

## Why Financial Planning Matters in the Toughest of Times

Why enlist the services of a financial planner when your holdings are down and you are facing a host of financial problems? Because as dark as times may seem, you're actually giving yourself a fresh start in building a stronger financial future.

Indeed, many people don't make that choice. A recent Financial Planning Association/Ameriprise Financial survey showed that many people try to go it alone when it comes to a financial plan—and they suffer considerably worse performance in their investment and savings goals over time than those who do. The cost of a financial planner may not be prohibitive due to factors we'll mention below and young people have a particular advantage on their side when using one—time.

Here are some things to know about financial planning process.

### **It's a collaboration and a learning experience.**

A financial planner is not a substitute for your own final decision-making. Planners serve as guides, editors and strategists. They should begin by asking questions of you—plenty of them. Their purpose is to find out all the goals you have right now – and maybe determine a few you haven't thought of. Some of these dreams might include buying a home or business for yourself, saving for college education for your children, 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.

### **Planners often specialize:**

Planners, like other professionals, tend to specialize in certain areas of interest, and they may receive continuing education in more than a dozen areas of expertise. CERTIFIED FINANCIAL PLANNER™ professionals alone can earn continuing education credits in asset management, employee benefits, commercial real estate, insurance, investment management, estate management, retirement planning, 401(k) administration and health topics, among others.

### **Ask about tackling specific problems:**

If your problem is credit card debt or difficulty refinancing, a planner may have specific contacts or the ability to make certain recommendations on how to get yourself in a better position to plan for the future.

### **They charge based on specific services:**

Planners charge for their services in a variety of ways – always ask up front what they charge and how they expect to be paid. Some “fee only” planners charge for a consultation, plan development or investment management, and they may charge on an hourly or project basis depending on the client's needs or as a percentage of assets under management. Some charge commissions for the sale of financial products they are licensed to sell, and others have hybrid structures mixing fees and commissions. Discuss advisory services first before committing to buying any particular products.

**They can talk about your personal investments as well as the ones at work:**

One of the best advantages to working with a financial planner is the chance to have a second set of eyes look at your wages, investments and benefits at work. Be prepared to bring all of your finances into the discussion.

*May 2009 — This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by Eric Korbitz, CPA, CFP® at Creative Financial Services, 262-780-0870, [www.CFSFeeOnly.com](http://www.CFSFeeOnly.com), a local member of FPA.*