Financial planner report sample

Go to headerSkip to the basic contentSkip to footerIn almost every aspect of life, there are things we can do ourselves and others we can't. If you cut your finger slightly, you take the bandage; But if you need stitches, you'll find a doctor. You can probably put air in your car's tires and maybe even change the oil, but when the car continues to die on stop signs, most people go to the mechanic. The same applies to the processing of your finances. It may seem strange for a financial professional to tell you this, but under some circumstances, you can really go it alone and probably turn out well. In other cases, the do-it-yourself approach may be a mistake. The trick is figuring out what is what. When you're young - in your 20s, 30s or 40s - you may not need help. If you contribute to your 401 (k) at work and/or put money into a Roth IRA and you are smart about expenses and taxes, you can probably manage your money without professional help. If you want to buy some investment on your own - as long as you have the time and inclination to endure the ups and downs of the market - it's even doable as DIYer.Frankly, in the first few decades of adulthood, if you have tons of money to manage or other special circumstances, you can justifiably bypass the additional costs of hiring a financial professional. For most people, problems, questions and opportunities are likely to arise as their goals change from saving money to protecting it. And this usually happens five to ten years before retirement. So how do you know when the DIY approach remains a sensible option, and when is it time for help? Here's some things to look at: There's a huge difference between tax preparation, trying to minimize income tax each year as you file, and tax planning that takes a proactive look at long-term strategies. The consultant can see whether Roth's conversion will better diversify your income streams, help find tax opportunities to offset income and income taxes, and compare retirement plans and their benefits. For example, I recently met a couple of retirement couples at the age of 60. Their plan was to live on their pensions and delay filing for Social Security until they were 70 to maximise their benefits. It was a good plan and would keep them within the 15% tax bracket, but my concern was what their taxes would look like after the age of 701/2 when they started their Social Security payments and also had to take the necessary minimum allocations from their IRA. Alternatively, we talked about executing a Roth conversion that would take them to the top of the 25% tax bracket for those 10 years between 60 and 70, but would keep them out of the even higher tax bracket later in life and from having to pay social security income. Over time, it would save them thousands of dollars a year for the rest of their lives, eventually giving them a tax-free retirement. Now, not everyone has tax problems like these. However, if you're maxing out tax breaks of savings vehicles (e.g. 401 (k)s, HSAs, 529s, etc.), own successful business, have a significant number of taxable investment accounts, have most of your life savings in deferred tax retirement accounts, etc., then it may be worth working with a professional who can help in lowering the tax bill. When you don't have a regular paycheck coming in anymore, you have to create your own income. A consultant can help retirees avoid undesirable investment losses that can ruin their retirement plans, offer guaranteed income options to those who want reliable payments, and discuss the best 401 (k) and IRA distribution choices. A consultant can also give advice on Social Security income options that DIYers often don't know. For example, a widow may not know that she may apply for survivor's benefits at the age of 60, or a divorced woman may not realize that she may apply for benefits to her spouses while suspending her own social security payments. If a guaranteed income similar to your parents' pension is what you are looking for, you will not be able to achieve it without working with a counselor. When it comes to retirement, there is nothing more important than income because without income, you have no retirement. A rock-solid income strategy can provide you with the security you need to spend during retirement. The consultant can review any documents and plans you already have in place, double-check your beneficiaries to make sure the money goes to the right people when you die, refer you to a real estate planning lawyer and even help you find options that will benefit you as you apply for your favorite charities. I know a couple who have spent most of their life saving - 80% - invested in their employer's shares. They lived well on dividends, but worried about what might happen if the company faltered or failed. However, they did not want to sell; the cost of the base was so low they would have taken a huge hit from taxes. They had no children and planned to leave their money in church and charities when they died. The answer for them was to move this highly valued stock to a charitable foundation. Once he was in a trust, they could diversify without any tax implications and they could have taken a charitable deduction they would never have seen otherwise. This not only saved them on taxes, but also significantly reduced the risks to their retirement income, which has been a concern for many years. Many DIYers have no idea that few of their long-term care needs will be covered by Medicare, or they only know about expensive long-term care insurance. There are many options, and a knowledgeable professional can find the one most suitable for you. You may even be able to claim coverage you didn't think you could. For example, I had a gentleman who underwent major heart surgery as well as several forms of cancer over the years, but otherwise was in excellent health. He had previously tried to qualify for traditional long-term care insurance, but was denied to the medical history. We were able to get his coverage he wanted through rearranging assets and using hybrid long-term care products all, avoiding the usually sky-high premiums he could see, given his age and medical history. The issue many DIYers have with investing alone is an understanding of the degree of risk they take by making the time it takes to manage the investment portfolio responsibly, minimizing their running fees and costs, and keeping a cool head during volatile times. In addition, your investment strategy should be in line with your overall financial plan and long-term goals. Too often, self-confident tools lead to over-concentration on the tools you use rather than the ultimate goal you are trying to achieve. Your goal may be financial independence or avoid the burden for your family, but you get so wrapped up in the next big stock or the perfect mutual fund that these things get put on the shelf, resulting in unfulfilled retirement. A consultant can help you crystallize your goals, identify appropriate strategies to achieve these goals and identify the most effective tools to get you to the final result you are looking for. You can also find the investments that you use on your own will cost you as much or more than working with a financial planner who can bring more to the table than just picking the latest stock or fancy investment on the wall Street.As you can see in almost every of the above cases, the goals have shifted, becoming more about protecting your life savings from any number of risks rather than grow at all costs. You may be willing and able to go alone for years, but at some point, you will welcome the experience and experience a financial professional has to offer. Kim Franke-Folstad contributed to this article. This article was written and represents the views of our advisor, not the Kiplinger editorial board. You can check the consultants' records at the SEC or FINRA. President, Howard Bailey Financial Inc. Plans to Sell Your Home for Retirement? 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