



How a Financial Planner Can Help You

Like most people, you have hopes and dreams and life goals for yourself and your family. These might include buying a home or business...saving for college education for your children...taking a dream vacation...reducing taxes...retiring comfortably. Financial planning is the process of wisely managing your finances so that you can achieve your dreams and goals—while at the same time helping you negotiate the financial barriers that inevitably arise in every stage of life.

Managing your personal finances is ultimately your responsibility. However, you don't have to do it alone. A qualified financial planner, such as a CERTIFIED FINANCIAL PLANNER™ professional, can help you make decisions that make the most of your financial resources.

Financial planning can help you:

- Set realistic financial and personal goals
- Assess your current financial health by examining your assets, liabilities, income, insurance, taxes, investments and estate plan
- Develop a realistic, comprehensive plan to meet your financial goals by addressing financial weaknesses and building on financial strengths
- Put your plan into action and monitor its progress
- Stay on track to meet changing goals...changing personal circumstances...changing stages of your life...changing products, markets and tax laws

Do you need the services of a financial planner?

How do you know if you could benefit from the services of a qualified financial planner? You may not have the expertise, the time or the desire to actively plan and manage certain financial aspects of your life. You may want help getting started. You may benefit from an objective, third-party perspective on what are often emotional, difficult decisions. And in today's hectic world, it can be beneficial just to have a financial expert looking over your shoulder to double-check your planning efforts and make sure you stay focused and follow through with your financial plans.

Events that might prompt you to seek the services of a planner

Often a specific event or need will trigger the desire for professional financial planning guidance. These might include:

- Saving enough for retirement, or rolling over a pension or IRA
- Handling the inheritance of a large sum of money or other unexpected financial windfall
- Preparing for a marriage or divorce
- Planning for the birth or adoption of a child

- Facing a financial crisis such as a serious illness, layoff or natural disaster
- Caring for aging parents or a disabled child
- Coping financially with the death of a spouse or close family member
- Funding education
- Buying, selling or passing on a family business

Aren't financial planners regulated?

No! People who call themselves financial planners are not currently regulated as financial planners by either state or federal government. Many financial planners are regulated by states through subsets of financial planning, such as insurance and taxes, but not for their overall financial planning activities.

The Securities and Exchange Commission (SEC) and most states have requirements for people who give investment advice, which would include any legitimate financial planner. The FPA encourages you to make sure the planner you choose is a registered investment adviser or is an agent of a company that is registered

How do I choose the right financial planner for me?

Choosing a financial planner is as important as choosing a doctor or lawyer. Working with a financial planner is a very personal relationship. In addition to competency, a financial planner should have integrity, trust and a commitment to ethical behavior and high professional standards. You want a planner who will put your needs and interests first.

Also, many planners specialize in working with certain types of clients, such as small-business owners, executives or retirees. Many have minimum income and asset requirements. Some specialize in certain areas of planning such as retirement, divorce or asset management. This is why we recommend that you interview at least three planners in person to find the right one to serve your needs.

What information should I ask for?

First, request a written disclosure document from the planner. This will either be what's called a Form ADV or an equivalent brochure. This should answer many of your questions. You may then want to follow up with a personal interview, which many planners will do for free.

Some of the basic information you want to gather:

- What financial planning and other financial designations the planner holds
- Educational background and work experience
- Licenses to sell certain financial products, such as life insurance or securities
- Services the planner provides
- The planner's basic approach to financial planning
- Areas of specialization
- Types of clients the planner serves, and any minimum net worth or income requirements
- Professional affiliations, including the Financial Planning Association
- How the planner prepares a plan
- How the planner might address your particular needs
- Whether the planner or others will implement recommendations from the plan
- Business relationships the planner has that might present a conflict of interest
- How the planner is paid for services, and the typical charges

- A face-to-face interview also should give you a personal sense about the planner. Does the person seem forthright in their answers? Do you have a sense of trust and rapport? Is the person focused on your needs, not selling products?

Why is full disclosure vital as I pick a planner?

At the heart of any working relationship with a financial planner is trust. Trust is built on two factors: the planner acting in your best interests, and full disclosure of the planner's background, business practices and other issues.

Full disclosure means the planner is forthright in providing answers about the planner's work experience, compensation, methods of planning and so on. For example, what business relationships does the planner have? These might be relationships with companies whose products the planner sells, or referral fees the planner earns by referring you to certain professionals.

The financial planner also should disclose any disciplinary actions that may have been taken against the planner by various government regulatory agencies and professional associations. The CFP Board (888.CFP.MARK) can confirm whether disciplinary action has been taken against a particular CFP professional.

If you do not receive full disclosure from a financial planner that is a sign you should take your financial planning needs elsewhere.

How should I start looking for a planner?

Ask for names from friends or business associates who may have used a financial planner. Attorneys, accountants, insurance agents, bankers and other financial specialists also can be good sources because planners often work with them to carry out a client's plan.

Check with the SEC, appropriate state agencies, your local Better Business Bureau and the CFP Board at 888-CFP-MARK (237-6275) to determine if complaints have been filed against the planner you are considering.

ABOUT THE FPA– PHILADELPHIA TRI-STATE AREA CHAPTER

The Financial Planning Association – Philadelphia Tri-State Area (FPA-PTSA) is a not for profit corporation offering a wide variety of personal finance advice from Certified Financial Planners (CFP). As one of the three largest chapters in the United States, the FPA-PTSA consists of 1,000 active members from Philadelphia, Delaware and Southern New Jersey.