

## Become a smart investor

A smart investor takes the time to understand basic investment principles and gets professional financial advice to develop and keep to a sound investment plan.

### Do

- Understand your appetite for risk, and how much you can afford to lose if things go wrong.
- Ask your financial adviser as many questions as you need to until you're confident you completely understand what you're about to invest in.
- Agree how you and your adviser will communicate with each other. Ask the adviser to send you a written summary of your discussion.
- Find out what you will be charged. If you are receiving personalised services from a financial adviser, the adviser is required to provide you with a disclosure statement that sets out how he or she gets paid.
- Find out if the investment will be held in your name, or if someone else will be holding the investment in his or her name on your behalf.
- Make sure all correspondence, statements and reports are sent to you and not just to your adviser.
- Make sure you receive a record or statement of the investment regularly. Statements should be sent out at least twice a year.
- Read all investment related correspondence, statements and reports and keep them in one place — check for anything unexpected and any warnings about risk.
- Find out how the value of your investments is calculated and who calculates this.
- Find out how you can cash in your investments, and whether there are conditions for withdrawing your money.

### Don't

- Rely on word of mouth or friends' recommendations — do your own research.
- Be fooled by investments that offer a high return for little or no risk — if it sounds too good to be true, it probably is.
- Rush into signing up or be pressured because of time frames or other factors.
- Sign a blank document given to you by your adviser (or anyone else for that matter).
- Have long-term, open-ended arrangements. Even if you do have reason to give your adviser power to buy and sell investments on your behalf, set boundaries. If you are sick or going away for a long time, authorise a lawyer or an independent person to act for you, and to check what your adviser is doing.

For information to help you invest and get the most out of working with a financial adviser: [fma.govt.nz/consumers](https://fma.govt.nz/consumers)

For information about managing personal finances, including: budgeting, saving, retirement planning, and investing: [sorted.org.nz](https://sorted.org.nz)