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Fact Sheet

PENSION ACTION CENTER, GERONTOLOGY INSTITUTE

JOHN W. McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES

Finding a Financial Planner

This fact sheet provides information on how to find the right financial planner to help you meet your retirement planning goals.

What do financial planners do?

A financial planner advises clients on various money matters. They counsel clients on how to save properly, invest, and manage their financial assets. Generally, a financial planner specializes in one or more areas such as, estate planning, asset allocation, tax strategies, and retirement planning. They can help clients meet certain financial goals, like saving for a house or accomplishing a specific retirement savings objective.

How do you know if you need a financial planner?

If you have questions about saving for your retirement or are unsure about how to plan and execute your retirement goals, hiring a financial planner might be a good option for you. For example, if you are in a defined benefit plan or other plan that gives you different benefit payment options at retirement, such as taking a single-life benefit, a joint-and-survivor benefit, or a lump sum distribution, a financial planner would be very helpful. She can help you to make this decision by looking at your overall retirement income picture, and suggesting which of these options would be best for you. If you are in a 401(k) or other account plan, she can advise you about your withdrawal options.

The right financial planner is knowledgeable in many aspects of retirement planning. Beyond providing advice and counseling, a good financial planner will also implement the best strategy to achieve your financial goals.

How do you find the right financial planner?

Make sure you do your homework **before** hiring a financial planner because whoever you choose will be helping you create financial security for you and your family in your retirement years. Also, remember that anyone can label her or himself a financial planner; therefore, it is important for you to find a qualified planner who will make

decisions that align with your best interests.

What type of professional title does a financial planner have?

A **Certified Financial Planner** (CFP) is licensed and regulated. The Certified Financial Planner Board of Standards certifies financial planners. CFPs complete rigorous training and must satisfy stringent requirements to achieve certification. They adhere to high ethical standards and take mandatory educational courses to maintain certification. CFPs are also licensed and regulated.

Chartered Financial Analysts (CFA) go through similar exhaustive training and testing to receive the title of CFA.

Interview at least three financial planners before choosing

Here are some helpful questions to ask

- What services does she offer?
- How much does she charge for these services?
- What experience does she have with helping clients meet their retirement savings goals?
- How does she get paid?
 - Planners are generally paid either by commission, a percentage of the value of the assets she manages for you, hourly, or by a flat fee.
 - If the planner is paid on commission earned on the investments she sells, she may have a biased incentive to steer you in a particular direction that may not be within your best interest. Search the National Association of Personal Financial Advisors database at <http://www.napfa.org/> for fee-only financial advisors.
- Has she been disciplined by the Securities & Exchange Commission (SEC) or the Financial Regulatory Authority (FINRA)?
- Does she have a history of consumer complaints?

Look out for some of these warning signs

- Commission-based salary
- Not CFP or CFA certified—likely not regulated or held to rigorous ethical standards
- Does not explain the potential risks associated with investment options
- History of disciplinary actions and consumer complaints
- Hard to understand—you are hiring this person to educate you about financial investments and to possibly help you meet certain financial goals. If a financial

planner throws around a good deal of jargon that is hard for you to understand and does not take the time to explain, this should raise a red flag. Beyond being savvy with your finances, your FP should also be a good teacher; after all, you are entrusting your retirement security to this person, so make sure you understand what is going on!

Additional resources and Tips

- SEC article with more information about warning signs to look for:
http://www.sec.gov/oiea/investor-alerts-bulletins/ia_unregistered.html
- Figure out what a financial planner's professional title actually means with this helpful article: http://www.sec.gov/investor/alerts/ib_making_sense.pdf
- Check the CFP website to determine if your planner is certified:
<http://www.cfp.net/home>
- Find out if a financial planner has been disciplined:
http://www.adviserinfo.sec.gov/IAPD/Content/IapdMain/iapd_SiteMap.aspx

Do you have any questions about this fact sheet? Call the Pension Action Center at 888-425-6067 or visit us online at pension.umb.edu

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