

## **What does a financial planner do?**

It may seem obvious what an investment adviser does: they advise people on investments. However, a financial planner's job is not so easy to pigeonhole. Offering investment advice is part of what they do, but not the only part. As the title suggests, a financial planner helps people plan their finances.

One definition of financial planning is: "the creation, protection, investment and distribution of wealth". Essentially, a financial planner helps identify and quantify a person's financial objectives, and then helps them to achieve those goals.

Take retirement planning. Many people's retirement goal is to be able to maintain a reasonable standard of living in retirement. However, to make that happen, they need to have a specific plan to make sure they get there.

For example, what will they require to maintain the standard of living they want in retirement – an annual net income of \$18,000, \$20,000 or \$25,000 in today's money? Then, what size nest egg will they need to generate that income, and how long do they have in which to build it?

A financial planner can help you find and implement the solutions to these and many other questions. Specifically, the planner will construct a personal financial plan tailored exclusively for you, your needs and objectives.

The plan will be comprehensive, covering a range of areas including some or all of the following: cash and debt management; tax planning; risk management (insurance); trusts and estate planning; investment planning; retirement planning.

Financial planning also needs to include teamwork, with the planner co-ordinating the delivery of various services for their client. This is similar to a doctor or GP. While a GP cannot be expected to specialise in every branch of medicine, they must be able to recognise where specialist treatment is required, so that a specialist can be brought in. However, the GP still retains overall responsibility for the health and treatment of the patient, just as the financial health of a client is the planner's responsibility.

Furthermore, clients need regular check-ups and reviews just as patients do. As a person's financial situation or objectives change, or as significant trends develop in the economy and investment markets, their financial plan will need to be monitored and reviewed. It is therefore important when looking for a financial planner, you choose one with whom you believe you can build a long-term relationship.

Finally, be aware that New Zealand Superannuation will provide you with a basic standard of living in retirement – but it won't provide for much more than the necessities. If you want more than that, you need to provide for it yourself. Seeing a financial planner is a very good place to start.

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