



In the new world of financial advice...

9 Steps to Choosing an Independent Financial Adviser for Your Wealth Management

A short guide by The Private Office LLP
Award-winning, Independent, Chartered Financial Planners

Find out...

How independent financial advice can help you

What simple steps you can take to find the right Independent Financial Adviser for your personal and financial objectives

Case studies: What good advice looks like



**To find the right advice
for your financial objectives,
you could talk to 69 banks,
52 building societies,
56 insurance companies,
50 pension fund providers
and 100's of fund managers...**

**or you could just talk
to one experienced,
independent, chartered
financial adviser.**

Why read this guide?

If you want to protect and maximise your wealth, getting the right financial advice is essential. You may want to begin planning for your retirement, reduce your Inheritance Tax, or IHT, liability, or you may wish to make your wealth and investments more tax efficient.

If you want to protect, sustain and grow your investments, taking advice from an independent, chartered financial adviser can help.

Investment rules and products can be complex, however, and trying to find the right Independent Financial Adviser, or IFA, can be daunting.

An experienced IFA will listen to and understand your objectives. He or she will try to find solutions to your problems and will suggest investments or give advice that suit your personal requirements and meet your goals, whilst also considering your attitudes to risk – now and in the future.

The Golden Rule: If you're using an adviser, always, always, always, always ensure it is an Independent Financial Adviser

www.moneysavingexpert.com

What is financial advice?

Financial advice comes in many forms. It can range from helping you to decide on the most competitive rates for your cash savings to the most complicated arrangements where perhaps families, personal injury, and tax implications must be considered. Some clients do not necessarily invest any wealth at all, but instead use the expertise of a qualified independent financial adviser to ensure that consistent financial plans are implemented and actioned by their existing professional advisers. All of these examples constitutes financial advice and demonstrates why searching for the right IFA requires time and research.

Should you require them, there are thousands of investment vehicles out there from a multitude of different sources. Navigating the best and most appropriate vehicles for your wealth can present a minefield of different options, interest rates, returns and timescales.

Financial advice can help to eliminate these problems by guiding you away from the unsuitable to create a solution and/or portfolio tailored to your objectives.

Independent vs. Restricted

From January 2013, new guidelines, the Retail Distribution Review, or RDR, applied to financial advice. Under these guidelines the market is now differentiated between 'independent' and 'restricted' advice. These are labels attributed to advice by the Financial Conduct Authority to clearly outline the type of service being offered.

To qualify as 'independent', financial advisers must look at a wide range of suitable investment products before making their recommendations. The regulations state that independent advice **must** be based on a comprehensive and fair analysis of the relevant market as well as being unbiased and unrestricted.

Those who operate as 'restricted' may not have access to the whole market or may be limited to offering advice on certain types of products, investment vehicles and/or providers.

Since the RDR, many advisers and firms have relinquished their independent status. According to the regulator, there are now only around 21,969 financial advisers in the UK, many of which are restricted.

In addition, the CII reports that approximately only 3,500 bear the gold-standard 'Chartered' title.



**8 out of the 10 biggest
advice firms were
re-classified as
restricted post-RDR**

www.ftadviser.com

The Retail Distribution Review (RDR) is a key part of our consumer protection strategy. It is establishing a resilient, effective and attractive retail investment market that consumers can have confidence in and trust at a time when they need more help and advice than ever with their retirement and investment planning.

Financial Conduct Authority



Case Studies

CS1

In 2006 Edith was involved in a serious car accident.

As a result of the accident, Edith was awarded a large personal injury settlement of £1.9 million to compensate for her injuries and provide for the ongoing health care that is now required throughout her lifetime.

Edith has been unable to work since the accident and, as such, requires careful management of her funds to ensure that they are not exhausted.

OUR ADVICE

We created a varied investment portfolio for Edith with a combination of both growth and income investments to meet Edith's immediate care needs as well as provide for the future.

Edith's portfolio was structured with different investment vehicles to ensure that any monies invested was done so in the most tax efficient way, using all of Edith's available tax allowances. Approximately £300,000 was placed into Collective investments to utilise her annual capital gains tax allowance. Part of this capital was then used to utilise Edith's ISA allowance on an annual basis.

A large part of Edith's award was placed in Offshore bonds, allowing us to manage and move around substantial amounts of Edith's wealth without creating any immediate tax liability. In total, Edith receives approximately £54,000 net per annum income from her investments.

We worked together with her Solicitor to set up a Personal Injury Trust to protect her entitlement to State benefits. This means that Edith's settlement is disregarded as part of her current estate, but instead allows Edith to remain eligible for several means-tested benefits, such as Income Support. This helps to provide for Edith's day-to-day expenses.

Our team continue to monitor Edith's cash flow requirements, reassessing her investments every 6 months to ensure that they are appropriate to her balanced attitude to risk, to ensure Edith's long-term financial security.

CS1

Past performance is not a reliable guide to the future. The value of investments and the income from them can go down as well as up. The value of tax relief depends upon individual circumstances and tax rules may change.

So, what does good advice look like? Here are just a few of our clients' stories to help paint a clearer picture of how an experienced, independent financial adviser can help you to meet your financial objectives.

CS2

Joanne is 48 with two children and was recently divorced.

As part of the financial resolution to her separation, Joanne was awarded a £355,000 cash settlement, the family home which was valued at £235,000 and a share of her former husband's pension, at a transfer value of £120,000. Additionally, she will also receive support payments from her former partner to cover child maintenance.

Prior to the divorce Joanne did not work, but had previously considered returning to part-time employment. As such, Joanne is keen for her money to be invested for capital growth whilst also generating a sustainable income to supplement her new earned income.

OUR ADVICE

Using the value of her cash settlement, we created a comprehensive, tax efficient investment portfolio for Joanne, predominantly utilising Collective investments, which allows us to make full use of her annual capital gains tax and ISA allowances. This investment structure was also carefully selected to allow total asset diversification between managers and asset classes. This diverse structure considerably lessens the risk of Joanne's investments, aligning them with her balanced attitude to risk.

From these investments Joanne generates a sustainable income of approximately £11,500 per annum, which she uses to top-up her salary and maintain her standard of living. The structure of this portfolio also enables her new capital to grow, ensuring that her income is protected against inflation, now and in the future.

We also invested Joanne's pension fund into a varied portfolio of Collectives within a Self Invested Personal Pension, or SIPP, to create longer-term capital growth. Whilst Joanne is not yet able to make further pension contributions, her pension is now in an environment that can be managed in an unrestricted, flexible manner, allowing Joanne the freedom to use all regulated pension vehicles should she wish to.

Our team continues to work with Joanne to make optimum use of her annual allowances and to ensure that her income and tax affairs are kept as simple and coherent as possible. Joanne's adviser is her first point of contact for any financial queries and we continue to ensure that her regular reviews make the cash flow she needs to meet her everyday living costs our priority.

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For more information about The Private Office and our services, please contact us **0845 145 0115** or visit our website at **www.theprivateofficellp.com**

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Independence

Genuine independence means that the advice is unbiased, unrestricted, and based on a comprehensive and fair analysis of the relevant market.

A good IFA can demonstrate that they have the clients' interests at the heart of what they do. Being independent means that they can use the whole of the market to create solutions tailored to an individual client's financial objectives and goals.

All firms should actively disclose to each current and prospective client what type of advice service they provide: independent or restricted.

If it is unclear what type of advice you are receiving, be sure to ask.

9 Simple Steps to Choosing an Independent Financial Adviser

An adviser needs to be the right person for you, your family and your financial future. The 9 points we outline in the following pages will help you to prioritise the more important qualities of an IFA suitable for you:



Qualifications and Experience

All advisers must pass the relevant exams. They should keep them updated and sit additional examinations if they want to give specialist advice.

The basic accreditation is a Diploma, but a financial adviser may also hold an Advanced Diploma or even a Chartered designation. Confirmation that an adviser meets the basic accreditation is listed in their Statement of Professional Standing, which you are entitled to view.

The highest designation for an adviser provided by the Chartered Insurance Institute, or CII, is Chartered status. This ensures that an adviser is qualified to an exemplary level, and that they and their firm have adhered to, and continues to adhere to, an exacting Code of Ethics. They have demonstrated that they act with high ethical standards and moral integrity. This accreditation also ensures that each adviser keeps up to date with legislation and rules in all aspects of financial advice.

Qualifications can be full of jargon. If in doubt, ask what each qualification means; what it does and does not cover.

Don't forget to ask how long the adviser has been providing financial advice. Experience can count for just as much as exam certificates.

Working Together

It is vital that your adviser works in partnership with your other professionals to provide a complete and streamlined advice process.

A good adviser should have a network of other professionals they work with, such as accountants and solicitors. It is essential that your adviser is comfortable working with your other professional advisers, and they should be able to provide contact numbers and references for you if required.

Check to see if your IFA offers this referral system as part of their core service.

**Put not your trust
in money, but put
your money in Trust**

Oliver Wendell Holmes



Simple Steps

4 Clear and Transparent Fees

A good Independent Financial Advisory firm will have a structured approach to fees. This structure should be completely transparent and coherent, outlining what their advice will cost you and what you will receive for your money.

Under the new RDR guidelines, advisers must clearly set out their fees and charges, and they must detail the ways the fees can be paid before you agree to accept their services.

You should also determine what their core services are; what their service covers now and in the future, as well as the services that are not covered.

5 First Impressions Count

If you can, visit your prospective adviser's office to get a feel for their quality and professionalism. Are you greeted quickly and courteously?

A good adviser will make you feel comfortable and ensure that your discussions are professional and confidential.

Websites, brochures and other literature are also a good way to judge an adviser or firm. They can be practical too - often information is easier to digest when written down.

If you would rather meet your adviser elsewhere, on neutral territory or in the comfort of your own home, just ask. Your adviser should always arrange meetings at your convenience.

To achieve an annual income of £16,400 in retirement, it is estimated that you would need £270,000 in pension savings

www.telegraph.co.uk



A survey of more than 1,000 adults found those who took advice saved more than those who did not, even when incomes were the same.

The advised group put about 30% more into their pensions. Whilst other non-pension savings and investments were worth, on average, £40,000 more among the advised group than among those not taking advice.

www.thisismoney.co.uk, based on The Value of Advice www.unbiased.co.uk

6 The fact-find

The starting point of your adviser relationship should always be fact-finding.

A fact find is an integral part of an IFA's role and should be designed to ensure your adviser learns all the relevant information about you and your objectives. Understanding you and your family's personal and financial circumstances, whilst determining your attitude to risk, is the integral foundation of good financial advice.

A good IFA will explain why this information gathering is both necessary and an extremely important part of the advice process. An adviser should meet with you, at least annually, to review the fact-find and reassess you and your family's circumstances and financial objectives.

This initial meeting is a good opportunity to judge the Adviser's integrity, knowledge and confidence, and should be at no initial cost or obligation.

7 Get it in Writing

A first meeting can be information heavy.

Your adviser should offer to set out key points about their services and charges in writing. Ask them to explain in print what is covered and what is not.

Of course, nobody should be expected to sign an agreement immediately. Take your time to think about what you have heard and seen before you make any decisions.

8 Award-winning

Awards can mean a lot when it comes to validating the quality of a firm and they can often help point you in the right direction when trying to decide who to choose.

Look for advisers who have won accolades on a consistent basis. This demonstrates their commitment towards being recognised for an outstanding service.

9 Cash Management

A good IFA should be able to offer a first-class cash management service.

An IFA who can manage your cash savings for you is great, however, an IFA who is always looking for the most competitive interest rates on an ongoing basis is even better!

An Independent Financial Adviser that offers a cash management service is rare, look out for those that are willing to go the extra mile for your savings.



Investing should be like watching paint dry or watching grass grow. If you want excitement, take \$800 (sic) and go to Las Vegas.

Paul Samuelson, Nobel Memorial Prize Winner in Economic Sciences

Your Rights

A good IFA will re-assure you of your rights in the event that you have a complaint. These rights are there for your protection.

If you have made a complaint at any time and feel that it has not been handled or resolved correctly, you can approach the independent Financial Ombudsman Service for help. More details on the Ombudsman Service, what it covers and where the Ombudsman can and cannot intervene, can be found on their website.

All authorised firms, including IFAs, are members of compulsory schemes to protect you if things go wrong. They must have Professional Indemnity Insurance by law as well as a complaints procedure that they must disclose to you.

Visit www.financial-ombudsman.org.uk

Use the checklist below to ensure you are asking the right questions when considering any adviser:

- ☐ Are they truly independent?
- ☐ What qualifications do they hold?
- ☐ How long has the firm been in business?
- ☐ How long has the adviser been in the industry?
- ☐ What is their approach to fees?
- ☐ Find out what level of service they offer and what you will get.
- ☐ Do they provide an ongoing service?
- ☐ Will you receive an update of the performance of your investments on a regular basis?
- ☐ Will you see your advisor, at least, annually?
- ☐ Do they offer a cash management service?

Di...b...+

What Next?

Thank you for reading this short guide, we hope you found it useful.

The guide is designed to help highlight some of the more important aspects of searching for and choosing your financial adviser.

You should seek independent financial advice tailored to your individual objectives and circumstances to ensure you are looking after yourself and your family.

How does our advice process work?

Watch our short video on how our advice process works or call 0845 145 0115 for an initial, no obligation consultation.

Alternatively [click here](#) to indicate which areas of financial planning are important to you.



**I don't understand why
anyone would entrust their
monies to one of the banks;
they don't have my interests
at heart like you do. You work
for me and my bank never
seemed to do that**

Mrs A C, West Midlands
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