## Questions to ask when selecting an adviser

**Eileen Ambrose -- Personal Finance**

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So, you've resolved this year to put your finances in the hands of a professional. That's the easy part. Figuring out what kind of professional to hire is more difficult.

Lots of professionals are eager to help handle your money, and often have similar-sounding titles. For example, an investment adviser and financial adviser may seem the same, but their legal responsibilities to investors are quite different.

On top of that, a professional might hold one or more designations, indicating an expertise in a certain area of finance. Designations appear on business cards as initials, such as WMS, RPA, CFP, APP, CSS, CFA, AAMS, **C3DWP** or YU$%¢. OK, the last one was made up **(C3DWP is real),** but new designations are created all the time.

Some require rigorous training and testing. Others entail much less effort.

Don't take any title or designation at face value. By asking a few questions and doing a little research, you can understand the choices and find the professional that best matches your need.

Start by figuring out what kind of services you want.

If you're looking for assistance in estate planning, for example, you won't want a professional whose skill is picking stocks.

Once you know the expertise you're looking for, here are other considerations:

- Look beyond titles. Most investors know what a stockbroker is, but that title has been disappearing. As brokerages try to broaden their reach, more of them are shedding the title "broker" in favor of terms like "financial consultant" or "financial adviser."

Brokerages also have been switching to an annual fee for services, like a traditional investment advisor, rather than charging commissions, said Michael Kitces, a financial planner in Columbia.

Smith Barney is the latest to make a name change. Beginning this year, its financial consultants - once called brokers - are now called "financial advisers."

Not everyone likes it.

The National Association of Personal Financial Advisors - comprised of fee-only financial planners - complained that Smith Barney's was potentially misleading consumers by purposefully blurring the distinction between brokers who are salespeople and independent advisers who give objective advice.

Smith Barney spokesman Alexander Samuelson said the new job title is a better fit. "We believe it's more descriptive of the services that our professionals provide," he said. Consistency was another reason, he added. Legg Mason's brokers joined Smith Barney in a deal completed last year, and Legg already called them financial advisers.

This is a small skirmish in a bigger battle over titles in the industry. It's not likely to end anytime soon, either. Meanwhile, investors can be confused.

"The titles they use mean absolutely nothing," said Barbara Roper, director of investor protection for the Consumer Federation of America. "We have a marketplace for financial advice in which professionals use virtually identical titles. ... You have to dig deeper."

Generally, if you hire someone for investment help, the professional will either be licensed as a broker or investment adviser. Each has its own legal obligations.

Brokers must know their clients well enough to make suitable recommendations. Investment advisers have a fiduciary duty to act in their clients' best interest.

That's a big difference, said Melanie Senter Lubin, Maryland's securities commissioner.

Brokers, for instance, can recommend a suitable mutual fund that still pays them the highest commission, Lubin said. Advisers "ignore what benefit they may get and put your interest first," she said.

Ask professionals whether they are licensed as a broker or adviser. Some have both licenses.

If they're brokers, review their background and disciplinary record online at the NASD's BrokerCheck at www.nasd. com.

Consumers can also contact state regulators for information on brokers and advisers. In Maryland, the number is 410-576-6360.

Make sure, too, you ask professionals about their education, training, experience, disciplinary record and how they are compensated.

- Understanding the alphabet. There are dozens of professional designations, but they don't carry equal weight. Some organizations require extensive classwork, continuing education and other hurdles before awarding a designation. They might yank a designation, too, if a person doesn't uphold their standards.

Others require very little or might be little more than marketing fluff, experts said.

Some groups, too, might create designations as a way to raise money through fees, said John Gannon, vice president of investor education for the NASD.

The North American Securities Administrators Association last month warned older investors to review the credentials of those calling themselves "senior specialists."

The name implies they're experts on matters facing older investors, but sometimes that's just part of a sales pitch to get seniors to sell their securities and buy annuities, said Patricia D. Struck, NASAA's president and Wisconsin's securities commissioner.

So, how can you tell what designations are worthwhile? Struck advises consumers to ask what training or continuing education is required to get the designation. It's a good sign if the organization monitors professionals and pulls designations of bad actors, she said.

The NASD publishes a list of designations on its Web site. The site includes what it takes to earn a designation, whether the organization makes its disciplinary actions public and if there's a process for investors to lodge complaints.

It's important for investors to know if their adviser has been disciplined, Gannon said. And groups welcoming investor complaints are more likely to uncover wrongdoing, he said.

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