

Happy and Prosperous New Year Everyone!

We had a client contact us just before Christmas saying they did not want a review of their portfolio as they felt it was fine and did not want us to go to the trouble of calling to see them, but that caused us a big problem.

The relationship between Independent Financial Advisers (IFA) and their clients is often a misunderstood one. If you have an IFA, in the eyes of the law they are your servants and must put your interests above their own in all their dealings with you.

To get the best out of your IFA they must know all about your financial situation as well as your aims and ambitions. Things like your income and expenditure, retirement plans, holidays and of course, on review, any changes in your circumstances.

Once a Portfolio has been set up, whether within a pension fund, ISA account, plain investment or all three, it is a bit like a car - it needs servicing regularly and keeping up to date. A two-seater sports car will not be much use if you start a family for instance.

We looked at this particular client's file and noted that her Will contained a Trust, which may mean her estate pays £70,000 more Inheritance Tax than it needs to, simply because of the wording.

Also we cannot keep track of Bank, National Savings and Building Society accounts; we need our clients to tell us the balances on these so we can ensure they have enough cash for safety but not too much, which would reduce their returns.

The last budget also changed the tax rules on one of her investments meaning it will make much less return in future but by moving the plan with no charges involved, we can prevent this happening.

Without seeing her we could not have a discussion and explain our concerns about the above points, and check that any changes we propose are in her best interests. We could try and do it over the phone but it's much simpler and easier to do it face to face.

Most advisers charge fees for regular reviews whether you see them or not so cost is therefore no reason not to see your IFA. You would not pay your mechanic to service your car and not let them have the car would you?

Your IFA is your servant (we do not service cars, decorate or do gardening etc!) and you will get far more benefit from them by meeting regularly. Make it a New Year resolution.