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Finding professional help

When financial planning is not your forte, who can you turn to for help?

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With the world's economy turning on its head, the need to be prepared to ride out the storm becomes imperative and one of the best ways to do that is to ensure that there is a financial plan in place to help you safeguard and build what you have.

Making a financial plan, at least for some of us, can actually be an arduous and daunting task. There is an alternative for those of us who regard financial planning in the same vein as ancient Greek, and that comes in the form of professional help.

With that in mind, it is not as simple as opening the yellow pages, locating a financial planner/ adviser and handing your accounts over to the first person on the list. There are a number of things you need to know before taking on a professional financial adviser and you may speak to several before making your mind up on which one would best serve your needs.

Financial advisers representing life insurance companies are tasked to dispense sound financial advice to maximise your returns. They help you become better informed of your financial future while providing you with suitable financial solutions to meet your needs and goals. Their role does not simply entail providing sales materials and explanations that describe the life insurance options. Before you purchase a policy, he or she has to ensure that you understand what decisions need to be made, the various alternatives available and your rights to the process.

When speaking with the financial adviser that you are considering, treat the initial conversation as one of mutual sharing. The financial adviser should ask you about your goals, your current financial situation, and plans for your future and your personality, as all these are key information needed to draw out a proper financial plan. By learning about you, the financial adviser can begin to recommend appropriate financial products to meet your needs. At the same time, you should be prepared to ask questions that will allow you to judge the adviser's ability to provide advice on your finances appropriately.

Keep in mind that meeting a financial adviser does not mean you are obliged to work with them, so do not feel that you have to begin a relationship with the first financial adviser that you come into contact with.

Interview each financial adviser thoroughly so that when you do make a decision, you feel confident about it. Just as you would visit several car dealerships and test drive several car models before making a purchase; you should check each financial adviser to make sure that he or she is qualified to make the respective product recommendation to you.

After speaking with a potential financial adviser, it is a good idea to verify with the Financial Planning Association of Singapore (FPAS) to see if he or she has attained the professional qualification by FPAS. You should also ask the financial adviser to provide three client references so that you can check with them and ask about their quality of service and the advice that was rendered. Likewise, you can also seek recommendations from friends and professionals such as lawyers and accountants.

Do a little basic research on your own. This will not only allow you to understand the subject a little more, but will also let you ask questions to see how the financial adviser responds. It places you in a much better position to evaluate their knowledge and to get a feel if they are looking out for you or themselves. After all, this person will be helping you decide where to place your hard earned money so you want to have complete confidence that they are working for you. Here's a list of questions you should be asking any potential financial advisers:

1. What experience do you have?

Find out how long the planner has been in practice and the number and types of companies with which he or she has been associated with.

2. What are your qualifications?

The term "financial planner" is used by many financial professionals. Look for a planner who has proven experience in financial planning topics such as insurance, tax planning, investments, estate planning or retirement planning. Determine what steps the planner takes to stay current with changes and developments in the financial planning field

3. What is your approach to financial planning?

Ask the financial adviser about the type of clients and financial situations they typically like to work with. Make sure the planner's viewpoint on investing is not too cautious or overly aggressive for you.

4. How will I pay for your services?

As part of your financial planning agreement, the financial advisers should clearly tell you in writing how they will be paid for the services to be provided. They can be paid in several ways:^A

- salary paid by the company for which the adviser works. The adviser's employer receives payment from you or others, either in fees or commissions, in order to pay the adviser's salary.

- Fees based on an hourly rate, a flat rate, or on a percentage of your assets and/or income.

- Commissions paid by a third party from the products sold to you to carry out the financial planning recommendations. Commissions are usually a percentage of the premium you pay for a product or the amount that you invest.

A combination of fees and commissions whereby fees are charged for the amount of work done to develop financial planning recommendations and commissions are received from any products sold. In addition, some planners may offset some portion of the fees you pay if they receive commissions for carrying out their recommendations.

5. How much do you typically charge?

While the amount you pay the financial adviser will depend on your particular needs, the financial adviser should be able to provide you with an estimate of possible costs based on the work to be performed. Such costs should include the adviser's hourly rates or flat fees or the percentage he would receive as commission on products you may purchase as part of the financial planning recommendations.

6. Can I have it in writing?

Ask the adviser to provide you with a written agreement that details the services that will be provided. Keep this document in your files for future reference.

Once you have found an advisor that you feel comfortable with, you will want to keep in mind that there will always be things that you need to do for yourself. While

a financial adviser can recommend which products are appropriate for your needs, you are the one who has to make the final decision. As a prospective customer, it is still your responsibility to weigh the pros and cons of each policy to decide which of them would best suit your needs. If you have any questions pertaining to the policies, always consult your financial adviser. There is no use jumping into a policy when you are unsure of its functions.

Another good point to remember is that your relationship with your financial advisor is a long-term one. Things such as your insurance coverage and investment portfolio should be reviewed periodically to ensure that they are aligned with your needs. Thus, it is necessary to make contact with your financial adviser when changes occur such as purchasing a home or having children.

For more help, visit the Life Insurance Association website at www.lia.org.sg for the list of insurance companies in Singapore - and tell them you want to speak to one of their agents or financial advisers.

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