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When you need financial advice, look out for true independence

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Scots are more worried than ever about money and need help to navigate the financial services minefield, says a survey published for Financial Planning Week which starts on Monday.

Almost half of Scots think about money "more often than not", 13% worry "all the time", and 26% are relying on a lottery win.

Nick Cann at the Institute of Financial Planning says: "A few small steps can be all it takes to make a big difference. Interestingly, 83% of respondents say they aren't prepared to borrow or use their credit card to fund Christmas spending and will make cutbacks. While this may not be good news for retailers, it does show people don't intend to let debt spiral out of control."

John Prout, sales director of NS&I which co-sponsored the survey, said: "It's important to make an honest appraisal of your situation on a regular basis, through assessing the value of your debt and/or assets, the interest rate you are paying or earning on these and whether you could manage if your income was to reduce or your outgoings increase."

The latest statistics from unbiased.co.uk, the professional advice website, show 500,000 consumer inquiries this year for what it calls the "gold standard" of independent financial advice. Almost half were in relation to retirement planning (46%), but advice on investments, savings and mortgages was also consistently in demand.

The website says to ask whether your adviser is tied, multi-tied, or an independent (IFA) who can select from all the products available. They say: "Tied advisers can only advise on the products of one provider. Multi-tied advisers are able to recommend the products of a limited selection."

An IFA should tell you his qualifications and whether he will remain independent following the retail distribution review in 2012, offer the choice of paying by fee or through commission, and explain why a product or company is suitable for you.

When it comes to finding an investment adviser, what are the questions you should ask?

David Thomson, chief investment officer at Glasgow based VWM Wealth Management, suggests: "Is the firm independent? It is important a firm is not relying on just one set of investment managers. How much contact or influence can I have with the people actually managing my money?"

He says investors should be wary of "relationship managers" who are divorced from the investment process and sell off-the-shelf strategies.

Charges should be clear and transparent. Mr Thomson says most clients seem more concerned about annual management charges than transaction charges, probably because the latter are difficult to calculate in advance and can be hidden.

Brian Steeples, of Turriss Wealth Management in Glasgow, says new customers are concerned about the level of fees. "In actual fact, our fees are less than half those typically charged by a bank. Once I have explained our services to clients, I have never yet had one who liked what we had to offer but was not prepared to pay."

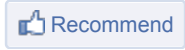
Another question recommended by Mr Thomson relates to an adviser's qualifications, experience and track record. He says: "Look for a demonstrable track record of steady outperformance in both falling and rising markets. "Owner-managers are still likely to be around in 10 years time. One of the reasons we gain clients from larger firms such as banks is that their staff are constantly changing. They just start to develop a relationship with someone and after two




years that person is moved on.”

Diane Carr, an Edinburgh-based IFA with the Positive Solutions network, finds many investors are reluctant to ask questions. She says: “I think most people make up their minds about you within the first five minutes and then stop asking questions.

“The main thing people are interested in is whether their money will be safe, so they need to feel that the adviser really understands how much risk they want to take.”



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