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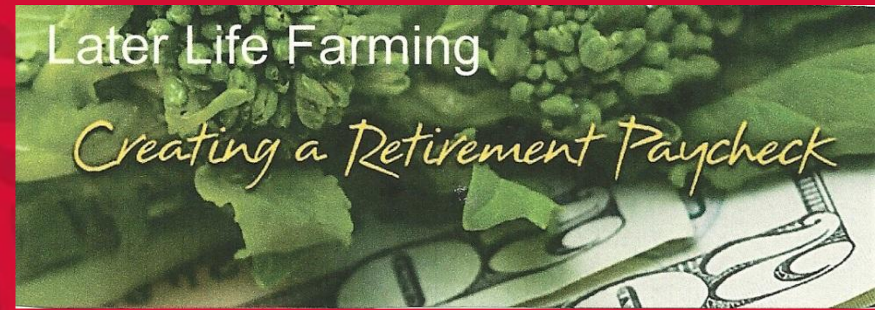

Choosing Your Team of Financial Advisors

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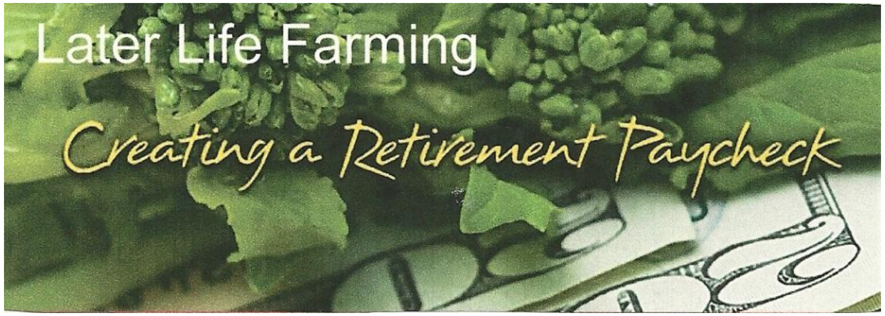
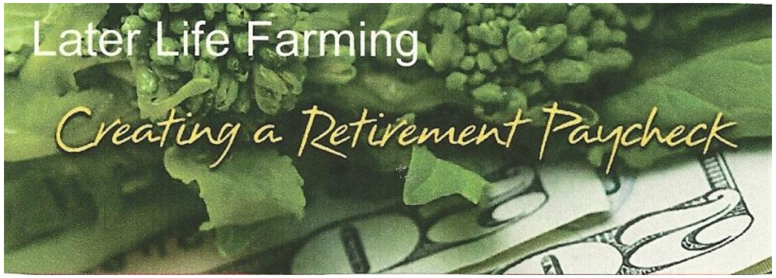
Getting Financial Help



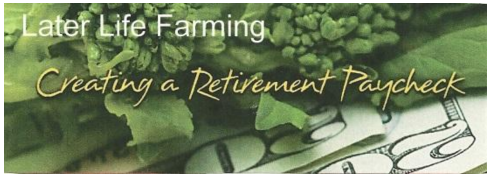
- Saves time
- Saves money
- Reviews strategies you've chosen
- Gets you started on financial tasks
- Helps you through major life changes

Your Financial Professional Team

- Banker
- Real estate agent
- Lawyer
- Accountant
- Insurance agent(s)
- Estate planner
- Investment adviser
- Stock broker
- Financial planner

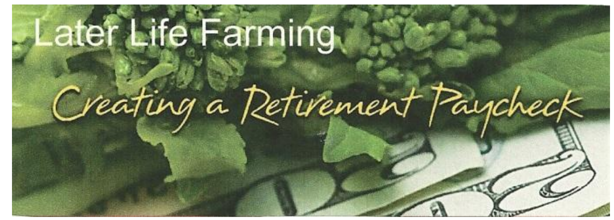


What is a Financial Planner?



- Most financial planners are investment advisers, but not all investment advisers are financial planners
- Some financial planners assess every aspect of finances and help clients develop a detailed plan to meet financial goals (ongoing relationship)
- Other financial planners provide services on an as-needed basis
- Major designations include CFP®, ChFC, and CPA/PFS

What is an Investment Adviser?



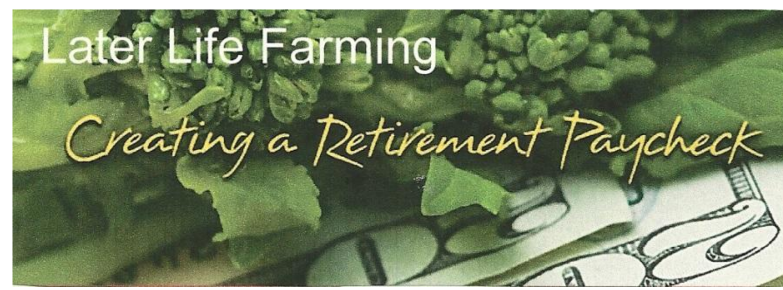
- An investment adviser is an individual or a firm that is in the business of giving advice about securities to clients
- For instance, individuals or firms that receive compensation for giving advice on investing in stocks, bonds, mutual funds, or exchange traded funds are investment advisers
- Some investment advisers manage portfolios of securities

What is a Financial Adviser?

- The title "financial adviser" is not regulated
- No government body dictates who can call themselves one
- So, anyone can print up business cards and call himself or herself a financial adviser

Costs of Financial Advice

- Salaries
- Fees
- Commissions
- Combination of fees and commissions

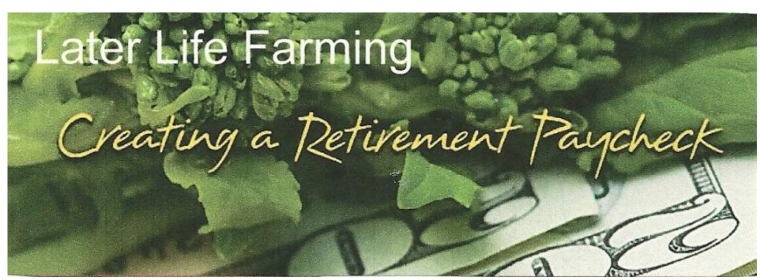


Fee Only Planners

- Only get paid for giving advice
- Does not matter if client follows the advice and buys financial products…or not
- May be hourly fee, flat fee, or retainer fee (% of assets under management or net worth)
- Often target upper-income clients

Commission Only

- Commission paid for buying or selling securities, insurance, etc.
- Commission decreases your total investment
- Financial planners can get commissions if they are associated with a brokerage firm



Fees and Commissions

- Planner receives both forms of payment
  - a fee for developing financial plan and commissions to sell insurance and investment products recommended in the financial plan
- Also called “fee based” or “fee offset”
- Reference: http://www.dummies.com/how-to/content/how-financial-advisors-get-paid.html

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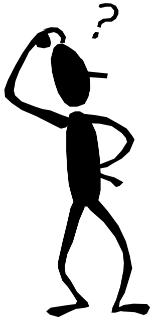
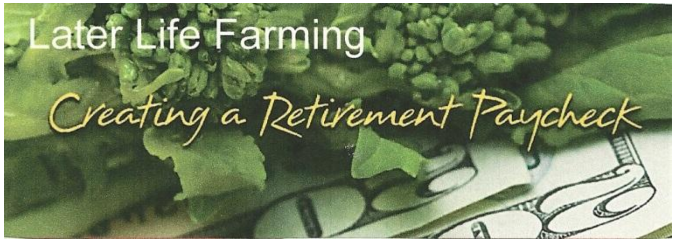
Choosing Your Financial Team

- Get referrals from friends or other professionals
- Call at least three professionals for each category
- Check out references
- Set up face-to-face meetings
- Ask "Do I trust this person?"
- Make the decision





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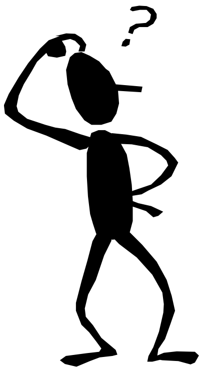
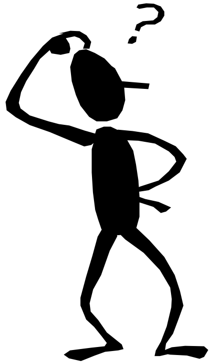
Some Questions for Financial Planners



- How long have you been a financial planner?
- What related experience do you have?
- What are your professional credentials and affiliations?
- What is your investment philosophy?
- How will we work together?

More Questions for Financial Planners



- What services do you offer?
- What can I expect from you?
- What will it cost and how are you paid?
- Who will work with me?

- May I see a sample financial plan?
- Are you registered with state or federal regulators?

Get Help When Needed

- CPA when receiving lump sum distribution
- Financial planners:
  - www.napfa.org (Find an Advisor)
  - www.fpanet.org (Find your Financial Planner)
  - www.cfp-board.org (Find a CFP® Professional)

- Go prepared to reduce time and fees
  - Bring financial statements, list of goals

RCE Money and Investing Site

http://njaes.rutgers.edu/money/