

# NAFPA: CONSUMER TOOLS



Fee-Only Financial Planning Advice  
For every stage of life.



**888-FEE-ONLY**

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS

You don't need to be a millionaire to benefit from broad-based financial planning. Whether your net-worth is thousands or millions of dollars, 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 holistic 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 holistic approach to financial planning.



Men and women, married couples and single individuals, some younger, others older now recognize the benefits of taking a holistic approach to financial planning.

## What is holistic 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. Holistic planning recognizes the need to consider all areas of your financial situation before developing a plan to reach your personal financial goals.

### A holistic financial plan includes:

- Cash flow management
- Investments (including 401(k) plan assets)
- Income taxes
- Retirement planning
- Risk management (need for specific insurance)
- Education funding
- Estate planning (where will your assets go?)
- Other needs specific to you

### What should you expect from engaging a financial planner?

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

The advisor will create a plan that considers all of the financial aspects of your unique situation. Additionally, you will 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 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.



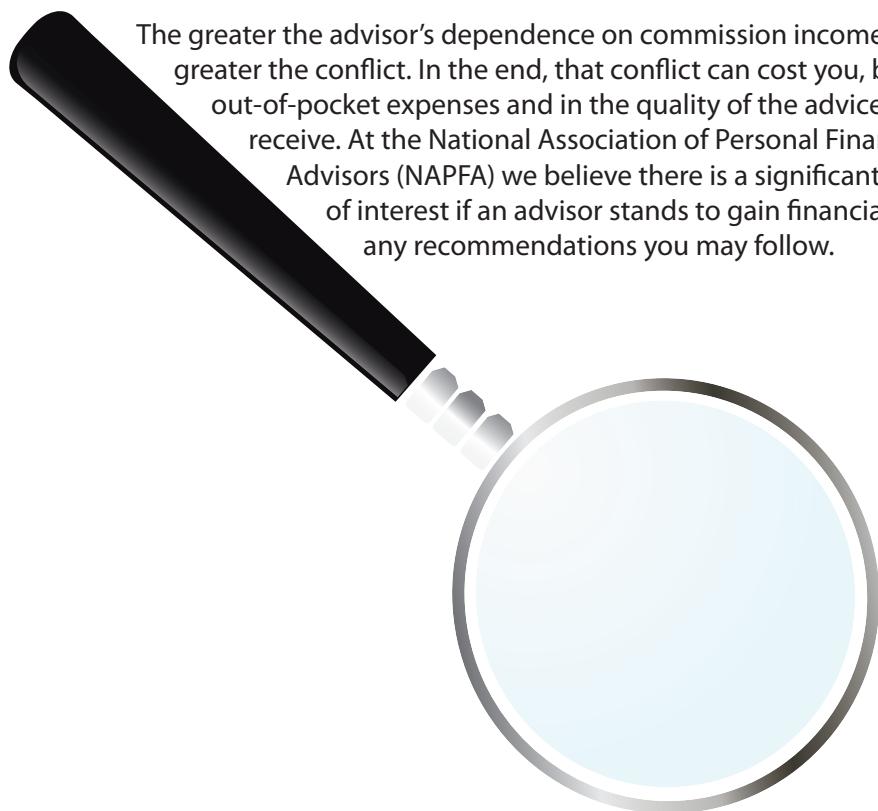
## What to look for when choosing a financial planner:

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 personal financial advice you can't ignore the question of how the advisor is compensated.

- Fee-Only compensation with all clients
- Advanced broad-based financial planning education
- Significant professional experience
- Peer review of a holistic planning process
- Compliance and regulatory rules
- Extensive continuing education requirements

### Why select a Fee-Only financial planner?

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 the 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.



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

Commission-based individuals working for broker/dealers and insurance agencies

Planners compensated by commissions on products that they recommend/sell

Fee-Based or Fee-Offset arrangements

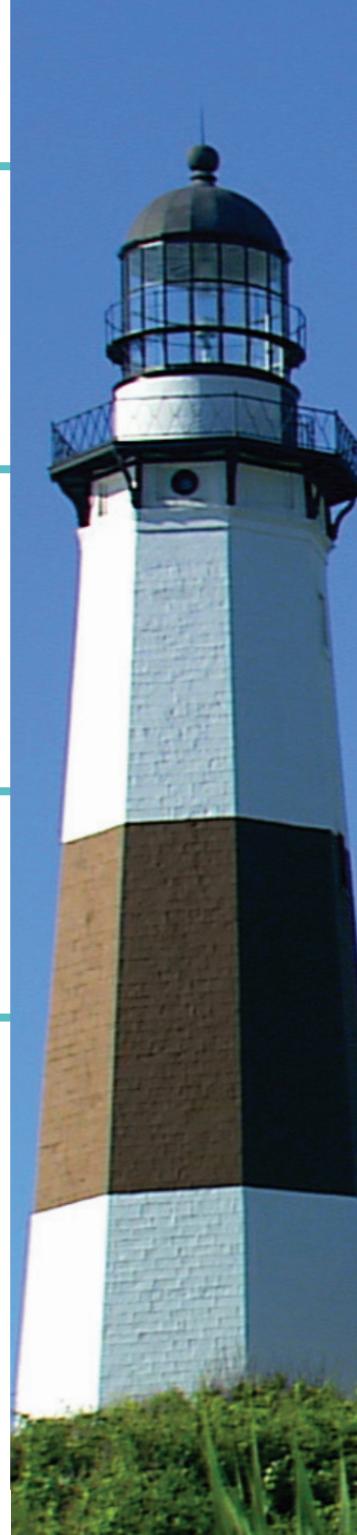
Fee-Only planners are compensated solely from fees paid by their clients and do not accept commissions or compensation from other sources. NAPFA members are independent and have their own methods of determining fees, including:

- Flat fee or retainer
- An hourly fee
- A percentage of assets under management
- 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.



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

## The 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 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.

Following the Oath means I shall:

- Always act in good faith and with candor
- Be proactive in disclosing any conflicts of interest that may impact a client
- Not accept any referral fees or compensation contingent upon the purchase or sale of a financial product

Founded in 1983, the National Association of Personal Financial Advisors is the nation's leading professional organization of Fee-Only, holistic financial planners. NAPFA advocates 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 financial products.



#### What an advisor can't do?

- Predict the future
- Guess what you're thinking
- Guarantee the performance of investments
- Protect you from destructive financial habits that you do not address yourself
- Go beyond the role of advisor into the role of therapist

#### Your responsibilities as a client:

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

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

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





[www.NAPFA.org](http://www.NAPFA.org)

888-FEE-ONLY

8700 W. Bryn Mawr Avenue, Suite 700N, Chicago, IL 60631

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS