

MONEY DRAMAS

Advisors can help to guide you through personal finance issues

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Life's little curve balls have a tremendous impact on holistic financial planning.

Events such as death, divorce, career changes, illness, disability or a family member becoming a dependent are crucial factors that can have financial implications that may derail investment, retirement as well as long-term insurance plans.

These kind of changes to a person's situation must be shared with their financial advisor.

Examples of information that needs to be disclosed to an advisor from the get-go include:

► **Personal circumstances:** It is important to always inform an advisor of any changes in your personal circumstances.

Employment changes or loss of a spouse, a marriage or a divorce.

In many instances, clients neglect to inform advisors of the birth of a child or grandchild or

a divorce, which could result in a will not being updated and no longer relevant to their latest wishes.

Small things like the change of contact details can result in an investor not receiving portfolio reviews, updates about legislative or tax changes or any other important communication.

► **Debt:** Good or bad, it must be openly discussed along with the applicable interest rate attached to that debt.

In many instances it would be a better idea to pay off debt first before saving monthly due to high interest rates.

Bad debts are debt such as credit cards, personal and study loans.

Good debt would be loans for acquiring assets, such as a property. Vehicles are not assets and are therefore also categorised as bad debt.

► **Medical conditions:** Should any family member suffer from medical (including psychological) conditions that have

an impact on their quality of life or might prohibit them from being able to care for themselves or ever being able to earn an income, it must be disclosed.

The advisor needs to make sure that guidance is provided in the proposed financial plan about how to make provisions for such family members after the breadwinner or principal investor's passing.

This is also applicable in the event that the investor loses the ability to earn an income, to provide the required medical or physical care.

► **Family medical history:** There might be risk factors like a family history of cancer, diabetes, cholesterol problems or heart disease.

If this is not disclosed the proper amount of life insurance and other long-term insurance needs, such as critical illness or disability cover, might be insufficient in the future.

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