

Financial Advisor Due Diligence Checklist

1. What level of service should you expect? [FINRA Client Education](#)

Non-Independent “captured” Advisor	Independent Advisor
Typically, limited products and services	Expanded products and services
Generally, quantity and transaction focused	Limited client community, client service focused
Size of client community can affect responsiveness	Increased responsiveness / team approach
Usually continuity is not encouraged	Continuity encouraged. No forced advisor change
Likely pro-rata distributions vs. tax efficient	Tax-efficient distribution options vs. pro-rata
Generally, not self-clearing; less control/flexibility	Self-clearing; improved control/flexibility
Autonomy not available under a work-for-hire contract. Generally, restricted tools and services	Autonomy to provide tools and services that meets client’s needs; not restricted
Real-time access to account aggregation usually not available, or restricted by Broker	Secure real-time access to account aggregation and reporting, budgeting, net-worth, balance sheet, cash-flow, tax, and estate plan
Document Vault to access documents usually not available, or restricted by Broker	Secure Document Vault; accessible 24/7/365 to important documents (Will, Financial Plan, Passports, etc.)

2. Can you transfer all your holdings to the new firm? What are the implications/cost?

Broker controls cost to client; Broker focused	Advisor controls cost to client; client focused
No tax implications on IRA and in-kind transfers	No tax implications on IRA and in-kind transfers
Tax harvesting usually not monitored or limited	Tax harvesting plan monitored and not limited

3. What impact can a work-for hire contact have?

Advisor under a work-for-hire contract likely has sales quotas to receive deferred compensation	No restrictive work-for-hire contract. No sales quotas, no deferred compensation
Generally, higher operating cost to client	Usually, lower overall operating cost to client

4. What costs will you pay—both in the short term and ongoing, if you change firms?

Usually less flexibility on products and services	Usually more flexibility on products and services
Generally, tiered pricing affects investment costs	Fixed pricing, lower potential investment cost
Likely that client pays IRA fees on each account	Client does not pay IRA fees on each account

5. How do the products at the new firm compare with your current firm?

Usually, restricted services/technology to client	Usually expanded services and technology to client
No open architecture, restricted products/services	Open architecture, expanded products/services
Generally limited Investment options/portfolio managers	Greater Investment options/portfolio managers
Generally limited transparency with limited account access	Full transparency with full account access
Likely low Advisor retention / lack of continuity	High Advisor retention / continuity encouraged

➔ [Click here](#) to schedule a financial due-diligence review ←

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