

How a **Financial Planner** Can Help You...



| FAMILY PLANNING | EDUCATION | INVESTMENT |
RETIREMENT | SAVING | EQUITY | FAMILY PLANNING
| EDUCATION | INVESTMENT | RETIREMENT | SAVING |
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Since 2000, the Financial Planning Association® (FPA®) has been the principal professional organization for CERTIFIED FINANCIAL PLANNER™ (CFP®) professionals who seek advancement in a growing, dynamic profession. FPA believes everyone can benefit from the advice of an experienced and qualified financial planner.

To search for a CFP® professional please visit **www.PlannerSearch.org** or call FPA at **800-322-4237**.

Making Your Financial Dreams Come True

Like most people, you have hopes, dreams and life goals for yourself and your family. These might include buying a home or business, saving for college education, taking a dream vacation, reducing taxes and 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 CFP® professional who is a member of FPA 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, personal circumstances, stages of your life, 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 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. In today's hectic world, it can be beneficial to have a CFP® professional help you stay focused and follow through with your financial plans.

Life Events Might Prompt You to Seek the Help of a CFP® Professional

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

These might include:

- Making sure your money will last during retirement or rolling over a retirement plan
- Funding education
- 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
- Buying, selling or passing on a family business

Aren't All Financial Planners the Same?

No! Be wary of people who call themselves financial planners but who appear more interested in promoting specific financial products at the expense of your real needs and goals. Look for a CFP® professional who is ethically bound to act in your best interest and can help you address a variety of financial needs, not just investments, insurance or taxes.

Aren't Financial Planners Regulated?

Not as financial planners. However, many financial planners are regulated by the state or federal government based on specific products or services they sell, such as securities and insurance products or investment advice.

The Securities and Exchange Commission (SEC) and most states have requirements for people who give investment advice, which includes many financial planners. FPA encourages you to ask the planner you are considering how they are regulated. For instance, they could be an investment adviser representative, a broker, or an insurance agent, among others.

All planners who are members of FPA abide by FPA's Code of Ethics and commit to put their client's best interests first and to help them achieve their life goals.

About CFP® Professionals

FPA supports CERTIFIED FINANCIAL PLANNER™ (CFP®) professionals because they are dedicated to using the financial planning process to serve the financial needs of individuals, families and businesses.

To earn the CFP® certification and remain certified as a CFP® professional, individuals must meet five main requirements.



Education—They must complete a comprehensive course of study offered by a college or university program (ranging from certificate to doctoral degree levels) which covers a personal financial planning curriculum approved by CFP Board. In addition, they must have earned a bachelor's degree from a regionally accredited college or university.

Examination—They must successfully complete CFP Board's comprehensive examination, which tests the individual's ability to integrate and apply their financial planning knowledge.

Experience—They must acquire three years of financial planning related experience, or a limited 2-year structured option, before achieving the right to use the CFP® marks.

Ethics—They must voluntarily ascribe to CFP Board's code of ethics and additional requirements as mandated. This includes providing financial planning services as a fiduciary, or acting in the client's best interest. CFP® professionals who violate the code can be disciplined, including permanent loss of the right to use the CFP® mark.

Continuing Education and ongoing Ethical and Practice Standards—They must complete 30 hours of continuing education every two years to stay current in financial planning knowledge, including ethics. CFP® professionals are subject to ongoing ethical standards oversight, as well as regular reporting of and review of their compliance with requirements.

Achievement of these five competencies assures you that an individual who holds the CFP® certification is well prepared and qualified to give sound, professional and ethical advice. As a result of its established recognition and credibility as a symbol of educational competence and continued commitment to financial planning excellence, FPA recommends using a CFP® professional who is also an FPA member.

How Should I Start Looking for a Planner?

FPA maintains a database of CFP® professionals in your area and allows you to search for one using a variety of criteria. Visit www.PlannerSearch.org or call 800-322-4237 to find a planner in your area.

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.

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 CFP® professionals in person to find the right one to serve your needs.

What Information Should I Ask For?

Request a written disclosure document from the planner. This may either be a financial planning contract or what's called a Form ADV, if your planner is an Investment Adviser, 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. Visit www.PlannerSearch.org to search for CFP® professionals that offer free consultations and download interview questions for hiring a financial planner.

Some of the Basic Information You Want to Know

- 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 membership in 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 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?

How do Financial Planners Charge?

Financial planners can be paid in a variety of ways for their work, which are listed below. Some are paid by more than one method.

Each method has its merits. Choosing the appropriate method depends on your individual situation. FPA believes that the planner's competence and ethical standards should be the primary consideration in your selection process. However, before entering into a relationship with a planner, you should have a clear understanding of how he or she will be compensated because a particular compensation arrangement may suit your needs better than others.

Methods of Compensation

There are several commonly accepted methods:

Commission: Denotes the compensation generated from a transaction involving a product or service and received by an agent or broker, usually calculated as a percentage on the amount of his or her sales or purchase transactions. This includes 12(b)1 fees, trailing commissions, surrender charges and contingent deferred sales charges.

Fee-only: A certificant may describe his or her practice as "fee-only" if, and only if, all of the certificant's compensation from all of his or her client work comes exclusively from the clients in the form of fixed, flat, hourly, percentage or performance-based fees.

Commission and Fee: If a CFP® professional and any related party receives or is entitled to receive both commissions and fees for providing professional activities, the CFP® professional must disclose his or her compensation as "Commission and Fee."

Source: Certified Financial Planner Board of Standards

In all of the above categories of compensation, you should request information on any real or potential conflicts of interest. In addition to commissions received from any financial product sales, you should ask whether there are outside incentives or bonuses to be gained by the planner for certain recommendations.

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 other 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. FPA recommends checking with the following organizations to determine if complaints have been filed against the planner you are considering:

- **www.adviserinfo.sec.gov** for investment advisers
- **www.bbb.org** to get objective, unbiased information on the financial professional's business
- **www.brokercheck.finra.org** for security agents, such as brokers
- **www.cfp.net** for CFP® professionals
- Your state's insurance commission or insurance department website for insurance agents

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

How Can I Contact a Financial Professional?

To locate an expert from FPA and a CFP® professional in your area, call 800-322-4237 or visit **www.PlannerSearch.org**.

Need Additional Assistance?

Find valuable personal finance information on topics ranging from budgeting to saving for retirement at **www.PlannerSearch.org**.



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