



ISLE OF MAN  
**INVESTMENT MATTERS**

*Safeguard your future*



**Financial  
advice -  
making  
investments  
work for  
you**

*Make smart investment decisions and avoid the  
pitfalls - don't lose your hard-earned cash!*

# JARGON BUSTER

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| <b>IoMFSA</b>                                  | The Isle of Man Financial Services Authority.   |
| <b>Financial Objectives</b>                    | Financial Objectives should consider your short and longer-term commitments, such as education costs, travel plans and retirement and when funds are needed.  |
| <b>IOM Financial Adviser</b>                   | Isle of Man retail financial advisers must be qualified, have undergone an IoMFSA Fitness and Propriety assessment, hold a Statement of Professional Standing from a Professional Body and complete 35 hours+ p.a. of continuing professional development.  |
| <b>Financial Adviser - Commission and Fees</b> | Your Financial Adviser will be paid by commission taken from the investment, a fee paid by you or taken from the investment or a combination of commission and fees. Fees and commission are usually based on a percentage of the investment value. An Isle of Man Financial Adviser must give you details of how they will be paid and how much they will receive.   |
| <b>Suitability</b>                             | An investment should be appropriate for you in the light of your financial situation, Risk Tolerance and Financial Objectives. A Financial Adviser has a duty to take steps that ensure an investment is suitable for you.  |
| <b>Risk Tolerance</b>                          | Investments have different <b>risk profiles</b> . Higher <b>risk</b> can <b>mean higher growth</b> potential, balanced by a higher risk that the investment will under-perform or fail.<br><br>Before investing, consider your Attitude to Risk and your Capacity for Risk/Loss and take these into account when planning how to meet your Financial Objectives.  |
| <b>Attitude to Risk</b>                        | Willingness to take risk has more to do with psychology than circumstances. You may find the prospect of volatility in your investments and the chance of losses unacceptable. You may be willing to accept higher risk.  |
| <b>Capacity for Risk/ Loss</b>                 | Your ability to take risk depends on your financial circumstances and investment goals. Generally, a person with a higher level of wealth and income (relative to their liabilities) and a longer investment term will be able to take more risk, giving a higher Capacity for Risk/ Loss. Your age may affect your risk tolerance; the older you are, the less opportunity there is to recover from poor investment choices. |

## Be a Smart Investor:

- Research products before investing
- Assess the impact of fees and charges on investment performance
- Understand the features and risks – all investments and products carry risk
- Avoid “get rich quick”/ “can’t lose” schemes
- Understand the impact of compound interest
- Understand why diversification is important
- Understand the benefit of investing regularly for the long-term
- Plan and invest to meet your future needs and goals
- Use regulated investment professionals when seeking financial advice



## Preparing to Invest – Consider.....

- Are your protection needs covered (e.g. life assurance)?
- Do you have enough money with easy access to cover emergencies?
- Have you assessed your **Financial Objectives**, **Risk Tolerance** (**Attitude to Risk** and **Capacity for Loss**) and used this information to assess the **Suitability** of the product/ investment for you? This will help you decide how much to invest, which products match your needs and even whether you should be investing at all.
- Can you afford to tie up your savings for a long period? Be clear about when you can access your funds and any charges/ penalties that apply to withdrawals.
- Do you understand the risks associated with your investment?
- Have you read and understood the product documentation?
- Are you confident that the investment or product meets your **Financial Objectives**?
- Some products are targeted at “experienced investors”; don’t invest unless you **really** are experienced.

Don't put all your eggs in one basket - spread your investments

# Getting Financial Advice

A **Financial Adviser** can advise on investments that are suitable for you. To assess your **Financial Objectives** and **Risk Tolerance**, they will ask questions about **your** personal circumstances, such as:

- Employment status
- Incomings - income, savings
- Outgoings - living costs, borrowings and debt
- What investments you already have
- Personal circumstances - health, dependants, when you plan to retire etc
- **Financial Objectives** - your commitments and plans
- **Risk Tolerance** - how much risk are you prepared to take



When your **Financial Adviser** makes a recommendation you should ask questions until you are entirely comfortable that you understand the proposed investment.

Your financial adviser acts for you: they are not the investment provider. It is the **Financial Adviser's** role to ensure the investment is suitable for you.

It is especially important that you understand the full terms and read the small print.

When you get your advice, reflect, research and consider talking to family and friends, or even take someone along when you next meet your **Financial Adviser**.

Once you have made an investment, monitor it to make sure that you are on track to achieve your goals. Discuss the performance with your **Financial Adviser** at regular intervals.

**Remember ....if something looks too good to be true – it probably is!**

More useful information and “Q & As” can be found on the consumer area of the **IoMFSA's** website [www.iomfsa.im/consumers/](http://www.iomfsa.im/consumers/)

To find a firm of **Financial Advisers**, check the **IoMFSA's** website: [www.iomfsa.im](http://www.iomfsa.im) or the telephone directory.



**ISLE OF MAN  
FINANCIAL SERVICES AUTHORITY**  
Lugnt-Reill Shirveishyn Argydoli Eilan Vannin