



# Why seek financial advice?

An introduction to the benefits of financial advice



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# Foreword



**Ronnie Taylor**  
**Chief Distribution Officer**  
**at Aegon**

Like everything in life we can be sceptical about the things we don't know much about, or be reluctant to take that first step. But having tried something for the first time we often look back and wonder why we hadn't done it sooner. Speaking to a professional about managing your money is no different.

While money is a big part of our everyday lives, talking to an adviser about your financial goals isn't necessarily something many people consider. This can create a feeling that advice isn't for everyone.

With this in mind we've been asking a wide range of customers, some who already have an adviser and others who don't, what they think about getting advice on their finances.\* This guide reflects and builds on the findings from our research to help demonstrate how people use and benefit from financial advice.

In today's world, none of us can be experts at everything. And when we don't have the knowledge ourselves, we can seek information, guidance and advice from a range of places.

Friends and family will offer well-meaning views and their personal experience, but for something as important as your finances, wouldn't you rather turn to a professional?

And while the internet opens up a whole world of information, it's easy to become swamped and left wondering whether the information applies to you or how to turn it into action.

At the end of the day results from an online search are unlikely to compare to tailored advice that gives you a personal recommendation taking into consideration your individual circumstances.

Putting it another way, it's similar to the sign that you see in medical practices: 'Don't confuse your Google search with my medical degree.' In the same vein, financial advisers have a huge depth of knowledge and experience not to mention qualifications that means we can gain real value from accessing their expertise. Financial advice can take the hassle and worry away and replace it with peace of mind and a feeling of control.

Whether you want to plan for retirement, save in a tax efficient way, manage an inheritance or generate retirement income, getting professional advice can be an invaluable investment.

I hope this guide gives you the confidence to take the first steps to making a difference to your own financial planning.

A handwritten signature in black ink that reads "Ronnie Taylor". The signature is written in a cursive, flowing style.

\* Aegon carried out research with 2000 UK consumers in July 2019.

# Ways in which advisers support you

Let's look at how an adviser can support you.

Working with an adviser can add value by looking at your financial goals in life and creating and implementing a plan that turns them into reality over the long term. Life can be unpredictable, and no matter what it throws at you an adviser can help guide you.

They do so in three main ways, firstly by tackling the initial challenge you come to them with, then by putting a plan in place and then by dealing with the challenges that are an inevitable part of life.



Tackling problems



Creating a plan



Dealing with challenges

## Client and adviser life journey



### Tackling problems

- Need to buy a house
- Need to protect family
- Need to start saving
- Preparing for retirement



### Dealing with challenges

- Managing income in retirement
- Staying invested
- Long term care
- Minimising tax liability



### Creating a plan

- Saving for a happy retirement
- Planning for school/university fees
- Supporting children to buy homes
- Ensuring financial stability



## Tackling problems

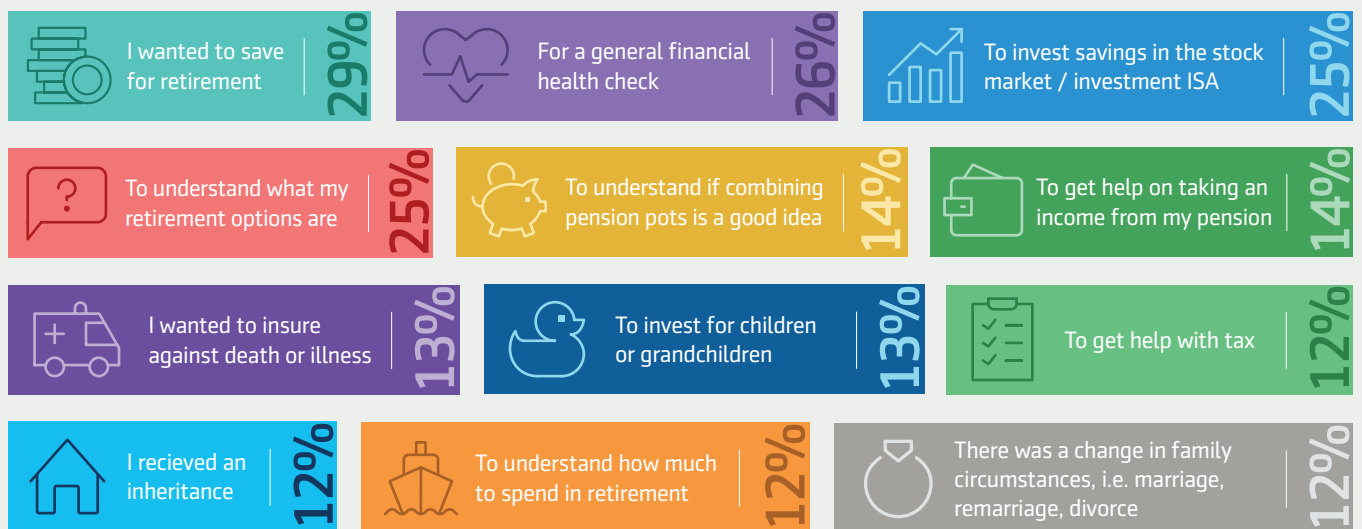
There's many reasons that may prompt you to seek financial advice. Typically contact with an adviser is driven by the need to solve an issue you have limited or no previous experience with and need the help of a professional.

Planning for retirement is the most common reason for seeking advice according to our survey, followed by wanting a financial health check and advice on investing in the stock market.

One really important aspect of financial planning is having an adviser that understands where you are in life and where you want to get to. Understanding your lifestyle, your requirements and your attitude to risk, allows them to base their recommendations on your exact needs.

### Our research

The reasons people gave for seeking advice:



- **The family and financial responsibilities** – whether you're married, in a civil partnership, co-habiting or have a growing family it's essential that you take steps to safeguard your income and home. This means protecting your family's financial wellbeing from the impact of illness or premature death. From life insurance to critical illness cover and income protection, advisers can help ensure you select the appropriate cover for your circumstances. The payments from these products allow you to continue to pay bills, or adapt your home or even make sure you receive the best treatment. For many though, the biggest benefit is peace of mind that your family is protected financially.
- **Need to start saving** – There's a saying that it's never too early to get ready for retirement. An adviser can help you set out your retirement expectations and work out how much you'll need to retire comfortably. While there are always competing priorities for your money, an adviser will encourage you to begin saving early to reap the future benefits of compounding the investment returns and give you confidence that you are saving enough for your future. As you approach retirement an adviser can help you navigate the options available to you, depending on your circumstances.



## Creating a plan

Having goals will change the way you think about your finances and building a savings plan can make all the difference to your financial future. An adviser can help you identify your financial priorities and put together a plan to help you achieve them.

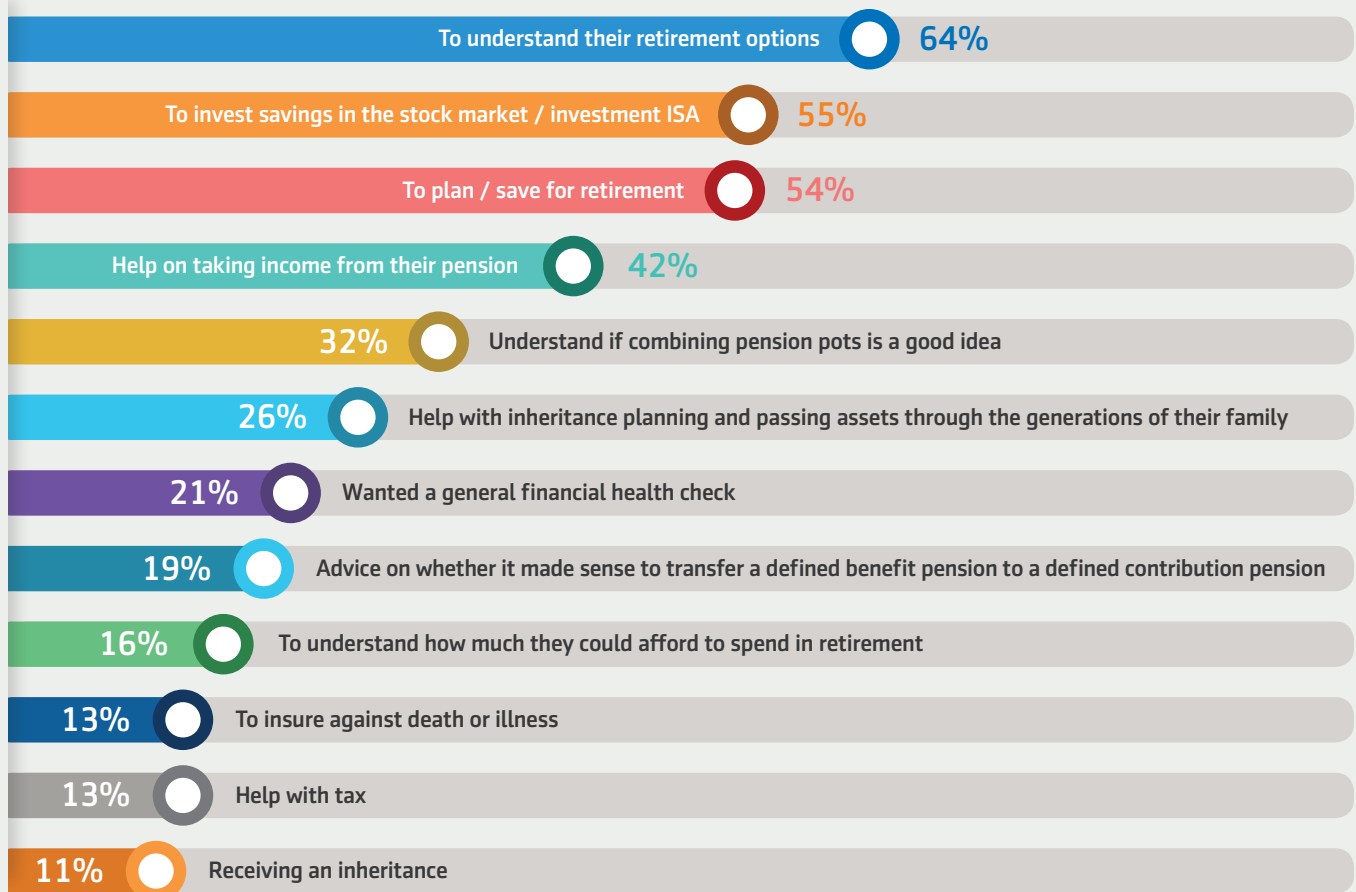
- **Saving for a comfortable retirement** – an adviser can help you understand what you'll need to save so you can live the future life you'd like.
- **Planning for education** – saving for school fees or tuition fees for children and grandchildren is often cited as an important objective and by carefully planning ahead this can be achieved.

- **Supporting children to buy homes** – providing deposits for children to buy properties could be achieved in a tax efficient way if done correctly.
- **Ensuring financial stability** – an adviser can help by creating a budgeting or spending plan and working closely with you to understand your short, medium and long term needs giving you that much needed peace of mind.

When it comes to devising an investment strategy, an adviser can help you navigate the choices and help make decisions about where to invest, how much to invest, and how to do it in the most tax efficient manner. You can then decide if you'd benefit from advice as part of a long term relationship.

### Our research

The reasons advisers said clients came to them:





## Dealing with challenges

When it comes to finances a significant two in five people who've never sought advice admit that they don't have a good relationship with money.

Yet the majority of people are still prepared to make decisions on their own.

Let's look at some of the challenges which can crop up in life and the ways in which an adviser can support you.



- **Managing income in retirement** – retirement options have never been more flexible. When can I retire? Should I bring together all of my pensions? Should I transfer my defined benefit scheme? When should I take benefits? What is the most tax efficient option? Can I pass it on to my children? With so many options advice can be particularly valuable.
- **Staying invested** – there may be times when you may be tempted to sell your assets when they fall in value and this can be extremely detrimental to your hard earned savings. According to a study by Vanguard\*, this could have the effect of reducing your investment returns by an average of 1.5% a year over the long term which could significantly reduce future wealth. An adviser can guide you through these unstable times and could help prevent these potential losses.
- **Divorce** – this is a very difficult time both emotionally and financially. Having a financial expert to provide clarity and help you make the right decisions about your money is key.
- **Long term care** – an adviser can help you make sure you and your finances are taken care of in the most tax efficient manner to finance the best health and support services in old age. This can be a major worry for many and an adviser can help you plan so you have the money set aside to cover these potential costs.
- **Death** – as Benjamin Franklin said 'nothing is more certain than death and taxes'. Understanding the opportunities and challenges of inheritance tax planning requires a very specific set of skills. An adviser can help ensure that wealth is passed down to future generations in the most tax efficient way.

\* <https://advisors.vanguard.com/iwe/pdf/ISGQVAA.pdf?cbdForceDomain=true>

# Common misconceptions about financial advice

People often have some misconceptions to convince themselves that advice isn't for them. Here's a list of some of the common ones that prevent people from benefiting from advice:

## Myth #1

### I can do my own financial planning

Being able to manage finances themselves is the reason given by two in five of those surveyed. For some people, that's fine, but it's worth questioning what the risks or ultimate cost of taking a DIY approach is for some of the more complex financial decisions.

Planning ahead is key to financial management and budgeting, yet three quarters of people don't have clear financial goals.

“The financial decisions you make now have lasting implications for the rest of your life.”

So when it comes to making sense of your options, having an expert by your side makes things simpler, safer and the decisions easier.



## Myth #2

### Financial advice is only suitable for really rich people

Another common myth that puts people off seeking advice is thinking that they need to be very wealthy to benefit from it, with over a quarter of those surveyed thinking advice is only for those with over £100,000 to invest.

The fact is an adviser's expertise and technical knowledge can add real value to those with far more modest funds to invest, especially if the matter is more complicated. People across the wealth range can benefit from tailored advice.





## Myth #3

### Financial advice costs too much

Cost is often quoted as a barrier with a third of those surveyed pointing to it as a reason for not seeking advice. Interestingly though, nine out of ten went on to say that they didn't actually know how much advice costs, so this is very much based on feeling not facts.

Advisers do charge for their services and it's important that the value they deliver isn't just seen in monetary terms. Those that have previously taken financial advice overwhelming state peace of mind as the leading benefit.

So when considering seeking advice, it's worth considering both how this might benefit you financially, but also the reduced stress of knowing a professional is managing your financial affairs.

## Myth #4

### I don't know how to find a good adviser

Financial advisers need to have qualifications and meet professional standards to be authorised by the financial regulator, the Financial Conduct Authority.

As with all professions, from time to time people may have a poor experience, but this is very much in the minority.

“ 9 out of 10 clients rated the advice they received as good or very good. ”

In fact, 9 out of 10 people with an adviser rated the quality of advice given as good or very good. The best approach is to contact the firm you want to do business with armed with a checklist. Also check they have relevant qualifications and have technical experts who specialise in the areas you need help with.



# The value of financial advice

In this section we look at the value of financial advice. We've already discussed some of the areas an adviser can help with, but advice is about more than just financial benefits.

Financial advice is not all about money, an adviser plays three other roles:

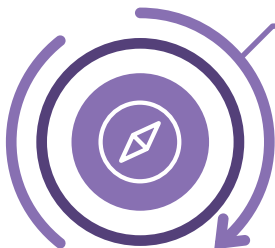
## Coach

Making sure you get started and have a plan.



## Navigator

Guiding you through the potentially difficult times.



## Protector

Protection of your wealth by aiming to minimise tax and maximise growth.



Financial advice delivers a mixture of benefits, some that are quantifiable and some that are not. On the one hand you can point to investment returns as a measurable benefit, but it's not always as easy to measure the peace of mind and confidence gained from working towards your financial goals. The skill of the adviser is understanding your goals and desires and keeping you on track to achieve them.

- Helping you recognise what you want in life, for the short, medium or long term.
- Reviewing your goals as your family or financial circumstances change.
- Supporting you if you face difficult life events such as death of a loved one or divorce.
- Guiding you through the bumpy times so you don't panic and make poor financial decisions, for example, selling when there's a fall in share prices.

Using a blend of technical and practical steps advisers can help develop a plan to ensure these strategies are implemented.

- Making practical provisions to protect your family, such as taking out life insurance.
- Working out how much you need to save today to meet the aspirations for your future.
- Making the most tax efficient decisions.
- Making sure investment plans are structured correctly and you stay the course.



Passing on wealth to the family



Ensuring that assets are passed on tax efficiently and your family are helped practically



Peace of mind

Providing the feeling of knowing everything has been done financially for you and your family

## The four components of value

The value of advice is valid throughout your life:

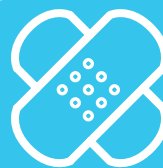
Happy retirement

Having enough money to do what you want to do and choose when you do it



Protecting your family

Making sure there is adequate life, critical illness cover and income protection in place if the worst happens





# Financial planning in action

Janice and Fred were referred to John Surgenor of Barrington Hamilton, by their accountant who had just completed their Wills and Lasting Power of Attorney. Both in their early 60's they had recently retired with Local Government pensions and had about £300,000 to invest for their (hopefully) long retirement.

Although Janice had received a referral from her accountant she wanted to contact another two local IFAs as part of her selection process.

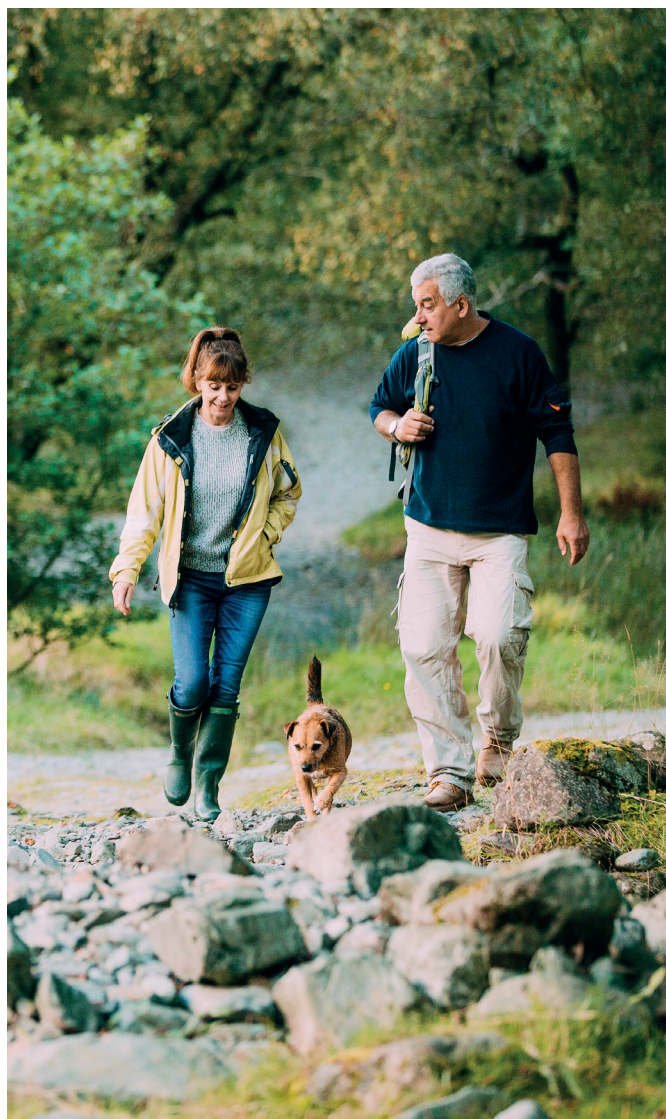
The other two financial advisers concentrated on how well their wealth management process would achieve good investment returns for them in the future.

But the plan prepared by John Surgenor helped illustrate what their financial future looked like. Despite paying a fixed fee for the plan, which made the costs initially more expensive, they knew they had made the right decision.

According to Janice "Their advice stood out" and it quickly became obvious the firm were "more interested in us as a couple and how we wanted to spend our retirement rather than concentrating purely on our money."

Janice also made sure she did her homework, checking out all three advisers on the Financial Conduct Authority register and even checked with the CII to make sure the adviser she wanted to work with was chartered.

John Surgenor said: "I really enjoyed helping to tease out what was important to Janice and Fred and creating the financial forecasting to see how much it might cost! Janice had always wanted a 'girl's trip' to Machu Picchu and suggested it might cost £3,000. By the end of our planning I demonstrated, using prudent assumptions, she could not only spend £7,000 on the trip but could repeat a similar luxury trip every two years until the age of 80, without them having to worry about ever running out of money in their lifetimes!"



"I really enjoyed helping to tease out what was important to Janice and Fred and creating the financial forecasting to see how much it might cost!"

After the financial plan had been finalised, Janice remarked that the planning was a "revelation". Not only had she not realised how anxious she'd become about money in retirement, having a plan had brought her "peace of mind".

So as well as emailing the accountant to thank him for the introduction, Janice also took the time to email John Surgenor from Peru with some fantastic photographs of her on her trip with a short note saying "Having the most amazing time. Peru is exceeding expectations. Financial planning in action!"



# Next steps

## How do I go about getting financial advice?

There are a few options that will help you find a financial adviser. One common approach is to have one recommended to you by word of mouth. It's worth asking around friends and family to see if there's a local adviser that they'd personally recommend. If not you can also find one in your area by using a service called [unbiased.co.uk](https://www.unbiased.co.uk).

Approaching the firm you want to do business with armed with our checklist below will put you on the right track.

## Questions to ask your would-be financial adviser

- Can you provide a summary of the services you provide?
- What are your fees, and do I pay them upfront or on an ongoing basis?
- Is your advice delivered face-to-face, by email or telephone?
- What experience and professional qualifications do you have?
- How long have you been working as a financial adviser?
- Can you provide client testimonials?
- Will I always deal with you or will other people in your company look after me?  
What happens if you leave?
- How regularly do you review my financial situation?



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