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31 reasons you need a financial planner



By LOU CARLOZO

Chances are you know plenty about how to turn money into a migraine:

- Do your own taxes and wing it.
- Shuffle through all the benefit options at work.
- Make a monthly budget that turns into a muddle when you try sticking to it.

You can carry an ibuprofen bottle with you everywhere or enlist the help of someone to help organize and invest your money. And that's where financial planners and managers come in. These folks are in business to make and save you money: It's how they earn their living, after all. And if you're hesitant to contact one, remember: Trusted friends and family members can always steer you in the direction of an honest pro with a fabulous track record.

We've found 31 ways financial managers make a difference, while filling in the knowledge gaps in your money life.

1. You get to see the big picture

It takes discipline and vision to turn financial priorities — how you spend, save, donate and invest — into a plan that works as a whole. Planners take a 10,000-foot view to integrate your competing needs into a single package. That helps you turn a financial mess into a well-oiled machine where all the pieces work to save or make you money.

2. You can take advantage of a financial mechanic

Planners fill in your financial knowledge gaps and conserve your income by implementing time- and cost-effective strategies.

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“You don’t necessarily fix your own car or treat your own illness — you hire a mechanic or a doctor,” said Anthony D. Criscuolo, a certified financial planner with Palisades Hudson Financial Group in Fort Lauderdale, Fla. “Your financial well-being is just as important.”

3. You’ll pick the right exchange-traded funds

Since many of them are fee-free and have specific tax advantages, exchange-traded funds represent a wildly popular new investment niche. Savvy planners will help you sort through limitless ETF possibilities — from cyber security funds to those that invest in Japanese automakers — to find one with the best chance of solid returns.

4. You get portfolio rebalancing

Financial planners tweak for the best results.

“You should at least rebalance your portfolio annually, just to make sure it still fits with your investment goals,” said David Twibell, president and founder of the Custom Portfolio Group in Englewood, Colo.

5. They watch for specific trends

Which energy stocks are set to rise? Are precious metals worth the risk? Where can you find the best high-tech opportunities? By keeping an eye on investment sectors, the pros help you effectively project where the market’s headed.

6. You’ll steer clear of dangerous fads

You might think bitcoins, for example, are a great place to stash cash. But a financial planner will warn you when such investments put you at peril to lose it all — and recommend smarter options if you have a high risk tolerance.

7. You’ll benefit from a rainbow of risk

Too many risky stocks make your portfolio volatile; too many conservative investments leave you on the sidelines during market run-ups. As planners find the right balance, they grow your account safely — and reduce both potentials for loss.

8. They grow wealth through compound interest

Financial planners know how to make time your greatest ally. A 20-year-old who plunks down just \$45 a month in an IRA, for example, can easily retire with \$1 million, said John McFarland, coordinator of the financial planning track at the Virginia Commonwealth University School of Business in Richmond, Va.

“Albert Einstein once called compound interest ‘the most powerful force in the universe,’ and he was a pretty smart guy,” he said.

9. You’ll cut through waste

Planners can take you through the budgeting process to locate where you blow your dough.

“It’s amazing when I work through the numbers that some people think manicures, landscapers and maids are a need,” said Michael Chadwick, CEO of Chadwick Financial in Unionville, Conn.

10. Planners commit to continuing education

Every two years, certified financial planners complete 30 hours of continuing education as required by the Certified Financial Planner Board of Standards. When you work with someone who keeps learning, you benefit from their increased knowledge of how to best invest.

11. Their investment success can become your own

Planners invest, too. When you can follow the plan they use, or a similar one, it means you’re in the same boat with someone who tracks the markets for a living and knows how to turn a profit.

12. They stress long-term gain

Too many investors lose money trying to make a quick score. By keeping you focused on the long-term investment picture, you earn a steady return that lasts for years and decades.

13. They know how to ride out bad storms

Many investors panicked during the Great Recession of 2008 — pulling money out of the market when stocks hit all-time lows. A financial manager who urges you to stick things out will almost always minimize losses over time or even help you to make an eventual profit from those same battered investments.

14. You'll save through lower fees

The pros will help you find lower fees.

“All else being equal, if you can reduce your fees from 1.75 percent down to 0.25 percent, this is equivalent to an additional 1.5 percent per year of return,” said Erik Laurence, vice president of marketing and business development at FeeX.

15. You benefit from pooled peer information

Through organizations such as the Financial Planning Association, CFPs talk to each other about solid investment strategies that work. When they put that group knowledge to work for you, your chances of profiting increase dramatically.

16. They teach you how to make better decisions

Because planners work to educate their clients, you can make more effective and portable investment calls as a team, and sort through the limitless choices.

17. Millennials can build investment confidence

Jumping into the investment game is intimidating. Planners guide millennials and new investors gently into the waters, which gets them on the road to successful investing — as opposed to letting money sit idle.

18. You can outpace inflation through equities

Inflation eats up idle cash and vanilla money market funds. But with astute investment in equities, planners get you ahead of the inflation curve. Zack Shepard, vice president of communications for Matson Money in Mason, Ohio, unabashedly called them “one of the greatest wealth creation tools known to mankind.”

19. They diversify with confidence

Attachment to a single stock can prove disastrous if the company gets in trouble. You'll prevent such heavy losses — and experience a smoother ride — when planners spread your portfolio into several baskets instead of one.

20. They take the emotion out of it

Some compare the stock market to Vegas — a place where emotions run out of control. Putting your trust in a cool-headed maven who knows the numbers means you'll make more rational decisions and prevent big losses before they happen.

21. Uncle Sam gets less of a cut

A great number of planners double as CPAs, and the best ones know everyday tax deductions up and down the scale, especially for the self-employed. Their able application of those deductions gives you more money to work with.

22. They'll find undervalued stocks and investments

The maxim of “buy low, sell high” still intimidates many investors: Which low stocks won't wipe you out? Targeted investment in stocks due for a rebound puts you in the driver's seat to make a handsome profit.

23. Cash flow management increases

The key is simple yet crucial: Put money at least monthly into systematic investments during your working years. Planners help you do that, and the result is accumulated wealth.

“There's no other element of investment planning or portfolio management that's more essential over the long term,” said Jesse Mackey, chief investment officer of 4Thought Financial Group in Syosset, N.Y.

24. You turn giving into even bigger tax savings

Over and above your standard giving, planners can set up a donor-advised fund (DAF), which works like a mini charity. With a DAF, you get an immediate and hefty tax deduction: up to 50 percent of adjusted gross income based on the cash you put in.

25. They walk you through the annuities maze

Last year the IRS created the Qualified Longevity Annuity Contract, which set new guidelines for investors to create their own pensions. When a financial manager sets up the proper annuity, you get guarantees that you will never outlive your money. That adds up to a big building block for retirement savings.

26. Peace of mind with the paperwork

Paperwork is tedious, right? There's a ton to deal with when you invest or reallocate your money. Planners take on this task, and in the process remove financial stress.

27. They spot faulty financial information

Sadly, almost none of us can do this on our own. Marc John Jefferies, who appeared on the HBO series "Treme" and in "Spider-Man 2," said he learned the hard way after losing \$63,000 in a stock investment at age 17.

"I just blindly bought in and didn't look into the dividends and yields," he said. "And after a week or two, I realized I was stuck." That led him to enlist a skilled financial advisor.

28. They know money-making rules of thumb

Did you know that the S&P 500 has yielded an average annual return of 9.6 percent that dates to 1926? That's the statistical analysis produced by Aswath Damadoran, a professor of finance at the Stern School of Business at New York University. Shrewd planners know this and will get you in on this long-term winning S&P strategy the right way.

29. They speed up debt reduction

Nothing sucks the dough out of your life like high-interest credit cards, many of which charge 19 percent APR or higher. When your pro works out a plan for a debt consolidation loan, or a series of low-interest balance transfers with targeted payoff dates, you'll funnel wasted interest payments into shrinking your debt.

30. You get guidance through life changes

A baby means more than just lost sleep; you'll want to consider college planning from the start. Buying a home shifts rent money into equity, but you can't count on it to build wealth. By helping you negotiate these milestones, planners help you stay the overall course and reduce fiscal stress.

31. You profit from a lasting relationship

In all walks of life, relationships matter. A home contractor who gets to know you over time, for example, routinely cuts discounts, especially for referrals. If you're satisfied with your planner, referrals can earn you a discount for future services. More importantly, your loyalty helps cement a bond where the planner's professional interest in your financial well-being becomes personal as well — leading to more attentive service.