

## How to Choose a Financial Adviser

**Choose VERY carefully!** Ideally you will be working with this person or firm for a long time, and they will be guiding you through some very important decisions. Potentially this decision could affect the next 50 years of your financial well-being, and your next two generation's financial security. It is a critical decision, so give it your most careful consideration.

The Institute of Financial Advisers, which is the professional body for financial advisers dedicated to achieving the highest professional practice standards, recommends the following:

You should ultimately choose an adviser who:

- You feel **comfortable** with,
- Is prepared to discuss their own professional history and **financial philosophy**
- Belongs to the **Institute of Financial Advisers** (check this at [www.ifa.org.nz](http://www.ifa.org.nz) or by calling 0800-404 422 during work hours), subscribing to the highest standards of care,
- Provides the **kind of service** you want (do you want full service and regular monitoring, or a more transactional approach with services as and when you request them?)
- Is **Experienced** or **Supervised** by someone who is (the adviser or their professional supervisor should have 10 years of advisory experience or more),
- Is committed to the industry for the **long term**, and demonstrates this by either already being, or working towards becoming, **Professionally Qualified** (look for the internationally recognised **CFP<sup>CM</sup>** or **CLU** marks),
- Is **Competent** to provide you advice in your areas of interest or need
- Is **Clear and Honest** about their remuneration structure – that is, you know how they get paid for providing advice and service. (Everyone gets paid somehow, and no particular method is the right or wrong way, but you must both know how the adviser gets paid, and be comfortable with that method.)

### The tough question: How can you check if an adviser meets these criteria for you?

There are 15 key questions you can ask an adviser that should give you a good idea of the quality of advice you could expect, and that will help you determine if you are dealing with a professional who can be trusted to act in your best interests. They are:

- Are you a **member** of the **Institute of Financial Advisers**? If not, why not?
- Will you provide a copy of your **Disclosure Statement** before I meet you?
- What are your **areas of competence in advice**, and how do you keep up to date technically?
- Do you engage in any formal **product accreditation** or training programmes?
- What **ties or other arrangements** do you have with any provider of financial products, and what **conflicts or interest** could potentially influence you?
- How will you be **paid and by whom**?

- What will the total **costs of your service** be, both **initially, and ongoing**?
- What would happen if you were somehow **unable** to continue to look after me? Do you have arrangements in place for another adviser with a similar approach to take over where you left off?
- What product or investment **research** processes do you use?
- Have you had any formal **complaints** or discipline action brought against you by a client in any way?
- How many **clients** do you have now, and how many do you think you can provide full personal service to?
- What **ongoing service** and **review process** could I expect as a client?
- How often, and in what way, do you **communicate** with clients?
- What do **you expect OF** a client?
- Is there **anything else** I might want to know that will help me decide about working with you?

In addition to these questions an adviser may be able to give you the results of any client **satisfaction surveys**, or an **introduction** to some satisfied clients and/or your accountant or solicitor might be able to **recommend** someone.

Once you have chosen someone you can trust, you **both** need to **make it work**. If there is a problem, talk about it. Once you have made a commitment to taking advice and following it, it is very important to **keep going** with it.

You need to understand that the hardest thing for an adviser to manage is a client with constantly changing expectations or requirements – it becomes a recipe for dissatisfaction for everyone involved. Certainly, client's circumstances are constantly changing, which is why a good and competent professional will be regularly reviewing things with you. That's life. To manage those changes successfully and still get the financial outcomes you want from using a professional, requires a commitment from the client also to engage in the review process and keep the adviser informed of important changes. Both parties need to be honest with each other and engage in regular and positive communication.

Work through the questions and get answers that satisfy you, and then settle upon an adviser who you feel comfortable with. Once you have engaged the adviser work at ensuring the communication is open and ongoing, and constantly review your affairs together.

That is the recipe for getting great value from a professional adviser, and gaining the outcome you want.