Financial Planners
Do You Need One?

The profession of financial planning has evolved because assets of many families have increased. This is particularly true in families where both husband and wife are employed. Increasingly complex tax laws, banking deregulation, and a greater variety of investment options have also increased the number and diversity of financial decisions that families make.

"Average Americans now have to handle the sorts of problems that once were the exclusive domain of the rich," says one proponent of the "financial planning revolution." You might consult a financial planner when you need help with budgeting and money management, or have to handle major changes such as marriage, parenthood, divorce, widowhood, or substantial inheritance or other windfall. If you want to talk with a financial planner, also consider the cost. Financial planners who charge by commission only give free advice, and take commissions on the insurance and/or securities they sell you. The fee-only planners charge a stated amount for a financial plan and/or offer ongoing advice at a continuing fee. The fee-and-commission approach combines both methods of compensation.

Financial planners who charge by commission only give free advice, on the basis of the insurance and/or securities they sell you. The fee-and-commission approach combines both methods of compensation. Financial planning is a financial-planning service aimed at helping people set financial goals, analyze their resources to meet those goals, and take actions that will enable them to reach those goals. Financial planners work primarily with families that have some discretionary income for investment. Financial planners can help you plan for adequate retirement income.

Financial planning also helps you sort out the many financial decisions you face. It can help you decide if you need a will, and it explains how property passes at death. Financial planners can help you sort out the many financial decisions you face. Financial planning can help you sort out the many financial decisions you face. It can help you decide if you need a will, and it explains how property passes at death. Financial planners provide advice that is tailored to your unique needs and goals.

Financial planners are generalists who help Oregonians solve problems and develop skills related to youth, family, community, farm, forest, energy, and marine resources. Oregon State University Extension Service offers educational programs, activities, and materials without regard to race, color, national origin, sex, or disability as required by Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973. Oregon State University Extension Service is an Equal Opportunity Employer.
Financial plans

If you need financial planning and are willing to pay for advice, what will you sacrifice for your expenditure? How does the financial planning planner will compare your current situation with your present resources and objectives into a workable plan for reaching your long-range goals. According to articles in magazine (see "For more information," page 5), a good plan has six major characteristics:

1. The plan should identify several alternatives to you the client, but there are limits. Good financial planners do not take control of your conscience nor your disciplinarian. You must provide a reference for you?
2. The plan should identify several tax shelters as well as other ways you and the planner will want to make provisions for yourself and your family. Although making the plan work is the client's responsibility, a financial planner can help coordinate your actions with your attorney, accountant, or insurance agent. And you and the planner will need to make provisions for your estate planning.
3. The financial planner has certain responsibilities to you the client, that have been spelled out by the Institute of Certified Financial Planners (CFP). If not all of your financial needs?
4. The planner may think the following when you are dealing with a "real" financial planner:
5. The plan should provide a sense of control over your financial future. The 17,000 members of the Institute of Certified Financial Planners (CFP) are working with over 300,000 clients. The American Bankers Association reports that 10,000 people have completed correspondence courses at one of three nonaccredited financial planning institutions:
6. The plan should involve additional costs. Recommendations for tax planning will result in accountant or tax advice, what will you receive for your consultant fees.

Education and certification

An attorney call himself or herself a financial planner. There are state or federal regulations that govern the use of this title. Financial planning is a young field, so there are many aspects of it for which there are no formal courses. For example, you must have at least 30 hours of continuing education every 2 years.

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1. The plan is short—specific recommendations put some price tags on these objectives.
2. The plan is custom—is it clear when you should do to put the plan into action?
3. The plan is priced—what is your budget? You can do your own financial planning. Out of financial necessity or for challenge, you may prefer to do your own financial planning. You do mostly on your own, and you can do the necessary figuring with a pocket calculator.

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Designations of CFP, CHFC, or CFC are not necessarily master's degree. You must have at least 30 hours of continuing education every 2 years.

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Financial Planners: Do You Need One? 

Not too many years ago, financial planners were a small group of professionals serving only wealthy individuals. Today a much larger group of planners serves both middle- and upper-income families. Financial planners are generalists who can help you plan for adequate retirement income, raise, marriage, parenthood, divorce, widowhood, or substantial inheritance or other windfall. If you are within 30 years of retiring, a financial planner can help you plan for adequate retirement income.

If your financial affairs are generally disorganized and without direction, a financial planner can help you measure where you are now, decide where you want to be, and design a plan to get you there.

Not everyone needs a financial planner. If your need for financial help is limited to managing a tax shelter, you may need a specialist, such as an accountant or a tax attorney.

Increasingly complex tax laws, banking deregulation, and a greater variety of saving and investment options have also increased the number of financial difficulties of a family's financial decisions.

"A strong American new has to be able to handle the sorts of problems that once were the exclusive domain of the rich," says William Amsters, president of the College for Financial Planning in Denver.

You might consult a financial planner when there is a major change in your life: a new job, a raise, marriage, parenthood, divorce, widowhood, or substantial inheritance or other windfall. If you are within 30 years of retiring, a financial planner can help you plan for adequate retirement income.

Financial planner: Do you need one? 

As you consider the benefits of a financial planner, consider the costs. Financial planners are paid in one of three ways: fee-only, commission-only, or a combination of fee and commission. 

Fee-only planners charge a stated amount for a given level of service, or they may charge by the hour. They do not sell, or have an arrangement with, securities or investments that they recommend. These planners generally do not have financial conflict of interest. Fee-only planners are typically the most expensive because their compensation is based on the fee charged.

Commission-only planners charge a fee for services but also receive compensation from the stockbrokers, insurance agents, or financial planners they recommend. Commission-only planners may or may not have financial conflict of interest because they may receive commissions from the financial products they sell.

Fee-and-commission planners charge a fee for services but also receive compensation from the stockbrokers, insurance agents, or financial planners they recommend. Fee-and-commission planners may or may not have financial conflict of interest because they may receive commissions from the financial products they sell.

Financial planners who charge by commission only give you advice based on the financial products they sell. They do not sell, or have an arrangement with, securities or investments that you buy. They do not have any financial conflict of interest because they do not receive compensation from the financial products they recommend.

In a fee-only practice, a computer-generated plan with no personal consultations or continuing service may cost $100. A custom-developed plan with personal consultations may cost several thousand dollars. 

This publication was produced by Jeni Mielke, editor, and Alan Nielson, research assistant, Department of Family Resource Management, Oregon State University. Mention of specific services and institutions does not mean an endorsement of such services and institutions by the OSU Extension Service, nor does it mean any discrimination against other services.

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For more information

Articles

Books


Hart, C. C., Your Money and Your Life (New York: Amacom, 1982). Includes information on choosing your advisors—accountants, insurance agents, stockbrokers, financial planners, and even which lawyer you select.

For more information

Bibliography

OSU Extension publication

Financial Planning: How to Prepare a Net Worth Statement, Oregon State University Extension Service Circular 1224 (Corvallis, in press). Calculating and interpreting the statement; forms to use in preparing your statement.

Personal financial management. Other chapters cover beneficiaries, financial planners, and even advisers who help Oregonians solve problems and develop skills related to youth, family, community, farm, forest, energy, and marine resources.

The Oregon State University Extension Service provides education and information based on timely research to help Oregonians solve problems and develop skills related to youth, family, community, farm, forest, energy, and marine resources.

Extension's home economics program offers educational opportunities to help individuals and families manage their resources in ways that meet their needs for food, clothing, shelter, personal, and family relationships.

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The profession of financial planning has evolved because many of your financial problems have increased. Increasingly complex tax laws, changing demographic patterns, and greater variety of saving and investment options have also increased the number and difficulty of your financial decisions.

"Average Americans now have to handle the sort of problems once reserved for the elite," says William Arthur, president of the College for Financial Planning in Denver.

You might consult a financial planner when there is a major change in your life, such as a new job, a divorce, a change in income, or retirement. Whether you are considering the purchase of a home or a new car, or you could be planning for major expenditures in the future, a financial planner can help you make the best decisions.

As you consider the benefits of a financial planner, also consider the cost. Financial planners who charge by commission only give free advice, and take commissions on the insurance and investments sold, based on a percentage of your assets. Fee-only planners charge a stated amount for a given level of plan, or they may charge by the hour or the number of sessions.

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