



DO YOU NEED A FINANCIAL PLANNER?

What do they do? And should you have one?

I'm very pleased to announce that I have passed my exam and have received my CERTIFIED FINANCIAL PLANNER™ practitioner designation from the College for Financial Planning.

You have to work hard to become a CFP® practitioner. You must pass a 10-hour exam, present a complete and comprehensive “real world” financial plan, and pass a strict ethics review to complement university-level financial planning studies. You must also be recertified every two years following 30 hours of continuing education.

Among all the financial services industry designations, the CFP® designation seems to have the most public recognition. People do look for it. A CFP® practitioner has studied the principles and techniques of financial planning, retirement planning, tax reduction, estate planning, and investment management and may create integrated financial plans with strategies for tax reduction, wealth accumulation and preservation, and tax-efficient wealth transfer.

Can you claim to be a financial planner without being a CFP®? Yes. Although it's important to point out that the field of financial planning remains vastly unregulated - meaning almost anyone can call themselves a “financial planner”. Does that mean a planner without their “CFP®” designation is unqualified? Not necessarily. But if they aren't certified, you may want to inquire about their experience and training.

What does a financial planner do? Well, that depends. Many individuals refer to themselves as “financial planners”, but not all perform true multidisciplinary financial planning. Investment, insurance and tax professionals sometimes specialize in certain areas of financial planning (such as retirement planning, estate planning, tax planning, or investment management). A CERTIFIED FINANCIAL PLANNER™ practitioner is qualified to give you comprehensive financial advice, as a result of examination, continuing education, board certification and accumulated experience.

In general, individuals who call themselves “financial planners” aim to help you plan for your goals and needs and improve your unique financial situation.

What doesn't a financial planner do? A financial planner cannot make you a thriftier shopper, a better saver, or help you earn more money. Ideally, he or she will look at your financial “big picture” and help you work to enhance it via money management. Depending on their credentials, they may recommend specific investments, long-run

investing strategies, insurance options, retirement planning, risk management methods and more.

Who needs a financial planner? If you have some significant assets built up (a home, a retirement fund, savings, etc.) and are wondering about how to protect and/or grow those assets, you're probably ready for a financial planner. If you currently live paycheck to paycheck or have less than \$10,000 combined in your savings and/or any retirement accounts, then you're probably not yet in need of a financial planner. What you should do is research savings strategies and take a good look at your spending habits so you can begin to build your wealth at a faster pace.

How much does it cost? That is a tricky question to answer. The cost of hiring a financial planner can vary depending on who you hire, where they are located and what type of "fee structure" they use. A *fee-only* financial planner earns a flat fee, hourly or otherwise, for their services. A *fee-based* planner generally prefers to charge advisory fees (often .50% to 2.00% annually of the assets under management) for his or her services, rather than commissions linked to investments or product sales.

In occasional instances, charging commissions may actually be more cost-effective for you, but may not be as beneficial. A *commission-based* planner typically receives the total percentage of his or her income in upfront commissions and therefore some may feel they have little incentive to service you on an ongoing basis.

In most cases, your initial meeting with one of these professionals will be free of charge (be sure to ask in advance about this), and you can discuss fee schedules and compensation arrangements at that time.

How do I choose a planner? In two words ... ask questions. Ask trusted friends or colleagues for referrals. Sit down with any planner you're considering and find out how long they've been in business, what their credentials are, how they operate, etc. Most importantly, make sure if and when you hire a planner that your personalities will mesh. This is someone you may well be working with for the rest of your life, so you should choose someone you feel comfortable with.

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