



Fee-Only Financial and Investment Planning
(888) 320-9993



On Course

July 29, 2014 Volume 14, #7

Welcome! With a blip here and there, the stock market has been headed up in recent months. If you own stocks, your portfolio has grown. So, what kind of investment advice do you need? Read on for this month's discussion.

If you would like help with your investing decisions, remember we're here to help you stay *On Course!*

-Jennifer Lane, CFP

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Choosing Investment Advice

The success of your savings, your retirement, and your financial life are tied to how you get your investment advice. You have several options to choose from.

What kind of investor are you

- If you spend a lot of time studying investing and following the many different ways to plan and invest, you may be someone who needs only a discount broker to execute purchases and sales. As you can guess, this is a small portion of people.
- If you don't have the time or the inclination to immerse yourself in investing with all its many facets, you will probably want and need advice throughout your financial life on the best options given your situation.

Investment Advisors & Brokers

- Fee-only financial planners work with you on any aspect of your financial life. They charge hourly rates, flat fees, or a percentage of your assets, depending on what you need.
- Stock brokers and insurance brokers work for investment and insurance firms and execute transactions for you. They charge a commission for the sale or purchase. While many brokers are also good at helping you understand your financial planning, they make money by commission.

Questions to ask



Jennifer's Hint

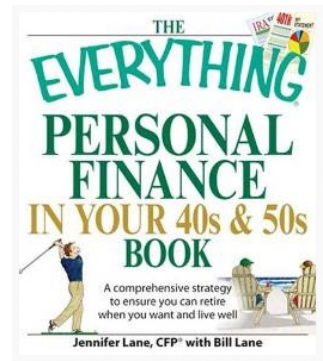
Getting advice doesn't mean giving up control. You always have the final word on what you do with your life and with your money. There are six tabs in your financial plan:

- goal planning
- insurance
- investments
- taxes
- retirement planning
- estate planning

Find the combination of do-it-yourself and teaming with outside advice that works for you within each tab.

Get more tips in Jennifer's book

- Interview at least two, preferably three, potential investment advisors. Make sure the person you speak to is the person you'll work with. Ask about their background and track record.
- Ask for [Form ADV](#), which gives detailed information including how the advisor charges.
- Discuss what your true needs are. If you want advice infrequently, then you may want to pay hourly fees, which, in the greater Boston area, can range from \$200-\$300 per hour. If you have a project, a flat fee that would cover the whole project might work best. If you'd like the advisor to manage your investments for you, you may pay a percentage of assets under management, typically 1 percent, or a flat fee for annual investment management.



([click here for link](#))

Q&A

Q: My mom has been retired for a while and has asked me to look at her investment accounts. She has a few CDs that mature this year, and she has some accounts at Vanguard. With the stock market so high I'm thinking of letting the CDs rollover but would more Vanguard funds be better?

-- John, Boston

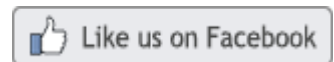
A: Great, John, that you are helping your mother. Be sure to include her on all your research and thoughts as you go along. She should consider having 3 years worth of income/spending in cash and bonds so she has readily liquid assets. For helping with inflation, she should have around 20 percent of her portfolio in stocks. So, assuming the money in Vanguard is in stocks, keep that amount to the 20 percent. If you need help in balancing, take a look at [NAPFA.org](#) for fee-only financial planners. Good luck!

Helpful Websites

[Investment Adviser Public Disclosure](#)

[NAPFA.org](#)

[The Wall Street Journal Complete Personal Finance Book](#)



Pan Mass Challenge

The Pan Mass is here! This weekend - August 2 & 3 - Jennifer will ride in the Pan-Mass Challenge. 100 percent of every rider-raised dollar goes to the Dana-Farber Cancer Institute. Her rider profile page is [here](#) if you would like to donate.



What's New

- Jennifer recently answered NECN viewer questions about buying and selling homes. Click [here](#) to watch the segment on her blog.
- Jennifer contributed to an excellent article in *The Boston Globe*: "Post-graduation course: budgeting." Click [here](#) to read the article.
- Follow us on Facebook! Visit www.facebook.com/AskJennifer and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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