



Why You Should Hire A Financial Advisor

You work hard and want to secure your financial future. Depending on your stage of life, this could be any goal from paying off your mortgage, setting up an educational fund for your children, saving for a car, investing in property or planning for retirement.

Good advice from a professional will help you detail your goals, provide a roadmap on getting there and can be anything from creating a budget, creating an investment plan or choosing the right mortgage to suit your pocket. Everyone will be different and there isn't really a one size fits all answer for financial advice.

What Is a Financial Advisor?

Financial Advisors are professionals who provide financial services to clients and businesses based on their financial situation. These professionals need to complete specialist training and be registered with a regulatory government third party in order to provide financial advice.

In Australia, financial advisors must have passed a RG146 qualification and hold a license that is overseen by the Australian Securities and Investment Commission (ASIC) and are subject to fiduciary obligations.

A financial advisor may charge an hourly rate, a flat fee for service, a commission, a mark-up or mark-down and a percentage fee for management.

The financial services offered by a financial advisor are wide ranging and include:

- Certified Public Accountant (CPA) – these professionals help with taxes, businesses services, consulting and accounting
- Personal Finance Specialist (PFS) – these professionals are CPS's who have further studied and gained extensive educational education and experience. They help with broader financial planning that is more complex than basic accounting
- Registered Investment Advisor (RIA) – these professionals manage the assets of high net worth. They manage endowment funds, commercial banks, mutual funds, hedge funds and insurance companies
- Certified Financial Planner (CFP) – these professionals pass an exam to earn certification and specialise in taxes, estate planning, insurance and retirement planning
- Chartered Financial Analyst (CFA) – these highly educated professionals analyse banks, mutual funds and work for big institutions rather than plan for individuals.

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What Will A Financial Advisor Do?

A financial advisor will crystallise your goals and create a plan for you to achieve them. If you fall off track, they will help you to rebuild or reset your goals.

Financial advisors will help you with key financial advice that will suit your budget. There are all kinds of investments and portfolios, and a good financial advisor will let you know which one is suitable for you. Some advisors will make recommendations for you to manage yourself, while others will manage their client's investments for a percentage commission if you're not sure what to do yourself.

Financial advisors will communicate regularly with their clients at least once a year to go over the results, discuss options for future plans and changes and to ask for your approval.

Apart from investment advice and planning a financial advisor will also help you invest tax-effectively, protect your assets, make the most from your superannuation, protect you and your family financially, rebalance your investments and develop a long-term plan for retirement.

Pro Financial Advice Tip: Make sure you know how your financial advisor wants to be paid and how often you'd like to communicate with them.

What Will A Financial Advisor Need To Know About You?

Your financial advisor will need accurate information in order to come up with a workable plan. Their plan will only be as good as the information they receive so you'll need to be prepared to open up your books.

An advisor will want to know:

- Personal details - age, where you work, relationship status
- Assets – debts such as mortgage, other loans and credit card debt
- Income – from all sources. This includes your wage or salary, investments and government benefits
- Insurance policies – in particular how much your assets are insured for
- Estate plans – will, power of attorney

- Your lawyer and accountant
- If you are willing for the financial advisor to access your cash management bank accounts and view transactions

What Should You Ask Your Financial Advisor?

There are certain key questions that should top your list when choosing the financial advisor to determine a professional that will suit your needs.

It's important to understand what your financial plan will or will not include, the cost and your options for paying, what information you'll receive and how often, when you'll be consulted, permission to adjust or change an item in your plan and how often your financial advisor will review your progress.

Your financial advisor will also enquire about the risk you're willing to take as well as how they will protect your assets should something happen.

Statement Of Advice

Once the finer details are agreed to, your financial advisor will prepare a financial plan for you, which is known as a Statement of Advice (SOA). This statement is the means by which your advisor will identify your needs, financial situation, objectives and will devise a strategy. It is based on accurate and material information, which is why it is important to be as transparent as possible with your financial information.

A Statement of Advice should include:

- Your financial goals and current financial situation
- Accurate financial details that include your assets, debts, expenses and income
- Level of risk you're willing to take
- Explanation of what your cover will include or not include
- Explanation of how the strategy fits with your goals, timeline, risk profile and situation
- Explanation of how your investments will be managed and how the financial products chosen will fit into your plan

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- Information about how your superannuation fits into your investment portfolio if switched to another supplier
- Your fee structure, how and who they will be paid to

Pro Financial Advice Tip: Make sure to ask for your financial advisors credentials to make sure they are up to date with their licenses. Don't sign any contracts until you are one hundred percent happy with the plan.

Review

In your review with your financial advisor is either once or twice a year, key points should be discussed. This should include any changes to your goals, situation and income, if you want to change the level of risk, your level of insurance – house, car, income protection – how changes to financial laws could affect you and if you want to make any adjustments to your plan.

It is important to protect your money. Unless key actions in the Statement of Advice are written and understood, never sign. Adding in a time limit to buy and sell investments on your behalf and keep track of all records will help protect you and keep control of your finances.

Pro Financial Advice Tip: It's a good idea to regularly double check transactions if you have an investment account or use an investment platform to see how your money is being handled.

Many people are uncomfortable with talking about their finances, but developing a professional relationship with a financial advisor can help you better understand your financial goals as well as help you reach them. Along with the advice, you'll gain peace of mind that your finances – and future – and being reached.

ITP The Income Tax Professionals are not only tax accountants. ITP Financial Advisors help individual Australian and Businesses reach their financial potential. Our friendly advisors can be phoned on 1300 136 729 to discuss your needs and to answer any questions you may have. Phone an ITP Financial Advisor today.

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



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