Live *your* dream.

What should you *expect*

from *your* Financial Advisor *and Why*

Investment Planning Counsel®

IPC INVESTMENT CORPORATION

A wide range of financial planning and investment advisory services are available in the Canadian market today from an equally wide range of companies – including banks, trust companies, brokers, investment dealers, insurance companies and financial planners. Unfortunately, there is also a wide variation in the quality of advice and level of service provided by these different organizations.

To help you determine whether you are receiving the advice and service you are entitled to, we have identified nine key standards of performance you should expect from your financial advisor.

YOUR FINANCIAL ADVISOR SHOULD:

- Ask about and truly listen to your needs
- Create a comprehensive written plan
- Balance risk and return in your portfolio
- Explain your investment options in full
- Provide value for your money
- Identify strategies to help maximize your tax savings
- Contact you regularly
- Be available when needed
- Track progress against your plan

We suggest you use these standards to evaluate your existing advisor and decide if the trust and confidence you are placing in them is justified.

1. ASK ABOUT AND TRULY LISTEN TO YOUR NEEDS

Your financial advisor must inquire about your needs, wants and concerns, and really listen to your responses. Here is why:

- Your personal objectives are the foundation for your financial plan and portfolio. An advisor must understand your situation today, along with your goals and dreams for the future, before offering you solutions.
- Your needs and concerns change over time. These changes must be understood by your advisor and reflected in your financial plan and portfolio at all times.
- For couples, your advisor should speak to you in financial terms you both understand. You should both feel comfortable with their communication style and personality, in the event the spouse who has taken primary responsibility for financial planning dies first.

2. CREATE A COMPREHENSIVE WRITTEN PLAN

Your advisor should provide you with a comprehensive written financial plan, if appropriate, to ensure all your needs are effectively addressed and coordinated. Here is why:

- A comprehensive written plan helps ensure that your personal financial needs are met now and for the rest of your life. This plan should be carefully prepared and reviewed in detail at least annually to reflect your changing circumstances.
- Your financial plan covers a wide range of needs. Depending on your personal and/or family situation, this may include investment returns, retirement income, taxes, death of a spouse, health care, insurance, wills and estate planning.
- It provides a central point of reference to help your advisor coordinate and administer the activities of all your investment, financial, taxation and legal advisors.

3. BALANCE RISK AND RETURN IN YOUR PORTFOLIO

Your advisor should thoroughly evaluate and document your lifestyle objectives and tolerance for risk to ensure your portfolio has the right risk-return balance for your needs. Here is why:

- A personal Investment Policy Statement is an important document that records your personal data and objectives and serves as a roadmap to your financial security.
- By combining this information with statistical asset allocation models, your advisor can identify the best mix of asset classes for your investment timeframe, rate-of-return expectations and risk tolerance. The objective is to determine the combination of investments that will offer the highest potential returns for the level of risk you are comfortable with.
- Your retirement assets should be considered within the context of this written plan and ideally invested through one advisor. This ensures you have a coordinated strategy and are not taking on too much investment risk or missing out on the returns required to meet your lifestyle needs.

4. EXPLAIN YOUR INVESTMENT OPTIONS IN FULL

Your advisor should always explain your investment options and relate them to your specific needs, as well as disclose their relationship with third-party suppliers when making recommendations. Here is why:

- Each type of investment – whether stocks, bonds, mutual funds, annuities or insurance – has characteristics that make it suitable for some people and not for others. Your advisor must explain how any recommended purchases, or changes, relate to your individual needs. This will help you avoid buying the latest "hot stock" or other products that may not be right for you.
- The potential benefits of any purchase or sale must obviously outweigh the cost of the transaction. A thorough explanation of the likely value versus the cost will give you confidence that your advisor is putting your interests first, rather than their own.
- Advisors often work closely with key investment, insurance suppliers and tax planning specialists. This allows them to maintain the high level of technical and market knowledge required to do their job effectively, and to offer you a full range of options. These relationships must be fully explained so you understand how they meet your needs and do not represent a real or potential conflict for the advisor.

5. PROVIDE VALUE FOR YOUR MONEY

Your advisor should explain all fees and commissions and give you confidence that you are receiving full value for the costs. Here is why:

- There are many different ways that financial services companies charge fees and commissions to clients. This not only makes it difficult to compare the charges but also creates an opportunity for misuse if they are applied incorrectly.
- In addition, advisors typically receive the same sales commissions and annual service fees from investment and insurance suppliers – whether they provide only investment advice or advice plus a comprehensive plan designed to meet a range of goals and needs. This is a very clear difference in value being offered for the same price.
- Your advisor must be forthright about the fees and commissions you are paying and as well as being able to provide assurances that you are getting value in return.

6. IDENTIFY STRATEGIES TO HELP MAXIMIZE YOUR TAX SAVINGS

Your advisor should stay informed about changing tax rules and regularly bring you new ideas to reduce tax. Here is why:

- It is virtually impossible for individuals not actively involved in developing and implementing tax planning strategies to acquire and maintain the level of knowledge needed to minimize tax now and in future years.
- You need to be able to rely on your advisor to bring you new tax-saving ideas as the tax regulations change and additional opportunities arise.
- Advisors should maintain professional relationships with tax specialists and undertake annual tax training to ensure they remain current with all available tax strategies for their clients.

7. CONTACT YOU REGULARLY

Your advisor should schedule regular meetings or phone calls to let you know how your investments are doing and what new information, if any, you should be aware of. Here is why:

- Regular "update" meetings with your advisor are necessary to make sure they are aware of any important changes to your personal circumstances.
- Although you do not need to closely monitor the financial markets, you also want your advisor to be proactive in keeping you informed about any significant changes that may be of interest or concern to you.
- This requires update meetings based on a schedule you agree to in advance (e.g., quarterly, semi-annual or annual).

8. BE AVAILABLE WHEN NEEDED

Your advisor should be accessible when you need to reach them – by phone, email or face to face – and without seeming rushed. They should also follow up on a timely basis to ensure your questions or concerns are satisfied and any corrective action is completed. Here is why:

- With a well-structured plan, your day-to-day concerns and financial needs should be minimal. However, from time to time, there may be issues that require the immediate attention of your advisor. You need to know you can get direct access when you need it.
- Once contacted, your advisor should be willing and pleased to give you the time you need to fully address your issues.
- Administering all elements of your personal financial affairs involves many individuals, organizations and products or services, and requires coordination by your advisor. Your advisor must have standard communication and follow-up procedures to ensure all your questions are answered and any problems are resolved quickly.

9. TRACK PROGRESS AGAINST YOUR PLAN

Your advisor should estimate the range of returns you might expect and measure the performance of your portfolio against these expectations, rather than compare returns with historical investment data. Here is why:

- A carefully designed investment portfolio, based on your personal Investment Policy Statement, allows your advisor to estimate the range of investment returns you may potentially earn from your portfolio from year to year. It also lets them indicate the average annual returns you may achieve over longer periods.
- Your advisor must review the progress you are making with your plan each year, and make adjustments if required.
- It's important that performance be measured against your personal plan, instead of comparing it with the past performance of investments that may have very different risks and potential returns from the ones chosen to meet your needs.

Hopefully, you now have a much better understanding of what you should expect from your financial advisor and why these requirements are so important. Use them as a guide to ensure you are benefiting from the highest standards of financial services – and getting the service you deserve.

If you have any doubts about the quality or level of service you are receiving, we invite you to consider a free portfolio review.

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