

ON BECOMING A FINANCIAL LIFE PLANNER

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I'm a financial planner, a Certified Financial Planner in fact. When people ask me what I do, I choose one of two answers depending on my mood and who asked the question:

1. I help people make good financial decisions; or
2. I help people avoid doing really stupid things.

If the look I get back is quizzical, I might elaborate: I help people identify their long term goals, help create a plan to achieve those long term goals, and help them implement that plan.

It's a challenging profession; most people (including myself) are quite good at doing stupid things. It's also a very rewarding profession when I can make a significant positive difference in someone's life.

But it's been a long road to get to where I am now. I didn't start out in the planning profession. I graduated from the School Of International Service at American University with a degree in Language and Area Studies of Southeast Asia.

The first step in financial planning is "human capital." Each of us needs a skill that we can sell in the marketplace, i.e., we have to be employable. Unless one chooses rich (and generous) parents, human capital is essential to long term success.

So let's go back to that degree of mine. Was it something I could sell in the market place? Heck, no. But I had the foresight to earn a certificate in Teaching English As a Second Language before graduation and got a job doing just that after college.

A year later, that degree came in handy, though it still didn't make me rich. I was accepted as a Peace Corps volunteer in Thailand teaching English in a commercial college. I was fluent in the language and had even read novels in Thai. So off I went on the greatest experience in my life.

After almost three years in Peace Corps, I returned to the U.S. and eventually settled in Pocatello, ID.

I really loved my life in Pocatello. I taught English to foreigners (mostly from OPEC) at Idaho State University. I had a great circle of friends and made the most of the great outdoors in Idaho. I earned next to nothing, which was still more than I needed.

At one point, I went back to Thailand and was ordained a Buddhist monk, eventually settling down in a monastery in the rain forest in Southern Thailand before returning to my job at ISU.



Yes, life was good. But something was bugging me. Could I do this forever? On such low wages, would the time ever come when I would have saved enough to retire comfortably? Or was I destined to work until I couldn't work anymore, at which point I would settle into a hovel and live off whatever I got from social security?

Something had to change. So one day, I opened the college course catalog. I didn't get past the courses that started with "A." I saw the word "accounting." How hard could that be? And CPAs make a lot of money, right? And ISU was one of the best universities in America for accounting with a very high pass rate on the CPA exam.

I don't know what there was in that catalog beyond the "A's." Maybe I would have been a great zoologist. Who knows? But it didn't matter. A few years later I was a CPA.

I started my career working for a couple of CPA firms in Salt Lake and then for Mrs. Fields Cookies in Park City. All of these jobs eventually “inspired” me to start my own firm with Gary Brown. That was almost 30 years ago!

As Gary and I were building the firm, I realized that our clients needed more than just tax advice; they needed broad comprehensive financial advice. So I began working with a series of local financial advisors to whom I referred my clients.

Maybe it was karma from my monk days. Maybe it was just dumb luck. None of my clients ever held me responsible for how those referrals turned out. Those “advisors” were nothing more than product sales people charging high fees and commissions. They sold my clients (and me) annuities that we didn’t need (they hid the fact that there were annuities in the products they sold). They advised clients to invest their money in their own firms’ products instead of funding 401ks at work, thus losing the tax reductions. They sold expensive whole life policies to people who had no need for them. They churned clients’ accounts, sometimes on margin, without the clients’ knowledge. One “advisor” even invested an elderly client’s money in currency speculation, losing almost half of it.

I spent years searching for an honest and ethical financial advisor who operated under the fiduciary standard, i.e., someone who would put my clients’ interests ahead of his or her own. It took far longer than it should have for me to realize that these salespeople made their money from selling, not from advising, and certainly not from comprehensive financial life planning. The incentives were structural; these salespeople had no choice. They worked for a bank or brokerage firm; they did not work for my clients. Either they sold their companies’ products, or they found themselves out of a job.

But I had a choice. And that choice was to do it myself. So I acquired the skills, education, training, and certification to become a Certified Financial Planner. The designation comes with extensive training in financial planning, estate planning, insurance, investments, taxes, and retirement planning. And having been a CPA in public practice for many years, I had already become a student of behavioral economics, the study of people and their relationship to money.

How is what I do different from what the advisors at the banks and brokerage firms do? I'll give you two big differences:

1. I take a holistic approach. I look at a person's entire financial life. I look at the big picture. I connect dots the client didn't know needed to be or could be connected.
2. I work for the client, not for a bank or brokerage firm. And I comply with the fiduciary standard in everything that I do.

A few years ago I was at a financial life planning conference. There was a session on marketing that looked interesting. The attendees were a small enough group. So I asked the question that has been on my mind since I entered the profession:

"How do I explain the difference between a true comprehensive financial life planner and a securities salesperson without coming off like a jerk?"

The speaker laughed and told the following story. He was on a cruise ship and got to talking with some of the other passengers. He noted that many of them were from a prominent investment firm, the one with the green storefronts. He asked why so many people from the same company were all together. The answer was that they had all met certain sales quotas. But one of the passengers remarked, "We are not the really high sellers. They are on an all expense paid trip to Italy!"

As they say in the movies, follow the money. These investment advisors were not rewarded for helping their clients achieve financial security and peace of mind; they were rewarded for selling their customers as much as they could get the customers to buy!

One more observation. Many of these salespeople have passed the CFP exam and post "CFP" after their names. If they are independent, there's a strong likelihood that they, like me, are true long term comprehensive financial life planners. But if the work in (and for) a bank or brokerage firm, well, follow the money.