

Six things you need to know or do when seeking financial advice: Part 1

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The first thing to understand is what might be right for one person may not be right for you. This is why planning your family's wealth on the back of a chat in a bar or a *WhatsApp* with friends, might not be the best starting point. We all have our own private dreams, aspirations, and fears, so a one size fits all strategy, is unlikely to cut it.

The second thing to decide is are you going to do this all yourself? Do you have the time, the knowledge, or the interest to do it on your own? Just as you get a mechanic to service your car or a plumber to fix your pipe work, an accountant to balance your books, many opt for the services of a financial adviser to negotiate the often-complex products and solutions.

Why seek financial advice? Well, just as you improve people's health, financial advisers are there to improve your wealth. They do this by getting to know your situation, plans, objectives, and fears before putting in place your very own strategy. A good adviser is going to help you accumulate more wealth over your working life, whilst at the same time protecting it along the way, enabling you to hopefully retire early, retire with more – or both! Once that's done it can be about preserving family wealth for the next generation such as mitigating Inheritance Tax.

Thirdly, when it comes to cost, especially when talking about protection insurance, it's often no cheaper doing it yourself by using internet comparison sites or just going direct, than it is to have it all researched and done for you. This can also be a substantial time saver and reason alone to use an adviser. When it comes to pensions and investments, it's more about weighing up the cost of getting it wrong with a do-it-yourself approach, which is often the motivator.

So, as you might have gathered, there are many advantages to using a financial adviser, but first we need to know a little more.

Financial services and financial advice are areas of high regulation, overseen mainly by the Financial Conduct Authority (FCA). All advisers are required to have the suitable training and professional qualifications in a comparable way to a solicitor or accountant before they can give financial advice.

Fourthly, if you wanted to check the credentials of an adviser, in the same way you can with a dentist, you just look them up on the FCA individual or firm register. All this regulation should mean that whichever adviser you end up with, they are likely to have all the necessary skills, so the best fit might just be down to who you can get on with.

The fifth thing you need to know is there are two distinct types of advisers out there, and it's important to understand the differences and the associated limitations which could impact on the eventual outcome. Because of this, the FCA require advisers at the outset to make it clear to their clients, what type they are and therefore what advice they can give.

The first type is Independent or IFA. An independent financial adviser as the name suggests, must provide unbiased, unrestricted advice based on a comprehensive and fair analysis of the market. Independent advisers must be able to consider all types of retail investment products which could meet your needs and objectives. So, if obtaining the best solution available is important to you, whether it be an insurance or investment product, you might want to consider an adviser who has the necessary access.

The second type is the Restricted Adviser. A restricted adviser is either going to limit their services to one area, perhaps dealing with multiple providers, or may cover more areas but remain limited to one provider.

It is often the case that when a product provider has their own sales force, their advisers will usually be limited or restricted to their own products, with perhaps one or two choices from other companies in areas where they lack a solution. Limiting yourself to this type of advice is unlikely to

affect the quality or suitability of the advice given overall, however, as the choice will be restricted, whether you get the best value, or the superior product is unlikely.

The sixth thing you should know relates to finding an adviser, and quite simply, you can't beat a referral from someone you trust. In a similar way you struggle finding the best plumber, electrician, solicitor, getting a recommendation from a friend or family member is usually the easiest and most stress-free way. If you have to Google, be aware you can't presume suitability, or quality just because they might appear on a well-known, or often mentioned directory, however appropriate the name of the directory might seem. These sites are often just marketing tools where the only criterion for inclusion is who's willing to pay their often-substantial monthly subscriptions. These directories, therefore, will unlikely include the majority of qualified advisers out there.

To make things a little more difficult, dentists operate in a rather complex and often confusing way. As most advisers will see all types of people with differing circumstances and scenarios, it could be helpful to find an adviser who specialises in your area, not because they might be superior but just because they'll understand what a UDA is. Experience in dealing with dentists is likely to enhance the advice process for both parties. There are independent adviser firms specialising in the dental sector who market their services through events and channels such as those organised by the BDA.

For further information contact MediDen on 01772 785657 or visit www.mediden.co.uk.

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