

# Your Money

Why can't women be more like men?  
Page J2

J SECTION TORONTO STAR THURSDAY, JANUARY 30, 2003 ★ thestar.com



VINCE TALOTTA/TORONTO STAR

Fish and chip restaurant owners Dave and Rosemary Johnston have some fun with Scott Plaskett, the financial planner they "reeled" in to help them plan for their family's future.

## Prize catch

**Landing a good financial planner is key to successful money management**  
Planning for the future helps ensure there's cash to meet the needs

**PAUL DALBY**  
SPECIAL TO THE STAR

Rosemary and Dave Johnston are no strangers to hard work. They log many a 12-hour day running one of Toronto's most venerable fish and chip shops. Their lives have always revolved around hand-peeling 2,000 pounds of potatoes, filleting 60 pounds of halibut and baking home-made pies every week. Then they had two daughters 18 months apart and nothing was ever the same again. "We became quite anxious because once you have kids, you start thinking about planning

for their future and their education," says Rosemary. "I used to say 'what if' a lot. That's when we decided to go looking for a financial planner." Rosemary, now 45, and Dave, now 48, knew they needed a game plan for their finances, but they had little time to spare from running their family business, Penrose Fish and Chips on Mount Pleasant Rd. They wanted professional help and a friend steered them towards his own certified financial planner, Scott E. Plaskett of Ironshield Financial Planning in Etobicoke, who has been in

the business for 10 years. Plaskett asked them for their wish list and then drew up a full tailor-made financial plan that addressed their concerns and goals for the future. Eight years later, they are still happy clients. The Johnstons' lack of a financial plan for so many years hardly makes them unique. JoAnne Anderson, president of MoneyPower Inc. financial planners in Mississauga, has clients ranging from their mid-20s to their 90s. She says putting off financial planning is pretty common.

"Huge numbers of people of all ages lack any kind of management plan," says Anderson. "Young people go into the workforce and say that 65 is a long, long way away. They need a stereo more than an RRSP (registered retirement savings plan). It's very easy to let things get in the way and put reality on the back burner." Often, people don't realize how important planning their finances is for their future — to make sure they have enough to live on in retirement or to face unexpected health-care costs, for example. Others are busy

and don't get around to it, while many simply don't know where to start. But the result can be devastating. Warren Baldwin, regional vice-president of T. E. Financial Consultants Ltd. in Toronto and a financial planner for 22 years, has seen it. He recalls gritting his teeth to tell one man in his 60s who was nearing retirement that he couldn't afford to continue living in his home. Baldwin says the man took his advice, moved from Toronto to a small community and was later able to say that things had worked out very nicely. Baldwin adds that covering the gamut of issues that face many clients these days — ranging from fear of job loss to paying for children's education — isn't easy, takes time and a lot of number crunching. The good news is there's lots of help available, and from a variety of sources, ranging from independent financial planning firms to large institutions. Financial planners with the internationally recognized designation of certified financial planner (CFP) now work in all

areas of the finance industry including credit unions, brokerage firms, insurance companies, mutual fund groups, banks and trust companies. (See sidebar on choosing a planner, page J4.) Certified financial planners are like a "quarterback," says Don Johnson, president of the Financial Planners Standards Council, the regulatory body for CFPs. They can help you with the big picture of your financial situation, goals and how to achieve them. A financial plan is made up of several components covering various stages of your life that can include a retirement plan, investment strategy, education fund, tax plan, estate plan (outlining what happens to your assets after you die), and your risk exposure through such things as life and disability insurance. Certified planners are trained to offer recommendations and advice in all those areas and how they relate to each other. But they can also refer you to a specialist you may need, for example, an accountant if you have a tricky tax issue.

► Please see Planning, J4



# Your Money

## Lack of planning can be devastating

► **Planning** From J1

Sandra Foster, a Toronto financial services consultant and author of three best-selling money management books including *Who's Minding Your Money?*, says it's important that a plan looks at overall personal net worth, not just paying down debt and retirement issues.

"A quick financial projection isn't a plan," she adds. "I know people who have a plan and review it every two or three years. Real life gets in the way, of course. We have kids, we have to pay off school loans and mortgages but we want to enjoy some of our money too."

She also notes that the right tax and estate planning advice can end up saving people large amounts of money.

"Most families don't need a lot of razzle-dazzle financial planning," says Atiya Ahsan, an independent financial planner in Mississauga since 1993. "They just need a simple plan, something that's easy to follow."

Having someone who could provide an overview was a big plus for the Johnstons.

"We looked at our insurance, both life and disability, which is a big issue when you own your own business," Rosemary says. "And we're putting away money for the girls' university education because they will overlap in university for two years and it will be expensive."

They particularly value the ongoing relationship they've developed with Plaskett and the confidence that he understands their lifestyle and needs.

"We meet every six months with Scott in the spring and fall and we can phone him at any time if we have concerns," says Rosemary. "He's very accessible."

Plaskett says listening is a big part of his role.

"I always try to put people at ease when they first walk into my office. I just ask them to talk about themselves and you can see their shoulders drop because they are so relieved that we are interested in listening to them."

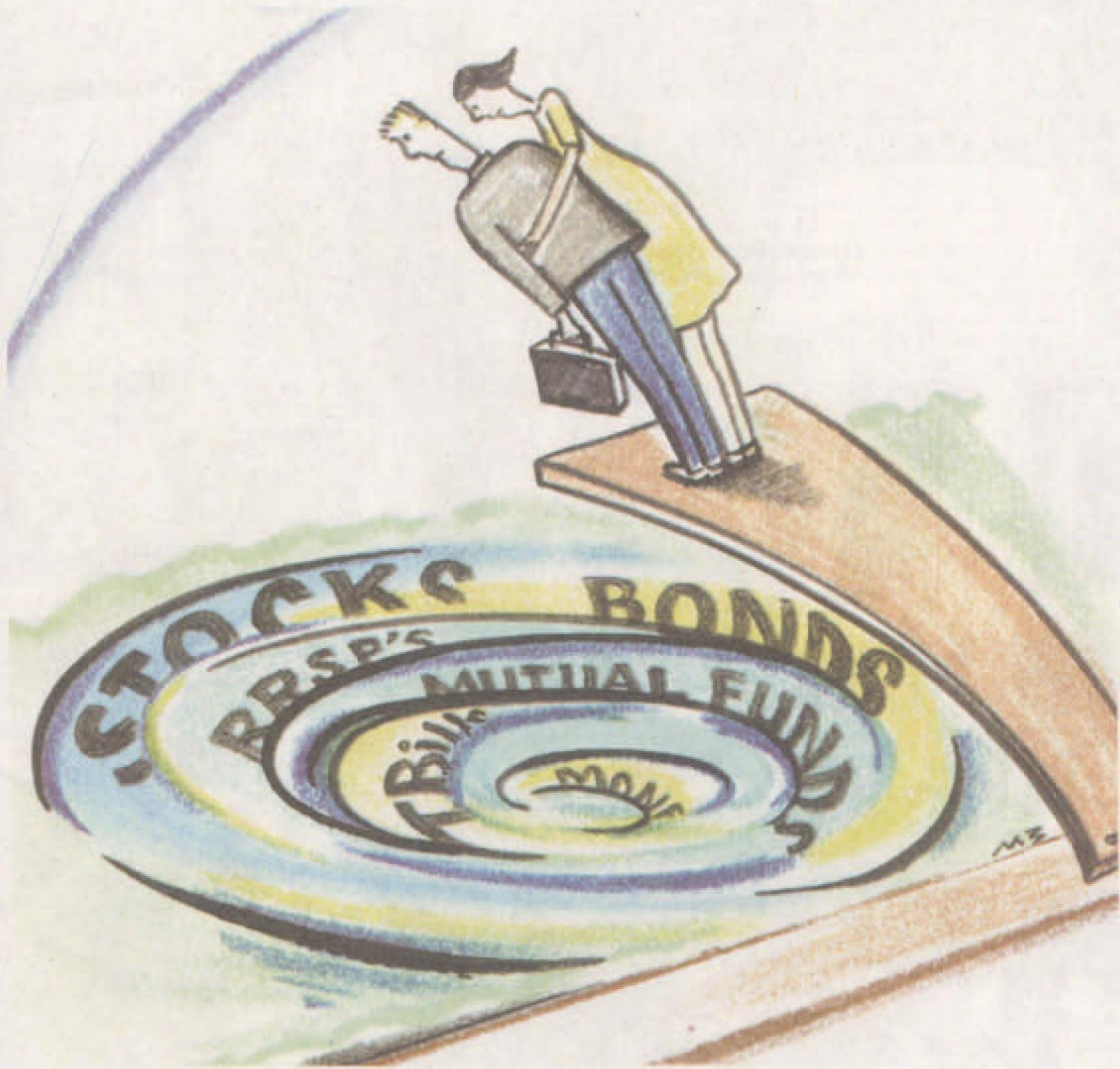
Plaskett uses a two-step meeting process with all new clients that involves first discovering what their concerns and issues are, and then mapping out a customized financial plan.

Financial planners can be paid in a variety of ways. Some, like Plaskett, charge a flat fee for a plan. Others receive sales commissions on financial products such as insurance or mutual funds that they sell you, paid by the company that supplies them. If, however, you buy shares of a publicly-traded company, then you will be paying the commission yourself.

Other planners working for a bank or large financial institution are more likely to be paid a salary by their employer, but it can also be topped up with commissions from products sold to the customer.

And the amount of the planner's fees will vary according to the complexity of organizing your financial game plan.

Plaskett's clients pay an average of \$900 — half up front and the rest when



he brings them back a plan that meets their approval. After the first year, they pay an annual maintenance fee of \$250, which includes two meetings during the year to review their plan.

Plaskett also earns commission on insurance and investment products he sells to his clients.

The adviser you choose should disclose in writing how he or she will be paid for the services they provide. Don't be bashful about asking for a full accounting up front.

There are 14,000 certified financial planners across Canada, registered with a regulatory organization called the Financial Planners' Standards Council which sets standards for education and professional conduct. It also administers rigorous national exams for trainee planners twice a year (the pass rate is about 52 per cent).

"When you are looking for a financial planner, you only have to remember to look for one thing: credentials, credentials," says Don Johnson, who advises asking for them up front.

"Except in the province of Quebec,

anybody can call themselves a financial planner in this country so you have to take a long hard look at their credentials."

Johnson says before visiting a financial planner, you should ask yourself a few questions about your financial situation: Where am I now? Where do I want to get to? How do I get there?"

There are also many books on the basics of financial planning to help you get started thinking about it, including

**The adviser you choose should disclose in writing how he or she will be paid for the services they provide**

such well-known primers as David Chilton's *The Wealthy Barber* or *Money 101* by Toronto Star business columnist Ellen Roseman.

A critical factor in your planning is the rapport between you and your adviser.

Ahsan, who has weathered no less than five boom-bust cycles in the economy since becoming a financial plan-

ner, agrees.

"They (the clients) know I don't control the financial market but I will protect them from its ups and downs if I can," she says. "They know I am in it for the long term and that's the quality of the relationship that we have."

Anyone interested in enlisting the services of a certified financial planner can save a lot of legwork by visiting the Web site of the Financial Planners' Standards Council [www.cfp-ca.org](http://www.cfp-ca.org).

Just log in your home address and the council will supply you with a selection of their planners based in your area.

For other information, check out the Web site of

the newly-formed Financial Advisors Association of Canada, known as Advocis, at [www.advocis.ca](http://www.advocis.ca).

The group was formed by a merger of the former Canadian Association of Financial Planners and the Canadian Association of Insurance and Financial Advisors.

WITH FILES FROM BRIAN DEXTER