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Six tips to help you find a trustworthy adviser

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I asked in a recent column why people won't pay for investment advice. One of the answers I got most often from readers was this: How can I find an adviser who I can trust?
Here are six suggestions that can help you find a trustworthy adviser as opposed to a mere salesperson or, worse, someone who is dishonest.

1. Interview the adviser. Cover the usual ground – your adviser's background, services provided and fees – and see how forthright and comfortable the back-and-forth is. Untrustworthy advisers typically have a knack for getting people to trust them, so stay alert.

2. Check the Disciplined List. An umbrella group for provincial securities commissions called the Canadian Securities Administrators offers adatabase that lets you look up both individuals and companies (check both for sure). Find out the nature of any disciplinary actions, including details on any settlement with regulators, the amount of any fines and details on any bans from the industry. This is a comprehensive database covering advisers working for both brokerage houses and mutual fund dealers.

3. Ask for references**.** Savvy advisers will have these ready for all prospective clients who ask. Call a couple of clients and ask about how well taken care of they feel. Investment returns are only part of it. Do they feel the adviser really knows their situation and that the advice they have received reflects this? How often do they hear from the adviser? Have they received financial planning services or is the relationship all about investments only?

4. Check credentials. Advisers, wealth consultants, money coaches – these are all vague terms that tell you nothing about the training someone has received. Serious designations for providing investment advice include Certified Financial Planner (CFP), Registered Financial Planner (RFP), Personal Financial Planner (PFP), Chartered Financial Analyst (CFA) and Chartered Investment Manager (CIM).

5. Check the website. Look for clarity, sincerity and a focus on clients as opposed to macho jargon-laden verbiage. It's a huge plus if an adviser is open enough about fees to list them on her website.

6. Ask who you'll be making the cheque out to**.** Flee any adviser who asks for a cheque directly to him or her. Money should be held by third-party trustees or in a reputable firm's name.