

HARGREAVES LANSDOWN

Press release

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Most people don't know if financial advice is worth the money

- On average, people think they need investments of £117,000 to make it worth paying for financial advice.
- Almost half (46%) of people don't know how much money they'd need in order to make paying for advice worthwhile.
- If they needed help with understanding their finances, 22% of people would turn to a parent and 15% to a partner.

Data from a survey of 2,000 people by Opinium for HL in October 2020

Sarah Coles, personal finance analyst, Hargreaves Lansdown:

"Most people haven't a clue whether it's worth paying for financial advice. When asked to guess, we imagine we'd probably need around £117,000 to make it worthwhile. It helps explain why so many people who could benefit from advice are reluctant to take it.

There's no hard and fast rule about when you should get advice. People tend to turn to advisers when things get too complicated, when the amount of money at stake means they're worried about making a mistake, or when they just don't have the time or inclination to do things themselves.

There are some times in life when it can be particularly rewarding to get help. This can include at retirement, when you may need to decide how to take an income from your pension and how to invest the rest. It can also be sensible when you inherit money, when you might not be familiar with the issues and options you face. And people often take advice around

the time of divorce, to help invest assets from the divorce, or to rebuild. Others want advice at life's milestones like getting married or having children. And some want a mid-life check-up to make sure they're on track.

Before you can weigh up whether advice is worth the money, it's important to understand how your adviser charges for their services. Some charge a percentage of your total assets - with a minimum it won't drop below. Others will charge per hour, so the total cost will depend on how much work they need to do, and others will set a fixed fee in advance.

There's no specific typical fee, but as a rough rule of thumb you can expect to pay around £500-£2,500 for assets up to around £100,000. If you have more money or more complex needs, you could pay £5,000 or more. You should also be clear on what you're paying for, and whether that suits your needs. Some will charge for an ongoing advice service, some will charge a single sum for one-off advice, and some will allow you to choose between the two.

You should have an initial consultation without charge, so you can decide whether the adviser suits you and your circumstances before making any commitments. A good adviser will also be up-front with you if they think it's not worth you paying for advice at this stage.”

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