

# SIX EASY STEPS TOWARDS SOUND FINANCIAL ADVICE

## AND YOUR RIGHTS AS A CONSUMER



INVESTMENT AND FINANCIAL  
SERVICES ASSOCIATION LIMITED



**FPA**

FINANCIAL PLANNING  
ASSOCIATION  
of Australia Limited

## BENEFITS OF FINANCIAL PLANNING ADVICE

Financial planning advice helps you to make the most of your money so that you can achieve your life's goals.

Financial advisers can provide advice on:

- Retirement planning
- Strategic wealth planning
- Investment portfolio planning and management
- Superannuation and rollover
- Estate planning
- Insurance such as death and disability cover
- Trusts
- Taxation
- Investing in the stock market
- Debt and risk management
- Managed investments, securities and futures.

Amidst global market uncertainty and local industry change you will find that financial advice is critical for making informed decisions and maximising the value of your hard earned money.

Be an active partner with your adviser – do your homework, ask questions and be committed to learn about your financial affairs.

## SIX STEPS TOWARDS SOUND FINANCIAL ADVICE

### STEP 1 DO YOUR HOMEWORK

Familiarise yourself with the basic investment concepts and ask yourself:

- What do I want my money to do?
- What risks am I willing (and able) to take?
- How much guidance do I need from a financial adviser?

For helpful advice and tips, visit:

- ASIC's consumer website [www.fido.asic.gov.au](http://www.fido.asic.gov.au),
- The Financial Planning Association (FPA) website [www.fpa.asn.au](http://www.fpa.asn.au).

Take the time to read investment magazines and the personal finance sections of your newspaper.

### STEP 2 ASK AROUND

Word of mouth is often the best way to find a good licensed adviser. Ask your family and friends who they recommend or visit the FPA's Find a Planner service at [www.fpa.asn.au](http://www.fpa.asn.au), or call 1800 626 393.

### STEP 3 CHOOSING A FINANCIAL ADVISER

When choosing a financial adviser, ring a few and ask them to send you their Financial Services Guide (FSG).

All financial advisers must provide an FSG. This is a guide to the relationship between you and your financial adviser. Take the time to go through it before you choose a financial planner.

An FSG will cover:

- Who your adviser is and who they work for
- Experience and qualifications
- Range of products and services
- How they charge for services
- Relationships or associations with investment companies
- Complaints procedures available.

Once you have decided on the right financial adviser for you, they will guide you through a process that helps you take a big-picture look at where you are now and where you want to be financially.

### STEP 4 PREPARING YOUR PLAN

Take an active role in the preparation of your financial plan.

It is important that you disclose the facts of your financial position and the risks you are willing to take so a plan can be customised and tailored to meet your individual needs and circumstances.

Information your adviser will need to know includes:

- Your age
- Your current and future income
- Any projected expenses
- Assets and liabilities
- Number of dependents
- Superannuation and insurance figures
- Any health or external issues that may impact upon your finances.

### STEP 5 WHAT SHOULD BE IN YOUR PLAN

Once you have received your written financial plan, ensure that all facts and figures are correct and that the strategies and recommendations meet your needs.

The plan should:

- Outline your current financial position and needs
- Explain the overall strategy to achieve your goals
- Recommend investments and other strategies to manage your money
- Describe how these investments will achieve your goals
- Discuss the risks associated with each investment choice
- Disclose all fees, commissions and other benefits associated with the advice and placement of investments.

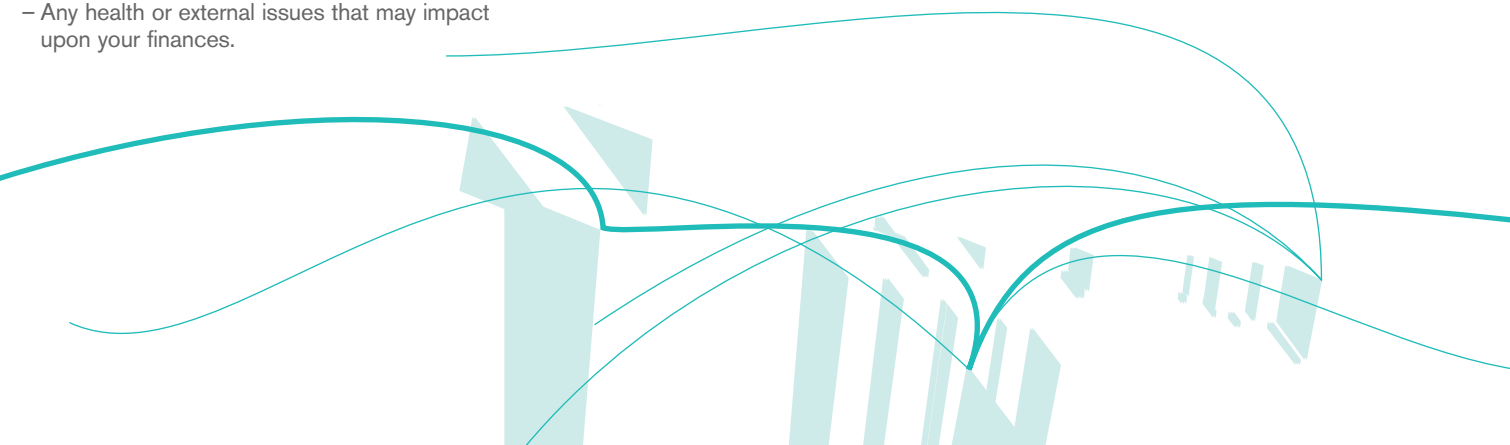
If you have any questions about your plan discuss these with your adviser. Do not implement the plan until you are 100% happy with it.

### STEP 6 REVIEW YOUR PLAN TIMES CHANGE AND SO WILL YOUR PERSONAL AND FINANCIAL CIRCUMSTANCES

A financial plan is a living document. It should be regularly reviewed (at least once a year) to ensure it remains current. Your adviser may review and amend your plan as required but before you commit to any changes:

- Check how much this additional service will cost. Does it represent value for money?
- Ask for the revised plan to be put in writing so that you can carefully examine your adviser's recommendations. Does it meet your new requirements?

For additional explanation and advice on making the most of financial advice, download the FPA's and ASIC's "Don't Kiss Your Money Goodbye" booklet from [www.fpa.asn.au](http://www.fpa.asn.au) or call 1800 626 393.



## RAISING PROFESSIONALISM OF THE FINANCIAL SERVICES INDUSTRY

The Financial Services Reform Act (FSRA) was introduced in 2002 to provide greater protection to consumers when seeking financial advice.

It means for the first time, every professional providing financial advice and services must comply with a common set of advice standards.

This will help you obtain honest, competent advice and make sure your adviser is made accountable if things ever go wrong.

Under this legislation, financial companies will have to hold an Australian Financial Services Licence and meet specific standards set down in the areas of training and education, professional conduct, compliance and disclosure.

FSRA will ensure better services for investors. You will:

- Be able to compare products and recommendations
- Have access to independent complaint schemes
- Be fully aware of all costs
- Have cooling off periods to exit an investment without penalty.

## YOUR RIGHTS AS A CONSUMER

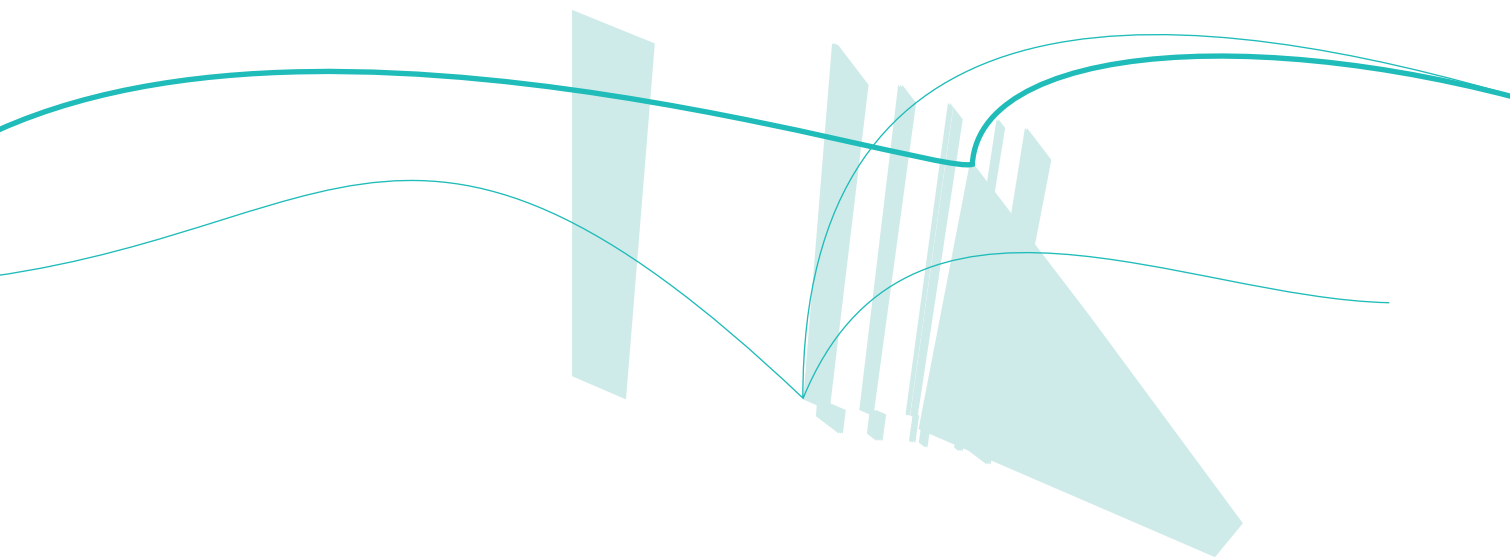
As a consumer of financial services you should expect:

- Your adviser to put your interests first
- Your financial plan, its strategies and product recommendations, to address your needs and circumstances
- Your adviser to disclose in writing all fees, commissions and any other benefits associated with the service you receive
- Your adviser to disclose any relationships or associations which may influence their advice to you
- Your adviser to assist you with any questions or concerns you may have regarding the service you are receiving
- Access to an internal complaints handling scheme.

If something does go wrong and you are unhappy with your adviser's response there are avenues for assistance.

You can speak to:

- The Financial Planning Association (FPA) on 1800 626 393
- The Financial Industry Complaints Service (FICS) on 1300 780 808
- The Australian Securities and Investment Commission (ASIC) on 1300 300 630



## KEY DOCUMENTS YOU SHOULD LOOK OUT FOR

### **Financial Services Guide (FSG)**

A guide that outlines information about your adviser such as who they work for, how they charge for services and the range of services they can provide, and products they can recommend.

### **Statement of Advice**

Commonly referred to as a financial plan this document is customised and tailored to your individual needs and circumstances. It recommends strategies and relevant investments to achieve your financial goals.

### **Product Disclosure Statement**

A product disclosure statement must be given by a licensed provider to you where a recommendation is given to acquire a financial product or an offer is made for a financial product.

