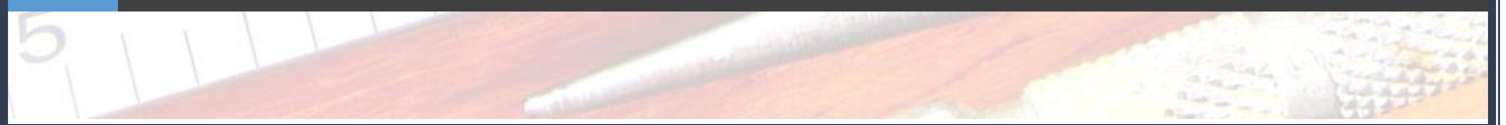
DO-IT-YOURSELF (DIY) INVESTING



INTRODUCTION

More and more people are using e-tools and an array of al-la-carte advice services to self-pilot their investments. And they are having a lot of success doing it! With today's tools and sources for research and strategy, DIY investors have a solid portfolio foundation.

But many DIY investors still can't quantify the risk they are taking, or explain how adding or removing an investment will impact their portfolio. That's not a big deal for beginning DIY investors, but it is a potential red flag for those who have already accumulated wealth to a point where they worry more about losing what they have than earning more. Essentially, they've been so focused on growing their portfolios that it never dawned on them to develop a plan for what to do once they actually reach their investment goals.

That can be both good news and bad.

The positive is that it is possible for current and future DIYers to go out on their own and hit their investment goals. The downside is that DIY investors need to invest more time, energy, and even money into learning how to manage the other side of the investment equation – the risk side. Instead of simply relying on financial ratios or technical analysis as a means of selecting and managing their portfolio returns, DIY investors need to integrate risk metrics like beta, standard deviation, correlation, draw down, and stress tests to protect what has been accumulated, or to convert savings into income.

The nice thing is you don't have to pull out the old slide rule to figure this stuff out. There are plenty of online sources of information to help with all of this as well. You just need to be mindful that if you manage your own portfolio that this is as much a part of your job as growing your wealth.

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Like many retired Investors, you are probably using some sort of financial advisor. You may be working with a broker, an insurance agent, a mutual fund salesperson, a CD or savings account specialist at the bank, or an accountant. And like many financial consultants, they may call themselves an advisor. But are they?

The Merriam-Webster dictionary defines an advisor as "someone who provides counsel, as well as warnings, recommendations, and concerns." It also defines an advisor as "someone who provides information." In other words, a true advisor gives you his or her informed and knowledgeable opinion, along with warnings about risks and consequences.

In the world of financial advice, an advisor is someone who gives guidance based on both existing and predicted conditions. For example, taxes are an existing and ongoing condition that your advisor should be able to provide advice on. Also, things like the possibility of needing additional income while at the same time eliminating your chance of running out of money should be discussed. Your advisor should be able to provide information about these kinds of things, as well as spell out potential benefits and potential risk to you and your family.

Do I Need a New Advisor?

One of the most important things you can do is ask yourself the following: "Am I using an advisor, or am I working with a salesperson?"

If you aren't sure, look at your concerns and financial plans for the future. Is your current advisor giving you advice and options about the topics that are important to you?

If you hear about techniques that could put you in a better position, but your financial professional has never told you about them, there are two possible explanations. Either your advisor doesn't know about them, or he or she simply doesn't care. Of course, neither answer is one you want to hear.

Has your advisor set up a detailed, year-by-year income plan for you? It should project at least 10 years into the future and take market ups and downs into account.

There are certain things you should expect from your advisor, and here is a general list to help you think about your current financial advisor.

- ***Integrity:*** It's essential that you trust your advisor. An advisor with integrity takes his or her responsibilities and your expectations seriously and knows that principles are more important than his or her own personal gain.
- ***Connectivity***: Your advisor should be part of a network or group whose sole mission is to put your goals and needs first. This group would be able to pool their experience, expertise, and knowledge for your benefit.
- ***Objectivity***: Every recommendation your advisor makes should be based solely on what is best for you. He or she should not suggest products or services that don't meet your needs or financial goals. Good advisors use their experience and knowledge to carefully consider your situation, then provide advice based on what will best meet your goals.
- ***Competency***: Your advisor should be knowledgeable about the products or services he or she recommends and offers. More importantly, your advisor should never offer advice about products or services he or she isn't qualified and licensed to provide. Advisors who do so are breaking the law.

- ***Privacy***: You give your advisor personal information about your financial status, as well as other personal information. In return, your advisor should not share this information with anyone else, unless you give him or her permission to do so when conducting business on your behalf. The only exception to this would be if your advisor was ordered by a court of law to provide this information.

Whether or not you need a new advisor is a question you will have to answer yourself. But trust your instincts. As a paid professional, your advisor should be able to completely explain and address every aspect of your financial concerns. If not, you may need to consider looking for someone else.

WHAT CONSUMER REPORTS FOUND

In January 1998, Consumer Reports ran a report in their magazine about a secret shopper who went to several financial advisors.

Now, if you aren't familiar, a secret shopper is someone who pretends to be a normal shopper, but records everything that goes on. After visiting the businesses, the shopper then writes a report about their findings and compares how the companies treat consumers.

In this report, the secret shopper went to five advisors; one with American Express (Ameriprise), one with Merrill Lynch, one with Prudential Securities, and two independent advisors. The shopper found that two of those five advisors were superior to the others. Which advisors do you think came out on top?

Yep, it was the independent advisors. But why do you think this was the case?

The shopper went on to explain that only the two independent advisors addressed all of his goals. He also said that while all the finished plans looked slick and professional, the other advisors recommended products that came from their own company.

It's not surprising. Talk to anyone who invests with Merrill Lynch, and they are likely to own Merrill Lynch mutual funds. Ask someone who invests with American Express (Ameriprise) the same question, and they will probably say they have Ameriprise products in their portfolio. Advisors do this because it's good for business… plain and simple. Well, of course it's good for their business, but that doesn't necessarily mean it's good for yours.

WHO DO THEY WORK FOR?

Let's say you've decided to buy your grandson a car for his birthday. You've also decided that it needs to be safe and reliable and get good gas mileage. So you go to your local Nissan dealership and tell the salesperson that you want a reliable, economical car that gets good gas mileage.

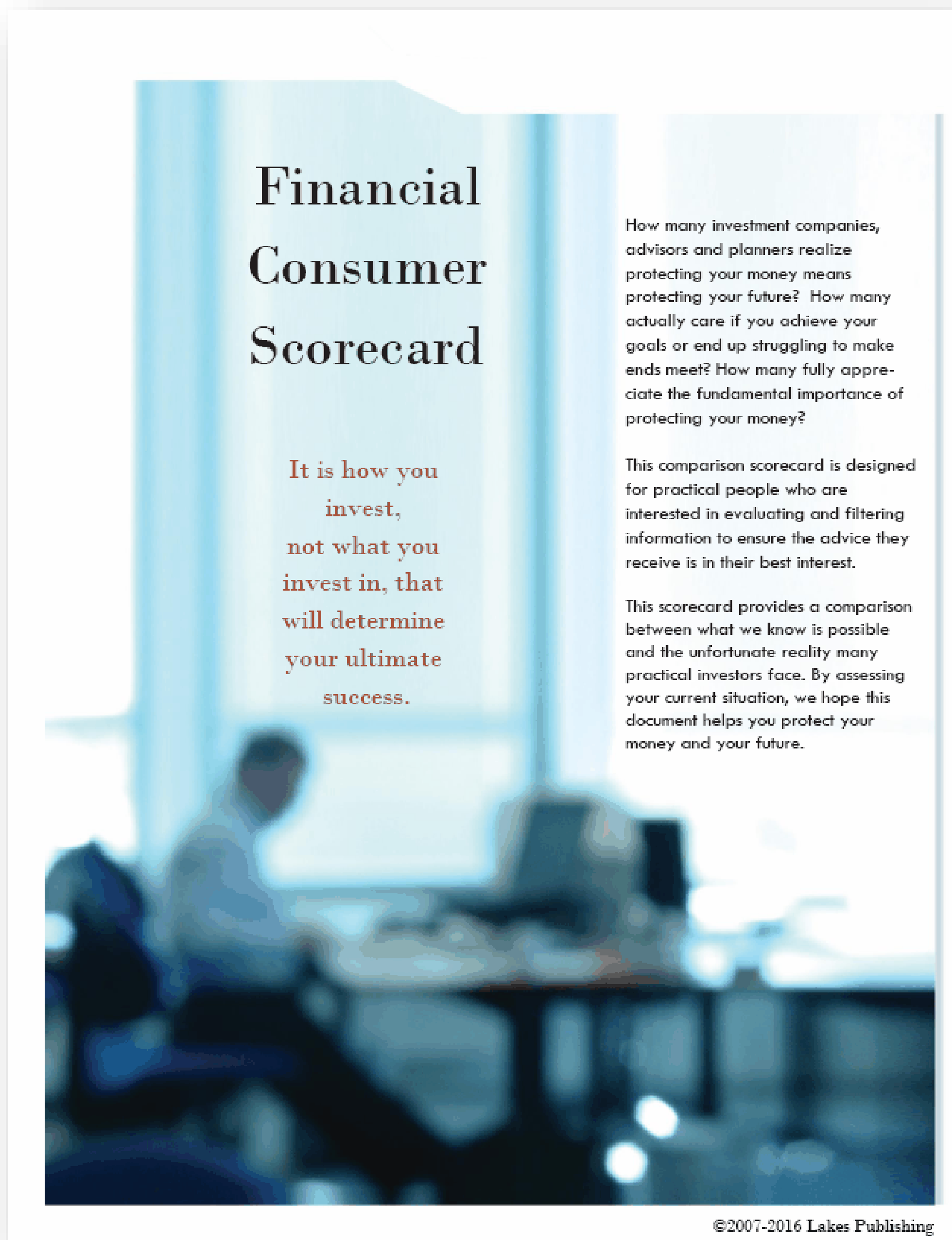
"Oh, sure," he tells you, "You should test drive a Toyota! The dealership is just down the street on the left."

Is that what the salesperson would say to you? No, not likely. The Nissan salesperson wouldn't recommend a Toyota, or a Honda, or any other type of car because it would be bad for business. How would a car salesperson make any money if he or she recommended cars that weren't on his or her lot, even if another brand was better for you?

Now apply that logic to advisors. Why do you think advisors with a big firm or wirehouse recommend that you buy their fund? Is it possible that out of 7,581 mutual funds, theirs just

happens to be the best? It's possible, but the odds certainly aren't in their favor. Like the car salesperson, advisors do this so they and their firms can make more money, and the term for these biased recommendations is selling from a "preferred list."

Have you ever tried to move proprietary investments…things like Merill Lynch mutual funds or an Ameriprise annuity…from one firm to another? It isn't possible. It doesn't matter what firms you are talking about; you can't say, "Well, I'd like to take $10,000 in proprietary funds out of my portfolio and move it over to my account at this other firm." You can't even get these firms to move your funds to accounts you might have with independent advisors. The bottom line is that firms that have you invested in their funds will not let you move them out of their firm without big penalty charges and taxes. Simply put, these firms have you handcuffed to their products and services. If you do move, you are hit with all kinds of charges and fees like a slap on the wrist. So if you have a proprietary mutual fund, you have to ask yourself, "Did my advisor suggest this because it was the best thing for me, or did he or she do it to make money for him or herself and prevent me from leaving the firm?" And that's a question only you can answer.



	WHAT'S TRULY POSSIBLE	THE UNFORTUNATE REALITY
YOUR EMPOWERMENT AND EDUCATION	Consumer Advocacy - Advice and help that begins with taking your goals into account. They evaluate all of your concerns before recommending any products. Someone who will tell you the truth about the investment industry. They fully disclose the advantages AND disadvantages and ensure you understand both. Access to the fundamental concepts and principles of successful investing. Continually research new techniques & concepts to ensure clients are never left behind.	Advice based on an agenda to sell products and services. Their entire focus is on selling products. Advice based on what is best for the investment advisor. They spend 99% of the time going over advantages and less than 1% going over disadvantages leading to misinformed decisions. Product or service specific advice only. Limited sharing to support an agenda other than their own. Doesn't want to be bothered with research; they are just focused on selling you something.
DILIGENT DISCOVERY	First, your advisors discover if they can actually help you in the long term. If it is discovered that long-term help cannot be provided, you are quickly and efficiently referred to a more appropriate resource.	"Our products and services are right for everyone."
RIGOROUS ANALYSIS	A complete analysis of what you have is completed before any possible solutions are suggested. If it makes sense for you to keep doing what you're doing, you are advised to keep doing it.	There is little or no analysis of your present financial situation. The advisor tries to move as much of your money into their products as possible - regardless of whether it makes sense for you to do it.
SIMPLE AND EASY TO FOLLOW PLAN	The foundation for a plan is created by analysis and an honest appraisal of your strengths and weaknesses. A living plan is created to accommodate your unique situation. It is able to adapt to changing circumstances and achieve milestones	There is either no plan at all or they provide a pre-formatted "cookie cutter" plan that is obsolete as soon as it is put on the table. "This is the way it is always done," is used to justify a pace beyond your comfort zone. The plan is fixed. To change it requires starting over. Changes are made to the plan arbitrarily, often based on what is best for the investment advisor - not you.
GUARANTEED PORTFOLIO	Only solutions with guarantees attached are offered. The advisor or institution cares about how much progress your portfolio makes. The quest for performance is less important than ensuring you do not lose what you already have. "The return of my principal is more important than the return on my principal."- Will Rogers	Your hard earned assets are vulnerable. There are many excuses offered for underperforming portfolios. Losses are blamed on forces beyond their control. Chasing returns often lead to losing sight of protecting existing assets. See above explanation.
LIVING PLAN	Your investments are continuously monitored to ensure you live to the highest means possible without fear of running out of money.	Your expectations are manipulated. You are told not to spend money when the markets are down or promises of unreasonably high returns are made when the markets are up.

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Take the Retirement $tress Test

Would your Financial Foundation survive the Big Bad Wolf?

____ I am certain that my plan will protect my lifestyle regardless of stock market or interest rate conditions.

____ I have reviewed all available Long Term Care *(LTC)* possibilities… including the no-cost options *(Asset Backed Protection, Win-Win-Win, Kennedy-Kassebaum Plan)*

____ I know that I am paying the least amount of taxes legally possible

____ I feel that all the new techniques available to help me, are explained by my financial institution each year.

____ I have peace of mind that I will not out live my money.

____ I have reviewed all the hybrid investment techniques developed over the past 5 years

____ I am positive my Power of Attorney will work with Social Security, Medicare and the IRS.

____ I have had my home insurance agent fill out a home insurance checklist within the last two years to ensure my water damage and replacement costs have not changed

____ I know how much, within $100, I pay in tax as a result of my investments. The SATR plan used to reduce the tax I pay on investments to 1.7% has been fully explained to me.

____ I have utilized software to determine how much I will spend on health care in retirement…above and beyond what Medicare/Med Supp Insurance will pay *(not including LTC)*. I have a plan to reduce that cost without having to buy supplemental insurance.

1-4 House made of straw
5-8 House made of sticks
9-10 House made of bricks

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Getting back to the *Consumer Reports* article, the shopper ended the report by saying “In hindsight, I think I would have been better off building my relationship with planners more gradually by having them focus on specific issues such as retirement planning.”

What the shopper found out is that if you have college funding issues; go to a college funding specialist. If you are a business owner and you have 401(k) issues, go to a 401(k) specialist.

So if you are retired and need more income or have long-term care issues, go to a retirement specialist who understands the needs of senior investors.

Fifty years ago, there was only one kind of doctor – the kind you went to when you were sick. But today, there are specialists in every type of field you could imagine. Doctors specialize in allergies, skin problems, heart problems, and there are podiatrists, gynecologists, oncologists, even specialized surgeons. So if you have a heart problem, would you go see a doctor who specializes in the human foot? Of course not! You'd go to a heart specialist. So why let an advisor who specializes in college planning (or worse yet, doesn't have a specialty) handle your financial retirement concerns?

DO THE FUN STUFF YOURSELF…AND DELEGATE THE REST!

Of course, there are bound to be some things you can do on your own, and you may find that you are capable of handling certain aspects of your finances by yourself without professional help. If so, that's great.

For example, some people like to take care of their own investments. They enjoy keeping up with their returns, learning about new products they might want to invest in, researching companies, and keeping tabs on Wall Street in general. If you are one of those people, you may want to handle your portfolio yourself rather than hand it over to an advisor.

Other people like to keep track of their expenses and spending. These people love having computer programs that balance their checkbooks, remind them of bills that are due, and help them calculate their taxes. If you are one of those people, you may enjoy handling these things yourself rather than hiring an accountant.

The point is that if you love doing something, then by all means… continue to do it! But if you hate researching stocks and reading the Wall Street Journal, then delegate your portfolio to a capable advisor. Likewise, if you hate dealing with numbers, and the thought of doing your own taxes makes you cringe, then delegate those duties to an accountant.

But there is a catch to doing these things yourself. If you decide to do something like your taxes or your investments yourself, make sure you are just as knowledgeable and capable as a professional. Because if you can't do something as well or as easily as a professional can, it'll be more trouble than it's worth.

For example, when I was in my 20's, I used to change the oil in my car myself and would even give my car tune-ups. I don't do either of those things anymore. Could I if I wanted to? Of course, but it's more convenient for me to pay someone else to maintain my car than to spend a Saturday afternoon doing it myself.

Also, no matter how much you enjoy doing tasks like these, you will need to not only be competent in your abilities, but commit to staying on top of them. Because when you decide to do something like select your own stocks, file your own taxes, or write your own will, you've chosen not to use a professional – and that means you are the professional.

To demonstrate just how important this is, consider your annual tax return. You may be able to fill out a 1040 yourself, but a good accountant keeps up on the new tax laws and can give advice as to

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how to best reduce taxes, take advantage of tax credits, and avoid things like the alternative minimum tax and an audit. If you're going to take care of your taxes yourself, you need to understand all of these things as well as a professional does. If not, you are better off using an accountant. It may cost more, but you are also getting a lot more for your money.

Likewise, you may be able to buy software that will allow you to draft your own will and handle basic legal matters, but how will you know if something is incorrect or the laws change? Do you want to run the risk of disinheriting members of your family because a computer program gave you incorrect information or didn't notify you of a law change? Of course not. So unless you are an attorney yourself, you'd be wise to spend money on a good lawyer. Because even if you are sure you can do it yourself, there is a high risk in doing so.

The most popular thing people handle on their own is their investments… and that's great! After all, it's your money – you should be keeping tabs on it. During the Internet boom of the 1990's, the mainstream media began referring to investing as the Great American Hobby. And it's no surprise really. Thanks to advances in technology, anyone with a few shares of stock can watch live market activity on CNBC, research stocks online through tools like Morningstar, and even buy and sell their own stocks over the internet. And people who do this on a regular basis are usually very capable of taking care of their own investments. But if you are one of those people, you need to realize that it'll become a big part of your life. Once you commit to handling all your investments on your own, you have to have a constant eye on the market every single day. In today's Wall Street, you can't keep up with your stocks one day and forget about them the next.

So no matter what duties you decide to take on yourself, remember that it's not a hobby. Things like gardening, woodwork, and golf are hobbies. Guarding and securing everything you've earned from 40 years of hard work is not. It's a full-time job that you shouldn't take lightly.

The bottom line is that you need to spend at least three or four hours a week on any task that you decide to handle yourself. So if you enjoy taxes or investing that much, good for you. You'll probably give yourself more attention than a professional would. But if that kind of commitment doesn't sound like fun, don't feel bad. A lot of people are very capable of doing these kinds of tasks, but have decided there are better ways to spend their time.

RESOURCES FOR YOU TO DO IT YOURSELF

Of course, if you decide to take on any of these things yourself, you are going to need resources to help you. While I'm not an expert on taxes or the law, here are some things to assist those of you who plan on handling your own investments:

As we've already mentioned, the Internet is your best tool when it comes to investments. There are a multitude of resources out there for do-it-yourself investors, such as:

- Value Line (http://.www.valueline.com)
- Morningstar (http://www.morningstar.com)
- Motley Fool (http://www.fool.com)

There are also websites that specialize in helping investors with various kinds of investments, as well as subscription websites that provide third-party analysis of stocks and funds. Even the web browsers Google (www.google.com) or Yahoo! have great financial resources (http://finance.yahoo.com). As you can imagine, this is by no means a comprehensive list of web resources, but it should provide you with a good starting point to begin working in this area.

There are also organizations you can join for support and help. One of the most popular is the American Association of Individual Investors, or the AAII (http://www.aaii.com). There is also the National Association of Investors Corporation, or the NAIC (http://www.betterinvesting.org). All provide a wealth of information for individual investors of all kinds, as well as a way to network and learn from others. Everyone who handles their own investments should join one such group.

Finally, there are plenty of print resources. You may already be familiar with the Wall Street Journal, but there is also Investor's Business Daily, as well as the Financial Times. And, as you well know, there is an abundance of magazines and books for individual investors – far more than this book could accurately address.

There is one important piece of advice for anyone handling their own investments. As you look for resources that will help you become a better and more knowledgeable investor, make sure you scrutinize everything you read. Not all editorial content is the same, and just because someone wrote it doesn't mean it's true.

So instead of looking for hot stock tips and the "next big thing," focus on information from multiple sources and make up your own mind. You should have at least five sources that you use on a regular basis to ensure that you are getting balanced information. And look for facts and figures, rather than someone telling you what to do. As with anything in life, anyone who tells you what to do has their own agenda and probably doesn't have your best interests at heart.

Those of you who want to do your own taxes should strongly consider J.K. Lasser's books (http://www.jklasser.com). Not only do his books help with filing taxes, but they are full of ideas and suggestions to reduce taxes as well. When it comes to computer software, Turbo Tax is an excellent program.

If you truly want to understand as much as you can about taxes, take the tax classes offered by H&R Block on an annual basis. Information is available on their website (http://www.hrblock.com), and you'll learn most of the same things as their professional tax preparers. However, be sure to take refresher classes every year in order to stay on top of the myriad tax law changes that continuously occur. It's an annual expense that could not only save you money in the long run, but may also give you the opportunity to work as a seasonal tax preparer.

When it comes to online resources, be careful. As with investments, don't assume that everything you read is correct. After all, if there is one organization that you don't want to cross, it's the IRS. You should make sure that any tax reduction strategy you use has been tried and true for many years. Unlike investing, taxes are one aspect of your life where you don't want to be ahead of the pack.

Lastly, there is the prospect of handling your own legal affairs, which is very risky. Unless you are an attorney, the risk of making a mistake or overlooking something is extremely great. In fact, handling your own legal affairs is almost like performing surgery on yourself. Doctors have their own doctors, and even lawyers have their own personal attorneys, so you should consider delegating this one area.

There are lots of websites, books, and software out there that insist they can help you with things like wills and powers of attorney. But the problem is that every situation is different. So while they may provide basic templates for common, ordinary legal forms, the slightest difference from the norm makes them useless. And do you consider your financial situation to be common and ordinary? Just be careful.

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CHANGE MY OWN OIL?

So by now you are probably wondering, "Should I ever use an advisor, or should I just do it myself?" Well, there is no easy answer. And the truth is that it depends on what you are trying to accomplish.

Unfortunately, no one can answer that question for you. But before you decide to go it alone, spend some time and assess your current situation. Take a step back and take a long, hard look at the big picture. For example, you may need to analyze your annual income:

- Do you expect it to go up or down in the future?
- How much can you safely pull out each year?
- What is your chance of running out of money if the market tanks?
- How will your financial situation change if your spouse were to die?
- How will your financial situation change for your spouse if you were to die?

You also need to determine how long you and your spouse are likely to live. Is there a chance you'll run out of money? How much can you afford to spend annually? How much money do you need each month to maintain your current standard of living?

Cash flow is another area that you need to review. What are your expenses likely to be in the future? What kinds of things might change or interrupt your cash flow?

You also need to consider possible events that may impact your life:

- Is long-term care a possibility for you or your spouse?
- Is your home paid for?
- What would happen if you needed to move?
- What would happen if your children or grandchildren ever needed a significant sum of money?

The last thing you will need to consider is your legal and financial paperwork, because having the right things in place won't do much good if you forget a few key pieces of documentation.

- Does all your legal and financial paperwork list the correct beneficiaries?
- If you became incapacitated, would your spouse be able to handle your investments?
- What would happen to your investments if both you and your spouse were to die?
- Are you sure your investments will go to your children, or will Uncle Sam and the taxman get their hands on the American Dream you've built for yourself?
- Will your investments and years of hard work be lost to probate costs or attorney fees?

As you can see, there are a lot of questions you need to ask yourself, and you'll need to have thorough and complete answers to them. A guess or an estimate won't cut it. And as you might expect, it takes time to answer these questions thoroughly, not to mention the ongoing time commitment needed to stay on top of current information and changes in these areas. Again, are you willing to spend hours every week doing the necessary research on tax laws benefiting trusts, researching investments, and implementing the proper planning?

Sit down and ask yourself these questions, along with any others you think are important to you and your family's financial health. Once you do that you'll truly know where you stand. And then you can set your goals.

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Maybe you are planning on leaving as much of your money as possible to your children and grandchildren. Maybe you want to have a lifestyle of luxury and travel as a reward for all your years of hard work. Or maybe you simply want to live comfortably without ever worrying that you will run out of money. No matter what the answer, you now have your financial goal. Once you've answered these questions, you'll have a created a roadmap that will guide you throughout the rest of financial life.

HOW TO CHOOSE ADVISORS FOR DELEGATED TASKS

We've already discussed some of the traits that you should expect from a financial advisor and how to tell if you need a new one. But what should you do if it's time to find a financial professional who cares more about your needs than lining their own pockets?

The most important thing you can do is look for someone who specializes in your needs and goals. Having already done the legwork of evaluating your current financial situation, you already know what you need to accomplish, so it's time to find someone who can fulfill those goals.

Yet finding a true specialist is easier said than done. For example, if you're looking to minimize your taxes on your investments, just about every advisor you speak to will insist that they can help you. And while they may have a product or two up their sleeve that they insist is taxfree, you'll have to do some legwork to evaluate them on your own. But don't worry; we'll get to that in a minute.

This applies to any financial professional you hire, be it an accountant, attorney, advisor, or insurance agent. If you are looking for someone to do your taxes, make sure that the person you hire does taxes for a lot of people just like you – in other words, is familiar with retired individuals who hold significant investments. Likewise, business owners should find an accountant who specializes in taxes for small businesses. And if you have one professional who truly specializes in your needs, ask him or her for a referral. Odds are that your accountant may know an insurance agent who specializes in long-term health care, or your financial advisor may know an attorney who regularly handles wills and estates for retired individuals.

When it comes to taxes, many people wonder if they need a Certified Public Accountant or if a tax preparer is enough. The truth is that a CPA is seldom necessary, unless you have a complicated situation. For example, if you've sold a significant amount of property or investments and are concerned about capital gains, an accountant might be worth the additional fee.

However, even individuals who file their own taxes should have a tax professional review their taxes every three years, regardless of their situation. Having your returns reviewed will likely cost less than paying to have them done. But by getting them reviewed, you will not only have made sure that everything is correct, but you may learn about a new law or tax change that affects you.

When it comes to selecting a property casualty insurance agent, you should be diligent in interviewing potential agents. Ask them how they intend to make sure you are paying the least amount in premiums every year, as well as how they plan to make sure you are always fully covered. Good agents have systems in place to keep up-to-date on their clients' needs.

You should consider an independent agent, because like an independent advisor, they are able to shop around with several companies for the best deal possible. You can certainly interview captive agents, but you'll need to be skeptical. That's because a captive agent who works for one particular company, only sells that company's products. And of course, if they can only sell one company's policies, they are obviously going to insist that theirs is the best. That doesn't mean you shouldn't

buy insurance from a captive agent, but it does mean that before you do, you had better be certain it's the best policy for you.

And thanks to the Internet, you can now even save money by cutting out the middleman. Companies like Geico (http://www.geico.com) and USAA (http://www.usaa.com) allow individuals to shop around on their own and buy their own insurance. While this can save money, the downside is that you don't have a local agent to help you when problems and accidents arise.

Personally, I prefer having an individual in town that I can go to that I know will stand up for me if I need assistance with a difficult claim. I'm in no way suggesting that non-agent companies such as Geico and USAA aren't high quality, reputable companies. I just feel better looking a real human being in the eye, shaking their hand, and knowing that when they tell me I'm covered, I am.

Like any other professional, you should expect your agent to meet with you on an annual basis and review your current policy to make sure it's adequate. For example, people's homes often appreciate in value, yet they forget to increase their homeowner's policy to reflect that increase. When that happens and damage occurs to the house, the homeowner may pay a significant amount of the repairs out of pocket because of this oversight. Of course, this kind of personalized service may cost a bit more, but you are paying for a higher level of service.

HOW TO PICK A GOOD FINANCIAL ADVISOR

So what do you do if it's time for a change? Well, if you've decided to fire your current financial advisor and you begin looking for someone new, here are a few things that can help you along the way:

1) Get information from the SEC if you are working with a stockbroker

Obviously, you want to have not only a reputable advisor, but one who works for a firm you can trust. The U.S. Securities and Exchange Commission (SEC) protects investors and maintains the integrity of the securities markets. They help investors like you by enforcing federal and state securities laws which require advisors and their firms to be licensed or registered. The SEC also requires that information about any disciplinary action be made public.

The SEC website has investor information with tips on everything from making complaints, to explanations of investments, to calculators that help with social security and retirement planning. It's available on the web at http://www.sec.gov. Even though the SEC requires information about advisors and firms be made available to the public, they do not provide that information themselves.

This information is available through the Central Registration Depository (CRD). The CRD is a computer database that contains information about brokers and firms, and it can provide a wealth of information that can help you make the right decision. The CRD will tell you if an advisor is licensed to sell investments in your state, if they have been disciplined by the SEC, and if other investors have filed complaints about the advisor. You will also learn about the advisor's educational background and other firms he or she has worked for in the past.

2) Check out your broker

As an investor, you can't access the CRD yourself. But there are two ways you can get this information. You can either contact your state securities regulator, or ask the Financial Industry Regulators Authority (FINRA) to give you this information.

The best way to find your state securities regulator is through the North American Securities Administrators Association. Their website is http://www.nasaa.org. Or you can call them at the number provided on their website. They can provide contact information for your state's securities regulator, who can look up advisors for you.

You can also ask FINRA to check out a broker or firm for you. They accept requests through both the Internet and over the phone and are often the fastest and easiest way to get this information. Learn more on the FINRA website at http://www.FINRA.org, or call them at the number listed on their website.

3) Find out if your broker is certified

There are several certifications available to advisors. In order to find a good advisor, you should look for and understand some of the more important certifications for your needs.

4) Check out organizations your broker is affiliated with

Many organizations are specifically designed to help educate and protect seniors during their retirement years. Be sure to check out your broker's affiliations to ensure they have your best interest at heart. Once you've found the right advisor, you should ask some questions during your first meeting with him or her. Remember that although you want a good advisor, he or she also wants your business. So don't be afraid to treat a meeting with a potential advisor as an interview.

LOOKING FOR A FEW POINTERS?

Again, accumulating money and having a plan to draw down retirement savings are two different things that require two vastly different strategies and plans. With today's online resources, it's entirely possible for DIY investors to confidently put together a plan for both. But if you are looking for a little help…or even just a sounding board to run possible ideas by please feel free to contact us. We would be happy to point you in the right direction.

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