

Fact sheet: Value of Advice



LUCAS FETTES

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The value of financial advice is difficult to measure but important to evaluate. Working with a financial planner can offer a host of benefits which are not exclusive to levels of financial growth.

What is financial advice?

Financial advice is offered by qualified and regulated individuals/organisations. They provide structured plans, based on your personal circumstances, to help you achieve your financial objectives.

Advice vs Guidance

When you are looking for information to help you make financial decisions, you may come across the options for financial guidance and financial advice but what is the difference?

It is important to understand the differences between the two as they can have very different impacts on you and your financial journey. The one you decide to take will depend on your circumstances and the goals you are hoping to achieve.

Guidance tends to be an information-based offering which is designed to aid you in making decisions. It can help you to form a financial plan through your own interpretation of the facts that are presented. It will give a range of suggestions in regards to the options available on the market but not necessarily available to you.

Advice is the curated plan, based on your personal circumstances, given to you by a qualified and regulated individual.

It is an in-depth analysis of your situation and needs and takes into account your future goals and objectives as well as your attitude to risk and capacity for loss.

How do we measure value?

It is hard to quantify the value of financial advice as different aspects hold different levels of importance for individuals.

Some organisations have given the value of financial advice a numerical figure. The International Longevity Centre (ILC) has found that receiving regular financial advice can boost your wealth by £47,706 in a 10-year period. Envestnet, Morningstar and Vanguard have all found that advice can provide 3% annual value to a portfolio.

Value cannot always be given as a quantitative figure. Emotions play a large role in the management of money. The trust and connection you may forge with your financial planner as well as the peace of mind and time that they can save you all provide value that cannot necessarily be labelled with a numerical value.

How does Lucas Fettes provide value?

Bringing clarity to your financial affairs

Financial advice is more than just the organisation of your affairs. Our financial planners can help you to develop your financial education, providing a better understanding of exactly what can be achieved. With better knowledge, you will be better aware of your personal financial position.

As humans, we are naturally emotional beings. Money often ignites various emotions depending on the situation. Because of this, important financial decisions can be directed by emotion instead of logic, which can result in expensive mistakes. A financial planner can help remove this threat by acting as your rationale and removing the emotional attachment.

Demonstrating financial freedom

You may have an idea of when you would like to retire or when you would like to help your grandchildren buy their first home but you may not be aware of when you can afford to achieve this goal. A financial planner can help you achieve your dreams sooner by organising your assets and finding ways for you to afford the things that matter to you.

Reducing your tax burden

You may be paying more tax than you need to. Our financial planners have the expertise and understanding which can enable you to legitimately reduce your tax liability. This may allow you to reach your goals faster.

Reducing your tax burden will also allow you to reallocate funds into goals and objectives that will have a more beneficial impact on your life.

Peace of mind by delivery of financial security

When you engage with a financial planner, you are able to relinquish a level of responsibility for your financial affairs which will allow you to focus on other matters which are important to you.

Knowing that someone with the necessary expertise has helped you make what is sometimes an irreversible decision can relieve a level of stress. These decisions are sometimes life changing so it is important that the correct decision is made.

Your financial planner will also be able to provide support throughout your financial journey. You will always have someone to turn to with your worries and concerns. This will provide continuous peace of mind for you and your family.

Control

Engaging with financial advice allows you to save your time and resources. DIY financial management requires a high level of dedication in order to be successful. You must ensure you are prepared for this or risk mismanagement of your financial affairs.

By delegating responsibility to a financial planner you will benefit from a better level of control as a highly trained team of experts will work towards your goals for you, ensuring your affairs are well managed.

Pursuit of your goals

Although a financial planner will help you to organise your finances and ensure you can afford your lifestyle, this is not their only function. Ultimately, a financial planner is there to aid you in the pursuit of your objectives. They will help you to not only achieve your financial goals, both long and short term, but also provide direction in understanding what you would like these goals to be. You may find that you need help and guidance in areas that you were not previously aware of.

Managing investment risk

A financial planner will assess your attitude to risk and capacity for loss during your initial consultation which will help to build your risk profile.

As you continue to work with your planner, they will apply your risk profile to each of your investments. They will collaborate with you to manage the risk you would like to take during your financial journey. Your financial planner will be able to advise you on the best level of risk in order for you to achieve your goals and fit your attitude to risk. They will also assess your ability to absorb falls in the value of your investment. This may change at different points in your life and it is important to reflect this in your financial planning.

How can we help?

We can work with you to provide a tailored financial plan that suits your needs and lifestyle.

One of our experienced planners will undertake a detailed review to help you meet your financial objectives, and determine the right option for you. Our on-going review service will ensure your plan adapts to any changes in your circumstances.

Contact us

If you would like further information on any of the above services or how we can help you, please do not hesitate to contact your Lucas Fettes Financial Planning adviser, call us on **01603 706 820** or email **info@lffp.co.uk**.

www.lfffinancialplanning.co.uk

The contents of this fact sheet do not constitute financial advice. This has been prepared based on our current understanding of UK Law, Taxation and HMRC practice, all of which could be subject to change in future. The impact of taxation (and any tax relief) depends on individual circumstances.

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