



The Ottawa Branch Report

OTTAWA BRANCH FALL MEETING
Tuesday, November 4, 2014
RA Centre
2451 Riverside Drive
(Clark Memorial Hall)
9:30 a.m. - 12:30 p.m.

THE VALUE OF FINANCIAL ADVICE



This is the first of two-articles on 'financial advice'. Part 1 looks at the value and part 2 looks at the cost of financial advice. Along the way, we look at those who provide this advice.

Engineering, aircraft design, medicine, law are professions where practitioners have studied many years, passed rigorous certification exams and upgrade their professional skills on an ongoing basis. It is the same for financial professionals. As retired public servants, we would be reluctant to practice medicine on ourselves or family members. We should be similarly cautious to think that just having more time on our hands makes us experts in tax-efficient investing, or permits us to

effectively structure an investment strategy to maximize retirement income then leave something for the next generation.

Financial advice is not particularly costly, especially when it returns more than it costs through greater, more stable long term investment returns. Most importantly, a long term advisory relationship with a trusted financial adviser has been shown to yield increased return compared to not having an adviser, or even having an adviser for a shorter period.

Your financial adviser should be knowledgeable with extensive education in investments. Common designations are CFP - Certified Financial Planner, CFA - Chartered Financial Analyst CFS- Certified Fund Specialist or RFP - Registered Financial Planner. In banks, one may find PFP - Personal Financial Planner. When looking for sound advice, the person or people you interview for this job should have one of these, preferably RFP, CFP or CFA. Since you are seeking a stable long term relationship, a personal recommendation from a family member or friend is an excellent start. Trust and confidence in the person and their judgment is essential, since you are going to be providing this person with your complete financial 'X-ray' (and your money), so don't be shy about asking them probing questions about themselves, including how they are paid. All should be detailed in the firm's Client Relationship Document. Ask for it!

Once you have chosen your financial advisor, he/she will ask in return about your financial and personal situation, your goals and objectives, your comfort with risk and your knowledge of investment types and practices. From this, you will first get an "investment strategy", which defines in

broad terms what you expect to achieve in what period of time, using what investment tools. If this is agreed, it becomes a long term planning framework, into which your advisor would then develop an 'investment plan' for diversified investments and clear links to your medium and long term objectives as expressed in your strategy.

The advisor then takes your money or your existing investments and slowly transforms them into your 'new' portfolio (GICs, bonds, mutual funds, equities, etc.) Since both of you will use the investment plan as your guide, it is important to accept that sometimes events cause plans to change. Every six or twelve months, it is sensible to review with your advisor how the portfolio is doing, and whether there is a need to make any changes to 'maintain your objectives'.

Financial advisors do not read tea leaves to know which investments will go up or down. They are disciplined, dispassionate, experienced individuals with special knowledge of a complex field - investing. They have been through difficult times and can reassure nervous investors when markets are volatile. That confidence makes for a calmer investor, and one who is more likely to achieve their investment objectives because they are not 'spooked' by market corrections. Instead, the advisor may be ready to suggest 'jumping in' when prices are still low to get more advantage when markets later start to climb, as they always do. Avoiding errors in investing is as important as damping undue or ill-informed enthusiasm.

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Association of Canada. Tradex services are available exclusively to current and retired public sector employees and their family members. Robert's previous financial articles can be found at <http://tradex.ca/en/learning-center-financial-articles-fsna/>

Tradex is a proud sponsor of the United Way GCWCC for the last three years. Tradex wishes to congratulate FSNA members for achieving the "Thanks-a-Million Award" for your 2013 GCWCC campaign.

As part of the GCWCC campaign, Tradex will once again donate to the GCWCC on an ongoing basis, 5% of any new Registered Education Savings Plan (RESP) contributions or transfers. A tax receipt for the donated amount is issued in the contributor's name. Full details at www.tradex.ca. As we commence our third year, this charitable offer has raised over \$25,000 for the GCWCC.

***Note:** The facts and opinions expressed in this article are those of the author, Robert Todd; they should not be understood to necessarily reflect the policy or opinion of the FSNA Ottawa Branch.*

CAA SOLO TRAVELLER CLUB - ALONE BUT NEVER LONELY

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Travelling on your own doesn't have to mean you're ever really alone. There are plenty of ways you can turn a trip by