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# How to use computer to improve finances

## Eileen Ambrose -- Personal Finance

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THE SECRET to successfully using a computer for financial advice? Start by figuring out what kind of help you want before sitting down at the keyboard.

Do you need to learn the basics of investing? Do you want a software program that tells you whether your finances are on or off target? Or, would you rather just find a live person who can answer your questions?

By narrowing your focus, you can save hours of sifting through the immense amount of financial information online.

"There's a ton, and it really is hard to wade through it," said Russ Wermers, an associate professor at the [University of Maryland, College Park](#). "I'm a Ph.D. in finance, and I'm absolutely overwhelmed and confused at all the different advice on mutual funds and stocks or bonds."

Basically, online financial advice falls into three categories, said David Drucker, a financial planner in New Mexico.

A lot of the financial advice available is actually general educational material, Drucker said. There are also number-crunching software programs that can make financial projections based on your portfolio.

The third type, far less common, uses the Internet to connect consumers with a live expert.

One of the latest entries in that third category is Myfinancialadvice.com, a Denver company that says it's unique because it takes the legwork out of finding an experienced, objective professional.

Launched in November, Myfinancialadvice.com links consumers with financial advisers who can answer specific questions on taxes, insurance, retirement, estate planning and other money matters by e-mail or phone.

"There is a live human component. That's what we bring," said Ron Peremel, the company's chief executive, who spent three years developing the site.

You can buy 10 minutes of a professional's time or an hour or more. Most questions have involved 25 to 45 minutes of an adviser's time, said Peremel, whose family has been in the brokerage business in Baltimore for two generations.

Advisers are prohibited from selling products to clients. They must have at least three years of

experience in their area of specialty. They must also have clean disciplinary records with regulators and pass criminal background checks.

Consumers can shop for an adviser licensed to do business in their state on [www.myfinancialadvice.com](http://www.myfinancialadvice.com).

Advisers' fees are similar to those they would charge for a face-to-face meeting, \$1 to \$4 per minute. Before the meter starts ticking, advisers submit a proposal on the amount of time the matter will take and the cost, and the client can accept or reject it.

The target customers are do-it-yourselfers who might want to run their decisions by a pro. The site also aims to attract middle-income households with \$100,000 or less in assets who are often overlooked because they can't afford to pay \$5,000 for a comprehensive plan.

Sixty advisers are signed up, but Peremel expects to have up to 500 by the end of the year and as many as 2,500 in three years.

Some financial experts say that if the advice is objective, the site can fill a need. No matter how computer-knowledgeable people are, they tend to want to talk to another person before making big financial decisions, experts said.

For those who don't want the human factor, there are sophisticated software programs that allow them to plug in their financial information and project whether their goals can be met or whether they need to change their saving or investing habits.

The major players in this category are Financial Engines, a California company founded by Nobel Prize-winning economist William F. Sharpe, and Morningstar Inc. in Chicago.

Financial Engines' software is provided to individuals through their employers' benefits plans. The program looks at a worker's assets, including those of a spouse, and runs numbers through thousands of possibilities to compute the probability that the person will achieve financial goals. It also recommends changes in the portfolio.

Similarly, Morningstar's program looks at 401(k) investments and other assets, figures the chances of reaching an objective and makes specific recommendations for the 401(k) account.

The program is available through employers or financial institutions that administer 401(k) plans. Consumers who subscribe to Morningstar's premium service for \$115 a year can get access to the online advice, in addition to research.

T. Rowe Price Associates, the mutual fund company in Baltimore, offers some of Morningstar's programs as well as its own retirement calculator for free online at [www.troweprice.com](http://www.troweprice.com).

There are plenty of other free online programs, some much less sophisticated, that try to make similar calculations.

Experts warn that results can vary between programs because not every program uses the same assumptions, and some rely on people making their own predictions for investment returns and inflation.

Still, a benefit of these programs is they can serve as a wake-up call to those who face falling short of their goals unless changes are made, experts said.

Much of the online financial advice available is educational material, often provided by mutual fund companies or financial publications.

The University of Maryland's Wermers suggests learning about finances and investments by reading some of the information on the Web sites of reputable investment companies such as Fidelity Investments.

Christopher N. Brown, a financial planner in Gaithersburg, recommends the Web sites of financial publications such as Kiplinger's. He also likes Morningstar's site at [www.morningstar.com](http://www.morningstar.com), which has loads of free information about funds and investing.

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