me?

You want a firm that listens and then acts accordingly. This is your money and your risk. To provide the best service and outcomes possible, it is important that the firm you select asks you many questions — and follow-up questions — about your values, goals, risk tolerance, finances, family situation and your unique circumstances. Only then, can they provide the strategies required to attain your goals now and into the future.