



zGuide TO CHOOSING A FINANCIAL PROFESSIONAL

AN INSIGHTFUL AND PRACTICAL PROCESS FOR FINDING THE PERFECT FIT

by LUNA JAFFE, MA, CFP®



INTRODUCTION

IF I HAD MY WAY, I WOULD MAKE SURE THAT FINANCIAL LITERACY WAS part of our high school curriculum for four years. It's more important than physics or geometry or ancient history. And maybe I'll succeed at changing this archaic belief that academics are more valuable than learning how to manage money.... but I digress.

Given that most of us feel **OVERWHELMED**, inadequate, *unprepared*, and down right **frustrated** about money, it's important to develop some skills when it comes to **CHOOSING** financial advisors. **You need people that build you up, are willing to answer your questions and understand what you need and want.**

Investing the money to work with a financial professional can be well worth the time and the cash, even when you are struggling with debt or not saving.

The right person can help you understand the root of your issues while giving you tools to become more conscious and intentional with your money. Ultimately saving you money, time, stress, relationships, and self-esteem.

A word of caution: I would avoid programs and pitches that claim you will "get rich" or "eliminate your debt in 10 days" or whatever they are trying to convince you to do. Work with someone one-on-one, or in a small, personal class. Take advantage of free classes at your local college or community center. **BE CURIOUS.** Ask questions. Apply what you learn.

The truth is no one can do the work for you. There's a reason you are here, right now, trying to kindle a relationship with money. It will take commitment, patience, a sense of humor, and a willingness to do the work. *You're worth it.*

Use this guidebook to clarify what you want, learn which type of professional might best suit your needs, and gain confidence in what to ask potential advisors while interviewing them.

The worst thing that could happen is that you learn about the wide range of financial practices that exist. The best thing would be that you find someone that gets you, and delights in helping you define, build, and maintain your wealth.

CONTENTS

Introduction	2
What do you need help with?	3
Types of Financial Professionals	4-7
How Financial Professionals get paid	8
Finding the right one for you & rubric	9-12

WHAT DO YOU NEED HELP WITH?

Determining which type of Financial Professional is best suited to your needs all starts with knowing what you are looking for. Use the checklist below to take inventory of the different aspects of money management you want your Financial Professional to assist you with.

	Financial Planner	Financial Advisor	Financial/Money Coach	Money Therapist
<input type="checkbox"/> Cash Flow Management/Budgeting	✓		✓	✓
<input type="checkbox"/> Debt Reduction			✓	✓
<input type="checkbox"/> Investment Management	✓	✓		
<input type="checkbox"/> Asset Allocation/Advice	✓	✓		
<input type="checkbox"/> Tax Planning + Strategy	✓			
<input type="checkbox"/> Protecting your Income and Assets (Insurance: Life, Disability, Long Term Care)	✓	✓		
<input type="checkbox"/> Retirement Planning (Accumulating, Planning when to retire, Being tax savvy as you begin taking distributions)	✓	✓		
<input type="checkbox"/> College Planning/Strategy	✓	✓		
<input type="checkbox"/> Estate Planning	✓			
<input type="checkbox"/> Navigating Divorce/Death of a Loved One	✓			
<input type="checkbox"/> Improving your Relationship w/Money	✓		✓	✓
<input type="checkbox"/> Financial Coaching for your Relationship (Marriage or Business Partnership)	✓		✓	✓
<input type="checkbox"/> Educating Children about Money	✓	✓	✓	
<input type="checkbox"/> Increasing Your Income	✓		✓	✓
<input type="checkbox"/> Building Financial Confidence	✓		✓	✓
<input type="checkbox"/> Starting a Business-Setting up Finances	✓		✓	✓
<input type="checkbox"/> Planning for/Investing an Inheritance	✓	✓		
<input type="checkbox"/> Social + Sustainable Investments	✓	✓		

NOTE: This matrix of services is a general guideline. Not every professional in each category will have the relevant experience as shown. Avoid assumptions when talking with a financial professional and ask direct questions about what you want to know!

**OF THE ITEMS YOU CHECKED
OFF, WHICH ARE YOUR HIGHEST
PRIORITIES RIGHT NOW?**

1

2

3

TYPES OF FINANCIAL PROFESSIONALS

Who is the best professional to help you find financial solutions that address your concerns? This depends on your goals, priorities and budget.

There are financial planners, financial therapists, financial coaches, and more. Some have advanced degrees and state licenses, others have a lifetime of experience, and some are well intended yet don't have training or experience. This is why it's critical to first know what you are looking for.

If you tell the first person you contact—"I need help with money" most of them will try to tell you they can help—and yet it could take hours or longer to discover that you can't afford their services or they don't have expertise in the areas you need it.

Instead imagine you have identified that you and your partner are struggling to get ahead, have a chunk of cash but also have \$20k in debt, you know you have investments but haven't looked at your statements in over a year, and now you just learned that your beloved uncle left you \$400,000 in a stock portfolio. What do you do? Who do you call?

Once you have established what you need help with, you can begin to look for a professional that fits your needs and budget.

Financial Advisor or Planning Professional

Types of Registration

Types of Credentials

Financial / Money Coach

Financial Therapist

Financial Advisor or Planning Professional

What separates financial advisors and planners from coaches and therapists is that they are licensed to advise and/or invest money in the stock market through mutual funds, stocks, bonds, insurance products and more.

The first thing to understand about financial professionals is how they are registered with their state and federal regulating organizations.

Types of Registration

Offering investment services requires licensing via registration.

For a financial professional to broker the buying and selling of securities for a commission requires that they become a Registered Representative of a broker-dealer who is in turn registered with a self-regulatory organization such as the Financial Industry Regulatory Authority (FINRA).

For a financial professional to offer investment advice for a fee requires holding an advisory license with a Registered Investment Advisor, who in turn maintains registration with either the Securities Exchange Commission (SEC) or a particular state.

Professionals can maintain multiple licensing.

TYPES OF FINANCIAL PROFESSIONALS

Financial Advisor or Planning Professional

Types of Registration

Registered Representative

Registered Representatives must complete one or more examinations such as the Series 6 or 7. These brokers (through their broker-dealer) can then charge a commission for the purchase or sale of securities. They can also offer investment advice incidental to the sale of those investments.

To learn more, and to view a prospective financial professional's background, go to www.finra.org.

Registered Investment Advisor (RIA)

An RIA may be large or may only have one representative. The SEC and individual states typically require RIA representatives to have successfully completed the Series 65 or 66 exam, or in some cases merely prove evidence of other certification (such as a CFP® designation).

The test itself covers federal securities laws and other topics related to investment advice. It is important to note that even though you don't need other licensure or designations to become an RIA, many advisors carry additional qualifications such as the CFP®, CDFA™, and/or RFP designations.

To learn more, and to view a prospective investment advisor's professional background, go to www.adviserinfo.sec.gov.

TYPES OF FINANCIAL PROFESSIONALS

Financial Advisor or Planning Professional

Types of Credentials

In the world of financial advising there are a multitude of ways to become credentialed. Most certifications require ongoing continuing education, which means that the professional is staying up to date with current practices and changes in financial management and advising. Do your homework and make sure that you understand how the advisor has been trained, and what they do to continue their learning and deepen their experience.

Financial Advisor

Financial advisor is a generic term for one who provides financial advice or guidance to clients for compensation. Financial advisors can provide many different services, such as investment management, income tax preparation and estate planning. They usually carry the Series 65 license in order to conduct business with the public. A wide variety of licenses are available for the services that a financial advisor can provide.

Stockbrokers, insurance agents, tax preparers and financial planners may all be members of this group. Estate planners and bankers may fall under this umbrella as well. Although licensure is required when selling investment and/or insurance products, it has more to do with understanding laws, than it does with the practice of financial planning and strategy.

TYPES OF FINANCIAL PROFESSIONALS

Financial Advisor or Planning Professional

Types of Credentials

Certified Financial Planner™ (CFP®)

Most people think all financial planners are "certified," but this isn't true—nor are all certifications the same. Anyone may call herself a "financial planner," but only those who have fulfilled the certification and renewal requirements of the CFP Board can display the CFP® certification marks.

CFP® professionals are required to complete a comprehensive course of study at a college or university with a curriculum approved by the CFP Board and they must pass the two day CFP® Certification Exam, which tests their ability to apply financial planning knowledge to real-life situations.

The exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance. The average pass rate for this difficult exam is only 55 percent.

CFP® professionals must also have a minimum of three years' experience in financial planning prior to earning the right to use the CFP® certification marks. Learn more at www.letsmakeaplan.org.

Financial Advisor or Planning Professional

Types of Credentials

Certified Divorce Financial Analyst® (CDFA™)

Divorce is challenging and emotional-- and the financial impact can be devastating or liberating. A CDFA™ has expertise in understanding the long-term costs of a divorce, and can help you navigate valuing assets, assessing tax consequences, determining alimony and child support, and helps establish fair financial settlements. To become certified a candidate must complete four modules of study, pass an exam and have at least two years of experience in the financial or legal field.

Registered Financial Consultant

This is a professional designation granted by the International Association of Registered Financial Consultants. Similar to the CFP® designation, the certificant must complete a financial planning degree or coursework, pass a certifying exam, and have four years field experience.

And others...

There are numerous other certifications and designations available to the financial professional community.

To compare them go to: www.finra.org/designations.

TYPES OF FINANCIAL PROFESSIONALS

Financial / Money Coach

A Financial Coach helps you to understand and change your relationship with money for the better— by exploring beliefs, attitudes and actions, and ultimately holding you accountable for making step-by-step changes.

Financial Coaching can address issues of chronic debt, under-earning, cash flow management, effective financial communication with one's spouse, over-spending, inability to save money, overcoming scarcity mindsets, and a myriad of other personal finance issues.

A Financial Coach can help you explore the past (where your money beliefs come from) in order to understand the present, but the focus is on creating what you want in the future and holding you accountable.

A Financial Coach understands your money picture is the result of the thinking, emotions and actions you bring to your relationship with money.

Solving money problems has little to do with one's intellect. It has more to do with breaking through emotional blocks and limiting mind-sets.

For more information contact:
www.moneycoachinginstitute.com
www.financialrecovery.com

Financial Therapist

Financial therapy differs from general psychotherapy only in that it's focused on enhancing financial well-being through understanding the emotional, behavioral, cognitive, relational, economic and integrative aspects of financial health.

In practice, it integrates financial counseling and planning with personal counseling. Also, good financial therapy happens in collaboration with finance professionals, such as tax experts and investment advisers.

When individuals or couples work through money issues, the root problems in life may show themselves more clearly.

It's particularly important to work with a financial therapist if you struggle with depression, anxiety, or addiction, as the therapist is trained to understand these challenges as they coincide with financial issues.

For more information contact:
www.financialtherapyassociation.org

HOW FINANCIAL PROFESSIONALS GET PAID

Financial Advisor or Planning Professional

There are several models, and some professionals use a hybrid of these:

1 RETAINER BASED FEE FOR PLANNING

A flat fee that covers a period of time (typically a year), includes meetings, all time spent communicating, financial projections, portfolio and risk analysis, and implementation of recommendations. The flat fee for annual planning commonly ranges from \$2,500-10,000* depending on the size of the portfolio.

2 COMMISSION BASED ASSET MANAGEMENT

A commission is charged when putting money into an investment (stock, bond, mutual fund, annuity, insurance)-the advisor receives some of this commission and the rest goes to their broker/dealer.

Some advisors and brokers include minimal financial planning when you invest with them, while others are purely transactional.

To learn more about commission based asset management, visit: Investopedia.com.

3 HOURLY FEE FOR PLANNING

Typically ranging from \$200-400/hr*, in my experience.

**These values are approximate and vary widely.*

Financial Advisor or Planning Professional (cont.)

4 FEE BASED ASSET MANAGEMENT

If the planner/advisor is managing your portfolio, they would charge a percent of the assets managed, assessed quarterly. This percentage typically ranges from 1-2.5%* per year. Some planners include planning with this fee, and others bill for planning separately.

Financial/Money Coach

Coaches typically contract with you for a group of sessions with a flat fee or ask you to make a three or six-month commitment but you pay hourly or monthly. I've seen going rates typically vary from \$100-400/hr*.

Financial Therapist

In my experience, hourly rates typically range from \$75-\$225/hr*. Some therapists may be able to accept health insurance for financial therapy, so be sure to ask!

**These values are approximate and vary widely.*

FINDING THE RIGHT FINANCIAL PROFESSIONAL FOR YOU

I've developed a rubric to help walk you through the process of interviewing professionals. A rubric forces you to assign a value to each answer, and gives you a score that enables you to better analyze the data you gather. It also serves to slow you down and helps you resist being impulsive or getting stuck in 'analysis paralysis.'

Here is the process for vetting a financial professional. You can use the rubric to score the answers.

- 1 Start by stating your three top priorities (from page 3), explain what you are looking for and ask if this is in alignment with what they offer. *(Beware of people that try to talk you into buying something you don't need or want).*
- 2 Ask the questions and score them.
- 3 Tell the professional that you will evaluate their answers and make a decision. Be willing to send them a quick email about your decision as a courtesy, even if you chose someone else.

There are six sections to the rubric, meant to gather a comprehensive amount of information to help you choose the right financial professional for you.

If asking all of the questions is overwhelming, make sure to at least include the questions that relate to your top three priorities!

Here are the sections you'll see in sample questions, and the rubric to follow:

Professional Credentials

Services Offered

Products (Investments, Insurance)

Fee Structure

Gut Check

Process for Working Together

The truth is, NO ONE can do the work for you...

FINDING THE RIGHT FINANCIAL PROFESSIONAL FOR YOU: QUESTIONS TO ASK

Professional Credentials

Affiliation: Are you independent or do you work for a broker/dealer or insurance company? Who oversees compliance? Tell me about your firm. Where can I learn more about them?

Experience: Tell me about your experience, education and certifications.

Philosophy: What is your philosophy on financial planning (or coaching/ therapy?) – What/who has influenced your current practice in this field?

Values: What are your values and how do they impact your practice?

Recommendations: Has this person or firm come highly recommended by people I know and trust?

Services Offered

Services: Describe the services that you offer.

Benefits: What are the benefits of working with you and your firm?

Team: Will I be working only with you or with your team?

Convenience: Is the office conveniently located, or do you have the option of virtual meetings as needed?

Products (Investments, Insurance)

Limitations: What are the product limitations of your firm? (For example some firms only sell you their proprietary products, whereas an independent professional can sell you a wide range, allowing them to shop for the best fit for your need)

Fee Structure

Fees: How do you get paid? What other fees might I incur if I choose to work with you? What does it cost to transfer out of my current firm or out of your firm (if you have investments)

Minimums: Do you have minimum for assets under management that you require in order to work with you?

Gut Check

Communication: How did I feel when communicating with this person? Was it easy? Did they respond to emails and phone calls in a timely fashion? Did I feel at ease or anxious?

Aesthetics: Do I resonate with the aesthetics of this person/ firm (their website, print communication, office)? (This can be very important in establishing safety)

Process for Working Together

Process: Is there a set structure for how you work with clients? How long can I expect to work with you? What should I expect to have accomplished if I stick with the process?

Education: Do you have an educational approach? How do you encourage me to develop my confidence and competence regarding financial matters?

Accountability: How will you help me to stay on track with the recommendations/advice you give me? What is your role in this?



RUBRIC FOR CHOOSING YOUR FINANCIAL PROFESSIONAL

NAME OF BUSINESS/FINANCIAL PROFESSIONAL

	1	2	3	4	SCORE
PROFESSIONAL CREDENTIALS AND DEGREES	They have no credentials	They have credentials, but I'm not sure how relevant they are	They have a very relevant degree or certificate	They have multiple credentials relevant to their field of work	
SERVICES	I have a vague understanding of their services offered	They offer a few of the services I'm looking for	They offer most of the services I want	They offer the exact services I'm looking for	
PRODUCTS (INVESTMENTS, INSURANCE)	They can only offer proprietary products (like ABC company only offers ABC mutual funds)	They have a few product offerings but it's quite limited	They offer many options yet have some limitations that might be restrictive	They have free range to offer the products that best suit my needs	
FEE STRUCTURE	We did not talk about how they get paid	I have a vague understanding of their fee structure	They explained their fee structure, but I do not understand how much I will pay to work with them	They clearly explained their fee structure and I understand what I will pay to work with them	
GUT CHECK	My stomach turns when I think about working with this person	I don't feel anything about working with this person	I think I feel okay—I have a generally positive feeling	I feel calm, safe, and grounded when I imagine working with this person	
PROCESS (FOR FINANCIAL ADVISORS/RIA)	There is no clearly defined process	I have a vague idea of the process I'll go through	The process is fairly well defined and appears to offer what I'm looking for	The process is clear, right up my alley and will get me where I want to go	

NOTE : You can print just this page and fill it out for each professional you interview, then compare the results to help you choose.

SCORING

COACH/THERAPIST:
5-8 Run!

9-12 Not the right fit

13-16 Acceptable

17-20 Definitely a good match

FINANCIAL ADVISOR/RIA:
5-10 Run!

11-15 Not the right fit

16-20 Acceptable

21-24 Definitely a good match

TOTAL



NOTES

ABOUT THE AUTHOR



Luna Jaffe, CFP® is the CEO of Lunaria Financial, Ltd., a boutique financial planning firm located (but not limited to) Portland, Oregon. She holds a Master's Degree in Depth Psychology and is a trained coach. Luna is the award-winning author of *Wild Money: A Creative Journey to Financial Wisdom*, *zGuide to Money: A Sassy Woman's Guide to Financial Terms* and *Wild Money: A Financial Field Guide and Journal*.

Luna's financial planning practice is a unique alchemy of traditional planning, creativity and financial coaching. She engages her clients in a process that aims to develop financial savvy and confidence while also dealing with cash management, investment allocation, estate and tax planning and setting/implementing financial goals. For more information about financial planning: www.lunariafinancial.com. To learn more about Luna's books, classes and speaking please go to: www.lunajaffe.com.

CONTACT

Luna Jaffe, CFP®
Lunaria Financial
7837 SW Capitol Hwy Ste C
Portland OR 97219

(503) 452-7000
luna@lunariafinancial.com
www.lunariafinancial.com

Securities and advisory services offered, in states where licensed, exclusively through representatives of [KMS Financial Services, Inc.](http://www.kmsfinancial.com), Member [FINRA](http://www.finra.org)/[SIPC](http://www.sipc.org) and an [SEC](http://www.sec.gov) registered RIA.

LUNARIA FINANCIAL
INSPIRE • SUSTAIN • INVEST

