

# 12 Things You Should Ask A Financial Adviser Before Giving Them Your Money

Trusting someone with your money is an important decision. Obtaining advice and/or transferring your UK pensions may well be one of the biggest financial decisions you ever make and will affect you throughout your life.

From more than 13 years experience in financial advice, kindly find below what, we think, are the Top 12 things to ask a Financial Adviser, which could save yourself a lot of stress and hassle but also prevent you from having inferior advice and a reduced lifestyle in retirement.



## Your Safety Checklist



**1. FCA and Locally Regulated** - Is the adviser and firm FCA Regulated? Check on the [FCA Register](#). Any firm dealing with UK pensions, but who is not FCA Regulated, requires extra scrutiny. Whilst not technically required for non-UK residents receiving advice, it is an extra layer of comfort and an indication of a firm that also likely adheres to much stricter rules on advice quality and transparency. You also need to make sure, if a non-UK resident, that your adviser is regulated to provide advice in your country of residence, which you can do via checking the local regulator's adviser directory online. Your UK investment/Pension company will also do stringent due diligence checks, which could block your transfer entirely if they can't get comfortable with your advice, so having a UK regulated adviser is a huge advantage, and can save a lot of time and hassle. Save yourself stress and drama by doing your own checks first.



**2. Pension Transfer and other UK Advice Qualifications**- Does your adviser, or members of their adviser team, hold a UK Pension Transfer Qualification? Ask them to send you the copy of their [Pension Transfer Qualification](#), along with their Level 4 UK Financial Advice qualifications. If they are unable to swiftly provide these or give an excuse, best to broaden your search. Whilst a Pension Transfer qualification is not required for a DC Pension, and you won't be able to obtain advice on a DB from someone without a Pension Transfer Qualification anyway, it is an indication of an adviser and firm that is willing to put in the time and effort to become better educated and qualified to help service their clients. As you need to know that they fully understand your DC/DB reports and options.



**3. Underlying Portfolio** - Do they recommend big fund managers that you've heard of? Vanguard, iShares, Fidelity, Baillie Gifford etc (who pay no trail/kickbacks to advisers) or do they recommend small ones (who potentially do pay trail/kickbacks) that you have never heard of? Worse still, an 'in-house' portfolio branded in their name, purchased for 0.1%-0.2% pa and reselling to you for 0.5-1% pa. Also beware Discretionary Fund Managers, as the research indicates that these are very expensive and the value they provide very little, especially for those with non-complex finances.



**4. Clean Share Classes** - Directly ask them, do they use clean share classes? Or does the fund pay them some extra money somehow? Don't ask these questions first, let IFA give their advice and then ask them. This is the true judge of an IFA's honesty, transparency & trustworthiness.

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**5. Total Expense Ration (TER)** - What is the TER of the entire portfolio? Ask for a full breakdown in writing of the monetary and % amount each year (including advice, SIPP/QROPS, platform/bond, underlying portfolio charges, other ad hoc charges).

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**6. Commission & Exit Penalties** - Ask your IFA to confirm in writing any commissions they will receive and any fixed terms or exit penalties on the solutions they are recommending? Exit penalties generally equal commission, or indicate that the firm has problems with client retention.

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**7. Industry Reputation** - Type in your adviser and adviser firm name on Google, followed by scam, commission, bad advice etc. If you find results, don't work with that company. There is no smoke without fire. You should hope to find positive articles about them. Do your due diligence.

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**8. Service** - You will work with this firm for a number of years. Pay close attention to the level of service and turnaround time on communication, emails, and advice reports. How responsive and detailed are they? If they provide bad service now, it's very unlikely they won't be on an ongoing basis. Also, ask them what their ongoing service is actually going to entail. Is it a once a year catch-up to discuss your investments, or will they be doing financial planning and cash flow planning with you. In our opinion, paying up to 1% for an annual catch-up to discuss investments is poor value for money, and you should seek out an adviser who embraces financial planning.

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**9. Staff** - Ask their ratio of Advisers to Admin staff? Most adviser firms have many advisers (revenue) but few Admins (cost). A high adviser/admin ratio is potentially an issue. In pension transfers, much of the heavy lifting, especially after the transfer is submitted, is done by the Admins. Do they have a dedicated team to chase schemes to correctly attain your CETVs and valuations, and obtain updates?

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**10. Moving Provider** - Would they move you free of charge to another SIPP/QROPS provider or investment wrapper if your situation changed or the costs were cheaper elsewhere?

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**11. Client References** - Do they offer you to speak with their clients (old and new) who have already done business with them? Ideally in a similar part of the world, with similar size portfolio.

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**12. Gut Instinct** - Lastly, your gut instinct. Do you get any bad feelings, or were they uncomfortable or confrontational when you asked the above questions? Are their costs much lower than everyone else? As the old saying goes, "If it sounds too good to be true, then it is usually too good to be true".

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**Total IFA Score**

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# Your Notes

**Want to discuss something else with your IFA?**

This page is dedicated for your notes and observations. It can be a useful tool if you ever wish to revisit some question with your potential adviser, or simply additional things you wish discuss.

## Your Notes