## How to Decide on a Financial Professional - What to look for and what to avoid

**5 MIN. READ**

The person who helps you with your investments will often be [one of the most important](https://money.usnews.com/money/blogs/the-smarter-mutual-fund-investor/articles/a-financial-planner-is-important-now) people in your life. Fortunately, you'll find many options to choose from. [Before picking someone to help you](https://money.usnews.com/financial-advisors/articles/how-to-choose-a-financial-advisor), you need to know your goals and how much help you might need. You must also be sure that the person you choose is, in fact, a financial professional with a clear regulatory background. There are two regulatory websites where you can get background information about the person you are considering. Those sites are adviserinfo.sec.gov and brokercheck.finra.org. To ensure your financial professional can provide you with the range of [services you need](https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/investor-0), consider the following.

### How much help do you need?

Choosing an advisor comes down to the question of your financial experience.

Do you have prior investing experience? Some people have managed their own money for their whole lives and do well. Perhaps you have experience that required you to be more [familiar with financial issues](https://www.indeed.com/career-advice/finding-a-job/finance-skills) than most people. Or maybe you've just been buying mutual funds in your company's 401k plan and have no idea what other options are available to you.

Who are you now? Are you a single person with no dependents and no debt? Maybe you've already bought your home and only want to save for retirement. On the other hand, maybe you have two kids who will need college funds and a parent who will need care. You and your spouse probably want to retire together. You're most likely in between these extremes. But, these are the [kinds of questions](https://www.forbes.com/sites/kristinmckenna/2020/08/10/do-i-need-a-financial-advisor-or-should-i-do-it-myself/?sh=192f1034716b) you should be considering .

Finally, your age is an important factor. Time and the so-called [magic of compounding](https://www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator) are important elements in investing. The younger you are, the more time you have to build on your successes. You can also use that time to react to market downturns and other events out of your control.

### Who can help you?

The financial professional you choose will also depend on where you need the most help. Once you've figured out where you need help, look for advisors are experienced in those areas and who will also provide the most value. In the same vein, look out for people who you should avoid.

First, it's probably best not to [depend](https://economictimes.indiatimes.com/wealth/invest/why-you-should-ignore-investment-advice-from-friends-and-family/articleshow/59820168.cms?from=mdr) on friends or relatives, unless they are a financial professional. Even if your friend had a lucky spell with finances before, the first losses you suffer (and you will have them) can destroy your friendship. Remember, financial planning should not be based on luck. It's skill and experience.

Second, financial professionals may have licenses only for certain solutions. This isn't necessarily bad; however, they may not be able to offer you a full range of financial products. These individuals can still provide important help. For example, bankers can get you started with a savings plan or a retirement IRA program and in some cases a brokerage account. Similarly, [insurance professionals](https://www.kaplanfinancial.com/resources/getting-started/insurance-careers) can help you with life insurance and certain annuities (both tend to be cheaper when bought at a young age).

Another option is to find an individual with a broader range of experience. Some [registered investment advisor](https://www.forbes.com/advisor/investing/what-is-registered-investment-advisor/), such as [Company name], can help you create an overall financial plan.

It's important to note that an investment advisor *will not receive commissions* for their advisory services. Instead, they are paid an advisory or management fee. Your advisory fee is based on a percentage of the assets under management. Assets under management simply means the amounts of money they manage for you. The advisory fee should be clearly stated in the investment advisory agreement. You should make sure the advisor points it out to you. Your advisory fee cannot be increased without your consent.

### How can you find out more about your financial professional?

Your relative - and your banker - probably don't have licenses, so you probably shouldn't consider them as your advisor. For the other options mentioned above, there are lots of ways to find out more about their experience.

Insurance professionals are [licensed in every state](https://nipr.com/licensing-center/state-requirements) where they do business or have clients. They must [pass an exam](https://staterequirement.com/how-to-become-an-insurance-agent/) and a full background check (both criminal and financial). The insurance commissioner in your state can confirm the [good standing](https://content.naic.org/article/consumer_insight_how_choose_insurance_agent.htm) of any licensed insurance agent.

Registered representatives work for a broker-dealer and have securities licenses in each state where they conduct business. Their licenses may allow them to sell virtually any security, or they may have chosen a niche license that limits what they can sell. (Think mutual funds and annuities.) Registered reps must also pass [licensing exams](https://www.finra.org/registration-exams-ce/qualification-exams) and comprehensive background checks. As mentioned at the beginning of this article, you can review a registered rep's status at [BrokerCheck](https://brokercheck.finra.org/), a website operated by FINRA.

Finally, investment advisor representatives (“IAR”) are [registered](https://www.sec.gov/about/offices/oia/oia_investman/rplaze-042012.pdf) with either the specific state’s agencies or the SEC. They have to pass a comprehensive [exam](https://www.soa.org/globalassets/assets/files/research/projects/state-sec-exam-exemptions-rev-06-27-2005-final-with-changes-from-jen.pdf) (or have attained a professional designation, like a certified financial planner). Like the other professionals, IAR’s must pass a background check. You can find out more about a prospective IAR at the [Investment Adviser Public Disclosure](https://adviserinfo.sec.gov/) website.

### Just don't go it alone!

Since your investment goals - whatever they may be - are precisely to retain and increase your assets, using a financial professional may well be the single most important investment decision you make.

At [Company Name], we can help make that decision easy for you. As a registered investment advisor, we are required to act as your fiduciary. You can rely on our team to treat your needs and goals as a priority. [Contact us today](https://fta-ria.com/contact/) to learn more about how we can become your financial partner and get you ready for your future.

**Meta Title:**  
  
How to pick the best advisor  
  
**Meta Description:**  
  
The person who helps you with your investments will probably be one of the most important people in your life. To ensure your financial professional can give you the range of services you need, consider a few factors.  
  
**Meta Keywords:**  
  
financial professional