



## Does your Financial Planner meet the Standard?

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WITH THE FINANCIAL SERVICES AUTHORITY'S RETAIL DISTRIBUTION REVIEW (RDR) APPROACHING ITS FINAL STAGES, WE ARE CONFIDENT THAT IIMIA WEALTH MANAGEMENT IS WELL PLACED TO MEET THE EXPECTED REQUIREMENTS AND TO CONTINUE TO PROVIDE THE HIGHEST QUALITY INDEPENDENT FINANCIAL ADVICE, PUTTING US AHEAD OF THE GAME!

The purpose of the RDR is to address the root causes of persistent problems in the retail investment market. It is anticipated that the RDR will categorise intermediaries into those selling a product (typically insurance company and bank advisers) and those offering professional financial advice.

There is also likely to be a higher minimum qualification for professional financial advisers; this represents a further step to align financial planners with their professional counterparts, i.e. solicitors and accountants.

iimia Wealth Management has always encouraged professional development and the majority of our advisers already meet the expected higher level minimum qualification (Diploma in Financial Planning), with others very close.

We are fortunate in having a Wealth Management team of great breadth and ability and have invested significantly in recruiting and training the best people. We have always aimed to exceed any standard requirements that are

imposed and a growing number of our advisers are now obtaining Chartered Financial Planner status.

Although many of the historic problems, such as personal pensions mis-selling and the endowment mortgage debacle, can largely be attributed to the large institutions and their direct salesforces, it is important that Independent Financial Advisers remain focused and ensure that processes are in place to prevent any similar occurrences.

With the completion of the RDR imminent, we are presented with an opportunity to reiterate the professional standards which we, as financial planners, endeavour to meet.

The British Standards Institution (BSI) has provided a standard for personal financial planning in order to set a benchmark for practitioners. This standard specifies the ethical behaviour, competencies and experience required of a financial planner and it will enhance the transparency and efficiency of the process.

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The Standard (BS ISO 22222) defines six steps to the process;

1. Establish client/planner relations – including a written record of the scope of the relationship, the planner’s qualifications and experience, and full disclosure about conformity to the standard.
2. Determine goals and gathering data – such as household asset liability and cashflow, statements, legal documents, assumptions, immediate needs and others.
3. Evaluating the client’s financial status – written outline for client of strengths and vulnerabilities, compared with goals, plans and restrictions.
4. Developing and presenting the financial plan – a written list of suitable and usable recommendations relative to the outcomes of the previous steps of the process.
5. Implementing recommendations – the planner can assist directly or indirectly with implementation and provide documentation where necessary.
6. Monitoring the plan recommendations - provide documentation as to the status of each recommendation, e.g. acceptance, modification, completion.

We believe that adhering to these steps is paramount to providing our clients with the best possible service. Carrying out thorough research and putting our clients’

investment needs first, means that each client receives recommendations which are suitable for them and in line with their investment objectives. We can also provide references from both private and corporate clients to confirm how we work together for the longer term.

A fee-based model is now being adopted by many Independent Financial Advisers, a model which our advisers have always used. We feel that by working on a fee basis, any commission bias is totally removed and clients can rest assured in the knowledge that advice is tailored specifically for them. Hopefully the days are now behind us when an adviser’s key objective was somehow to accommodate a high-commission paying product at the end of a sales process – dressed up as financial advice!

This change represents a further move towards professionalism (and is also in anticipation of RDR recommendations). This basis of remuneration is transparent and fairer to clients as the fee, and remit, can obviously be agreed in advance.

We eagerly anticipate the findings of the RDR as we believe this will give well qualified professional financial planners an opportunity to differentiate the service we provide from that of the banks, building societies and insurance companies. Historically, many of these organisations have employed advisers driven by high sales targets, which has resulted in excessive front-end commission being taken with little regard for the long-term relationship with the clients, which we obviously consider fundamental.

If you have any questions regarding the RDR, please contact your Client Manager.



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