

# Choosing the right financial advisor is crucial

 By [Greg Stockton](#)

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The best way to secure financial freedom is to devise, implement and manage a sound, tailor-made strategy with an independent financial adviser (IFA). But choosing the right IFA, a professional who will manage your money and help you meet your long-term objectives, is not always easy.



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Yet it's crucial to get it right. Your finances are too important for you and your family and mistakes are too costly to select the wrong financial mentor.

By asking your potential financial advisor these seven questions, I believe you will avoid most of the potential pitfalls:

- Is your company authorised to give financial advice by the appropriate regulatory authority? Solution - all advice given in South Africa should be completed by a company and an individual registered with the Financial Services Board (FSB). This can be checked immediately on the FSB website.
- Does your company have a global presence? Solution - it makes sense to work with a company that is located worldwide to make sure you receive continuity of service should you ever relocate. For this reason a company holding a physical presence globally, within all the major cities would be strongly recommended. If long term service is required be sure to check the company has offices in your potential future residences. The company should also be regulated in all the markets in which it operates where required.
- Do you have more than one option for the financial advice given? Solution - an independent advisory firm should be able to offer a range of trust services, product services and investment options. Ask them to show you several different options to give you peace of mind when agreeing to the advice.
- How long has your company been in operation? Solution - ideally you should choose a company that has been operating in the marketplace for more than five years. This will provide a more accurate, longer-term gauge of the firm's quality of advice, service and compliance history.
- What is the total value of your company's assets under management? Solution - assets under management that total in excess of \$4bn would suggest some degree of critical mass in the industry, a significant share of the market, longevity in the industry and a robust organisational structure.
- Do you offer full disclosure? Solution - all negotiations should be upfront and transparent from the start. Any agreements you enter into should disclose how charges are made, how much will be charged, service expectations and levels of protection.
- Have you or your firm ever been publicly disciplined by the regulatory authority? Solution - multiple complaints and offences are typically, and quite rightly, flagged up and reported to the regulator. It would be worth checking whether the IFA or their company has a track record in this regard before agreeing to work with him or her. Enforcement actions in this regard can be checked on the FSB and/or ombudsman websites.

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