

CHUCK JAFFE

Price of avoiding advice on financial planning may high

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There were no surprises last week when **Financial Research Corp. released the results of a new study** examining what drives investors to seek help, advice and specialized products.

The more money people have at stake, the more they value assistance and guidance.

What the study did not show was how much those investors are losing by forgoing superior products or advice until they have a significant amount of money at stake.

There is no true way to measure the cost of avoiding the financial-planning process, of buying the mutual fund you learn about on television instead of the one built to carry you from today until retirement, or of building a portfolio that is more a collection than a strategy, but there is also no denying that the cost of avoidance is high.

Talk to experienced financial advisers about their “new client experiences,” and they will all come up with a raft of stories about the common mistakes they wind up having to fix. They'll also quote chapter and verse on financial tables that show the simple value of saving more today, noting that if you can't afford to save an extra \$50 today, you should wonder how you will save the extra \$100 or \$125 you'll need to set aside 10 years from now to make up the difference.

“Two things kill the average person's financial life,” says Judy Shine of Shine Investment Advisory Services in Lone Tree, Colo. “One is procrastination – where people say over and over again how ‘that's so important, I'll get to it tomorrow.’ And the other is inattention to detail. When you let those two things run on while you wait to have enough money so that you are really concerned, you wake up one morning to find out that getting the best outcome is a lot harder than you expected it would be.”

This is not a lecture on the value of hiring financial planners, but rather a plea to recognize early the value of what you've got, before you even think it's much.

To do that, you need to beat the three big excuses that keep people from taking the right steps early, so that they get maximum effect for their effort:

“I plan to do this myself.”

You're either doing this right or you're not. If you have money set aside for your future today, but you **aren't taking the right steps to manage it on your own, then you're letting yourself down.**

If you aren't comfortable with what you own or your strategy, if you haven't set concrete goals and you don't know specifically how much you need to reach your goals, you have to take control now; if you're not prepared to do it on your own – or, as Financial Research Corp. suggested, with the

help of new investment products such as life-cycle funds that help you do it – then **it's time to get help**.

Don't think that automatically pushes you to the traditional financial adviser or broker. Start your search by seeing what your fund companies offer; many have advisory services where customers with a certain amount in assets can get a financial action plan and monitoring services for little or nothing in fees. That may be enough to get the investment guidance and planning help you need.

“I don't have enough money for it to make sense to get help.”

If this is true – and it's hard to believe you would want to throw whatever money you've got away – then perhaps it is time to see what someone with your assets can do. Check with your employer and the retirement savings plan to see what kind of guidance is offered there, or consider starting your investments with the ready-made portfolios of life-cycle or target date funds, which try to give you a portfolio appropriate for your age. While some observers question how good these funds really are for a lifetime of investing, they are a good default choice for the person who is starting small and procrastinating on getting real advice.

“I'm afraid of being ripped off.”

What you don't know can hurt you when it comes to advisers, but the chances of being ripped off are a lot less than the odds that your own procrastination or inattention to detail will cost you.

Avoiding the rogues of the financial world is not particularly difficult. It involves common sense, doing full background and reference checks and not working with anyone until you are confident that you can trust them. That applies to both advisers and investment companies.

Rip-offs and scams happen, but they are more likely to affect people who are a bit desperate about their finances; people who put off common-sense planning while waiting until they have big assets are more likely to be desperate when they finally turn for assistance.

■ Chuck Jaffe is senior columnist at MarketWatch. He can be reached at jaffe@marketwatch.com or Box 70, Cohasset, MA 02025-0070.

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