

Paying for investment advice

by Vivian Slattery, Director of Monetary Solutions Ltd



Introducing customer-agreed remuneration

Over the years, I've heard many people question whether investment advice can really be truly independent, as they imagine that independent financial advisers (IFAs) are only going to recommend the product and provider that pays the most commission.

From 1 January 2013, a major change in the industry resolves this question forever, as commission payments for investment products are being replaced by **customer-agreed remuneration**. So what does this mean for you?

From now on, IFAs will have to ensure their charges are not biased towards any one product or provider – surely from a client perspective this has to be good news.

But some confusion remains, as many people are not aware that – if you'd prefer not to pay for the advice from your own funds – IFAs can still take payment from the

product, as long as you agree to it.

Going forward, fees for investment advice should be discussed upfront, and if you are being charged a 'trail fee' – which is an amount payable after the policy is set up – then you have to be told what service you can expect in return.

Why use an IFA

With online finance sites becoming more sophisticated, you may wonder why should you use an IFA at all. Well, there are many financial quirks that the average person may not be aware of. For example, there is generally very little difference in cost between one joint death policy and two separate policies. Also, the difference between the top performing fund in a sector and the bottom performing funds can be quite substantial. An IFA has access to tools that help them research the market and identify the best options at any time. Of course, you could do this research yourself, but it takes a lot of time.

Some of my clients have financial knowledge on a par with mine, and some may know even more! In these cases, they can call on my expertise to

act as a useful sounding board.

Reviewing your investment portfolio is key, and having an IFA can give you a valuable focus. It's a bit like going to a dentist (but less painful) – most of us know it is important to go regularly to help prevent decay and rot setting in. The same principle applies to looking after your finances!

Another change that came into effect is that IFAs now have to be qualified up to diploma level, meaning they should offer you a greater level of expertise and professionalism.

We offer a free initial consultation without obligation, so if you want to discuss your finances, please call us on **020 8760 9940** today.

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