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5 Signs You Should Fire Your Financial Planner

By Cameron Huddleston
September 12, 2015

Finding the right financial planner for you can be tough. Even if you do the due diligence to ensure your planner is up to par and take the time to find out if you're a good fit for each other, you still can discover that you've made the wrong choice.

After you start working together, you might notice red flags that signal that something just isn't right. Here are five signs that it's time to ditch your financial planner and find a new one.

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1. Your Financial Planner Is Hard to Reach

Your financial planner shouldn't play hard to get. He should have taken enough time to get to know you, your needs and your risk tolerance before opening an account with you, said Susan Fulton, founder and principal of wealth management firm FBB Capital Partners. Your financial planner should call you at least every three months and meet with you regularly to keep tabs on your financial situation, she said.

Financial advisors also should offer you online access to your portfolio. And you should be getting more than just boilerplate letters, said Scott Bishop, a certified financial planner with STA Wealth Management.

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"You need someone who will give you more personalized communications," he said.

If you're nervous about the market or see your portfolio value going down and your planner isn't calling you back, Bishop said it is time to make a change.

2. You're Only Given Cookie-Cutter Solutions

You don't want a planner who invests the same way for all clients, or who says, "Let's start with this approach and see how it works," Bishop said. A financial planner should know what your goals are and develop a plan to meet those goals. In addition to finding out your risk profile and discussing investment returns, he also should look at your tax bracket, expected or current retirement expenses, college-savings needs, healthcare needs, and any other savings goals, Bishop said.

"I don't invest anybody's money unless I can truly visualize what they need," he said.

Your planner should evaluate your goals regularly to make sure you're still doing what it will take to reach those goals. And he should discuss whether your goals have changed to make sure you're not going down a path you will regret, Bishop said.

You also want to make sure your planner isn't putting all of your money into just one type of investment. Your portfolio should be diversified.

3. You Don't Know How Your Financial Planner Gets Paid

Ideally, you should work with fee-only financial planners, Fulton said. Such planners are not paid any commissions and, therefore, are least likely to have a conflict of interest when giving you advice. Even with a fee-only planner, though, you need to know whether you're being charged by the hour or a fee for assets under management. Fulton said you should get a copy of the firm's Form ADV, which spells out the financial advisor's fee schedule, services offered and any conflicts of interest.

If your planner does receive commissions, you need to make sure he's advising you and not just selling you products that don't suit your needs, Bishop said. "If all you hear is 'I'm giving you all the upsides and none of the risks" with a particular product, you're not getting the whole story, he said.

A good financial planner should explain the risks and downsides of any investment, product or strategy. "Very few people have those conversations because they impede the sale," Bishop said.

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Most importantly, a financial planner should never ask you to write a check directly. Such a system is against industry rules and is a sign he could be stealing from you, Bishop said. "People lose their licenses for this sort of thing," he said.

Instead, make checks out to a planner's firm or a third party such as an investment custodian or insurance company. You should receive account statements from those third parties, not just the advisor, Bishop said.

4. Your Financial Planner Rushes You to Make Decisions

If your financial advisor occasionally asks you to make decisions, it's not too much cause for worry. But if it happens over and over again, you should look for a new advisor. "No one should keep coming to you and having you make a forced decision," Bishop said.

A financial planner who pushes you to act quickly might just have a sale he wants to make or might not know enough about an investment or product to explain it, he said. You're more likely to make a bad decision that could hurt your finances if you are rushed into a decision.

5. He Makes Changes to Your Portfolio Without Telling You

It's OK if an advisor makes stock trades for you. You do, however, want to know how much you're paying for those trades.

But if your financial planner is making a lot of changes to your portfolio without consulting you or is moving money among accounts frequently, it "could be a sign that someone's manipulating your account," Bishop said.

Large changes to your account should always be discussed. And Bishop said that you should never sign any paperwork authorizing the financial planner to make any transactions without understanding what you're signing.