The Advicer

My cousin is about to retire at 55. Meanwhile, my last financial adviser told me to pay off my mortgage, which was 'not good advice.' How can I get on track?

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Question: My cousin recently advised me that he had been working with a financial planner for years and is going to retire at 55. I live in the U.K. Is it advisable to hire a financial planner in the U.K. or do advisers in the U.S. work with international clients?

When we looked for financial advice 2 years ago I was told to pay back my house and then look into financial planning, but I now think this is not good advice as I could be doing more to save money and live frugally. Help!

Answer: There are many nuances in financial planning around topics such as tax and estate planning. For those reasons, pros we spoke to said it was probably best to opt for a domestic financial adviser. (Readers who are looking for a U.S. financial adviser can use this free tool to get matched with an adviser who might meet their needs.)

"Most U.S. advisers are probably lacking in the rules pertaining to the U.K. by comparison to what they know in the U.S. That said, there may be some that specialize in clients that are residents in both nations," says Joe Favorito, a certified financial planner at Landmark Wealth Management.

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Working with someone in the same country you reside certainly has its benefits. "As someone who actually offers service across borders to clients outside the United States, I can tell you there is nothing like a planner who specializes in your country of residence because there are many different factors in each country like laws, taxes, pension plans and economic conditions," says Alonso Rodriguez Segarra, a certified financial planner at Advise Financial. "Therefore, having a well-versed specialist in these areas can be extremely beneficial."

If you live in the U.K. full time and all of your financial life is centered there, American Private Wealth certified financial planner Kashif Ahmed says his advice is to seek someone local. "However, if you have assets and liabilities including any tax status in the U.S., you can work with a U.S.-based planner who has experience with clients in the U.K.," says Ahmed.

In addition to finding someone in the same country, you want to find an adviser who has experience planning for situations that are like yours. "Advisers in the U.K. are likely to be familiar with health and social benefits you have access to," says Josh Trubow, a certified financial planner Sensible Financial. "Factoring in taxes is also important and someone who is local will have a better understanding of the tax laws in the U.K. than someone working in the U.S."

To ensure you're getting the most accurate advice with your finances, you'll want to work with someone who has an understanding of your country's laws, rules and regulations. "Because American CFPs will likely not be versed in U.K. tax code or retirement pension schemes, you should seek out a CFP in Great Britain," says certified financial planner Jim

Kinney at Financial Pathways. “Try the locator at financialplanning.cisi.org to find someone near you.”

Was paying off your mortgage a bad idea?

Regarding paying off your home, you’ll want to consider what rate your mortgage is locked in at. While Favorito notes that he often prefers “to see retirees debt free into retirement for behavioral finance reasons,” he adds that “with the recent spike in rates, it’s tough to tell someone with a 2.5%, 30-year mortgage rate to pay that off when they can get 5.25% sitting in cash or CDs. Much of that answer depends on opportunity costs and what you might otherwise do with the money.”

In fact, Ahmed says, “Deciding whether to pay back the house is part of the planning process … It’s quite often possible to pursue several planning needs at the same time and it might even be necessary.”

If you’re disciplined enough not to spend your money and maintain a sound savings strategy, Favorito adds that the delta between cash and many mortgage rates locked in during recent years is sizable enough not to pay down that debt.

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