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Everything looks like a nail if your only tool is a hammer – that's what financial planning expert Brad Berger finds himself telling clients all the time.

What does he mean?

“A lot of the people in the financial services industry have only a hammer; they have

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insurance, real estate, commodities, futures, ETFs (Exchange Traded Funds), precious metals—the list goes on and on.”

Despite all of these tools that some financial advisors may ignore in this solution phase, there are also three other phases when creating a sound financial plan. Berger reviews the phases.

- **Discovery.** It's important to focus on the “why” of financial planning before considering the “what.” A computer can calculate the what, but it cannot tell you the why. It cannot define your personal values and your goals—and unless those are established first, how can you know that a potential solution is appropriate for you?

“That's why, in my firm, we use something called the Financial Road Map® to help clients articulate their values,” he says. “Then we help them establish goals and milestones for reaching them. How will they feel when they achieve them? When do they want to attain a particular goal, and how much money will that require? We look at their current financial situation to assess the possibilities.”

- **Planning.** Here, it's important to make sure the right product is used for the right job. “In my opinion, there are no bad financial products, but there are many financial products applied badly,” Berger says. Financial regulations keep these products out of the marketplace unless they have been vetted—at least somewhat. But such oversight tends to break down when it comes to whether the products are being used for the purpose for which they were designed. You could hammer in a screw as if it were a nail, but in doing so you would be misusing both the hammer and screw.

- **Solutions.** Again, here is where some advisors try to push products. “In this phase, we collect all the pertinent numbers and review them, and we talk about approaches and products,” Berger says. The goal is to uncover whether the client would object to a particular strategy.

“Because I’m an independent advisor, I’m not beholden to specific products,” he says.

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provide many opportunities but also present a lot of potential pitfalls.

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*Brad Berger, a managing partner and owner of Cornerstone Financial Strategies LLC ([www.LiveYourIdealLife.com](http://www.LiveYourIdealLife.com)) in Tacoma, Wash., is a CERTIFIED FINANCIAL PLANNER™ Professional with more than two decades of experience. He also is the author of the book “Stop Trying to Keep Up With the Joneses – They’re Broke Anyway: A Financial Planner’s Guide to Living Your Ideal Life.” He is a graduate of the United States Military Academy at West Point and served as a Scout Platoon Leader in Berlin, Germany, during the fall of the Berlin Wall.*

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