

COMMON QUESTIONS ABOUT FINANCIAL PLANNING

Life is full of questions — Will I have enough money for retirement? Do I have enough saved for my child's education? How can I buy a home when I'm saving for all of these other things? These examples and many more might have you asking yourself if you should seek the advice of a financial professional. But maybe you are not quite sure where to start. Here are some commonly asked questions about financial planning that may get you on your way.

Who can use the term “financial planner”?

Government agencies do not regulate financial planners as financial planners; instead, they regulate planners by the services provided. As a result anybody can “hang out a shingle” and call himself or herself a financial planner. The Certified Financial Planner Board of Standards (CFP Board) offers consumers a free brochure, “10 Questions to Ask When Choosing a Financial Planner,” which can help you look for someone who is qualified to offer financial planning advice. The brochure contains questions to ask during an initial interview with a planner to help you determine if he or she is right for you. To receive this brochure, call toll-free 1-888-237-6275 or visit www.CFP.net.

Why should I choose a financial planner over another type of financial adviser?

In general, if you're not sure what advice you need, start with a financial planner. A financial planner will focus on your needs first before recommending a course of action. Most planners have been trained to take a broad look at your financial situation, while accountants, investment advisers, stockbrokers or insurance agents may focus on a particular area of your financial life. Always ask a financial adviser what qualifies him or her to offer financial planning services.

What is the best age to start financial planning?

While it is true that the younger you start the more beneficial the process will be, financial planning is worthwhile at any age. Although younger people may have more decisions to make regarding their financial lives, changing laws and circumstances can lead middle-aged people and seniors to have to adjust their financial plans as well. Changes in tax law, for example, may require many people to rethink certain investments or estate plans, and adequate disability planning becomes more important as people age.

How are financial planners paid?

There is no uniform method by which financial planners are paid. A planner can be paid a salary by the company for which the planner works; by fees based on an hourly rate, a flat rate, or on a percentage of your assets and/or income; by commissions paid by a third party from the products sold to you to implement the financial planning recommendations; or by a combination of these methods.

Do I have to pay a financial planner for the first interview? How much does a planner typically charge?

Most financial planners will meet with you at no charge, to talk about your reasons for wanting to work with them. During this initial session, planners will also decide if they can help you and explain how they would work with you. Like other professionals, the rates financial planners charge depend on their experience, geographic location, level of services and your needs.

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free at 1-888-CFP-MARK or www.CFP.net. Founded in 1985, the CFP Board is a nonprofit certifying organization that owns the CFP certification marks and benefits the public by fostering professional standards in personal financial planning.