

Does Your Financial Planner Work for You?

by

Mike McCann, CFP



Not that long ago, people only met with a realtor to find out what houses he was selling. Of course, that's no longer the case. Today, most people hire their own realtor when they're ready to purchase a home, and that realtor represents the buyer's interests, not the seller's.

The same can be true of investments.

While an individual can meet with an insurance agent or stockbroker to learn if any products that person sells might fit their needs, that agent or broker doesn't necessarily represent the buyer's interests — *your* interests.

More and more people are choosing to work with an unbiased financial professional who does not sell a particular product or try to make that product fit. Financial planners work with their clients to assess their needs, and then go out and find the solutions that best meet those needs.

A recent consumer survey by the Certified Financial Planner Board of Standards (CFP Board) found that while 85 percent of people take care of at least some of their own financial activities — mainly budget planning and debt management — 45 percent consult with an advisor prior to making financial decisions. The use of financial planners increases with age and growing net worth, and building a retirement fund was cited at the top reason for financial planning.

As more financial services providers call themselves "financial planners," finding the right professional to address one's financial planning needs isn't always easy. Many people are confused about how to distinguish financial planning from other kinds of financial advice. The CFP Board survey also found that 70 percent of consumers agree financial advisors are a good source of information about financial products, but about

50 percent feel it's hard to know who is really qualified.

Qualifications aren't the only consideration, either. When choosing a financial planner, there should be a significant level of comfort and compatibility between an advisor and client. Some would argue, in fact, that establishing a strong, long-term relationship with a financial planner you trust can be as important as maintaining the relationship you have with your personal physician.

“Complicated
financial
situations cry
out for
an advisor.”

Just as a caring, qualified physician can help manage a patient's health, recommend preventive care and advise in times of illness, a caring, qualified financial planner can help manage a client's finances, provide direction in identifying goals and help maintain a balanced portfolio in uncertain economic times.

Most people would consider contacting a financial planner if they won the Lottery or received a large inheritance, but there

are many other reasons to consider working with a financial planner that are far more likely to occur.

“Complicated financial situations cry out for an advisor,” writes Leslie Kane, a senior editor at *Medical Economics* magazine. “Such scenarios might include: second marriages in which you both have assets, a hodgepodge of investments you've latched onto haphazardly over the years, large debts and no obvious way to pay them, and an inability to assess how your portfolio is performing or whether it's too risky.”

But your situation doesn't necessarily have to be complicated to benefit from the services and advice of a financial advisor. If you're planning to sell your home or relocate your practice, for example, your advisor can help coordinate the task of notifying all your investment and insurance companies of the new address. This simple, but often neglected, chore can help assure that important investment notices are received in a timely manner and insurance policies do not inadvertently lapse.

A financial planner can help manage many other life-changing events, as well. For example, if you're expecting a child, you may already be remodeling the nursery and ordering the diaper service. But you should also be planning to add your little one as a beneficiary on your investment documents, insurance policies and will or trust document. And it's never too soon to begin a college savings plan.

Even financially savvy people might want to use a planner as a cross-check of the work done by an accountant or an attorney, notes Kane. A planner will also help you evaluate the best investments for different goals. For example, the most appropriate investments for retirement wouldn't necessarily be best for funding a college education or for buying a boat in three years, she adds.



Perhaps one of the most important reasons to hire a financial planner is that you're simply too busy to do the job yourself. Even financially astute individuals, with the best intentions, can get sidetracked by the many demands of their careers and families. A capable financial planner will regularly monitor your portfolio and evaluate your overall financial plan to make sure you stay on track with your goals. He will also meet with you at least once a year to discuss the status of your portfolio and any changes or adjustments that may be needed.

Finding the Right Planning Partner

When working a financial planner, you need to feel confident that the person is both competent and ethical. Your planner should have experience

working with individuals on their financial needs, and his approach to financial planning should be similar to yours — not more cautious or more aggressive than suits you. Although no designation guarantees a financial advisor is qualified or competent, it can imply a certain degree of commitment, training and code of ethics. Is your planner recog-

nized as a CFP® practitioner, a Certified Public Accountant-Personal Financial Specialist (CPA-PFS), or a Chartered Financial Consultant (ChFC)?

To earn the CFP designation, for example, planners must complete a comprehensive course of study at a college or university offering a financial planning curriculum (typically a two-year program) and pass an exhaustive two-day, 10-hour exam. They also must have a

minimum of three years prior experience in financial planning. As a final step to certification, CFPs agree to abide by a strict code of professional ethics. These requirements are set and enforced by the CFP Board.

Competent financial planners work with clients to determine their personal and financial goals, needs and priorities; understand their time frame for achieving results; and discuss their tolerance for financial risk. Having a comprehensive knowledge of diverse financial issues — such as taxes, investments, retirement planning, estate planning and insurance — enable advisors to help their clients understand long-term planning and the big picture. They also can work with their clients' other advisors and consultants (like accountants, attorneys, insurance representatives and



MARICOPA COUNTY MEDICAL SOCIETY LIBRARY

Medical Information at Your Fingertips

Our library is one of the largest medical journal libraries in the Southwest.

Prompt, Free Delivery and Pickup to MCMS Members

For a few quick articles or an exhaustive review of the literature, contact your Maricopa County Medical Society Librarian!

AZHIN MEMBER
(Arizona Health Information Network)

Linked to the National Library of Medicine via the internet for automated interlibrary loans, the MCMS Library maintains access to:

- | | |
|---|--------------------|
| MEDLINE | HealthSTAR |
| STAT!REF | PsycINFO |
| MD Consult | EBM Reviews |
| AZ CME Calendar | CINAHL |
| Health Reference Center | |
| International Pharmaceutical Abstracts | |

- Computerized literature searches
- * Writing a paper
- * Preparing a speech
- * Direct Patient Care
- * Preparing for Depositions
- Photo copy services
- Interlibrary loans
- Direct service
- Fax service (602) 256-2794

For more information please call: 602-252-2451 or e-mail: library@medical-society.com



mortgage professionals) to assure that all their clients' needs are sufficiently met. The way your advisor is compensated for his services can also speak volumes about where his true interests lie. While there is always the possibility of a hidden conflict of interest, some forms of payment create more question than others. Be sure to ask how your advisor is compensated, and then ask yourself, does he represent you, or does he represent an investment company?

Planners can be paid in several ways:

- **Salary** – Some planners receive a salary from the companies for which they work and represent. The company generates revenue from you, either in fees or commissions or a combination of both.
- **Fees** – Fees can be based on an hourly rate, a flat rate or on a percentage of your assets and/or income.
- **Commissions** – Commissions can be earned from a third party on the products sold to you to carry out the financial planning recommendations. Commissions are usually a percentage of the amount you invest and vary significantly from product to product.
- **Combination** – A combination of fees and commissions can also be arranged, whereby fees are charged for the amount of work done to develop financial planning recommendations and commissions are received from any products sold.

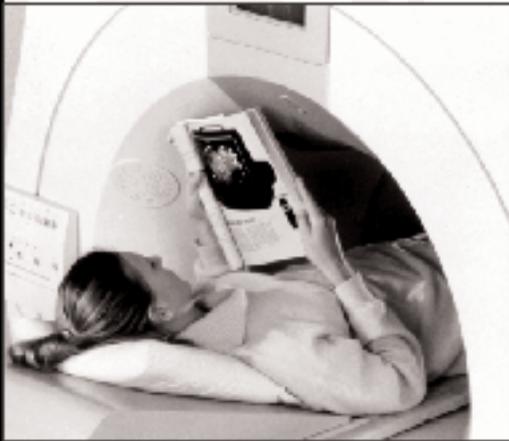
Your planner should be clear about how he gets paid, he should disclose any potential conflicts of interest, and he should put it all in writing.

There are many pragmatic reasons for working with a financial planner. There is also something to be said of the psychological benefits. A sense of control over financial matters, increased peace of mind and more free time are typical



TMC Advanced Imaging

An Affiliate of Atrius Health Care



Services

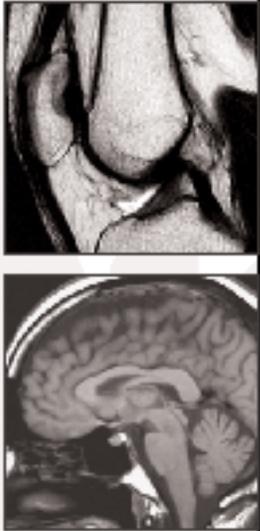
- High Field (1.5T) MRI/MRA
- PET
- Spiral CT
- Ultrasound (including Arterial & Venous Doppler)
- Nuclear Medicine
- Diagnostic Radiology
- Mammography
- Web Access to Images and Reports

TMC offers the most advanced imaging available in a friendly, comfortable setting. Our knowledgeable, experienced staff and internationally recognized group of Radiologists and Neuro radiologists give you the information you need to provide the best possible care for your patients.

EAST REPORT TURNAROUND TIME

Call Central Scheduling at
(480) 767-9008

TMC Arrowhead (623) 334 2500
TMC Chandler (480) 899 4661
TMC Scottsdale (480) 664 5424
TMC Tempe (480) 820 2021
TMC Palm Valley (623) 536 2000



TMC Advanced Imaging
An Affiliate of Atrius Health Care
www.tmcimaging.com



100% mortgage financing for physicians.

Count on Compass for solutions that work harder for hard-working professionals.

Our 100% financing program is designed exclusively to meet the needs of physicians and residents for the purchase of their primary residence.* PMI insurance is normally not required. Plus, our hard-working mortgage professionals will go out of their way to meet the demands of your busy schedule and make buying your next home effortless.

Please contact Shannon Brady, your Private Client Mortgage Banking Officer today for details.

*Subject to credit approval.



Office: 480-596-2629
Mobile: 480-363-0844



Compass Bank

Member FDIC

byproducts of the financial planning process, enabling you to remain productively focused on personal, family and career ambitions.

Finding an advisor you trust and who represents your interests can assure that all these benefits are fully realized.



Mike McCann, a Certified Financial Planner, has worked in the financial services industry for more than 12 years. Prior to opening his independent practice, he worked with Charles Schwab & Co. and IDS Financial Services, advising on a wide range of portfolios with a diverse group of clientele. He earned his Bachelor's degree in finance from Arizona State University. You may call Mike at 602-346-5020 to inquire about wealth management and financial planning services. Securities offered through Triad Advisors, Inc. Member NASD, SIPC, MSRB; Registered Investment Advisor, Financial Directions, LLC.