

THREE QUESTIONS

Financial planner: Education is key

Michael Kay thinks being a financial planner is about more than just money; it's about helping clients achieve life balance.

Kay is a certified financial planner and president of Financial Focus (financial-focus.net), based in Livingston. The company provides holistic wealth management services, combining asset management with financial life management.

Also an adjunct professor in the CFP program at New York University, Kay said one of the most common mistakes people make is failing to take responsibility for their financial decisions. People are rationalizers and avoiders and therefore, typically, make the same mistakes until things get really serious, he said.

The West Orange resident said what he enjoys most about his job is being able to step in and make a difference in people's lives, helping them live their dreams or deal with real problems in a more rational manner.

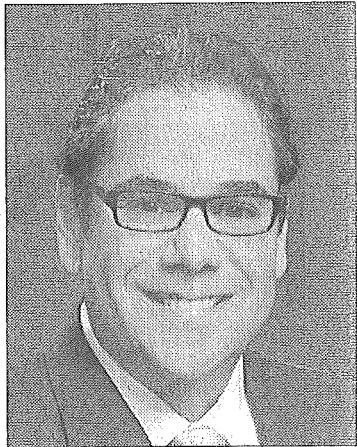
Kay talked to The Star-Ledger about financial planning.

Q: How do you prepare clients for the ups and downs of investing?

A: That's simple. First, education, education, education. I continue to tell the story that markets do not only go up, especially when the markets are very good. It is important to give perspective on market cycles.

Second, make sure that long-term money is invested in long-term instruments, while short-term needs are met adequately with short-term instruments — cash, certificates of deposit, money markets, etc.

Helping clients understand their risk tolerance goes up during up markets and down during down markets and that if they react to those feelings, their chance of success is remote. Making sure the clients' financial life plan appropriately reflects the



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reasonable assumption of down markets, emotional responses and sufficient reserves to get through the tough times.

Q: How do you help clients financially prepare for major life changes?

A: The first step is to help them identify what those potential life changes are, and the impact they could have on their lives. People need to internalize the affect on them before they find the energy to put behind it, create changes or prepare adequately. For example, how would someone's life change when they retire? Financially, socially, intellectually, etc.

People who respect and seek a co-created mutual relationship that helps them through life transitions and other financial issues should seek the advice of a financial planner. I could never understand people who won't fix their plumbing, but think they can navigate all the financial issues by themselves.

Q: What do you like to splurge on?

A: I love books, music and the occasional Yankees game.

— Rhea N. Bernard

Please submit suggestions for "Three Questions" to rbernard@njlns.com.