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No Easy Answers

By Mary Rowland

This month I'm scheduled to moderate a panel for financial advisers in New York on retirement issues, and I've been thinking about what I might say. But if I get started it could take all night, and I'm only there to introduce the panelists who will provide the solutions. I can't wait to hear them.

What I find is that consumers who were investing on their own, as well as those who used stockbrokers or banks, are terrified about the cost of retirement. A woman at my gym, who's a small-business owner, said her load tech funds lost more than 75 percent of their value. She wanted the name of a financial adviser. Ditto for a Manhattan psychotherapist in her late 50s, who told me she fears she'll be listening to patients' problems well into her 80s, maybe her 90s.

So what happened to the three-legged stool? Social Security, poof. Defined-benefit plans, mostly gone. And individual savings, inasmuch as they're represented by 401(k) plans, decimated. I read recently in *The Wall Street Journal* about a WorldCom executive who first lost his $89,500 salary, then watched his severance shrink when WorldCom declared bankruptcy. His entire 401(k) plan was in WorldCom stock. He put his house on the market and stood inside watching his 11-year-old son throw stones at the for-sale sign.

In financial planning, this retirement crisis should separate the salespeople from the advisers. The problem, though, is that consumers don't know where to turn. They know their retirement accounts have been wiped out. They know they don't want another salesperson. They know they don't want to pay a commission. But beyond that, they don't have a clue about what they should do.

We recently ran a piece talking about Jonathan Clements's advice in his *Wall Street Journal* "Getting Going" column, which was to find an hourly planner from the Garrett Planning Network (www.garrettplanningnetwork.com), founded by Sheryl Garrett. We got dozens of e-mails on that, with advisers insisting that there are many good ways to identify a top-notch planner without getting so simplistic. I thought so too. But as my friends and acquaintances ask for advice on their retirement accounts, I feel I'm left with only a couple of options for what to suggest: put the money in the Vanguard Star Fund or contact one of the hourly planners.

Those who chose the second alternative have been happy. My friend at the gym paid about $600 to an hourly planner, who told her to sell off her tech-heavy portfolio made up of load funds. Actually he told her to "liquidate it," and she didn't know what that meant, so she asked me. Then he picked a variety of index funds, including some from DFA, which she wouldn't have been able to buy on her own. She's very happy.

I'd still like to find a way to broaden the adviser pool, a way that we might tell consumers how to find a planner to suit them. But I haven't come up with that checklist. I wonder if any of you have. E-mail us at wealthmgr@bloomberg.net.

Mary Rowland is the author of Best Practices for Financial Advisors *(Bloomberg Press). She speaks regularly to financial advisers on issues of practice management.*