

Submission from Mary Holm, financial columnist and author. (I am also a director of the FMA and the Banking Ombudsman Scheme, but this submission has no connection with those roles.) Email address: 18(d)

COMMENT ON Q1, ABOUT THE GOALS OF THE REVIEW

I was astonished to see that none of the goals is: That consumers receive GOOD advice.

Goal 3 touches on that, but we can't promote confidence unless we're sure it's justified.

Lots of clients tell you they've received good advice, but - especially when most markets are doing well, as in the last few years – they don't know how to tell. They need to be encouraged to compare how their portfolio has done with how the markets in those assets have done.

By the same token, when markets fall many clients blame their adviser, perhaps unfairly. Mind you, a good adviser should have warned clients of that possibility and should support them through a downturn.

COMMENTS ON COLMAR BRUNTON'S "FAA/FSP REVIEW: CONSUMER GROUPS"

For this review, they interviewed users of RFAs in respect of insurance, users of AFAs for personalized financial advice, and consumers who do not use any form of personalised financial advice. However, they didn't include people who previously used an adviser and no longer do (although maybe the last group could have included one or two of those). And that's the group that perhaps we most want to hear from!

Another related point: Those in the survey who currently use advisers are often happy with them. However, many may not be aware that they're not being given the best advice for them. (see my point above).

Over all, I think this survey probably gives too positive a picture of advisers.

COMMENT ON Q57 ABOUT QUALIFICATIONS FOR AFAS

I think they should have to have at least an appropriate bachelor's degree. I know this would reduce the number of AFAs in the short term, but I've seen enough bad advice given by AFAs to conclude that some advisers do more harm than good – people would have been better off sticking with bank term deposits. I would rather have fewer but better advisers.

In any case, I'm sure that saying AFAs have to be graduates would raise the status of the role, attracting more high-calibre people, so that after a while the numbers would grow again.

Financial advice is very important to people. Let's have advisers who understand what they're doing!

COMMENT RELEVANT TO Q41 ABOUT BANNING COMMISSIONS

It's often said that New Zealanders aren't prepared to pay for financial advice, so advisers have to receive commissions. Nonsense! If people have enough money to seek financial advice (at least a few thousand dollars), they can spend some of it on getting the advice.

Through my column in the Weekend Herald, I have from time to time asked advisers if they want to be included in a list on my website of advisers who charge fees. Currently the list includes 34 firms, and growing. Here's what the website says, and the list.
(The website page is: <http://www.maryholm.com/financialadvisers.php>)

FEES-ONLY ADVISERS

The advisers in the following table responded to a request in my Herald column for information on advisers who charge fees only. I don't know most of them, and I am not in a position to recommend them. But their way of charging for their service is a good start! I suggest you "interview" several advisers before choosing one.

The advisers in the table are all AFAs, except the Australian firm, Roskow, which has an equivalent qualification.

Everyone except Baker Hawes, C Squared, Roskow and Stuart + Carlyon offers a free first meeting with a potential client. Those advisers offer a free initial phone conversation. Some advisers stipulate the first free meeting is only for half an hour. Readers should ask about this, so they know where they stand.

Every adviser has agreed to the following:

- "I guarantee that when I give any new client investment advice or help them to make any investments, the only money or other consideration I receive is explicitly stated fees that I charge the client. Any commissions or other considerations I receive from financial firms or others are passed on in full to the client."

- "I promise to give any clients who request it a signed letter that says, 'I truly believe I have given you the best advice I can, having considered a wide range of products, and that I have told you about all real or potential conflicts of interest.'" I urge readers to ask for such a letter.

Note the "new client" in the guarantee. A few advisers said they had current clients who prefer to keep getting "free" service while the adviser receives commissions. But that won't apply to new people approaching the adviser.

Advisers also had to state that they give advice on all types of investments, including property. By "property" I mean general advice in that area, not necessarily advice on specific property purchases. For example, the adviser could help a client weigh up whether to invest in rental property generally versus investing in a share fund.

Some advisers suggested we exclude advice on KiwiSaver, because hourly fees could be high relative to low KiwiSaver balances, whereas commissions might be around \$5 or \$10 a year. Said one, "We take the commission, disclose this and don't charge fees for KiwiSaver for now." That sounds reasonable. Readers should ask advisers how they handle KiwiSaver.

Note, too, that this whole exercise does not include insurance - only investment advice and products. Some advisers listed here do receive commission on insurance products. If readers want to go into insurance, you should ask the adviser how they will be rewarded.

And, of course, it's important to ask about fees charged upfront and ongoing fees. I think good firms should disclose all this clearly on their website and in their literature.

Some advisers charge high "monitoring" fees and don't seem to do much for that money. Said one adviser on a website recently, "I like it when clients challenge me over the fees I charge because it allows me the opportunity to reinforce what we actually do for them." A good adviser shouldn't mind your asking.

A few more points:

- Many of the advisers sometimes travel elsewhere around New Zealand, so if you are particularly interested in an adviser, phone or email them to ask if they could meet you.
- The Australian firm in the table, Roskow, emailed me, "It's useful for both NZ advisers and Aus advisers to know where the quality is so that we can refer other people there. We're hard to find (due to our small marketing budgets compared to the 'big boys')." Fair enough.

- Please note: I'm not in a position to check what the advisers in this table have told me. I'm relying on readers to report back if an adviser doesn't stick to what they've said, so please tell me!

Financial advisers who charge fees

Note: These people are not necessarily recommended.

Firm and Website	Adviser's Name	Offices or Areas Regularly Visited	Minimum Initial Investment
Accordia www.accordia.co.nz	Katrina Hawker, Selwyn Paynter, Sian Ruth, Andrew Verrall	Christchurch, Nelson, Blenheim, Takaka, Motueka, Westport, Hokitika, Greymouth, Ashburton, Dunedin, Invercargill, Waikato, Bay of Plenty, Auckland	\$5,000
Alan Clarke Financial Services Ltd www.acfs.co.nz	Alan Clarke	Auckland, Northland	No minimum
Axiome Consultants Ltd www.axiome.co.nz	Philip de Lisle	Auckland, Wellington	Usually \$200,000
Baker Hawes Consultants Ltd www.martinhawes.com	Martin Hawes	Auckland, Wellington, Christchurch	No minimum
Balmer, Jeffs & Co Ltd www.bjcl.co.nz	Duncan Balmer, Rob Jeffs	DB: Auckland, Tauranga, Hamilton, New Plymouth, Palmerston North, Wellington RJ: Christchurch, Dunedin, Invercargill, Queenstown, Nelson	\$500,000
Bloomsbury Associates www.bloomsbury.co.nz	Philip Stevenson	Wellington	No minimum
C Squared Consulting Ltd www.c2consulting.co.nz	Craig Wylie	Wellington. Work remotely throughout NZ.	N/A. Provides advice on strategies and types of investments.
Echelon Advisers www.echelonadvisers.co.nz	Royden Shotter	Greater Auckland	No minimum
Financial Prosperity Partners Ltd www.financialprosperity.co.nz	Joy Durrant	Wellington, Queenstown. Work remotely throughout NZ.	No minimum
Future History Ltd No website. Email to futurehistorynz@yahoo.co.nz	Tony Walker	Auckland. Work remotely throughout NZ.	Do not handle investments directly

G3 Financial Freedom Ltd www.g3freedom.co.nz	Jane Benton, Charlene Overell	Bay of Plenty, Auckland, Waikato, Taupo, Wellington	No minimum
Hassan & Associates www.hassan.co.nz	Rosemary Hassan, Simon Hassan, Simon Stredder	Greater Auckland, Waikato, Bay of Plenty, Northland	No minimum for comprehensive financial advice, \$50,000 for investment advice
International Financial Planners Ltd www.independentfinancialadvice.co.nz	Robert Oddy	Auckland, North Auckland, Waikato, Coromandel	No minimum
Investment Management Solutions Ltd www.imsnz.co.nz	Selwyn Parker	Bay of Plenty, Waikato	\$400,000 and/or the equivalent of \$1200 per month
iQ2 Private Wealth Limited www.iq2wealth.co.nz	Richard Austin, Steve Mander	Throughout New Zealand	\$250,000
Lyford Investment Management Ltd www.lyfords.co.nz	Richard Renfrew	Wellington, Auckland, Christchurch	\$50,000
Maxim Wealth www.maximfinancial.co.nz	John Makowem	Wellington, Kapiti, Upper and Lower Hutt, Wairarapa	\$50,000
Milestone Financial Services (Central) Ltd www.milestone.co.nz	Stephen Collier, Peter Tetzlaff, Matthew Watt	Wanganui, Taranaki, Auckland, Wellington, Christchurch, Nelson	\$50,000 in Wanganui, Taranaki; \$300,000 elsewhere
Newton Ross Private Wealth Management www.newtonross.co.nz	Mike Newton, Wayne Ross, Alan Read, Drew Hoffman	Auckland, Wellington, Waikato, Bay of Plenty, Whangarei	\$500,000
Pascoe Barton Ltd www.pascoearton.co.nz	Steven Barton, Susan Pascoe Barton	Bay of Plenty, Manawatu	No minimum
Quartz Wealth Management Ltd www.quartzwealth.co.nz	Glenn Read	Northland, Auckland, Waikato, King Country, Bay of Plenty	No minimum
Richard Harden Investment Services	Richard Harden	Nelson, Blenheim, Golden Bay etc	Usually \$200,000

www.rhinvestments.co.nz

Roskow Independent Advisory www.roskow.com.au	Matthew Ross, Neil Salkow	Melbourne, Brisbane	No minimum
Rutherford Rede www.rutherfordrede.co.nz	Phil Ashton, Roy Dykes, Jocelyn Weatherall	Auckland, Bay of Plenty, Waikato, Wellington, Nelson	\$300,000
Smart Money Advice www.smartmoneyadvice.co.nz	Janet Natta	Waikato, Bay of Plenty including Rotorua, greater Auckland	\$100,000 for investments, no minimum for planning advice
Staples Rodway Asset Management www.staplesrodway.com	Michelle Forster, Wayne Powell, James Scarr	Auckland, Northland, Waikato, King Country, Hawke's Bay, Taranaki, Bay of Plenty, Coromandel, Canterbury	\$350,000
Strategic Financial Planning Ltd www.strategicfp.co.nz	Michael Taylor	Christchurch, and national online service	\$500,000
Strategic Wealth Management Group Ltd www.swmgroup.co.nz	Phil Ison, Alastair Marsden	Auckland, Hamilton, Taupo, Tauranga, Whangarei, Christchurch, Dunedin, Queenstown, Nelson	\$200,000
Strongbox Wealth Management Ltd www.strongboxwealth.co.nz	Joan Kiernan	Queenstown, Auckland, Christchurch, Dunedin, Invercargill	\$250,000
Stuart + Carlyon Ltd www.stuartcarlyon.co.nz	Deborah Carlyon, Susanna Stuart	Mainly Auckland, Northland	\$500,000
Sumner Ryan Investment Advisers www.pial.net.nz	Graeme Ryan, John Sumner	Hawke's Bay	\$150,000
Transact Wealth Management Ltd www.transactwealth.co.nz	Dennis Lennan	Tauranga, Greater Auckland, Greater Wellington	\$250,000
Trustees Executors Private Wealth www.trustees.co.nz	Keith Kietzmann, David Rendell, Ross Sheerin, Gary McFadyen, Vernon Phillips,	KK: Auckland, Northland. DR: Auckland. RS: Bay of Plenty, Waikato. GM: Wellington, Wairarapa. VP: Canterbury. MH & CM: Otago, Southland.	\$50,000

Mark
Hendry,
Craig
McAuliffe

Vision Financial Management
Ltd
www.visionfm.co.nz

Michael
Beuvink

Greater Auckland

\$25,000 and/or
\$1,000 per month