What to look for
when choosing a financial adviser

Private Wealth Advisers Limited, a specialist investment and financial planning firm in Auckland, has provided a checklist outlining some of the key features to look for when selecting your financial adviser.

Corporate and shareholder pressure, for ever increasing profitability and return, can sometimes put the needs of the business ahead of the needs of the client.

Sadly, this contradicts the role of an adviser. Client's needs should be first and foremost. Investing is all about the journey for the client and an adviser should be able to design a personalised solution for them, rather than fitting the client into a predetermined plan where one size supposedly fits all.

When selecting your financial adviser, make sure that the following points are included in your criteria:

1

A client must be reassured that the adviser will meet all their financial needs.

The client and the adviser are most likely going to be working together for a decade or more, so firstly it is important to know that the adviser will be there for that long! The adviser is also there to bring success to their client. They should not only be there to manage the client's money but also bring success to other areas of their life. An adviser should be looking to introduce their clients to other people within their network that can further help them achieve their goals.

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2

Not every investor is the same. Advisers need to be able to customise solutions to meet a client's personal goals and objectives.

The primary focus should always be capital preservation.

Each investment solution should be customised to a client's personal situation and advisers should not be limiting themselves to only discussing 'in-house' products. If a client needs advice on other areas like direct shares, or commercial property, the adviser should also be working to provide research or identify consultants that could help in those areas.

While completing a risk profile does identify a client's past investment experiences and their views on higher risk investments, it should not dictate the client's final solution. An adviser should be recommending the lowest risk solution to meet their client's goals.

3

Your financial interests should be aligned and it is important the client knows what motivates the adviser's recommendations.

There should be no one paying the adviser but the client. No exceptions!

If fund manager trail commission is being paid to the adviser, this must be disclosed. As a client, you want to be assured that any extra fee the adviser might be receiving hasn't influenced the advice that has been given.

If an adviser offers only 'in-house' products, it is important for the client to find out why and to ensure that it is for their benefit and not for the adviser, or the firm they work for, trying to meet some target or internal product quota.

Some advisers take commission for trading direct shares or bonds. Clients should carefully monitor the frequency and motivation of all stock 'buys' and 'sells' to ensure the adviser is adding value above the cost of the transactions.