

Financial Planning : Making Well-Planned Buying Decisions Vs Being Sold



Flynn Chee Kim Ping

FAR CMSRL RFP BAAcc
Licensed Financial Planner
YES Financial Berhad



In the course of my practice as a financial advisor, I encountered a family seeking policy review services. As I delved into their insurance coverage, a heart-wrenching story unfolded. This particular family had suffered the loss of a beloved family member due to a serious illness. Understandably, the pain from that experience made them susceptible whenever insurance representatives approached them with new products. Over time, this emotional vulnerability led them to purchase excessive insurance coverage, which might

not have been optimal for their long-term financial well-being.

Empathy filled my heart. I acknowledged their awareness of insurance, but wondered if their past experience influenced their decisions in making impulsive purchases of insurance products. I gently reminded them that while their experience was undoubtedly significant, it's essential to ensure that their financial decisions were not solely driven by emotions. Instead, they should analyze their budget and risk tolerance to optimize their resources, ensuring that the beloved family members still with them could lead secure, stable lives.

The truth is, being sold financial products can be just as perilous as any other aspect of life. It is natural to make impulsive purchases when approached by representatives. However, when it comes to financial products, sound judgment should prevail. While a promotion may be enticing, it is crucial to avoid taking an overdose of unsuitable products that may not





align with long-term needs.

So, how do we avoid being sold and ensure we make well-planned choices instead? The answer lies in a fee-based financial plan. A well-crafted financial plan always begins with a clear and realistic assessment of an individual's financial goals, taking into account family background, values, personality, and time horizon. This tailored approach keeps individuals focused on what truly matters, reducing the chances of being swayed by sales tactics that may not align with their long-term financial vision. For example, many clients increase their insurance coverage without considering their cash flow, long-term goals and needs because of the experience during the Covid pandemic. By addressing this emotional response with a strategic financial plan, clients can be confident of their financial decisions and avoid unnecessary expenses.

Though it may seem tedious, discussing financial goals is the foundation of a robust plan. By assessing risk tolerance and budget, we can tailor risk management and investment strategies to suit each client's comfort level and financial capacity. The result is an investment "prescription" that accurately reflects each client's unique needs, ensuring they take the right dose of suitable financial products.

With a well "prescribed" financial plan in place, clients can confidently make well-planned buying decisions, avoiding the pitfalls of impulsive purchases driven by sales pitches. Moreover, they gain a sense of empowerment and control over their financial future, knowing that their choices are grounded in thoughtful analysis and consideration.

Why opt for a fee-based engagement? The inherent alignment of fee-based services with client interests is what sets it apart. Fee-based advisors charge transparent fees for their services, ensuring their advice remains objective, centred solely on achieving the client's financial goals. This model establishes a relationship built on trust and mutual benefit, as advisors are motivated to help clients achieve their objectives without being influenced by commission-based incentives.

In conclusion, the story of making well-planned buying decisions vs. being sold reminds us of the power of a well-crafted financial plan and fee-based engagement. Choosing an experienced full-fledged licensed financial planner, who prioritizes fee-based services could ensure that your financial interests remain at the forefront, and enable you to navigate the financial landscape and secure a prosperous future for you and your loved ones.