NAPFA
Planning Perspectives

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NAPFA advisors address needs of next-gen clients

Traditionally, financial advisors draw many of their clients from the ranks of people who have accumulated wealth after decades of work. But Gen X and millennial workers are increasingly interested in getting their financial lives in order as soon as they enter the workplace—not years down the road. And young NAPFA advisors are finding ways to help them.

"We're exploring how to transition an industry that has traditionally focused on people who have had a lifetime to accumulate assets to people who are really at the beginning or early stages of planning for their financial lives," said Jake Kuebler, CFP®, a partner at Bluestem Financial Advisors, LLC, in Champaign, IL.

Kuebler is chair of a networking group called NAPFA Genesis, which encourages professional growth and development among NAPFA members and affiliates who are 33 and younger. Genesis members have a particular interest in serving younger clients who might not have the wealth necessary to become the client of a traditional Fee-Only advisor.

"It's not that advisors from other generations aren't also doing that," Kuebler said. "But for Genesis advisors, those are our peers—that's our passion. And we're the ones who are probably willing to take the most risks and to try new things and who are really at the forefront of catering models of financial planning that service clients who are in the millennial and Gen X generations."

Many of Kuebler's clients are in relationships where both partners work and are starting families. Because work and family demand so much of their time, they might not have the extra time to research and figure out what they need to be doing in their financial lives. And even if they did, he says, they'd likely rather be spending their time doing something else.

"The things that I'm usually working with them on," Kuebler said, "are all those decisions that come up when you're starting a family—moving to a bigger house, life insurance, disability insurance. And then, of course, there are questions of cash flow—all these new obligations as you are earning more but also need to save more and have more obligations with having a family."

In this issue, we feature four NAPFA advisors who focus on the needs of clients in this stage of life, helping them to order their financial lives to establish a firm foundation for the future.

NAPFA
THE NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS

"I have a Vanguard Target 2015 Retirement Account. I will be retiring in 2015. Should I move my money from the Target 2015 account to a less risky account for my retirement years? And, if so, will I have to pay taxes on the money when I move it?"

This is just one of the hundreds of questions asked by consumers during a "Jump-Start Your Retirement" online chat sponsored by NAPFA & Kiplinger. These quarterly chats are a way for you to get quick answers to your financial concerns while seeing what you can expect when you consult a Fee-Only advisor.

This year, NAPFA and Kiplinger offer four more "Jump-Start" sessions. You can sign up to participate through Kiplinger, and you can submit questions in advance on Twitter, using the hashtag #JumpStart. More information on how you can participate is available at napfa.org/JumpStartHotline.asp. (Past sessions can be found at live.kiplinger.com/#AllEvents.)

The dates for the 2015 sessions are:
- June 18
- Sept. 17
- Dec. 10

Kiplinger
Timely, Trusted Personal Finance Advice & Business Forecasts

Is your "check nest egg" light on?

By Danielle Seurkamp, CFP® The Asset Advisory Group

I know absolutely nothing about cars. For me, a car is simply a way to get from A to B. I can't tell a Tesla from a Toyota, and when it comes to maintaining a car, I'm really in the dark. So, when little orange lights come on indicating that I need…something…I get a twinge of anxiety.

This happened recently when the maintenance light came on, reminding me that I needed my regular service. I knew I didn't need to make an appointment immediately, so I put it off. The longer I waited, the less I wanted to schedule it. I started to worry that I had waited too long and that now there really was something wrong.

Of course, that just made me want to deal with it even less—a classic procrastinator's Catch-22. The funny thing is, I'm not really a procrastinator. My penchant for planning ahead and dealing with things in advance is partly why I love my job as financial planner.

Afraid you'll get ripped off?

It finally occurred to me that I was avoiding dealing with the service because I didn't want to deal with a professional mechanic. Even though pragmatically I know that most mechanics are honest people who work hard to earn a living, I have this preconceived idea that they're going to rip me off, and that makes me feel a little vulnerable. I know that with my limited knowledge, I probably won't be able to tell the honest ones from the ones who want to take me for a ride. It's a little scary to be at someone's mercy that way—scary enough that I wound up postponing something relatively painless that I knew was in my best interest to handle.

This got me to thinking about what it must be like for people who have a similar preconception about financial advisors. Let's face it—there are some rotten apples out there who have given a lot of good advisors a bad name. With this as my chosen profession, it's easy for me to know what to look for and how to decipher different kinds of advisors.

But most people approach their finances like I do my car—using them to get through life and doing what they need to do, and not thinking about them unless something indicates that there's a problem.

Eventually, I begrudgingly took my car for service. I knew that if I put it off forever, it was going to cost me, and the potentially negative financial ramifications got me to the mechanic.

But diagnosing and dealing with our finances is more nuanced. We might not even notice the equivalent of a blown tire in our financial life. That makes it really easy to keep avoiding getting help from a professional. Maybe that's why, as a whole, we do a lot better job taking care of individual assets like our cars than we do our entire nest eggs.

Find your financial "mechanic"

My hope is that if you are reading this and have been ignoring the little orange lights on your dashboard, you'll consider making this the year you reach out to an advisor. NAPFA has a checklist on their website, napfa.org, that is a great place to start when interviewing different companies. There are 25 questions that will help you determine the service you will get, who will provide it, and how they are compensated for their advice.

If your financial affairs are already in mint condition, then you can be a help to others just by sharing your experiences and reducing some of the apprehension they might have about working with an advisor. Let them know that we're not all bad. And let me know if you've got the name of a good mechanic.

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Discover your story and purpose with holistic financial planning

By Brandon Marcott, CFP® Edify Financial Planning

"Holistic" has become an overused label in recent years—holistic medicine, holistic dentistry, holistic pet food…even holistic hula hooping. (Seriously. Look it up.)

It's easy to understand, therefore, how the word has lost some of its meaning. Financial people like to slap that label onto their brand to try and give people the "warm fuzzies." But just like when you see the word "natural" on food labels, you need to look deeper to understand what is really meant.

When you look at how a traditional financial advisor works—sales-y, superficial, and commission laden—they don't seem very holistic!

Redefine "holistic"

But holistic financial planning does exist. At its core, a holistic approach involves an intimate interconnectedness of all parts, in that each part cannot be explained without reference to the whole.

Holistic financial planning requires us to stretch our view of what "traditional" financial planning is. Financial planning cannot be just about money, but rather about how each part of your life (family, community, spiritual, and financial) interconnects…or doesn't.

We often ask ourselves questions like, "What am I doing?" or "Where am I going?" But when was the last time you really sat down and thought about these things? Helping you to acknowledge where you currently stand and assisting you to begin defining and developing your purpose and path in life are the first two building blocks of a holistic financial plan.

Bring it all together

Holistic financial planning is designed to merge the desires and passions you have for your family, community, and spiritual life with your finances. Just as you invest your time into what you think is most important each day, your finances should be invested and allocated based on what is most important as well. Instead of only thinking of your money as a way simply to earn more and accumulate things, think of it as a vehicle to reflect what your true values in life are.

Think of walking through your financial life with no clearly developed purpose like walking down a muddy road. It's uncomfortable at the start and a bit difficult. You really don't know where you are going, but you see many other people on the same road, so you keep going, figuring all will work itself out later.

You spend money here, you spend money there. Save here, save there. Give here, give there. No real rhyme or reason.

As you walk farther, the mud gets caked on, thicker and thicker, and the road becomes muddier and even harder to venture down. A year goes by, and you look back and see the culmination of your financial journey to this point…and it's not pretty. It usually ends with something along the lines of, "Well, it is what it is—let's just keep walking."

Discover your story with holistic financial planning. Eventually, you might realize that you need some help—not a quick fix that puts you on a new road with thousands of others, but someone willing to walk beside you and help you construct and discover your path.

This is what holistic financial planning is—helping people to examine their lives and define and develop their purpose, creating a comprehensive financial plan that fits their story.

It's not about putting you on a pre-made path for financial success. Instead, it's about helping you define financial success and partnering with you to make that happen.

Your story is one of a kind, and the unique melding of your family, community, spiritual, and financial life will be like no one else's. When you work with a holistic financial planner, your plan will be distinct—because you are. It will help you realize genuine abundance in your life. It will be the only one that will truly fit.

The Importance of Financial Planning

By Grace Kvantas, Financial Symmetry, Inc.

When major life events occur, you might wonder "What will this change bring?" or "Can we afford this?" Those questions can often be answered by a financial planner. Financial planners help you establish and achieve your financial goals by simplifying your finances, finding missed financial opportunities, giving retirement savings advice, evaluating estate planning needs, and finding tax efficiencies.

When should you have a financial plan made? A financial plan is beneficial at any point in life, although a plan's benefits can be more easily seen when preparing for major life events, such as:

- Marriage
- Planning for children
- Planning to pay for college
- Receiving an inheritance
- Purchasing a new home
- Divorce
- Retirement
- Claiming social security

You might think about a financial plan like going to see the doctor when changes in your health occur. But just as you should see a doctor for regular health checkups, financial checkups are also very important.

Once your financial plan has been made, monitor it to make sure that you are on the right track to achieving your financial goals. Have your plan updated regularly as life changes. This will help you stay on the right track.

10 quick money tips for the young professional

1. **Think long term**. Where do you want your finances to be in five, 10, or 40 years? If you constantly focus on what you want right now, then your financial future is in grave danger.
2. **Don't live a celebrity lifestyle while you're earning a modest income**. Face it—as a young professional, you are likely not going to be making a six-figure income. Live and spend in light of that fact. Learn to differentiate between "wants" and "needs." Spend on "needs" first, and if you have money left over after necessary expenses and savings, then you can afford to buy some "wants."
3. **Create a budget and monitor it regularly**. This is crucial to having financial success in life. You can easily set and track a budget by using a budgeting website, app, or other service.
4. **Pay off all unnecessary debt**. It's difficult to save money when all of your extra income is going toward debt payments. If you're stuck with a debt load with high interest rates, focus on paying it off. Once excess debt is gone, you will have extra money to begin saving for future goals.
5. **Avoid accumulating unnecessary debt at all cost.** As a general rule, if you don't have the money, don't spend it. Sounds simple, right? High credit card debt is awful. Not only can it ruin your credit, it can snowball into even greater debt if you are not careful.
6. **Set financial goals**. Think about what you want your financial future to look like, and decide how you're going to make it happen. Write your goals down, and put them somewhere where you will be reminded of them often.
7. **Save for retirement**. If you ever want to retire, it's important to plan for it. For young folks, the best retirement savings accounts are a 401(k) (or another employer-sponsored retirement plan, such as a 403(b), SEP IRA, Simple IRA, or Thrift Savings Plan) and a Roth IRA.
8. **Save for other future goals**. Want to buy a house, automobile, or engagement ring? It will be difficult to make large purchases if you don't have adequate savings.
9. **Find friends whose financial values align with yours**. The people with whom you surround yourself greatly impact your spending (or saving) habits, so choose wisely.
10. **Start immediately**. Time is on your side. It is much easier to implement healthy savings habits at a young age. Also, compound interest can help provide more growth in your investment accounts over time.

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Money "Dates"

By Anna Sergunina, CFP®, ChFEBC℠ MainStreet Financial Planning, Inc.

My husband and I recently rebalanced our portfolio, with the help of our advisor, Jim Ludwick. In addition to giving us advice, Jim has been after me for months, bugging me to get him my investment account statements. I promise that I am not that big of a procrastinator—but we were supposed to give each other portfolio advice, and It's much harder to give advice to another professional! So I think that was what took me longer to get organized.

Have you ever heard the saying, "The cobbler's kid has no shoes"? While this is not entirely true of me, I am guilty of sometimes "going barefoot." What I would like to do is implement more frequent, short, fun get-togethers with my significant other about our money. Let's call them "money dates."

Have you been on one?
No worries if you don't have a significant other around—that's why you have us!

In our financial planning practice, clients who consistently and frequently review and update their finances do much better. The reason is simple: they can determine sooner if they are off track.

As a way of keeping my own finances on track, I proposed to my significant other that we "meet" once per month to discuss the following:

- How much money did we make? (I get paid once per month, but Yuri is on commissions and so is paid even less frequently.)
- How much did we save?
- Has our debt increased or decreased?
- Do we have any unusual expenditures that we should anticipate in the next month?

That's it. I envision this discussion taking no more than 15 minutes. I plan to use our best tools and mint.com to provide us with a snapshot of our finances.

I invite you to join me in this practice. It's a short, but very powerful, date. Measuring your progress is the best tool out there to assure you are on track!

Happy money dating!

To help keep myself organized and on track, I use several different personal finance apps and websites. Here are a few of them—you might find them useful as well.

Intuit Mint
Who likes to spend numerous hours every month collecting receipts, adding them up, and then categorizing—and then come up with the total spending picture for that month?! I don't, and I'm a financial planner! Allow someone else to do it for you. Mint.com passively organizes and tracks your spending, keeps your budget rolling, and helps you to stay on top of your bills.

Unroll.Me
My business partner Jim and I receive, on average, 3,000 to 4,500 emails per month—each. There is no easy way to keep track of these, especially when it comes to going through emails we didn't even sign up for. Unroll.Me is an email management system that allows a hassle-free way to organize and eliminate subscription emails you don't want. It's totally free to use. After you allow it to scan your inbox, it aggregates all of your subscription emails into one email per day. You can choose to receive that email in the morning or evening. Then you can read the newsletters you like and unsubscribe from the ones you don't like any more. It's a nice and easy way to de-clutter your inbox.

Evernote
Evernote a free application that allows you to take notes, organize, and capture everything: receipts, web clippings, pictures, mp3 files, meeting notes, shopping lists, voice recordings…you name it. If you are driving and have a thought you don't want to lose, you can use the voice-to-text feature to speak your idea out loud and save it within the app. Everything you store in Evernote can be shared with anyone. Best of all, it syncs to all of our devices so that your notes are available from anywhere at any time!