

Questions To Ask Prospective Advisers



MODULUS
FINANCIAL PLANNING



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Questions To Ask Prospective Advisers/Planners

1. What do you do?

We stole this one from Unbiased (a website that lists advisers). You're looking for a concise explanation about the type and benefits of the service the adviser can provide.

2. What is the difference between financial planning and financial advice?

Financial Advice is often a single transactional piece of business, such as setting up a pension or insurance policy.

Financial Planners perform 3 job roles. First, they will often begin by finding out about you and what it is you want to achieve. Then they will use cashflow modelling software to build your life to ensure you have "enough" or plan a strategy to help you have enough. Finally, they will make recommendations and set up the financial products which you actually need.

Financial Planners will continue to work with you on an ongoing basis, regularly updating your financial plan to continue to help you achieve your goals as your life changes over time.

3. What qualifications do you hold personally?

We'd also recommend asking if these qualifications are above the minimum level.

- ↳ University degree
- ↳ Industry or professional qualifications
- ↳ Are they above the minimum that you are required to hold?
- ↳ What qualifications does your team hold?

4. What's your investment approach or philosophy?

- ↳ What are the investment fund costs (on average) in your portfolios?
- ↳ What are the platform costs?

You can compare the answers on these costs between the advisers you interview. Like with any other product or service, cost on its own tells you very little. However, when combined with the answers to all other questions it might give you some extra insight or help you make a decision between firms.

5. How much access will I get to you when I need you?

Most advisers will provide an annual review meeting, but will also allow you telephone and email access to them whenever you need it.

6. Are you independent or restricted?

In many cases a restricted adviser is restricted because they belong to a large organisation that wants to limit their advisers' liability by reducing the number of investment funds and other products they need to consider before giving advice. Some of these organisations will nudge or incentivise their advisers to use in-house investment options (which are generally more expensive for no extra value).

It's contentious and potentially misleading to write this as there are some restricted firms that have simply narrowed their focus to some high-quality investments and financial products. But our experience, that's rare and probably beyond the scope of most retail clients to be able to ascertain with certainty.

We'd suggest going for an independent adviser on that basis. (Although independence on its own means absolutely nothing. There are good and bad advisers who are independent).

7. Do you have other clients similar to me?

It's always good to know that the adviser you're working with has worked with people similar to you in the past. It would be even better if they specialised in people like you.

8. Are you directly authorised by the FCA or an appointed representative of another organisation?

The adviser should be regulated through the financial services firm they work for. You can check the Financial Services Register to make sure the firm is authorised.

9. How do you charge?

Is this separated for the initial advice, implementation and ongoing advice?

What am I likely to pay for each stage of advice?

Can I walk away after the initial advice if I don't want to go any further?

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10. How big is your team?

There are lots of "one-man bands" who might be offended that we've included this as a question to ask. However, it is worth asking to ascertain if there is some backup and other support within the business as it might ensure a better standard of service in the medium term.

11. Would I have a dedicated person to contact when needed?

Ideally, this would not be solely the adviser. You'll find they're busy in meetings a lot of the time. So another dedicated point of contact within the firm is preferable.

12. What are your plans for the business over the next xx years?

It's important in our view to hear what the businesses' plans are. Will the business be sold within the next 5 years? Will you be sold with it? Most clients don't like that thought very much, so be sure to probe a little if you sense hesitation on the part of the adviser.

13. Who owns the company?

Definitely worth knowing. You can make up your own mind as to whether the answer is one you like or don't like. Is there a larger company (for example, a fund manager or venture capital firm) that has a stake in the ownership?

14. How many clients do you work with at present?

Have you got capacity to take on new clients?

15. What is the best thing that you have ever done/achieved for one of your clients?

Every adviser should be able to tell you what they've done for other clients, without giving away who the client is. A follow up might be asking what they've done for a client like you?

16. Can you put me in touch with a couple of your clients to have a chat with?

While no adviser is likely to connect you with someone who will give them a bad report, you can ask a few questions of the existing clients and the way they answer might give you some extra confidence or scepticism.

17. How long will it take to receive advice?

Good quality advice takes time and is a process, not a singular event. Unfortunately, a lot of the delays in the process can be down to obtaining important information from your existing product providers. This is not the adviser's fault.

18. Will I have mobile access to all the files and financial info?

Sadly, hardly any advice firms will say yes to this question. However, ones that do are demonstrating that they are right up to speed on the technology front. A 'no' here wouldn't on its own see you rule out an adviser or firm. But a 'yes' here might be a positive that separates an adviser from others you are speaking to

19. Will you act in a fiduciary capacity when providing me with advice?

Personally, I'd get the answer to this one in writing. Investopedia defines a fiduciary as "*a person or organisation that acts on behalf of another person or persons, putting their client's interests ahead of their own, with a duty to preserve good faith and trust. Being a fiduciary thus requires being bound both legally and ethically to act in the other's best interests.*"

Any financial planner worth their salt will happily specify in writing/email that they are acting in this capacity. You might be surprised to learn that most advisers you will come across are not acting in a fiduciary capacity and therefore have not explicitly agreed to put the client's interests before their own.