



when things turn sour? Unfortunately many investors find that they have been recommended products that failed to return their capital or their interest.

Find someone who offers services that will match what you are trying to achieve. There is a large range of practitioners; some do comprehensive financial planning and others specialise, for example, solely in investment or insurance. Some work in more boutique companies and others work in larger, multi-branch organisations.

Here are three important things to remember:

- Get recommendations, ideally from another professional such as a solicitor or accountant. When professionals recommend someone, their own reputation is on the line, so they're very careful when they give you a name.
- Do your homework. Ask around, use the internet and read about the adviser and the company they work for.
- Avoid making a snap decision if you've recently been divorced or lost a loved one. If you have a chunk of money to invest, park it in a safe term deposit at the bank. Don't get pressured into an investment until you feel ready and confident that it meets your needs and suits your risk tolerance.

Investor beware

There are regulations coming in which will make it tougher for cowboys to operate in the industry, but even when these are in force the same principle will apply: Buyer beware. The onus will always be on the consumer simply because you can't regulate for honesty or integrity.

Your major financial decisions are best made with guidance from someone who is ethical, competent and will act in your best interest. That means shopping around and doing all you can to find someone who is sound and reliable.

Visit www.ifa.org.nz for a checklist to help you choose the right person. There is also a useful guide on what you should expect from a financial adviser, and a database so you can search for someone in your area. ■



In safe hands

Don't leave the fate of your fortune to fortune – pick your financial adviser with care, says Finance Editor Susanna Stuart

MOST INFORMATION about significant investment and financial decisions also comes with a caveat: "Seek the opinion of a financial adviser." The problem is, how do you find a good one?

Your financial affairs are critical to your future and advisers will help you make very significant decisions so choose them with care.

In New Zealand, more than 1400 people belong to the IFA (Institute of Financial Advisers) – of those, around 1140 are registered as a certified financial planner (others are in training). So who among them is right for you?

These advisers fall into two camps. Some work on a fee-only basis and receive no commissions. The other, much larger, group earns commissions

– so if they place you in investment X, they may earn a percentage. Regardless of how they are paid, advisers need to disclose this up front so you can weigh up their advice.

Ask any prospective adviser whether they earn brokerage or commissions, and if they are tied in any way to any quotas, products or providers. They are professionally obliged to issue you a disclosure statement, which tells you how their business operates and how they earn their income.

The 'free lunch' rule applies here too. If you don't pay a fee for the advice, you'll pay for it in some other way.

Key advice

Remember, no one is infallible. It may seem you are getting good advice while markets are booming, but what about