



12

KEY QUESTION
YOU MUST ASK A
FINANCIAL
PLANNER

Before You Hire One!

Industry Secrets Some
Financial Advisors Wish
You Never Knew!

Updated with New Financial Planning Standards!

Do you know what you should ask a Financial Planner before you hire one?

You've decided that you need some help with your money.

Let me tell you, knowing how to select a financial planner can be more important than the decision to use one! That's because

SELECTING THE WRONG FINANCIAL PLANNER CAN MAKE THE DIFFERENCE BETWEEN FINANCIAL SECURITY AND FINANCIAL DISASTER!

You see, if a financial planner is not really on the ball, or has more to gain than you do, LOOK OUT!

MAKING FINANCIAL DECISIONS WITHOUT GOOD INFORMATION CAN BE A BIG MISTAKE

Once you realize that you can't do it alone, how do you seek out a trained professional to help you? Is there a way to separate the professional financial planners from the financial product salespeople?

ABSOLUTELY! LET'S TAKE A LOOK AT THE 12 KEY QUESTIONS YOU MUST ASK A FINANCIAL PLANNER – BEFORE YOU HIRE ONE

1. Ask if they charge fees for their services. No one works for free! If planners are not charging fees, then they are only making money from the sale of products. AND, if they are making 100% of their income from product sales, they must sell enough to compensate for time spent with clients who didn't buy from them. Ask yourself this question: what do you think their recommendations will focus on? Will they suggest paying down debt, which brings in no sales for them? There is a price for everything. If there is a price to be paid, it must be paid by either the planner or you. Who do you think it will be?

2. If they do not charge fees, ask them how you can be sure that the advice they will provide is in your best interest. Have them explain how they analyze a situation, and what process they go through to arrive at their recommendations. What they should ask you first, before they ask you for current copies of your investment statements, is how you feel about your money and finances. Only when they have a clear picture of you as an individual, and your unique financial concerns, should they move on to gathering your financial data, such as income,

assets, debts, pensions, etc. Finally, they should work up a financial action plan that addresses all of your concerns and gives you choices. Then—and only then—will your options be clear. This process allows you the ability to make decisions on an educated basis, instead of buying into salesmanship. There is nothing wrong with being sold financial products, as long as they fit *your* needs and not those of the salesperson.

3. Ask if they sell products as well as provide financial advice. If the advisor says "yes," this not always a bad thing. Remember, buying a product usually is necessary to achieve your goals. However, you must ask the advisor if they have any special incentives or reasons to sell you the products they are proposing.

4. If the advisor sells products, ask if the products can be purchased if no plan is prepared. Buying financial products without a plan is like having surgery without a diagnosis. Call me crazy, but I sure wouldn't want a doctor to operate on me until he knew what was wrong with me. A doctor who performs surgery without a diagnosis is dangerous! The same holds true for a financial advisor who sells products without an analysis. If you take away the planning process, you are left with nothing more than a salesperson. Do not let yourself be deceived. A plan may be many things. It can be a single page, all the way up to a thick set of charts and graphs—and one is not necessarily better than the

other. It just depends on how detailed your needs are.

Even if the written plan is short, the interview process must not be. The best planning is not based on the length of the document, but the depth of the interview. The advisor should ask about all of your issues—not just the ones they can make money on. They should ask about your taxes, education funding, home financing, company benefits, insurance, estate planning, retirement goals, investments, etc. A good advisor knows how to get to know you, your goals, and your fears. If you feel an advisor truly understands your emotions, as well as your finances, then you have found the right financial advisor!

5. If there is a fee, ask if you need to pay more than 50% of the fee in advance. Although a retainer is often requested, most professionals do not require 100% of their fee in advance. Paying the balance on completion of the plan assures you that the job will be finished to your satisfaction.

6. Ask them how they keep up on the constantly changing financial environment. Do they get research from their parent company? Do they attend workshops or go to classes? Are they studying for an advanced degree? Do they subscribe to professional financial publications (reading trade journals, as opposed to *The National Post* or *The Wall Street Journal*)? Let me assure you, this is an important question. It is impossible for

anyone to be excellent at planning unless they are excellent at obtaining up-to-date, accurate information!

7. Ask the planner how often you can expect to get together to review your plan and/or investment accounts with them. It is important to remember that the advice should not end once your plan is written and the initial investments are selected and purchased. In order to ensure the success of your plan, the planner should expect you to commit to at least four meetings in the first year. After that, it would be normal for your face-to-face meetings to be reduced to a couple of times a year, but you should still be expecting a phone call should something affecting your accounts come up between these meetings.

8. What investment philosophy does the planner believe in? This is where you will really get a feel for a planner's approach to investing. What you want to hear is that they believe in the tried and true fundamentals of investing for the core holdings in your portfolio. In other words, they should be there to help you buy quality investments to hold for the long run, and ensure they are held in the most tax-efficient manner. Prudent financial planning will help you match the right investment philosophy with your plans objectives. Financial planners look at your top priorities, then align you with the most appropriate investment tools to do the work. They shouldn't

show you their favourite investment tools and then try to make them fit into your plan. That's backwards.

9. Ask the advisor if you will work with them personally, or if you are going to work with one of their assistants once the initial plan is implemented. This is important because there is no point building a relationship with an advisor if they have no intention of being your advisor in the long run.

10. Ask the planner how many clients they have, and how many new ones they take on. It is impossible for anyone to handle hundreds of clients with a high level of personal service.

Make sure you feel you will be getting excellent service and advice, and you won't be just a number in a too-busy advisor's schedule.

It's true that every advisor can handle a different client load—it depends on their personality, staff, resources, access to outside professionals, etc. Find out how they get things done, and how fast they can respond to your needs. Which leads to another question...

11. Which outside professionals do they bring in, and when do they bring them in? No one person can know everything about money. Therefore, a good financial advisor will have a team of outside professionals they work with, such as lawyers, accountants, mortgage brokers, etc. A planner who says that they "handle everything" is fine, just

make sure that they bring in outside advisors when the need arises. And believe me, it arises every day! Anyone who does not have relationships with these other professionals is not going to be able to get you the best answers in a timely fashion. A planner who works with these specialists will know when they are in “over their head” and will get you the right help—this is the mark of a smart planner.

12. Finally, do they have a specialized designation that shows their commitment to the financial planning industry? If you are interviewing financial advisors to assist you with your long-term financial planning, make sure that they have proven their worth. A new program has been initiated in Canada to license financial planners: the Certified Financial Planner® or CFP® licensing program. This program is administered by the Financial Planners Standards Council of Canada (FPSCC) and is designed to benefit and protect the public by establishing and monitoring standards of competency and ethical behaviour in the field of personal financial planning.

13. BONUS QUESTION:
Ask to see their Letter of Engagement. All CFPs® are required to have you sign a Letter of Engagement which outlines for you all of the pertinent details of your engagement with that planner.

Details such as:

- Method of compensation

- Amount of compensation
- Conflicts of interest
- Services to be provided and in what timeframe
- Existing relationships with product suppliers
- All licenses held
- Companies represented
- And the list goes on...

If you are not being asked to sign a Letter of Engagement, it is for one of two reasons.

1. The planner is not a licensed CFP®

During a recent study by the Financial Planning Standards Council of Canada, 70.8% of respondents who thought they were working with a licensed CFP® actually weren't. Very scary!

2. The planner is a licensed CFP® but is not following the rules. We know that these are sometimes hard topics to raise, because you may feel that you are going to be insulting the advisor.

DON'T HESITATE TO ASK THESE QUESTIONS, EVEN IF IT FEELS UNCOMFORTABLE!

We are talking about your money here. Being shy has no place in this process. If you feel too embarrassed to ask the questions yourself, have a trusted friend or relative ask for you. Whatever way you get this quizzing done—be sure to GET THE QUESTIONS ASKED AND ANSWERED! Why am I so insistent about this? Because getting the right help is so important.

Did you know:
CANADIANS ARE LEAVING WORK
EARLIER, LIVING LONGER, AND
LEADING MORE ACTIVE LIVES?

**HOWEVER, THEY MAY NEED AS
MUCH AS 80% OF THEIR PRE-
RETIREMENT INCOME AND ARE
ON TRACK TO REPLACE ONLY
50%!**

Why is this the case? Possibly because most people prefer planning their vacations and evenings out than they do planning their family finances. And earlier retirements along with living longer, more active lives simply translates into more money being needed to sustain one's lifestyle. But the key to transitioning into a comfortable retirement is *financial planning*.

**IT TAKES TIME TO ANALYZE AND
PLAN YOUR FINANCES**

We understand—raising a family can be as much a full-time job as "work" itself. There is little time left to study tax laws and other financial information. Therefore, the job of retirement and investment planning is often delayed until a "more convenient" time. However, you must plan for the future today because the future will become the present, whether you plan for it or not. Remember, **people do not plan to fail, they just fail to plan!**

**WHAT MIGHT BE THE OUTCOME
IF YOU DON'T PLAN?**

- wasting thousands of dollars in overpaid income taxes
- earning an after-tax rate of return that is lower than inflation
- limited choice of post-secondary education options due to a lack of money
- a lower standard of living at retirement
- losing as much as 50% of your estate to taxes
- ongoing frustration with your investments
- not achieving your financial goals

**PROPER PLANNING IS YOUR BEST
CHANCE TO BEAT THE ODDS
AND JOIN THE "HAVES" AS
OPPOSED TO THE "HAVE-NOTS"!**

Take any hundred people at the start of their working careers and ask them how many believe they will be financially independent. I would be surprised if even one person answered, "Not me!" However, according to the Value of Financial Planning study conducted in 2008 by The Financial Planning Standards Council of Canada, less than 20% of Canadians have a financial plan. And, of those asked who said their planner was a CFP®, 70.8% of those planners were not licensed as a CFP®. So yes, there is a problem.

However, those Canadians who did have a financial plan were worth more in terms of overall value of their assets and investments. Those people also had a more positive emotional outlook and felt closer to achieving their life goals. Planning was the major difference between those who were successful and those who failed to accomplish their objectives. Don't get me wrong, I am not saying that planning will make everything perfect—that would be a ridiculous statement to make. However, after years of experience, I can tell you that planning will significantly improve your odds.

***PLANNING IS THE ONE
COMMON INGREDIENT IN
SUCCESSFUL VENTURES!***

It would be difficult to find a thriving business that does as little planning as the average family. If you find one, it has been very lucky. Do you want to rely on luck for your future? If so, the lottery awaits you. If not, financial planning awaits you! What we are talking about is setting goals, executing a plan to reach your objectives, and monitoring your progress, making any necessary adjustments on a timely basis.

SIMPLY BEING SOLD INVESTMENT PRODUCTS IS NOT PLANNING!

The traditional random method of buying financial products from salespeople is outdated. A salesperson who does not take the time to help you create a plan before selling you products is NOT DOING YOU ANY FAVOURS. Imagine the following:

You go to the doctor with a stomach ache. The nurse takes you to a room and talks to you about your symptoms. The nurse leaves, and returns a short time later with a prescription for a drug, signed by the doctor. You are amazed about two things:

First, the doctor prescribed the medication without even performing an examination. Second, the doctor prescribed the same medicine for your wife's sunburn last week! How could two totally unrelated health problems have the same cure? Imagine your surprise when you find out that your nephew saw this same doctor about his asthma, and received the same prescription. If you didn't know better, you might think that this doctor was benefiting somehow from "pushing" this prescription. Could you ever contemplate a doctor doing this? If they did, they would be kicked out of the business so fast that their head would spin!

Many financial salespeople do this on a daily basis. No matter what the financial problem is, everyone gets the same product. Whether you know it or not, this may have happened to you—more than once!

BETTER PLANNING = BETTER SOLUTIONS!

The only way to be sure you receive quality advice is to work with a professional who will provide you with a complete examination before recommending any solutions for your problems—an advisor who recognizes the need for a thorough analysis of your situation.

As you might have guessed, that is the only way we work. Initially, we provide a FREE, NO-OBLIGATION interview to find out what your concerns are, and determine if we can be of help. Hopefully, we can show you, as we have many others, how to:

- Save income taxes
- Build wealth through professionally managed accounts
- Have enough money to send your children to the best schools and
- Make prudent decisions, instead of pressured, impulsive moves

Sounds good, doesn't it?

Since you have read this Special Report, I'll bet you are curious—curious to see what you can do to get financial control back. That's great! Curiosity is always the beginning of new directions, and new-found freedom.

No matter what else you do, commit to doing some form of planning today. Planning will significantly increase your chances of being among the few Canadians who actually do become financially independent. And, make sure to ask the right questions before you hire anyone to help you.

If this guide makes sense to you, you probably have some questions. Maybe lots of them. That's good! If I have stimulated you to think about this, then I have done my job. Now it's time to do yours.

Please give us a call while this is fresh in your mind and you are still excited about the possibilities. Even if you are skeptical, which is only natural, a phone call can't hurt. The worst you will do is spend a few minutes learning about your finances.

You see, we never, ever put any kind of "sales pressure" on anyone. We truly hate that type of approach. I'm sure you do as well. We have become as successful as we have by being the opposite of most of our competitors. In other words, pressure and typical "sales talk" are missing from our approach.

And once you get to know us, you will find that will never change. We promise.

And one more thing, we truly promise to do nothing more than interview you, find out what your concerns are, and leave it at that.

NO PRESSURE, NO HASSLES!

We swear!

Take care

P.S. Be sure to ask us all these questions. We know you will like the answers you get!

Sincerely,
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