



# 8

## REASONS TO USE A FINANCIAL PLANNER

**Many people think that financial advice is only required by the very rich. However, everyone can benefit from it. Not only can it help you protect and build your assets, it can assist you in making the most of your investments and in securing your and your family's long-term future.**

1.

### TO PROTECT YOUR FAMILY

There are a lot of people trying to sell insurance of one type or another but how do you know what you and your family really need in the event of a personal catastrophe? Decisions relating to money are most often emotional rather than logical; you probably don't want insurance but if we left family behind would you not want them to be OK financially?

A financial planner will work with you to assess your needs and arrange everything for you in the most efficient way. Your financial planner will help to ensure personal tragedy does not turn into a financial crisis giving you and your loved ones peace of mind.

2.

### TO HELP PLAN YOUR SPENDING & SAVING

Our spending and saving habits are really important when it comes to securing our financial future and easing worries about whether we'll have enough money in the event of an emergency or when faced with a 30 year, or more, retirement.

"Pay yourself before you pay others" is a good mantra to have when it comes to saving; payments to savings accounts, and pension plans for example, need to be regular and automatic; ideally they should come straight out of your income every month before you pay the bills. Don't kid yourself that you'll save what's left at the end of the month; it won't happen!

It's important too that you have some money for yourself every month so this needs to be included in your budget.

Keep things simple, a current account for everyday expenses, a no notice savings account for short term contingency spending, a notice account for bigger contingencies and then 'over the wall money' for longer term savings.

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3.

### TO HELP PLAN FOR YOUR RETIREMENT

It's never too early to start saving for retirement and whilst pensions can seem complicated the concept is pretty straightforward. If you want to stop work at age 60 you could have 30 years or more of retirement to look forward to, so you're going to need to start saving pretty soon. Make your savings regular and automatic and own the great companies of the world to seek real returns on your hard earned money, let the markets and power of compounding do the hard work.

"But what about stock market volatility and uncertainty?" I hear you, and yes, stock markets are volatile and uncertain, but are these not emotional factors? Volatility is the price we pay for higher returns, and higher returns are good. Every time prices fall your regular contribution buys more of the great companies of the world at lower prices and this gives you a higher return in the long run.

A financial planner will help you make sense of your existing pension plans, work out how much you'll need to fund 30 years or more of retirement, build a suitable portfolio for you, and help you stay the course to achieve your goals.

4.

### TO SECURE YOUR HOME

The mortgage market has always been complex, fast moving and with high levels of competition between lenders with a dizzying array of different products.

Many financial planners, including us, no longer advise on mortgages as the best deals can usually be found on the High Street.

What a financial planner will do, however, is help you become debt free as soon as possible and advise on suitable insurances in the event of a catastrophe happening to you, and or your partner dying or being unable to work so that you can continue to live in your home.

5.

### TO HELP MEET YOUR INVESTMENT GOALS / FIND THE RIGHT COMBINATION OF ASSETS

Investing is simple but it's by no means easy. It is simple enough to pick a few shares of well-known global companies to hold in an online brokerage account or to engage a stockbroker or fund manager to do it for you.

It is not easy to know whether the portfolio you build is sensible, the manager you have chosen is worth their

salt, or that your portfolio will be able to meet your goals. It is certainly not easy to stay calm and rational, when markets are soaring or in free-fall, as they will be from time to time.

Many of us have never thought for a moment about financial goals, but a financial planner can help you do this. Once the goals are clearly defined building a portfolio to achieve those goals is the logical next step.

A financial planner can build a more diversified and lower cost portfolio for you than you would do for yourself, and will not be affected by market noise or news feeds about the latest crisis du jour. Diversification is the only free lunch in investing and is the best way to manage an uncertain future.

Your financial planner will help steer you through uncertain times, and be an empathic listener and wise council at times of crisis to help you avoid the big mistakes of investing; trying to time markets, or cashing out when markets fall.

6.

### TO OBTAIN AN OBJECTIVE ASSESSMENT OR A SECOND OPINION ON YOUR PORTFOLIO

Every new investment opportunity or product is likely to be accompanied by hyperbolic marketing proclaiming it to be the best thing ever. If something sounds too good to be true then it probably is; risk and reward go hand in hand, they are always related.

One of the inescapable truths of investing is that to achieve higher returns, you have to take on more risk. That seems logical enough, but you would be surprised just how many investors and planners too for that matter, seem to think that it is possible to get high returns with low risk.

*'If you want to earn high returns, be prepared to suffer grievous losses from time to time. And if you want perfect safety, resign yourself to low returns.'*

**William Bernstein**, author of  
'The Intelligent Asset Allocator'

**PLEASE NOTE: YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

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Investment fees can be one of the biggest hindrances to achieving the returns you need. The effect of small differences in costs will compound into large differences over extended periods of time, potentially materially affecting your future lifestyle choices.

*'In investing, you get what you don't pay for'*

**John Bogle**, Founder, Vanguard Group

We often see portfolios that clients, or their parents, have built up over many years that amount to an expensive collection of funds or shares rather than a truly diversified portfolio.

A financial planner can work with you to diversify and streamline the portfolio to your goals and in doing so will help you identify where cost savings can be made.

Professor William Sharpe – a winner of the Nobel Prize for economics - came up with a means of gauging the impact of the cost differential between judgemental i.e. those managers trying to outsmart the market, and those using a systematic approach to investing.

He estimated how much more wealth would be held by the investor if they adopted the lower cost strategy of the two, assuming the gross return of each fund is the same. In his study, the lower cost, systematic approach would, on average, deliver 46% more wealth at the end of 30 years, and a staggering 65% over 40 years.

7.

**WHAT ABOUT TAX?**

A financial planner will always consider the taxation consequences of the advice he gives you. It is sensible to use tax privileged accounts such as individual savings accounts and pension plans where possible to do so and to make best use of the various tax allowance that are available.

8.

**KEEPING YOU ON TRACK**

Financial planning is an evolving process because change happens, it is a constant factor in our lives. Tax and legal change, economic growth and contraction, political and geo-political events can all have an affect on our lives but rarely affect our life goals.

A financial planner will help you stay the course to achieve your goals, he will be on hand to answer the big questions like "Are we going to be OK?" or "Can we still retire at 60 and have the boat on the lake....?" Or "Will we have enough money to live our lives AND leave a meaningful legacy to the children and grandchildren?"

A financial planner will offer an annual planning meeting to look forward, to check that you are still on course to achieve your goals, to help you identify any remedial action required if you've drifted off course and to give that reassurance that you are going to be OK.



This guide is intended to provide information only. Before you make any decision, we suggest you take professional financial advice.

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