

You don't need to be a millionaire to benefit from comprehensive financial planning. Whether you have thousands or millions of dollars to invest, you are entitled to help from a financial advisor who has met the highest standards of education, training and competency. Ordinary people like your neighbors, family and friends have turned to professionals for help. To benefit from working with a financial advisor all you need is a willingness to share information like your short and long-term goals. Simply talking with an advisor may help you identify a broad range of financial and personal priorities. In turbulent times, or times of prosperity, you'll benefit from comprehensive financial planning intended to help you maximize the assets you have. It may be that you'd like to establish a budget that will help you put away money for future needs like retirement or paying for a child's education. Men and women, married couples and single individuals, some younger, others older now recognize the benefits of taking a comprehensive approach to financial planning.



What Is Comprehensive Financial Planning?

The old adage “for every action, there is a reaction” is particularly true when mapping a course of action to reach your financial goals. If you focus on only one or two elements, other areas you overlooked could undo all of your efforts. Comprehensive planning recognizes the need to consider all areas of your financial situation before developing a plan to reach your personal financial goals.

A Comprehensive Financial Plan Includes:

- N– Cash flow management
- N– Investments-including 401-K plan assets
- N– Income taxes
- N– Retirement planning
- N– Risk management - the need for specific insurance
- N– Education funding
- N– Estate planning – where will your hard earned assets go when you pass?
- N– Other needs specific to you

What Should You Expect From A Comprehensive Financial Advisor?

After taking a close look at your existing circumstances a trained professional will help you identify your goals - sometimes referred as your objectives.

The advisor will create a plan that considers all the financial aspects of your unique situation. Additionally you'll also be provided with as much assistance as you need in the implementation of the recommendations.

Your financial situation is always changing in reaction to outside influences. It's also important for an advisor to periodically review and revise your plan to adjust to changes in the financial world as well as your personal goals.

What To Look For When Choosing A Financial Planner:

When you select a financial advisor, there are a number of factors you must take into account – expertise, experience, integrity and even personal compatibility. If you are looking for objective advice you can't ignore the question of how the advisor is compensated.

All NAPFA-Registered Financial Advisors and Provisional Members* are highly qualified. They have demonstrated their ability to provide sophisticated, comprehensive financial planning services. Specific requirements include:

- Fee-Only compensation with all clients
- Advanced broad-based financial planning education
- Significant professional experience*
- Peer review of a comprehensive plan
- Compliance with Registered Investment Advisor regulations
- Extensive continuing education requirements

** NAPFA-Registered Financial Advisors must have at least three years of comprehensive financial planning experience. Provisional Members may have less.*

Why Select A Fee-Only Comprehensive Financial Advisor?

The greater the advisor's dependence on commission income, the greater the conflict. In the end, that conflict can cost you, both in out-of-pocket expenses and in the quality of advice you receive. At the National Association of Personal Financial Advisors (NAPFA) we believe there is a significant conflict of interest if an advisor stands to gain financially from any recommendations you may follow.

If you are looking for objective advice you can't ignore the question of how the advisor is compensated.

Examples of conflicts of interest between a planner and a client include:

- ~~N~~ Commissioned-based individuals working for broker/dealers and insurance agencies.
- ~~N~~ Planners compensated by commissions on products that they recommend or sell.
- ~~N~~ Fee-Based or Fee-Offset arraignments that allow a planner to earn both fees and commissions.

Fee-Only planners are compensated solely from fees paid by their clients and do not accept commissions or compensation from other sources. NAPFA members are independent and have their own methods of determining fees, including:

- ~~N~~ Flat fee or retainer
- ~~N~~ An hourly fee
- ~~N~~ A percentage of assets under management (AUM)
- ~~N~~ A percentage of income
- ~~N~~ A project fee

Which Method Is A Better Value?

Consider the price you are willing to pay for a little peace of mind. Fee-Only advisors have access to thousands of no-load and low-load products as well as many discounted services. They are not limited to company-sponsored offerings and sales-driven opportunities.

The result is an unbiased financial plan created by a professional who is committed to acting as a fiduciary in a client-centered relationship. Clients of Fee-Only advisors recognize that the fees they pay are a real value when the overall benefits of comprehensive planning are considered.

What is a fiduciary or a fiduciary relationship?

A fiduciary is a person or organization that owes to another the duties of good faith, trust, confidence, and candor.

This special relationship of trust established by law is similar to the relationship one has with an attorney or doctor. When an advisor acts in a fiduciary capacity, that advisor is legally obligated to maintain an allegiance of confidentiality, trust, loyalty, disclosure, obedience and accounting to his or her clients. All NAPFA members must sign and abide by the NAPFA Fiduciary Oath.

NAPFA Fiduciary Oath

The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client. The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor.

The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product. The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.

When an advisor acts in a fiduciary capacity that advisor is legally obligated to maintain an allegiance of confidentiality, trust, loyalty, disclosure, obedience and accounting to his or her clients.

What Can't An Advisor Do?

- N Predict the future
- N Guess what you are thinking
- N Guarantee the performance of investments
- N Protect you from destructive financial habits that you do not address yourself.
- N Go beyond the role of advisor into the role of a therapist.
- N Magically get you as much money as you would like to have.
- N Earn higher than average returns year after year.

Your Responsibilities As A Client:

- N Provide the background information necessary for an advisor to make informed judgments and recommendations.
- N Be ready to consider new information.
- N Ask for clarification when you don't understand something.
- N Be forthcoming about your personal values, including goals, concerns and preferences.

Founded in 1983, the National Association of Personal Financial Advisors is the nation's leading organization of Fee-Only comprehensive financial planners. NAPFA fights for the public's right to receive unbiased assistance in making important financial decisions. Members of NAPFA believe consumers need to be protected because many significant conflicts of interest exist when financial planners act as both an advisor and as a salesperson who earns commissions from recommended products.

NAPFA's standards require members to have the advanced education, knowledge and experience required to practice comprehensive financial planning.

When looking for a financial professional, just ask, "Are you a member of NAPFA?" If the answer is yes, you know you've found a highly trained, Fee-Only comprehensive financial advisor. Join the thousands of people every year who come to NAPFA for a trusted advisor.

	NAPFA	CFP	AICPA/PFS	ChFC
	National Association of Personal Financial Advisors	Certified Financial Planner	Certified Public Acct. w/ Personal Financial Specialist	Chartered Financial Consultant
Compensation	Fee-Only all of the time	Fees and/or commissions	Fees and/or commissions (with disclosure)	Fees and/or commissions
Continuing Education Required	60 hours every two years. Includes at least five hours in each of six areas of financial planning. Each hour documented and records subject to audit.	30 hours every two years. Includes at least two hours in ethics. Each hour documented and records subject to audit.	60 points in personal financial planning, business experience and life-long learning every three years.	30 hours every two years
Peer Review Requirements	Peer review of a sample comprehensive financial plan is a requirement of membership.	None stated.	Submit references, if requested, to substantiate financial planning business experience.	None stated.
Experience Required for Admission	Minimum 36 months engaged primarily in the provision of comprehensive financial planning services within the last 60 months, and including the most recent 12 months.	With a bachelor's degree, three years working in the financial planning field. If no bachelor's degree, then five years working in the financial planning field.	Minimum of 25 points in PFP experience within the five-year period preceding application.	Three years business experience. A bachelor's or graduate degree may qualify for one year.
Education Required for Admission	Three credits of advanced education in each of the following: income taxes, investments, estate planning, retirement planning and risk management.	10-hour, two day comprehensive exam covering more than 100 financial planning topics.	CPA with at least 100 points earned under the multiple entry point system, which includes passing a financial planning exam.	Complete eight financial planning courses.

What Other People Are Saying About NAPFA

“The most selective credential is membership in the National Association of Personal Financial Advisors, whose 750 members have agreed not to take commissions on the investments they recommend. This avoids conflicts of interest: too many planners make their money by suggesting only investments that reward them for their recommendations. NAPFA members charge fees—some by the hour, some by the year—for broad and comprehensive advice on taxes, insurance, retirement and asset management. Their plans are subject to peer review by other NAPFA members. That’s a genuine check.”

April 1, 2002 Newsweek

“If you have more than \$50,000 to invest, you should fire your broker and find an investment advisor. Brokerage firms would like you to think they perform the same functions as investments advisors.”

“Financial planners who are members of the National Association of Personal Financial Advisors...submit their work to peer review and are not supposed to charge anything but a fee”

Arthur Levitt – Former SEC Chairman

“Financial Planners who take commissions have a built-in conflict of interest...even with disclosure, my choice would be a Fee-Only planner.”

Newsweek - Jane Bryant Quinn

“Start with the general practitioner...a Financial Planner (whose) compensation should be from fees alone.”

Money Magazine

“The most important matter is how the planner is compensated. Hire the planner who...has no financial stake in (your) investments.”

Forbes