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SUZE ORMAN: Adviser must serve you, not self

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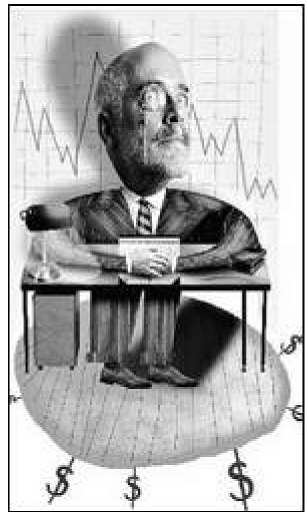

A recent survey conducted by **Fair Isaac**, the company behind the FICO credit score, reports that 79% of respondents said financial professionals were their most-trusted source for personal finance and credit information.

That didn't really surprise me, but it concerned me. There are plenty of financial professionals who sell clients financial products that put a lot of money in the adviser's pocket regardless of whether they are the best choice for the client.

I am not making a blanket statement that all financial professionals are bad. Hey, I got my start as one in the 1980s. But you really need to do your homework to make sure anyone giving you financial advice is giving you good advice. Go to a bad hairdresser and your cut grows out in a few weeks. Go to a bad financial adviser and your financial life could be ugly for a long time.

Here are five signs a financial adviser may not have your needs front and center:

• You own a mutual fund with the letter B in the name.

B-share funds are bad news. While it's true that you will pay no sales commission (load) when you first invest in the fund, you could be hit with a load when you try to leave. These funds are known as deferred-sales charge funds: If you cash out in the first year, you will pay a commission of, say, 5% of the money you pull out. Leave in the second year, and the fee is 4% and so on.

After five years or so, you typically won't pay a fee when you sell. But the longer you stay invested in the fund, the longer you will be paying a steep expense ratio. That's the annual charge all mutual fund investors pay on their investment. With B share funds, the expense ratio can be 1.5% a year or more because a big portion of that charge goes to pay the adviser who sold you the fund.

When you compare that to index funds or exchange-traded funds with expense ratios that can be just two-tenths of a percentage point or less, that's a huge difference. With B-funds, your adviser does well, but given the high expense ratio you are paying, it is harder for you to do well.

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• You own a variable annuity inside an IRA account.

Anyone who tells you to buy a variable annuity for your IRA is clearly not looking out for your best interest. The attraction of VAs is that you get tax-deferred growth in mutual funds. That is, no taxes while the money is invested in the VA. But everything in your IRA is already tax-deferred anyway. It is absurd to buy a VA inside your IRA.

Why might the adviser recommend this move? I bet you know where I am going: Once again, there is a nice commission to be made.

• **You are saving for your kids' college education, rather than your retirement.**

One reason many people turn to financial advisers is for help figuring out how to save money for their children's college educations. While it is logical to want to provide for your kids, a good financial adviser won't blindly set up college funds for you.

A good financial adviser will assess whether you should be saving for college at all. If you aren't already maxing out all your retirement savings options, or if you have a big chunk of high-rate credit card debt, you have no business putting your kids' college costs ahead of getting your finances in good shape.

A financial adviser who has your best interests at heart will explain that if you retire without sufficient income to live on, or in serious debt, you are going to be a financial burden to your kids.

Can I give you some free financial advice? Take the time to become educated about your finances so you can make your own informed choices, rather than relying on someone else. Because at the end of the day, no one will ever care about your money -- and need your money -- more than you will. You are your own best financial adviser.

SUZE ORMAN*, personal finance expert and best-selling author, appears 9 p.m. Saturdays on CNBC.*