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Millionaire or Not, You Can Find a Financial Planner

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NORMAN IANNARELLI sought the services of a financial adviser after he inherited a family home and other modest assets last year. Before that, the thought of hiring a financial planner had never occurred to him.

"I think it's a common perception that financial planners are mainly for people who are extremely wealthy," said Mr. Iannarelli, 32, of Norwalk, Conn., who is an account executive at HWH Public Relations in New York. "I believed that you had to earn a certain amount of income or have a certain amount of income-generating assets."

His initial research confirmed those beliefs. "Some financial planners will not look at you," he said, "unless you basically have a million dollars in assets or are making at least six figures."

The search for a planner was difficult. "You don't know where to begin or which type of adviser will be good for you," he said. "It's something people don't usually talk about." Mr. Iannarelli eventually found a financial adviser at a gathering geared to professional networking. The adviser, Kiernan O'Connor, works at Gershoni & Associates in Woodbridge, Conn. -- a franchise of American Express Financial Advisors, which will be renamed Ameriprise Financial on Monday. Mr. O'Connor, who charges a minimum fee of \$1,500 for comprehensive financial planning for clients with a minimum of \$100,000 in assets, acknowledged Mr. Iannarelli's predicament. "There is an underserved market of people who aren't wealthy now," Mr. O'Connor said.

Financial advice for this market can indeed be hard to come by. Some organizations, like the Certified Financial Planner Board of Standards, at www.cfp.net, and National Association of Personal Financial Advisors, at www.napfa.org, provide lists of members throughout the country. Still, investors need to find the adviser who best meets their needs.

Many professionals are reluctant to forgo all-inclusive annual fees, often several thousand dollars, in favor of charging an hourly rate or a flat fee for specific advice. Though some planners and advisers are helping those of modest means, the stereotype of the unaffordable financial planner dies hard. "The vast majority of financial planners want to cater to the wealthy," said Russell Wild, a fee-only planner -- meaning that he sells no investment products himself -- who owns Global Portfolios in Allentown, Pa. "They don't say 'wealthy.' They say, 'high-net-worth individuals.'"

The reasons basically have to do with the bottom line. "Most people in the financial industry make their money off commissions, so high volume equals high commission," said Mr. Wild, whose own clients have portfolios of \$100,000 to \$1 million. "Even most fee-only planners who do not take commission tend to work by taking assets under management, which means they're paid a percentage of the assets they manage. There, again, the great advantage is to serve high-net-worth individuals."

When planners manage the assets of a core long-term client group, he added, the steady income makes it less necessary to market themselves continuously -- and planners generally like to work with clients who can benefit from the more sophisticated services for which they have been trained.

A common perception in the industry, said Mr. Wild, who charges \$150 an hour and offers a comprehensive package for \$800 for portfolios of less than \$500,000, is that dealing with people with less money means no more than managing debt and cash flow. "I think the general consensus in the profession is it's just not as much fun," he said.

Although Mr. Wild says he appreciates the advantages that may come from having very affluent clients, he thinks the profession should be more democratic.

Peter Bielagus, a registered investment adviser, owns Getting Loaded, a financial planning firm he named after his book, "Getting Loaded: A Complete Personal Finance Guide for Students and Young Professionals" (NAL/Penguin Putnam, 2003). His practice, in Bedford, N.H., focuses mainly on the needs of those between college age and 35; most of his clients are in their late 20's, with annual incomes of \$30,000 to \$65,000. He charges a flat fee of \$500 for a session that runs about three hours; each client first completes a 10-page questionnaire.

"There is a belief in this country that 'I don't need to deal with money management because I hardly have any money,'" said Mr. Bielagus, adding that many young people engage in "short-term thinking," like expecting to save money only after they graduate from college or professional school.

Bill Driscoll, a fee-based certified financial planner in Plymouth, Mass., also focuses on individuals who do not bring many assets to the table; the tag line on his business cards reads, "You don't need to be rich to need a financial planner."

"Typically, when somebody at the lower financial end comes to me, it's because they're trying to figure out how to save for a house or really get themselves started," said Mr. Driscoll, whose hourly fee is \$175. "When I'm starting with a young couple that doesn't have anything, my assumption is, if I do a good job, they're going to stay with me a long time."

Many clients who come for an hour's session do not need to return for up to a year; he says he gives them much specific advice before they leave. But some return every three months, he said, because "they want to be sure they're staying on course."

"If you're really organized and bring in tax returns, investment and insurance papers and everything you've got that affects your finances," he said, "you can keep the time down."

Some planners with larger practices who advise wealthier clients have opened doors to the less affluent.

"The truth is, when you have less to work with, you need more guidance than if you have a lot," said John E. Sestina, a fee-only certified financial planner and president of John E. Sestina & Company in Columbus, Ohio. "We have more and more people who want to be more diligent with whatever assets they have."

While his minimum annual fee for comprehensive planning is \$3,500, Mr. Sestina, author of "Managing to Be Wealthy: Putting Your Financial Plan -- and Planner -- to Work for You" (Dearborn Trade, 2000), also runs a monthly program through his company that caters to those of more modest means. Called First, for Financial Innovators and Responsible Strategists Team, it is conducted in person or through the Internet to help people build financial plans. The cost is \$200 a year or \$20 a session.

Diane McCurdy, a certified financial planner who owns McCurdy Financial Planning in Vancouver, British Columbia, has also found that clients can benefit from advice dispensed as the clock ticks. "For someone who's just starting out, you can get a ton of information in an hour," said Ms. McCurdy, whose hourly fee is \$200. She gives clients an overview of their financial situations, telling them whether they are saving enough and how they can cut back spending, use better tax strategies and take advantages of workplace perks like 401(k) matching. Before she sees clients, she assigns homework, asking them to keep a monthly record of expenses, for example.

Ms. McCurdy, author of "How Much Is Enough? Balancing Today's Needs With Tomorrow's Retirement Goals" (Wiley Business, 2005), says she hopes that hourly clients will stay with her firm. "You're building a relationship for a long time," she said. "I have juniors in my office that I want these clients to grow with."

Although everyone can benefit from financial planning, she said, she has noticed that more planners are choosing to work only with certain professionals, like doctors.

Some experienced advisers are trying to help future planners be more egalitarian with respect to their target clients. "Everybody needs help, whether you make \$10,000 a year or \$100,000 a year or a million," said Jeffrey H. Rattiner, a certified financial planner who owns J.R. Financial Group in Englewood, Colo. The author of "Getting Started as a Financial Planner" (Bloomberg Press, 2005), Mr. Rattiner generally charges \$1,200 for a financial plan. He also teaches an accelerated program of courses around the country to people preparing to be credentialed as certified financial planners.

"In my training sessions, I tell students, 'Morally, you have an obligation to help people,'" he said. "You don't need to give them the same amount of help, because everybody's situation is different, but you, at least, should steer them in the right direction."

Although people of modest means bear the burden of finding welcoming advisers, the results can be worthwhile, planners say.

"A good financial planner will earn his keep," Mr. Sestina said. "When you have lots and lots of money, you can afford to be sloppy with it. But when you only have very little, you have to be most efficient."