

## ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)

## Tips for Working with Financial Professionals

### Do You Need a Financial Adviser?

Whether a novice or an experienced investor, you may be able to benefit by working with a professional financial planner or investment adviser. Selecting an adviser who is knowledgeable about the particular issues you want to discuss, and who is affordable and trustworthy is more difficult than choosing a dentist or a plumber. The consequences of making the wrong selection can be very costly.

### Typical ways to charge for services:

Product commissions based upon what you choose to buy and the quantity for products like stocks, bonds, mutual funds, etc.

Assets under management (AUM) fees are typically 1% a year or more depending on the experience and track record of the financial professional.

Comprehensive or modular planning fees are a flat fee for the expertise, time and resources to develop a financial plan.

Other fees may include charging by the hour for services and annual account retainer fees.

### Types of Financial Advisers:

Registered Representative. A point of contact to simply buy and sell stocks. Often known as stockbrokers.

Certified Financial Planner (CFP®). If you're looking to do more than simply buy or sell stocks, bonds and mutual funds, you may want to consult a financial planner. One of the best-known credentials among these generalists is the certified financial planner (CFP) designation.

Registered Investment Advisor (RIA). A registered investment adviser actually manages or invests money on behalf of clients.

Chartered Financial Consultant (ChFC). These consultants are similar to CFPs but usually have more extensive training in insurance and estate planning. Many are also CFPs or registered representatives. They belong to the Society of Financial Service Professionals.

Certified Public Accountant (CPA). Generally known for providing tax services to business owners and individual clients with complicated financial situations, some CPAs also offer personal financial planning services.

**Some Questions to Ask Before You Hire an Adviser:**

What is your training and experience? How long have you been in this business? What are your degrees, certifications, etc?

What is your investment philosophy and your track record? Make sure they have an investment approach that compliments your financial objectives.

Can I have a copy of your regulatory disclosure forms? Planners and advisers who are paid to give advice about investing in securities must disclose details about their investment style and philosophy, training, disciplinary records, fees and charges, and more. The most common disclosure form is Form ADV. This form should be posted on the Advisor's website and is also available at the SEC, FINRA websites or from the ASC upon request.

How will our relationship work? How often can we talk? Will I talk with you or a member of your staff? Are you willing to take spur-of-the-moment call?

How much do you charge?

Most people convicted for crimes involving investing are not registered with the ASC as required by law. PROTECT YOUR FINANCIAL FUTURE and contact ASC for a free background check on anyone offering an investment opportunity or investment advice for a fee.

Call **1-800-222-1253** or visit the ASC online at [www.asc.alabama.gov](http://www.asc.alabama.gov) to learn more.

###

**ALABAMA SECURITIES COMMISSION**

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)