

Who's in Your Corner? *Asking the Hard Questions – and Following up on the Answers*

Sylvia Zunda, a self-employed commercial interior designer in Northport, N.Y., considered herself a reasonably knowledgeable investor. Certainly, she wasn't intimidated by the idea of managing her own retirement portfolio. "I actually kind of enjoyed it, the research, the reading," she recalls. "But over time, I found that was about as far as I would get. I would buy some mutual funds that I had picked out, and then I would freeze and never make any changes. As a result, my investments were doing very, very poorly."

Three years ago, Zunda, 57, threw in the do-it-yourself towel and began working with certified financial planner Cary Carbonaro, founder of Family Financial Research, a wealth management practice with offices in New York City and Huntington, N.Y., and Clermont, Fla. After quizzing Zunda about her personal and financial goals, Carbonaro put together a more diversified retirement portfolio for her that has freed Zunda to spend less time worrying about her retirement plan and her investments. "When you're doing it on your own, you can get off track," Zunda says. "You can lose sight of staying properly diversified, or panic and sell at the worst possible time."

Today, Zunda likens the challenge of planning for retirement and managing her own investment portfolio to learning a second profession on a part-time basis and hoping to be successful at it. For many people, that's a challenge that's never been more daunting, given the litany of changes that have taken place on the financial landscape over the past two decades. Perhaps most important, many traditional pension plans have been supplanted by 401(k) plans, shifting the burden of accumulating and managing a retirement nest egg from employers to individuals, most of whom have little or no expertise in the subject. At the same time, the universe of potential investment options has expanded exponentially, making investment decision making ever more challenging. In addition to plain vanilla stocks and bonds, there are now more than 11,000 mutual funds to choose from, not to mention thousands of exchange-traded funds and hedge funds. Even deciding where to invest has become more complicated, with more than half the world's stock market value now found outside the U.S.

Being Prepared to Retire

Peripheral issues, such as healthcare costs and property values, are changing the way Americans must fund their retirement, too. The Center for Retirement Research at Boston College earlier this year cited skyrocketing healthcare costs when it concluded that 61 percent of today's workers will find themselves at risk of not being financially prepared to retire, up from 44 percent just a year earlier. Meanwhile, the bursting of the housing market bubble last year has suggested that for some people, their home may not be the retirement-savings savior they had anticipated.

Against this backdrop, it is not surprising that Zunda and many like her are looking to put someone in their corner who can watch out for their financial well-being. "Today's marketplace is frenetic," says Hal Marston, 53, who with his wife owns and operates Eagle Summit Partners, a Maitland, Fla.-based developer of college student housing. Two years ago, Marston also hired Carbonaro to help him oversee his financial affairs. Besides managing his business and personal investments and coordinating them with his tax attorney, Marston says, Carbonaro also keeps him apprised of developments in the marketplace. Earlier this year, for example, with the banking industry in a squeeze, she urged him to restructure his bank accounts so that none of his balances would exceed the limits of insurance offered by the Federal Deposit Insurance Corp. "Employing a good financial planner is not an expense but an asset," Marston says. "We are sailing in stormy, uncharted economic waters, and those who fail to plan are unwittingly planning to fail."

Plenty of others agree. According to an August 2008 study conducted by The Wall Street Journal Marketing Research Department, 89 percent of those who used a financial planner/advisor say the value of the service they receive is greater than or equal to the cost. And 79 percent say they would recommend their planner/advisor to a friend or family member.

Realizing Life Goals

For Susan Weeks, a business analyst for a printing company in Orlando, Fla., a financial planner was instrumental in addressing her fear that her life's savings could be decimated by adverse stock market trends. While she's delighted

with her planner's investment decisions, Weeks says her appreciation for her planner's help runs deeper. "The biggest value to working with a financial advisor," she says, "is having someone who understands the financial markets and your relationship with money and can marry the two and give you a plan."

Indeed, many people are looking to their financial planners for more than pure investment advice; they want someone who can take a holistic look at every aspect of their lives and help them realize their life goals. "The old-world investment advisor, or stockbroker, was a transaction provider," observes Dominic Martellaro, executive vice president and managing director of mutual fund company Janus Global Advisors. "In today's world, that is the very last thing that takes place in the financial planning process, and it has become the most insignificant part of working with an advisor or financial planner because almost anybody can do it."

Remove Emotion from the Process

Sometimes, of course, the value of working with a financial planner boils down to having someone who can pair a deep understanding of your financial plan with a dispassionate appreciation for the ups and downs of the financial markets, which can help keep you on track to achieve your goals. Zunda, for example, says there were times early this year when she became so nervous about market turmoil that she considered selling all of the investments in her retirement portfolio. Receiving periodic emails from Carbonaro reminding her of the importance of staying with their plan and not panicking alleviated her anxiety and allowed her to stick with her long-term investment strategy. "Hearing from her helps to calm you down and keep you centered," Zunda says. "Our biggest value lies in being able to take emotion out of the financial planning and investment process and getting the client to adhere to a strategy," confirms certified financial planner Michael Chasnoff, president and CEO of Truepoint Capital, a financial planning firm in Cincinnati, Ohio. "For many people, the discipline is difficult to maintain when they're trying to go it alone."

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