

Handout

Professional financial advice

Note: Before working with this handout, please read „Professional financial advice”.

Task 1

Rada wants to take out a loan to buy an apartment.

a) List all the documents she should bring when meeting with her financial adviser.

b) Give examples of a few places where you should keep such documents.

Task 2

An acquaintance talks enthusiastically about getting financial advice from a friend who is a financial expert. You make an appointment with this financial expert. When you meet for a first consultation, they do not ask you for any documents. Instead, they start talking about shares absolutely everyone should own.

Explain what this behavior tells you.

Task 3

Choose the suitable financial adviser for each situation and explain your answer.

#	Situation	Financial advice provided by				Explanation
		Bank	Insurance company	Investment consultant	Investment firm	
1	Milos wants advice on as many financial products as possible.					
2	Sonja runs her own company and has little time. She wants to authorize an expert to buy and sell securities on her behalf.					
3	Hadija wants a financial product that allows her to save and at the same time provides life insurance. She is looking for a company that specializes in products like that to advise her.					

4	Johann wants one provider to advise him on, and offer, a range of different financial products.					
5	Mona is looking for a company that specializes in derivatives.					
6	Radomir wants to take out a loan. He would like advice on what different lenders have to offer.					
7	Isabella wants to close an old savings book account and reinvest the money she has saved. She wants to deal with both things during one and the same appointment.					

Task 4

- a) List the advantages and disadvantages of a commission-based consultation instead of a fee-based consultation from a consumer's perspective.

- b) List three differences between professional financial advisers and influencers that you need to be aware of when looking at financial information on social media.
- c) Explain what documents and information a financial adviser is obliged to give a customer when selling an investment product.

Questions for reflection:

For which of my life goals do I need to invest/save or borrow money?

Before getting financial advice: do I have a good overview of my financial situation?

How much money can I invest/save each month? / How much money do I need to borrow?

Do I want advice on specific financial products?

Does my financial adviser comply with their legal obligations?

Do I feel like I am in good hands during the consultation?

Does it seem like my adviser is under pressure to sell during the consultation?

Have I also contacted other financial advisers and asked for their opinion?

Note: Professional advisers will make sure to carefully look into your financial situation, set realistic goals with you and explain to you in detail your financing and investment options. Only then will they suggest a suitable financial product without any obligation to buy.