

What is a Financial Planner?

By Elaine Kiernan

CERTIFIED FINANCIAL PLANNER™ (CFP®), Certified Divorce Financial Analyst (CDFA), and Certified Divorce Specialist (CDS)

For all of America's opportunities, this is also a certainly a country of risk. A perfect example of how both may play into your life is that currently, pretty much anyone can call themselves a "financial planner." Unfortunately, this lack of training, oversight, and often competence can place investors in some high-risk positions with their assets. Most of us know someone who has been there...

But, managing one's assets and investments is something that many people realize they should not be doing on their own and they feel like they want the help of a "professional." Well, fortunately, there is an option available: Make certain your financial advisor or planner is "Certified." This is not something taken lightly in the investment world, and becoming a "Certified Financial Planner® or CFP® requires education, testing, oversight, recourse, and government compliance on key issues related to investors and their assets." As you look for a financial advisor or planner, ask them (or research them) to see if they are "Certified." If they are, they will certainly include it in their website, on their business cards, and in any other way they announce themselves. If it doesn't seem clear, ask or check the Certified Financial Planners Board of Standards website and search by their name.
<http://www.cfp.net/search/>.

Also, keep in mind that not unlike physicians, attorneys, and other professionals, many CFP®'s have specialty certifications. Again, most advisors will make clear what their specialties are, and consider that when making your decision. It can matter.

Once you have closed in on a decision about which Certified Financial Planner® you may be using, you will encounter some different options regarding how they are compensated. So, what are the major differences in planners? Find out what they charge, and what you get for your money. Their services are fairly uniform in nature, but highly different in quality. Traditionally, advisors charge a fixed hourly, monthly or annual "fee" or work for some percentage of the value of your portfolio. Weigh this decision carefully, and do some research.

The Certified Financial Planning Board of Standards outlines the fee options available:

- *Hourly, fixed or flat fees;*
- *Percentage fees, which are based on some aspect of the client's financial profile, such as assets under management or earned income; and*

- *Performance-based fees*, which are tied to the profitability of the client's invested assets.

Ask some of your friends and colleagues what experience they may have had with each. Promise yourself you will do some research. It's your money, take this step to be clear on how you are paying someone to help you manage it, and get your arrangement in writing.

As with any worthwhile endeavor likely to impact your life, management of your assets requires a financial plan. This is one of the main projects your Certified Financial Planner® is to help you develop. A financial plan should be a dynamic document ~ one that changes, stretches and flexes with all the changes in a person's life. A snapshot of where you are today will only benefit you today. When that new baby arrives, or you get that promotion, or your high school graduate starts college in the fall, a snapshot of last year's financial picture will not be much help in dealing with a big shift in your income and expenses today.

What's the first step financial planning and developing a plan?

Writing your goals is the first step in having a financial plan prepared for you. If we don't know what our clients want to accomplish, we're unable to make the appropriate recommendations. Each area of our financial lives impacts all the other areas, so it's important that to get the whole picture. We deal with the past, present and the future in order to solve problems and achieve dreams, and your input is key to helping us get there.

What types of things besides goals do you cover in financial planning?

The most common areas we cover are credit cards and other debts, net worth, an analysis of the all types insurance policies, tax reviews and tax planning, estate planning, retirement planning, investment reviews and planning, education planning, business and career planning and cash management. This sounds like a great deal, and all of it may not apply to each person, but it's vital to get this snapshot. Let's realistically know what we are dealing with.

Once you complete the financial plan, then what?

Preparing the financial plan is just the beginning. Knowing where you are is the first step toward getting where you would like to be. The plan will include all the steps needed to reach your goals, and we work as partners to take those steps together. Often, we meet with our clients every month. Frequent meetings provide accountability for following up on things you will want to accomplish. As things change, the plan is updated so we can track and manage where we are in relation to your goals.

Do you do anything else?

What makes our firm different is the *personalized service* and *moral support* we provide. It is not uncommon for us to go and support you when you go to see your tax specialist, attorneys, bankers and even, or rare occasion, court. We employ

support and common sense, and we expect you to allow us to do our job to help you reach your goals. One of the beauties of effective financial planning is that the earlier someone starts the better. If you haven't or feel like you could be doing better, start now.

How do I choose the right Financial Planner?

As mentioned above, check for licenses and certifications. Ask for references and talk to other people who work with them. Most importantly, they should pass the tummy *test*. If it *feels* right, then it probably is the right person for you. If it doesn't feel right, but they've convinced you they'll do wonders for you, it will probably be a mistake to work with them. Trust that gut feeling. This person will become an important part of your financial life.

About Elaine Kiernan:

Elaine R. Kiernan is a CERTIFIED FINANCIAL PLANNER™ (CFP®), Certified Divorce Financial Analyst (CDFA), and Certified Divorce Specialist (CDS).

She is President of Financial Resource Associates (www.FRAssociates.com), a Registered Principal/Branch Manager of Geneos Wealth Management, Inc. and holds memberships in the Financial Planning Associates (FPA), the Institute of Divorce Financial Analysts (IDFA), and the International Association of Collaborative Professionals (IACP). Her firm, Financial Resource Associates, Inc. is a Registered Investment Advisory firm and she will reach her 25th year in practice in 2007. She is licensed by the California Department of Corporations, and the NASD.

Elaine and her firm specialize in all aspects of financial planning, divorce services, small business services, same-sex issues, insurance, and retirement.

She can be reached
at (831) 458-1125 or via email at elaine@FRAssociates.com.