



Fisher Funds

Investor Education Centre

*Making investing enjoyable, understandable
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Advice or DIY?

06/06/10

From next year virtually anybody who provides financial and investment advice will have to go back to school. Along with new regulations governing disclosure and accountability, financial advisers are going to need to meet minimum competency levels, so that investors can be sure that their advisers know what they are talking about.

The question is will these new rules be enough to encourage investors to seek advice and pay for it?

Not everybody likes to seek advice. And our propensity to ask for advice can change with the climate – when markets are rallying, we are more inclined to think we can do it on our own, but when our investment bets don't work so well, we'll seek a second opinion.

Some investors who have acted on advice in recent years have lost money, and are perhaps wondering why they wasted good money on that advice.

Advice is just that. It is an opinion that can be provided with the very best intentions and be based on logic and disciplined thinking, but the outcome cannot be guaranteed.

There are some questions that you can ask yourself to determine whether you should use an adviser or stick to doing it yourself.

The first is what kind of help do I actually need?

If you don't know what sort of assistance you require, you may end up paying too much for unnecessary services. For example, you may just want help with asset allocation – getting the right mix of assets to suit your age and risk tolerance – and then be happy to pick your own individual investments. You may want a comprehensive financial plan prepared and then be left to implement it at your leisure. Or you may want an investment portfolio created for you, implemented, and then monitored each quarter with regular reporting.

You should also ask how comfortable you are with financial matters.

If money is not really your thing, it may make sense to pay for a professional's service. But if you feel you know the basics of investing and planning, you may be able to build much of your portfolio on your own without paying set-up and ongoing fees.

You need to be able to commit to putting in some time and effort.

You don't have to spend every waking hour following markets to be a successful investor, but you do need to put in a few days work initially and at least a few hours each month monitoring your holdings. If you can't put in even this minimal amount, you are probably better off getting help.

You should also ask some questions of your adviser. What specifically are you going to do for me? How much of your advice is tailor-made for me, and how much is generic to all your clients? Are you limited in what assets you can provide advice on? How much is the advice going to cost me – initially and on an ongoing basis?

Remember also, the decision to seek advice is not irrevocable – if you find after a while that you are comfortable to go it alone ... go for it!

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