

RETIREMENT PLAN ADVISOR: Advice to the Masses *Financial Finesse has figured out how to provide unbiased, real advice to company employees*

By Melanie Waddell

Financial Finesse is blazing a trail as the first full-service financial education firm providing unbiased advice to its client companies' employees on everything from retirement planning to credit card debt. The Manhattan Beach, California-based firm employs a stable of CFPs nationwide who field calls from a toll-free help line, as well as provide workshops to employees in their regional areas. The CFPs "develop an ongoing relationship with employees and provide ongoing unbiased support as they tackle different financial issues and goals," says Liz Davidson, CEO and founder of Financial Finesse.

Davidson, 33, started Financial Finesse in 1999 after getting her feet wet running educational workshops for a hedge fund. The hedge fund workshops were initially a marketing strategy, she says, but they grew in popularity because of her educational approach. People "trusted me, and knew I wasn't going to try and sell them" something, she says. After "falling in love" with providing education to consumers, Davidson abandoned her post at the hedge fund and launched Financial Finesse. She admits it was tough going for the first couple years because the concept of providing financial education was in its infancy. "You couldn't call people and say you did financial education—nobody would understand what that was," she says. As scandals like Enron and Worldcom came to light, employers "recognized that they are liable for what type of job they are doing as a fiduciary," and providing financial education to employees started to take off.

Interest in Financial Finesse has hit a fever pitch within the past couple years as more CEOs and CFOs are considering "financial education to be important for both liability reasons and also as an employee benefit," Davidson says. "Employers that get it, really get it." Business is so good that Financial Finesse has abandoned its "outbound sales efforts to the corporate market," she says. Financial Finesse now provides services to 350 firms, the majority of which are mid-sized firms with 2,500 to 5,000 employees.

Financial Finesse employs five CFPs spread across the country, and Davidson is looking to hire more in Philadelphia, Los Angeles, and "opportunistically" in Atlanta and Chicago. "If we found the right person in Atlanta or Chicago, we would hire them." The CFPs are salaried employees of Financial Finesse, which means they've given up their securities licenses. "All of [the CFPs'] compensation is coming from us as an education company, so they have no conflicts of interest," she says. Davidson says the CFPs still maintain a certain amount of independence in that they "are very much involved in the development and delivery of the services." In addition to a base salary of \$80,000, CFPs receive a bonus, which is based on how well they coach employees. Davidson gauges employee feedback on whether the CFP gave clear information that motivated the employee "to take action." With the bonus, the salaried CFPs can earn more than \$100,000 annually. Davidson says if a CFP wasn't hitting the

\$100,000 mark, she'd "question whether they belonged" at Financial Finesse.

To be considered, planners must have at least 10 years of experience in the financial planning field. Planners now working for Financial Finesse come from varied backgrounds. "Some have come from the high-net-worth private client experience where they may have had a lucrative income, but they felt they wanted to help people that weren't wealthy," Davidson says. Others hail from owning their own shops and from wirehouses and brokerage firms. Besides requiring planners to be veterans in their field, Davidson also prefers to hire planners who have built relationships with clients and put their clients' needs first. She also assesses the planner's public speaking experience and their counseling history. "Planners aren't going to have education experience in the traditional sense," Davidson says, "but we're trying to judge their capability when they make this change" from a selling environment to an educational one.

Working at Home

The majority of Financial Finesse's CFPs work out of their homes, including Jeff Dunkel, who lives in Madison, Wisconsin. He was a trust officer for Wells Fargo for eight years before joining Financial Finesse four years ago. Dunkel says he joined Financial Finesse because he was ready for a change. "I found out about Liz and what she was doing—how she was educating consumers—and I wanted to be part of that organization," he says. "There really isn't anyone who goes in with an unbiased standpoint to not only talk [to employees] about retirement planning, but also different types of financial education."

Advice on All Sorts of Issues

In a typical day, Dunkel fields from three to 20 calls through the toll-free financial help line. The help line "works like a virtual call center; advisors can be anywhere because we have the software to route the calls," Davidson says. Callers seek advice on all sorts of issues: debt-related problems, questions about financial planning, investment allocations for their retirement plans, or whether to take a loan from their retirement plan. "We deal a lot with debt and credit issues because many employees, even at the executive and manager levels, are facing significant debt levels, which prevents them from investing for retirement," Davidson says. Employees also call "looking for an unbiased opinion when they feel the plan provider is going to push certain funds" in their retirement plan.

The CFPs also get a large volume of what Davidson dubs "crisis calls." The help line works best for the "at-risk" employees, she says, who, for instance, may be losing their homes in 48 hours or are going through a nasty divorce. "We get a lot of crisis calls where people are struggling and it's affecting their work performance." Employees who use the help line tend to be repeat callers; the first call is a crisis call, and then the next calls will progress into other financial matters, Davidson says. Dunkel says the crisis calls give him a chance to exercise his accredited financial consultant skills that he acquired while studying

to become a CFP. Callers are “very stressed when they first call,” he says, “but by the end of the call they are a lot more calm because they know what their next steps are going to be.” After talking with the employees, “I’ve hopefully educated them enough that they can not only resolve their current situation, but help protect them from it happening again.”

Dunkel also assesses corporate clients’ summary plan documents and visits with the companies’ human resources departments to become well-versed on the ins and outs of their retirement plan offerings. That way, when employees call in, “we will have the knowledge” about their plans, Dunkel says. For instance, some corporate clients require employees who want to take a loan from their 401(k) to first consult with a Financial Finesse CFP. “We let them know the consequences of taking out such a loan,” he says.

The typical employee who seeks help from a Financial Finesse CFP—either through the help line or via the workshops—is a middle-income employee who isn’t impoverished but doesn’t earn an executive-level salary. As Davidson puts it: “An investment advisor typically wouldn’t be interested in serving them.”

Financial Finesse is in the early stages of enhancing its help line through a financial coaching program. Repeat callers now want to talk with the same person, so Davidson tracks their call history to see how the CFP/employee relationship is progressing. The new financial coaching program would be “more formal,” she says in that the CFP would be accountable for placing calls to employees on a monthly and quarterly basis. During each call, the CFP “would say, ‘This is what you need to do by the next time we meet,’” she says. “It’s almost like a personal trainer for your finances.”

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