



Finally: a way to order your financial advice, straight up

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So much for the idea that Canadians are too cheap or passive about their finances to pay out of pocket for advice about money.

The success of a company called Money Coaches Canada shows clearly that people are open to paying for advice, even when the cost isn't buried as usual in the cost of investment products. The eight-year-old organization has 21 people from British Columbia to Ontario providing clients with financial plans to get out of debt and realize their goals.

By no means does Money Coaches have the fee-only side of financial planning all figured out. Some of the coaches don't have full accreditation yet, and the cost at \$2,000 to \$3,000 per financial plan will blow some potential clients right out of the water. But this business does show us that it's possible to sell advice to people without having to complicate things by adding investments to the deal.

Most advisers and planners in this country are paid for their services through fees and commissions connected with the sale of investment products. Others charge a fee pegged as a percentage of client account assets, typically 1 to 1.5 per cent. A tiny minority charge a flat or hourly fee for advice that may include help with debts, retirement or estate planning or very basic investing matters.

There are multiple theories on why fee-only advice is a tiny segment, including the one saying that any discussion about paying fees out of pocket causes an immediate client conniption. There's also a view that people simply won't put the effort into grappling with their money issues. If they did, they'd see that all they get from some traditional advisers is a list of mutual funds to buy.

The people at Money Coaches don't sell investments. Instead, they help clients clear up their finances so they're in a position to invest and save. "We do everything from goal setting to cash flow, debt management and retirement planning," said Sheila Walkington, co-founder of Money Coaches. "The bulk of our clients have been struggling with debt. They're high-income earners – they might earn \$150,000 per family or more – but they

might have \$30,000 to \$50,000 or more in credit card or line-of-credit debt and not making any progress on it.”

The first meeting with Money Coaches is on the house. If you decide to buy in, you get five meetings with your coach to discuss your plan and put it to work. What distinguishes a coach from your basic financial planner? “Traditional planners are more focused on the end goals,” Ms. Walkington said. “We want to know short-term goals – what are you doing next month, in 12 months, what about Christmas, what about car repairs or home renovations?”

No matter what type of adviser or planner you’re dealing with, one of the first questions you have to ask before doing business with them is about their credentials.

Ms. Walkington and her co-founder at Money Coaches, Karin Mizgala, both have earned the certified financial planner (CFP), which is a common and well-regarded financial planning designation. Five of their coaches also have the CFP and two have done everything they need to earn it except for the requirement of three years of work experience in planning. The rest are either working through the CFP curriculum or about to start.

Money Coaches has its own training course, which consists of an intensive one-week session and an additional three months of learning. People just out of training handle the simpler situations, but you’ll still need to judge whether they bring enough to the table to deserve their fees.

Ms. Walkington said Money Coaches is busiest in Vancouver, where the business began. Alberta is proving to be a good market as well, while Ontario is still in the building phase. One area where Money Coaches has had particular success is in attracting would-be coaches. In fact, Money Coaches has a sideline in training planners who will work for themselves.

“They’re banging on the door. They’re asking, ‘How do I become fee-only planners, how do we become money coaches?’ Karin and I had no intention of ever training people, but they just kept banging.”

All those door-bangers suggest we could be seeing more coaches and fee-only planners in the future, which is good news for the growing number of people who want advice, not investments. If you ranked the top five most-common questions I’ve received in the past two years, how to find straight advice would without a doubt be in that group.

The 411 on Fee-Only Advice

Definition: Financial advice you pay for directly through a flat or hourly fee.

Services: Anything from a consultation over a specific matter like a buyout package or pension question to a comprehensive financial plan that covers near- and long-term goals.

Cost: Varies, but figure on something in the area of \$150 to \$300 per hour or \$1,000 to \$3,000 as a flat fee.

Credentials: Look for a recognized and respected designation such as the certified financial planner (CFP) or registered financial planner (RFP).

How to find: Google “fee only financial planning” and your city, or consult MoneySense magazine’s directory of fee-only planners.