

The Right Advice

A lack of understanding of why the value of investments can move both up and down and expectations — often fostered by unscrupulous “advisors” — that large returns can be expected with very little risk involved needs to be countered by Government, the Regulator and Gibraltar’s financial services and insurance industry, says European Financial Planning Group CEO, Tom Fraser.

Ensuring a financially secure retirement requires careful financial planning and sound advice

Fraser, an Australian with wide experience in planning investment strategies as well as in top-level insurance management argues that “education” — “telling it like it really is to would be investors and insurance customers” — would prevent a lot of disappointment as well as stop a lot of investors’ fingers being burnt.

“People, not only in Gibraltar but elsewhere too, need to understand that when the bank rate is say four per cent or Government bonds are yielding, say, only three per cent, promises of returns of 16 or 20 per cent on investment carry a commensurate load of risk,” Fraser points out. “We as an industry need to be completely honest with our clients — after all, we want them to stay as clients for the long run, not just as a one-off sale — and equally, they need to be honest with us.

“How can I advise a client about his best course of investment if he or she doesn’t give me a true picture of assets and income. It becomes guesswork and that’s not what financial planning should be about. It certainly is not part of our group’s policy.”

While, the damaging image of the brash and grasping insurance salesman generated by the mis-selling scandals of a decade or more ago has largely been exploded — particularly in the areas of pensions and life cover — the need for “after sales service” is increasingly recognised by insurers and their agents as vitally important, Fraser adds.

And this could change the present pattern of rewards within the industry — with an annual ‘fee’ paid by the client, rather than the current system of commissions and

renewals paid by the insurers, some analysts believe.

As governments find it harder to fund state aid for the steadily growing sectors of populations with ever-stretching longevity, the need for people to take responsibility for their own future retirement is more and more apparent. And in recent years several Western leaders have stressed that people will have to learn to look after their own futures, warning that because populations are living longer the state will not be able to afford to keep them... or certainly not at the levels of comfort and care that most have come to expect.

And many experts argue that insurers will not only have to structure pensions which will plug the gap which governments cannot but will have to advise the elderly-of-the-future how best to plan their finances for retirement. This is stressed by both Fraser and Peter Jones the founder of the Yorkshire

Insurance Group (YIG), the two men behind the establishment of the European Financial Planning Group earlier this year.

Jones holds 49 per cent of the new Gibraltar company, and Fraser, its CEO and major shareholder, both subscribe to a distinctive set of values around which one successful independent financial advisory and wealth management company has already been built.

Founded 18 years ago and based in Leeds and Pontefract, Jones’ company now employs 100 staff and has some £500 million of clients’ funds under management.

“From the outset our policy has been to provide people with the tools and services to allow them — with our help — to look after their own futures, rather than selling them a product and walking away,” Jones explains.

Fraser — an accountant by profession and a former managing director of Norwich Union Interna-

tional — also shares the view that “a long-term relationship with customers is in everyone’s best interest”.

“I think that many operators have underestimated the potential for growth both in Gibraltar and among the expatriate markets in Spain and Portugal,” Fraser told *Gibraltar Magazine*. “Though there are advisers and operators on the Costas, it seemed to us that no-one was serving their financial needs in the sense of providing long-term financial planning to what is a strong and growing customer base.

EFPG not only acquired local insurance expert Ian Prescott’s Prescott Ltd’s life insurance portfolio for an undisclosed sum but also bought the “salvageable” components of Savignion Financial Services. With some 6,000 customers, the combined portfolios gave the newcomer an immediate substantial stake in this part of the insurance market.

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experienced investor funds

On 5th August 2005 the Government of Gibraltar issued the Financial Services (Experienced Investor Funds) Regulations, 2005 made under Section 52 of the Financial Services (Collective Investment Schemes) Ordinance, 2005.

The recent reform in Gibraltar fund legislation allows for the es-

tablishment of experienced investor funds. These are funds designed for professional, high net worth or experienced investors (for details on the definition of an experienced investor and on the establishment of setting up such funds see the Financial Services (Experienced Investor Funds) Regulations, 2005.

Experienced Investor Fund noti-

fication forms are issued by the Investment Services Division upon request. In order to ensure that there are no delays in establishing the company please advise the Investments Division that an Experienced Investor Fund is being registered with, for example, approvals for Companies House.

European financial planning GROUP

Financial Planning
- from a local company
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European Financial Planning Group are a Gibraltar company, registered with the Gibraltar Financial Services Commission. We are partly owned by Yorkshire Investment Group - the largest privately owned investment group in the north of England with over £500m under management. YIG are market leaders in wealth management and employee benefits and work to the highest UK compliance standards. EFPG work to the same exacting standard by adopting their methods and technology with adaptations to reflect the differing tax and legal systems applicable to our geographical area.

Our experienced team of locally based financial advisers can help with all aspects of your financial planning whether you are established here or moving to the area, including:

- pensions • investments • life insurance • mortgages

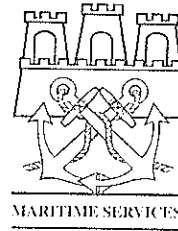
We are already taking care of around 6,000 clients on the Rock and throughout southern Spain and would be delighted if you chose to join them.

Call us for an appointment or further information on our company and our services.

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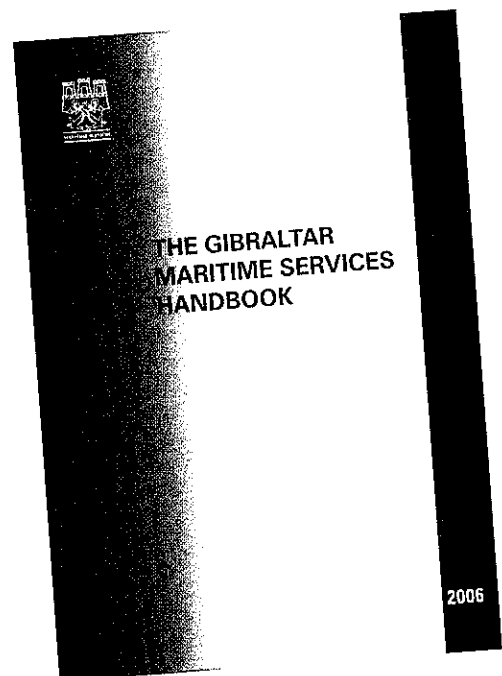
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