

5 questions to ask a financial planner

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Financial planners copped plenty of criticism in last year's banking royal commission report, but a good adviser can be worth their weight in gold. Advice around investment, tax strategies, retirement planning and life insurance could save or earn people tens of thousands of dollars, and the first meeting with a planner can be daunting.

Bring a list of questions with you, says ASIC's MoneySmart senior executive leader, Laura Higgins.

"Ask about their background, the services they offer and how they'll communicate with you," she says. "Not all financial advisers offer the same services; make sure they can provide the expertise you're looking for." Here are five key questions to ask:

1. WHAT DO YOU CHARGE?

"Financial advisers don't usually charge you for the first meeting, but it's important to check before you go in," Higgins says. If you sign up, advisers may charge flat fees or hourly rates, and some still charge percentage-based fees, although these are being phased out.

2. WHAT ARE YOUR QUALIFICATIONS?

Marinis Financial Group managing director Theo Marinis says you should ask how long they have been an adviser, their qualifications and experience.

"Ask to see some testimonials or check on their website," he says.

3. HOW WILL OUR RELATIONSHIP WORK?

You need to feel comfortable sharing personal information, and understand how often you'll meet, receive communications and be consulted.

"The first appointment is to get to know each other, and whether it's a relationship in which we are able to work together," Marinis says.

If all goes well, you will be working together for years.

4. DO YOU RECEIVE COMMISSIONS OR INCENTIVES?

Some advisers get paid to recommend financial products or for referrals.

You want to know that your financial future is their main priority, so ask how they will choose the products that they recommend to you.

5. HOW DO YOU HANDLE COMPLAINTS?

Hopefully nothing goes wrong, but if it does you should know their processes for dealing with unhappy clients. Moneysmart.gov.au has detailed information about what to do about problems with a financial adviser.

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