



Prudential Investment Managers

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Do I really need a financial adviser?

In the age of AI and low-cost index trackers, are financial advisers really worth the cost? It's a question worth asking, and there is no one-size-fits-all answer that will be right for every investor.

However, it is often in turbulent times – such as the year we've just had – where a financial adviser can really prove their worth. Here are some of the key benefits of using a financial adviser.

Expert in the field

An accredited financial adviser is an expert in the field of finance, with academic qualifications to back this up. They have a clear knowledge of investments, and they understand the latest regulations and how these may impact investments. They have expertise in financial solutions like unit trusts and retirement annuities, and they understand how to best utilise the tax incentives available to long-term investors. It is not easy for a part-time DIY investor to match the knowledge on offer from a full-time professional. An accredited financial adviser is bound by laws and codes of conduct, and by bodies like the Financial Planning Institute of Southern Africa, that require them to be impartial and informed, and to ensure that you're treated fairly.

Objectivity is priceless

An accredited, independent financial planner has one crucial attribute an individual investor can never have – objectivity. When times are rough, and sentiment is down, they will help you clarify whether your actions are rational or based on emotions such as fear. Similarly, when times are rosy, and it seems like there's no room to go wrong, they can help you remain appropriately cautious and keep your optimism in check.

They've seen it all before

Yes, every individual's situation is unique – to a degree. People can also be categorised according to their age, income, lifestyle, risk appetite etc. and a professional financial adviser has probably advised many people who are in a similar position. This gives them the benefit of experience and an understanding of the pitfalls and opportunities that may be most relevant to you. They will have the skills and training needed to help you draw up a plan for your specific circumstances, and they can offer advice on matters like insurance, tax and estate planning.

They'll get you to your goals

Your financial adviser will help you make sense of your future commitments and turn these into [achievable financial goals](#). Your big-ticket purchases, your children's education, your retirement... all of those financial goals will determine how you should structure your investment portfolio. Setting goals is the easy part though; a good financial adviser will also help you devise a plan to get there – and a realistic one that you can stick to.

They'll help you pick the right products

With so many financial products out there, choosing the right one for you is no easy feat. After all, different products will suit different investment objectives. A good financial adviser will have researched many different options, taking the time to determine which choices are most appropriate for your goals and your unique circumstances. He or she should be able to clearly explain why they believe each product is the right choice for you. An independent adviser – one not employed directly by a financial product provider – is best, given that they will be completely objective in their product recommendations, and not limited to only those offered by their

employer. You can find out more about Prudential's unit trust funds by visiting the [Our Funds](#) section of our website.

There is always a fee for a quality service

If your house needs painting, you could do it yourself – but you probably wouldn't. You would hire a professional painter, and you'd pay them for their time and expertise. Ultimately, you should hire a financial planner for the same reason – they have the time and skills that you don't, and they're probably better at it than you. They are entitled to a fee for their expertise, and they're likely to save or earn you far more than their cost through their advice. Being cost-conscious, however, is a healthy financial practice, and it is always worthwhile to check that your potential adviser's fees are in line with industry standards. Be sure to have that fee conversation up front.

If you have any questions about how to choose a financial adviser, speak to our Client Services Team on 0860 105 775 or email us at query@prudential.co.za.