



INDEPENDENT FINANCIAL ADVICE:

AN UNBIASED
COMPREHENSIVE
APPROACH TO
SERVICE TO
DELIVERY

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On the back of the recent economic crisis and challenging times moving forward, many people are starting to think more about how they would want to plan and optimise their finances. More people are looking to independent financial advisers for advice. With all clients, it starts with a simple question, “What makes your company different from other financial institutions?”

A simple reply would be, “I am Independent”. Seven years in the business, it has not changed much in the way I handle this question. However, the answer also comes with a little more insight. What does it really mean to be “Independent”?

As much as I am giving my clients more choices in the product range, I have also come to appreciate the fact that as an Independent Financial Advisory (IFA) representative, I am giving myself more scope in the job – in providing my clients customisation and tailor-made financial options, which otherwise they may not have exposure to.

Take for instance a client discussing financial planning with an adviser from a tied insurance company that does not carry a certain range of products, for example, Eldershiel enhancements. The client would be missing out on this plan, which the Minister of Health has been advocating Singaporeans above 40 to be looking into.



There are also many instances where a client with a long trusted adviser is presented with many financial recommendations, except basic medical insurance coverage, which the client could have purchased using Medisave. And this happens for the very simple reason being, this adviser does not have such a product within his company! It may also not be in the interest of the adviser to expose his client to advisers from other financial institutions because of this disadvantage. To this effect, the tied agent may feel inadequate fulfilling his client's financial planning needs.

Working with many product providers allows me the flexibility to integrate solutions to cater to my clients' specific needs. My clients are not forced-fit into the limited range of a single company's products, services and perspectives.

Another common question I faced in the past was, "Yes, an IFA does give us more products and services to choose from, but does it also mean that the IFA will sell us the highest-paid commission plans or plans to fulfil their quotas?" Though knowledge is power, with it comes accountability and great responsibility. We take this responsibility seriously.

I would like to highlight that the term "Independent", under FAA (Financial Advisers Act) guidelines, "should only be used by companies which can demonstrate that they do not have any financial or commercial links which will influence their recommendations in a manner that may create product bias in favour of a particular investment product, class of investments or product provider". This is to safeguard the financial advisory process and protect the client's interest. It legally ensures that a financial advisory does not fall into the trap of recommending targeted products on account of special favours from a product provider. This could come in the form of special deals and particular commission structures which may skew the recommendation. In certain cases, there may be a need to fulfil quotas agreed upon by the product provider and the financial adviser, which may once again cause product bias in a bid to fulfil that quota. Our recommendations to our clients are independent of any such dilemma.

In my practice, I provide my clients with various alternatives and am careful to explain the pros and cons so that my clients are fully aware of the solutions before them. Our clients are the ones who ultimately make the final decision and we are careful to accommodate them, to give them ample time and opportunity to consider their options, risks and rewards of any recommended plan. After all, these are financial plans with long-term commitments and as IFA representatives, we work to ensure that our relationship with our clients is for the long haul. At First Principal, we work hard at cultivating trust between advisers and clients as part of our vocational commission and service delivery.

Once in a while, I do get clients who prefer to diversify their investments and insurance by consulting different advisers in various financial institutions. While we as IFA representatives emphasise the need to diversify in order to spread investment risk, we would also advise our clients to stop and consider too drastic a move. We may be able to juggle between various banks, insurance advisers and fund management companies while lucid and in the right frame of mind. The problem arises when we cease to remain able to handle our financial affairs. Would we want to subject our loved ones to handle the pain of talking to various advisers from different companies, especially in a time of distress? Being an IFA, First Principal is able to offer our clients a wide ranging choice of financial products and services, enough to accommodate most situations I might add. If an incident requires the activation of any plans to pay out some insurance proceeds or to cash out on investments in an urgent situation, our clients or their loved ones need only call us. We are here to facilitate such a process.

We often encounter situations where people start to think about their financial plans only after an unforeseen incident. A simple question that normally arises in such an instance would be, "Will my policy pay out?" The next question would then be, "Who do I call?" Bearing this in mind, would you rather call Chun Wei at First Principal or would you resort to calling five advisers from five different companies to check on your financial plans and options? Or if you were no longer around, would you subject your spouse to following up on your insurance claims with five different companies, explaining the situation to each of the five different claims personnel at a time of great pain and agony? We can render the much needed help and contribute towards alleviating these difficulties in such times of adversity.

There is no one solution for all of our financial situations but there can be a one-stop centre for our financial planning needs. We need to recognise that as individuals, we have differing needs and risk appetites. This makes the product range and services of an IFA all the more relevant. There are no simple plans, a one-size-fits-all template. The work of an IFA representative is complex in this respect, which in turn simplifies the solutions for our clients. We have done the research, the filtering and customisation of plans and alternatives which we then present to our clients. We have taken confusion out of the equation, providing distillation and clarity in each financial solution required by our clients.



AS AN INDEPENDENT FINANCIAL ADVISORY, YOUR NEEDS AND THOSE OF YOUR FAMILY, WILL ALWAYS REMAIN OUR PRIMARY FOCUS. FOR COMPREHENSIVE FINANCIAL SOLUTIONS, TALK TO US AT FIRST PRINCIPAL. WE ARE ALWAYS ON YOUR SIDE.

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