

### What is a financial adviser?

A financial adviser helps you determine your financial needs and then recommends financial products and services that will meet them.

Financial advisers can generally be described as fitting into one of three categories:

- › those who advise on, and sell, the products of just one company - this type of financial adviser is often referred to as a tied agent;
- › those who advise on, and sell, the products of a restricted number of companies - this type of financial adviser is often referred to as 'multi-tied';
- › those who can help you shop around the whole of the relevant market to identify the best provider for you, as well as the most suitable product. This type of adviser is known as an independent financial adviser or IFA.

Where a financial adviser provides advice about investments from a restricted range of providers of investments of the same type, they must inform you in writing of the nature and extent of that restriction.

### Before agreeing to invest in anything..

..you may wish to ask your financial adviser the following questions:

- › How many companies are you able to recommend investments from and why have you selected this particular company and their product for me?
- › What other options could I consider apart from the product(s) that you are recommending?
- › What are the advantages - and the disadvantages - of the product(s) you are recommending?
- › How much, if any, commission will you get paid for recommending these investments?
- › How long will my money be tied up in the investment(s) for? What happens if I need access to the money that I will be investing?
- › Are there charges, or exit penalties, that would apply in the early years of this investment should I need to encash part (or all) of it? (this would mean that if you have to surrender the investment early on you may get back less than you invested).

### Think twice if:

- › Someone suggests that you put money into a special deal that they cannot adequately explain or provide documentation for;
- › You are told the offer will disappear if you do not invest immediately;
- › A financial adviser's firm does not appear to be authorised or regulated.

## Choosing a Financial Adviser

### What should a financial adviser do?

In a nutshell, when you ask a financial adviser to provide you with investment advice they should - as a minimum - do the following three things:

1. Ask you questions about your financial situation and needs, and request details of your personal circumstances. This is called a 'fact find'.
2. Explain clearly why the product (or products) they have recommended should meet your investment objectives and are closely aligned to your attitude towards risk. They must be able to demonstrate that the recommended product(s) is suitable for you, having regard to the information about your circumstances that you have disclosed to them.
3. Tell you about any and all fees and charges (including commissions that they or their firm may receive) relating to the product(s) they have advised you to invest in. They should also describe to you the different impact that paying for the advice provided, either by a fee or via the commission method may have on your investment.

### What is the position in Jersey with regard to regulation?

Financial advisers based in Jersey that provide advice on certain types of investments (such as shares, funds and life insurance) must be employed by a firm that is authorised and regulated by the Jersey Financial Services Commission.

The firm and its advisers must follow the Code of Practice issued by the Jersey Financial Services Commission which is designed to protect investors.

Firms of advisers that provide advice purely on loans or mortgages do not currently have to be authorised by the Jersey Financial Services Commission to provide such advice.