FIND THE RIGHT FINANCIAL PLANNER

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Like trying to find the right doctor, lawyer or accountant, searching for a financial planner is not always easy. Finding the right one to entrust with your life savings and your financial dreams can require an extensive amount of research. However, having the right information before you begin can help your search be a productive one.

Why financial planning?

Before we look into the process of finding the right planner, it is important to look at what financial planning is. The fundamentals of financial planning are quite extensive and are designed to help you identify and meet your life's goals and objectives. This will include the implementation of new strategies as well as monitoring your progress as you go. Remember that financial planning is not just about which investment option to select for your company's 401(k) plan. It involves such areas as cash management, tax planning, retirement, risk management, estate planning, goals planning, etc. These topics are interdependent and each category may affect the outcome of another… your risk management may affect your estate planning and cash management will definitely affect your retirement planning, etc.

Why a financial planner?

On the way toward reaching your financial goals, there will be many questions and some obstacles. A financial planner can help you make more informed financial decisions in light of your goals. He / she will look at the various aspects of your situation providing you with objective, comprehensive and customized planning advice.

Note that not all planners are created equal. Your bank, mutual fund company, insurance agent and accountant may offer similar services and advice. Unfortunately, many will be limited in the scope of their service and advice. What you are looking for is a financial "quarterback" to provide you with the overall vision and strategy to construct a solid financial plan.

How to find a financial planner

Perhaps the most effective way of finding a planner is through friends or family. Personal testimonies from people you know and trust are invaluable. Another option is to review the financial organization websites for planners in your area -- Financial Planning Association, National Association of Personal Financial Advisors, American Institute of CPAs, etc. Also consider asking your other advisors such as an attorney or accountant. Many of them normally work with a group of other professionals upon whom they rely for advice outside of their individual expertise.

Do your due diligence

Once you've found a few names, interview each one. Many financial planners offer a free consultation designed to familiarize the planner and the potential client with each other. This is your opportunity to really know the person / firm with which you will be working. Ask questions about areas of focus, credentials, background and cost structure. Share your dreams and goals with the financial planner and watch to see if he/she then incorporates them into the conversation.

Keep in mind that no matter how well-versed the planner is in his or her field, no one individual can possibly be proficient with all the circumstances in everyone's financial life. Therefore, a planner should have a network of other professionals with strengths in their fields to consult with, and possibly, refer you to.

The planner's credentials and background are key, so pay close attention to each. Anyone can call himself a financial planner but few will have actually earned the industry's best know designation, the Certified Financial Planner, CFP®. Other designations may include ChFC for Chartered Financial Consultant or PFS for Personal Financial

Specialist -- each of which is awarded by a different governing body and requires various continuing education and / or work experience.

These designations may provide you some assurance because you know that the planner has taken steps to increasing financial knowledge. However, nothing beats having many years of experience in the field. Focus on planners who have at least 5 years of experience or those who have the backing of a regularly scheduled peer review with other, more experienced planners in the firm.

Let's not forget the cost associated with all this experience and advice. There are various structures planners implement within their practice. Many work entirely on commission while others work strictly on fees and some utilize a combination of the two. Conflict of interest may arise so make sure you have a clear understanding of how the planner is being paid. Ask for a copy of the ADV, Part II for any planner who charges a fee. This document outlines how the planner is compensated and will also disclose any past disciplinary actions. ADV, Part II is not available from commission-only planners. If you work with a commission-only planner, always read the investment literature for recommended investments and ask about internal costs as well as the commission paid.

It will take some effort to find the right financial planning professional for you. You will be well rewarded for your efforts though if you find a financial planner who understands your goals and is willing to help you work toward them.