Important information for you about Selecting a Financial Advisor

Retirement Planning

Planning for retirement begins the first day you start working for a PERS-covered employer and continues throughout your career. The right information can make your retirement decision easier and your retirement more successful.

PERS can provide information about your benefit and the retirement options available through the state retirement system. However, there is other important financial retirement planning information that PERS cannot provide.

PERS staff are not financial planners or tax advisors and do not give financial planning, tax, or investment advice. However, some basic principles of retirement planning are consistently cited by financial planning experts:

- plan early,
- invest your time before you invest your money, and
- get help.

Plan early

You can't begin planning too soon for retirement. Can you reasonably anticipate your needs for the retirement years? What contingencies must you cover -- children still at home or in college? A non-working spouse or partner? Mortgage payments? Health issues, including long-term care, covered?

Depending on your circumstances, you may need to answer many other questions. Waiting until it is time to retire to ask the questions may lead to disappointment. Early planning is clearly related to the principles which follow.

Invest your time before you invest your money

Take the time to conduct research into investment strategies, to attend PERS group counseling or other financial planning workshops, to carefully analyze your retirement needs, to consider the demands that will be placed on your money and time in retirement, and to learn how to select appropriate financial and tax advisors.

You will be way ahead if you already know what kinds of investments are available, what they are designed to do, and the fee structure associated with those investments.

Get help

Deciding to get help is the first step. How do you choose the individual who represents the best match for you and your goals? The following suggestions are consistently offered by professional money managers for someone seeking a financial planner:

• Ask questions. It's your money, and you have the right to be completely comfortable with your financial and tax advisors. Don't be intimidated into hearing only what a potential advisor wants you to hear. Insist on answers to the questions you want to ask.

• Include your spouse or partner. Chances are your income will be used for household expenses, so everyone who benefits should be comfortable with your financial advisor(s). Also, other members of your household will probably think of questions or issues that do not occur to you.

•Check for professional credentials. Anyone can become a personal corporation (PC), so those initials are not very instructive.

The use of CPA (Certified Public Accountant), PFS (Personal Financial Specialist), CLU (Chartered Life Underwriter), CRC (Certified Retirement Counselor), CFP (Certified Financial Planner) or the more demanding CFA (Chartered Financial Analyst) or ChFC (Chartered Financial Consultant), means people so designated have at least successfully completed a course of instruction approved by their professional organizations. You can also look for someone who is a member of the International Association for Financial Planning (IAFP).

• Consider more than one candidate. Professionals are willing to be initially interviewed by phone to be sure you fit their client profile. Some advisors also suggest that a professional who won't do a free, 30-minute in-person interview should be put last on your list of candidates.

• Check references. Start by checking with state regulatory agencies and professional associations, most of which track customer complaints. Take the time to find out if your candidate has a record of complaints. Also, get the names of current clients. If other people in similar circumstances have been satisfied with the advisor's services, it suggests you may be also.

• Know how the advisor generates income. Does the person make a commission on products sold, charge a percentage of assets under management, or charge an hourly rate for advising? Most consultants recommend against people on commission, but norms vary by industry. Commissions are standard, for example, in the insurance industry.

Remember: if it sounds too good to be true, it probably is. This is classic advice, but many people still ignore it. Avoid advisors who guarantee they can beat the market. Real professionals will carefully describe both the benefits and the risks of an investment.

We hope this general information is helpful. Ultimately it is your responsibility to plan for your retirement. You must select the services and products that will make your retirement successful. We are available to explain the specifics of your state retirement program.

Where do you look for both information and financial professionals? Try the following organizational websites.

For financial advisors:
The Financial Planning Association:
www.fpanet.org

The National Association of Personal Financial Advisors: www.napfa.org.

For accountants and tax preparers:
American Institute of Certified Public Accountants: www.aicpa.org/index.htm

Accreditation Council for Accountancy and Taxation: www.acatcredentials.org

National Association of Enrolled Agents:
www.naea.org.

Also check the front pages of telephone directories for listings of professional associations and their local affiliates.

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