

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals.

## Looking for Professional Help with Your Investments

by Donna V.S. Ortega

Getting started with investing can be a daunting process. There's a lot to learn and, at the end of the day, your money is on the line. Some people are happy to take a more "do it yourself" approach to investigate their options and invest on their own, and there are many resources, on-line and off-line, that can provide information and help. But there are also licensed professionals who can help you with your investing decisions. And while these professionals can be a good resource, you'll still need to do some prep work to make sure that you find a competent professional who is a good fit with your investment goals and planning needs. Here is a list of questions to ask before hiring a financial professional.

**What are his or her credentials?** There is a veritable alphabet soup of certifications and standards for financial professionals. Two of the more common are CFP (Certified Financial Planner) and CFA (Chartered Financial Analyst). Each designation is certified by an organization and requires specific training, tests, and adherence to ethical standards. You can learn more about some of the different designations and what they mean by visiting the Certified Financial Planner Board of Standards website at <http://www.cfp.net/learn/knowledgebase.asp?id=5>.

**How does s/he get paid and**

**how much does s/he typically charge?** Some professionals charge fees-only (an hourly rate or a flat fee for the service provided), others charge a commission based on the types of products they sell to you, and still others charge a combination of fees and commissions. Many personal finance experts recommend that you try to work with a fee-only professional in order to ensure that the professional does not have something to gain by getting you to invest in a specific product. All professionals should be able to tell



you what a typical engagement for their services will cost based on the type of service(s) you want and your goal.

**What experience does s/he have?** Don't just ask about the professional's years of experience, but also about what type of work experience s/he has had. Check to make sure that s/he has worked with people in situations similar to yours with regards to goal, amount of assets to invest, and services requested. Once you determine that s/he has experience with clients that are like you, request a

list of those references for you to follow up with, and then check them out.

**What can s/he do for you?** A professional's services are limited by several factors, including their credentials and licenses, the company they work for, or their expertise. Think about the services you want to receive. Do you want someone only to help you map out a plan to achieve your financial goals but keep the freedom to choose your own specific investments? Or do you want someone who will not only help you plan, but also help you put your money into a specific vehicle? Think about whether you need someone with a specific area of expertise such as taxes or estate planning. Also, find out how the professional will work with you. For example, ask if you will be meeting face-to-face on a regular basis to formulate your plan and monitor activity, or if you will respond to a questionnaire and then have regular check-in calls. There is no right or wrong process, but it is important to find someone whose services and style fit with what you are looking for.

**Lastly, do your own research to check on a professional's disciplinary record and credentials.** You can contact the Certified Financial Planner Board of Standards ([www.cfp.net](http://www.cfp.net), phone: 888-237-6275) to confirm whether a professional holds the CFP credential and to check the CFP's disciplinary record. Investment advisors must register with the Securities and Exchange Commission (SEC), [### CONGRATULATIONS!](http://</a></p></div><div data-bbox=)

The following savers made asset purchases in the month of September:

#### Home

Dawn Berry  
Jose Nelson Campos  
Faith Jarmon  
Linda Marshall  
Joy Roberson

#### Education

Earlene Davis  
Kimberly Davis  
Shernice Quigley-Dozier  
Claudio Machado  
Pamela Massaquoi  
Antorinette Payden  
Jeovanny Paz  
Al'landrew Shepperson  
Addis Woldeamayyat  
Long Yang

#### Small Business

Hilary Belfon  
Bernardo Figueroa

[sec.gov](http://sec.gov), or the state securities regulator in order to do business. You can contact the SEC at 800-732-0330 to verify their registration, or contact the North American Securities Administrators Association ([www.nasaa.org](http://www.nasaa.org), phone: 202-737-0900) to find the appropriate state regulator, who can verify educational background and licensing.

This is a basic list of things to look for when considering professional financial help. For more information, you can find a longer checklist at <http://www.cfp.net/learn/knowledgebase.asp?id=6>. The Investor Protection Trust also provides a free publication called "Getting Help With Your Investments" that you can download for free from [http://www.investorprotection.org/pdfs/Getting\\_Help.pdf](http://www.investorprotection.org/pdfs/Getting_Help.pdf).

# UPCOMING EVENTS & ANNOUNCEMENTS

## Money Management Classes at CAAB

at 1801 K St NW, Suite M100 (Farragut West & Farragut North metro stops)

### New round of Money Management classes starts this month!

(Free) Complete your financial education requirements for the IDA or MDA program and meet other people saving towards their life goals just like you. Saturdays, October 20 through November 17, 10 a.m. - 12 p.m.

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|--------|---|
| Oct 20 | Creating wealth, setting financial goals, and tracking expenses |
| Oct 27 | Understanding Credit  |
| Nov 3  | Knowing Your Rights   |
| Nov 10 | Budgeting   |
| Nov 17 | Financial Institutions and Products                             |

## Housing Counseling Services, Inc. (HCS)

at HCS Training Center, 2410 17th Street NW, Suite 100 (Adams Alley)  
(Columbia Heights metro)

**Foreclosure Prevention Clinic** (Free) 1st Tuesday of the month, 6:00 p.m.-8:00 p.m. & 3rd Tuesday of the month, 11:00 a.m.-1:00 p.m.; **In Spanish** 4th Tuesday of the month, 6:00 p.m.-8:00 p.m.

This clinic is provided to help you: **identify financial options and services** available to homeowners that have defaulted or are in danger of defaulting on their mortgages, **avoid predatory lenders and foreclosure scams**, and **answer your questions** about avoiding foreclosure. Call Ron Clarkson or Elias Cohn at [202-478-8231](tel:202-478-8231) for more information or to reserve your seat today.

**Housing Pre-Purchase Orientation** (Free) Every Thursday, 11:00 a.m.-1:00 p.m. & every 1st Wednesday of the month, 6:00 p.m.-8:00 p.m.

Highlights of Classes: Home Purchase Process, Preparing for a Loan Application, Making Your Purchase Affordable, Tax Incentives, District Loan Programs (HPAP/EAHP)

**Wills Clinic** (Free) Sponsored by HCS and the Neighborhood Legal Service Program; 3rd Saturday of the month, 10:00 a.m.-2:00 p.m.

Now that you are accumulating assets, find out how to protect those assets and ensure they are passed on to loved ones. Clients will meet with an attorney who will give legal advice about the wills & probate process in DC. An attorney will assess the client's situation and determine if a will is applicable and if appropriate, an attorney will draft a will for the client.

**What: Rally in Support of Paid Sick & Safe Days**

**Where: DC Council Building (Wilson Building), 1350 Pennsylvania Ave NW**

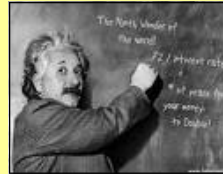
**When: 8:30 a.m., Tuesday, November 6, 2007**

**Why: The Paid Sick and Safe Days Act of 2007 would provide all workers in DC with access to paid time off to address their own illness or a family member's illness, seek preventive care, and address violence for victims of stalking, domestic violence, or sexual assault.**

**If you can't attend the rally, contact your Councilmember by calling or writing him/her and voice your support for the Paid Sick and Safe Days Act of 2007!**



## Savers Terminology



Albert Einstein once said that "The most powerful force in the universe is compound interest." **Compound interest** is interest that is paid on both the principal (your initial deposit) and on interest earned so far. Over the long-term, compound interest means lots of earned interest for savers and investors. However, just as it can be your best friend when it is working for you, it can be your worst enemy when it is working against you, like on credit card bills. So start saving early for those long term goals and watch how compound interest can work in your favor!

**Example:** If you saved \$50 each month for 25 years and just hid it under the mattress, you would have \$15,000 ( $\$50 \times 12$  months in a year  $\times 25 = \$15,000$ ). But if you took that money and invested it in an account that earned 8% interest compounded annually, after 25 years you would have **\$47,372.65!** (Find out how we get to this amount using the online compound interest calculator [www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm))

## CAAB CORNER

CAAB would like to welcome its newest employee, Linda Stroman, who began in October as the new Financial Education Coordinator. Linda will be providing instruction and one-on-one counseling to groups and individuals on money management and credit education. She will also be in charge of coordinating seminars and other events associated with CAAB's financial programs. Before joining CAAB, Linda worked for The Training Source, Inc., a nonprofit organization where she provided life, professional, financial, and technical training to Maryland and DC residents and organizations. If you would like to contact Linda regarding one-on-one credit counseling, she can be reached at [lstroman@caab.org](mailto:lstroman@caab.org) or 202-419-1440 ext. 109.

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