

Richard A. Courtney, CELA
Certified Elder Law Attorney
4400 Old Canton Road, Suite 220
Jackson, Mississippi 39211
601-987-3000 or 1-866-ELDERLAW
For more Articles, go to:
www.elderlawms.com

Mid-Month
Musings

How Much Do You Really Know?

Last week I saw the conclusion of the TV show “Are You Smarter Than a Fifth Grader”. A middle school teacher missed the answer to the last question that the fifth graders on the show got correctly, and she lost several thousand dollars which she had accumulated. In signing off, she had to say “I’m a teacher and mother of three, but I’m NOT smarter than a fifth grader!” I would have laughed at her, but (yes, I’ll admit) I missed the last question, too.

How much do you really know? The Financial Planners Association recently partnered with *USA Today* to survey financial planners and consumers about how much the typical planning client really knows. The FPA had 375 of its member financial planners complete the survey indicating the degree of knowledge their typical client has in each of the following areas: basic budgeting, financial goal-setting, insurance issues, investment issues and strategies, tax planning, retirement planning and estate planning. *USA Today* asked a panel of representative consumers who have used financial planning services to rate their own knowledge in the same seven areas. Of this group, a total of 1,459 consumers responded to the survey.

Across all the topic areas, the consumers rated themselves as more knowledgeable than the planners rated the typical consumer. The difference was most pronounced in the areas of insurance issues and estate planning. In insurance matters, 76.1% of consumer respondents rated themselves as “somewhat knowledgeable” or “very knowledgeable, while only 36.8% of financial planners rated their typical client in those categories. For estate planning, 65.9% of consumers said they were somewhat or very knowledgeable, but only 29.3% of planners said so. Thus, **nearly two-thirds of consumers felt they were knowledgeable in estate planning, while only 30 percent of planners agreed.** [In the other areas surveyed, the results were: budgeting: 97.8% consumers and 88.8% planners; financial goal-setting: 92.5% consumers and 75.7% planners; investment issues/strategies: 78.3% consumers and 65.3% planners; tax planning: 63.8% consumers and 39.5% planners; retirement planning: 88.6% consumers and 64.8% planners.]

The point taken from the FPA survey was that in most areas of financial and estate planning, typical consumers may feel we are better informed than we actually are. This false sense of confidence may deter us from seeking advice that would help us achieve our planning goals for personal and family security. Ignorance is not bliss when it costs us and our families financial and legal security. In *As You Like It*, Shakespeare said: “The fool doth think he is wise, but the wise man knows himself to be a fool.” (In modern English: A wise man knows he is a fool. A fool thinks he is a wise man.) King Solomon of the Old Testament admonished: “Plans fail for lack of counsel, but with many advisers they succeed.” Proverbs 15:22

In talks about estate and asset protection planning to consumer and professional groups, I have often used three (tongue-in-cheek) definitions that are apropos: Confidence, Experience and Conclusion. “Confidence” is the feeling you have before you understand the situation. “Experience” is something you have just after you needed it. And “Conclusion” is the point at which you got tired of thinking. These humorous definitions play out in painful reality for families every day. If you are confident you have the right plan in place (because the same plan worked for your relative or neighbor, or because you got it off the internet), you may coast along without competent counsel until something happens to prove your plan was deficient because you missed or misunderstood something important. At that point, you have the experience you would prefer not to have. So don’t quit thinking and conclude that you have it all together about the important planning areas in your life. Get good counsel – and see your plans succeed.

After all, how much do you really know?