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Is There a Financial Planner in Your Future?



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There's a lot at stake when you retire from teaching. How much can you spend each year to ensure your nest egg will last? Should you take another job? Sell rental property? Move money out of a low-performing teacher retirement fund? Can you afford to help pay for a grandchild's education? Or travel six months a year?

A financial planner—someone who reviews your investments, taxes, debt, estate planning, and insurance, and then customizes a long-term plan to help you meet your goals—may be the answer. A planner will recommend investment options such as mutual funds and refer you, if necessary, to experts such as an estate attorney. If you want to sell your home, an adviser will suggest ways to reduce your tax obligation. To choose a planner, consider these questions.

1. What Are Their Credentials?

Almost anyone can claim to be a financial planner, so review credentials carefully. Select an adviser with the Certified Financial Planner (CFP) designation, issued by the Certified Financial Planner Board of Standards. The board's website, www.cfp.net, offers information on credentials and the planning process.

Scott Dauenhauer, a CFP in Laguna Hills, California, specializes in advising educators. He says many teachers ask for help navigating the complex rules governing their 403(b) plans, the public employee's equivalent of a 401(k). He helps retired teachers decide when to take their minimum distribution, and advises whether they should roll over their annuity-oriented 403(b) funds into an IRA and what to buy if they do. "Once they retire from a school system, teachers have carte blanche to buy what they want," says Dauenhauer.

2. How Are They Paid?

Make sure you understand how the adviser is compensated. Many are paid by commissions; others are paid by a combination of fees and commissions and are known as fee-

POLL

Have you hired or are you considering working with a financial planner?

- Already using a financial planner, with success
- Would like to find a financial planner
- Worked with a financial planner, unsuccessfully
- Not interested in working with a financial planner

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based advisers. Warns Dauenhauer: "If the only way someone can get paid is to sell you something, the person will sell you something, whether you need it or not."

3. Do They Charge Fees Only?

To avoid such conflicts, consult a fee-only adviser. They do not receive any commissions, which reduces their incentive to churn a portfolio or to recommend unnecessary products. To find a fee-only planner, visit the National Association of Personal Financial Advisors's website at www.napfa.org.

4. How about a Check-up?

Many fee-only planners cater to high-income individuals, often charging fees based on a percentage of managed assets. Your best course is to find a fee-only planner who will give you a one-time overall review and occasional check-ups. Besides checking with NAPFA, you can find a fee-only planner in your region who charges on an hourly, as-needed basis by visiting www.GarrettPlanningNetwork.com. Sheryl Garrett, a certified financial planner in Shawnee, Kansas, created the network to serve middle-income people. Planners in the network usually provide a free consultation of up to an hour and then charge \$100 to \$200 per hour. Their fees are relatively low because they design investment strategies that clients themselves can execute. "We focus on how to empower the client to implement the recommendations, perhaps by using an online discount brokerage," Garrett says.

5. Will They Take a Meeting?

Set up a face-to-face meeting. If that's not possible, talk with several planners by phone and check out their websites. Ask frankly if the practice is geared to middle-income clients.

6. Something in Writing, Please?

Once you settle on an adviser, get a written agreement detailing services, fees, and a cost estimate of the total package. Also, obtain a written statement that the planner will act as your fiduciary, putting your interest above all others. Fee-only planners can act as your fiduciary; advisers at brokerage houses or insurance companies have a fiduciary obligation to their employer.

7. What about Follow-up?

Check in with your planner at least once a year or when a financial issue arises. The money you spend on that advice could save you many times over in costly mistakes when you can least afford them.

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