

Facts



Information

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Financial Planning

Planning for the future to make the best use of resources to ensure income, financial growth and security, can sometimes be a confusing experience. Shop around and consider your investments carefully.

When choosing a financial adviser, there are some questions you should ask. The following questions are a good start.

Are you a licensed securities dealer, investment adviser or an authorised representative of a licence holder?

People advising on securities must be licensed by the Australian Securities and Investments Commission (ASIC) and must lodge a security bond with the ASIC. You can then claim against the bond if you suffer a loss because the licensee was inefficient, dishonest or unfair.

What services do you provide?

A securities dealer or investment adviser with an unrestricted licence can advise on all types of securities.

The ASIC may restrict a licence so the holder can only deal in certain securities, or an adviser may specialise in a particular area. If your adviser refers you to someone else, check if you will be required to pay a referral fee.

There are many ways to invest your money and not all advisers are experts in all areas. Check what is their area of expertise.

What practical experience do you have?

It is best to choose an adviser who has been in the industry for some time, or, if new to the industry has the backing of an experienced supervisor.

Do you have professional indemnity insurance?

This type of insurance covers the business risks of giving advice. If your adviser gives you negligent advice, it will be easier for you to obtain compensation if they are covered by professional indemnity

What benefits will you receive from my investment?

Investment advisers can be paid fees based on work done, commission, on the total funds you invest, or a combination of fees and commission. Sometimes they receive other benefits for obtaining your business.

You should be told about any commission and benefits your adviser receives. You should also be told about any interest your adviser may have in the companies or products they recommend. You need to make sure you are getting a set of products that are in your best interest.



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What on going services do you provide?

Find out how much the adviser will charge to monitor your investments and to keep you informed of changes in taxation and Social Security rules that may affect your financial position.

In summary

- Make an active choice and shop around.
- Tell your adviser what your investment goals are so the advice given meets your particular needs.
- Find out about all fees and charges and what they cover.
- Insist on a detailed written investment proposal.
- Make sure you understand what you will get for your money.
- If in doubt, ask for a second opinion.