GETTING GOING
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The Bargain Hunter's Guide to Getting Cheap Professional Investment Advice

My advice on buying advice: Keep it cheap. Seven weeks ago, I wrote "I would not use an adviser unless the total annual cost, including the adviser's fee, is less than 1.2% of your portfolio's value, and preferably below 1%."

HELPING HANDS

• Before hiring a full-time adviser, make sure the total annual cost will fall below 1.2% of your portfolio's value.

• Need a financial check-up? Try finding an adviser through www.cambridgeadvisors.com or www.garrettplanningnetwork.com

• To get online fund recommendations, consider www.financialengines.com or www.clearfuture.com

That comment elicited howls of outrage from brokers and financial planners, who claimed you couldn't hire decent help at that price. Really? I found a fistful of financial advisers who would beg to disagree.

Give Me an A: If you use a broker or financial planner who charges commissions, it's tough to keep costs below 1.2% in every year. But if you find yourself a cost-conscious adviser, your annual expenses should -- on average -- fall below that hurdle.

For instance, if you took $100,000 to Jim Greenwood, a commission-charging adviser in Baraboo, Wis., he would likely invest the money with American Funds in Los Angeles. Let's assume he divided your money equally among the Class A shares of American Balanced Fund, Investment Company of America and Growth Fund of America. The three funds have relatively modest annual expenses, averaging 0.68%.

You would also have to pay the funds' initial sales commission, which would usually be 5.75%. But because you are investing $100,000, Mr. Greenwood would get your commission reduced to 3.5%.

If you then held on to the funds for seven years and thus effectively spread that initial 3.5% commission over those years, the hit would drop to 0.5% a year. Add in fund expenses, and your total annual cost would be under 1.2%.

"I don't have a lot of big accounts, so I need to keep every client I have," Mr. Greenwood says. "And the way you do that is to treat investors fairly and give them the best deal you can."

Playing the Percentages: Among advisers who charge fees rather than commissions, the standard rate is 1% of an investor's assets each year. Tack on another 1% for annual fund expenses and you are looking at a total tab of 2%. With that sort of drag on your portfolio, it would be awfully tough to earn decent returns.

Fortunately, not everybody is so pricey. Jerry Tweddell, an investment adviser in Sonora, Calif., charges 0.5% on the first $100,000 and 0.25% on the next $400,000. Throw in fund expenses and other investment costs, and somebody with a $200,000 portfolio might incur total expenses of 0.9% a year.

How does Mr. Tweddell keep costs so low? Like many of the less-expensive advisers, he recommends clients use part of their portfolio to buy and hold individual bonds and market-tracking index funds, thereby avoiding the hefty costs charged by many actively managed stock and bond funds.

If that strategy appeals to you, you won't get much cheaper than Richard Ferri, president of Portfolio Solutions in Troy, Mich. Mr. Ferri specializes in building portfolios entirely of index funds and individual bonds. His fee starts at 0.25% of assets, with a minimum annual charge of $1,000. Add on 0.25% for index-fund expenses, and a client might incur total annual costs of 0.5%.

Mr. Ferri notes that, for that price, you aren't getting full financial planning. "Our process encompasses everything we need to know to manage the account," he says. "We don't touch on insurance and health care."

Want help with broader financial-planning issues? You might consider a financial planner like David Peterson of Maple Grove, Minn. Mr. Peterson will not only manage your portfolio, but he will also help with life insurance, estate planning, long-term care insurance, college savings and tax planning. For folks with assets of at least $150,000 but less than $500,000, his fee is 0.75% of assets per year.

If clients are content with index funds, Mr. Peterson will typically use Vanguard Group's mutual funds, which might bring the total annual cost to 1%. But if an investor prefers actively managed funds, costs could get as high as 1.5%.

Part-Time Help: Mr. Ferri, the Troy, Mich., investment adviser, says that if clients have broader financial-planning questions, he will often direct them to a member of the Garrett Planning Network, a group of financial planners who bill by the hour.

Garrett, based in Shawnee, Kan., has 155 members in 33 states who typically charge between $100 and $200 per hour. Hiring a Garrett planner could be a smart move if you are a do-it-yourself investor who is struggling with a specific problem or you want to make sure you are on track financially.

Similarly, you might consider a "financial physical" conducted by a planner affiliated with Cambridge Advisors in Franklin, Mich. Cambridge's planners will meet with clients for two to four hours, typically charging between $400 and $900.

"There are a lot of people who don't need a full financial plan," says Bert Whitehead, founder of Cambridge Advisors. "Maybe all they need is a second opinion."

If you want advice on the cheap, also look into some of the online services. Clearly, a computer can't give you the handholding you get from a broker or planner. But the mutual-fund recommendations may be just as good, and possibly better.

Two of the most popular services are Financial Engines in Palo Alto, Calif., and ClearFuture, offered by Chicago's Morningstar Inc. Financial Engines costs $149.95 or $300 a year, depending on the level of service chosen. Meanwhile, ClearFuture is available to Morningstar's premium members, who pay $109 a year.