

Raha Financial Service

Best Practice regarding Advice and Advice Processes

Financial planning discipline:	General financial planning
Specific risk/need/scenario:	Appropriate advice
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Executive Summary:

To provide guidance about the advice-process that should be followed by a Raha Financial Service financial adviser (FA) when giving advice to a client.

It provides guidance on how to identify the client's needs, find the most appropriate solution, and process to follow to implement the agreed solution.

Raha Financial Service:

In terms of the FAIS Act Code of Conduct the financial adviser is obligated to, prior to providing a client with advice, take the following reasonable steps to seek and obtain the following from the client:

- Appropriate and available information regarding the client's financial situation;
- The client's financial planning and product experience; and
- The client's needs and objectives.

As a result, appropriate advice for the purposes of this RFS starts with:

- Understanding the client's financial situation; and
- Understanding the client's financial product experience; and
- Gathering sufficient information to understand the client's needs and objectives.

The financial adviser must establish the correct mandate/s that are aligned with the client's needs and objectives at that time. The concluded mandates and the financial advice provided should always be aligned. If this is the case, appropriate advice will be given.

The financial adviser is not obliged to give 'holistic', all-encompassing financial advice when engaging with a client, unless, of course, that is the client's need and objective. Where the client's needs and objectives are limited to one segment of the financial planning framework, a mandate dealing with that one segment will be sufficient to address it.

The FA does not have to conduct a 'full' financial needs analysis if the client has no need or desire for it.

The collective mandates attended to over time will result in a comprehensive financial plan for the client - as comprehensive as the client's needs and objectives dictate.

Therefore, the steps to prepare a financial plan for the client are as follows:

- Identify the client's need (which can include a goal or a risk that his estate is faced with) and determine the mandate.
- Gather the relevant information to address the mandate. The FA does not have to gather all financial information for each mandate unless it is relevant. Example, if the client's immediate need is to address his/her retirement plan, it is not necessary to gather information to determine estate liquidity. That can be addressed at another time.
- Analyse the information, considering the need of the client.
- Draft a proposal identifying the ideal solution to address the need/s of the client (the financial plan). Provide the client with the ideal solution to meet his/her need/objective.
- Record the solution that was implemented to address the need/s of the client (Record of Advice).
- This forms part of the overall financial plan of the client, which is developed over time during the financial planning relationship between the FA and client.

Potential product solutions:

Elite Wealth is the preferred tool to use to identify the client's needs and objectives and to suggest the appropriate solution.

While Elite Wealth is embedded in the Raha Financial Service world, alternative financial planning tools may be accepted, but only if agreed upon between the Advice Manager and the Adviser. It is necessary that the Advice Manager and Adviser formally agree to the tools and a time frame after which it will be re-evaluated. The eventual goal is to have Elite Wealth as the primary financial planning tool within Raha Financial Service.

Actions to take when giving advice contrary to this guideline:

If the client's circumstances, personal preferences, or needs necessitate a different approach than suggested in this guideline, the Record of Advice must contain the following:

- What the Raha Financial Service is in similar scenarios.
- A comprehensive explanation why this RFS was not followed in this instance;
and
- Why the proposed solution is more suited to the specific client's circumstances.