

SMARTER LIVING

Why You Should Hire a Financial Planner, Even if You're Not Rich

By LIZZ SCHUMER APRIL 20, 2018

If the very idea of financial planning makes you break out in hives, you're not alone. A new study found that perceived financial well-being — feeling secure about not only the state of your current situation but how well you've planned for the future — holds the key to your overall well-being. Your financial security can affect you as strongly as job satisfaction, relationship stability, and physical health combined.

Certified Financial Planner Board of Standards ambassador Jill Schlesinger calls money the “most concrete expression of every neurosis we carry. Every neurosis we have, we can express it around money,” she said. “Someone dealing with your finances can really be transformative — it's like removing an anvil from your back.”

First, know thyself, financially

Regardless of your financial state, everyone can benefit from taking stock of what stability means for you. Kristin Wong, freelance journalist and author of “Get Money: Live the Life You Want, Not Just the Life You Can Afford” knows how uncomfortable that feels. “It can be hard to sit down and look at the numbers, especially if you know you're in mounds of debt but you're not sure how bad it is,” she acknowledged. “But think of it this way. Yes, it's unpleasant now, but you're saving yourself from more unpleasantness later.”

For many of us, it all starts with understanding our own habits. Ms. Wong suggests starting by tracking your spending right down to your 3 p.m. vending machine run. “This is such an eye-opening exercise because it forces you to think about your spending a little bit more, which then makes you more aware of how you’re spending,” Ms. Wong explained. “Writing down your spending gives the transaction a sense of tangibility.”

Next, figure out what you want

Whether you’re a recent graduate trying to figure out how to handle student loans, a retiree looking to maximize your 401(k), or anything in between, we all want our money to work for us. “Americans need to understand that [financial planning] isn’t just for the wealthy,” explained Geof Brown, CEO of the National Association of Personal Financial Advisors. “It’s important to sit back and reflect on your own individual circumstances, understanding your long-term goals.”

Ms. Schlesinger organizes some basic goals into what she calls the “holy grail” of financial security. “People have three big priorities in life,” she explained. “They want to be consumer debt-free. They want to have an emergency reserve fund, like 6-12 months of your expenses sitting in some boring account. [And] they want to maximize their retirement account.” Once you have those figured out — or a plan for how to get there — the real fun begins.

Here’s when to call in the pros

“Using life events as a prompt is a great idea,” Ms. Schlesinger said. “Maybe you and your spouse look at finances differently. A financial adviser can act as a mediator. Because money can be so emotional, bringing in someone else can help bridge the gap.”

Life events like graduating from college, getting married, and buying property, all mark great times to start thinking about your financial future, but there is no wrong time. “My mantra is that it’s never too early to find the services you need and to take advantage of that knowledge,” Mr. Brown said.

Linda Rogers, of **Planning Within Reach** in Memphis, Tenn. said her clients come to her for help prioritizing, at all stages. Even if you know you should plan for the future, a professional can help you enact and stick to a solid plan. “With a financial plan, [clients] receive a road map for the future and someone who catches things that slip through the cracks,” Ms. Rogers explained.

Financial planners can help clarify the process

While the average person can probably pay down credit cards, set up a Roth IRA, and do some basic investing online, professionals can help streamline the nuances of financial planning.

“I liken it to WebMD. You can look up symptoms, but there’s a limit to what you can do with that information,” Mr. Brown explained. “Finance is the same way — you can find a lot of things on your own, but you need that deep knowledge.”

Even experienced financial advisers don’t always handle their own cases. “I find that it is harder to manage my own affairs than those of my clients,” admitted Barry Korb of **Lighthouse Financial Planning** in Potomac, Md. “If I was a doctor, I hope I would know enough not to treat myself. If I was a lawyer, I hope I would know enough not to represent myself. Yet as a financial planner/adviser, I perhaps try too hard to manage my own affairs.”

Know what to look for

According to Jeff de Valdivia of **Fleurus Investment Advisory** in Fairfield, Connecticut, “The term ‘financial adviser’ is so used and misused that it means almost nothing. A financial adviser should be a person knowledgeable about financial matters who provides expert advice in a way that promotes the financial well-being of [their] clients.”

Many people prefer a fee-based adviser, in which the client pays directly for advice and services, rather than purchasing a plan. You also want to ensure your adviser took a fiduciary oath, meaning they must legally put your needs ahead of

theirs. Finally, ask if they're C.F.P. board certified. That ensures they adhere to a certain level of competence and ethical standards.

The N.A.P.F.A. organization carefully vets all of its members, providing what Mr. Brown calls a “Good Housekeeping-like seal of approval.” Both N.A.P.F.A. and C.F.P., as well as the Garrett Planning Network, provide search functions that can help you gather a list of reputable planners and advisers in your area.

Less concretely, you also want to feel comfortable with your financial adviser. Mr. Brown likened a financial adviser to a family doctor — someone who will be with you over the long haul. Find someone with whom you can let all of your finances hang out. After all, brutal honesty is in your best interest.

Trust the process

A good financial adviser will help you set a plan for getting and keeping your finances in shape. Because finances are attached to fallible humans and, to an extent, volatile markets, plans often grow and change over time. For Marianela Collado of Tobias Financial Advisors in Plantation, Fla., finances do not follow a “set it and forget it” strategy. That means adhering to the three R's: revisit the plan, recalibrate, and reroute as necessary.

“With each event, things change. Finances change,” Mrs. Collado explained. It's important that your adviser remain flexible to revisiting your plan when and if your life circumstances change. Once you tweak that plan, it could require a reroute. “Maybe you had built up emergency savings and then there was an emergency, so you needed to deplete those funds,” Mrs. Collado said. “We would then reroute what was going to 401(k) savings or investment accounts back to the emergency funds to replenish.”

Regardless of your income, you can be helped

Financial health — just like the physical or mental kind — takes time and effort. “It doesn't happen overnight. You don't have to understand everything about personal finance at once,” Ms. Wong said. “Start with one thing and focus on feeling

good and confident with that one thing, even if it's paying an extra \$10 a month toward your debt, or learning to say no to an impulsive purchase. Start small, and you'll get there."

And no matter what your past financial life looks like, recovery is possible. "When it comes to managing money, feeling a sense of power or control over your situation is crucial," Ms. Wong added. "A good way to start is to stop beating yourself up over your past money mistakes. Bad debt, impulsive spending, too many parking tickets — whatever it is, learn a lesson from it, but then let it go."

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