You've Earned It. Now What?

By Kimberly Palmer

What does a financial planner do—and when do you need one? Can a money manager pick better investments than you can? Here's what to know if you're thinking of hiring someone to help you with your money.

As she struggled to get on top of her spending habits, Nancy Trejos, a personal-finance reporter at the *Washington Post,* decided to hire a financial planner.

"I wanted someone who would really push me," Trejos says.

Whether or not you need a financial professional—an investment adviser, tax accountant, estate attorney, or other type of expert—can depend as much on your personality as on how much money you have. Trejos, author of *Hot (Broke) Messes*—about hitting her financial bottom—says that just as she's quick to go to a doctor when she's sick, she wanted to turn to an expert to help with her financial health.

"If it's not your full-time job, it's easy to make a mistake or overlook something," says Nathan Gendelman, director of investments at the Family Firm, a fee-only financial-planning firm in Bethesda.

Other people prefer to manage their own money and avoid the fees of professionals.

"My default position is to urge people not to use investment advisers," says Yuval D. Bar-Or, author of *Play to Prosper* and an adjunct professor at Johns Hopkins University's Carey Business School.

Bar-Or points to studies that show how over time the compounding effect of fees can eat into wealth. Investment advisers typically charge about 1 percent of assets under management per year. The nonprofit research organization RAND has calculated that one percentage point in fees translates into an investor's paying more than $3,000 after ten years on a $20,000 account.

Bar-Or says many investors would be better off sticking with a diversified portfolio focused on index funds and other low-fee alternatives.

One 2007 Harvard Business School study also found that working with a broker didn't necessarily improve investor returns and, in fact, people often selected better-performing funds on their own. Financial advisers, though, help with far more than just picking stocks, including estate and tax planning.

Says financial adviser Steve Lockshin of Convergent Wealth Advisers in Rockville: "Good estate planning can outperform good investment advisement every time."

The Bernie Madoff scandal and the recession made investors wary of trusting just anyone. Complicating matters is that the category of financial advisers is often confusing. It includes planners who focus on budgeting, investment experts, and lawyers with expertise in estate planning and taxes. Anyone can call herself a "financial adviser," so ask potential advisers about their education, experience, and qualifications.

Experts suggest asking friends and acquaintances to recommend good advisers. You'll also find a list of the area's top financial experts starting on page 91. Most advisers offer a free initial meeting so both the professional and the potential client can decide if it's a good fit.

Here are nine questions to ask before signing up to work with a financial adviser.

What do you do for clients? Given the fluid definitions of different types of advisers, finding out exactly how a potential adviser works is key.

Most financial planners, such as DC's Alexandra Armstrong, look at a client's goals—such as where he wants to live and when he wants to retire—and help the person come up with an overall financial plan, including investment recommendations. If the client needs an estate plan or tax preparation, Armstrong connects the individual to people who specialize in such matters. Some of her clients also have a separate investment adviser to manage their portfolios.

Michael K. Farr is a financial adviser, but he focuses almost exclusively on investments. Farr—of DC's Farr, Miller & Washington and author of *A Million Is Not Enough*—is a former stockbroker.

Many firms, such as the Family Firm, offer financial planning and investment advisory services in one place, including help with estate, tax, and insurance planning. If a client is also going to work with an estate attorney, the Family Firm will prepare for that meeting by having balance sheets and other paperwork ready. One-stop shopping can make it easier for clients to stay organized and consolidate fees, but some people prefer to get different perspectives.

Will I also need to work with other advisers? While a financial planner or adviser may suffice for many households, people with high net worths or complicated family situations often need extra help with estate plans, taxes, and insurance.

Estate-planning attorney Nancy Fax says that while almost everyone can benefit from visiting an estate attorney, it's particularly valuable for people who have children from a prior marriage, are involved in same-sex domestic partnerships, or have legal complexities.

Estate-planning attorneys help clients create wills, medical directives, revocable living trusts, power-of-attorney documents, and other tools that help people prepare for incapacitation and death. They make sure clients keep their retirement-plan beneficiaries updated and check that their assets fit with their overall estate plan.

David Wexler of the Bethesda insurance-and-benefits firm Greenberg, Wexler & Eig assists clients in setting up life insurance, often to fund estate plans. When people take out life insurance on their own, he says, they often overlook details in the contract, such as the ability to exchange a term policy for a permanent policy without a new medi-

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Jay M. Eisenberg, Shulman, Rogers, Gandal, Pordy & Ecker, 12505 Park Potomac Ave., Potomac; 301-230-5223; *shulmanrogers.com.* Works with high net worths.
Nancy G. Fax, Pasternak & Fidis, 7735 Old Georgetown Rd., Bethesda; 301-656-8850; *pasternakfidis.com.* Specializes in high net worths and nontraditional families.
Marc R. Feinberg, West & Feinberg, 4550 Montgomery Ave., Bethesda; 301-951-1500; *westfeinberg.com.* Estate planning and administration, probate, business transactions.
Donna Esposito Fincher, Vaughan, Fincher & Sotelo, 8619 Westwood Center Dr., Vienna; 703-506-1810; *vfspc.com.* Broad estate planning.
Ellen K. Harrison, Pillsbury, 2300 N St., NW; 202-663-8316; *pillsburylaw.com.* A choice for international estate planning.
Beth Shapiro Kaufman, Caplin & Drysdale, 1 Thomas Cir., NW; 202-862-5000; *caplindrysdale.com.* Specializes in IRS work.
Don Kozusko, Kozusko Harris Vetter Wareh, 1666 K St., NW; 202-457-7200; *kozlaw.com.* Known for counseling international clients on tax issues, estate planning, and charitable giving.
Rhonda J. MacDonald, CPA, 2071 Chain Bridge Rd., Vienna; 703-917-8777; *rmacdonaldestatelaw.com.* Estate administration and estate-tax filing.
Robert E. Madden, Blank Rome, 600 New Hampshire Ave., NW; 202-772-5857; *blankrome.com.* Author of *Tax Planning for Highly Compensated Individuals.*
Mary Ann Mancini, Bryan Cave, 1155 F St., NW; 202-508-6236; *bryancave.com.* Also an expert on life insurance.
Virginia A. McArthur, 1101 17th St., NW; 202-857-3434; *mcarthurlaw.com.* Estate- and gift-tax planning, trust-and-estate administration, probate.
Jerry J. McCoy, 1720 N St., NW; 202-466-6941; *mccoylaw.com.* An expert on charitable giving, nonprofits, and estate planning.
James E. McNair, Patton Boggs, 8484 Westpark Dr., McLean; 703-744-8050; *pattonboggs.com.* Works with estates of $25 million and up.
William G. Murray, Manning & Murray, 6045 Wilson Blvd., Arlington; 703-532-5400; *manning-murray.com.* A special interest in elder law and real estate.
Anne J. O'Brien, Arnold & Porter, 555 12th St., NW; 202-942-5000; *aporter.com.* An authority on both domestic and international estate planning as well as charitable giving.
Philip L. O'Donoghue, Furey, Doolan & Abell, 8401 Connecticut Ave., Chevy Chase; 301-652-6880; *fdalaw.com.* A choice when litigation is needed.
Lynn K. Pearle, Arent Fox, 1050 Connecticut Ave., NW; 202-857-6000; *arentfox.com.* Specializes in multigenerational estate planning.
Thomas W. Richardson, Arnold & Porter, 555 12th St., NW; 202-942-5000; *aporter.com.* Works with estates of $10 million and up.
Alban Salaman, Holland & Knight, 2099 Pennsylvania Ave., NW; 202-955-3000; *hklaw.com.* High-net-worth clients including athletes.
A. Christopher Sega, Venable, 575 Seventh St., NW; 202-344-8565; *venable.com.* Works with high net worths, including business owners.
Douglas L. Siegler, Sutherland, 1275 Pennsylvania Ave., NW; 202-383-0220; *sutherland.com.* An expert on generation-skipping tax and estate planning for those married to non-US citizens.
Martha Sotelo, Vaughan, Fincher & Sotelo, 8619 Westwood Center Dr., Vienna; 703-506-1810; *vfspc.com.* Probate, estate administration.
Kelly A. Thompson, 6045 Wilson Blvd., Arlington; 703-237-0027; *kellythompsonlaw.com.* An expert on estate planning for families with a special-needs member.
Stefan F. Tucker, Venable, 575 Seventh St., NW; 202-344-8570; *venable.com.* Great at sorting out estates when families are at odds.
C. Daniel Vaughan, Vaughan, Fincher & Sotelo, 8619 Westwood Center Dr., Vienna; 703-506-1810; *vfspc.com.* Specializes in wealth transfer and trusts.
Patrick J. Vaughan, CPA, Vaughan, Fincher & Sotelo, 8619 Westwood Center Dr., Vienna; 703-506-1810; *vfspc.com.* Specializes in retirement, business, and generation-skipping plans.
Robert E. Ward, 7700 Old Georgetown Rd., Bethesda; 301-986-2200; *rewardlaw.com.* Specializes in cross-border estate planning.
Steven A. Widdes, Stein Sperling, 25 W. Middle La., Rockville; 301-838-3227; *steinsperling.com.* A great choice for clients who need hand-holding.

Insurance Advisers

These experts advise on and sell insurance. Most are independent agents who don't sell just one insurance brand.

Diane Beatty, Lane McVicker, 1875 Explorer St., Reston; 703-437-9800; *lanemcvicker.com.*
Keith Eig, CLU, Greenberg, Wexler & Eig, 7316 Wisconsin Ave., Bethesda; 301-656-0660; *gwellc.com.*
Kenneth Fahmy, CFP, CLU, ChFC, AXA Advisors, 7649 Leesburg Pike, Falls Church; 703-760-4630; *kennethfahmy.com.*
Mitchell S. Freedman, Lane McVicker, 1875 Explorer St., Reston; 703-437-9800; *lanemcvicker.com.*
Lawrence M. Gordon, CLU, ChFC, Atlantic Risk Management, 5850 Waterloo Rd., Columbia; 410-480-4400; *atlanticrisk.com.*
Scott Greenberg, CLU, Greenberg, Wexler & Eig, 7316 Wisconsin Ave., Bethesda; 301-656-0660; *gwellc.com.*

Money Help

Which Web sites do money professionals rely on for information? These six received the most votes in our survey. From the most popular down:

WSJ.com. The *Wall Street Journal* is still one of the most trusted names in business news.

YahooFinance.com. A good resource for checking stock quotes—both current and historic.

Morningstar.com. A premium service gives comprehensive overviews of a fund's performance, management, and more.

CNBC.com. A source for current financial news, from interest rates to stock-market buzz.

Bloomberg.com. Investors can drill down for information on a stock or fund. Plus, a great app.

Kiplinger.com. Objective advice on everything from little-known tax deductions to choosing a financial planner.

Vernon W. Holleman III, the Holleman Companies, 5550 Friendship Blvd., Chevy Chase; 301-656-8689; *hollemanco.com.*
Gordon Kimpel, CLU, ChFC, Capitol Financial Partners, 1593 Spring Hill Rd., Vienna; 703-847-9660; *capitolfinancialpartners.com.*
Alan L. Meltzer, the Meltzer Group, 6500 Rock Spring Dr., Bethesda; 301-581-7300; *meltzer.com.*
Michael P. Mullen, CLU, Washington Financial, 9700 Mill Run Dr., Great Falls; 703-759-1993; *washingtonfinancial.info/contact.shtml.*
Kim Natovitz, CLU, the Natovitz Group, 6500 Rock Spring Dr., Bethesda; 301-581-7333; *natovitz.com.*
Grant B. Ottenstein, Ottenstein Insurance & Financial Services, 110 N. Washington St., Rockville; 301-610-0155; *ottensteininsurance.com.*
Rob Robertory, CFP, CFA, Northwestern Mutual Financial Network, 10340 Democracy La., Fairfax; 703-383-7688; *robrobertory.com.*
Robert G. Silverman, Ney-Silverman Insurance Associates, 1355 Piccard Dr., Rockville; 240-290-7000; *ney-silverman.com.*
Ian D. Sumner, Simpsonville, Md.; 301-576-4187.
Stuart Tauber, the Meltzer Group, 6500 Rock Spring Dr., Bethesda; 301-581-7353; *meltzer.com.*
David A. Wexler, CLU, ChFC, Greenberg, Wexler & Eig, 7316 Wisconsin Ave., Bethesda; 301-656-0660; *gwellc.com.*
Stuart Youngentob, CLU, Arkin Youngentob Associates, 7200 Wisconsin Ave., Bethesda; 301-951-0070; *ayallc.com.* W