

Finanace over your head?

Financial planners help guide maneuvers amid shaky economy

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BY STEVE WARTENBERG

THE COLUMBUS DISPATCH

Paul Dolce often sees a look of confusion, and sometimes fear, on the faces of new clients when he asks them about their retirement- and college-savings plans.

"Not everyone is comfortable with or (understands) finances," said Dolce, who runs Dublin-based Financial Solutions. "And these days, it's up to the individual to manage their own finances."

This is true even in the best of times -- and these sure aren't the best of times.

"It can be intimidating," said William Raabe, a professor of accounting at Ohio State University's Fisher College of Business. "There really aren't enough people who invest enough time (on planning their finances) to feel comfortable, and if you're in that category, you need help."

That is where financial planners such as Dolce come in.

They are available, for a fee, to help those who need a little or a lot of financial guidance. Financial advisers come in many varieties, such as certified public accountants and certified financial planners, and they can provide a report card on your financial situation and offer advice on what to do -- or manage some or all of your assets day to day.

Consider whether you need a financial planner. If the answer is yes, choosing the right one is the next step.

Who needs an adviser?

It depends on whom you ask.

"I think almost anyone with a sizable -- whatever sizable means to that person -- amount in some sort of retirement plan should," Raabe said.

Age is more of a determining factor, said Jim Hyre, principal of the Upper Arlington office of Raymond James Financial Services.

"I would say anyone 10 years to retirement or less should," he said.

Kent Irwin, chief executive of eFinPLAN.com, a financial-planning software company based in Galena, thinks the more complex your finances, the more help you need.



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"It's too complicated to do on your own these days," Irwin said. "And if you're more wealthy or have a complicated family or business situation you have to have a financial planner help you map it out."

Such a family situation can include a special-needs child or blended family, or a pending marriage or divorce, he said.

Dolce has a simple formula: "If you're comfortable doing it on your own, fine. If not, a financial planner is a good choice."

How do I select a planner?

Word of mouth is the best place to start.

Ask relatives and friends whether they have a financial adviser and are happy with the adviser.

"And if this doesn't work, look at other communities you are in," Raabe said. "It could be your church or library group; have them put it on the agenda, ask who knows about financial advisers. Don't be shy. Everyone is thinking about it like you are."

But don't take suggestions as gospel without questions. You don't want to trust your money to just anyone.

"A lot of people say they are financial advisers, and that's part of the problem," said Matt Yuskewich, a partner with the Winterset CPA Group of Columbus and chairman-elect of the Ohio Society of CPAs.

For example, Yuskewich has earned certification as a personal financial specialist with the American Institute of Certified Public Accountants.

The Certified Financial Planner Board of Standards grants certification as a certified financial planner, and the CFA Institute offers similar certification for those who pass a rigorous test. Although there are other certifications, "this is the most comprehensive, the gold standard," said Nancy Hradsky, special projects manager of the National Association of Personal Financial Planners.

Those paid to give advice about stocks and other securities must register with either the U.S. Securities and Exchange Commission or their state securities agency.

Look for an adviser with a track record, training and certification. Interview more than one. Ask for -- and check -- references.

How do they charge?

There are two basic types of financial advisers: fee-only and fee-based.

Fee-only advisers charge an hourly rate or a set fee for a predetermined service. Fee-based planners receive a commission for selling financial products such as mutual funds, insurance and securities. They also can receive a percentage of a client's total portfolio if they manage it on a day-to-day basis.

Dolce is a fee-only adviser. He charges \$800 for what he calls a "financial fitness checkup" in which he examines a client's net worth, how their savings and retirement funds are allocated and what, if anything, they need to change to meet financial goals.

"This is not a comprehensive retirement plan," he said. "It's a sanity check, to see if you're doing a decent job."

For those who need more comprehensive retirement planning, Dolce charges \$180 an hour. Yuskewich said CPAs in his office charge \$85 to \$185 an hour for retirement planning, depending on "their experience and how sophisticated the planning is."

Dolce is a member of the Garrett Planning Network of fee-only advisers who do not sell financial products. Members think it is a conflict of interest for a planner to receive a commission for selling

products to clients.

"I don't think you want to be churning assets, moving from one to another for the benefit of a broker on commission," Raabe said.

Hyre is a fee-based planner. He said he charges clients 0.3 percent to 1.25 percent of the portfolio's value. The more money in a client's portfolio, the lower the percentage.

For example, if a client's assets averaged \$1 million in 2008 and Hyre received a 1 percent commission, he would get quarterly payments of \$2,500, for a total of \$10,000.

"I find that clients really like it this way," he said. "When things are bad, I feel it just like they do."

Hyre, who also receives a commission on the sale of some financial products, said he sells only the best mutual funds or insurance policies because "our reputation is on the line."

He also thinks that in the end, the cost to a client is the same whether the planner is fee-only or fee-based.

"And what we've found is with fee-only, there's not as much of an incentive for the planner to stay on top of the account and manage the risk," he said. "Their income is not based on the account value."

The bottom line

In the end, you must decide whether you can handle your financial future or need coaching. Either way, keep this in mind: The experts say that many people they see are not on the right path.

"The majority of people we see have not saved enough for retirement, and their debt tends to be higher than they are comfortable with," Yuskewich said.

Irwin thinks the current generation has it tougher than past generations.

"Now, people have to rely more on themselves rather than a pension," he said. "Our parents and grandparents saved some money for emergencies, had a pension, Social Security and kept their debt down. We've made life more complicated."

Dolce said a lot of his clients save for college costs at the expense of their retirement funds. "It's not more important than retirement savings," he said. "You can always borrow money for college -- but you can't for retirement."

swartenberg@dispatch.com

Finance FAQ

What is financial planning?

The process of determining your current financial situation, where you want to be in the future -- and how to get there.

What is a fee-only

financial adviser?

This type of adviser is paid an hourly fee or a set, predetermined amount for a specific project such as a financial overview.

What is a fee-based financial adviser?

This type of adviser is paid a commission for selling financial products such as mutual funds, stocks and insurance policies from the companies that issue them. Some also receive a predetermined percentage of a client's total portfolio if they manage it on a daily basis. They are sometimes called commission-based planners.

Do I need to have a lot of money to go to a planner?

No. Although some fee-only planners require clients to have a minimum amount in the portfolios they manage, many do not. Fee-based planners often work with middle- and lower-income clients.

What are common

financial mistakes people make?

The list is long, but highlights include not taking advantage of company-matched 401(k) retirement plans, racking up too much credit-card debt, living above your means and a lack of understanding about how much money you will need when you retire.

Source: *Dispatch* research

What does that mean?

There are dozens of designations and certifications for people who help consumers with financial issues. These are a few of the designations and the organizations that oversee them, according to the Certified Financial Planner Board of Standards, whose Web site, www.cfp.net, offers tips and checklists for consumers who are interested in financial planning.

- *AFC: Accredited financial counselor*

This designation is awarded by the Association for Financial Counseling and Planning Education to individuals who pass AFCPE courses, meet experience and ethics requirements and submit three letters of reference.

- *CFA: Chartered financial analyst*

These are securities analysts, money managers and investment advisers who have completed the CFA program, a graduate-level, self-study curriculum and examination program for investment professionals that covers a broad range of investment topics. CFA charterholders are required to affirm their commitment to high ethical standards and voluntarily submit to the authority of CFA Institute.

- *CFP: Certified financial planner*

These financial-planning credentials are awarded by the Certified Financial

Planner Board of Standards to individuals who meet education, examination, experience and ethics requirements.

- *ChFC: Chartered financial consultant*

The ChFC credential is a financial-planning designation awarded by the American College.

- *PFS: Personal financial specialist*

The PFS credential is a financial-planning designation awarded by the American Institute of Certified Public Accountants.

- *RFC: Registered Financial Consultant*

This designation is awarded by the International Association of Registered Financial Consultants to members who have met education, experience and membership requirements, agreed to abide by its code of ethics and previously earned either a securities/insurance license, or one of the following: CPA, CFA, CFP certification, CLU, ChFC, J.D., EA or RHU.

If you have a beef

It's important for you to be comfortable with what's being done with your money. Experts say you should ask questions and make sure you understand before you make investments. Be aware that many investments have no guarantee of hoped-for returns, and that it's possible to lose money on some of them. If you feel your planner or investment professional hasn't acted in your best interest, you can lodge a complaint with:

- Certified Financial Planner Board of Standards, 1-800-487-1497, www.cfp.net
- North American Securities Administrators Association, 1-202-737-0900, www.nasaa.org
- National Association of Insurance Commissioners, 1-816-783-8500, <https://eapps.naic.org/cis/>
- Financial Industry Regulatory Authority, 1-800-289-9999, https://apps.finra.org/Investor_Information/Complaints/

[complaintCenter.asp](#)

- U.S. Securities and Exchange Commission, 1-800-732-0330, www.sec.gov/complaint.shtml

Source: Certified Financial Planner Board of Standards

