PALADIN REGISTRY

Financial Advisor Rating System

www.paladinregistry.com

This Advisor Rating System is a free public service from Paladin Registry. It contains information that will help you evaluate the credentials, ethics, and business practices of financial planners and advisors.

Advisor Rating Instructions

- Advisors start with 100 points.
- Points are deducted for each answer that increases your risk of bad financial advice.
- You do not rate all of the advisors' questionnaire responses. Some of the information is for your records.
- Select a minimum score that you are willing to accept, for example 92. The higher your minimum, the lower the number of advisors who will qualify.
- Based on your past experience with advisors, you may want to change one or more of the suggested values for the point deductions.
- Some responses should disqualify the advisor from further consideration to be your current or future financial planner or advisor. For example, if the advisor is not an RIA or IAR or an acknowledged fiduciary.
- The higher the advisor's net score, the greater your confidence should be in the advisor's competence, ethics, and business practices.
- Use this rating system for multiple advisors so you can compare their scores to each other. The comparison will help you select the best advisor.
- Most advisors will have one or two weaknesses, but they can still achieve your minimum score.
- Some advisors will refuse to answer these questions. There are no valid reasons why they can't provide the information. They don't want to disclose weaknesses because they know you won't buy what they are selling. Advisors who fail to respond are automatically disqualified.
- Some advisors will use their personalities and sales skills to talk you out of the need for this type of documentation. This tactic means they have something to hide which is grounds for automatic disqualification.
- Higher ratings do not guarantee better future results. View additional disclaimers and applicable conditions that appear in the Terms of Use document on www.paladinregistry.com.
- Retain all advisor responses so you have a written record of their credentials, ethics, and business practices.

Rating Criteria

Years of Financial Services Experience
- Less than 5 years: Disqualify
- 5-9 years: Deduct 2 points
- 10-14 years: Deduct 1 point
- 15 years or more: Deduct 0 points

College Degrees (Accredited Schools Only)
- None: Deduct 2 points
- BA/BS: Deduct 1 point
- MBA/MA/MS/PhD: Deduct 0 points

Certifications & Designations (One or More)
- None: Deduct 3 points
- Other Certifications/Designations: (see below)
- Deduct 1 point
- CFA® / CFP® / CIMA® / AIF /AIFA /CPA / PFS: Deduct 0 points

Association Memberships
- No memberships: Deduct 2 points
- Other Memberships (see next line): Deduct 1 point
- CFA Institute / NAPFA / IMCA / FPA: Deduct 0 points

Registered Investment Advisor (RIA)
- No: Disqualify (Unless advisor is an IAR)
- Yes: Deduct 0 points

Investment Advisor Representative (IAR)
- No: Disqualify (Unless advisor is an RIA)
- Yes: Deduct 0 points

Acknowledged Fiduciary
- No: Disqualify (No exceptions)
- Yes: Deduct 0 points

Securities Licenses
- Series 6: Deduct 2 points
- Series 7/24/63: Deduct 1 point
- None/65: Deduct 0 points

Investment License Number (CRD or IARD)
- Licenses but no CRD or IARD Number: Disqualify (No exceptions)
- CRD or IARD Number: Deduct 0 points (Check NASD or SEC record)

Insurance License Number

Licenses but no License Number: Disqualify (No exceptions)
Insurance License Number: Deduct 0 points

Compliance Record

Disclosures: Disqualify (No exceptions)
No Disclosures: Deduct 0 points

Criminal Record

Disclosures: Disqualify (No exceptions)
No Disclosures: Deduct 0 points

Willingness to Provide Full Disclosure (Written)

Will Not Provide: Disqualify (No exceptions)
Will Provide: Deduct 0 points

Compensation

Commission Only: Disqualify
Fee & Commissions: Deduct 3 points
Asset-Based, Fixed, or Hourly Fees: Deduct 0 points

Case Study

You are currently seeking a new advisor to replace one that you terminated. One of the advisors you are interviewing is John Smith. You decide to send John the Paladin Registry Questionnaire and use the Registry Rating System to score John's responses. You have also reviewed the Registry's Top Ten Questions for Advisors so you know the significance of John's responses.

Based on John's net score, you'll have additional information about his competence, ethics, and business practices that will help you determine if he is the right advisor for you. You'll also be able to compare his score to the other advisors you are interviewing.

John starts with 100 points and has the following point deductions:

Experience: 12 Years (deduct 1 point)
Degrees: BS in Finance (deduct 1 point)
Association Memberships: None (deduct 2 points)
Securities Licenses: 7 and 63 (deduct 1 point)

Total Deductions: 5 points

Net Score: 95 points

Result: John appears to be a competent, ethical advisor.