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ASKING THE RIGHT QUESTION

THE FINANCIAL PLANNING PROFESSION

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As opposed to other financial experts, a financial planner delivers holistic financial advice that is grounded in the client's personal requirements.

Almost everybody, at some time or the other in life, seeks professional advice. We seek medical advice, legal advice and, of course, financial advice. We are increasingly getting used to seeking out good advice and paying for it. We are realising that just like in computers; where the software is at least as important as the hardware; that advice on what product to buy or not buy is at least as important as the product itself.

So if doctors are experts on our health and lawyers are legal experts, who are the personal financial experts? The accountant, tax advisor, mutual fund agent, insurance agent, broker or the portfolio manager?

In fact, they are all experts in their own fields. And the correct analogy would be that of the nephrologist, gastroenterologist, gynaecologist, neurologist and cardiologist. Who is the medical expert among them?

Well, you are right. It depends on the problem. But then, when you get nausea, who would you go to? Stumped you, right? Your best bet might be your General Physician or GPs, as they are known. He or she finds out everything about you including your lifestyle, family medical history, your current personal circumstances and recent important events. And then, if it isn't a simple case of temporary toxicity in your body, your GP refers you to a specialist. If the specialist suggests some dramatic measures, you will want to go back to your GP and discuss them further.

In seeking advice from your GP, you sought someone who could study your problem, set specifically within your life and circumstances, and hand- hold you through a practical solution. And what matters to you is not just whether you go through surgery or not, but also whether it can wait till your son's exams are over or whether there is risk in supplementing it with an

alternative therapy etc. There are numerous questions that need to be answered – important, unimportant and sometimes we just forget to ask the right questions.

John Ruskin once said, "Not only is there but one way of doing things rightly, there is but one way of seeing them, and that is seeing the whole of them." That is the key your GP holds and that is also the fundamental of good financial advice. Financial Planning is the method in which your advisor tackles the entirety of your financial situation.

What matters to the Financial Planner is you and your goals. He looks at the whole financial picture, interwoven, as it is, with your personal life. It is very important for the planner to know what is important to you because like all practical solutions, your financial decisions are also likely to involve tradeoffs. The planner has to help you optimise your tradeoffs to your best interest.

My experience is that some clients are surprised to even know that there were tradeoffs to be made. And yet almost all of them are happy that there is someone willing to walk with them through what might be some of the most difficult financial decisions in life.

The Six Step process:

What produces such insightful results, surprisingly, is not rocket science, but a simple and commonsensical six-step process, which is followed by Financial Planners the world over. The steps are logical and time tested. And while each planner may have his or her own unique way of applying the steps, these steps themselves form part of the international practice standards.

- Establishing and defining the relationship with the client
- Gathering client data