

CONFIDENCE  
COMES FROM  
SOUND ADVICE



## MORE INFORMATION

[www.fma.govt.nz](http://www.fma.govt.nz)

Check the Financial Markets Authority (FMA) website for information to help you invest and get the most out of working with a financial adviser. Or call us on 0800 434 566

[www.fspr.govt.nz](http://www.fspr.govt.nz)

See the official register of financial advisers and information about dispute resolution schemes.

[www.sorted.org.nz](http://www.sorted.org.nz)

For information about investing, saving and retirement planning.



**FINANCIAL MARKETS AUTHORITY**

TE MANA TATAI HOKOHOKO – NEW ZEALAND

Level 5, Ernst & Young Building  
2 Takutai Square, Britomart  
PO Box 106 672, Auckland 1143

Phone: +64 9 300 0400

Fax: +64 9 300 0499

[www.fma.govt.nz](http://www.fma.govt.nz)



**FINANCIAL MARKETS AUTHORITY**

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# CONFIDENCE COMES FROM SOUND ADVICE

## What is a financial adviser?

Financial advisers are people who give advice about financial products. They can include financial planners, insurance brokers and people working for financial institutions such as banks, insurers, fund managers, sharebrokers and building societies who provide advice about money and investing.

Using an adviser doesn't safeguard you from losing money. All investments carry some risk, and that's one of the things investors get rewarded for in the returns they receive.

But a financial adviser should be able to help you make better investment choices. They should recommend investments that suit your personal circumstances and goals, and should be able to explain investments to you in plain English. Financial advisers should also be able to identify 'investments' that are really scams or have pitfalls buried in fine print.

## Is the adviser licensed to provide the product or service you need?

**What you should know about getting investment advice.**

**There are different types of financial advisers:**

- Registered Financial Advisers (RFAs) can advise on simpler products like insurance, bank term deposits and mortgages.
- Qualifying Financial Entity Advisers (QFE advisers) for example, bank staff, can advise you on the same products as RFAs and investment products like KiwiSaver or managed funds. But they can only advise on the products provided by their company.
- Authorised Financial Advisers (AFAs) have met minimum qualifications and professional standards. They can advise on complex investment products and can also offer investment management and planning services. Their licence will set out the types of services they are authorised to provide.

## Is the adviser on the register?

You can find out more about the RFA or AFA you are dealing with on the public register at [www.fspr.govt.nz](http://www.fspr.govt.nz). The register will tell you their business address and list the financial services they can provide.

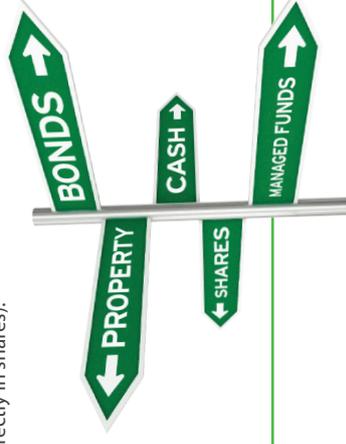
QFE advisers don't have to be listed individually on the register but the financial service company they work for must be there.

If a person giving you financial advice is not on the register when they should be then don't deal with them and let FMA know.

## What an adviser should do

**If an adviser is giving you personal investment advice you should expect them to do the following types of things:**

- Only recommend investments that suit your needs and situation.
- Explain the risks of an investment as well as the possible rewards.
- Explain their fees and commissions, and tell you what they will be paid if you buy a particular product.
- Explain their advice in plain English.
- Give you time to decide on an investment.
- Always place your interests before their own.
- Tell you about other options that might better suit your circumstances, like paying off a mortgage.
- Tell you if they don't offer all the investments that would suit you (eg recommend a sharebroker if it would suit your particular needs to invest directly in shares).



## An adviser should not:

- Make you feel embarrassed to ask questions.
- Make you feel out of your depth so that you give up trying to understand, and rely on their advice without question.
- Encourage you to move money frequently from one investment to another.
- Place their interests before yours.

## How will the adviser be paid?

Advisers often receive commissions or other sales related incentives if you buy an investment product.

AFAs must give you a disclosure statement telling you the range of products they offer, the fees they charge and what commissions or other incentives they receive.

Your adviser should give you this statement before they offer you advice and before you pay them any money. You should not have to ask for it.

QFE advisers providing advice on investment products also have to tell you how they will be paid.

## Making a complaint about a financial adviser

All financial advisers who advise retail clients have to belong to a dispute resolution scheme.

This is an independent organisation that will help resolve any disputes over investments that you haven't been able to sort out directly with your adviser. It is free for you to use their services.

If you feel an adviser has not put your interests first, has misled or deceived you, or has claimed to be a financial adviser when they are not qualified to do so, you can complain to the FMA as the financial adviser regulator.