



How to choose a financial planner

It's not as clear as picking a doctor

Adviser's posture must fit your style

Oct. 5, 2006. 01:00 AM

PAUL BRENT

SPECIAL TO THE STAR

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Shopping for a financial planner can be one of the most difficult things a person can do. Sadly, as with many of our most important financial decisions, people hardly give it a thought.

Considering that you are hiring someone to plan and advise you on managing your finances today and in the near future, and ensure your "golden years" really are golden, it's worth more than a spur of the moment decision.

Besides the dollars and cents arguments, choosing the right adviser is easier said than done, because a combination of skills, personality and investing mindset should be considered as factors.

"I think it is difficult for people in general to know what criteria to use. If they go to a doctor or lawyer or an accountant, the criteria are clearer," says David Bruce, a financial adviser at ScotiaMcLeod.

"An awful lot of people don't know what we do, or how we are compensated," Bruce says, adding that "a lot of the fault lies in our industry; we haven't done a great job articulating that."

Bruce advises those looking for a financial planner to create a checklist that includes the fees they are willing to pay, expected returns, frequency and type of communications with the adviser and the types of services to be offered.

Make sure your investment posture matches. There is no point hiring an aggressive planner when you are a cautious, take-no-chances investor. What is offered and what it will cost should be clear.

Comfort level is important, Bruce says.

"Over the course of an hour's conversation, there should be a bridge built. If there is any confusion or lack of clarity, that is probably a very clear red flag. People in our industry should be able to clearly identify so many of the issues."

Bruce, who advises about 70 families on their finances, said fees vary depending on the service being requested by clients and the size of their financial portfolios.

Expect to pay more for lots of meetings, communication and sophisticated tax advice. For meetings, he says, a once-a-year, in-person meeting would be the minimum, and quarterly meetings supplemented by other forms of communications would be a higher level of service.

In his experience, a large investment account (more than \$1 million) would pay about 1 per cent in annual advisory fees while a small account (under \$250,000) would be charged 2 per cent of total assets in annual fees.

"There is a similar amount of work involved whether it is small or large, so it is sort of a total dollar amount that an adviser would be looking for," Bruce says.

Ask family and friends for recommendations, draw up a list of three or four potential advisers and have preliminary meetings with them.

When you're choosing an adviser, Bruce recommends he or she has a university degree, as well as a professional designation, such as being a chartered financial analyst, chartered financial planner or professional financial planner.

Additionally, he says, "advisers should view education as an ongoing requirement and should have a number of those industry courses if they have been in the business for any length of time."

Be aware that financial advisers are not required to have any special expertise before they begin advising clients.

"Most financial planners are not certified," says Bradley Roulston, a CFP-designated planner who advises clients in British Columbia and Ontario.

"Someone who is mowing your lawn one day can say they are a financial adviser the next day. And they might not have any courses, any licences. They just say that they are" financial planners, he says.

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