



Financial Planning Association  
(FPA) recommendations

## Finding a Financial Planner



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association for the purposes of education on [VanessaStoykov.com](http://VanessaStoykov.com)



FINANCIAL PLANNING  
ASSOCIATION of AUSTRALIA

VANESSA **V** STOYKOV

Unlearn money & reinvent your life

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# Foreward

I love a good guide. There is nothing like getting the inside word on what to ask and who to speak to in the finance industry. That knowledge means it becomes easy to know who are the quality professionals that you might want to work with.



Now this guide can help give you the insight into finding the right planning professional for you. While you may have read negative press about financial planning, and there has been some concerning revelations, the vast majority of financial planners are dedicated to helping their clients achieve their financial goals.

By reading this guide authored by Dante, who is incredibly well versed in this space, you will have the ability to judge which planner is right for your specific needs. Because everyone is different.

All the best,

*Vanessa*

# 10 Questions to Ask a Financial Planner

**1** How long have you been a financial planner?

**2** Are you a member of the Financial Planning Association?

**3** What academic and professional qualifications do you hold?

**4** Are you a **CERTIFIED FINANCIAL PLANNER** professional?

**5** How do you charge for your services?

**6** What can you offer advice on (what's your specialty)?

**7** Who ultimately owns your licensee?

**8** What type of clients do you work with best?

**9** What sort of clients do you typically see?

**10** How often would we see each other?

# What is Financial Planning?

Financial planning is about developing strategies to help you manage your financial affairs and meet your life goals – and the first step is to make sure you have access to the right advice.

If you could achieve your financial goals by simply putting money away in the bank, you wouldn't need a financial plan. Unfortunately, life is a little more complex – it's hard to understand the intricacies of investment, taxation and ever-changing rules and regulations, so you need professional help.

Yet many of us resist seeking advice, as if our financial future isn't just as important as our health or our children's education. We often decide to manage our financial affairs ourselves, or leave it to someone we know, which is a bit like buying vegetables at the butcher's.

Many people make the mistake of thinking that financial advice is just for the wealthy. However, financial advice can help you plan for things as simple as a holiday, to something as complex as buying a property, or retiring comfortably.

## Why Should I Use a Financial Planner?

Investment Trends research shows that Australians who consult a financial planner feel happier, positive about their financial wellbeing, and more optimistic about the future than those who don't<sup>[1]</sup>.

That's because a financial planner will help you stay on track of your short-term goals, and longer-term goals too. The sooner you start planning, the sooner you can build the life you want, and live with better peace of mind.

**Financial planning is a specialist profession and you should make sure that you're getting advice from a professional financial planner who is properly licensed and qualified.**

A financial planner has the technical expertise to develop the right strategy for you. They will know the latest legislative changes and ensure you feel financially informed and confident about your future.

<sup>[1]</sup> FPA Investment Trends research: Investment Trends 2014 Advice & Limited Advice Report

# What Should I Look For In a Financial Planner?

Top tips from Dante De Gori, CFP®



## 1 A license to provide financial advice

Always look for a financial planner who works for a firm that holds an Australian Financial Services (AFS) Licence issued by the Australian Securities and Investments Commission (ASIC). You can verify the financial planner is authorised to provide financial advice by checking ASIC's Financial Adviser Register hosted on the MoneySmart website.



## 2 Professional membership

Look for a financial planner who is a member of a professional body, such as the Financial Planning Association (FPA). Members of the FPA must meet stricter criteria and higher standards than currently required by law.



## 3 Education

Make sure your financial planner is properly qualified and trained to provide you with financial advice. Ask them about what financial planning qualifications they have achieved. You might decide to look for a financial planner who has achieved the highest designation in financial planning, in which case, look for a Certified Financial Planner® professional. There are over 5,600 around Australia, and most likely one in your local area.



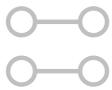
## 4 Experience

Ask your financial planner how much experience they have in providing financial advice. Perhaps they specialise in a certain area of financial planning, or a certain type of client. The more you can find out, the better.



## 5 Transparency

Financial planning is about building a long-term relationship with a trusted advisor. Your financial planner should be open to questions about their previous experience, truthful about their level of qualification and the work they offer, and clearly explain the charges to you before you decide to go ahead. At your first meeting, ask to see a copy of their Financial Services Guide (FSG) to verify everything they have told you. Ask plenty of questions and remember that good advice is concise and easy to understand.



## 6 Rapport

Your financial planner is going to know more about you than your accountant or doctor, as he or she will have details of your finances, medical history and family situation. It is therefore essential to establish rapport early on in your first meeting. If you don't feel the financial planner is the right fit for you, keep looking.

The Financial Planning Association (FPA) website ([www.fpa.com.au](http://www.fpa.com.au)) is a good place to start looking for a financial planner and for more information in general about financial planning. All FPA members are listed on the FPA's Find a Planner tool (<https://fpa.com.au/find-a-planner/>).

# When Will I Need Financial Advice?

Most people seek advice from a financial planner when they hit major life milestones.

This will depend on your life stage and can include:

## **Young to mid-life (20-39)**

You are establishing and building your career, launching a business or perhaps starting a family. You may be looking at:

- Getting married
- Buying your first home
- Deciding to start a family
- Income protection
- Debt management
- Family healthcare
- Business planning

## **Mid-life (40-49)**

This is your consolidation stage – achieving a comfortable lifestyle and thinking about managing your long-term future. You may be looking at:

- Maintaining your lifestyle
- Healthcare
- Investments
- Tax management
- Inheritance
- Retirement planning
- Long-term care planning

## **Pre-retirement (50-64)**

With 20 or more years of retirement ahead of you, your priorities will depend on how well you've prepared. Your main concerns may be:

- Protection of assets
- Debt elimination
- Family healthcare
- Helping your children
- Retirement planning





- Wills and trusts
- Business exit strategy

### **Retirement (65+)**

This is the time to indulge in hobbies or travel, enjoy your family and prepare for transferring your wealth. You may be thinking of:

- Protection of assets
- Health care
- Aged care planning
- Inheritance tax mitigation
- Gifting to family
- Preserving your capital
- Estate planning

While it's important to have professional financial advice to help you through these events, you don't need to wait in order to benefit from establishing a relationship with a professional planner as Dante De Gori CFP®, chief executive, of the FPA explains:

**"The younger you are when you start saving and investing, the better. It will mean that when it does come time to buy a house or retire, you will be financially prepared and have a trusted advisor to help you navigate the complexities of investing, taxation and debt," De Gori says.**

"It's all about helping you set your goals and devising a plan to give you the confidence that your financial future is secure. A professional financial planner can give you the peace of mind and security that comes with being prepared for the future."

# How Do I Identify My Financial Goals?

People often turn to a financial planner to help simplify their finances and set financial milestones to help them achieve their life goals.



These goals can include:

- Paying off your student loan
- Paying off the mortgage
- Paying off any short term debt e.g. cash loans, credit cards
- Having enough money to retire at a certain age
- Contributing to your savings goal each week
- Saving for an investment
- Saving for a holiday

A financial planner can help you with budgeting, cash flow management, a savings plan, superannuation, tax planning, home loan repayments, debt management and reduction, insurance, investments and also planning for retirement.

**Your financial planner has a responsibility to provide the best possible financial advice for your situation. Ask him or her 'how will you help me to reach my goals?'**

Your financial planner's responsibilities are to make clear recommendations, outline the risks involved and communicate any possible strengths or weaknesses in the plan. Remember that your financial planner cannot predict the market or ensure investments are always favourable.

# Short Term Financial Advice

Are you saving for a holiday or buying a new car? Short term advice can help you set achievable goals to be accomplished in a short timeframe of 6-12 months. Your financial planner will look at your income and expenses and create a financial plan specifically for your lifestyle, so you'll be on that holiday in no time.

A financial planner can also help with many other short term financial goals that could include reducing debt, household budgeting, increasing your savings or choosing a superannuation fund or term deposit.



# Medium Term Financial Advice

Generally speaking, maintaining your financial goals is an ongoing process, especially as your income, expenses and tax situation change. You may have several goals and require a comprehensive financial plan to cover finances, such as home loans and investments. A financial planner will help set goals within a medium timeframe (1-4 years) and establish a financial plan with strategies for achieving those goals.

You should consider the level of risk you are willing to take in terms of investment to ensure a suitable investment strategy is implemented. Those seeking broader financial advice may have continuous meetings with their financial planner, at least once a year, to alter the financial plan in accordance with their situation.

# Long Term Ongoing Financial Advice

Financial security and wellbeing is generally achieved over a long period and is ongoing.

Financial security and wellbeing is generally achieved over a long period and is ongoing. Long term financial planning is usually recommended for those with multiple assets and investments, and to help prepare for, and manage retirement. In this case, the financial planner will provide regular reviews of your finances and regularly evaluate your financial goals and strategies.

If you use a financial planner for long-term advice, the financial planner will keep you updated with any changes that could influence your investments, such as market slumps. While short term timeframes in regards to growth investment are a high risk, investing over a longer period of time means you can wait out the lows of the market.

## Top tip:

If you are concerned about having enough money for your retirement, tools such as the [MoneySmart Retirement Calculator](#) will help you work out if there is a shortfall in your plan. A financial planner can then help put a strategy in place to ensure you will reach your savings goals and be able to enjoy your retirement without being worried about your finances.

Deciding your financial goals can be a difficult process and depending on your financial situation, can sometimes be complex. In many circumstances a financial planner can be just what you need to meet your financial goals in a realistic timeframe.

Once your goals are decided, your financial planner will put a financial plan in place.

# What Does a Financial Plan Include?

Every individual or household is unique and requires a unique financial plan.

A good financial planner will review your lifestyle and create a financial plan specifically suited to you. The financial plan will include financial strategies that will meet your goals. Once you're satisfied and agree to the suggestions of the financial planner the financial plan will be put into action.

Your financial planner's responsibilities are to make clear recommendations, outline the risks involved and communicate any possible strengths or weaknesses in the plan. Remember though that your financial planner cannot predict the market or ensure investments are always favourable.

## Receiving Your Advice

Once you have agreed on your plan with your financial planner, a statement of advice will be provided to you.

The document will state who is covered by the advice, for example yourself, partner or children and provide a summary of your financial situation.

Your financial planner will make financial advice recommendations including strategies to achieve your financial goals and objectives. This will include products and services to benefit your financial situation, with an explanation of why those were specifically chosen.

You should also receive a clear explanation of the fees and charges paid by you, including the financial planner fees, product fees, the cost of switching products and all future costs. Take the time to carefully look over your financial plan to make sure you understand the recommendations and make any alterations before agreeing to the plan.

# Investments and Risks Involved

The level of investment risk will be stated in the financial plan and should reflect the risks you are comfortable with taking. Ask your financial planner ‘What rate of return do I need to reach my goals?’

Borrowing to invest is popular for those looking to build their wealth in a shorter time frame. However, the risks involved should be explained clearly in the financial plan, such as possible loss of capital, the instability of interest rates, repayments of the loan or unexpected life changes, such as redundancy.

The financial plan should be reviewed regularly (at least once a year) and adjusted according to life changes. If you receive a pay rise at work you may consider contributing the surplus to any savings plan or if you lose your job you will need to consider the impact to your financial position including your financial plan. There could also be situations outside your control, such as a drop in the market value of your investment. You might consider continuing with the product for a longer period of time until the investment improves or discuss changing products with your planner.

A financial plan is a guide to your financial future and a step towards financial freedom and peace of mind.



## How Do I Find a Financial Planner?

The Financial Planning Association (FPA) website ([www.fpa.com.au](http://www.fpa.com.au)) is a good place to start looking for a financial planner and for more information in general about financial planning. All FPA members are listed on the FPA's Find a Planner tool.

# How The Financial Planning Process Works



## 1 Defining The Relationship

The financial planner should explain the process they will follow, find out your needs and make sure they can meet them. You can ask them about their background, how they work and how they charge.



## 2 Identifying Your Goals

You work with the planner to identify your short and long term financial goals - this stage serves as a foundation for developing your plan.



## 3 Assessing Your Financial Situation

The planner will take a good look at your position - your assets, liabilities, insurance coverage and investment or tax strategies.



## 4 Preparing Your Financial Plan

The planner recommends suitable strategies, products and services, and answers any questions you have.



## 5 Implementing The Recommendations

Once you're ready to go ahead, your financial plan will be put into action; where appropriate, the planner may work with specialist professionals, such as an accountant or solicitor.



## 6 Reviewing The Plan

Your circumstances, lifestyle and financial goals are likely to change over time, so it's important your financial plan is regularly reviewed, to make sure you keep on track.

For more resources and up-to-date information on finding a financial adviser, visit [www.vanessastoykov.com](http://www.vanessastoykov.com)