

PERSONAL FINANCE

You, Your Adviser and Your Cash are in it for Life

By Laura du Preez

Your financial adviser should ask you to appoint him or her as the chief financial officer of your life and he or she should help you to make wise financial decisions, the Financial Planning Institute's annual conference heard.

The financial advice you receive should be about your life and not about various transactions, Mitch Anthony, the United States-based president of the Financial Life Planning Institute, says.

Anthony, who spoke to advisers at the conference about financial life planning, also established the South African Financial Life Planning Institute, which will teach advisers how to plan your finances for your life and provide them with ongoing assistance.

Anthony says many advisers gather only numbers and facts about their clients, such as how much money they have saved and how much life and disability cover they have.

He says advisers should rather be asking you to tell the stories of your life.

"Money can't be measured by a story of numbers but can only be measured by a number of stories," Anthony says.

Personal questions

Anthony says your adviser should take a biographer's approach and ask you questions such as:

- If you had all the money you needed, what would change in your life?
- Who do you feel responsible for?

- Is anything happening in your life right now that could have an impact on your finances?
- How was money for you when you were growing up and how has it stayed with you?
- What have been your best and worst financial decisions and what guidelines do you follow with your money?

When your adviser knows about your goals, your concerns, your principles and your philosophies about money, he or she can help you focus on helping you get the most out of life with the money you have. This may or may not involve transactions, Anthony says, and at times it may also mean holding you accountable to your best intentions.

For example, he says, if it is your intention never to leave your family without sufficient financial cover after your death, your adviser should hound you until you have made a will and taken out life cover.

Advice may cover aspects of your life that you don't think you need advice on. For example, Anthony says, if your adviser is aware that you are going to buy a very expensive vehicle, he or she can advise you on the impact of that decision, and the debt you incur, on your future.

Appropriate products

If your adviser is the chief financial officer of your life, he or she may need to recommend products, and you should be able to see immediately why you need them and how they will enhance your life, Anthony says.

Every number your adviser crunches in this process will make more sense to you if it fits into your life, he says.

If your adviser is investing your money without knowing why you are investing, he or she is investing on your behalf without context, Anthony says.

Often advisers are highly skilled at giving advice about some aspect of financial planning, such as an estate plan, but they fail to see the bigger picture.

Anthony says successful people are often so busy and focused that they have huge areas of neglect in their personal finances.

If you have areas of neglect, you should be prepared to pay someone to hold you accountable and make sure you take care of those neglected issues.

Your financial adviser should not be telling you he or she can make you more money on your investments because he or she has no control over the markets, Anthony says. Similarly, your adviser should not be telling you what will happen in the markets over the next 12 months, because he or she cannot predict the future.

Instead, your adviser should ask you what might happen in your life in the next 12 months and be helping you to prepare for it, Anthony says.

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