



Financial counsellor or financial planner: What's the difference?

Ok we get it, knowing where to turn to for financial advice can be confusing sometimes! Financial planners and financial counsellors are both types of financial experts, so which one is right for you?

To answer this question, start by considering *why* you're seeking financial advice. Is it to improve your financial wellbeing? Plan for retirement? Manage your debt? Or something else entirely?

What is financial planning?

Financial planning is all about developing strategies to build your wealth and reach your financial goals, such as achieving financial independence or having a comfortable retirement.

A financial planner, sometimes called a financial adviser, will work with you to develop a financial plan and make suggestions on how to achieve it. Some of the areas they can provide advice on are:

- Investing
- Superannuation and retirement planning
- Estate planning
- Insurance

Importantly, they must hold, or work for a company that holds, an Australian financial services license, which is granted by the Australian Securities and Investment Commission (ASIC).

How is it different to financial counselling?

Financial counselling, on the other hand, is a free service that exists to support people in financial difficulty. It is usually offered through community organisations and some government agencies.

Financial counsellors are qualified professionals who provide advice and advocacy to people struggling to manage debt, or unable to meet their ongoing expenses. They aren't licensed to provide investment advice or invest funds on your behalf.

Some of the services a financial counsellor can provide are:

- explore your financial options and advise you on the pros and cons
- develop a budget or money plan
- prioritise your debts
- speak to creditors on your behalf and negotiate repayment arrangements
- help you access government grants or concessions
- advise you on credit, bankruptcy and debt collection laws.

Unlike financial planners, financial counsellors are not required to hold a financial services license from ASIC, provided they meet strict conditions. This includes not charging clients any fees or accepting any third-party payments or commissions. They are also required to be a member of Financial Counselling Australia.

You should *never* pay for financial counselling services. Anyone charging fees is, by definition, not a financial counsellor.

When should I see a financial planner?

Many people believe financial planning advice is only for the 'wealthy'. However, it can help people of all ages prepare for the future and achieve their financial goals. If you're looking for strategies to build and protect your wealth, a financial planning professional can assist you.

Financial planners work with people at all stages of life, from those in their 20s and 30s, right through to those in retirement, so it's never too early to get started. Ideally, your relationship with your financial planner will last a lifetime.

Often, people seek out financial advice around major life events. If you're thinking about buying your first home, starting a business, having children or nearing retirement, it could be a good time to get professional financial advice.

When do I need to see a financial counsellor?

If you're struggling with debt, at risk of being evicted or having your electricity, gas or phone cut off, we recommend speaking to a financial counsellor as soon as possible.

So, which one should I see?

Going back to our earlier question, what are your reasons for seeking financial advice? If it's to build, grow and sustain your wealth, and you're not in financial hardship, then a financial planner is the right professional for you.

If you're experiencing any financial difficulty, then a financial counselling service is the best option to get you back on your feet. Once your financial situation has stabilised, you should definitely consider seeing a financial planner to help you reach your long-term financial goals.

Source: *Money and Life*



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