

# 12 QUESTIONS FOR FINANCIAL ADVICE PROVIDERS

Questions	Factors to Consider
What services do they provide?	Seek to understand the full scope of services provided. The ability to sell financial products or services could present a conflict of interest you may choose to avoid.
Do they differentiate between providing financial guidance vs. financial advice?	Guidance means providing generic, educational assistance that is impersonal and open-ended. Advice means providing definitive answers that are personalized, incorporating all aspects and needs of an individual's financial plan.
How do the services provided differ from services available through your retirement plan recordkeeping organization?	Services provided through retirement plan recordkeepers are often educational in nature and require interactions with an impersonal call center. Financial advice relationships should be personalized, facilitated by a qualified financial professional with credentials such as the Certified Financial Planner (CFP®) designation.
What kind of professional designations, experience, and qualifications does the proposed service team maintain?	Check what designations members of the service team have obtained, years of experience, and educational background. Look specifically for the Certified Financial Planner (CFP®) designation, considered the most reputable standard for personal financial planning.
What kind of reputation does the proposed service team have?	Request information regarding any litigation involving members of the service team. Look for independent evidence of exceptional service delivery such as awards or client service referrals.
How do they get paid for their services?	Acquire a detailed understanding of the fee arrangement. The most straightforward fee arrangement is a flat, fee-for-service that is not impacted by account balance.
Can their compensation vary in any way? If yes, then how so?	It's important to understand how compensation could vary in order to determine if any conflicts of interest could exist. Advisor compensation that varies based on the investment decisions of your employees could cause the advisor's recommendations to be conflicted.
Are they motivated to engage in additional relationships with employees for the purpose of selling products?	Understand if the sale of any products or additional services could take place between the advisor and your employees. Advice relationships should be completely sales-free. Advisors who offer general recommendations to start, followed by sales pitches for specific products, could cause distrust among your employees and ruin this benefit offering.
Will they act as a fiduciary to your employees?	Confirm the fiduciary capacity of each advisor. There are slight but imperative nuances. A general fiduciary under the Investment Company Act of 1940 (also known as a "1940 Act fiduciary") provides recommendations regarding what is <i>suitable</i> for an individual employee. An advisor serving as a fiduciary under the Employee Retirement Income Security Act of 1974 (also known as an "ERISA fiduciary") always provides advice according to an individual employee's <i>best interests</i> . An ERISA fiduciary is considered the highest standard of care and is the preferred capacity for an advice provider.
What service delivery channels do they use?	Familiarize yourself with the logistics of advice delivery. Will advice consultations be completed in-person? Electronically? Make sure the provider's capabilities match the preferences of your employee population.
What service metrics do they recommend to measure the results of their service offering?	Measuring the impact of the advice provided is an important step of this benefit. Ask how results are tracked and measured so you can outline clear expectations for the provider relationship and for your leadership team to gauge success.
How are the results of their service offering reported back to the organization?	Proactive review of the service offering ensures timely enhancements or modifications, based on employee utilization. Understand what kind of review process will be established so that you and your leadership team are kept apprised of service utilization and outcomes.

# FINANCIAL ADVICE PROVIDER COMPARISON

Questions	Provider A	Provider B
What services do they provide?		
Do they differentiate between providing financial guidance vs. financial advice?		
How do the services provided differ from services available through your retirement plan recordkeeping organization?		
What kind of professional designations, experience, and qualifications does the proposed service team maintain?		
What kind of reputation does the proposed service team have?		
How do they get paid for their services?		
Can their compensation vary in any way? If yes, then how so?		
Are they motivated to engage in additional relationships with employees for the purpose of selling products?		
Will they act as a fiduciary to your employees?		
What service delivery channels do they use?		
What service metrics do they recommend to measure the results of their service offering?		
How are the results of their service offering reported back to the organization?		