

How to choose a financial advisor

(ARA) - You know the importance of saving for retirement, but do you have the time and know-how to accomplish your financial goals? In an increasingly busy world, it's possible that keeping close tabs on your investment accounts isn't exactly realistic.

Seeking the help of financial professionals has become more important to investors according to a recent survey conducted by Harris Interactive on behalf of TD Ameritrade Holding Corporation, as nearly one quarter (22 percent) of investors report relying more on a professional investment advisor following the recession (1).

Even if you have a good handle on your investments, you may find that hiring a financial advisor -- who can put the time and energy into making sure you and your family plan for a secure financial future -- may be a worthwhile investment. By hiring an independent registered investment advisor -- commonly referred to as an RIA -- you can make sure your investments are managed on a full-time basis by a professional advisor, while still having control.

Of course deciding to put someone in charge of your hard-earned money is not a process to be taken lightly. TD Ameritrade offers these tips to consider as you choose an independent financial advisor or RIA:

* Just as it is wise to do research on the background of anyone who would take care of your children, you should investigate the person or company you enlist to handle your money. The Securities and Exchange Commission, Inc. (www.adviserinfo.sec.gov), Financial Industry Regulatory Authority (www.finra.org), Certified Financial Planner Board of Standards (www.cfp.net), National Association of Personal Financial Advisors (findanadvisor.napfa.org/Home.aspx), and Financial Planning Association (www.fpanet.org), as well as your own state securities agency all collect background information on financial professionals that can be accessed through their websites. Use these sites to make sure the advisors you are considering haven't faced disciplinary action for dishonest practices and are in good standing with regulators.

* Know the difference between working with an independent RIA and a stock broker, or other financial services provider. Independent RIAs, for example, are bound by law to act in their clients' best interest. Brokers, on the other hand, are held to a "suitability" standard, meaning the advice they give must be suitable to that client's situation. If you are looking for objective, comprehensive money management, you might want to consider an RIA.

* While RIAs are required by law to act in your best interest, there are other ways that you can ensure they will do what is best for you. One is to ask how they are compensated. Fee-only compensation generally minimizes conflicts of interest and means that your advisor is paid only for the management services and advice he or she offers, and only by you, not by investment product providers. When an advisor is paid on commission, there's a greater chance he or she will make choices with your money that serve not only your interests, but their own as well. That's not to say that advisors do not work fairly under this model, but potential conflicts of interest are something to consider as you choose an advisor.

* When looking for referrals from friends or relatives, the most valuable referrals may come from those in similar situations. It's also a good idea to ask potential advisors if they specialize in working with certain types of clients and choose one that fits your unique profile.

* Check to make sure your advisor's firm is audited on a regular basis. A third party custodian should also handle all your deposits, to ensure checks and balances. An independent custodian can help ensure the safety and security of your assets, and will provide you with a clear, concise statement every month. A duplicate monthly statement is also sent to your advisor. Make sure this is also a legitimate and upstanding business.

Working with a trusted independent RIA can help you realize your financial goals, while allowing you to

spend less time worrying about and managing your investments. If you need help finding a financial advisor through the TD Ameritrade AdvisorDirect program (2), visit www.tdameritrade.com.

EDITOR'S NOTE:

Provided by TD Ameritrade, Inc. Member FINRA/SIPC/NFA

(1) One thousand eighty-eight (1,088) adults between 22 and 80 years participated in an online survey conducted by Harris Interactive Sept. 28 through Oct. 19, 2010. The margin of error in this survey is plus or minus 3 percentage points. Harris Interactive and TD Ameritrade Holding Corporation are separate, unaffiliated companies and are not responsible for each other's products and services.

(2) Potential AdvisorDirect clients should typically have at least \$200,000 in assets to invest. Some RIAs have higher or lower minimum asset requirements. There is no charge or obligation for the initial consultation with the RIA. Once you select a RIA, you will pay advisory fees and standard brokerage fees. Brokerage transactions executed through TD Ameritrade are subject to standard transaction charges. You should review an RIA's Form ADV, other applicable advisor disclosure document(s) and the AdvisorDirect Disclosure and Acknowledgement Document prior to engaging an RIA. The Form ADV contains important disclosure information relative to an RIA's services and fees. RIAs charge an ongoing investment advisory fee for their services. RIAs will pay TD Ameritrade fees for their participation in the AdvisorDirect program. Those fees will usually constitute a percentage of the advisory fees you will pay your RIA. For additional details about the fees paid to TD Ameritrade and other conflicts of interest, please review the AdvisorDirect Disclosure and Acknowledgement Document and ask your RIA about its specific arrangement with TD Ameritrade. You are solely responsible for evaluating any advisor that you are considering. Please note: Under no circumstances should participation by a certain RIA in AdvisorDirect be considered an endorsement or recommendation by TD Ameritrade for that particular RIA.