**Training Fiche**

|  |  |  |
| --- | --- | --- |
| **Title** | Financial advisory | |
| **Keywords** | Financial advisor, investment, risks, advice, licence | |
| **Provided by** | Solution : Solidarité & Inclusion | |
| **Language** | English | |
| **Objectives** | * Get acquainted with the concept of financial advisory. * Know the services and support that a financial advisor can offer. * Be able to choose a financial advisor and to ask the right questions according to your financial needs. * Know the concepts of licence, financial risk and investment. | |
| **Learning outcomes** | * Define the concept of financial advisory and the role of financial advisor. * Choose the financial advisor who best suits your interests and personal situation. * Prepare a meeting with a financial advisor by keeping into account your own needs, financial objectives and possibilities. * Define the concepts of licence, financial risk and investment. | |
| **Training Area** | Financial Literacy Alphabet |  |
| Risk and dangers |  |
| **Finance for Good** | X |
| **Content index** | **MODULE 9: FINANCIAL ADVISORY**  **1 - What is financial advisory?**  **2 – What is the role of a financial advisor and why you need one?**  **3 - Financial advisors vs. financial planner**  **4 - Types of financial advisers**  **5 - Getting the right advice**  **6 - Questions to choose the right financial advisor**  **7 - Checklist for the first meeting with an adviser** | |
| **Content development** | **1 - What is financial advisory?**  Taking financial decisions to achieve one’s goals is not always an easy task. Taking a loan, or paying down some debts may require choosing between thousands of different financial products and offers. In this case, a suitable option is to require professional financial advice.  [**Financial advisory services**](https://www.resurgentindia.com/financial-advisory-serviceall-you-need-to-know) are provided by a team of qualified professionals that provide advice on how to manage money and assets efficiently. Financial advisory services can include a whole range of individuals such as certified financial planners, wealth managers, investment advisors, and certified public accountants.  Specialised companies usually offer different types of advisory services:   * Investment management * Risk management * Retirement planning * Estate planning * Financial planning   This is just a short list of the services, however, financial advisory services providers may as well adapt their offer to the customer’s needs.  **2 - What is the role of a financial advisor and why you need one?**  A financial advisor provides financial advice or guidance to customers for compensation. Financial advisors (sometimes spelled as ‘advisers’) can provide many different services, such as investment management, tax planning, and estate planning. Increasingly, financial advisors are acting as a "one-stop-shop" by providing everything from portfolio management to insurance products (Investopedia).  So, a financial advisor can be a useful profile to contact in case you need advice about how to reach your financial goals, or simply need support to manage your finances. An advisor can also inform about financial products, tax advantages, and insurance options.  When looking for an advisor, it is important to make sure that he/she carries certified licences to conduct business with the public. Each country has its own legal framework, so you will need to get information about the licences and certifications in your country to make sure you will be provided services by a registered financial advisor. 3 - Financial advisors vs. financial planners You may have heard about financial planners too. This role is slightly different from the one of the financial advisor. The financial planner is one particular type of financial advisor who specializes in helping companies and individuals create a program to meet long-term financial goals (Investopedia). The main areas of expertise of a financial planner are: retirement, allocations, investments, estate planning and taxes. Also in this case, you should check that the planner has the right certifications.  **4 - Types of financial advisors**  As mentioned here above, there are many kinds of licences that financial advisors may have, according to their specialities. However, in general there are two main types of financial advisors:   * **independent financial advisors** give unbiased advice about the whole range of financial products from all the different companies available; * **restricted advisors** give advice on a limited range of products. They may specialise in one area, for example pensions, or they may only offer advice on products offered by a limited number of companies (Citizens Advice).   The best option is probably to get an independent financial advisor so that you can look at the widest range of advice and products available.  **5 - Getting the right advice**  How do you know that you are getting the good financial advice? How do you know that the advisor is proposing solutions that really match your needs?  Here are some tips to understand if the products and services that the advisor recommends you are suitable for you:   * First of all, they must be affordable for you; first think about your resources and then make your choice. * Take account of whether you want to save for the long or short term; planning in advance helps you to be realistic about your financial objectives. * Consider the risks you want or are able to take; you should think about the risks linked to the financial operation you are going to choose, if you will be able to overcome them and at what cost. * Take account of whether you pay tax.   Be aware that an advisor only has to give you the right kind of advice within the limits of what they are qualified to do. For example, if you see a restricted advisor, they will only recommend a suitable product for you from the range of products they sell. A restricted advisor doesn't have to tell you that you could buy a similar product from another company at a cheaper price. If you later find this out, you would not be able to complain (Citizens Advice).  **6 – Questions to choose the right financial advisor**  Before hiring your financial advisor, there are some questions that you should ask:   * Is he/she a registered advisor qualified to provide financial advice? * How much is the price for his/her service? Is there an hourly fee? Or does he/she take a percentage of your total assets? Does he/she receive additional commission on your investments? Or is he/she a fee-only advisor? * What services does he/she include? Only investments management or also more advices on your finances? * How often will he/she be in touch and how? * What is his/her typical client? * What is his/her investment approach? Does he/she take risks to get a bigger gain? Or is he/she rather prudent?   **7 - Checklist for the first meeting with an advisor**  Here is a checklist that can be useful when meeting for the first time your financial advisor:   * Make sure that the advisor you contacted carries the certifications and licences necessary to give you financial advice. * Take notes so that you have a clear record of what was said at the meeting. * Prepare your meeting by writing down your questions and ask them during the meeting to make sure you understand everything. * Take time to think about any decisions or to compare products and options with another advisor before signing any document. * Answer all the questions honestly, as the financial advisor will need to know more about you in order to come up with the option that best suits your financial objectives. * Check that your personal information is kept confidential, and find out whether it is used for marketing purposes. * Ask people around you (friends and family) if they have already contacted a financial advisor and what their experience was like. You can of course do it at the first stage of your research, while looking for a qualified financial advisor. | |
| **Glossary** | **- Financial advisor:** a person whose job is to provide financial advice to clients (Oxford Languages).  - **A financial planner:** a person working with clients to help them manage their money and reach their long-term financial goals by proposing a specific service (Investopedia).  - **Financial risk**: Financial risk is the potential losses incurred by an investor when investing in a business that uses borrowed money (Accounting Tools).  - **Investment:** the act of putting money, effort, time, etc. into something to make a profit or get an advantage, or the money, effort, time, etc. (Cambridge Dictionary).  - **Licence**: an [official](https://dictionary.cambridge.org/fr/dictionnaire/anglais/official) [document](https://dictionary.cambridge.org/fr/dictionnaire/anglais/document) that gives you [permission](https://dictionary.cambridge.org/fr/dictionnaire/anglais/permission) to own, do, or use something, usually after you have [paid](https://dictionary.cambridge.org/fr/dictionnaire/anglais/paid) [money](https://dictionary.cambridge.org/fr/dictionnaire/anglais/money) and/or taken a [test](https://dictionary.cambridge.org/fr/dictionnaire/anglais/test) (Cambridge Dictionary). | |
|  | 1. What is a financial advisor?   **a) A person whose job is to provide general financial advice to client**  b) A professional helping people to reach their long-term financial goals by proposing a specific service  c) A bank employee guiding customers towards the right investments   1. When do you need a financial advisor? 2. Open a bank account 3. **Planning your retirement** 4. Looking for a job 5. Why is it more suitable to choose an independent financial advisor rather than a restricted advisor? 6. Because independent advisors are more competent than restricted advisors 7. Because restricted advisors don’t carry any licence 8. **Because independent advisors offer a widest range of advice and products available** 9. What should the characteristics of the services offered by the advisor be? 10. They should allow you to make the best profit 11. They should be linked to your bank 12. **They should be affordable for you and with limited risks** 13. Why you should answer honestly your advisor’s questions? 14. **Because they need to know some personal information to better address your financial objectives** 15. Because they need personal information for marketing purposes that may help you to achieve your financial goals 16. Because you are committed to do so by signing an agreement during your first meeting. | |
| **Bibliography** | * <https://www.investopedia.com/terms/f/financial-advisor.asp#:~:text=A%20financial%20advisor%20provides%20financial,tax%20planning%2C%20and%20estate%20planning>. * <https://www.citizensadvice.org.uk/debt-and-money/getting-financial-advice/> * <https://www.businessinsider.com/personal-finance/what-does-a-financial-advisor-do?r=US&IR=T> * <https://www.forbes.com/advisor/investing/financial-advisor/what-is-a-financial-advisor/> | |
| **Resources (videos, reference link)** | * <https://www.youtube.com/watch?v=F_HBArBxKe8> * <https://www.youtube.com/watch?v=bZdsJ84otzI> | |