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INVESTING

Where to find investment help

By Chris Kissell • Bankrate.com

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Where to find investment help



The stock market can be a scary place -- one year it is up and you feel like King Midas. The next year, it swoons and leaves you a pauper. No wonder so many people are afraid to put their hard-earned savings in risky stocks.

But bowing to such fears can create even greater risks than putting money into the market, since it might otherwise stagnate. Fortunately, there is investment help for market-nervous Nellies. Financial planners, mutual fund companies, discount brokers and others offer free or low-cost advice and education to investors of all income levels.

Knowing the difference between a full-service broker and a registered investment adviser can help you zero in on the right help at the best price. No matter which route you pursue, do your homework before making a decision.

"Choose someone to whom you can relate well, someone you feel you can trust," says Jean Mote, a Certified Financial Planner professional and co-partner with Mote Wealth Management in Cedar Rapids, Iowa. "You are entrusting this person with your financial future and that of your family."

Financial planners



A financial planner creates a road map to help you meet your long-term financial goals. Pick someone with the right credentials, such as a CFP professional.

Understand how the planner is paid. Many charge an annual fee equal to a percentage of your portfolio -- typically around 0.5 percent to 1.5 percent, depending on your portfolio's value. Over time, those expenses can eat into investment earnings.

Planners who work on commission also may receive extra compensation for steering you into specific investments. To avoid this potential conflict of interest, consider a fee-only financial planner who charges a flat or hourly fee for advice.

"Costs should be stated in advance, with no surprise coming after the transaction," says Karen Altfest, principal advisor and executive vice president of client relations at Altfest Personal Wealth Management in New York.

The National Association of Personal Financial Advisors' database of fee-only planners can be a starting point.

Watch out for the term "fee-based," says Susan John, NAPFA national chair. Fee-only planners receive all of their compensation directly from a consumer. By contrast, a fee-based planner might be compensated in various ways -- for example, "fee-only on the securities side, but commission on the insurance side," she says.

Full-service stockbrokers



Full-service brokers execute trades for their clients, but they also do much more. These brokers work closely with investors and offer advice on everything from stock picks to insurance. Examples of such brokerages include long-standing industry heavyweights such as Bank of America Merrill Lynch and Morgan Stanley Smith Barney.

Of course, you pay for all that expertise. Typically, a full-service broker is paid by commission or a percentage of your assets, or a combination of both. Proponents say it is worth paying this cost to get an inside track to a firm's research and stock-picking acumen. Critics counter that full-service brokers tend to gravitate to well-heeled investors who can afford the fees.

Full-service brokerages also offer products -- such as derivatives or annuities -- that you are unlikely to find at discount brokers and other

services.

At Edward Jones, the full-service approach means meeting with clients, identifying and prioritizing their needs, and defining financial goals, says representative Jackie Knolhoff.

The adviser then recommends investments, insurance and other services, and regularly reviews the client's goals.

"The advantage is in the personal relationship and the ongoing process," she says.

Discount stockbrokers



Discount brokers are a boon to investors who keep a close eye on fees and other expenses. Such brokerages -- which include Scottrade, E-Trade, TD Ameritrade, Zecco and others -- help you buy and sell stocks at a lower cost than full-service brokers.

Rather than receiving a commission or a percentage of client assets, the personnel at discount brokers generally are paid a salary.

The low fees associated with discount brokerages come with their own price: Discount brokers typically do not offer investment advice. However, discount brokers have started to offer more educational resources to their clients.

For example, Scottrade's free educational tools include online investing articles and "webinars." Clients can also get face-to-face help or attend regularly scheduled seminars at all 505 Scottrade investor centers nationwide.

Scottrade clients tend to be self-directed investors who like to take control of their portfolio decisions, says Kristin Grupas, assistant director of client education.

"We don't tell a client what to buy and sell," Grupas says.

Instead, her company helps clients "overcome those barriers to being successful," she says.

"A client has their own best interest at heart," she says. "They are always going to do what's best for them. We want to be there to support them."

Mutual fund firms

Many mutual fund companies offer discount brokerage services as well as free or low-cost investment help.

Regardless of life stage, "Some (investors) want to manage their investments themselves, and others prefer to delegate that responsibility," says Linda Wolohan, a Vanguard spokeswoman.

Vanguard, the nation's largest mutual fund firm with \$1.6 trillion in assets, offers help to both types of investors.

For example, DIY investors can research funds, exchange-traded funds and stocks online at its site. For investors seeking professional guidance, Vanguard has teamed up with financial adviser Financial Engines to provide free portfolio strategy fine-tuning online for customers with at least \$50,000 of assets.



For a fee beginning at 0.7 percent for the first million dollars and 0.35 percent for the next million, Vanguard customers also can hire an adviser to design, implement and keep tabs on a personalized retirement plan.

Other fund companies also provide guidance. For example, T. Rowe Price charges \$250 for a personalized portfolio analysis and action plan. That fee disappears for customers who meet certain asset thresholds. Fidelity also offers a range of help, including professional money management services for an annual advisory fee of between 0.25 percent and 1.7 percent of your assets.

As a general rule, the more you invest with a mutual fund company, the more access you have to free help.

Registered investment advisers



Registered investment advisers, or RIAs, offer assistance similar to that of full-service brokers and may be paid in several ways, ranging from flat fees to commissions.

An RIA also has a so-called fiduciary responsibility to clients.

"We have, by law, a duty to put our clients' interests above and beyond our own," says CFP professional and CFA charterholder Paul Winter, an RIA and president of Five Seasons Financial Planning in Salt Lake City.

As Winter points out, that requirement is "far more stringent" than the standard for brokers and insurance salespeople, who merely are bound to provide products that are suitable for clients.

An RIA might be the right choice if you seek added transparency. RIAs must file forms annually with the Securities and Exchange Commission (if they manage \$100 million or more in client assets) or their state (if assets are fewer than \$100 million) that reveal important information -- such as any disciplinary action taken against them.

Note that the term "registered investment adviser" is not synonymous with "financial planner." Investment advisers are "in the business of giving advice about securities to clients," according to the SEC. So, while most financial planners are investment advisers, not all investment advisers are financial planners.

Financial websites



Some investors feel uncomfortable allowing someone else to take the reins of their portfolio. After all, no one is more concerned about your money than the person staring back in the mirror.

The Internet can be a great resource for such investors. But choose wisely. Make sure you click on a reputable site that offers objective information.

The federal government is a good resource for free personal finance and investing education. The Securities and Exchange Commission's Investor.gov site offers information about the markets and investing basics, as does the Financial Literacy and Education Commission's MyMoney.gov.

Outside the government sites, investment help gets a bit more subjective. But as long as you keep your critical thinking skills sharpened, you can still

find good tips and insight on for-profit sites.

Morningstar is an investment research company where you can learn about stocks, mutual funds and ETFs. Other sites that offer a mix of investment education and strategies include The Motley Fool, The Street and Investopedia. And, of course, Bankrate.com offers an investment channel, which features news articles on investing and an online-brokerage search tool.

Just be careful not to invest your life savings in the XYZ Widget Company because your favorite columnist touts it. Do plenty of homework before you invest.

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