

money

Good financial advice

Putting your money in the right hands

The global economic crisis, of which we still feel the effects, has had an impact on many of us. While institutions and even countries are bailed out, consumers are left on their own to cope with challenges such as investment risk, inflation, redundancy and eviction. In this difficult environment, many wish they had planned their finances better.

But sometimes, the problem is not that we did not take responsibility for our finances, but that our advisers failed us. A recent university study estimates that German consumers lost around EUR 100 billion over the last couple of years because of poor advice and buying opaque products, particularly in terms of their legal construction and costs.

Consumers cannot afford to neglect their finances. The immediate effects of a financial decision are often small or invisible, but a good adviser knows the importance of planning ahead. Furthermore, advice should not be limited only to one class of assets or a particular situation in life, but should be more holistic.

Qualification is key

Financial planners develop a comprehensive strategy, consisting of various financial and personal scenarios, based on a consumer's needs and goals. A good financial plan uncovers interdependencies between all assets and is the basis for good investment decisions.

The plan should demonstrate the potential of a single investment, and

its place within the client's overall wealth. It should take into account legal necessities, tax considerations, individual risk scenarios and estate planning opportunities. And it should include all assets, such as securities, property and even artwork.

But how can a consumer pick a good, reliable adviser who will take all this into account? Qualification is key. You would not put your health in the hands of a doctor without a title – the same applies to finance. Which is why a team of international experts developed ISO 22222:2012, *Personal financial planning – Requirements for personal financial planners*.

ISO 22222 defines the personal financial planning process and specifies ethical behaviour as well as the need for continual education to maintain professional competence. This rigorous standard will help consumers choose a well-qualified and capable financial advisor.

In Germany alone, around 1 500 financial planners have already demonstrated compliance to ISO 22222. This is good news for consumers who can use the standard as a benchmark when selecting a financial adviser. ■

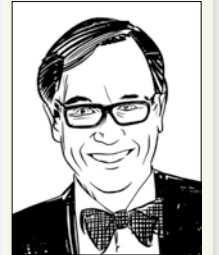
“A good financial adviser knows the importance of planning ahead.”



1500

financial planners are using ISO 22222 in Germany

The author



Guido Küsters was a key driver in the development of ISO 22222. He Chairs the DIN Certification Committee Personal Financial Planner ZA FP.