



The Value of *Financial Advice*

Why using a financial adviser can
help you achieve your goals

One of the most common things that financial advisers are asked by potential clients is: can we pick the next big stock or fund?

Or they may enquire how they should invest a specific lump sum to achieve the best returns.

A good financial adviser will always respond to such questions with the words: "It depends." Although getting the investment 'right' is important, it is only part of the adviser's role and the value that they bring.

And getting the investment 'right' really depends on each client's circumstances and what they're hoping to achieve in life. This is why our '*plan, design, review*' approach to financial planning fits firmly in our advice process.

1. Plan

If you come to us, as your adviser, the very first thing that we will do is help you to clearly define your goals. We will then work with you to build a plan that is focused on helping you achieve these, accounting for your personal circumstances and likely financial journey ahead.

2. Design

Then – and only then – will we start to think about how your money can be invested in a way that matches your goals. For example, this might entail taking on more risk with the aim of achieving a better

long-term return – or the exact opposite, as you might currently be exposed to too much risk to suit your circumstances. What's more, we'll help you to avoid making any bad decisions that could turn out to be expensive, such as investment scams or impulsive reactions to short-term fluctuations in the stock markets. It's also often the case that we'll help you understand the tax considerations related to your portfolio of assets, how you may be able to take advantage of any allowances available to you, and how you could structure your assets efficiently.

3. Review

By meeting on a regular basis, we'll be able to review your plans and any changes in circumstances. That way, we can make sure everything is on track to meet your goals while making adjustments to your portfolio when necessary.

Perhaps even more valuable, is the kind of peace of mind you just can't put a price on that comes from knowing you're on the right path. This is even more important in today's uncertain markets.



We are living longer, so we are expecting to spend more years in retirement. Couple that with higher inflation, your money needs to work harder now to secure the retirement funds you need in preparation for a 100-year life. Those saving for retirement today can no longer rely on government retirement schemes alone to support the retirement lifestyle you aspire to lead.

It is vital, therefore, that you think much harder about how your finances are going to help you over the long term.

This might not only be to plan for retirement but also to move you towards achieving your goals in life – whether that's retiring early, fulfilling a lifelong dream, supporting children and grandchildren both now and after your death, creating a lasting impact through philanthropic donations, or anything else that matters to you.

Underpinning all of this, the importance – and value – of expert financial advice on an ongoing basis cannot be underestimated.

In one sense, that value comes down to a simple equation, which can be defined as getting the most from your investment plus tax optimisation – both of which should, if done well, give you a return that is considerably higher than any fees or charges you will incur.

Independent research has shown that this can amount to people being an average of \$57,000¹ better off when they retire.

And that's not to mention the invaluable peace of mind that comes from knowing you have a realistic plan and are on track to achieve it.

A person who uses a financial adviser is on average \$57,000 better off when they retire.¹

1. The ILC has calculated that if a person received professional financial advice between 2001 and 2006 it resulted, on average, in them being £47,706 better off in terms of pensions and financial assets once fees and charges had been taken into account in 2014/15. ([What it's worth – revisiting the value of financial advice](#), ILC, November 2019). Currency is converted from GBP to USD based on an exchange rate of 1 GBP = 1.2 USD.



At a glance

There are five specific ways that advice can deliver financial benefits.

Avoiding ‘the next best thing’

A trusted financial adviser will ensure you don't put your investments where it's unwise to. This can, of course, potentially save you losing all of your money.

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The confidence to invest

Many people are unsure about how investments work and why they're generally the best way to get a good return on your money over the long term. A financial adviser is there to explain how they can enable you to achieve your long-term goals and will help you get started.

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Investing for the long term

Once you've invested your money, it's very important to ignore the short-term fluctuations of the stock markets. Over time, although there are no guarantees, a diversified portfolio of investments will tend to rise, and a financial adviser will help to ensure you stay the course in order to achieve your goals.

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Having appropriate tax and estate planning solutions

By putting your investments in the right tax options, your adviser will be able to help ensure you make the most of the tax reliefs and allowances that are available to you. This is an especially vital step if you are relocating to another country where different tax treatments may apply.

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Tailoring an appropriate investment portfolio to match your plans

A good financial adviser will work to understand your long-term plans and help you to find the right balance between risk and reward with your investments, as well as ensuring your portfolio is diverse enough to help even out the bumps. It will be tailored to suit your own attitudes, your current circumstances and what you are aiming to achieve for the future.

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Plus peace of mind

In today's uncertain times, the value of financial advice has never been greater in helping you achieve financial wellbeing. Gaining clarity on your long term goals and building and reviewing a plan play a vital role in helping you achieve your objectives. On top of this, expert advice helps reassure you that you are doing the best for yourself and your loved ones despite the noise and challenges you face. That kind of peace of mind is hard to measure, but for many, it is the most valuable aspect of all.

Joel Carpenter
Marketing Director,
St. James's Place Asia

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Avoiding the next best thing

Fear of missing out can drive investors to hop on to the latest buzz, but chasing the next trend can be dangerous. Too often, these are short-lived fads. By the time you caught wind of a trend and entered the market, the popularity had started to fade. Yet, many investors still hold onto hope that the exceptional performance would return, which frequently doesn't, while the market moves on to the next best thing.

The value here, of course, is that having an adviser could steer you away from falling prey to the excitement of the latest investment fad and could potentially save you losing all of your money.



◆
***It's essential that you
plan for your financial
security in retirement.***
◆



The *confidence* to invest

Greater confidence comes from a better understanding of how to organise your finances. Some typical comments from people who have not received financial advice are:²

And what's more?

Confidence promotes peace of mind. So it's good to know that SJP guarantees the suitability of the advice given by members of the SJP Partnership when recommending any of the wealth management products and services available from companies in the Group.

"I don't feel prepared. I'm not really sure how much money I would need to support myself over the longer term..."

"[Financial advice] would have an impact on my comfort levels... because I would hate the thought of having \$200,000 just doing nothing. I'd think, 'What a waste.'"

Above all, advisers can explain the need to take on a certain level of investment risk (and the potential rewards this can bring over time) versus the risk of inflation and low interest rates reducing the purchasing power of your cash. In most cases, money that is invested in a diversified portfolio on the stock market over the long term (at least five to ten years) will grow in value in real terms, while money left as cash will lose to purchasing power.

How inflation erodes the value of cash

If you had US\$10,000 in cash and it received 1% annual interest in a savings account over the past 10 years, today it would be worth:

\$11,046

However because of the impact of inflation from 2011–21, that would only be able to buy the same amount of goods and services as:

\$9,457

would have done in 2011.³

The benefits of investing

Some people are put off investing because they don't know how to pick the best investment from the wide range available. But you don't have to select the 'best' fund to make investing a good idea. Even if the fund or funds you choose are not the top performers – as long as your investments are diversified – history suggests that investing, despite the associated costs, could be a better long-term option than cash. There can be no guarantees with investing but this point is endorsed by the Financial Conduct Authority, who said in 2020;

"Many consumers are still holding money in cash that could be invested to provide potentially higher returns, but they have not sought or received the help with their finances that would help them to make better investment decisions."⁴

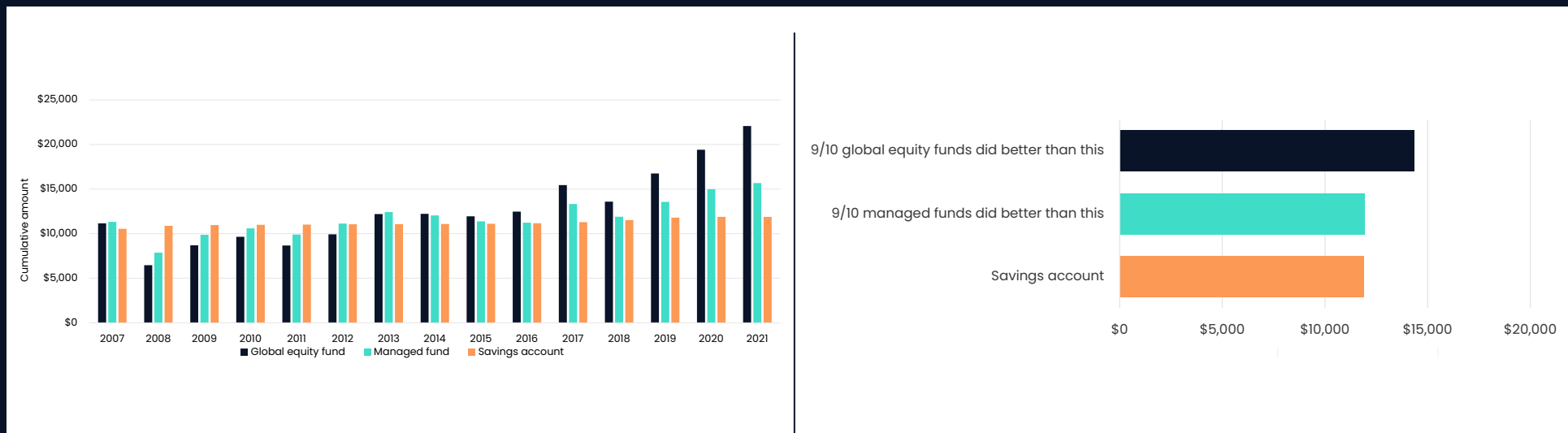
An investment in equities will not provide the security of capital associated with a deposit account with a bank or building society.

3. Based on the average inflation rate of 16.8% across Singapore and China. Sources: Singapore Department of Statistics and National Bureau of Statistics of China

4. [FCA publishes evaluation of its work on the financial advice market](#), Dec 2020

Growth of a \$10,000 typical investment made just before the financial crisis

9 out of 10 funds invested did better than an average savings account over the last 10 years



Source: Financial Express. Performance figures are total returns shown in USD on a bid-bid basis.

Global equity fund data is represented by a composite formed by combining the Investment Association - Global and Offshore Mutual Equity - International sectors. Managed fund data is represented by a composite formed by combining the Investment Association - Mixed Investment 40-85% Shares and Offshore Mutual Mixed Asset - Balanced sectors. Savings account projections are based on the ICE BofA US Dollar 3-Month Deposit Bid Rate Average index.

Data for the fund comparisons is taken from the composite sector data for all funds with a complete history over the relevant period up to 31/12/2021.

Past performance is not indicative of future performance.

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Investing for the *long term*

One of the most important things a financial adviser can do for you is to help you understand the importance of long-term investing – that is, deciding on an investment plan and sticking with it over an extended period of time, preferably at least 5 or 10 years.

Your adviser will explain that it's important to select the right portfolio to match your personal goals, then ignore any short-term fluctuations in the stock markets. If the stock market starts to go down or uncertainty increases, it's often tempting to make an emotional decision and sell your investments. However, they will be able to reassure you that this is just part of the long-term journey, which can make the decision to stick with your plan a lot easier.

However, it's also important to review your plans and your investments' performance from time to time – at least once a year – with a financial adviser. That way, you will be able to reap the benefits of taking a long-term view and optimise your portfolio to align to your goals, while not making knee-jerk reactions to market events, which can turn out to be an expensive mistake.



The value of *advice*

+2%
per year

According to an independent analysis by Numis Securities, the value of advice amounts to an additional 2% per year. This is based on comparing annual returns for St. James's Place clients against those who managed their own investments.

The research, which covered all clients' SJP pension investments, found that between June 2010 and June 2020, the average growth achieved was 7.7%pa. This means that \$120,000 invested at the start of the period would be worth \$252,000 by the end. By comparison, the same exercise for pension clients of a large firm where investors usually make their own investment decisions achieved an average of 5.5% pa over the same period. So on average \$120,000 invested by a non-advised client grew to \$205,200 over the ten years.

This analysis didn't include any tax benefits from advice, and so, Numis's researchers concluded that the main difference between the two was the "greater long-term discipline and lower emotion an adviser provides".

Please note that the research above only covers SJP clients in the UK and that past performance is not necessarily indicative of the future or likely performance of any investments.

Numis Securities Research, Sept 2020.
Currency is converted from GBP to USD based on an exchange rate of 1 GBP = 1.2 USD.



“Financial health is just like your physical health, and getting financial advice is very much like hiring a personal trainer. Starting (or restarting) a fitness routine can be intimidating and perplexing, but with expert advice and know-how, you can get a personalised plan that works with your specific circumstances, to work towards the goals you want to achieve. This means that you don’t have to guess whether you are working out correctly and risk an injury or if you should follow the latest exercise regime or diet from the millions already in existence. And when the going gets tough and the goals might be looking further away, we are alongside you, working hard with you to push you through the toughest times. This way, we give you the confidence to achieve your goals.”

Angelina Lai
Chief Investment Officer,
St. James’s Place Asia



Having appropriate tax and estate planning *solutions*

Advisers aren't just there to help with investments. If you are an expatriate and global citizen, they can also add a lot of monetary value to your portfolio by helping you plan for a tax-efficient return to your home country or by working with you to put in place a succession plan that makes sense for you and your loved ones.

If you are considering moving back to your home country, knowing how to take advantage of all the opportunities available is key. We can advise to help ensure that your affairs are in order and that your finances and investments are administered efficiently. We can also provide advice on the tax implications that could affect you and your

assets in the repatriation process. A financial adviser can help manage the repatriation process, including restructuring your existing investments to make them more tax-efficient when you move back so that any adverse tax implications can be effectively mitigated.

The creation and retention of wealth are goals that many aspire to, and financial advice in succession and estate planning is something that can be invaluable to you and your family. Our financial advisers provide advice to protect your accumulated wealth and put in place a robust plan so you can transfer assets from one generation to another according to your wishes. There

are various solutions that you can implement, and we take the time to understand your unique situation so that the right plan can be put in place.

If you have overseas assets which are subject to estate and death taxes, your adviser can also help structure your investments. Reducing the taxes payable on your estate will help you maximise the inheritance you pass on to your loved ones when you pass away.

Your financial adviser can also help with advising on the appropriate tools for legacy planning to protect your wealth and plan for the future.



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Tailoring an appropriate investment portfolio to match your plans

One of the biggest benefits of financial advice is clarifying what's important to you now and what your long-term goals are. A professional adviser will be able to help you do this.

What's more, in an ageing society, where many of us are likely to live well past 80 and even to 100 or beyond, it's essential that you plan for your financial security in retirement to ensure you don't run out of money once you're no longer earning an income.

Over longer periods of time – 5 to 10 years, say, or preferably even more – investing in stocks and shares is

one of the best ways to see your money grow, which will help you secure your retirement and reach any other goals you may have.

Focusing on your unique circumstances, a financial adviser can flag potential financial limitations you may face in the future. With the right advice, you can optimise your investments that meet your short-, medium- and long-term needs and goals.

A well-designed, goals-based financial plan will greatly improve your chances of achieving your life goals, dreams, and the legacy you leave to your loved ones.

So what's holding you back?

It's clear that financial advice has many tangible and non-tangible benefits.

From managing the often oversupply of information you are faced with, to understanding the critical risks and payoffs around any particular investment, the role of a financial adviser is to do the hard work for you and help you to make the often difficult decisions that are right for you.

And the benefit is clear and measurable.

The International Longevity Centre (ILC) has calculated that a person who uses a financial adviser is on average \$57,000 better off when they retire.⁵

5. The ILC has calculated that if a person received professional financial advice between 2001 and 2006 it resulted, on average, in them being £47,706 better off in terms of pensions and financial assets once fees and charges had been taken into account in 2014/15. (What it's worth – revisiting the value of financial advice, ILC, November 2019). Currency is converted from GBP to USD based on an exchange rate of 1 GBP = 1.2 USD.

The value of *peace of mind*

As well as the kind of value you can measure in pounds and pence, there are also many non-tangible benefits to receiving financial advice, particularly when it comes to peace of mind.

Research⁶ has shown that the key non-financial benefits are as follows:

Confidence

Knowing that you have a clear, detailed plan of how you will achieve your long-term goals – particularly for your retirement – gives financial confidence.

Financial literacy and capability

This comes through interaction with a financial adviser. They can help you to get a better grasp of the world of finance (which can often be complicated), as well as understand the balance between risks and rewards when saving and investing for the future.

Control

Feeling you are more in control of your money, other than just letting things happen, can give a strong sense of relief. This is particularly the case when you know your finances are regularly being reviewed by an expert, who can work with you to make the best decisions to match your goals.

Reassurance

Knowing that you're 'doing the right thing' by consulting an expert helps to avoid concerns about whether you're making the best decisions for you and your circumstances; you'll know whether you're on track to meet your goals and whether you're missing out on any opportunities.

Fewer worries

The research shows that people who take financial advice worry less about their money. This peace of mind and feeling of security comes partly from acting on the advice you're given and partly from knowing you've acted to safeguard your future.

The overwhelming majority of those who take financial advice have a good experience.

9 in 10

people surveyed who have received advice say it is useful or very useful⁷.

And here's the final word from the ILC, which is an independent organisation that does not give financial advice:

Since advice has clear benefits for customers, it is a shame more people do not use it.

6. Peace of mind: Understanding the non-financial benefits of financial advice, ILC, November 2020

7. The Money Relationship Monitor 2021, commissioned by St. James's Place Asia and undertaken by Sandpiper Communications (2,017 respondents)

Why an ongoing *relationship* is important

A lot of the strongest benefits of financial advice can only be realised if you have an ongoing, trusted relationship with your adviser. For example, if you just have a one-off recommendation – perhaps about an investment – you may end up making unwise decisions through periods of stock-market volatility, or you won't be able to adjust your plan to suit your changing circumstances.

As your personal situation and the global markets change over time, we will help to monitor and adapt your financial plan to your changing needs and maximise your chances of achieving your goals.

"I have been very impressed with [my Partner's] influence in helping shape and progress my financial ambitions as my goals, and family size have evolved. His ability to relate to specific needs and his clarity of advice has built enormous trust. He has a remarkable ability to simplify and walk through critical decisions, which has helped us define our choices. [My Partner] goes to every length to ensure that I am in a personalised and valued relationship. It helps our confidence that he endeavours to be part of the personal journey towards our financial goals. To date, we have overachieved our expectations and certainly recommend [my Partner] and the team at St. James's Place for anyone looking for financial guidance and planning."

Don't just take our word *for it...*

Here's what some people who had taken financial advice have had to say about the experience:

"[My Partner] has provided timely and relevant advice on investment products and services as well as on legislative and tax changes that could impact my specific financial circumstances."

"I feel [my Partner] can relate personally to the objectives I am looking for and therefore is positioned well to offer ideas. His advice has excellent clarity and is relevant for the current position I am working towards achieving for my future."

"[My Partner] has been instrumental in helping to provide alternative investment vehicles, finance strategy and tax advice to make our money work better for us and plan for our future. We can now focus on other aspects of life knowing we have the right financial structure moving forward."

"Knowledge, expertise and attention to detail could not be faulted. Genuinely interested in our needs, circumstances and preferences. Particularly reassuring is our feeling of certainty in the absolute integrity of your dealings with us."

"I have been very impressed with [my Partner]'s influence in helping shape and progress my financial ambitions as my goals and family size have evolved. His ability to relate to specific needs and his clarity of advice has built enormous trust. He has a remarkable ability to simplify and walk through critical decisions, which has helped us define our choices. To date, we have overachieved our expectations and certainly recommend [my Partner] and the team at St. James's Place for anyone looking for financial guidance and planning."

Past performance is not indicative of future performance. The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The broader *benefits* of a financial adviser

A good adviser will not only provide you with a full financial advice service, but will also identify areas where other professional support could be valuable and introduce trusted experts to help. For example, this could be in areas such as writing and updating a will, other legal services, specialist insurance needs or tax services.

“The ability for a good adviser to give you the confidence to take action – such as the confidence to invest at the right level of risk for you, instead of keeping all your money in cash – is one of the most valuable parts of receiving advice.

However, before they start talking to you about investments, returns and tax considerations, they will take time to understand you as an individual and your family, exploring your goals and objectives.

Knowing that your finances are on track to help you achieve them and that you have access to someone you trust, who knows you and your family, is incredibly valuable.

That’s the kind of thing that helps you sleep at night.”

Joel Carpenter
Marketing Director,
St. James’s Place Asia



Get in touch to find out how valuable financial advice could be for you.

Let's have a chat

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This advertisement has not been reviewed by the Monetary Authority of Singapore and Securities and Futures Commission of Hong Kong.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

An investment in equities will not provide the security of capital associated with a deposit account with a bank or building society.

The levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances. You are advised to seek independent tax advice from suitably qualified professionals before making any decision as to the tax implications of any investment.



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