

# IMPORTANT QUESTIONS

## QUESTIONS TO ASK YOURSELF

Before seeking a financial adviser, you should think about your answers to these questions to better understand your goals and preferences:

- Why am I looking for an adviser?
- What do I want most from an adviser?
  - Trade execution and portfolio monitoring?
  - In-depth active management and control?
  - Management of all of my assets and financial concerns?
- What are my investment objectives?
- What is/are my time horizon(s)?
- What does risk mean to me? How much risk am I willing to take?
- When will I need to draw money out?
- What other special circumstances affect my investments?
  - Wealth transfer?
  - Tax situation?
  - Need for current income?
- What kind of communication do I want with my adviser?
  - Are my needs best met by formal reports, by telephone conversations, or by face-to-face meetings?
  - Do I need an adviser who works nearby, or am I comfortable communicating with someone in another location?

## QUESTIONS TO ASK A FINANCIAL ADVISER

Interviewing potential advisers is absolutely appropriate. This list of questions will help you identify an appropriate, well-qualified adviser who is committed to standards of ethical and professional conduct.

- What is your educational background?
- What are your professional qualifications?
- What is your employment history in the investment industry?
- What is your firm's client turnover rate?
- Are you a member of a professional association, such as CFA Institute?
- What services do you offer? Retirement planning, investment planning, tax and estate services, insurance, etc.?
- What is your fee structure?
  - Do you make commissions on the products you sell or have an affiliation with any company whose products you recommend?
- Have you ever been disciplined for unlawful or unethical actions in your professional career?
- What is your investment management approach?
- How will your approach help me reach my investment objectives?
  - What are the performance features, obligations, and risks of the investment you are proposing?
- What is your performance history?
- How often will you communicate with me?
- What regular reports will I receive?

## QUESTIONS AN ADVISER SHOULD ASK YOU

It's the adviser's job to understand your investment objectives, tolerance for risk, investment constraints, and any special needs. When meeting with or screening a prospective adviser, the questions he or she asks will tell you a lot about his or her investment approach and how attentive he or she is going to be to you. Here are some questions you should expect a financial adviser to ask as you develop your investment goals and strategy:

- What are your investment goals?
- What does "risk" mean to you?
- What personal and professional circumstances affect your financial situation?
- How much decline in your portfolio are you willing to accept in a given year?
- What are your household income and current savings?
- How will losses affect your lifestyle?
- What is the time horizon for meeting your goals?
- What amount of assets do you want me to manage?
- What is your tax situation?
- Do you work with other advisers, such as an accountant or estate attorney? Do you need these services?
- Do you have any tax or legal strategies in place that affect your investments?
- May we coordinate with your other advisers?
- How much communication do you like to have with your wealth manager?

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**For more information, please consult <http://www.cfainstitute.org/about/investor/>**

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