

More turn to fee-only planners

By LIZ WOLGEMUTH

lwolgemuth@nwnewsgroup.com

Gone are the days when the guidance of financial planners was restricted to individuals with oversized assets and bountiful incomes.

A growing number of middle-income Americans are turning to the services of fee-only, as-needed financial planners who offer advice and planning strategies without a secondary obligation to sell financial products or generate commissions.

The project-based planners charge an hourly fee for their advice on a wide range of financial issues, including investments, retirement planning, saving for college, insurance, estates, taxes or selling a business.

"Our focus is on providing customers with objective, professional financial planning and investment advice, not on selling products," said Mary Alice Fellers, owner of White Oak Financial Planning Inc., a fee-only, project-based planning business in Crystal Lake.

Fellers spent many years in accounting, but the certified financial planner said she thought there was a need for an alternative to the existing financial planning models.

There is no minimum investment assets, net worth, or income requirement in this "flexible planning approach," and clients will not need to sign long-term contracts, Fellers said.

Fellers works on an as-needed or ongoing basis according to her customer's request.

Customers then can implement the investment advice on their own or get help with recommendations, such as setting up an account with a discount brokerage or investing in a mutual fund.

Many traditional money managers are fee-only but not hourly, instead being paid a percentage of the assets under management.

Advice on an as-needed basis can make financial planning accessible to those with less money to spend.

Liane Warcup, a former broker who opened her own fee-only, as-needed planning business one year ago, said she would have made the career change sooner if she had known about it.

"It's just very appealing to provide a service that's not tied to investment sales," said Warcup, a certified financial planner and owner of Clarus Financial Planning in Geneva. "When I meet with clients, my full fiduciary obligation is to my client. As a broker, my full fiduciary obligation was to my company."

Warcup and Fellers are both members of the Garrett Planning Network, a membership organization founded in Kansas in 2000 that counts more than 250 fee-only, as-needed planners among its members.

The typical hourly rates for a member of the Garrett Planning Network are between \$150 and \$300, based on the advisor's experience, qualifications and location, said Jamie Breeden, director of member resources. There is no hourly minimum, but an average initial engagement with a client would be between \$500 and \$2000, dependent on the client's needs.

Warcup said she has helped older clients on the cusp of retirement, parents saving for their children's college tuitions and younger clients who want to get rid of debt and set up 401(k) plans.

"Everyone has their own story," Warcup said.

She recently helped a couple transition out of a half dozen variable annuities – tax deferred, typically longterm investment vehicles involving contracts with insurance companies – after the couple had paid out heavy fees to a transaction-based broker who routinely converted the annuities to new ones.

She does concede one disadvantage to the hourly planning model. A key part of the planning process is listening and determining the client's hopes and plans for the future.

That interaction could last "hours and hours," she said. "To some extent that has to be abbreviated."

"The responsibility of ensuring a secure retirement has fallen more and more on the individual and the financial choices they make. Consumers today have many more financial and investment choices than years ago. Consumers need to be more in control of their financial lives, to be empowered to make wise financial decisions and not dependent on other means for their financial security."

– Mary Alice Fellers, White Oak Financial Planner

To access this article online, click on the following link:
www.kcchronicle.com/print/286281000568816.php