



**SOUTH AFRICAN 'INDEPENDENT FINANCIAL ADVISORS' ASSOCIATION**  
**A Key Voice of the Independent Financial Advisor with the Public, the Industry, the Regulators and the Media**

**21 ULTIMATE 'CLIENT-AGENDA' QUESTIONS THAT NEED TO BE ASKED WHEN CONDUCTING  
A 'DUE DILIGENCE' ON AN 'INDEPENDENT' FINANCIAL ADVISOR (IFA)**

**SAIFAA Mission:**

To promote the value of “independent financial advice” in a modern financial services market and the critical role of independent advisors in delivering this advice, to the public at large, the media, the regulator and the industry.

The FSCA, during December 2019, distributed a Discussion Paper on the RDR process on the future of the Independent Financial Advisor (IFA). The aim is to try to clarify the difference between a Product Supplier Agent (PSA) and a Registered Financial Advisor (RFA) incorporating Independent Employee Benefits Advice.

These **21 ultimate client-agenda** ‘due diligence’ questions have been designed to provide clients and their appointed Independent Financial Advisors (IFAs) with an opportunity to review a comprehensive range of suitable contractual answers and solutions that will engender the building of a long term financial advisory and guidance relationship!

These questions are an excellent basis and foundation for conducting a ‘Due Diligence’ on reviewing an existing or appointing a new Financial Advisor as well as becoming the ‘differentiator’ between an IFA and a PSA.

1. How can I be sure that you will put me and my families best interests first and how do I know you are the right adviser for me (review the statement of intent provided)?
2. Do you have the relevant experience/knowledge to deal with our specific situation?
3. What is your appropriately experienced and suitable qualifications as an IFA (how long have you been an IFA and are you a CFP®, CPRP® and what Degrees, Qualifications etc)?
4. What ongoing educational and updating processes do you partake in annually to ensure that your advice and guidance is appropriate (CPD Points, CPRP® Courses, Forums, Workshops – what do these cover)?
5. Are you registered with the FSCA Regulatory Body for the services offered to me and my family as a ‘Non-Aligned’ Independent Financial Advisor (i.e. FAIS Act etc)?
6. Do you belong to a relevant Industry Body that indicates a certain competency level (SAIFAA, FPI, FIA, IRFA & Batseta)?
7. What are the full ranges of services you and your Independent Financial Advisor practice provide?
8. Do you represent a wide range of assurance/insurance companies products and a variety of investment houses, which ones and why?
9. How will our relationship work, how often will we meet, is this based on an ‘easy to understand’ Service Level Agreement (SLA) and an Investment Strategy Agreement Mandate (ISA)?
10. How do you get remunerated for your Advisory & Guidance Services (ongoing and/or upfront statutory commission – how much and when, investment percentage fees, and/or time related invoiced service fees)?
11. Who is your employer (i.e. your own Independent Financial Advisor Practice or Group Independent Financial Advisor Practice or a Product Provider such as say Old Mutual, Sanlam, Liberty, Momentum, Discovery etc that will under RDR define you as a Product Supplier Agent)?
12. Do you or your practice have any direct/indirect interests in any third party administration/investment funds/products; i.e. Aligned or Non-Aligned (does this ‘create conflicts of interest’ as an Independent Financial Advisor & Should you be Aligned with a ‘third party’ Product Provider why and will this relationship be of benefit – explain)?
13. What are the ‘all-in costs’ of products and services recommended by you (please set out your Advisory Commission Fees, all Product Provider/Service Provider layers of cost and what are all early termination costs)?
14. Do you conduct any form of ‘Due Diligence’ of the products, services and companies that you recommend (to what degree and how often)?
15. What happens to our Investments/Services when you resign, retire or sell your business (succession plan)?
16. Can I obtain references from two other happy clients who have followed these Client-Agenda Questions?
17. Have you been sued or have any reported legal actions against you or your practice and what recourse do we have if something goes wrong (i.e. what level of PI cover does your practice have)?
18. What are your views on investments, what fund asset allocation will you use, what investment benchmarks do you use and what is your investment philosophy (How is your advice process aligned with the investment solution you propose)?
19. Who are your compliance service providers and are they independent from your Independent Financial Advisor Practice?
20. Do you subscribe to the Treat Clients Fairly (TCF) principle (explain)?
21. How would you answer the following question; ‘Is your Clients Money your Client or is your Client your Client’(i.e. the SAIFAA CPRP® Program etc)?