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Why Do You Need A Financial Planner?

PAYING FOR A TRUSTED ADVISOR CAN “PAY OFF” IN YOUR FUTURE.

“How much do you charge to manage my money?” is a question I hear all the time. So, I’ll ask the opposite. “How much does it cost if you don’t have your money being managed by a fiduciary acting in your interest?” Financial management is not just actual asset allocation and the monitoring of the portfolio. It is a cohesive approach in organizing all of your financial and life affairs. The cost of not doing so can be and usually is extraordinary.

There is a high cost to not managing your investment accounts for fees. I see countless examples of portfolios stuffed with hyper-expensive products enriching brokers, draining several percentage points a year. If you use a brokerage house, do you even know all the costs and how well they are hidden? If you have annuities with surrender charges – especially if they are in a tax-deferred IRA – you are possibly a victim of such charges. Do you know which of the mutual funds you own are paying the broker an annual fee

besides the upfront commission?

There is also a cost to investing poorly. Even among “do it yourselfers,” I see recurring mistakes made based on emotion, such as chasing the hot stocks and selling in temporary lows. It is rare to find the non-financial individual who has the discipline to stay diversified and invested through thick and thin. There is a cost to not having proper asset protection in place. Many sleepless nights can ensue and a potentially terrible financial cost can result.

There is the cost of paying too much in taxes year after year. Accountants are frequently content to fill out your tax forms with whatever information you give them. They don’t tell you what types of account withdrawals may leave you the best-off tax-wise each year. They won’t review which retirement plan choices may lead to your best results. The wrong retirement plan can have catastrophic financial costs, paying out high fees and unnecessarily high employee costs.

There is the cost of not noticing that a restructure of debt could save thousands of dollars a year. There is a high cost if you are buying too expensive a car or a home at the wrong stage in life. There is a potentially tragic cost of not having enough disability insurance when an illness or accident occurs. The same is true for the cost to your family if you die without adequate life insurance. There is the cost to your heirs if you don’t organize your estate planning properly.

Not preparing for future college expenses comes home to roost at the same time you might be getting serious about preparing for retirement. What will you use the money for? The kids or your own financial security? Not being realistic about how much you can spend safely in retirement is a common issue and can be a jarring reality faced late in life.

I could go on, but you get the picture. The small cost of having a trusted advisor pales when compared to the costs of not having one. ☼