

FINDING THE PERFECT FINANCIAL ADVISOR (FOR YOU)

There are over 9000 dentists practicing in Ontario. Each have built a loyal following of patients who think that she/he is the “perfect” dentist. Therefore, it can be a confusing exercise to choose a dentist that is right for you and your family. Finding the perfect financial advisor is much like finding the perfect dentist. It is based partly on quantitative analysis and partly on gut feeling. In order to help with this process, I have compiled some of the important criteria that dentists should look for when choosing a financial advisor.

EDUCATIONAL QUALIFICATIONS

Unlike dentistry, the educational background of licensed financial advisors vary widely. Some are financial planners, others are portfolio managers, and still others are licensed to deal only with certain financial products. Although there are many different credentials endorsed by various organizations, start with qualifications that are more widely recognized and are rigorous in terms of educational requirements, work experience, and adherence to a code of ethics. On the financial planning side, look for individuals with the CFP (Certified Financial Planner)* or PFP (Personal Financial Planner) designations. For investment management expertise, both the gold standard CFA (Chartered Financial Analyst) designation and the valuable CIM (Canadian Investment Manager) designation allow advisors to qualify for a Portfolio Manager status.

On top of this, many financial advisors come from varied backgrounds and have professional standing in law, accounting and insurance.

**Disclosure: The author holds the CFP designation.*

EXPERIENCE

Experience is a major criteria in selecting a financial advisor. Someone who has dealt with a large number of real life financial situations is in a better position to solve the next problem. Look for advisors who have managed their clients’ portfolios successfully through several market cycles and have had to make decisions through both up and down markets. Of course, experience does not guarantee a better result, but longevity does shed some light on the advisor’s past service.

DENTAL FOCUS

Dentists have financial needs that are some-

what unique to the general population. Some common elements include:

- large debt loads from student loans and practice purchases
- require advice on purchasing and selling a dental practice as well as running a small business
- may work within corporate structures such as a Professional Corporation or a Technical Service Corporation
- may be eligible to use Individual Pension Plans (IPP) or Retirement Compensation Arrangements (RCA)
- enhanced opportunities to tax plan with family members
- have a variety of different options to fund retirement

A financial advisor who is well versed in these scenarios and have worked with dentists can be a source of valuable support to the client. Familiarity with strategies that have worked well for other dentists can be an asset.

BIG PICTURE

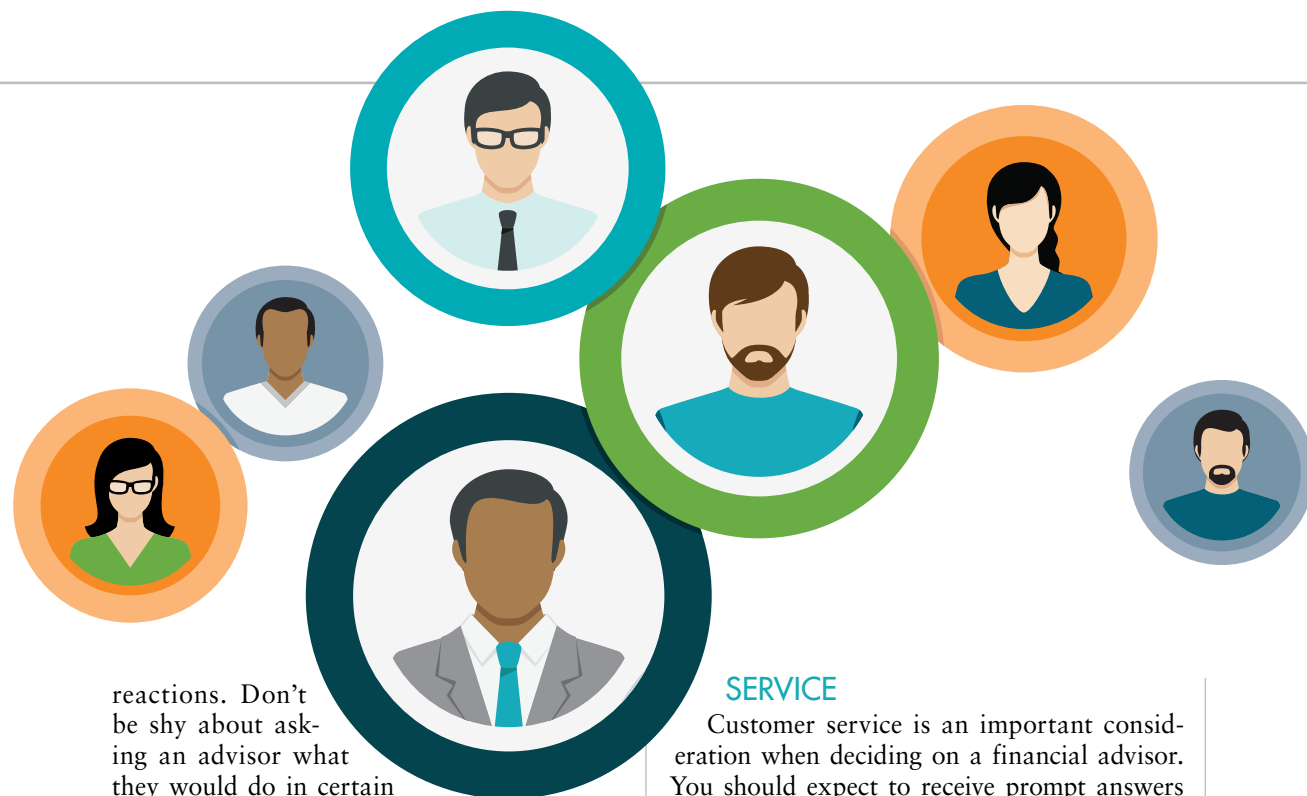
Be wary of an advisor that starts the conversation by talking about the great investment products that they can buy for you. More than ever, you should expect a financial advisor to get to know you and to help you with your overall financial situation. Setting savings goals, finding a correct framework for your investments, assessing your risk profile, and building a portfolio that is consistent with your individual circumstances are just some of the “big picture” services that an advisor should provide.

CONSISTENT PHILOSOPHY

Look for a financial advisor who has a clear investment philosophy and a consistent process that they follow. Without some conviction to a process, it is easy to be swayed by different market conditions and emotional



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reactions. Don't be shy about asking an advisor what they would do in certain scenarios and to provide some examples of their thought process in real life situations.

FEE TRANSPARENCY

There are different ways that financial advisors are compensated for their work. Some are paid by commissions on the transactions they perform, some are paid an annual fee for financial advice and management of your portfolio (usually a percentage of the total assets they manage), while others are paid by third parties such as mutual fund companies. Regardless of how they are compensated, responsible financial advisors will be upfront about the total fees you pay and the total compensation they receive for providing good service. Ask them to explain in plain terms how much you would be paying, both directly and indirectly, as some products have costs that are not readily apparent.

COMMUNICATION

Since an advisor-client relationship is built on understanding your needs and your goals, a financial advisor first and foremost should be a good listener. On top of that, a good advisor is able to simplify concepts and articulate options and solutions. Without an easy line of communication, the system breaks down.

I have known people that were afraid to call their financial advisor since they did not understand the conversations and were made to feel somehow inadequate. Seek out professionals that you have a good natural connection with. If you have any hesitation in calling your advisor with questions, it may be an indication to look at alternatives.

SERVICE

Customer service is an important consideration when deciding on a financial advisor. You should expect to receive prompt answers to your questions and concerns, regular updates on your investments and any changes in the portfolio structure, and scheduled reviews of your overall financial situation. Service is an aspect that is difficult to measure so ask the advisor for client references that are in a similar situation – and follow up with specific questions on the level of service provided. Meeting the advisor at their office and gauging your interaction with their team is also a good indicator of their commitment to service.

The process of finding your perfect financial advisor can be time consuming but well worth the effort. Building a long term, supportive relationship can benefit you through every stage of your life.

To begin your search, I would recommend the following:

- If there is a chance, try to meet a financial advisor in an educational seminar or a social setting. You can get some indication of their knowledge and their personality in these informal sessions.
- Ask your like-minded dental colleagues and friends for their recommendations.
- Do your research on potential candidates and compile specific questions, then set up face to face meetings.
- Ideally meet at least 3 candidates to get differing points of view before making a decision.

There are a great many well qualified and diligent financial professionals out there. In many cases, it comes down to the comfort level that you feel with the individual and the team. Like anything else, there is no perfect financial advisor – but likely there will be one that is perfect for you.

Dr. Wilson Chen is a Financial Advisor with Raymond James Ltd. The views of the author do not necessarily reflect those of Raymond James. This article is for information only. Raymond James Ltd. member of Canadian Investor Protection Fund.