

To: P&G Employees
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Re: Questions For Your Prospective Money Manager

The selection of a money manager or financial planner is extremely important. I have had clients lose 50% of their account value over this last bear market. I have clients who weathered the storm with little to no account loss. The answer to many of these questions are self evident. If not, I will try to give you some insight as to why the question is relevant. Hopefully, getting these questions answered will direct you to the right group for you.

Chemistry

1. Do I trust this person?
2. Does this person communicate in an understandable manner?
3. How do I rank as a firm client?
(You do not want to be a big fish in a little pond or a little fish in a big pond)
4. What is their location?
5. How many clients do they have?
6. What percentage are P&G employees?
(Look for someone who understands P&G issues)
7. How much money do they have under management?
8. What is their client retention record?
9. What is their employee turnover?
(I had several clients who were assigned to three different representatives in one year)
10. How old is the adviser and who will take over in the event of their death or retirement?

Communication

1. How often will we meet in the first and subsequent years?
2. How quickly are phone calls returned?
3. How often do statements get mailed?

4. Do I have access to my account via the web?

5. Is there more than one person assigned to my account?

(Look for a relationship with two active account representatives so vacations and turnovers do not leave you stranded)

6. How well do they interface and communicate with your CPA and Attorney?

Style

1. Do they use only mutual funds?

(The cost of the mutual fund and their fee may be very expensive. If you are going to all mutual funds, hire an hourly planner.)

2. What investments do they use?

3. Do they rely on outside money managers?

(Outside managers brings expertise and specialization to the team and provides an additional check and balance.)

4. Do they rely only on in-house research?

(The research they are getting may be bias to sell company products)

5. What is their typical asset allocation mix between equities and fixed income securities?

6. Is there any asset class that the exclude? Why?

7. Is there flexibility in the design of your portfolio? Do you get a say?

Competency

1. What are the qualifications of the people on your team?

2. What are the qualifications of the other team members?

(Look for a good mix of skill sets, not just all of one type)

3. How many people are in the group?

4. Are they cross functional in money management, financial planning, estate taxes, income taxes and private banking?

5. What are their years of experience?

Services

1. Do they offer estate planning review, income tax review and risk management review?

2. Will they make your Federal and Ohio tax estimates?

3. What other services are included in the money management fee?

4. Will they help when you buy or lease a car, refinance your house, make charitable gifts and set up college education funds?

Cost

1. Will they disclose, in writing, all cost, fees and expenses?

2. Are there transactions cost to buy or sell investments?

3. What is the cost to hold P&G as a part of my account?

(They should not charge a fee to hold P&G)

4. If P&G is sold what is the cost per share?

5. Are other financial planning services included in the fee or extra?

6. Is there a cost to terminate the relationship?

Process

1. When a decision is made to switch outside managers, sell one stock and replace it with another or when asset allocation changes are made, how many people are involved in the process?

(Look for than one person making this decision and look for an objective discipline approach. How many major changes were made during the past three years? Look for someone who does not jump on every new trend.)

2. Can they explain, in simple terms, their objective investment decision making process?

Performance

1. What has their one year, five year and ten year performance been?

2. Do they use bench marks and if so which?

Risk Management

1. Who is responsible if something goes wrong?

2. Who will have custody of my assets?

(The recent problems with Cincinnati brokers stealing clients funds were made possible because an independent organization did not have custody of the assets. This allowed the broker to tap into the client's account with no check and balance system.)

3. What are the insurance levels on my account and what types of risk do they cover?