

HOW ADVICE IS CHANGING

A financial adviser can help you make the most of your money but you need to be confident you are getting advice that is right for you. We want to ensure this by making changes to the way you get financial advice. Find out what is changing and how it will affect you.

We are making some important changes to the way you get financial advice. These come from our Retail Distribution Review (RDR) which takes effect from 31 December 2012 - but what is actually going to change?

1. You will know how much advice will cost

Advice has never been free. If you have received financial advice you have probably been paying commission to your adviser.

Commission is usually a percentage of your investment – typically 1% to 8%, or sometimes more on a lump sum. So for an investment of £10,000, your adviser could have received between £100 and £800 commission.

From 31 December 2012, instead of you paying commission on new investments your adviser will have to clearly explain how much advice will cost and together you will agree how you will pay for it.

This could be a set fee paid upfront or you may be able to agree with your adviser that they can take their fee from the sum you invest.

This way you will know exactly what you are paying and that the advice you receive is not influenced by how much your adviser could earn from the investment.

Find out more about the [new way to pay for financial advice](#).

2. You will know what you are paying for

Financial advisers can either advise you on all products that may be right for you or focus on certain areas, such as pensions.

From 31 December 2012, financial advisers that provide 'independent' advice will consider all types of investment areas. They can also consider products from all firms across the market.

An adviser that has chosen to offer 'restricted' advice will only consider certain products, product providers or both.

Your adviser will have to clearly explain what they can advise you on.

Find out more about the [differences between independent and restricted advice](#).

3. You will get improved professional standards

Some investments can be hard to understand. So we are increasing the minimum professional standards of qualification that advisers have to meet, to ensure their knowledge is up to date.

What you can do now

Before 31 December 2012, ask your adviser how much they are currently charging you for their advice and how much that same advice will cost in future.

Your adviser should be able to explain how these changes will affect you and your finances, and whether they intend to offer independent or restricted advice.

See or download our leaflet outlining the [changes to the way you get financial](#)