Your Family Finances

How A Good Financial Plan Can Help You Worry Less

(NAPSA)—How secure is your financial future? If you're like many Americans, you're worrying less with the help of a professional financial advisor, studies show.

Fewer consumers are worried about their personal finances because they have turned to professional financial advisors for guidance in troubled economic times, Certified Financial Planner Board of Standards Inc. research shows. This trend is paying off, as consumers who use professional financial advisors are more likely to be extremely satisfied with their personal finances than they were two years ago, according to CFP Board's 2002 Consumer Survey of upper-income individuals.

"Tough economic times force us to re-evaluate how we're doing financially," says Elaine Bedel, CFP®, chair of CFP Board's governing body and president and owner of Bedel Financial Consulting, Inc. "It's heartening to see that Americans are deciding to play an active role in their financial futures by reaching out to qualified financial professionals." Among CFP Board's 2002 Consumer Survey findings:

• The percentage of Worriers, those who fret about their financial situation but do not take action to ease their worries, fell four percent, while the number of Help Wanteds, those who know they need financial help and seek it out, increased by four percent. The percentage of Independents, consumers who are comfortable handling their own finances, remained steady at 33 percent.

• The growth in consumers seeking professional advice showed in two measurements: those who have consulted a financial planner (37 percent vs. 32 percent in 1999) and those who use a financial planner as their primary financial advisor (22 percent vs. 19 percent in 1999). By contrast, the number of consumers who serve as their own advisor declined (45 percent vs. 48 percent in 1999).

• Consumers who had a professional advisor were more likely to be extremely satisfied with their financial plans than they were two years ago. While the number of consumers who were extremely satisfied increased for clients of all financial professionals (44 percent vs. 38 percent in 1999), clients of all financial planners (47 percent vs. 39 percent in 1999) and clients of CERTIFIED FINANCIAL PLANNER™ professionals in particular (55 percent vs. 41 percent in 1999) had higher satisfaction levels with their financial plans.

"Financial planners use the financial planning process to take a comprehensive view of clients' lives, and these satisfaction levels confirm the effectiveness of that process," says Bedel. "Now, more than ever, the public needs to be able to distinguish true financial planning and understand the benefits a properly developed financial plan has to offer." Just one percent of clients of CERTIFIED FINANCIAL PLANNER™ professionals said they had not benefited from their plan, as compared to 13 percent of clients of other financial professionals who were dissatisfied.

• As consumers look for professional advisors, more (37 percent vs. 31 percent in 1999) are interested in credentials such as an advisor's degree, experience and professional accreditation. Characteristics that consumers seek in a professional advisor are someone who's trustworthy (97 percent), listens (96 percent), is more interested in meeting client needs than in selling products (95 percent) and has a good performance record (95 percent). As for standards met by advisors, consumers rated adherence to a professional code of ethics (97 percent) and adherence to professional practice standards (95 percent) as the most important.

• The current economy has affected all consumers, but those in their 20s and 30s seem hardest hit. The struggles of consumers in this age group led almost half (47 percent vs. 39 percent in 1999) to list debt reduction/management as a current financial goal. This "Up and Coming" group has reduced interest in retirement planning (72 percent vs. 77 percent in 1999), home purchase/renovation (37 percent vs. 42 percent in 1999) and vacation/travel, (33 percent vs. 40 percent in 1999).

By contrast, Retirement Cusp consumers (ages 55-69) showed an increased interest in vacation/travel (45 percent vs. 41 percent in 1999). The Retirement Cusp group also had an increased interest in building an emergency fund (30 percent vs. 25 percent in 1999) but declining interest in accumulating capital (31 percent vs. 43 percent in 1999) and generating current income (30 percent vs. 41 percent in 1999). Mid-Life consumers (ages 40-54) showed greater interest in building an inheritance for heirs (18 percent vs. 12 percent in 1999) and a decline in interest in financing their own businesses (eight percent vs. 10 percent in 1999).

For a free CFP Board Financial Planning Resource Kit with information about financial planning and how to choose a professional planner, call toll-free 1-888-237-6275 or log onto www.CFP.net. Founded in 1985, Certified Financial Planner Board of Standards, a professional regulatory organization, fosters professional standards in personal financial planning so that the public values, has access to and benefits from competent financial planning.