Finding the perfect planner

In "The perfect planner for you" (November 2013), *MoneySense*'s focus on being this precise in distinguishing between the *fee-for-service* and *fee-based* planning models is doing Canadians a great service. With the coming regulated transparency on the cost of advice, I would expect to see the fee-for-service planning community grow rapidly. More Canadians should be aware of and have the option of paying for retirement, estate, tax and other related advice based on the value of the advice, not necessarily the size of one's investment portfolio. And on the matter of embedded trailing commissions ... does it really make sense that the cost of advice to the investor is determined by the marketing department of the mutual fund company recommended by the adviser/planner?

DAVID TOYNE, DIRECTOR, BUSINESS DEVELOPMENT, STEADYHAND INVESTMENT FUND, TORONTO

Excellent article by Preet Banerjee ("The perfect planner for you" November 2013). He did a great job clarifying terminology that will help clients and the fee-only planner community communicate more effectively with each other. Kudos to *MoneySense* for updating its fee-only planner directory according to compensation models. This makes it much easier for clients to find a planner that fits their needs.

A key next step in building client trust is uncoupling advice and product sales. Most planners are paid by commissions and asset management fees. Yet much of what clients need has little to do with investment or insurance products and more to do with money issues, cash flow, debt management and life event planning. How can anyone honestly argue the advice provided by a planner whose compensation is directly linked to products isn't at least partly influenced by what they offer?

There seems to be a subtle suggestion that unless we hide fees, clients will opt not to seek financial advice. Sure, clients aren't used to paying direct fees for financial planning and some resist fees because they are under the mistaken assumption advice is provided for "free" by advisers or the banks.

I see this as a call to action for planners to clearly articulate their value when charging professional fees for services. We should stop discounting fee-for-service as the poor cousin to the bloated compensation of advisers who benefit from clients' asset growth without providing commensurate value. Fee-for-service is a major part of the evolution in financial advice.

KARIN MIZGALA,
CEO, MONEY COACHES CANADA, VANCOUVER,

Keep it professional

I'm a *MoneySense* reader from its beginning, but recently noticed some changes. Some contributing writers are gone and newer ones have taken their place. But that's not my main concern. I wish *MoneySense* could remain a true personal finance magazine, not attempting to entertain readers with comics, excessive illustrations and story telling. Instead, I feel more graphs, charts and tables would better illustrate any given financial subject. I'd rather you stick to information not provided by the financial institutions, insurance companies and brokers, and not do stories on the newest electronic gadgets and the like—which pack entertainment-oriented magazines. *MoneySense* should remain a personal finance "reference book"—professional and to the point.

GRAZYNA SMIGIELSKA, TWEED, ONT.

More stories for young adults

I enjoy *MoneySense* but have noticed a pattern in your recent issues. Here are the covers I'm referring to: "Freedom now!" "Best stocks to retire on," and "Retire in luxury." I'm 23 and a lot of what you're writing may not be relevant when I get there. Planning for retirement is important, but some variety wouldn't hurt. Perhaps an article on understanding how to calculate the mortgage I can handle depending on my income? Or maybe even insight into the changing workforce (higher unemployment among young people) and how to combat a lack of employer/employee loyalty? I'd certainly look forward to those types of stories.

REBECCA WAGNER, TORONTO

How much to put aside

In the November 2013 issue (Intelligence), you have revamped the old age 100 guideline of asset allocation. That does an injustice to a lot of people. The original equation, while definitely flawed in its simplicity, recognizes that once you hit 60 (or 70, etc.), your ability to bounce back from a significant economic downturn becomes more limited. Surely your investment strategy should be based on how much you can afford to lose, rather than how much you need to make? If you think your savings will barely cover the two coins on your eyes, then should you really have 50% of your money in the stock market at 70? You could be on the streets by age 80 that way. What you're suggesting is that people who aren't putting enough aside to meet their lifelong needs should increase their risk to pursue better returns. Wouldn't a more sensible approach be to either increase your savings contributions or to delay retirement? We really need to grapple with the reality that we can't continue to extend the number of years we expect to be retired without paying the price.

DORIS BERCARICH, TORONTO

Your letters are invited

Email us at letters@moneysense.ca or drop us a line at MoneySense magazine, One Mount Pleasant Road, 11th Floor, Toronto, Ont., M4Y 2Y5. We reserve the right to edit submissions for clarity and length.