

How to Prepare For Your First Planner Visit

If you've never met with a financial planner before or if it's been years since you've visited one, you need to find a planner then prepare for your visit.

Generally, you should research individual financial advisers or firms, and you should look to trusted friends and family for advice. You should interview two or three advisers by phone before you sit down and understand their compensation structure.

It's also important to discuss your overall goals with the planner you're interviewing so you can gauge their ability to help you meet those targets.

Here are some questions you should ask a prospective financial planner:

What training do you have? Find out how long the planner has been in practice and what kind of certifications they hold. A CERTIFIED FINANCIAL PLANNER™ professional is someone with a minimum experience of three years who has completed a comprehensive course of study through a degree or certificate program offering a financial planning curriculum approved by The CFP Board of Standards, Inc. CFP® practitioners must pass a comprehensive two-day, 10-hour Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. Based on regular research of what planners do, the exam covers the financial planning process, tax planning, employee benefits, retirement planning, estate planning, investment management and insurance.

What services do you offer? What a financial planner offers is based on credentials, licenses and areas of expertise. Generally, financial planners cannot sell insurance or securities products such as mutual funds or stocks without the proper licenses, or give investment advice unless they are registered with state or Federal authorities. Some planners offer financial planning advice on a range of topics but do not sell financial products. Others may provide advice only in specific areas such as estate planning or taxes.

How do you charge for your services? Professional planners will provide you with a financial planning agreement that spells out the services they provide and how they'll be compensated. Payment can happen in one of several ways:

- Salaried planners are actually employees of a firm, and you help pay their salaries through fees or commissions you agree to pay.
- Direct fees to the planner through an hourly rate, a flat rate, or on a percentage of your assets and/or income.
- Commissions paid by a third party from the products sold to you based on the planner's recommendations. Commissions are typically a percentage of the amount you invest based on those recommendations.
- A hybrid of fees and commissions based on services. A planner may charge a fee for designing a comprehensive financial plan and occasional visits and calls to review it, while commissions might come from products they sell that you invest in. (Planners may offset some fees in exchange for commissions.)

Do you have any potential conflicts of interest? It may seem like a rude question, but the best planners expect this one and are prepared to make disclosure. Obviously, if a planner profits from the sale of investment products to you, she must spell that out.

How do you feel about teaching and training? One of the primary benefits of having a financial planner is education about the moves you are making or may potentially make. Don't view a planning relationship as tossing someone your finances so you won't have to deal with them anymore. As long as you're paying for their services, make sure you get a long-term education out of it.

When you select a planner, they'll give you a list of documents and information to bring in for your first meeting, and generally, it will be detailed on a checklist that may include:

An income and expenditure checklist: This is a summary of current and projected income. You'll need to bring or detail:

Income

- A current pay slip
- Profit and loss statements for business income
- Pension income statements
- Statements of non-investment income
- Family trust distribution documents
- Tax returns
- Annuity, maintenance agreement statements

Expenses

- Home: Mortgage, rent statements, utilities, household repairs, insurance, appliance purchases, landscaping or house cleaning
- Transportation: Gasoline, car loan, public transit expenses and parking
- Food: Grocery and restaurants
- Medical: Doctor, dentist and prescription bills
- Education: Tuition, school fees
- Child care: In-home or outside-the-home care
- Personal grooming: Clothing, shoes and accessories, hair, makeup
- Pet care: veterinarian, food and grooming bills
- Insurance: Health, life, auto, disability

An asset and liability checklist: This is a summary of what you own and what you currently owe. You'll need to bring or detail:

Assets:

- Principal residence
- Vacation home
- Investment property
- Bank accounts
- Investments
- Collectibles and personal property
- Automobiles, other vehicles

Liabilities:

- Mortgages
- Credit card debt
- Auto loans
- College loans
- Business loans

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