

How to Choose a Financial Planner

MONEY 1.jpg

Picking the right financial planner for your money is important for your fiscal health. (*Thinkstock*)

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You get several estimates before hiring a contractor. You shop around before buying a car. You get a second opinion on medical issues. But what about a second opinion for your money?

Financial pros say a thorough exam by a financial adviser — even a one-time review — can make a tremendous difference in the financial trajectory of your life. That’s because your financial security is about more than your investments.

“No matter how great your portfolio is, if you don’t have an appropriate emergency fund, haven’t addressed debt management issues, haven’t secured appropriate insurance coverages and aren’t saving enough, no investment portfolio is going to save you,” says Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

Using a planner is like getting a personal coach for your money. Here’s what you need to know.

HOW TO FIND A PLANNER

Some financial professionals have specialties, such as investments, while others will conduct an overview of your financial life. Don’t hire a stockbroker or insurance salesman if what you need is a review of your overall finances. In the money business, the alphabet soup of designations and certifications can be hard to wade through.

Many in the industry say the certified financial planner designation is the most comprehensive designation for an adviser. CFPs have knowledge in investments, budgeting, insurance, estate planning, tax planning and more.

There also is the CPA/PFS, a certified public accountant who has earned a personal financial specialist designation.

Other designations are geared toward one area of finance. They’re good in their areas of expertise, but they may not be trained in other areas.

“If you see a designation that you do not understand, Google it and find out what is involved in getting it,” says Jerry Lynch, a certified financial planner with JFL Total Wealth Management in Fairfield. “Any designation you can get in an afternoon is not worth the paper it is printed on.”

Recommendations are a common way to find an adviser, and that's a great way to start. But there's no guarantee that just because your brother-in-law or hair stylist was happy with an adviser, you will be, too. Consider referrals from other trusted advisers, such as your tax preparer or lawyer.

You can also search for advisers in your area through several reputable industry organizations, including the Financial Planning Association (fpanet.org) and National Association of Personal Financial Advisors (napfa.org).

THE INTERVIEW

You should interview at least three advisers before you make a choice. The adviser may ask you to fill out some forms before you meet so he or she can review your goals and needs ahead of time.

When you meet, the planner should tell you what to expect from the relationship, what he or she can and can't do for you, and ask what you want to accomplish. Then, there's the money.

"If you meet with an adviser who starts talking products instead of advice at the first meeting, be very wary that it's not an investment product salesman disguised as an adviser," says Brian Power, a certified financial planner with Gateway Advisory in Westfield.

Power says the adviser should disclose costs, explaining if he or she works by the hour, for a project-based flat fee or by commission. If the planner has a wealth management offering — meaning it would include the ongoing oversight of investments — the planner should explain if he or she charges a percentage of the investments or a flat annual fee for the service.

DO YOUR HOMEWORK

If you select a planner, before you go any further, do your homework to see if the planner has a history of complaints or regulatory actions.

Check FINRA's (Financial Industry Regulatory Authority) BrokerCheck:

finra.org/Investors/toolscalculators/brokercheck.

Also check the state's Bureau of Securities: **nasaa.org/about-us/contact-us/contact-your-regulator.**

If you choose a CFP, see if he or she has been disciplined by the CFP Board of Standards: cfp.net/about-cfp-board/ethics-enforcement/disciplined-individuals-by-state.

Finally, do a Google search. You never know what you'll find there.

TRUST YOUR GUT

The unfortunate part about working with an adviser is that often you will not know how good they are until you have a problem, says Lynch. "We get credit for great market returns when the market is up, and we get yelled at when the market is down — none of that we control," he says. "A good plan is not solely about rates of return. It is about how everything works together."

If you want a taste of working with an adviser for free, check out The Star-Ledger's **Get With The Plan** money makeover series.

You get a full review from a CFP (we change your name to protect your privacy) in exchange for allowing us to profile you in the newspaper.

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