
Rating Your Financial Advisor

Answer this question honestly: Would you seek out the services of your current financial advisor if you had to write a cheque for every hour you spent with them? Would you keep them on retainer so they would be available when you need them? There should be a relationship between the fees you are paying and the value you receive.

The 1999 Securities Industry Association Investor Survey reported that 63 percent of investors have a “very” or “somewhat favourable” view of the securities industry” and that 95 percent of investors were “very” or “somewhat satisfied” with the service and advice they receive from their broker. In this same study 81 percent indicated that their broker had an “excellent” or “good” investment track record (Source: www.sia.com/public_trust/html/inv_survey.html). I wonder if as many people would have rated their broker as highly if investment performance had been less stellar?

Here’s a report card you can use to rate your financial advisor. Not all points will be applicable to your situation or your needs.

REPORT CARD FOR MY FINANCIAL ADVISOR

Is your financial advisor measuring up to your expectations? Here’s a report card you can use to rate the job your financial advisor did over the last year for each item that is appropriate for your situation, from F for “failing grade” to A+ for “outstanding.”

Trust

Tells me everything relevant	F	D	C	B	A	A+	n/a
I haven’t felt the need to hold anything back	F	D	C	B	A	A+	n/a

Follows through on promises, on time	F	D	C	B	A	A+	n/a
Provides me with objective advice	F	D	C	B	A	A+	n/a
Discloses how much I pay each year, directly and indirectly	F	D	C	B	A	A+	n/a
Gives me no reason to question his/her integrity	F	D	C	B	A	A+	n/a
Holds my information confidential	F	D	C	B	A	A+	n/a
Knows more about me and my family than most people do	F	D	C	B	A	A+	n/a
Deals with me in a professional manner	F	D	C	B	A	A+	n/a
Is someone I can bounce ideas off	F	D	C	B	A	A+	n/a
Doesn't just agree with what I say	F	D	C	B	A	A+	n/a
If I had more money, I'd give it to him/her	F	D	C	B	A	A+	n/a
Would recommend him/her readily	F	D	C	B	A	A+	n/a

Empathy

Understands my needs	F	D	C	B	A	A+	n/a
Really listens to me	F	D	C	B	A	A+	n/a
Answers questions without making me feel uncomfortable	F	D	C	B	A	A+	n/a
Talks in a language I understand— no techno or legal babble	F	D	C	B	A	A+	n/a
Is willing to discuss more than the markets	F	D	C	B	A	A+	n/a
Provides me with the discipline to stay on course	F	D	C	B	A	A+	n/a

Personalized Service

Returns calls or e-mails within 24 hours	F	D	C	B	A	A+	n/a
Deals with a limited number of clients	F	D	C	B	A	A+	n/a
Always has time to take my call	F	D	C	B	A	A+	n/a
Meets with me in person as often as it suits my needs	F	D	C	B	A	A+	n/a
Meetings start within five minutes of the scheduled time	F	D	C	B	A	A+	n/a
Conducts my reviews personally	F	D	C	B	A	A+	n/a

Provides a written summary after each meeting	F	D	C	B	A	A+	n/a
Has financial books and other material to loan	F	D	C	B	A	A+	n/a
Errors in my account are infrequent	F	D	C	B	A	A+	n/a
Any errors are fixed to my satisfaction	F	D	C	B	A	A+	n/a
Calls me	F	D	C	B	A	A+	n/a

Knowledge

Experienced in dealing with people with concerns similar to mine	F	D	C	B	A	A+	n/a
Has good understanding of life	F	D	C	B	A	A+	n/a
Is respected by my accountant and/or lawyer	F	D	C	B	A	A+	n/a
Commits to hours of continuing education each year	F	D	C	B	A	A+	n/a
Holds a financial planning designation	F	D	C	B	A	A+	n/a
Keeps me up to date with changes that might affect my progress	F	D	C	B	A	A+	n/a

Investments

Can provide a full range of products	F	D	C	B	A	A+	n/a
Has prepared an IPS	F	D	C	B	A	A+	n/a
Recommends what is best for me	F	D	C	B	A	A+	n/a
Has recommended cost-effective investment solutions	F	D	C	B	A	A+	n/a
Is willing to discuss long-term and short-term investment ideas	F	D	C	B	A	A+	n/a
Has built a tax-effective portfolio	F	D	C	B	A	A+	n/a
Provides detailed annual tax reporting	F	D	C	B	A	A+	n/a
Provides accurate portfolio statements	F	D	C	B	A	A+	n/a
Has on-line access to my account information	F	D	C	B	A	A+	n/a
Provides me with a personalized rate of return	F	D	C	B	A	A+	n/a
Portfolio performance compares favourably	F	D	C	B	A	A+	n/a

Deals with any under performance head on	F	D	C	B	A	A+	n/a
Provides the level of investment research I'm looking for	F	D	C	B	A	A+	n/a
Has built my portfolio to weather whatever happens in the markets	F	D	C	B	A	A+	n/a
Provides more than investment advice	F	D	C	B	A	A+	n/a

Financial Planning

Has prepared a financial planning agreement	F	D	C	B	A	A+	n/a
Has prepared a financial plan that has given me focus	F	D	C	B	A	A+	n/a
Assisted me in clarifying my goals	F	D	C	B	A	A+	n/a
Has addressed my financial planning needs regarding:							
Tax planning	F	D	C	B	A	A+	n/a
Estate planning	F	D	C	B	A	A+	n/a
Retirement planning	F	D	C	B	A	A+	n/a
Investment management	F	D	C	B	A	A+	n/a
Risk management and insurance	F	D	C	B	A	A+	n/a
Increasing my net worth	F	D	C	B	A	A+	n/a
Cash flow and debt management	F	D	C	B	A	A+	n/a
Has demonstrated the value of the plan	F	D	C	B	A	A+	n/a
Updates the plan every one or two years	F	D	C	B	A	A+	n/a

Overall Evaluation

Review the ratings you've circled and use them to come up with an overall rating for your advisor.

Overall rating	F	D	C	B	A	A+	n/a
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A+ Couldn't ask for more!

A Looking good.

B Would you be better off working with someone else?

C Time for a talk with your financial advisor about what you expect and whether or not he or she is willing and able to provide it.

D Why are you still trying to work with this advisor?

F You know what you need to do.