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How to find a perfect financial planner

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We all want financial advice we can trust, but finding it can be a nightmare. Our step-by-step guide will get you to the advice you need.

We all want financial advice we can trust, but finding it can be a nightmare. Most of us have no idea where to look—and we're often not sure what we're looking for. Luckily, there's help. If you want to know how big your portfolio should be before you need an adviser, or how to find out what services a good planner offers, read on. This step-by-step guide will answer all your questions while guiding you to the advice you need to make your financial dreams come true.

About RK



Romana King is a Toronto-based writer, editor and blogger for business and lifestyle publications and a licensed realtor with Century 21. Romana currently writes a regular column and blog for *MoneySense* magazine that focuses on home owner and real estate issues. She has regularly contributed to *Business Edge*, *CI Top Broker*, *Advisor.ca*, *Advisor's Edge*, *Check UPI*, *CBC.ca*, *Toronto Sun* and the *Toronto Star*.

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What services do you need?

Before you pick up the phone or start searching the Internet, you need to take a few minutes to determine what kind of help you're looking for. Start by tallying up how much you have to invest. Your portfolio size does matter—it helps dictate the type of planner that will work best for you.

If you have \$50,000 or less, for instance, your options are limited. Most financial advisers and planners are paid a percentage of the amount you have invested, and until you have a large enough portfolio, you likely can't generate the commissions you need to get expert help. If that is your situation, your best bet is to keep things simple. Focus on putting together a self-directed monthly saving plan and invest in low-fee mutual funds though the discount brokerage offered at your bank.

Once you have \$100,000 or more to invest, you have more options. At this point, you should decide exactly what services you need. In some cases you may want someone to advise you only on which investments to buy. But usually, you'll want an adviser who offers full-service financial planning. Such a planner will work with you to set short- and long-term financial goals and draw up a complete plan to achieve them.

"Most people concentrate on the investment strategy, but that's only one component of your overall financial goals," explains Rob Abboud, a fee-only financial planner and author of *No Regrets, A Common Sense Guide to Achieving and Affording Your Life Goals*. He says a complete financial plan not only helps you invest, it also includes advice on insurance, debt management, estate planning, saving for your child's education, and lowering your taxes.

Your plan should include target dates for your goals, and once it is in place, your planner should be proactive about updating it regularly according to major life changes, such as a marriage or change in career. Your plan should also be updated when you run into unexpected financial events, such as the 2008 market collapse.

The Big Picture

Your financial plan should cover more than just investments.

A good financial planner creates a detailed strategy tailored to your specific needs and goals. Your plan should include advice on:

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Insurance: Your planner should tell you what insurance you need, and how much you should buy. She should tell you what insurance you don't need too.

calculators

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Resume

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Investing: How can you ensure that your money will grow at the rate you need it to, while keeping your investment risk low? You need a strategy for meeting specific growth goals, rather than just shooting for the moon.

Retirement: Your plan should lay out exactly what you need to save to retire when you want, with the amount you need.

Taxes: Can you reduce your tax bill and free up cash for other goals?

Estate planning: How to leave the right amount—and how can you get it to the people and charities you love in a tax-efficient manner.

Relationship management: Your planner can help you manage the other professional relationships you may have too, including your relationships with accountants and lawyers.

Cash flow and debt management: Through debt and lifestyle management, your planner can help you maintain the lifestyle you want.

Education planning: How to save for your child's education, and how to get the most out of government programs.

The search begins

Now that you know what you're looking for, it's time to start looking. Feel free to ask friends, family and colleagues for references. However, you have to do your own due diligence as well. "Your friends aren't financial planners, so it's hard to get an objective answer," says Abboud. Some may think they're getting excellent service, but their performance may actually be lagging the benchmarks, or they may have limited experience with other planners, so they have no frame of reference.

To get a better read on how good your friend's planner is, ask specific questions, such as whether his or her planner prepared a written financial plan and what that plan covered. You should also ask how your friend or relative paid for the plan. Fee-only planners will charge an up-front fee for their services—either a flat or hourly rate. On the other hand, commission-based and fee-based planners typically do not charge a direct fee. Instead, they charge a percentage of assets, or they get a percentage of your mutual fund's management fees. Any compensation method can work, as long you understand exactly what you're paying and what you're getting in return, says Scott Plaskett, a fee-only planner and founder of Ironshield Planning.

As part of your search, visit the websites of financial planning organizations, such as the **Financial Planners Standards Council** and the **Institute of Advanced Financial Planners**. You can also find a list of planners on your bank's website. Check that the planners you're interested in are properly accredited—you should demand at least a Certified Financial Planner (CFP), Registered Financial Planner (RFP) or Personal Financial Planner (PFP) designation. "These are important as they confirm these planners have undergone the right training and have the right educational requirements," says Plaskett.

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Tags: advice, adviser, financial planning, personal finance, retirement planning

1 Response to " How to find a perfect financial planner "

Kandis Marcy says:

November 3, 2011 at 9:59 am

Thanks for your personal marvelous posting! I genuinely enjoyed reading it, you are a great author. I will be sure to bookmark your blog and may come back at some point. I want to encourage one to continue your great posts, have a nice holiday weekend!



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