

# Five Steps to Choosing an Advisor

If you decide to work with a financial advisor, choosing the right one may be one of the most important financial decisions you make. Before investing, follow these five simple steps, and use this workbook to help you record information found.



Advisor's Name

Firm / Employer

Address

Telephone #

## Step 1: Check registration or licence

An individual's or firm's registration category or licensing status tells you what products and services they can offer. Not all firms and individuals have the same skills, provide the same services, or charge the same fees. Their category or status will also tell you of any restrictions (known as "terms and conditions") imposed on them by FCNB or other regulators.

**To learn more and to check if a firm or individual is registered or licensed, visit [FCNB.ca/en/frauds-and-scams/check-licence-and-registration](https://www.fcnb.ca/en/frauds-and-scams/check-licence-and-registration)**

Is the firm registered or licensed?

Yes  No

Is the individual registered or licensed?

Yes  No

What is their category of registration or licence status?

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Are they subject to any conditions or restrictions?

Yes  No

If YES, what condition or restrictions:

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If a securities or insurance regulator has imposed conditions or restrictions, this information will show up on the registration search results for securities professionals and firms, or on the licence status search for insurance professionals and firms.



## Step 2: Check disciplinary history

If the securities professional or firm you are considering was disciplined, this information will show up on the results of your registration search. You may want to follow up with the disciplining securities regulator to learn more or find out if there are any restrictions on the person's registration.

To learn more, and to check registration, visit [FCNB.ca/en/frauds-and-scams/check-licence-and-registration](https://www.fcnb.ca/en/frauds-and-scams/check-licence-and-registration)

### You may also want to check:

- Have they been disciplined by FCNB? ([FCNB.ca/en/news-alerts](https://www.fcnb.ca/en/news-alerts))  Yes  No
- Are they on the FCNB caution list? ([FCNB.ca/en/news-alerts](https://www.fcnb.ca/en/news-alerts))  Yes  No
- Are they on the IIROC list of Enforcement Actions? ("Search Disciplinary Cases" at [www.iiroc.ca](http://www.iiroc.ca))  Yes  No
- Have they been disciplined by the MFDA? ("Check an Adviser" at [www.mfda.ca](http://www.mfda.ca))  Yes  No
- Have they been disciplined by the Chambre de la sécurité financière in Québec? ("Ethics and Discipline" at [www.chambresf.com](http://www.chambresf.com))  Yes  No

The Ombudsman for Banking Services and Investments (OBSI) is a free, independent service for resolving banking and investment disputes between participating firms and their clients.

Investors may wish to consult OBSI's list of firms that have refused to compensate investors where OBSI felt it was warranted.

**If the person you are dealing with is not registered or licensed, or is on a caution list, contact FCNB.**

## Step 3: Check if the advisor and firm are right for you


To help you make your decision, ask them questions like:

### 1. What is your investment philosophy?

An investment philosophy is a set of personal guidelines or principles that shape how an individual makes investment decisions.

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Ask this follow-up question - Why do you believe in the investments you recommend? If your advisor recommends a particular company, ask them why they believe in it. This can help ensure that it is a company that you believe in too and that lines up with your investing philosophy.

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## **2. What is your background and education?**

Beyond asking how long they have worked at their current role or where they went to school, try to find out about their learning style. An individual must meet certain requirements and minimum standards to be in the business of selling or advising in securities, so make sure to ask them about registration too.

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Ask this follow up question - What have you done that equips you to advise me? Do they have experience in a related field, or additional learning that can relate specifically to your situation, goals or investing philosophy?

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## **3. How much will it cost?**

Depending on who you're speaking with, you may encounter different levels of transparency when it comes to talking about fees and costs. Watch out for someone trying to hide the costs or downplay them.

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Ask this follow-up question - How do you get paid?

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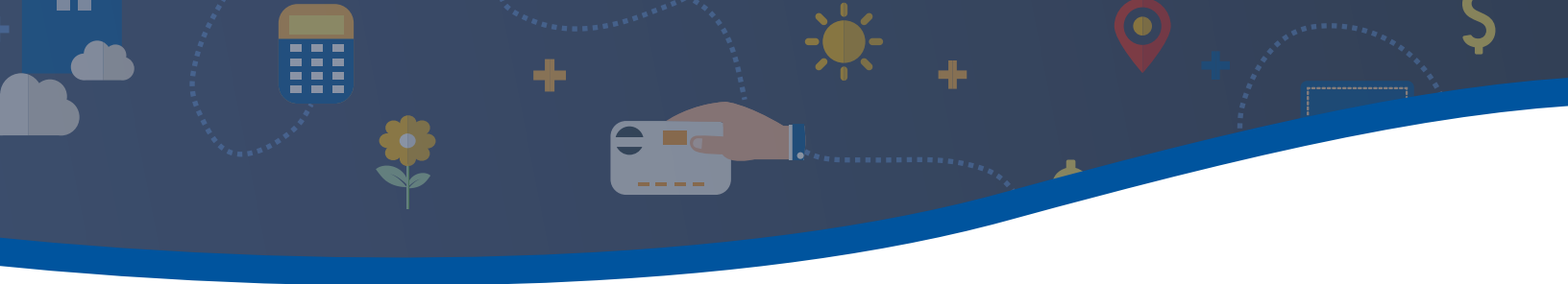
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## **4. How will you help me understand my risk tolerance?**

When discussing your risk tolerance with your advisor, you also should talk about your time horizon. How long are you willing to part with your money before you will need it?

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Ask this follow-up question – How do you define risk?

Many different types of risk exist and your advisor should be able to talk to you about each of them and how they factor into their recommendations. Types of risk they may consider include market risk, loss of capital, company risks, geopolitical risks, behavioural risks and longevity risks.

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#### **Step 4: Recognize the red flags of fraud**

If you're promised guaranteed or high returns, with low risk...

If you're pressured to make a fast purchase decision or are told to keep the opportunity secret...

If you're being let in on a 'private opportunity' only the wealthy know about...

If you're being bombarded with fast-talking sales and financial jargon, but no real answers...

...you're probably staring a scam in the face.

Frauds and scams can come at you from a number of ways. They're evolving all the time and aren't always easy to spot. But if you know the signs and if you report suspected frauds and scams, you're better prepared to protect yourself, your family and your community from scams.

FCNB can help – visit [FCNB.ca/en/frauds-and-scams](https://www.fcncb.ca/en/frauds-and-scams) to learn more about recognizing and reporting fraud.

#### **Step 5: Decide what to do next**

Now that you've gone through the steps above, decide if the advisor and firm you are researching are right for you.

Choosing an advisor is a personal decision and is not just about the answers you record on this sheet. You must also decide if you feel comfortable with the person and the firm, and how trustworthy you feel they are. It's important to work with someone you can honestly and openly talk to and bring forward any concerns.



**Contact us**  
**Financial and Consumer**  
**Services Commission**

Toll Free: 1 866 933-2222

Facsimile: 1 506 658-3059

[info@fcncb.ca](mailto:info@fcncb.ca)



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