



The Garrett Planning Network, Inc.

## Popular Journalists Hail GPN's Service Model and the Benefits of Fee-Only Hourly Services

**Marshall Loeb, CBS MarketWatch, August 28, 2003** ~ The public should demand more fee-only planners, says personal finance writer, Marshall Loeb. "To eliminate the conflicts of interest that arise from commissions, it's a good idea to look for a fee-only planner," says Loeb. "It's up to the public to demand more planners who have no financial incentive to recommend one product over another," says Joel Framson, chairman-elect of the American Institute of CPAs Personal Financial Planning Executive Committee. "...firms that sell products can never be a true fiduciary to the client," said Framson. Consumers "need to demand the true fee-only kind of approach with compensation that is not tied to any commissions or referral fees." The article notes that The Garrett Planning Network is "a good resource" for finding fee-only planners who "tailor their services to moderate-income investors by offering hourly rates, not just flat fees."

**Jonathan Clements, Wall Street Journal, February 2003** ~ "I know this will garner me a truckload of hate mail. But let's be blunt: You never want to pay a broker or financial planner with commissions. If you go that route, the adviser has a huge incentive to stick you in products that generate the fattest commissions and to cajole you into buying and selling, because that's how the adviser makes the most money."

**Barbara Loos, author, I Haven't Saved a Dime, Now What?! ~** "Think of financial planners as money consultants. Their job is to look out for your money's best interests, not to sell you stuff. You should pay a planner for her time, either an hourly rate or a flat fee. They are called Fee-Only planners, and they have no financial incentive to recommend one investment over another."

**Jonathan Clements, Wall Street Journal, February 2003** ~ "Fee-charging financial planners were supposed to save investors from the evil clutches of the brokerage industry. There is just one problem: Many of these advisers only seem to be interested in rescuing the rich. If you hunt around, you can find savvy financial planners who will manage modest sums for a reasonable fee. If you buy four or five hours of a planner's time, at maybe \$150 an hour, you should be able to get a suggested portfolio of no-load funds [plus some other pointers]."

**Walter Updegrave, Money magazine, January 2003** ~ "The question most of us will eventually face isn't whether we need advice, but how do we get it in a way that works for us? [You might consider hiring an advisor as a problem solver or a sounding board, but] the problem is, many advisors see little upside in dealing with people who may want nothing more than reassurance. Still, there are a handful of advisors who are willing to take on this role. Members of The Garrett Planning Network, for example, specifically court such people by charging for their services on an hourly basis. They can provide a reality check on person's finances or offer assistance with a specific issue."

**William Bernstein from The Four Pillars of Investing** ~ "The best, and only, way to make sure that you and your advisor are on the same team is to make sure that he is Fee-Only, that is, that he receives no remuneration from any other source besides you. Otherwise you will wind up paying, and paying, and paying, and paying..."

**Jonathan Clements, Wall Street Journal, August 13, 2003** ~ If you think picking investments is tough, try picking an investment adviser, says Jonathan Clements in his "Getting Going" column titled "Fast Talker? Five Ways to Gauge A Potential Financial Adviser." "Many brokers and financial planners charge too much. Many know too little. And some are crooks," he continues. "Searching for an adviser? Repeat after me: This is my life savings. I worked hard to amass this money. And I won't turn it over to an adviser unless I am 100% convinced I have the right person."

**Jonathan Clements, CNBC's Power Lunch, August 13, 2003** ~ How can you obtain competent professional advice? Try an hourly, fee-only planner, suggested Jonathan Clements to viewers of CNBC's Power Lunch. "I think this is the future of financial planning," he said. "These are the planners who work by the hour. You call them up and if you only need half an hour of help, they will give you half an hour of help. This is a great way for people to get professional advice without paying a lot of money. It works really well for middle income people who don't need or want to hire a full time planner."

**Liz Pulliam Weston, MSN MoneyCentral, October 2002** ~ "With assets under management dwindling, many financial planners are opting for the sure thing: retainer fees. But for the neediest consumers, the bottom line remains the same: Advice is too pricey. Most of the really good financial planners ask that you turn over a minimum of at least \$250,000 of investment assets to be managed for a fee, or that you pay a retainer, in addition to any fee they charge for a financial plan. So that leaves most of us out in the cold. And that makes me cranky. A few planners are, however, opting for the hourly method promoted by The Garrett Planning Network. The advantage of this approach is that clients can get the consultations they need and can afford, one hour at a time. Only 1% of the nation's financial planning firms, according to The Garrett Network, are structured as hourly-only firms. Good financial planners need to work with folks from all walks of life."

**Jonathan Clement's book "You've Lost It: Now What?"** ~ "While paying a percentage of assets is far better than paying commissions, it is not ideal. Why not? Advisors keep as much of your money under their management as possible. But that may not always be in your best interest. It could be that you should use part of your portfolio to pay down your mortgage, buy an immediate fixed annuity, or open 529 college-savings plans for your children or grandchildren. All of these can be smart investments. But unethical advisers won't mention these possibilities, because it will reduce the money they manage and hence reduce fees."

**Jeffrey R. Kosnett, Kiplinger Personal Finance, April 2003** ~ "Most planners still sell commission-charging mutual funds, partnerships, annuities and insurance. But as a client, you don't have to buy a product or pay a commission; you may choose instead to pay a yearly retainer, a percentage of your assets or even an hourly rate for periodic checkups. For example, Sheryl Garrett of Shawnee, Kan., recently created The Garrett Planning Network, a group of 130 independent planners in 31 states who charge fees averaging \$150 an hour to consult on any financial problem on an as-needed basis. They don't manage money or demand an annual retainer. [Many people] aren't necessarily looking for someone to take over their money. They just want an independent third party to act as a sounding board."



**Jonathan Clements, Wall Street Journal, May 11, 2003** ~ “If you use a broker or planner, you clearly want somebody who is experienced and ethical. But you should also give careful thought to how much the adviser charges and how the fee is extracted. I like the idea of paying by the hour. It eliminates virtually all conflicts of interest, while providing a relatively inexpensive way for less-wealthy investors to get advice.”



**“Your best course is to find a fee-only planner who will give you a one-time overall review and occasional check-ups.”**

“Given this potential conflict of interest, don't rule out other payment arrangements. Some firms now levy an annual retainer, which can turn out to be far cheaper. There is also a burgeoning number of advisors who will give advice for an hourly fee, typically around \$150 an hour. Many of these advisors are members of The Garrett Planning Network in Shawnee, Kansas. If you want to manage your own money, but would occasionally like a financial checkup or a second opinion, these hourly advisors can be an excellent choice. These advisors may also be your best option if you have a relatively small portfolio and thus you don't meet the \$400,000 or \$500,000 account minimum demanded by many full-time investment advisers. Before you go hunting for an investment adviser, you might want to get some sense for what sort of advisers are out there and how much they charge. To that end, check out the services offered by Evanson Asset Management, The Garrett Planning Network, Portfolio Solutions, and Vanguard. All provide a low-cost way of getting investment advice.”

**Hope Yen, ABC News.com, September 4, 2003** ~ “There's got to be trust between a planner and client,” said Gary Diffendaffer, executive vice president for the Certified Financial Planner Board of Standards. You need to be looking at someone who has your interest first. What does that translate to? Someone that focuses on my goals, my needs and my priorities first — not what kinds of products or services they have to sell.” Tobie Stanger, associate editor for *Consumer Reports* adds, “It can be expensive to get comprehensive financial planning. Do you need the whole shebang — education planning, insurance and estate planning, or are you just looking for a solution to one or two questions? That will affect whom you go to” (for advice). Eric Tyson, author of *Personal Finance for Dummies* is also quoted as saying: “Charges on an hourly basis is the best way to go because that removes the conflict of interest. Depending on where you live, a fee-only planner might charge between \$100 and \$150 an hour, he said. “Good Web sites for financial planner include those offered by the National Association of Personal Financial Advisors, [www.napfa.org](http://www.napfa.org), and the American Institute of Certified Public Accountants at [www.cpapfs.org](http://www.cpapfs.org). Fee-only advisers, meanwhile, can be found at [www.feeonly.org](http://www.feeonly.org) and [www.garrettplanningnetwork.com](http://www.garrettplanningnetwork.com),” says the writer, Hope Yen (Associated Press, Sound Advice).



**“The most important matter is how the planner is compensated. Hire the planner who has no financial stake in (your) investments.”**

**Susan Garland, AARP, August 13, 2003** ~

“Many fee-only planners cater to high-income individuals, often charging fees based on a percentage of managed assets. Your best course is to find a fee-only planner who will give you a one-time overall review and occasional check-ups. Besides checking with NAPFA, you can find a fee-only planner in your region who charges on an hourly, as-needed basis by visiting [www.GarrettPlanningNetwork.com](http://www.GarrettPlanningNetwork.com). Sheryl Garrett, a certified financial planner in Shawnee, Kansas, created the network to serve middle-income people. Planners in the network usually provide a free consultation of up to an hour and then charge \$100 to \$200 per hour. Their fees are relatively low because they design investment strategies that clients themselves can execute. ‘We focus on how to empower the client to implement the recommendations, perhaps by using an online discount brokerage,’ Garrett says.”