How to Find a Good Financial Planner

Sound advice isn't hard to find

By Beth Braverman

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Selecting a certified financial planner is one of the most important money decisions you'll make. Here are the steps for finding a great one.

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1. Consider Your Priorities

Nick Bormann, a CFP in Spokane, Wash., says that advisers tend to specialize in a particular type of financial advice or focus on groups of clients with similar financial issues–teachers, tech execs, middle-class preretirees, etc.

So begin your search by identifying your key needs and goals. If you want to dig yourself out of debt or boost your savings as you approach retirement, seek someone with experience tweaking budgets and coaching clients to live within them. If you've built up a nest egg but don't know if it's enough to maintain your lifestyle through retirement, choose a planner with experience projecting out long-term financial plans and allocating savings among types of retirement investments.

2. Identify Planners Who Fit Your Needs

Almost anyone can call themselves a financial adviser. And there's a confusing array of formal accreditations, with an alphabet soup of abbreviated titles to match. For simplicity's sake, you really only need to know one: CFP, or certified financial planner. You can count on a CFP to have completed extensive training and passed a rigorous exam, and to be able to advise you on a wide range of financial areas. Special titles, some more meaningful than others, often get layered on top, such as certified college funding specialist (CCFS).

You can find CFPs in your area by specialty at FPA PlannerSearch, the National Association of Personal Financial Advisors, the Garrett Planning Network, and the XY Planning Network. Those websites list only planners who are so-called fiduciaries, which means they're obligated to put your financial interests above their own. To be extra sure, some experts recommend asking your planner to commit to fiduciary status in writing.

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3. Figure Out the Costs

Restrict your search to fee-only advisers, who charge for advice and asset management and don't receive commissions by selling you financial products.

Fee-only advisers use a variety of payment models, says Roxanne Martens, a financial adviser with CGN Advisors in Manhattan, Kan. Some charge an hourly rate, which can range from $100 to $400. Many of the same planners will charge a flat fee for a predetermined bundle of services–an average of $2,400 to evaluate your financial life and map out a comprehensive long-term plan, according to a 2019 study. These models tend to work best if you're looking for help with a specific issue or a plan that you'll carry out on your own, possibly with periodic check-ins.

Other advisers charge clients a percentage of assets under management each year. Their rates generally range from 0.6 to 1.2 percent of the portfolio size, annually. The percentage is often lower for larger account balances, so this model is generally most cost-effective for investors with more assets and more complicated financial lives. Some planners use only the percentage model and–note–will take you on as a client only if your portfolio meets their minimum.

4. Vet the Contenders

Once you've compiled a list of candidates, confirm their credentials through the CFP Board. And make sure no disciplinary actions have been taken against them by going to the Securities and Exchange Commission's Investment Adviser Public Disclosure site.

Then schedule a time to speak with two or three of the most promising candidates, ideally in person. Many good financial advisers offer a free initial consultation. Make sure they have experience working with clients in similar circumstances. (Ask them to describe how they handled a situation like yours.) This may be the start of a long relationship, one that is likely to touch on very personal issues. So be sure they communicate clearly and listen well, and will be able to keep you motivated to stick to your long-term plans.

More Places for Low-Cost Money Advice

There's no substitute for having a conscientious professional committed to improving your financial well-being. But if your money needs are narrow in scope–say, you simply want a digital budgeting tool to track your spending or basic guidelines for allocating your investments across asset classes–less expensive (and even free) sources of sound financial guidance may fit the bill. Here are some places to look:

MORE ON PERSONAL FINANCE
How a Financial Planner Helped Us Save Money
Digital Estate Planning: 5 Things to Do Now to Make Things Easier in a Crisis
Why You Need to Update Your Will Now

1.) Your current bank or credit union may offer digital tools that can help you track your spending and highlight areas where you might be able to make changes. You can also use third-party apps like Mint or You Need a Budget for this. If your biggest problem is debt, you may be able to find low-cost guidance from a nonprofit credit counselor. Search for one in your area at the National Foundation for Credit Counseling.

2.) Many companies looking for noncash ways to improve the financial well-being of their employees have started providing free or subsidized access to investing tools and even live one-on-one sessions with financial advisers. "You should absolutely ask your HR department about any and all advisory or supplemental services," says Lynnette Khalfani-Cox, CEO and co-founder of the advice website AskTheMoneyCoach.com.

3.) Apps like Betterment and Wealthfront, and Vanguard's Digital Advisor service, use algorithms to recommend a custom investment mix based on factors like your age, your long-term financial goals, and how well you think you can tolerate fluctuating markets without deviating from your long-term plans. With fees of 0.25 to 0.4 percent of assets under management, these platforms are usually less expensive than a human adviser.

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Beth Braverman is a freelance writer who contributes to Consumer Reports on personal finance topics. Conscious of the intersection of life and money, she is always looking for ways to make more mindful decisions about both.

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