



BY LETITIA WATSON

SWITCHING ADVISERS

You have the right to change financial advisers if your current one isn't working out. Read on to find out more

YOU'RE saddled with investments that aren't performing as well as you'd expected and you suspect it's not because of the recession or weak share market but because your financial adviser has been neglecting your investment portfolio.

Many investors are unsure whether they can switch to a new adviser or broker if they bought their retirement annuity, endowment policy or other investment through their original adviser. And if they were to switch how would it affect their existing investments?

The short answer is: yes, you can switch to another adviser provided he or she is also accredited to manage your investments. Not all advisers have the expertise or experience to deal with certain products. Advisers must write admission exams that provide them with the necessary accreditation to handle certain investments.

Ensure you choose someone who is authorised to manage your investments by contacting the Financial Services Board (FSB), the non-banking financial services watchdog. Alternatively contact the company whose products the adviser is selling, for instance Old Mu-



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tual or Liberty Life, or industry organisations such as the Financial Intermediaries Association of Southern Africa (Fia) which represents thousands of advisers.

It's also important to choose an adviser who has a thorough understanding of his or her clients' personal requirements and financial goals.

What will happen to the running commission on investments you've bought through another intermediary when you switch advisers?

For investment policies taken out on or after 1 January 2009 legislation enables you to write to the investment company requesting that your current intermediary no longer earns running commission on your investment policy. You can

send the company a written instruction to pay in future the running commission to your new adviser who is contracted to the specific company, Andrie Bester of Sanlam says.

For other investment products you also need a written instruction to transfer the commission to another adviser. The transfer is dependent on the terms and conditions of the contract you signed with the investment company.

When changing advisers you must inform all financial institutions where you have investments and those with whom your previous adviser is associated in writing that your mandate has been ended. You must also inform them in writing who the new intermediary is.

Your new adviser might ask

you to sign a letter of appointment as official intermediary, giving him or her the consent and instruction to inform all institutions that he or she is your new representative.

If you're dissatisfied with the service you receive from your adviser you can lodge a complaint. Financial service delivery is regulated by the Financial Advisory and Intermediary Services Act 37 of 2002 (Fais) which sets out the requirements for financial service delivery that have to be strictly adhered to by advisers. It has also created an ombud function to ensure complaints are dealt with fairly. For more information about the Fais ombud go to www.faisombud.co.za.

Bester says before contacting the Fais ombud you must first lodge your complaint in writing with the relevant financial service provider (broker or financial company) so your complaint can be investigated internally.

If you're dissatisfied with their solution you can lodge a complaint with a mediator such as the long-term ombud, pension fund mediator or the Fais ombud. You can also lodge a complaint with the FSB, the company the adviser is associated with or the organisation he or she belongs to.

An important rule of thumb when it comes to investments is that when an adviser suggests an investment that sounds too good to be true you should err on the side of caution.

Rather get a second and even third opinion. Industry experience has shown that these types of investments are usually cons that result in investors losing heavily. □

'When a man's stomach is full it makes no difference whether he is rich or poor'

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To access the Financial Services Board's online complaint form go to www.fsb.co.za.