

# When in Doubt, Hire a Pro

Six years ago, Janet Risseeuw took up golf and hired a financial planner. Today she shoots around 100, and, even better, her retirement portfolio is soaring.

BY PATRICIA M. CAREY

**J**ANET RISSEEUW SPENT YEARS SALTING AWAY MONEY FOR HER SONS' COLLEGE education. When the sales and marketing professional finally sat down to plan her retirement, she was in her 40s. "It was way past the time for me to get serious about my future," admits Risseeuw (pronounced Rihsou), a single mom who now earns more than \$100,000 annually as a business development manager.

How did Risseeuw get on track? She hired a personal financial adviser, someone she could call on to help her make financial decisions—whether it was purchasing insurance coverage or allocating her latest pay increase. Today, after six years of working with Stanley B. Corey Jr., who owns Great Falls Financial Services in Virginia, Risseeuw's net worth has more than doubled.

Forget Prada knapsacks and palm-size computers. For serious investors, the must-have accessory is a personal financial pro. According to the National Association of Personal Financial Advisors, calls for referrals jumped from fewer than 12,000 in 1996 to 30,000 during the first 10 months of 1997. What's fueling this trend? For starters, high-level managers rarely have time these days to pore over the complex menu of benefits and 401(k) options offered by employers. Moreover, tax law changes in 1986 limited the amount of pre-tax income employees can put in 401(k)s and other company-sponsored retirement plans. (The ceiling is \$10,000 for 1998.) As a result, high earners need to find new vehicles for socking away more cash for the future.

## Her Plan

After speaking with several advisers recommended by friends, Risseeuw chose Corey because she liked his sincerity, his global approach to planning, and his pricing structure.

As a fee-based planner, Corey charges an hourly rate of \$125; for portfolio management, he gets a percentage of total assets. Before he sat down with Risseeuw, he gave her an hourly estimate (full-scale initial plans generally cost between

\$1,000 and \$2,000). He also told her that phone calls are free. "I don't want to discourage clients from calling," Corey says.

To help him assess Risseeuw's assets, Corey asked her to pull together all her financial records, including employee benefit plans. Then the two sat down for more than two hours to chart her future. Unlike planners who ask clients to fill out questionnaires, Corey feels that a face-to-face talk helps him uncover a client's attitudes toward money and risk. "I had disability insurance. I had a portfolio. I had a will," Risseeuw says. "But I'd never had anyone ask: 'What are your goals? What do you want to have? What are you willing to sacrifice to get there?'"

What's more, Risseeuw had never before taken the time to figure out her expenses. Like the rest of us, she says, "I couldn't tell you where the cash was going. It wasn't that I was buying lavish things. I just had no idea in any given month what I was spending."

And although she dabbled, often successfully, in the stock market, Risseeuw was, by her own admission, an undisciplined investor. Between IRAs, her 401(k), and individual stocks, she'd built

a portfolio worth \$75,000 to \$80,000. But she had no blueprint for allocating assets among investments with different levels of risk and return, no regular savings schedule, and no idea how much money she really needed to retire in comfort.

Corey calculated that Risseeuw would need a retirement income of at least 75 percent of her current income. (At the time, she made about \$100,000-a-year as a regional sales manager at MCI.) Factoring in a projected inflation rate of 3 percent, that meant she had to amass \$2.2 million in order to retire at 65 and live on income from her assets. (From her family history and an insurer's mortality chart, Corey calculated her life expectancy to be between 80 and 95 years.) Assuming she'd get \$20,000 a year from Social Security and other government securities, the amount dropped to \$1.8 million.

That figure was daunting. Still, Risseeuw was determined to gain financial independence as soon as possible. She slashed her spending, drew up a budget, and earmarked money each month for her retirement accounts and personal investment portfolio. She also installed a spreadsheet program on her computer to monitor her money. "I wanted a solid financial base. I'm very conscious of being the breadwinner, of having to do it on my own," she says.

## Her Progress

One of the first suggestions Corey made was that Risseeuw maximize her contributions to her 401(k). He also recommended that she set up a variable annuity, a tax-deferred policy issued by insurance carriers, because she's a high earner who's looking at a 10-year-plus investment horizon. Then he drew up a plan to allocate a certain amount of her monthly income, plus bonuses, to her annuity and individual stock portfolio. "A \$2 million goal is kind of scary," admits Corey. "So I tried to get her to look at it from month to month at first, to put aside just a few hundred dollars a month and gradually increase that amount."

It worked. Within 18 months, Risseeuw was squirreling away 25 percent of her total annual compensation. Today half her assets, primarily rollovers from

previous retirement plans, are in IRAs; 18.5 percent are in her current retirement plan; 6.5 percent are in an annuity; and 25 percent are in individual stocks.

During the first year, Corey and Risseeuw met five or six times. Now they get together three or four times a year and talk on the phone at least once a month. "We check projections, recalculate retirement benefits, look at cash flow, and discuss employment benefits or estate planning," Corey explains.

Corey manages some of Risseeuw's IRAs and the variable annuity, while she handles her personal portfolio, buying and selling stocks through a discount broker. But before she picks up the phone, they discuss how the stock move would affect her asset mix. "I don't advise Janet on individual stock purchases, because she's in the technology industry and knows more than I," he says. "But I track how it affects her overall goals, and I make her justify the purchase to me. A couple of times, that's kept her from buying."

Currently, 3 percent of Risseeuw's investments, including tax-deferred accounts and her personal stock portfolio, are in low-risk government securities, and 5 percent are in corporate high-yield bond funds. The rest is in individual stocks and mutual funds such as Fidelity's Magellan and Contra Fund and American Fund's Washington Mutual Investors and Euro-Pacific Growth.

Corey's services have cost Risseeuw about \$500 each year, and as far as she's concerned, every penny has been well spent. Although she won't reveal exactly how much her portfolio is worth, she says the total is well ahead of schedule, thanks to Corey's planning and the strong market performance of recent years. "Stan's the right kind of planner," she says. "I'm very happy with my portfolio." So happy, in fact, that she recently splurged on a black Lexus, her first car purchase in five years. Of course, before she closed the deal she asked Corey for his advice on how to finance it. ■

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