

## What to consider when choosing the right advisor

### CFP James P. Gunn explains what to look for in an advisor to maximize long-term returns

by [MoneySense staff](#)  
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*MoneySense* recently chatted with James P. Gunn, a Certified Financial Planner and Registered Retirement Consultant with Halton Wealth Management Inc., an independent wealth management firm. We asked Gunn about how Canadians can expand their search and find the money manager **that's best suited to their long-term goals. Here's what he had to say:**

**Q: What's the best way for people to find a new financial advisor? What should they be looking for and where should they look?**

A: The first step is to identify *what* you are looking for. Prepare a detailed list of services that best suit you as well as a series of questions to ask. For instance, does the advisor offer financial planning, or retirement planning? Do they offer extra services like tax and estate planning, versus just retail solutions you can get anywhere (such as mutual funds, segregated funds, and ETFs)? Do they offer discretionary portfolio management—meaning they will actively manage a portfolio of stocks, bonds and other securities for you? Are the fees negotiable to meet your specific situation? And are they experts in retirement income planning—an area that requires expertise if you want your money to last throughout your lifetime.

**It's best to focus your search on advisors who** are licensed through the Investment Industry Regulatory Organization of Canada (IIROC) and you should actually verify that they are in good standing with the regulator. You can do that [here](#).

**Q: In your view, what are some of the biggest mistakes people make when looking for a financial advisor?**

A: **They limit their search geographically. Don't restrict yourself to a location** that is convenient to where you live or work now. After all, you could move at

**some point, or you may live in a small town that doesn't have many options.** Expand your search to find the best advisor for your needs. Focus on quality over convenience.

**Many also don't pay enough attention to the advisor's designations.** In my opinion, you should look for an IIROC-licensed advisor holding the CFP designation. See how long the advisor has been serving clients because experience really matters.

**Choosing an independent advisor is huge. The advisor's interests are aligned with the investors' as they are not restricted to only investment solutions approved by their firm.**

And finally, failing to discuss fees is another common mistake. Overpaying fees will drag down your wealth significantly over time. Just a 1% annual fee savings can lead to several thousand dollars more left in your portfolio in the first year alone.

Q: Do you think the best advisors are found at the Big Banks?

A: **No, I believe that the best advisors are generally independent. It's their independence that allows them to provide tailored solutions that may not be available in many of the large institutions.**

Many investors also falsely believe their assets are safer at a big financial institution. But the fact is the protection of your holdings is identical at all **IIROC-member firms. Don't be confused by the comfort in a bank logo**—your results are driven by the advisor—not the institution.

At the end of your search, you should have an advisor with his interests completely aligned with yours, not the institution he works at.

Q: What are some key benefits to having an independent advisor?

A: The argument can be made that independent advisors are more client-**focused and personalize their services to meet the clients' needs. They are** privately owned so clients are dealing with the owner as opposed to an employee or contractor.

**They aren't affiliated with a sales organization that sets** sales quotas or other systems for their compensation—a negative, since these types of sales incentives can often lead to a conflict of interest. When you eliminate incentivized selling, potential conflicts of interest are reduced.

Independent financial advisors often also work in teams and refer to a portfolio **manager who can provide discretionary portfolio management for their clients'**

portfolios. The investor then benefits from a direct relationship with both the portfolio manager and the financial advisor.

**I've found that investment management of your portfolio is best left to a specialized portfolio manager while financial planning duties are best left to the certified planner. Most advisors just can't do it all.**

So start by interviewing at least three advisors to see what they have to offer and to ensure they have what you are looking for. Ask for a free consultation. Many advisors will do this for you if they are really interested in ensuring your relationship will be a good fit for both of you.

Q: One of the areas you specialize in is retirement income planning. Why is that area so important, and bound to get even more so as baby boomers age?

A: Baby boomers are retiring in huge numbers every day—a trend that will continue for years. So many investors now require the services of an advisor who has a keen understanding of managing the income phase of retirement. This means understanding how your investments will be drawn down and made to last over all your retirement years. Tax and estate planning are also key in this phase. This is a critical phase in your life, one you cannot afford to get wrong and risk outliving your money. The right advisor can make all the difference and position you with a comfortable, happy and worry-free **retirement. That's what the real endgame is for all of us.**