

Do Some Research, You're About to Enter a Serious, Long-Term Relationship ...

Selecting the Right Financial Planner

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In our January/February article, we discussed the purpose of a financial plan and what information it should include. Even more important than the actual financial plan is your selection of the financial planner who prepares and helps you implement the plan. The financial plan is the starting point — a road map, if you will.

Financial planning is a lifelong process and your financial planner is your navigator. It's important you choose the right person to be your financial planner, as this should be a long-term relationship.

You should look at the same factors you would when selecting other advisers. Your financial planner should be experienced, educated and empathetic. After working with your planner for a while, she'll know more about you than most people do — even other family members — so trust is an integral part of your selection process.

How Do You Find a Financial Planner?

The best way is to ask family, friends and other professional advisers you trust for referrals. There is no better resource than the first-hand experience of those closest to you. Ask whether they've worked with or know of a financial planner who's helped people successfully achieve their financial goals, solve a thorny problem or plan for retirement.

Another valuable resource is the Financial Planning Association, which maintains a database of financial planners searchable by ZIP code, at plannersearch.org. In addition, the CFP board, which administers the CERTIFIED FINANCIAL PLANNER certification maintains a searchable database at letsmakeaplan.org.

Once you have the names of two or three planners, call their offices and ask them to send you some material about themselves and their firm.

Most firms have websites that will provide you with basic information about the firm, but a phone call is helpful to get a first impression. Take note of the little things: how they answer the phone, how quickly they send you their information and your rapport with the person who handles your call.

If the financial planner charges a fee for giving

financial advice and manages assets of more than \$100 million, the planner would be a registered investment adviser with the Securities and Exchange Commission.

As a registered investment adviser, the planner is required to provide you with a Form ADV Part 2A/Part 2B, which is the form she submits to the SEC that describes the work experience of the principals in the firm, as well as services provided.

Once you've reviewed the material, make an appointment for an introductory meeting. This interview should be free of charge and is a "get to know you" interview. The purpose of the meeting is to determine whether you think the planner is the right one for you, and vice versa. A successful planner will be interviewing you just as much as you are them, to ensure that you have a successful relationship.

At our firm, we ask you to complete and return to us a financial questionnaire before the meeting. This way we have a chance to look at your situation before you arrive and thus the meeting can be more productive.

Some people are reluctant to provide all that personal information before the initial meeting, and that's fine, but a basic overview will ensure that the meeting is productive.

After you review the preliminary material, you should look for answers to the following questions. Some of this information will be available in the material; others will be answered in the initial meeting.

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What Financial Planning Credentials Do You Have?

A CERTIFIED FINANCIAL PLANNER practitioner is the best-known educational credential in the financial planning profession. To qualify as a CFP practitioner, the planner must successfully complete a course of study in all aspects of financial planning and pass a comprehensive written exam. In addition, the practitioner must have at least three years of experience counseling clients on financial planning matters. To retain certification, the planner must complete a minimum of 30 hours of continuing-education credits every two years and agree to abide by a professional code of ethics.

There are other financial planning designations, but with over 83,000 certificants nationwide, and over 180,000 across the globe, the CFP certification is the premier certification among planners.

How Long Have You Been Providing Financial Planning Advice to Clients?

We recommend that the planner has had at least three years' experience working with clients or under the supervision of a more experienced planner. It's our opinion that the longer a planner has been practicing, the more valuable she can be to the client, as she will have greater experience with different planning issues that may arise.

Do You Specialize in Working With a Certain Kind of Client?

Some planners require new clients to have a minimum level of income or assets, or both. In today's era of specialization, many planners specialize in working with a certain type of client (doctor, corporate executive, business owner, widow, retiree) and may not want or have the expertise to work with other types of clients.

In addition, as technology improves there are many planners now who work with clients virtually, using video calls and robust interactive client portals.

How Do You Gather Data?

In the old days, a planner would typically provide you with a detailed questionnaire, which you filled out by hand, along with supporting hard copies of statements, insurance policies, estate planning documents, etc.

Thankfully, much of this data collection can be done electronically now and many planners will provide a client portal where you can link accounts, upload documents and provide notes and comments.

This saves you time and energy and provides the planner with a more complete picture of your financial life. Similar to the way you work with your accountant, the more you've organized your financial information, the quicker they can complete your tax return.

The same is true of a financial plan — the more organized your information is, the less time it'll take the planner to prepare your plan.

Do You Provide Other Services Besides Financial Planning Such as Tax Preparation, Investment Management and Estate Planning?

Some planners offer only financial planning advice and work with other advisers to provide other services. Other planners provide some or all of the related services.

How Do You Charge for Your Services?

Ask for an estimate of what your plan will cost. The financial planner should make it clear to you what and how she'll charge for financial planning advice, as well as for investment advice or other services outside the scope of the planning engagement.

Most financial planners charge an hourly fee for their financial planning advice and typically have a minimum fee. Some planners charge a flat fee, while others will waive their financial planning fee if you decide to let them manage your money. Recently, there is a new group of planners who charge monthly, subscription-style fees, which gives you access to planning advice throughout the year.

No matter how they're compensated, preparing a personalized, effective financial plan requires time and experience. Just as you pay doctors, lawyers and accountants for their professional advice, so should you pay your financial planner for preparing a financial plan and providing you with financial planning advice.

If they provide investment management services, most financial planners will charge a separate investment advisory fee based on the assets managed.

When Will I Pay for Your Services?

Some planners require an initial deposit while others wait until the initial plan is completed to charge the fee. At our firm, we find the client will provide us with the information in a timelier fashion if he's made an initial deposit.

Will You Be Handling Me Personally or Will I Be Working With Others in Your Firm?

Just as in a law firm, it wouldn't be unusual for a senior adviser to delegate part of the work to others in the firm, which often means that some of the work will be charged at lower rates. What's important is that your adviser takes primary responsibility for supervising and implementing your financial plan. If more than one person will be involved in the financial planning process, ask to meet the other people involved.

What's the Next Step?

After you meet with the planners, you'll decide whom you want to work with on an ongoing basis. Once you've made your selection, typically the planner will provide you with a written contract that will outline what she'll do for you and what she needs you to provide to her. She'll tell you how she'll charge for her services and how you'll be billed.

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ship. After this initial year, you should feel in better control of your financial future since you know that you have a plan to follow.

Over the ensuing years, economic conditions, markets, tax laws, invest-

ment opportunities and your situation will change and your planner will adjust the plan accordingly to reflect these changes. Selecting the right financial planner to guide you down the road to financial independence will help you in the achievement of your goals. In our next column, we’ll conclude this series with tips on how to work most effectively with your financial planner. **B**

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