

The AdvisorSmart[®] Guide to Selecting a Fee-Only Advisor

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Speaker



David Bromelkamp



*Chief Executive Officer,
Allodium Investment Consultants*

www.allodium.com

Speaker



David Bromelkamp

**Advisor
Smart[®]**

Founder, AdvisorSmart[®]
www.advisorsmart.com

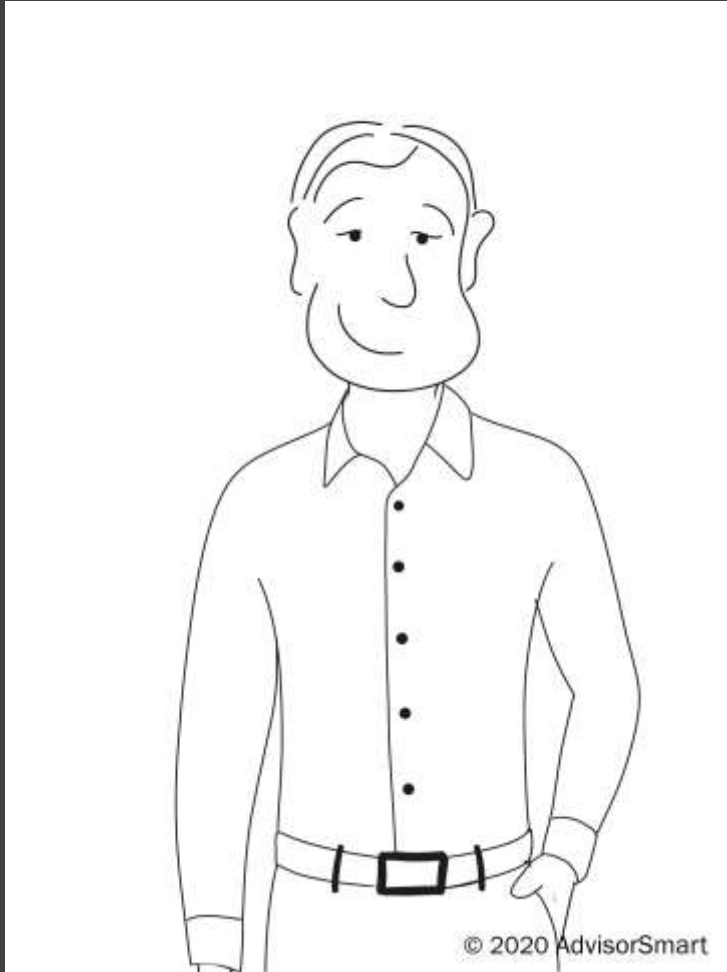
Speaker



David Bromelkamp

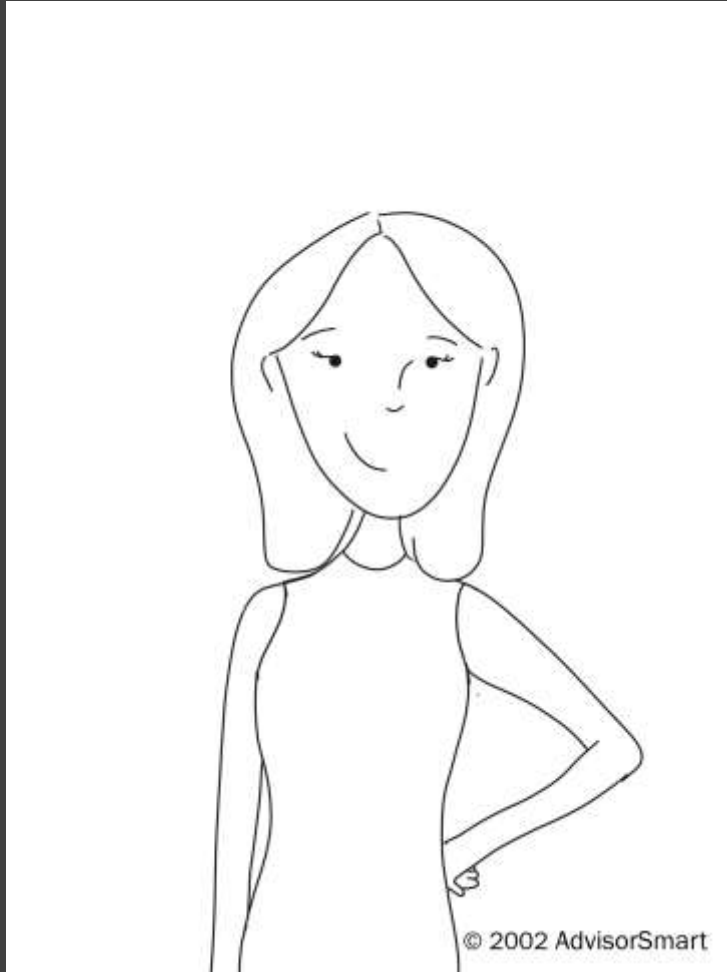
AdvisorSmart For the Individual Investor: Your Guide to Selecting a Financial Advisor to Get Better Financial Advice

Introduction:



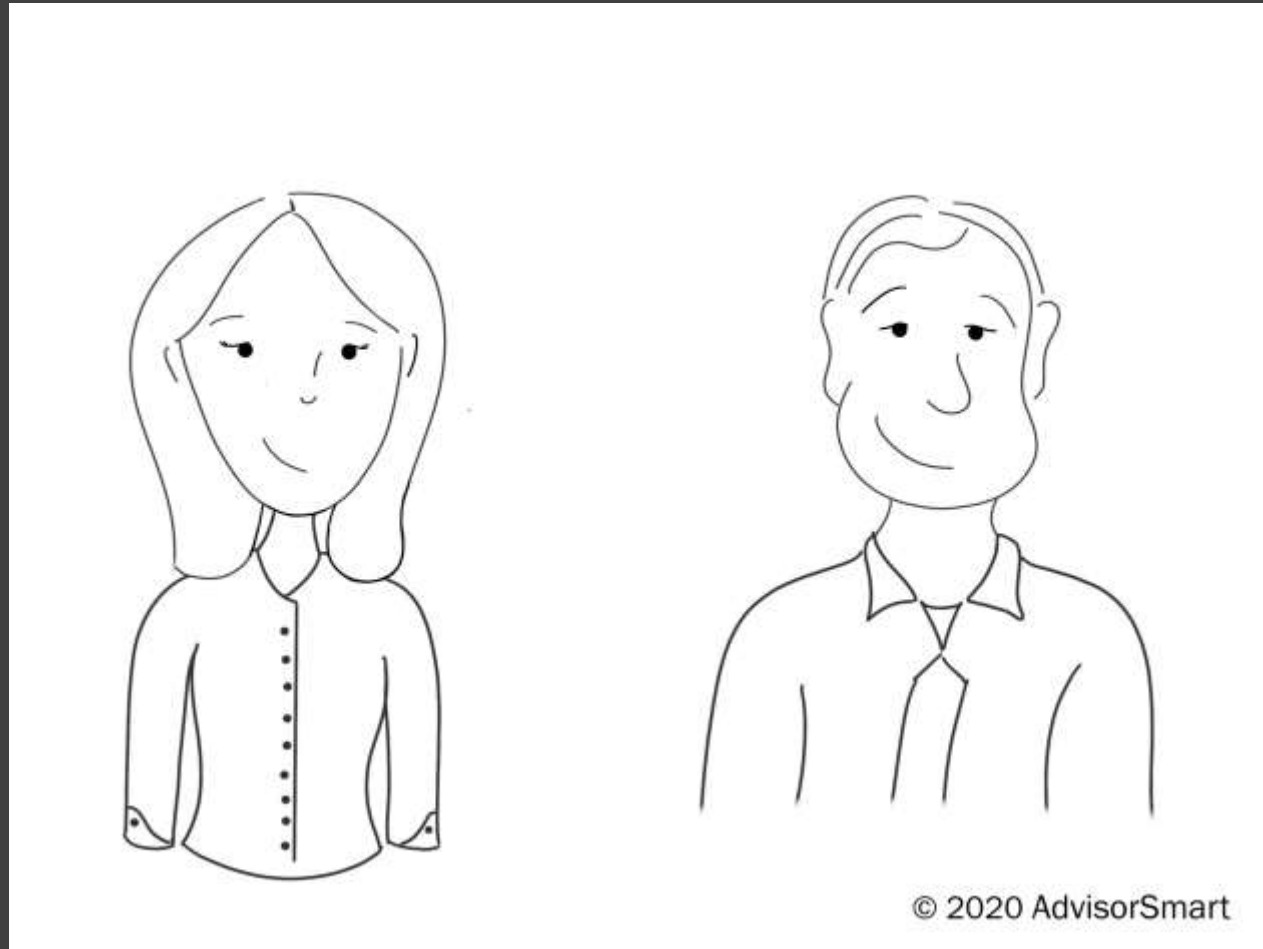
My Audience:
The Individual Investor

Introduction:



My Audience:
The Individual Investor

Introduction:



My Audience:
Mom & Pop
Investors

Introduction:

- Part 1: Sources of Financial Advice
- Part 2: The Hunt for Good Advice
- Part 3: Searching for the Right Financial Advisor
- Part 4: Select and Hire a Financial Advisor and Firm

Introduction:

- ***Part 1: Sources of Financial Advice***
- Part 2: The Hunt for Good Advice
- Part 3: Searching for the Right Financial Advisor
- Part 4: Select and Hire a Financial Advisor and Firm

Part 1: Sources of Financial Advice



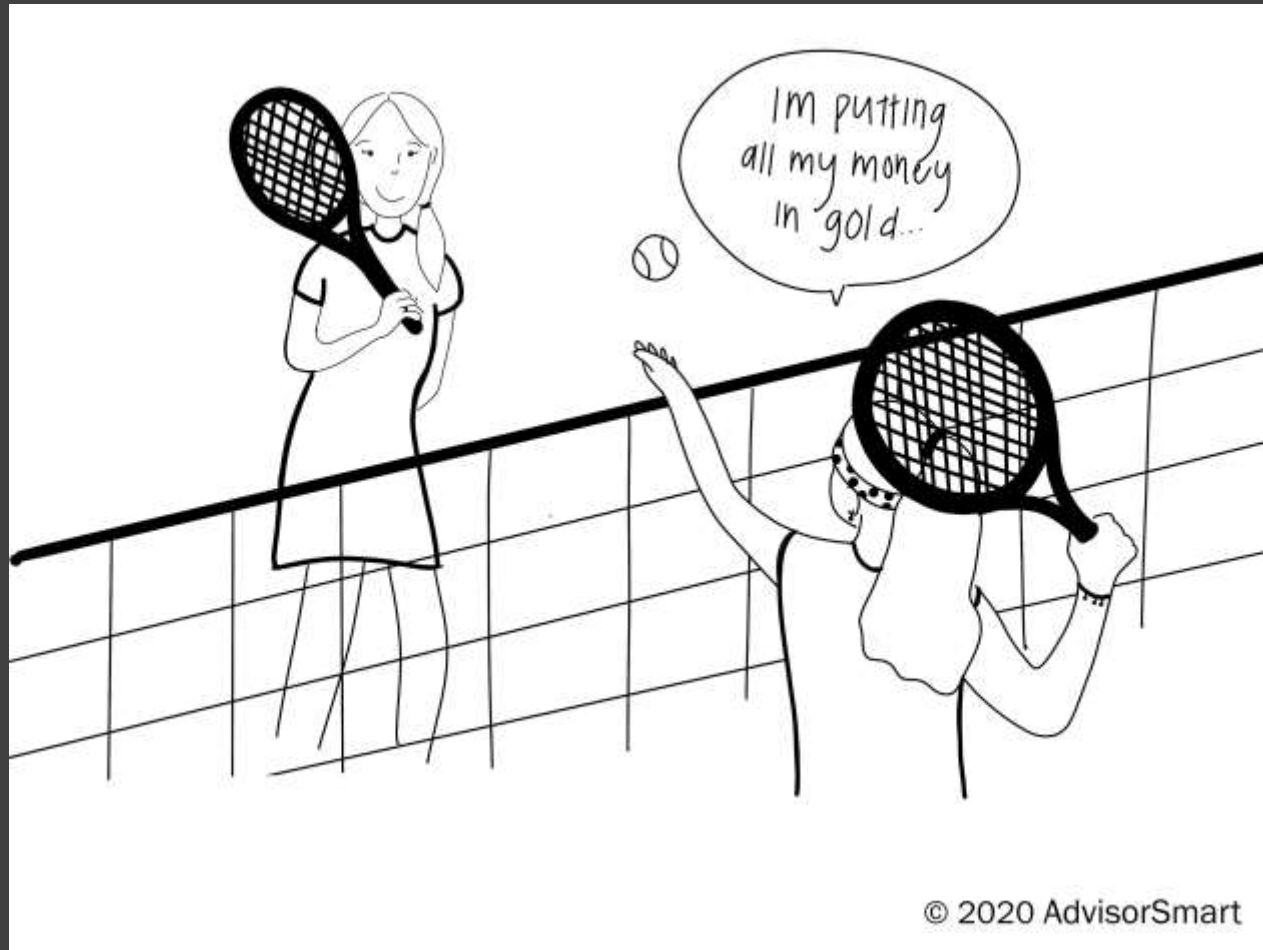
Family Members,
Colleagues, Friends
and Neighbors

Part 1: Sources of Financial Advice



Family
Members:
In-Laws and
Other Relatives

Part 1: Sources of Financial Advice



Friends

Part 1: Sources of Financial Advice



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Co-workers

Part 1: Sources of Financial Advice



Neighbors

Part 1: Sources of Financial Advice



Professionals

Part 1: Sources of Financial Advice



Professionals:
Attorney

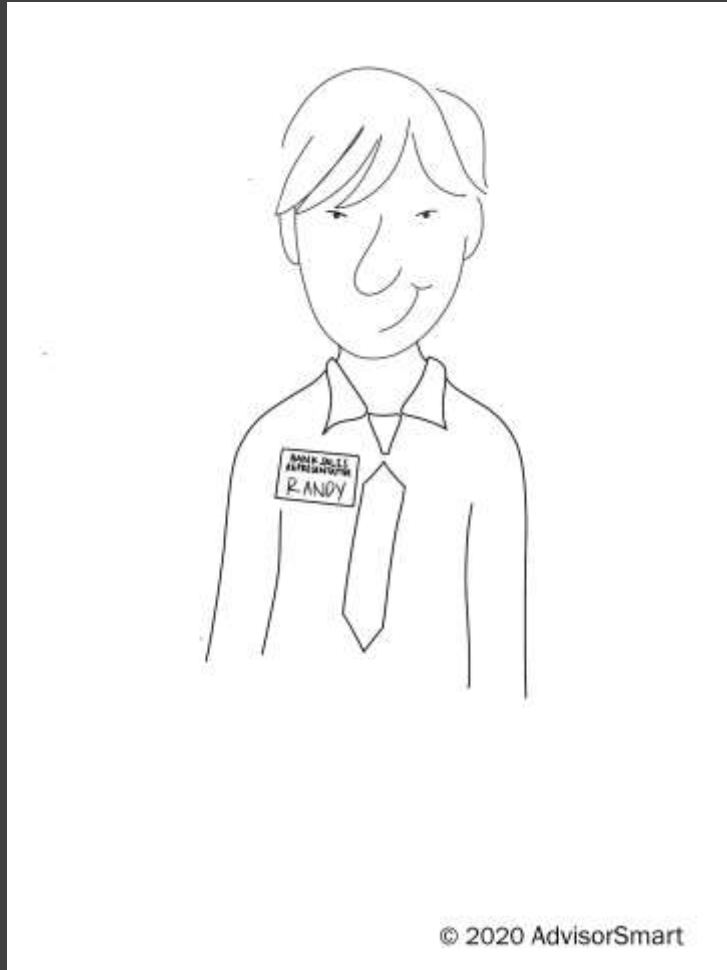
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Part 1: Sources of Financial Advice



Professionals:
Accountant

Part 1: Sources of Financial Advice



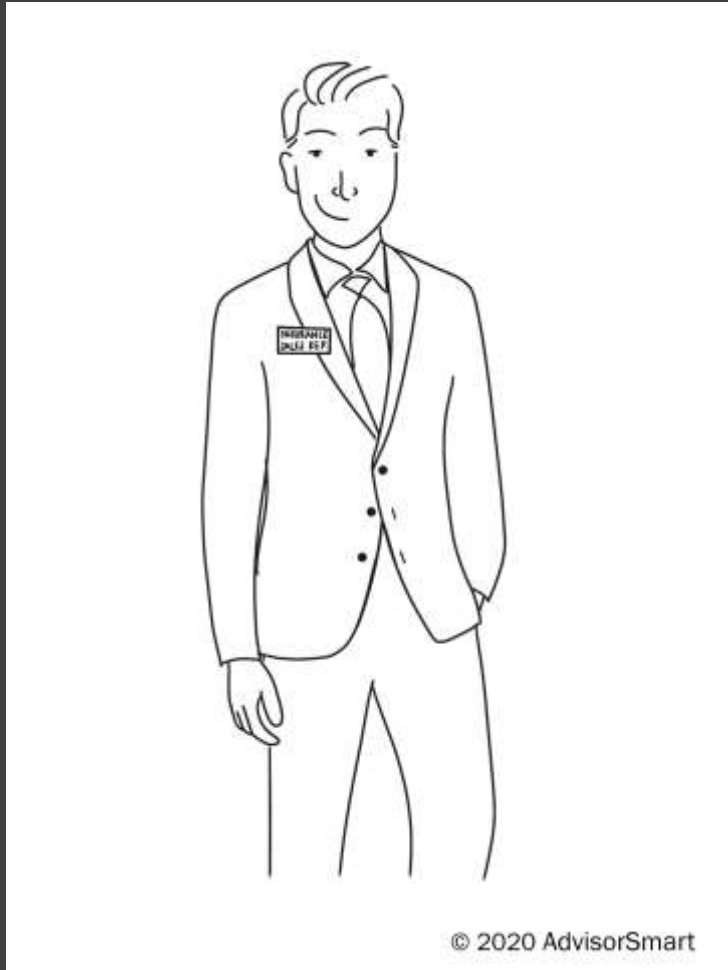
Professionals:
Bank Teller

Part 1: Sources of Financial Advice



Professionals:
Mortgage Banker

Part 1: Sources of Financial Advice



Professionals:
Life Insurance Agent

Part 1: Sources of Financial Advice



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Professionals:
Property & Casualty
Insurance Agent

Part 1: Sources of Financial Advice



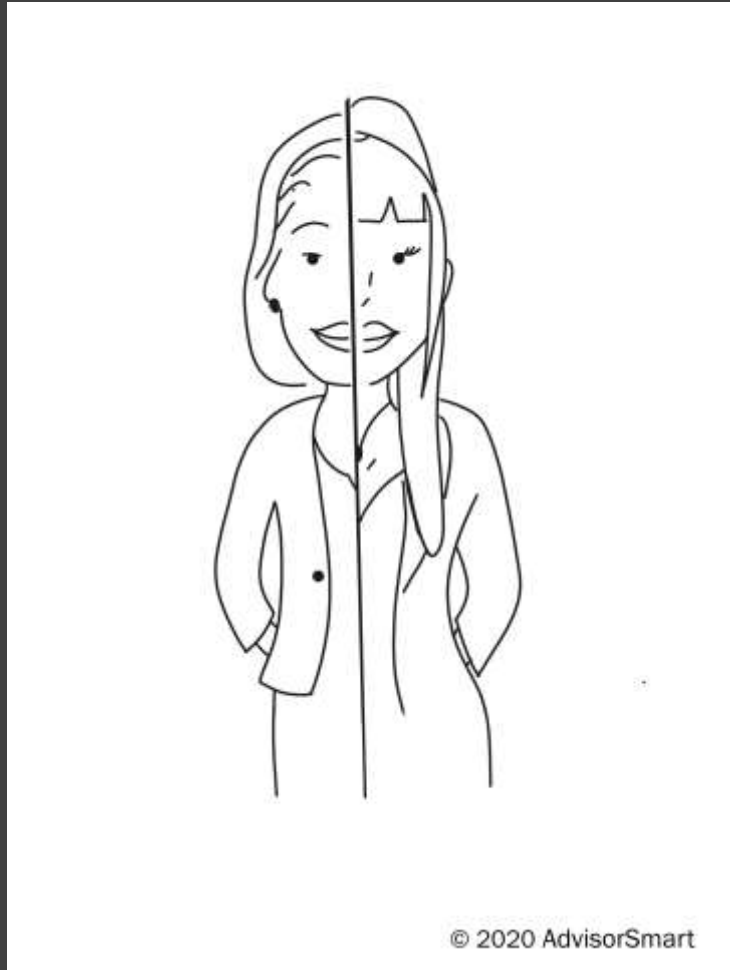
Professionals:
Stockbroker

Part 1: Sources of Financial Advice



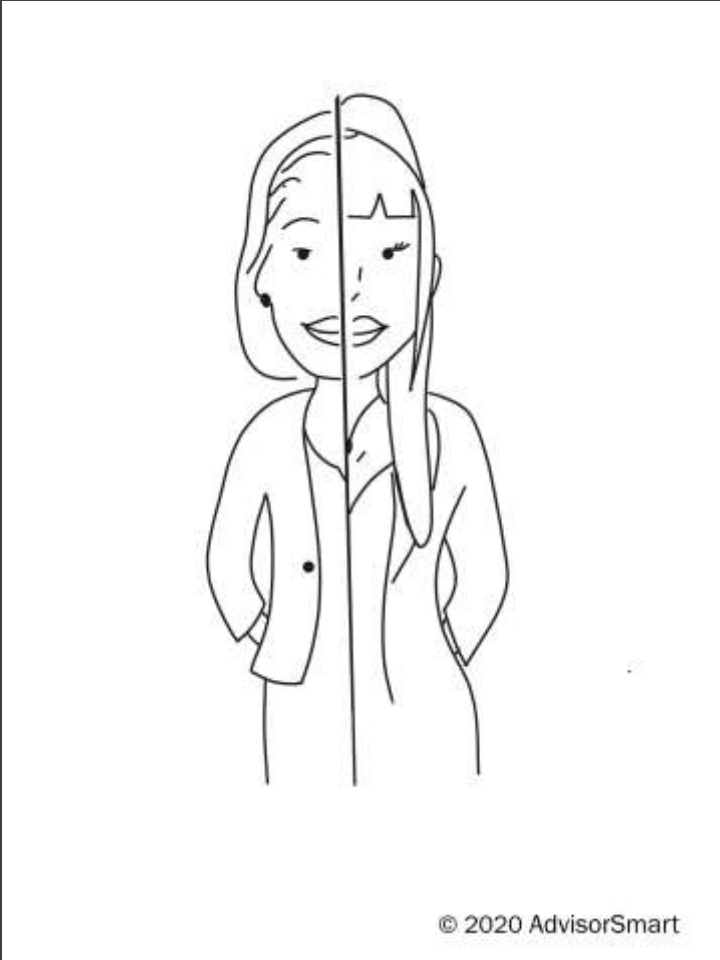
Professionals:
Investment Adviser
Representative (IAR)

Part 1: Sources of Financial Advice



Professionals:
“Hybrid”
Broker/Advisors

Part 1: Sources of Financial Advice



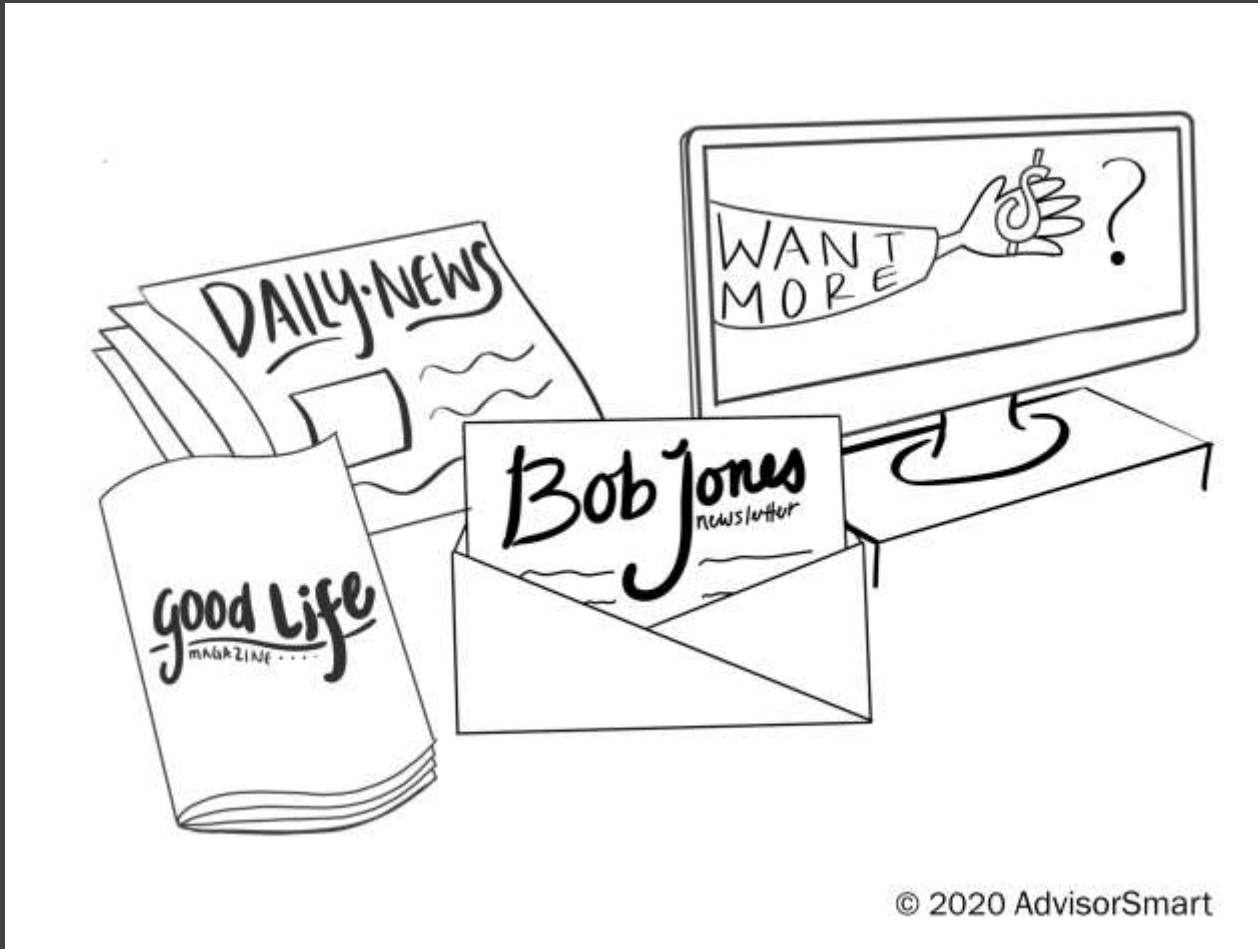
Part 1: Sources of Financial Advice



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Financial
Professionals

Part 1: Sources of Financial Advice



The Media:
Television, Radio,
Magazines,
Newspapers,
Newsletters, Social
Media, Internet

Part 1: Sources of Financial Advice



Everyone wants your attention. Everyone has an agenda. They all have various types of personal biases.

Part 1: Sources of Financial Advice



Everyone wants
your attention.
What to do?

Avoid Bias & Protect Yourself from Wall Street (Chapter 7)



Wall Street Media Propaganda:

- Tune Out the Media Noise
- Seek Independent Sources of Information
- Search for Fee-Only Fiduciary Advisors

The Hidden Costs of Free Advice (Chapter 6)



Sources of “Free” Advice:

- Media
- Friends and Family
- Financial Advisors

The Average Investor is Woefully Unprepared (Chapter 4)



- DIY Culture
- Financial Illiteracy
- No Trust in Advisors

Do You Trust Your Financial Advisor? (Chapter 2)



Three Trust Factors:

1. Transparency in Compensation Structure
2. Commitment to Fiduciary Duty
3. Clear Communication

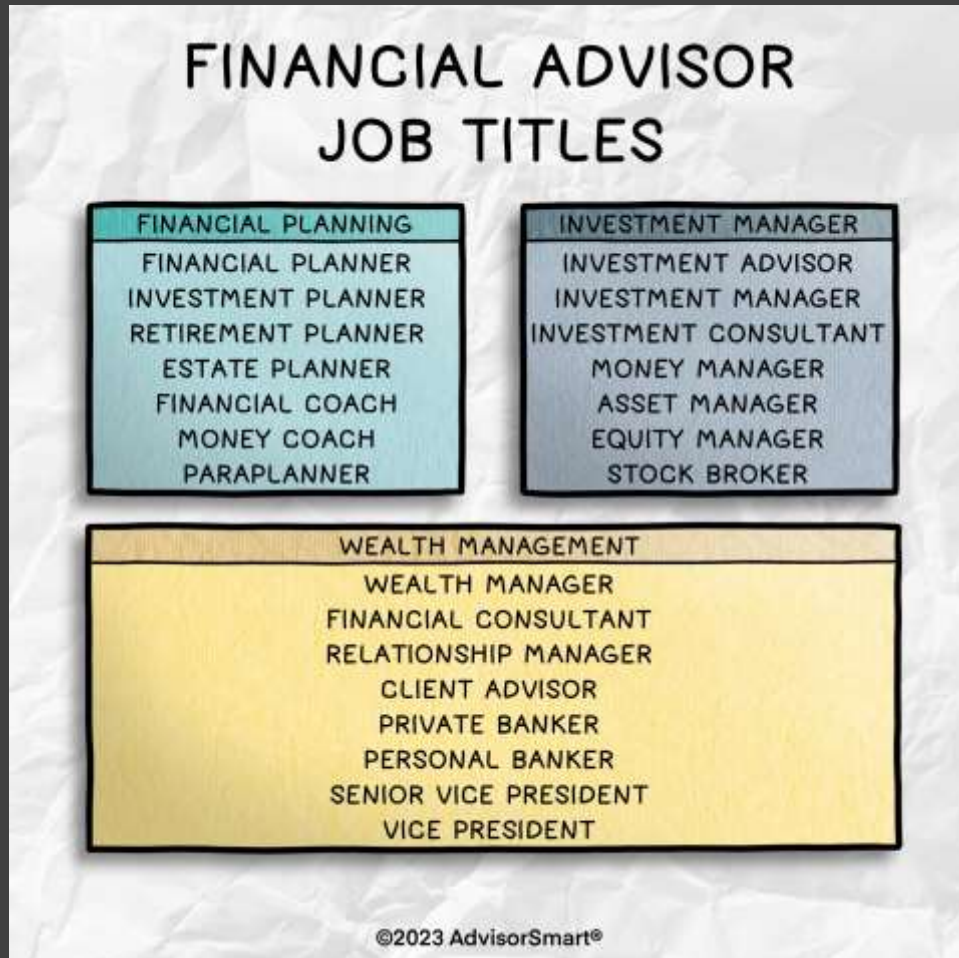
Should You Hire a Financial Advisor or DIY? (Chapter 3)



“Financial planning doesn’t have to be terribly complicated, but it’s often challenging enough that paying for advice can be the right choice. Those willing to study up on financial planning basics or use online calculators can do this part themselves; for those who find such calculators intimidating or don’t feel they have the time or confidence to master the essentials, paying a professional might be a smart move.”

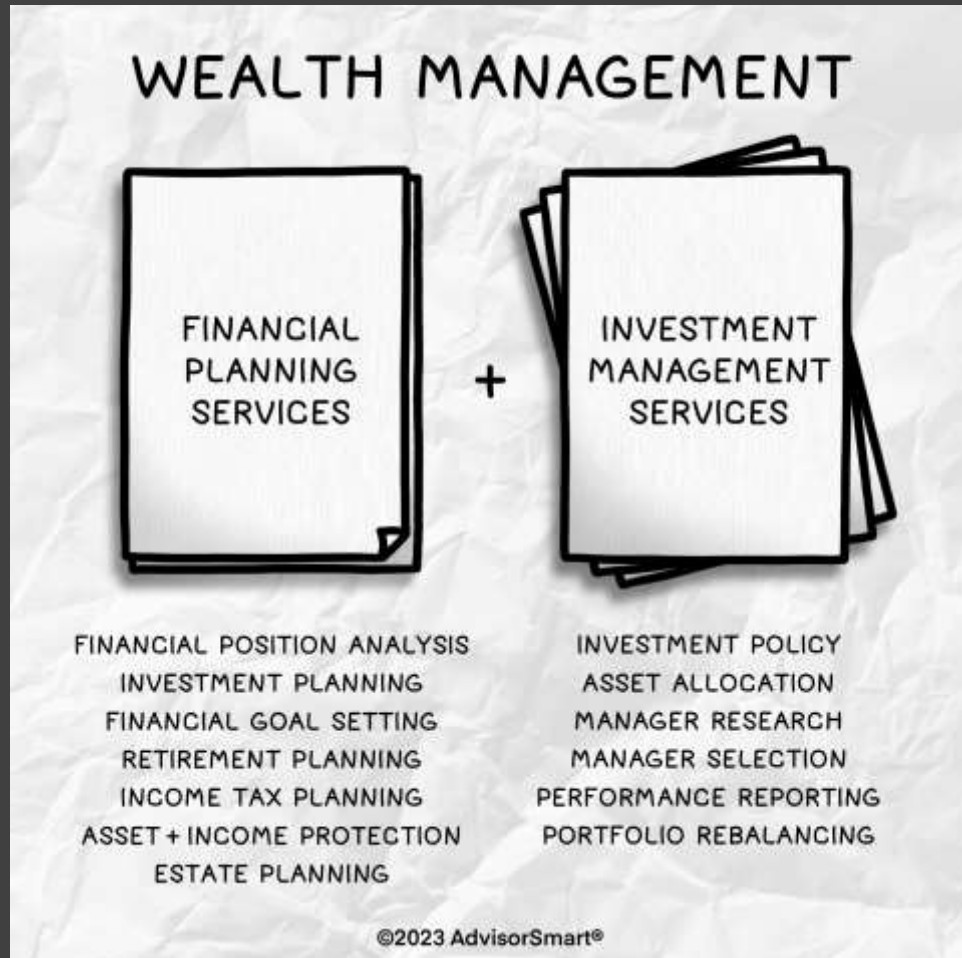
Patrick Geddes, interview by author, July 5, 2022.

Why is “Wealth Management” a Problematic Term? (Chapter 5)



Are you confused?
Are unregulated job titles one reason why consumers might be confused about the role of the financial advisor?

Why is “Wealth Management” a Problematic Term? (Chapter 5)



What is the definition of “Wealth Management”?

5 Steps to More Objective Financial Advice (Chapter 15)

1. Identify Sources of Compensation
2. Avoid Brokers and Brokerage Firms
3. Seek Only Fee-Only Financial Advisors
4. Trust Your Instincts
5. Ask About the Fiduciary Standard of Care

Searching for an Advisor? Try the Process of Elimination (Ch. 9)

- 620,882 FINRA-Registered Representatives on 12/31/22 and 3378 Securities Firms and 150,647 Branch Offices per the 2023 FINRA INDUSTRY SNAPSHOT
- 15,114 SEC-registered investment adviser FIRMS with 366,943 Investment Adviser Representatives (IARs) and
- 17,406 State-registered investment advisers with 26,351 Investment Adviser Representatives per 2023 Investment Adviser Industry Snapshot, the Investment Adviser Association (IAA) 2023 Snapshot.

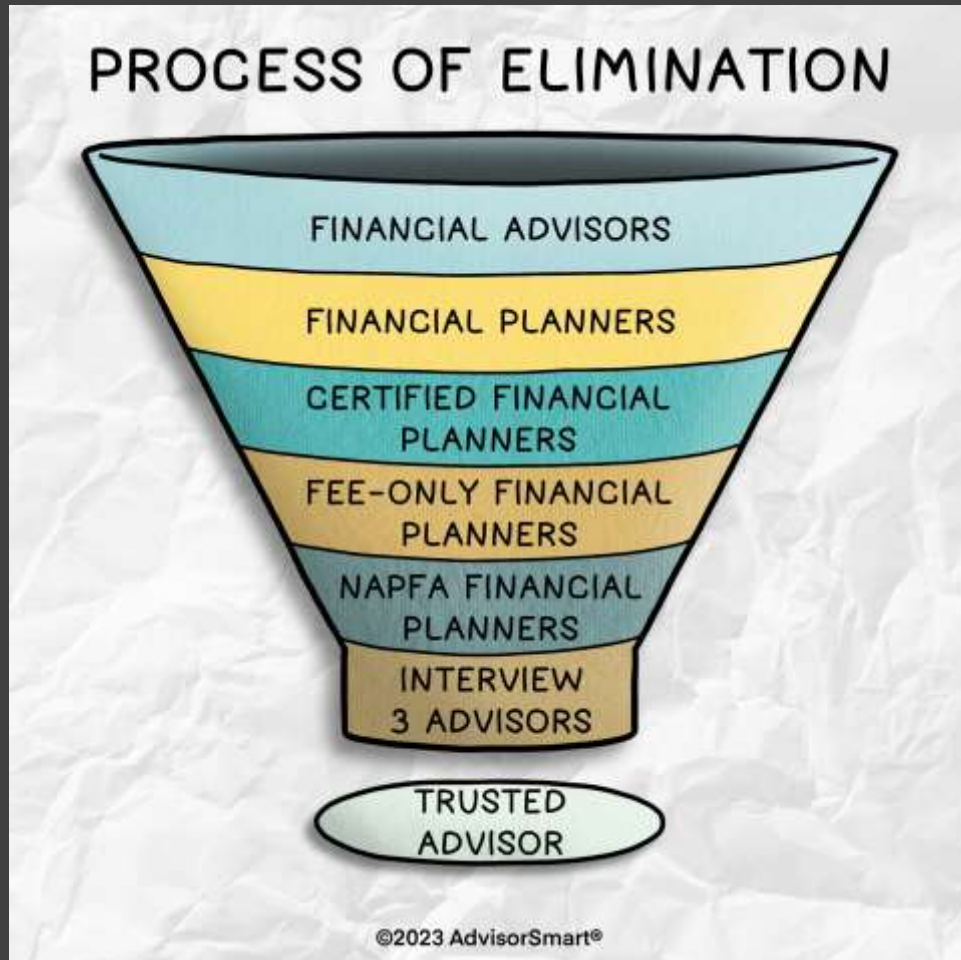
Searching for an Advisor? Try the Process of Elimination (Ch. 9)



Investment Adviser Public Disclosure (IAPD) website. For a complete compilation of Investment Adviser Firms currently registered with the SEC and states securities regulators, download the [Investment Adviser Data](https://adviserinfo.sec.gov/)

<https://adviserinfo.sec.gov/>

Searching for an Advisor? Try the Process of Elimination (Ch. 9)



With the large number of financial advisors to consider, we recommend that you adopt a “Process of Elimination” method.

Why Avoid Life Insurance Agents for Financial Advice (Ch. 11)



To Avoid High Pressure Life Insurance Product Sales, Eliminate All Financial Advisors Affiliated with Insurance Companies

Should We Trust Banks with Our Investments? (Chapter 12)



To Avoid Bank
Product Sales,
Eliminate All
Financial Advisors
Affiliated with Banks

Criminal Activities and Penalties of Wall Street Banks (Ch. 13)

Google search: Search for “Largest U.S. Bank Investment-Related Fines and Penalties in History” www.Google.com

Violation Tracker search: Search for “Investor Protection Violations” <https://violationtracker.goodjobsfirst.org/>

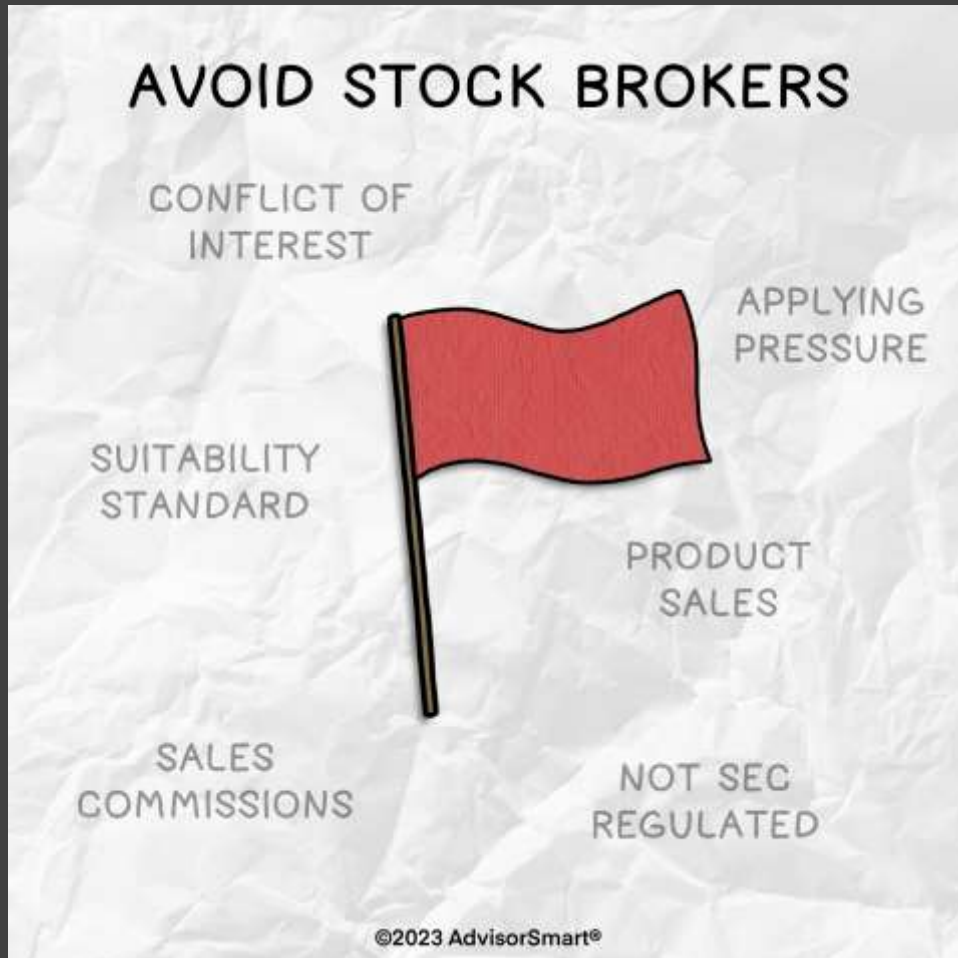
Better Markets search: Search for “Bank Fines and Penalties” www.bettermarkets.org

Why I Rejected Commission-Based Brokerage Firm (Chapter 1)

“Wall Street is the only place that people ride to in a Rolls Royce to get advice from those who take the subway.”

—Warren Buffett

Why I Rejected Commission-Based Brokerage Firm (Chapter 1)



To Avoid Brokerage Firm
Product Sales, Eliminate
All Financial Advisors
Affiliated with
Investment Securities
Brokerage Firms

Searching for an Advisor? Try the Process of Elimination (Ch. 9)



Evidence-Based Financial Advisor Type Categories Based on Compensation Models:

1. Brokers
2. Fee-Based Broker/Advisors
3. Fee-Only Advisors

Searching for an Advisor? Try the Process of Elimination (Ch. 9)

Financial Advisor Registration Advisor Smart

Financial Advisor Type	FINRA Registration License	Examination*	Permitted Activities	Compensation Model	Typical Employer
Registered Representative (RR)	Series 6	Series 6 Investment Company and Variable Contracts Products Representative Exam	Sell Products (Annuities and Mutual Funds)	Commission-Based	Investment Securities Brokerage Firm
	Series 7	Series 7 General Securities Representative Exam	Sell Products (General Investment Securities)	Commission-Based	
	Series 63	Series 63 Uniform Securities Agent State Law Exam	Sell products (General Investment Securities - State Licensing)	Commission-Based	
Registered Representative (RR) AND Investment Adviser Representative (IAR)	Series 66	Series 66 Uniform Combined State Law Exam	Deliver Financial Advice AND Sell Products	Commissions AND Fees (Fee-Based)	Dually-Registered Firm
Investment Adviser Representative (IAR)	N/A	Series 65 Uniform Investment Adviser Law Exam	Deliver Financial Advice	Fee for Advice (Fee-Only)	Registered Investment Adviser (RIA) Firm

*Examination requirements may vary by state. There are potential examination waivers for certain professional designations.

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Is Your Financial Advisor an Investment Adviser Representative (IAR) and/or a Broker Registered with FINRA?

<https://advisorsmart.com/resources>

Searching for an Advisor? Try the Process of Elimination (Ch. 9)

Elimination Factors to Consider

1	Firms that are <i>not regulated</i> by the government to provide financial advice
2	Firms already having been fined for selling toxic investments
3	Firms selling <i>commission-based</i> bank products
4	Firms selling <i>commission-based</i> insurance brokerage firm products
5	Firms selling <i>commission-based</i> investment brokerage firm products
6	Firms selling <i>fee-based</i> investment brokerage firm products
7	RIA firms <i>affiliated with a bank</i>
8	RIA firms <i>affiliated with an insurance company</i>
9	RIA firms <i>affiliated with an investment securities brokerage firm</i>
10	RIA firms <i>affiliated with a custodian</i>
11	RIA firms with <i>no experience</i> with nonprofit organizations
12	RIA firms with <i>no expertise</i> working with nonprofit organizations
13	RIA firms that are <i>NOT</i> CEFEX certified

Searching for an Advisor? Try the Process of Elimination (Ch. 9)

Elimination Factors
NONPROFIT RFP PROCESS

**Advisor
Smart**

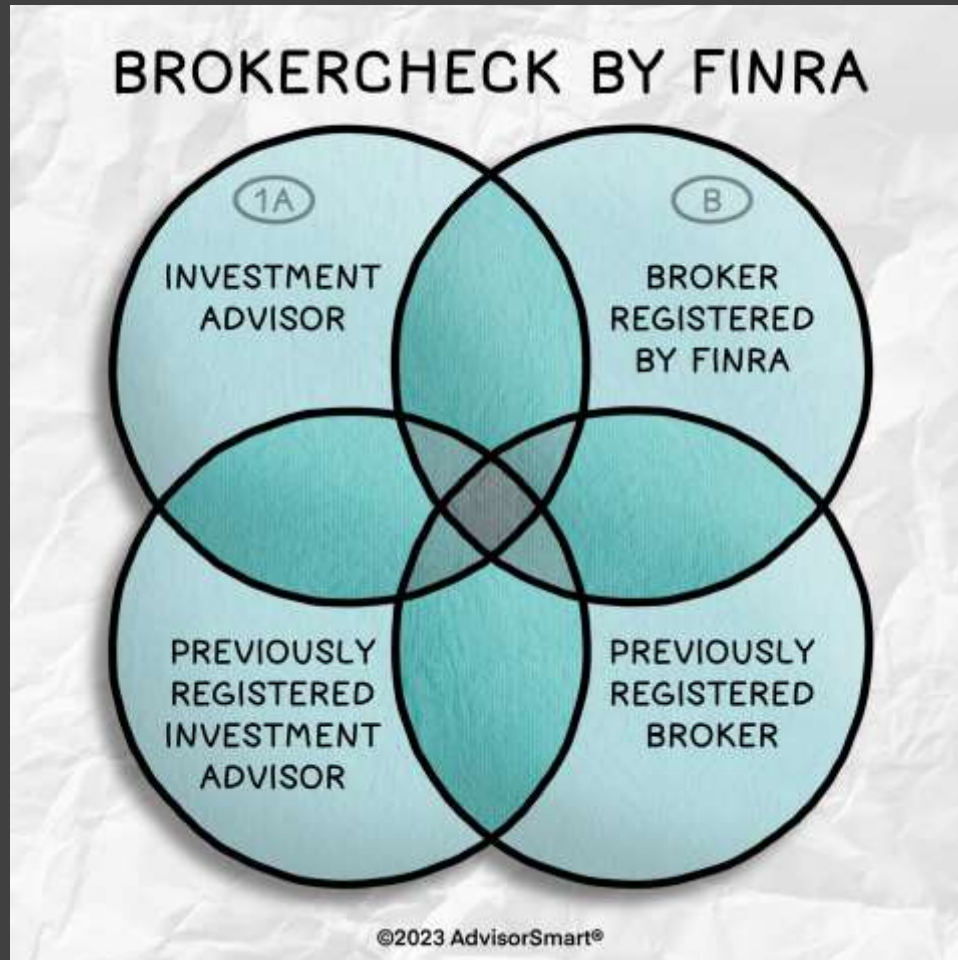
Financial Advisory Firm Elimination Factors to Consider in the Search for a Financial Advisor for a Nonprofit Organization

Elimination Factors to Consider	
1	Firms that are not regulated by the government to provide financial advice
2	Firms already having been fined for selling toxic investments
3	Firms selling commission-based bank products
4	Firms selling commission-based insurance brokerage firm products
5	Firms selling commission-based investment brokerage firm products
6	Firms selling fee-based investment brokerage firm products
7	RIA firms affiliated with a bank
8	RIA firms affiliated with an insurance company
9	RIA firms affiliated with an investment securities brokerage firm
10	RIA firms affiliated with a custodian
11	RIA firms with no experience with nonprofit organizations
12	RIA firms with no expertise working with nonprofit organizations
13	RIA firms that are NOT CEFEEX certified

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Financial Advisory
Firm Elimination
Factors to Consider in
the Search for a
Financial Advisor for
an Individual Investor

Why to Avoid Brokers When Searching for an Advisor (Ch. 10)



First Cut:
Eliminate Commission-
Based Brokers

Searching for an Advisor? Try the Process of Elimination (Ch. 9)



Free Bonus Tip:
Eliminate Bankrupt
Financial Advisors

How Do Fee-Only and Fee-Based Financial Advisors Differ? (Ch. 14)

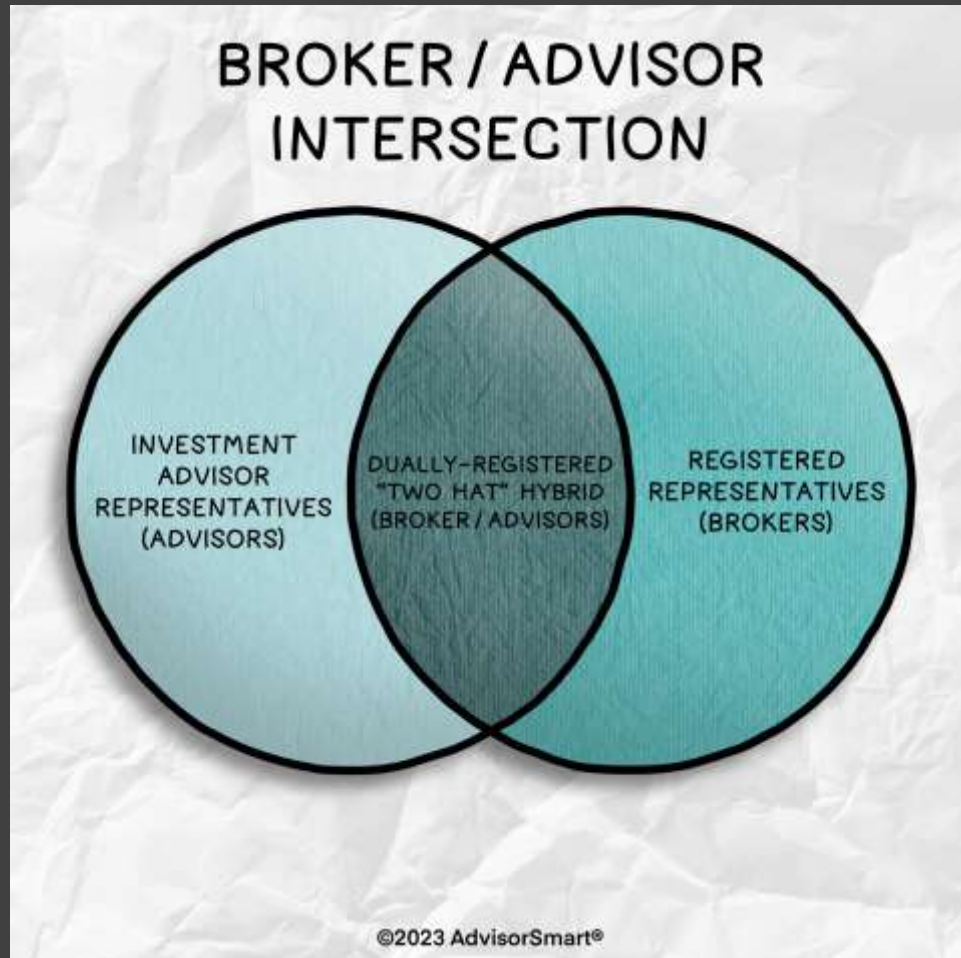
FINANCIAL ADVISOR TYPES

FEE - ONLY	FEE - BASED	COMMISSION BASED
INVESTMENT ADVICE	ADVICE + SALES	PRODUCT SALES
PRODUCT BUY SIDE	HYBRID (BUY + SELL)	PRODUCT SELL SIDE
PURE "WHITE HAT" RIA FIRMS	"TWO HAT" ADVISORY FIRMS AFFILIATED WITH PRODUCT PROVIDERS	PURE "BLACK HAT" FIRMS (BANKS, BROKERAGE + INSURANCE COMPANIES)
S.E.C REGISTERED INVESTMENT ADVISORS	DUALLY REGISTERED (FINRA / SEC)	FINRA BROKERS
INVESTMENT ADVISOR REPRESENTATIVES (IAR)	IAR / RR	REGISTERED REPRESENTATIVES (RR)

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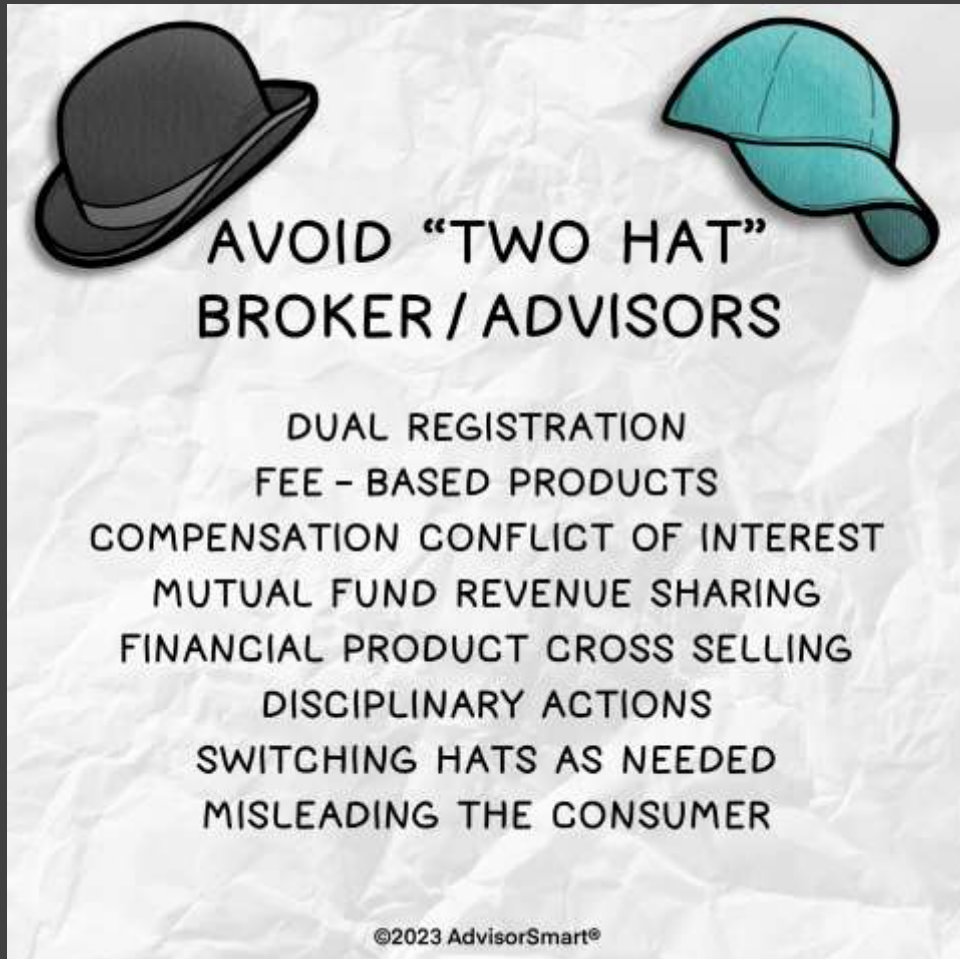
Second Cut:
Eliminate Hybrid Fee-
Based Broker/Advisors

How Do Fee-Only and Fee-Based Financial Advisors Differ? (Ch. 14)



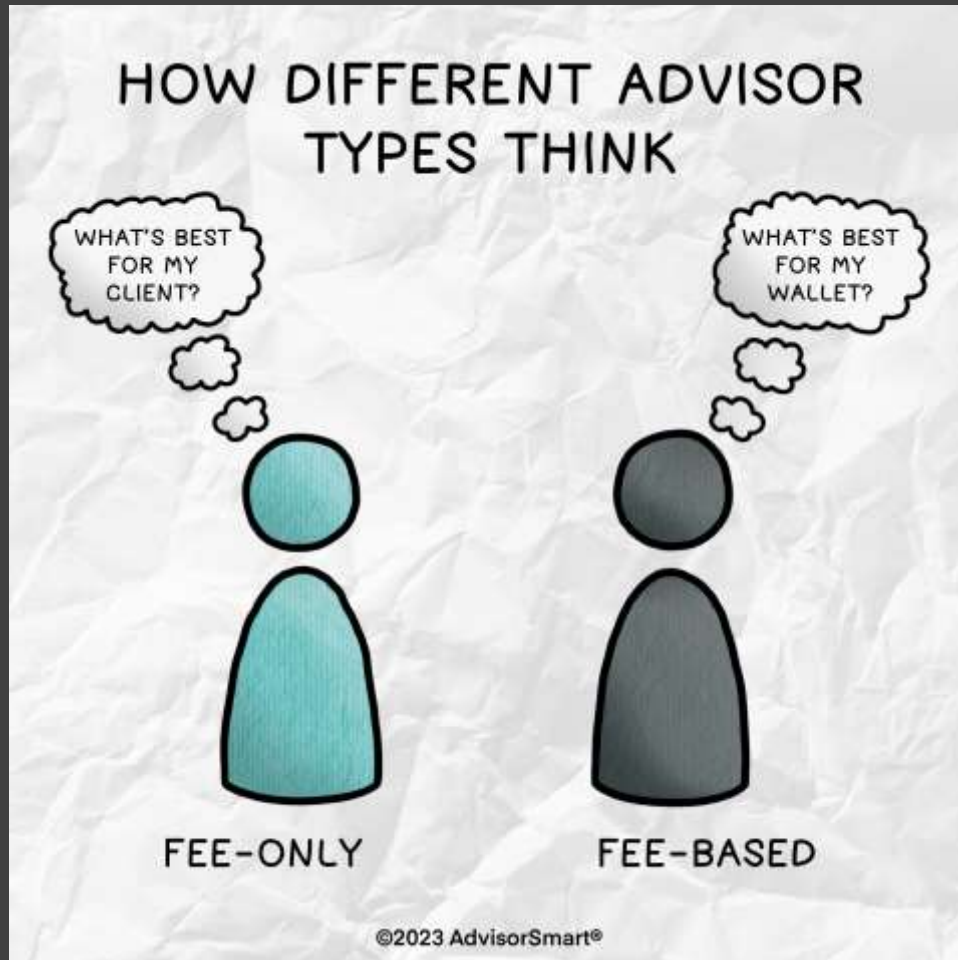
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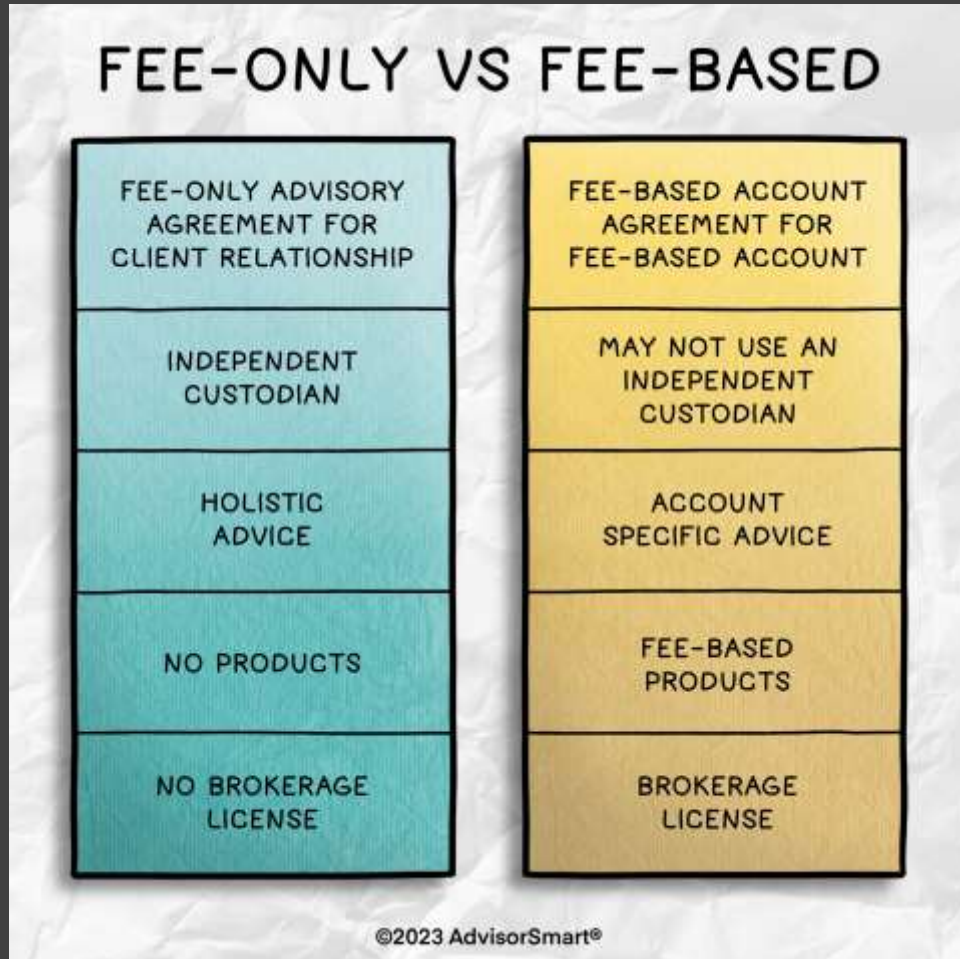
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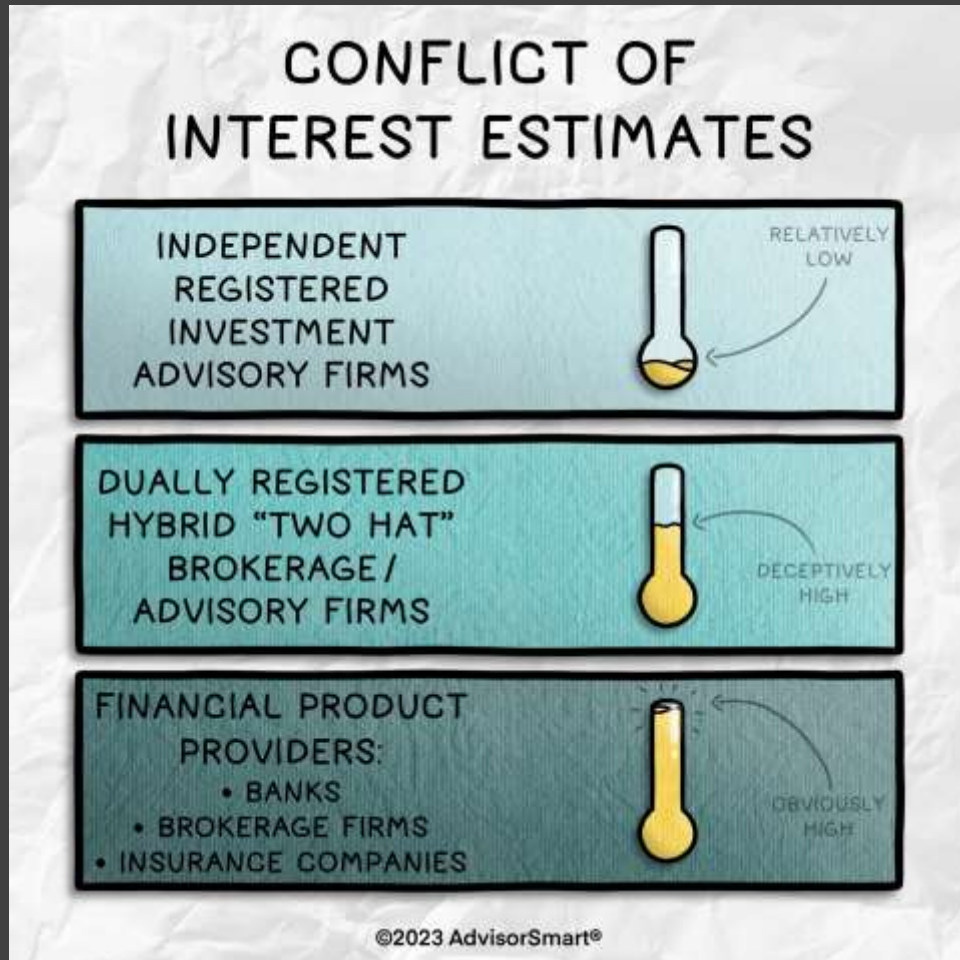
Second Cut:
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How Do Fee-Only and Fee-Based Financial Advisors Differ? (Ch. 14)



Second Cut:
Eliminate Hybrid Fee-
Based Broker/Advisors

Financial Advice: Recognizing Conflicts of Interest (Chapter 8)



Try to Find a Financial Advisor with the Least Amount of Bias

Financial Advice: Recognizing Conflicts of Interest (Chapter 8)

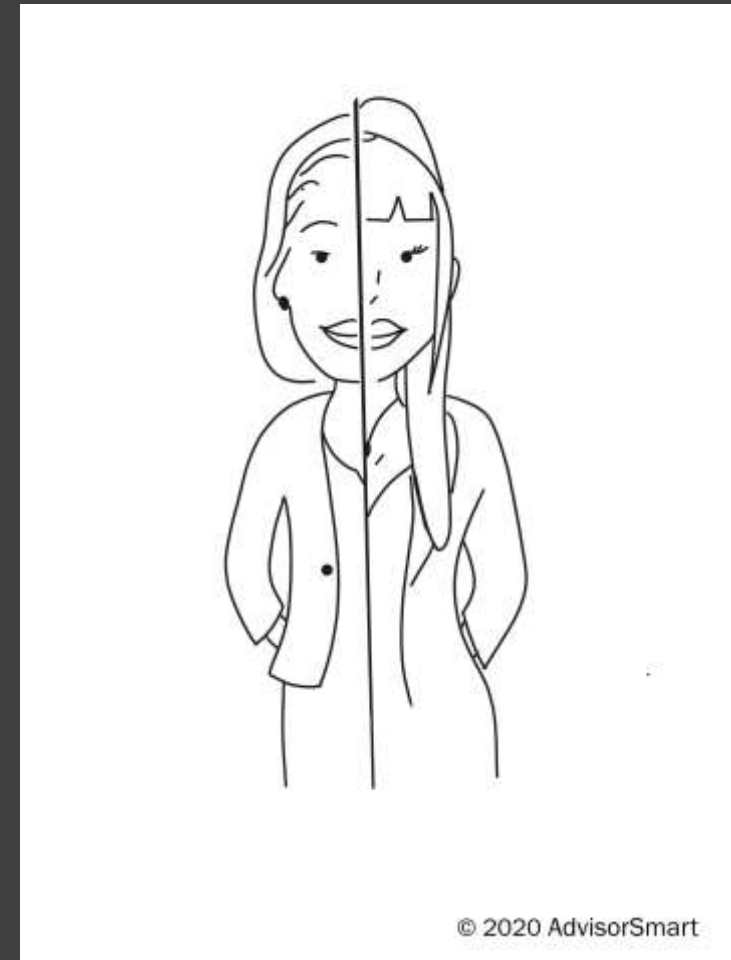


Try to Find a Financial Advisor with the Least Amount of Bias

Financial Advice: Recognizing Conflicts of Interest (Chapter 8)



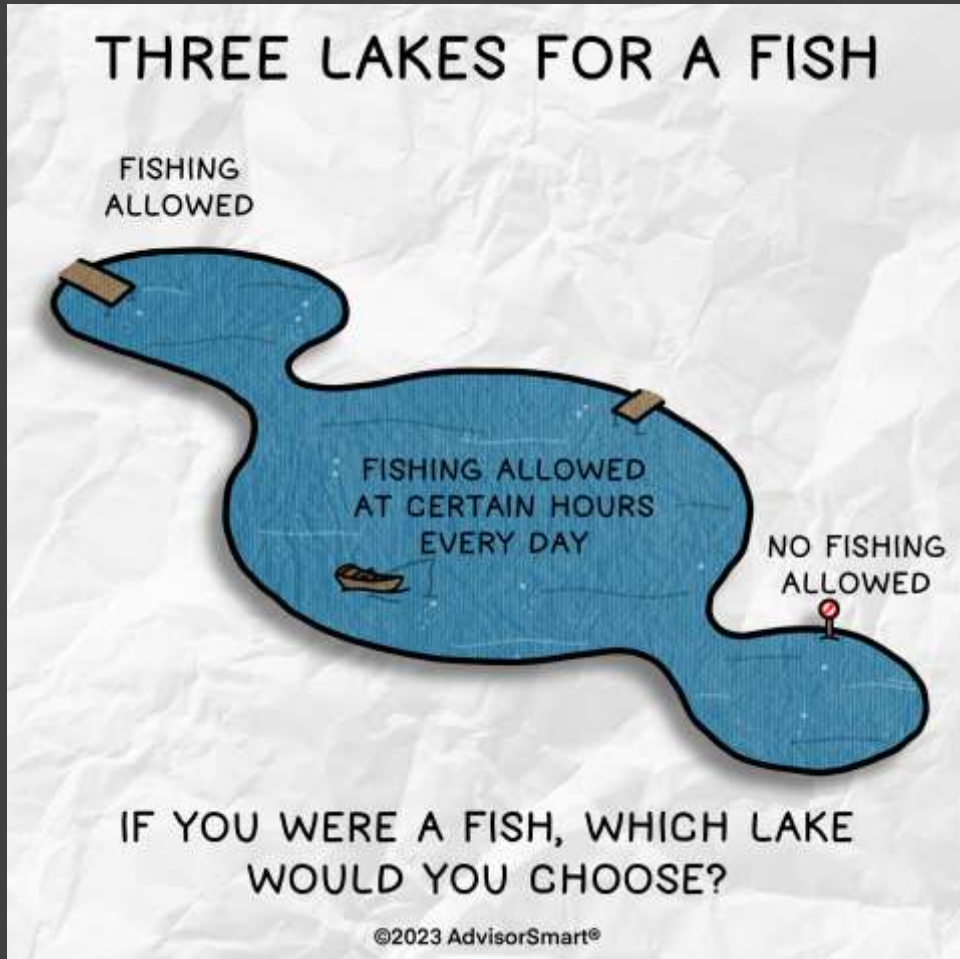
Financial Advice: Recognizing Conflicts of Interest (Chapter 8)



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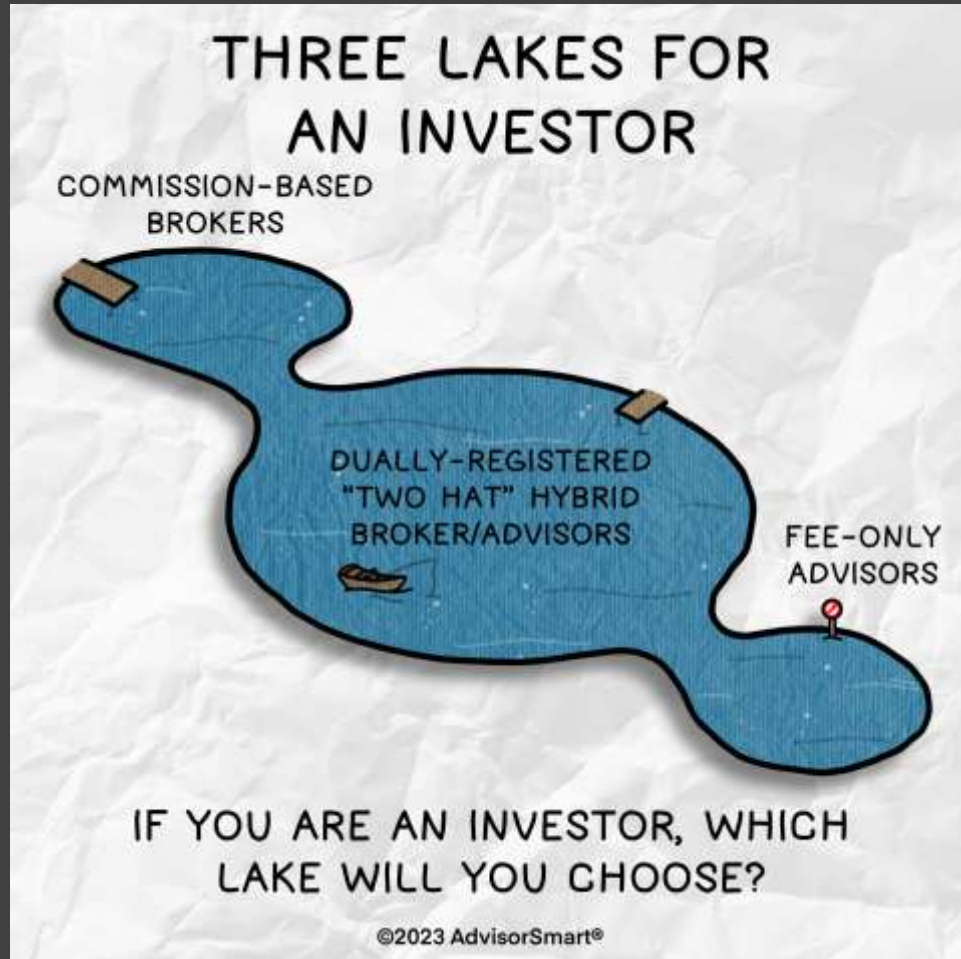


How Do Fee-Only and Fee-Based Financial Advisors Differ? (Ch. 14)



Second Cut:
Eliminate Hybrid Fee-
Based Broker/Advisors

How Do Fee-Only and Fee-Based Financial Advisors Differ? (Ch. 14)

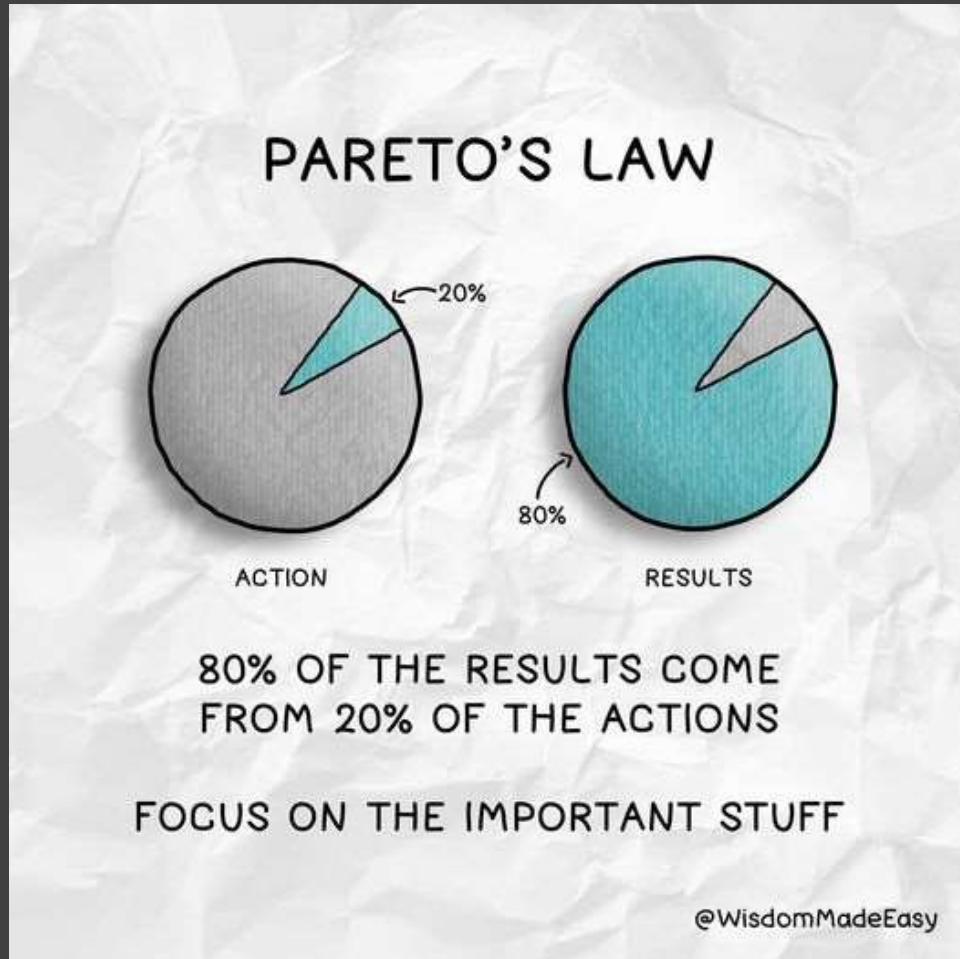


Second Cut:
Eliminate Hybrid Fee-
Based Broker/Advisors

Part 2: The Hunt for Good Advice

- Part 1: Sources of Financial Advice
- ***Part 2: The Hunt for Good Advice***
- Part 3: Searching for the Right Financial Advisor
- Part 4: Select and Hire a Financial Advisor and Firm

Characteristic of Good Financial Advice



1. Independent
2. Comprehensive
3. Disciplined
4. Professional
5. Fiduciary

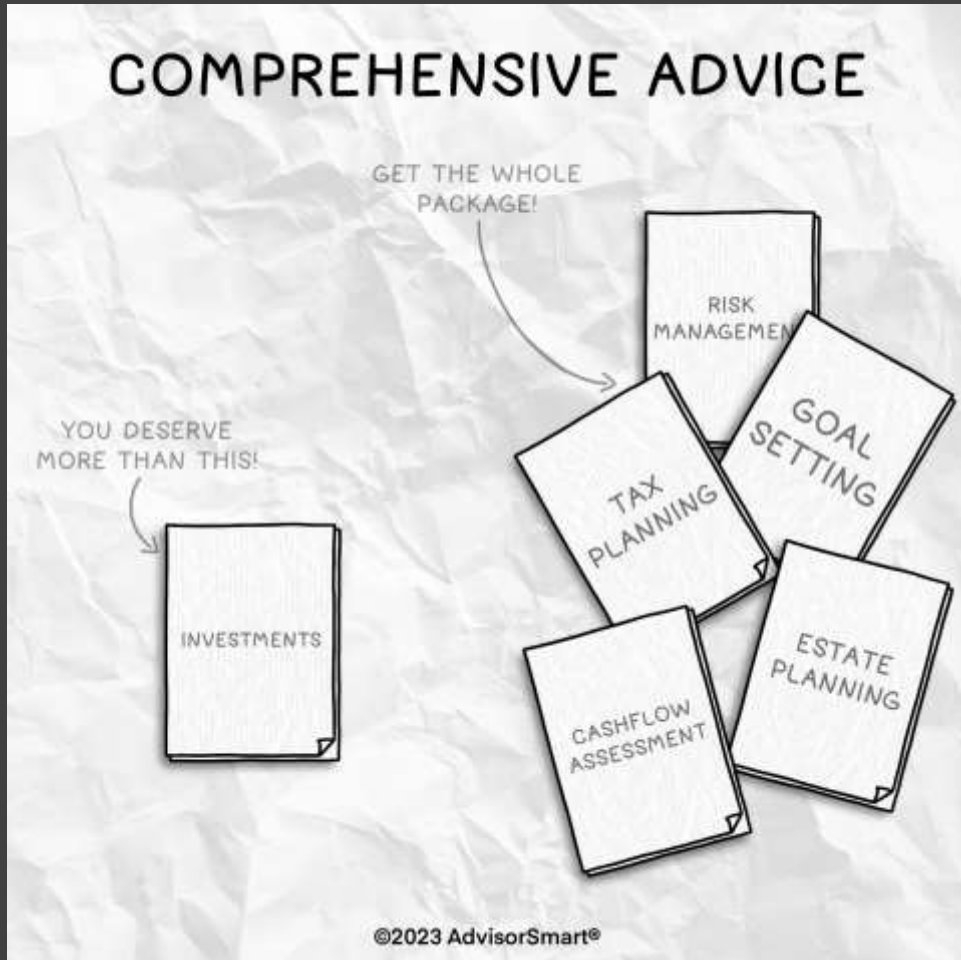
Why Independent Advice Matters (Ch. 17)



Eliminate Financial Advisors
Affiliated with:

1. Custodians
2. Brokerage Firms
3. Investment Managers

The Merits of Comprehensive Financial Advice (Ch. 16)



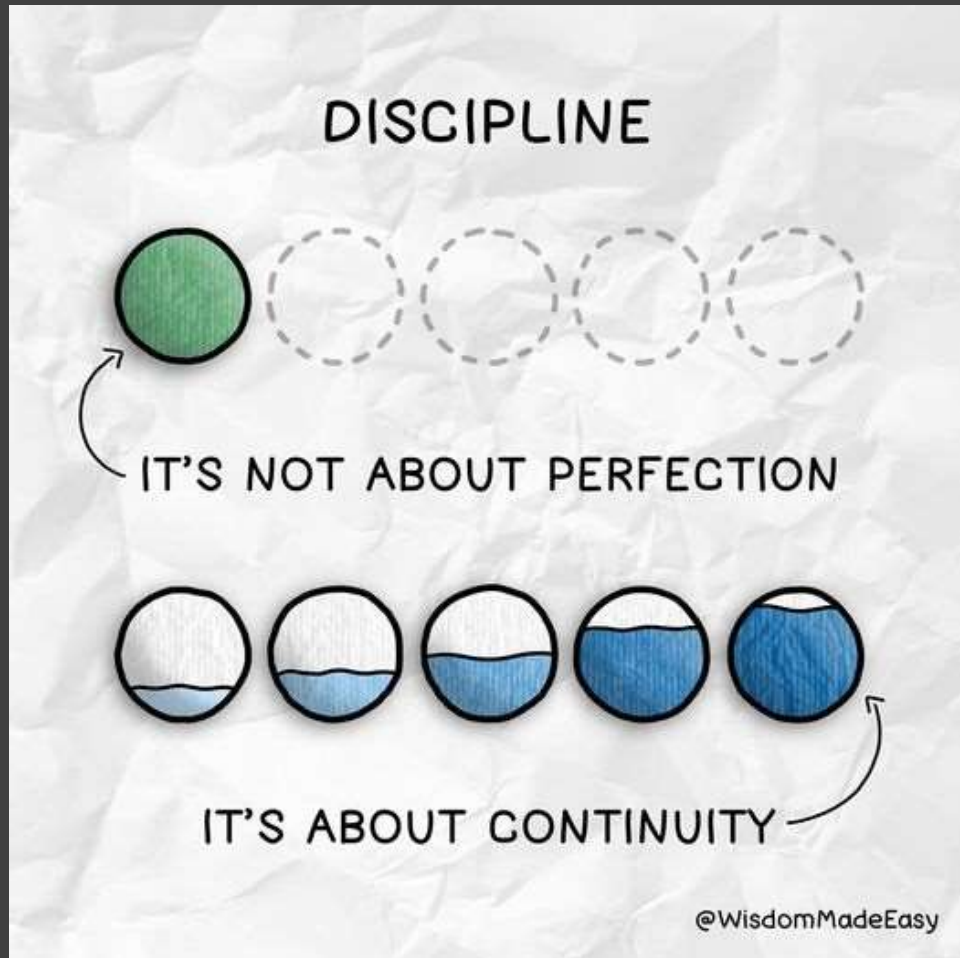
You only have one tax return, why not adopt one financial plan and supporting investment strategy?

Why Maintain a Disciplined Investment Strategy? (Ch. 18)



Adopting a Disciplined Investment Decision-Making Process Counteracts the Emotions of Investing

Why Maintain a Disciplined Investment Strategy? (Ch. 18)



Focus on What You Can Control and Apply Daily Investment Discipline

Advisors, Professionalism and Being a Smart Consumer (Ch. 19)






CERTIFIED
FINANCIAL
PLANNER™

Fiduciary: A Difficult Term to Define (Ch. 20)

FIDUCIARY & FEE-ONLY

2 DIFFERENT YET RELATED CONCEPTS

 MUST ACT WITH  FIDUCIARY DUTY IS AN OBLIGATION TO ACT IN SOMEONE ELSE'S BEST INTEREST	NO SALES COMMISSIONS NO HIDDEN FEES  FEE-ONLY ADVICE IS PROVIDED BY FINANCIAL PLANNERS WHO DO NOT HOLD A BROKERAGE LICENSE TO SELL FINANCIAL PRODUCTS
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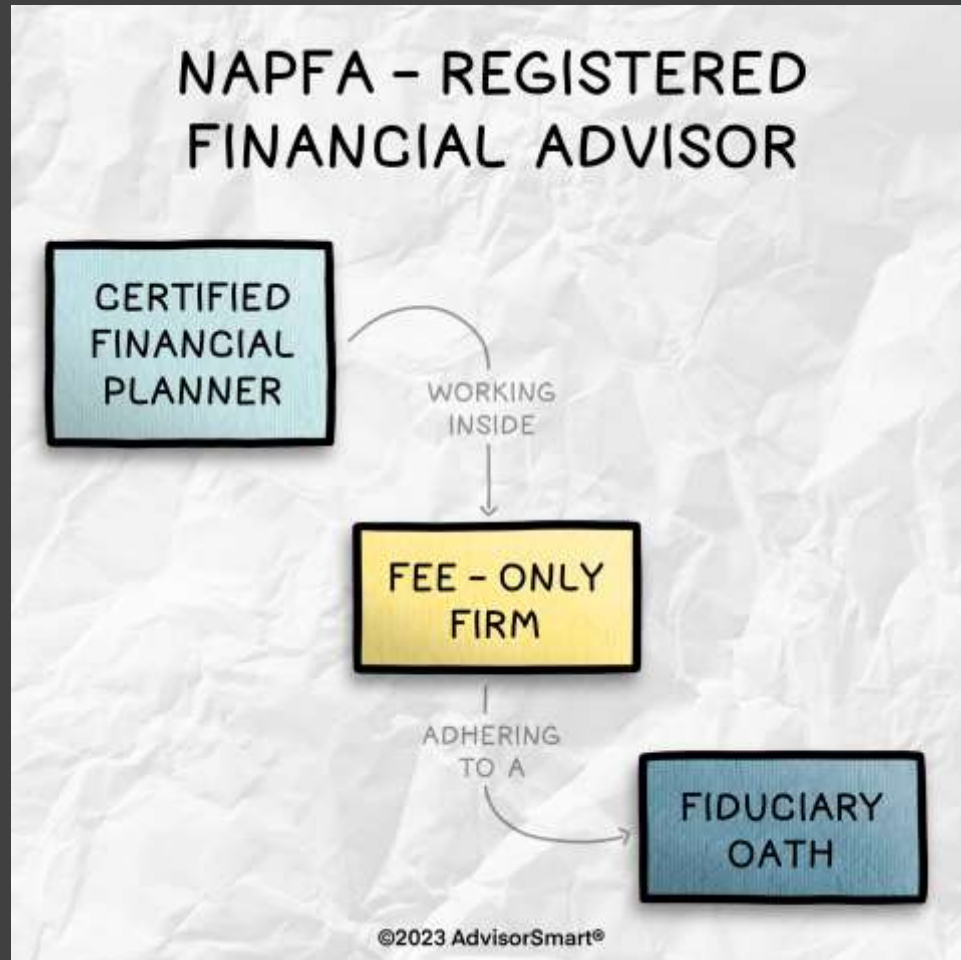
Fiduciary Duty is an
Obligation to Act in
Someone Else's
Best Interest

How to Identify True Fiduciaries (Ch. 21)



You should consider eliminating any financial advisory firm that is unwilling to promise a fiduciary standard of care in writing.

Why Request a Fiduciary Oath? (Ch. 22)

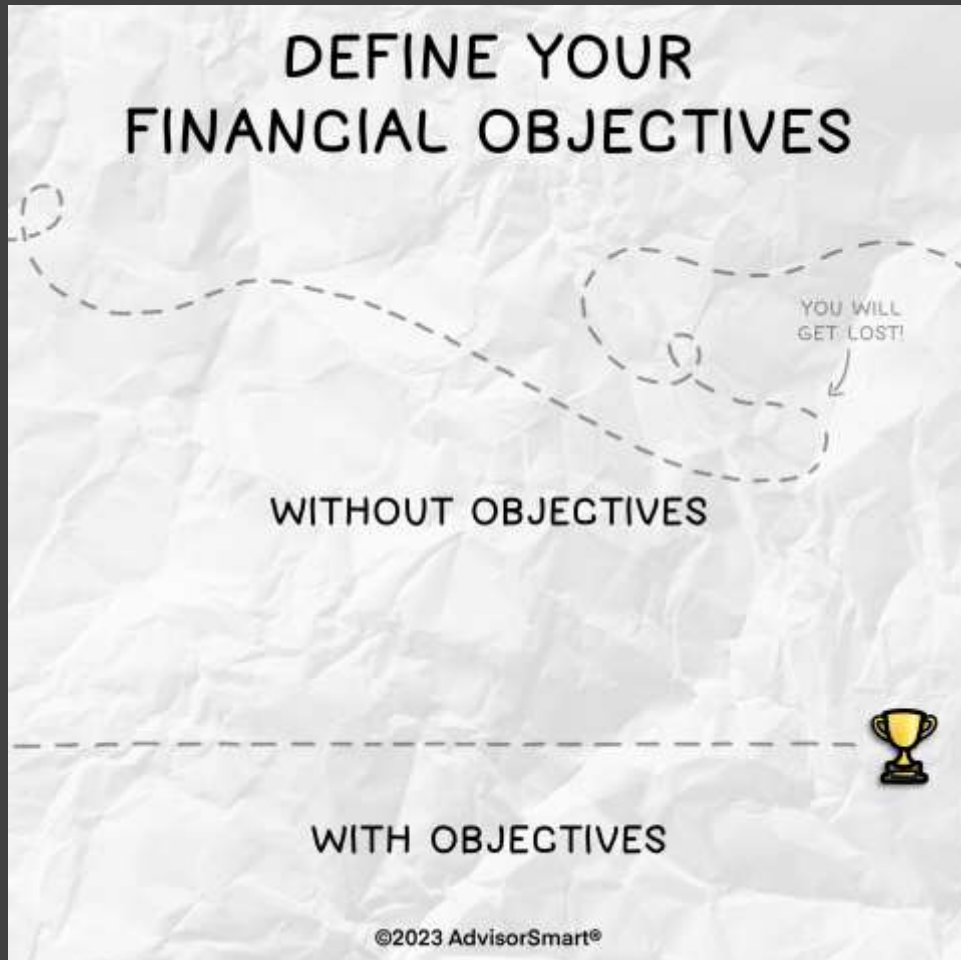


NAPFA-Registered
Financial Advisors Can
and Will Sign a
Fiduciary Oath

Part 3: Searching for the Right Financial Advisor

- Part 1: Sources of Financial Advice
- Part 2: The Hunt for Good Advice
- ***Part 3: Searching for the Right Financial Advisor***
- Part 4: Select and Hire a Financial Advisor and Firm

Define Your Objectives to Choose the Right Advisor (Ch. 25)



Determine What
You Need, Want
and What Would
Be Nice to Have

Should You Work with a Solo Advisor or a Team? (Ch. 26)



Determine Your Criteria
for a Financial Advisor

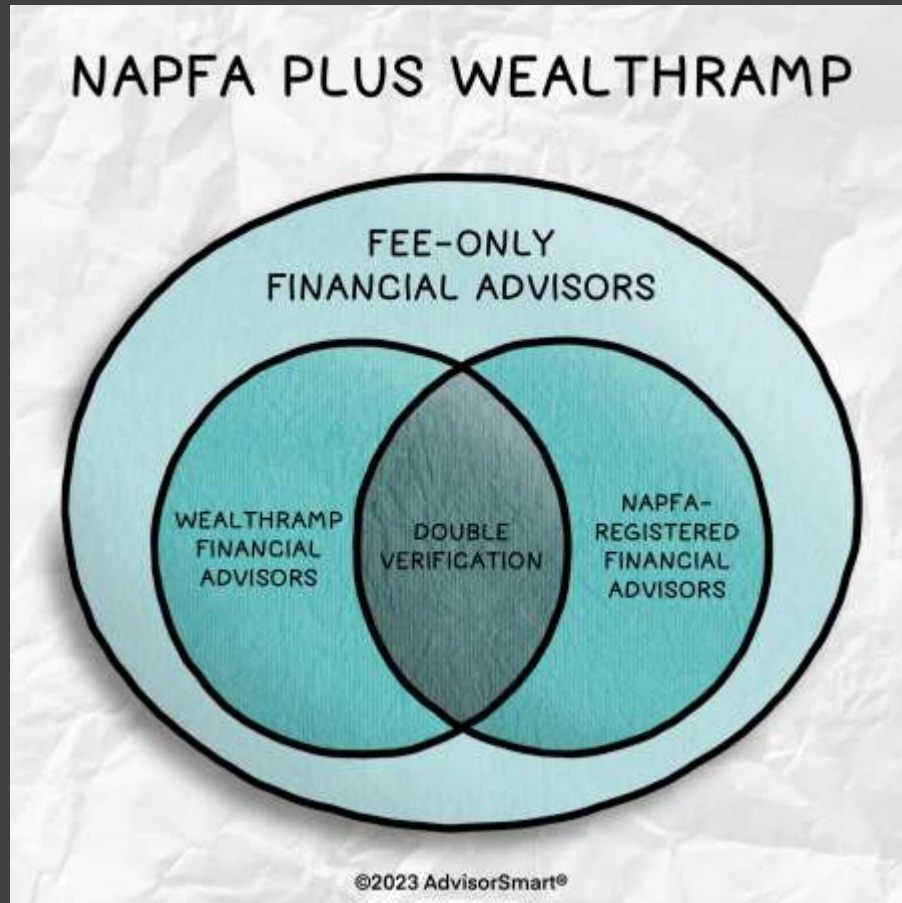
5 Qualities of a Great Financial Advisor (Ch. 23)



Great Advisor Qualities:

1. Authenticity
2. Empathy
3. Process Oriented
4. Curiosity
5. Integrity

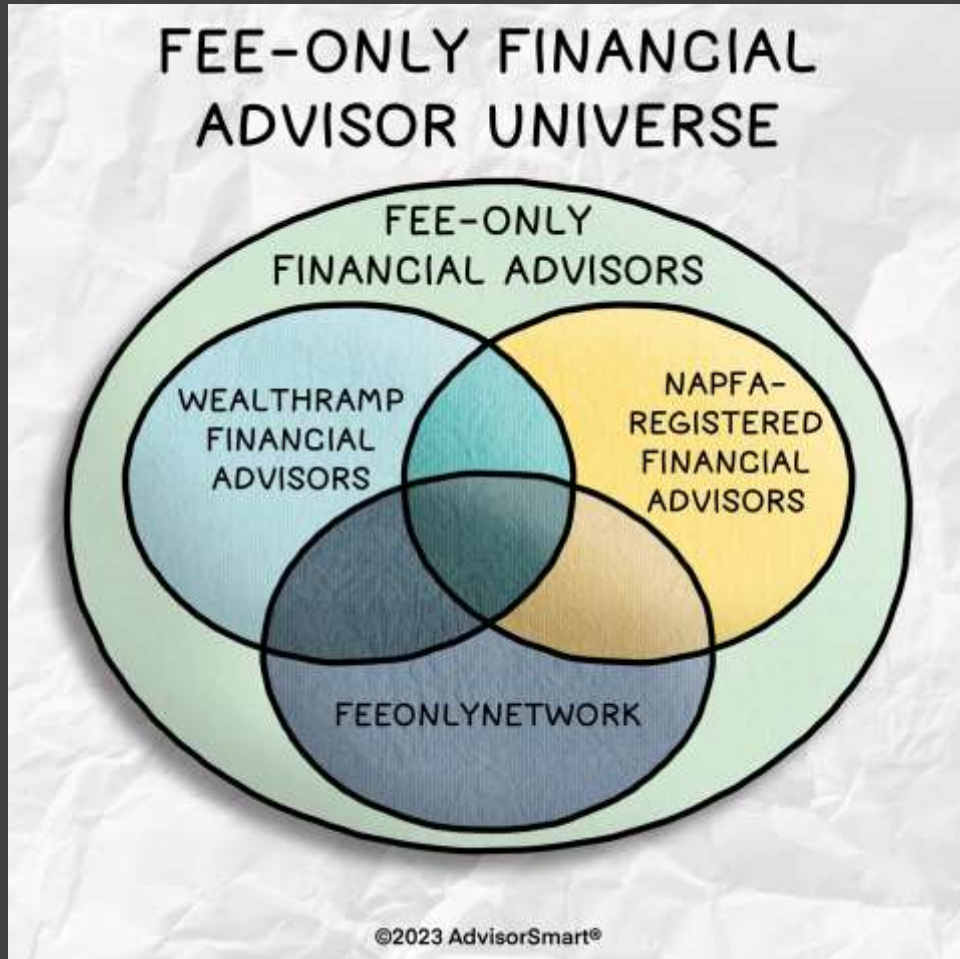
3 Effective Steps to Find a Financial Advisor (Ch. 24)



Three Effective Steps:

1. Determine What You Need
2. Determine Your Criteria for a Financial Advisor
3. Use Smart/Trustworthy Databases

Directories and Matching Platforms: Use with Caution (Ch. 27)



Use Smart/Trustworthy
Databases

Directories and Matching Platforms: Use with Caution (Ch. 27)

FIND AN ADVISOR

CATEGORIES		EXAMPLES
ONLINE MATCHING SERVICES	LEAD GENERATION PLATFORMS (SELL DATA)	SMART ASSET
	CLIENT INTRODUCTION PLATFORMS (DO NOT SELL DATA)	WEALTHRAMP
ONLINE MEMBERSHIPS		FEEONLYNETWORK
ONLINE DIRECTORIES		NAPFA FIND AN ADVISOR

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Use Smart/Trustworthy Databases

Identify & Avoid Slick Marketing Tactics Used by Advisors (Ch. 28)



Beware of the Bogus
“Best Advisor” Awards

Part 4: Select and Hire a Financial Advisor (and Firm)

- Part 1: Sources of Financial Advice
- Part 2: The Hunt for Good Advice
- Part 3: Searching for the Right Financial Advisor
- ***Part 4: Select and Hire a Financial Advisor and Firm***

How to Select an Advisory Firm that Meets Your Needs (Ch. 29)



Pre-interview Steps:

1. Develop your “needs, wants, and nice-to-haves” list
2. Conduct internet research
3. Make initial phone inquiry
4. Request relevant documents

Using Form ADV to Guide Your Search for an Advisory Firm (Ch. 30)



- Form ADV
 - Part 1
 - Part 2
- CRS Form
- Client Agreement

Prepping to Interview Financial Advisory Firms & Advisors (Ch. 31)



1. Prepare to Discuss Your Unique Situation
2. Be Candid
3. Notice Their Interviewing Style
4. Determine Suitability
5. Understand What You'll Get (and for how much)
6. Do an Integrity Check

Interview Questions to Select the Right Advisory Firm (Ch. 32)



Investment Philosophy
Services
Ownership & Legal
Qualifications
Advice Model
Advisor Compensation
Transition Logistics

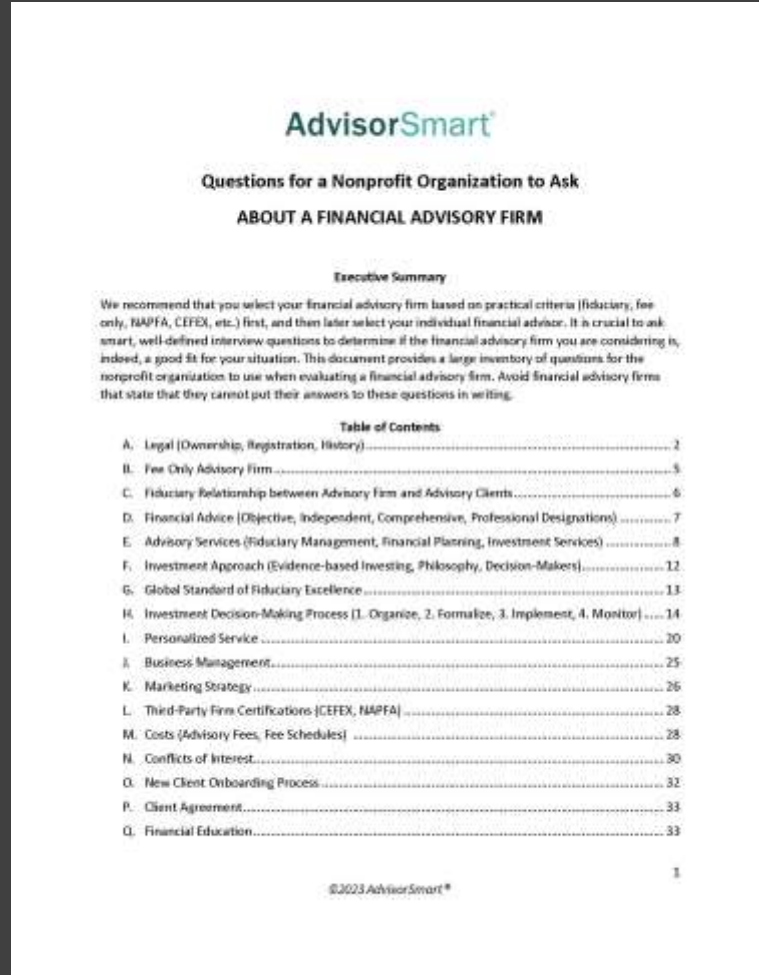
Key Questions to Find the Right Financial Advisor (Ch. 33)



Ask the Right Questions:

1. Your Qualifications?
2. Fiduciary Duty?
3. Do Others Benefit?
4. How Will I Pay You?
5. Professional Credentials?

Key Questions to Find the Right Financial Advisor (Ch. 33)



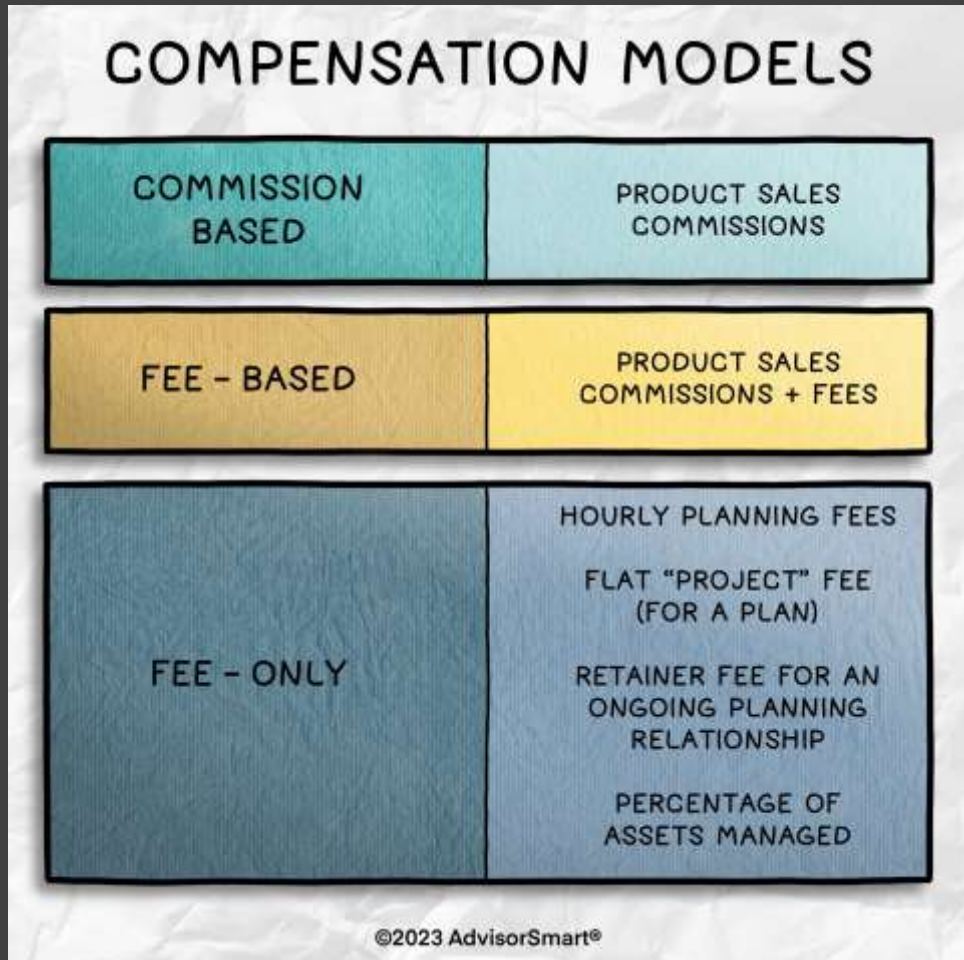
Free 32-Page AdvisorSmart® Report “Questions for an Individual Investor to Ask About A Financial Advisory Firm”

What to Look for During a Tour of a Financial Advisory Firm (Ch. 34)



1. Security
2. Safety
3. Dignity
4. Confidence
5. Respect

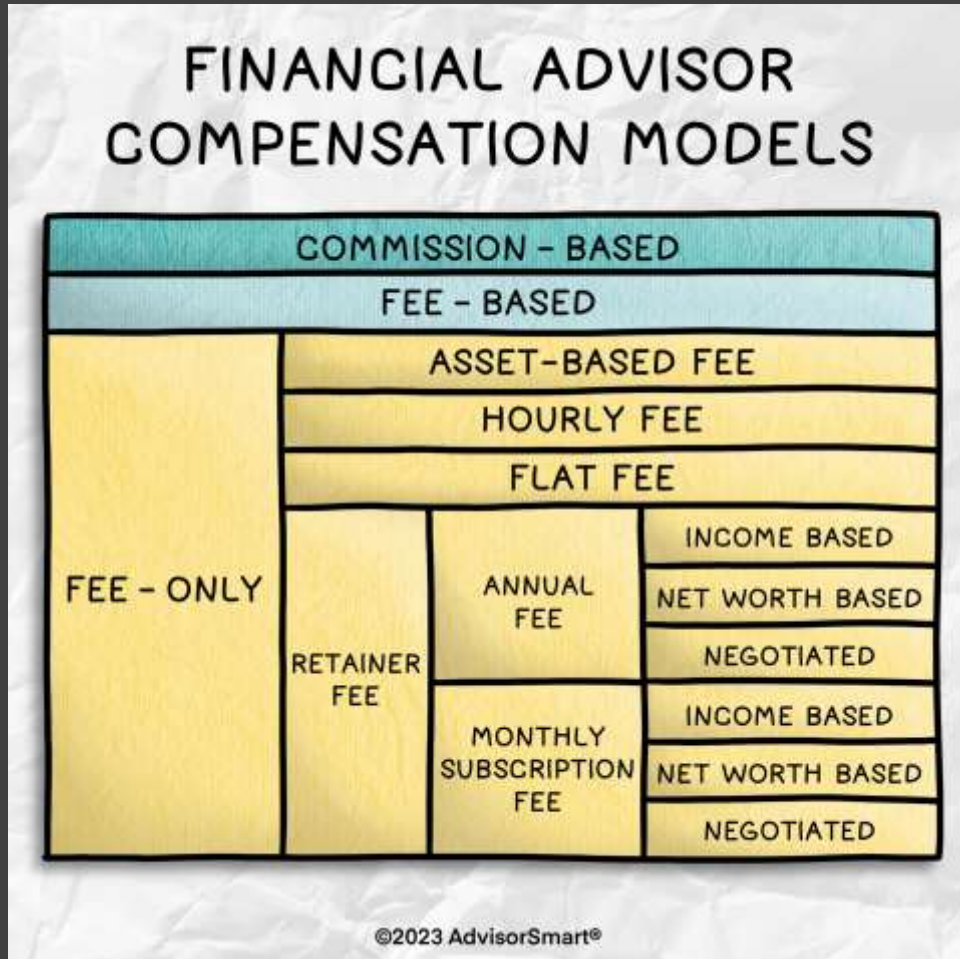
Decoding Financial Advisor Compensation Models (Ch. 35)



Fee-Only Compensation Models:

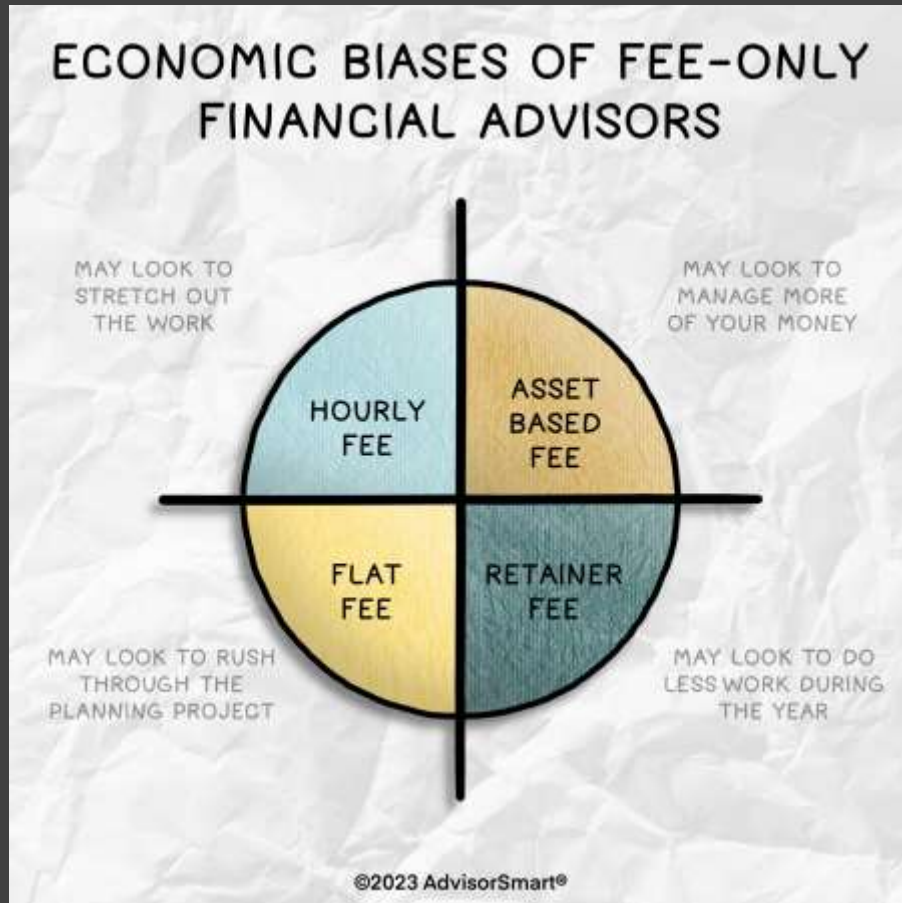
1. Hourly Fee
2. Flat "Project" Fee
3. Retainer Fee
4. Percentage of Assets Managed

Decoding Financial Advisor Compensation Models (Ch. 35)



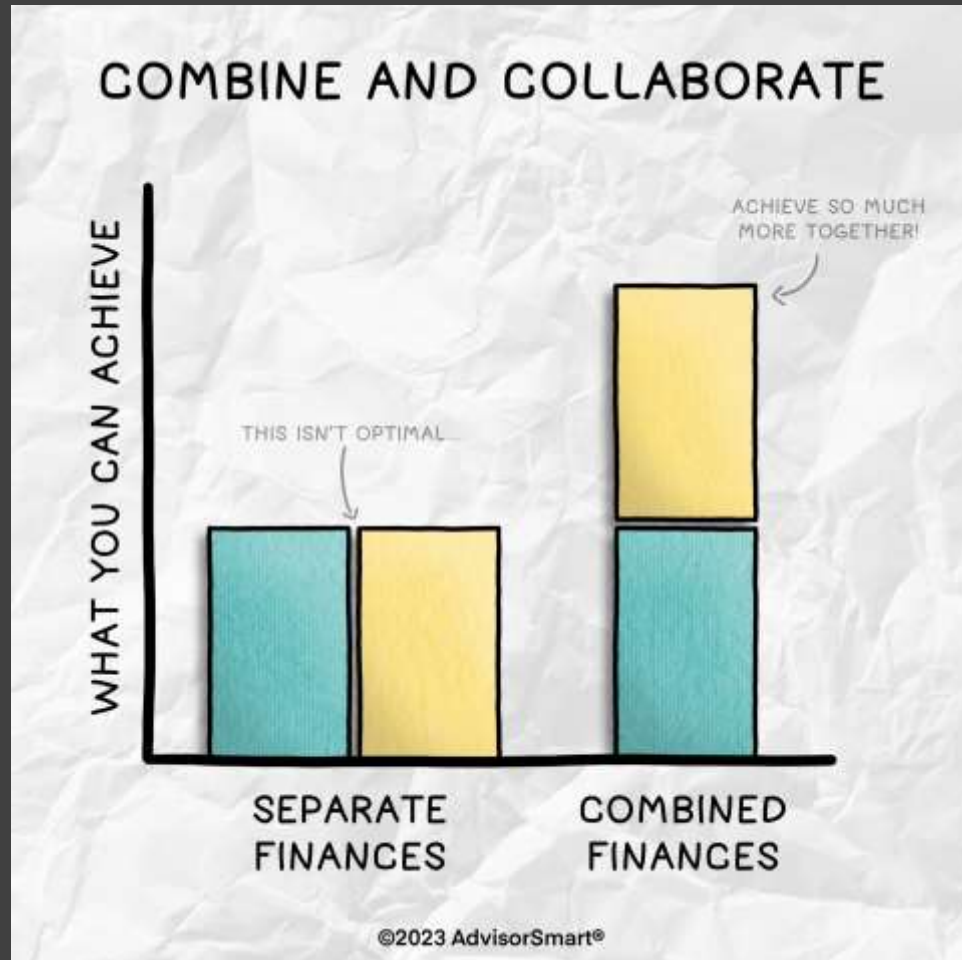
Do You Have a Preference over How You Pay Your Financial Advisor?

Decoding Financial Advisor Compensation Models (Ch. 35)



1. Hourly Fee – stretch out the work
2. Asset Based Fee – manage more money
3. Retainer Fee – do less work
4. Flat Fee – rush the project

Why to Combine Finances and Collaborate on Decisions (Ch. 36)



Collaborating with Your Significant Other on a Comprehensive Financial Plan Will Tend to Yield the Best Results

Why to Combine Finances and Collaborate on Decisions (Ch. 36)



Collaborating with Your Significant Other on a Comprehensive Financial Plan Will Tend to Yield the Best Results

Receiving Comprehensive Financial Advice from a Team (Ch. 37)

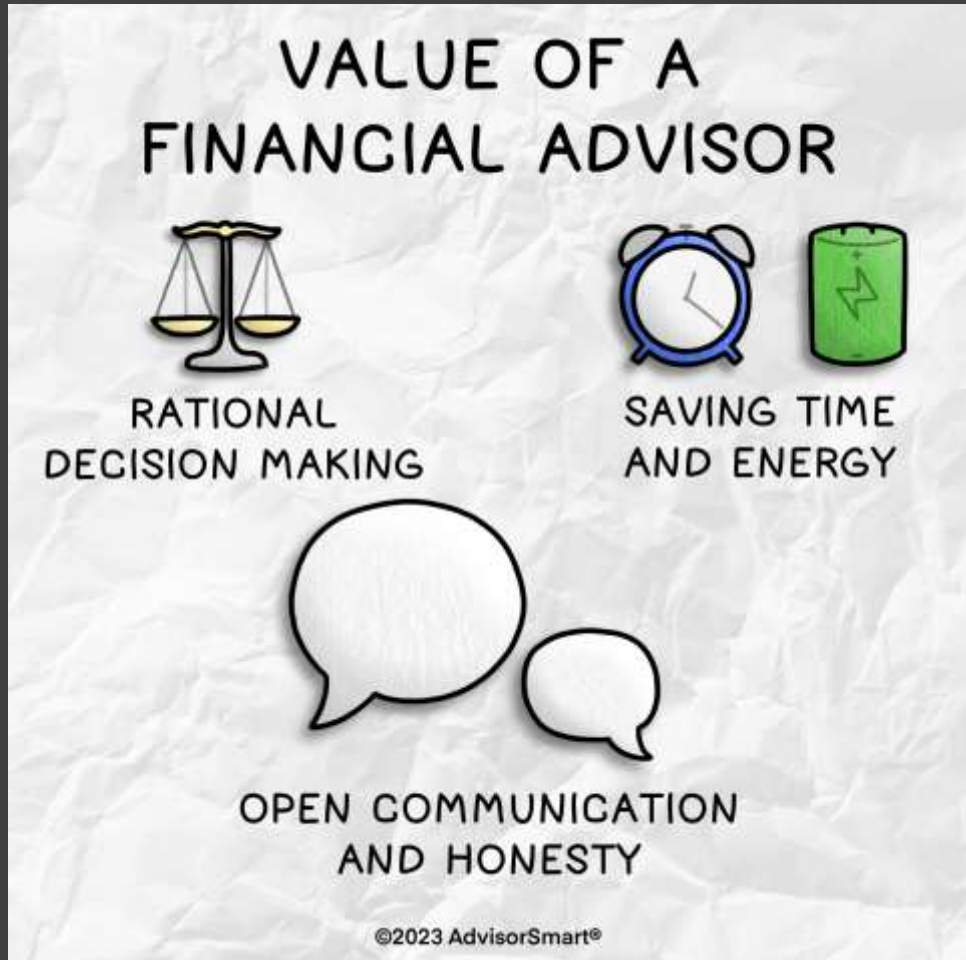


Your Financial Advisory
Team Should Include
Both Internal and
External Team Members

Establishing a Trusted Relationship with Your Advisor (Ch. 38)

Benefits of a Trusted Financial Advisory Relationship:

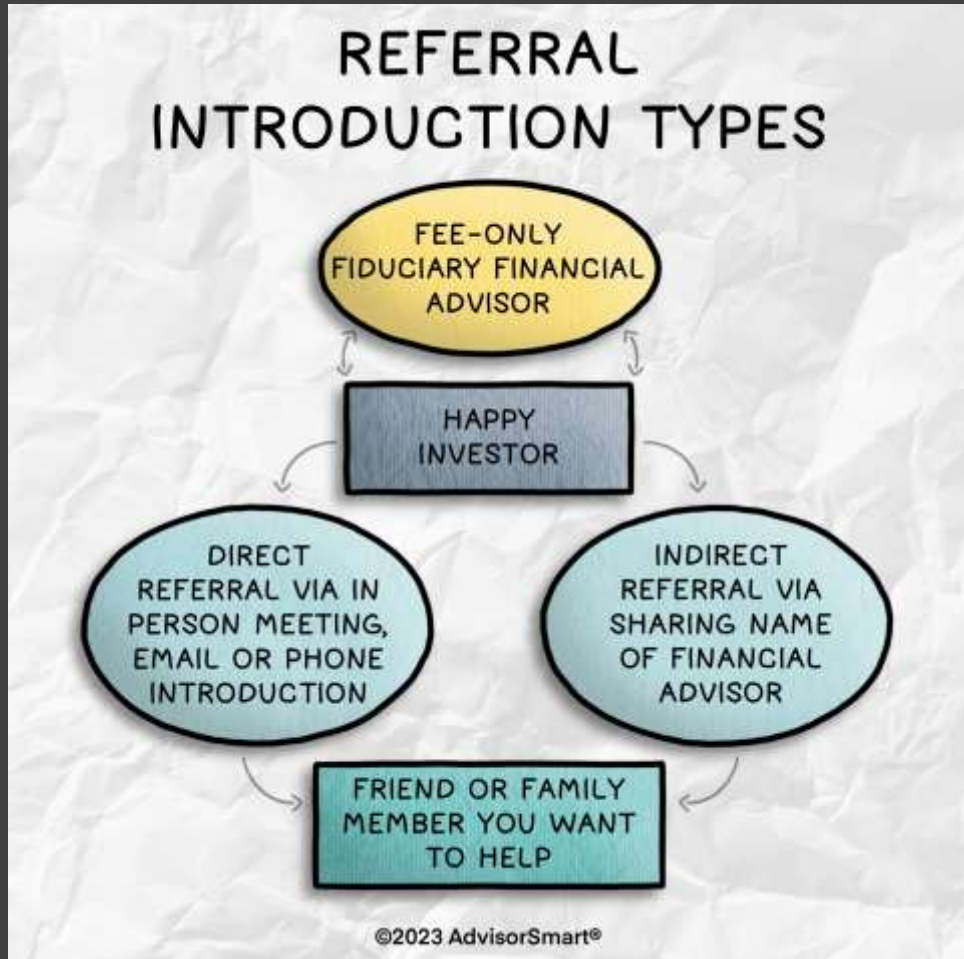
1. Rational Decision-Making
2. Open Communication and Honesty
3. Saving Time and Energy



Summary:

- Part 1: Sources of Financial Advice
- Part 2: The Hunt for Good Advice
- Part 3: Searching for the Right Financial Advisor
- Part 4: Select and Hire a Financial Advisor and Firm

Afterword: You've Read the Book. Now What?



If we find an outstanding restaurant, doctor, travel destination, or auto mechanic, we naturally feel compelled to pass this information along to our loved ones and acquaintances.

Suggested Resources

Selection Criteria Template Advisor Smart

Financial Advisory Firm Selection Criteria

Before interviewing potential financial advisory firms, it would be wise to establish your financial advisory firm selection criteria. An interesting financial advisory firm before making your final choice could be ineffective. You may find it helpful to

ask your client for input on their selection criteria. You may also want to ask your client for input on their selection criteria. You may also want to ask your client for input on their selection criteria.

Sample Selection Criteria Advisor Smart

Individual Investor – Financial Advisory Firm Selection Criteria

Before interviewing potential financial advisory firms, it would be wise to establish your financial advisory firm selection criteria. An interesting financial advisory firm before making your final choice could be ineffective. You may find it helpful to ask your client for input on their selection criteria. You may also want to ask your client for input on their selection criteria. You may also want to ask your client for input on their selection criteria.

Our Needs – We NEED the financial advisory firm to have these skills:

1. Ability to provide investment advice (including the ability to provide investment advice)
2. Ability to provide investment advice (including the ability to provide investment advice)
3. Ability to provide investment advice (including the ability to provide investment advice)
4. Ability to provide investment advice (including the ability to provide investment advice)
5. Ability to provide investment advice (including the ability to provide investment advice)
6. Ability to provide investment advice (including the ability to provide investment advice)
7. Ability to provide investment advice (including the ability to provide investment advice)
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11. Ability to provide investment advice (including the ability to provide investment advice)
12. Ability to provide investment advice (including the ability to provide investment advice)
13. Ability to provide investment advice (including the ability to provide investment advice)
14. Ability to provide investment advice (including the ability to provide investment advice)
15. Ability to provide investment advice (including the ability to provide investment advice)
16. Ability to provide investment advice (including the ability to provide investment advice)
17. Ability to provide investment advice (including the ability to provide investment advice)
18. Ability to provide investment advice (including the ability to provide investment advice)
19. Ability to provide investment advice (including the ability to provide investment advice)
20. Ability to provide investment advice (including the ability to provide investment advice)

Our Wants – We WANT the financial advisory firm to have these skills:

1. Ability to provide investment advice (including the ability to provide investment advice)
2. Ability to provide investment advice (including the ability to provide investment advice)
3. Ability to provide investment advice (including the ability to provide investment advice)
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19. Ability to provide investment advice (including the ability to provide investment advice)
20. Ability to provide investment advice (including the ability to provide investment advice)

Nonprofit RFP Evaluation Matrix Advisor Smart

Nonprofit Organization RFP Evaluation Matrix for Investment Advisor Selection

Use these questions to determine if the vendor meets your preliminary RFP criteria. The best possible response is 12 affirmative (yes) answers. Choose to eliminate the vendors with the most NO answers.

CRITERIA	QUESTION	Number 1	Number 2	Number 3	Number 4	Number 5
1. RFP Form	Are you a registered Investment Advisor firm?					
2. Fee/Commission	Do you require a fee? If so, how much?					
3. Education	Are you knowledgeable about fiduciary obligations in writing?					
4. Independence	Are you independent from banks, insurance and insurance broker?					
5. Compensation	Are you able to offer our needs and our services?					
6. Disposition	Do you have a defined and reasonable investment process?					
7. Experience	Do you have experience and expertise in serving clients like us?					
8. Relationship Status	Are you able to offer investment services to meet our needs?					
9. Size	Can you provide the annual asset or dollar volume you serve?					
10. Staff/Hours of Service	Are you able to provide a staff of 10 or more?					
11. Your Data Protection	Do you have a data protection policy in place?					
12. Industry Reputation	Are you a member of any industry associations?					
Total Number of YES Answers						

Sample Elimination Factors Advisor Smart

Sample Financial Advisory Firm Elimination Factors to Consider in the Search for a Financial Advisor for an Individual Investor

Advisor Selection Process Advisor Smart

Individual Investor – Process to Select a Financial Advisor

Individual Investor – Process to Select a Financial Advisor		
A. YOUR INTERNAL PREPARATIONS	B. DEVELOPING YOUR SELECTION PROCESS	C. SELECTING YOUR ADVISOR
1. Decision to Look for an Advisor	1. Design Your Advisor Selection Process	1. Review Proposal for Internal (RFP) and Complete RFI Response Summary
2. Decision to Hire Based on Information (RFP) Process	2. Determine Advisor Selection Process Timeline	2. Complete Survey, Interview and Evaluate RFI Responses Relative to Criteria
3. Draft Your Needs, Goals and Objectives	3. Develop Advisor Selection Criteria	3. Select Top Firms and Complete Final Interview
4. 4	4	4
5. 5	5	5
6. 6	6	6
7. 7	7	7
8. 8	8	8
9. 9	9	9
10. 10	10	10
11. 11	11	11
12. 12	12	12
13. 13	13	13

Financial Advisor Registration Advisor Smart

Financial Advisor Type	FINRA Registration Location	Exemption*	Permitted Activities	Compensation Model	Typical Employee
Registered Representative (RR)	Series 6	Series 6 Investment Company and Variable Contracts Products Representative Exam	Sell Products: Mutual Funds and Mutual Products	Commission-Based	Investment Specialist Brokerage Firm
	Series 7	Series 7 General Securities Representative Exam	Sell Products: General Investment Securities	Commission-Based	
	Series 66	Series 66 Uniform Investment Adviser State Law Exam	Sell Products: General Investment Securities, State Law Exam	Commission-Based	
Registered Investment Advisor (RIA) (SEC)	Series 66	Series 66 Uniform Investment Adviser State Law Exam	Other: Financial Advice (RFP) and Products	Commission (Fee Based)	Dually Registered Firm
Investment Advisor (IA) (SEC)	N/A	Series 66 Uniform Investment Adviser State Law Exam	Other: Financial Advice	Fee Based (Fee Only)	Registered Investment Advisor (RIA) Firm

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Sample Selection Process Timeline for the Individual Investor

Stage	Week	Tasks
Year Initial Preparation	1	Decision to Look for an Advisor: Clarify Your Needs, Wants and Goals
	2	Complete Your Internal Document (Investment Policy Statement and Fee Waiver Statement, Needs and Goals)
	3	Start Process of Elimination by Select, Contact Advisor Firm, Complete RFI or RFP and Complete the Advisor Selection Process Book

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Sample Elimination Factors

Sample Financial Advisory Firm Elimination Factors to Consider in the Search for a Financial Advisor for an Individual Investor

Sample Elimination Factors to Consider	
1	Firms that are not registered by the government to provide financial advice
2	Firms already having been fined for selling securities investments
3	Firms selling commission based basic products
4	Firms selling commission based insurance firm products
5	Firms selling commission based investment brokerage firm products
6	Firms selling fee based investment brokerage firm products
7	RIA firms affiliated with a bank
8	RIA firms affiliated with an insurance company
9	RIA firms affiliated with an investment securities brokerage firm
10	RIA firms affiliated with a custodian
11	RIA firms with no experience with individual investors
12	RIA firms with no expertise working with individual investors
13	RIA firms that are NOT CFP® certified

Suggested Resources

AdvisorSmart Educational Resources to Assist with Selecting Financial Advisors (Free Document Downloads):

<https://advisorsmart.com/>

<https://advisorsmart.com/images>

<https://advisorsmart.com/books>

<https://advisorsmart.com/resources>

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Thank You



Thank You!

Q & A



Q & A

Speaker



David Bromelkamp, AIF[®]



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Allodium Investment Consultants
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**Advisor
Smart[®]**

*Founder,
AdvisorSmart[®]
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The AdvisorSmart[®] Guide to Selecting a Fee-Only Advisor