



## What's the Difference between a Financial Advisor and a Financial Planner?

The term “financial advisor” is well known to most people. To say that a person in the financial services industry is a financial advisor is nearly ubiquitous.

Everyone from a bank teller to an insurance agent is now referred to as a financial advisor. And in some capacity, I guess this is accurate. Such a person is assisting you (and I hope advising you, albeit often in a minor fashion) on a matter of financial business.

But, such a person is not really a “financial planner” in a professional sense, nor is this person giving the kind of advice that real planners give. By my definition, a financial planner looks at the whole entity - a person, a family, a business - and helps the head of the entity to identify the major financial goals that the entity wishes to accomplish. Then the planner quantifies the goals in terms of dollar values and calculates projected shortfalls and surpluses.

In consultation with the client, the planner charts out several options for pursuing the stated goals, taking into account as many contingencies as possible. At all times, the planner seeks to build in maximum flexibility to take account for changing laws, business climates, and personal circumstances. Finally, he/she chooses a game plan and implements a strategy that uses financial products and services. The final step is a continuous process of monitoring the situation to make sure the strategy is working toward achieving the set goals.



### **The important thing to know is that the financial planning process is simple, although not always easy.**

It is simple in that the steps are straightforward and definable. They follow a logical progression. However, the process is not always “easy” because it may take a lot of mental effort and soul searching to define precisely what is most important. How will you prioritize personal and business goals and make decisions on how to balance the use of the scarce resources at your disposal? Will you live for today or save for tomorrow? Can you do both? These can be tough choices.

Throughout the process, however, you will see that there is a terrible price to pay for doing nothing. Procrastination kills opportunity. Battling procrastination and indifference is a very real part of the process. You may perceive that there is no risk in doing nothing now, but with each month you do nothing, you are inexorably closer to failing to meet the needs of funding your child's education, your own retirement, or whatever your particular goal may be.



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The good news is that the very fact that you are engaged in the process of planning with a true professional will force you to take some action.

Remember, you are not hiring an advisor to do what is easiest; you are hiring one to do what is best. A planner worth his or her salt will never allow you to get to the brink of action and then stop. Once a decision to act has been made, you (and your planner) must act. To do otherwise would be negligent.

In the end, you only have history and experience to fall back on. And history teaches us one thing: faith in the future, not fear of it. America has been prospering from its very beginning. Yet, many people repeatedly postpone long term investments because of short term worries. Headlines and news crawls freeze people in their tracks. In the vast majority of cases, such "hot news" rarely has anything to do with the future. Yet, people hesitate and procrastinate, waiting for something more certain. The sad thing is that the big picture often does not become clear until it is too late to do anything about it. The opportunity is lost.

That's where the perspective of an experienced planner comes into play. Such a person has been looking through the smoke screens of "breaking news" and stock market gyrations for a long time. The big picture remains clear to a good financial planner. The really great planners are your tour guides through the day-to-day morass, so that you can gain perspective on what is most important.

When you come to the crucial forks in your financial road, more good things will be lost by indecision than by bad decision. With a committed planner working with you, bad decisions will be few and far between. In hindsight, we will always be able to identify a bad decision somewhere along the line. My experience has been, however, that more harm is done by inaction than by action that later is seen as a bad decision.

Errors and poor judgment can be changed, corrected, and overcome; indecision and inaction cannot. The question you must answer is this: what will it take for a planner to motivate you to take the action you need to take to be successful?

**If you need some guidance and motivation, contact one of our planners today.**

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