

Changes to the way you get financial advice

Changes are being introduced to improve the way you receive advice on investment products, such as ISAs and pensions. Here we explain what it means for you.

What is changing?

From 31 December 2012, you will get:

- **Clearer charges:** instead of being paid by commission, advisers will have to agree charges with you upfront.
- **Clearer services:** it will be made clear to you how much of the market your adviser can help with, be it all possible investment options available or specific areas.
- **More professional advice:** your adviser will have to meet higher standards of qualification, keep knowledge up to date and sign up to an ethical code requiring them to treat you fairly.

Independent and restricted: Did you know?

From 31 December 2012, if your adviser says they are independent, this will mean they are able to advise on all of the types of products that you could invest in. If not, this means that they will be offering 'restricted' advice.

Restricted advisers will either specialise in specific areas, such as pensions or offer limited advice on a smaller range of products. Your adviser will have to explain to you what they can advise on.

What is the benefit to me?

- Increased **confidence and trust** in the advice you receive as you will know it has been recommended to suit your needs.
- From the outset, you will **know exactly what you are paying for**. Costs will no longer be included within the charges of products that you buy.
- You will get a **higher level of technical expertise** due to the new professional standards advisers must meet.

What do I have to do?

Nothing. Financial advisers have to make these changes by the end of 2012. Your adviser is likely to have already started preparing for this by changing the way they work. They should be able to tell you what their plans are ahead of time, and some may introduce the changes sooner.

How much will advice cost me?

Advice has never been free. These changes do not affect how much the advice should cost, but allow you to agree, in advance, with your adviser how much you pay for their services. And rather than paying a fee upfront, you may be able to agree with the adviser to have their fee taken from your investments.

Ask your adviser how much they are charging you for their advice both now and how much that same advice may cost in the future.

Your adviser's new professional standards checklist

From 31 December 2012, every financial adviser will:

- ✓ subscribe to the Financial Service Authority (FSA) code of practice;
- ✓ hold a higher standard qualification for giving financial advice;
- ✓ spend at least 35 hours a year learning as part of continuing professional development requirements; and
- ✓ hold a Statement of Professional Standing (SPS) as evidence they are meeting the standards, issued by an accredited body.

We will also improve how advisers keep their knowledge up to date, and monitor the quality of the service they provide to you, so if an issue arises we can take action.

Did you know?

Financial advisers will have to gain an annual Statement of Professional Standing (SPS) certificate as proof they have met and are keeping to the professional standards.

Find out more

Speak to your financial adviser about the changes in the first instance – they should be able to explain how it will affect you and your investments.

Useful contacts

Financial Services Authority

Regulates financial services firms and advisers in the UK to help protect your money and explain your options.

t: 0845 606 1234

www.fsa.gov.uk/consumerinformation

Money Advice Service

For unbiased guidance and tools to help you manage your money better.

t: 0300 500 5000

www.moneyadvice.service.org.uk

The Pensions Advisory Service

Independent information on state, company, personal and stakeholder pensions.

t: 0845 601 2923

www.pensionsadvisoryservice.org.uk

This guide is available in Welsh language on request / **Mae'r canllaw hwn ar gael yn Gymraeg ar gais.**

Also available in Braille, large print or audio format on request.



Financial Services Authority