

Financial advisors, financial planners, and investment advisors

- “Financial advisor” refers to anybody who helps you manage your money.
- “Financial planner” is a type of advisor who can help you create a financial plan to reach your financial goals.
- “Investment advisor” provides investment advice and buys / sells securities for you.

In Canada, there is no single professional designation (credential) for advisors and planners. So when you consider hiring someone to help you out, you need to ask a number of questions to learn who they are and what they can do for you.

- Below are key questions to get you started.
- Financial Consumer Agency of Canada has useful tips and links to additional resources for those looking for a financial advisor: <https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.html>.

I. What financial products and services do they offer (stocks, bonds, mutual funds, ETFs, portfolios, financial plans)? Ask to be shown examples of what you can expect - and don't be embarrassed to ask questions and request explanation / clarification.

II. What education and designations do they have?

- Did they go to college / university? What did they study (math, English, media, finance?)
- What professional designations they achieved? What area do they specialize in?
- If they sell mutual funds, ETFs, stocks or bonds, are they registered with a provincial or territorial securities regulator to sell these products?

III. How are they paid for the services they offer (don't hesitate to ask to be shown how the fees are calculated). Advisers and planners can be paid through a salary and/or bonus and/or a portion of commission they earn. The money to pay them comes into their firms in one or more of the following ways (there are other ways but these are key to remember):

- A fee - for a specific service, like preparing a financial plan and presenting it to you, or an annual fee for ongoing services. This fee can be expressed either as a dollar amount or a percentage of the value of your investment at year end or average during the year, for example 1%.
 - You need to ask questions to understand exactly what will be delivered and what is excluded (or ask to be shown an example).
 - You can ask if the percentage fee declines as your assets grow and / or if it's capped at a certain level of assets under management.
- A per-hour fee - for each hour the advisor spends preparing your plan and presenting it to you (this can range from \$100 to \$300 per hour).
 - In addition to asking questions about what exactly will be delivered, you can ask for an estimate of how many hours it will take and if there is a cap on the number of hours.
- A commission per trade, if they buy and sell securities for you (for example, ETFs, stocks or bonds). Commission can be expressed in dollars or as a percent of the value of the trade.
 - When an adviser buy and sells securities for you, you may be charged a product fee (like the MER on ETFs or mutual funds, and a trailer fee on mutual funds) in addition to the adviser fee - don't hesitate to clarify this.
- A trailer fee, in the case of certain mutual funds. Trailer fees are paid by certain mutual fund companies to advisors who sell them, for as long as you remain invested in the fund. The fee is usually cited a percentage of your investment.