

Understanding guidance and advice

What's the difference between guidance and advice, when do you need each of them and how do you get the most out of them?



Hello and welcome to our guidance and advice guide

What's in this guide?

We've put it together to explain:

- What the difference is between guidance and advice, and when each is most useful
- Where to go to find them both, and how to get the most out of each one
- How each of them can help you plan, save for and then enjoy your retirement

Who's this guide for?

It's designed for people at any stage in their life-long financial journeys, but it'll be most useful if you're:

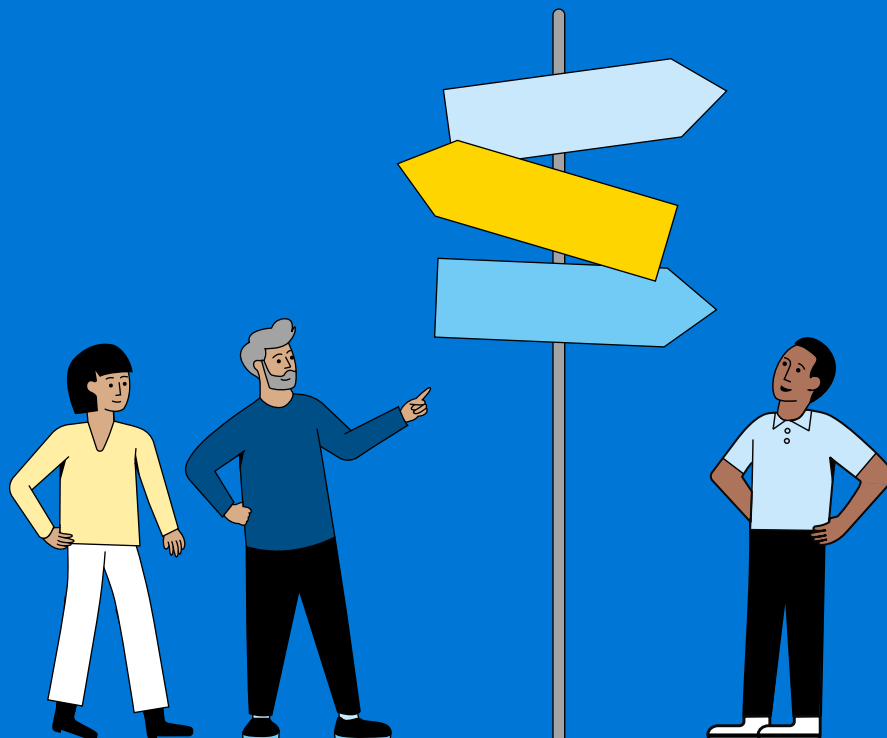
- Aged 45+ and starting to think about your retirement savings
- Aged 55+ and getting near to or actually beginning your retirement
- Going through a big life event, like buying a home or getting divorced



Finding your way around this guide



1. What's the difference between guidance and advice? >
2. Where can you get guidance and advice? >
3. How do you know if you need guidance or advice? >
4. What to expect from your financial adviser >
5. Getting ready to meet your financial adviser >

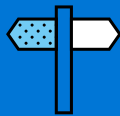


1. What's the difference between guidance and advice?

At the most basic level:

- **Guidance** helps you understand your possible financial choices
- **Advice** tells you which financial choices are best for you

It's worth digging into that in a bit more detail to be clear about the difference between them.



Guidance is:

Not specific to you personally

Anyone sharing guidance will share information in an impartial way, leaving you to decide which choices are best for you.

Something you act on yourself

Once you've found the right guidance and made your choices, you have to act on them yourself.

Created by people who don't have to have specific qualifications (though many do)

They usually have high-level financial services knowledge and access to qualified experts to double-check any info they share.



Advice is:

Specific to you personally

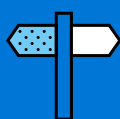
Your adviser will discuss your financial goals and circumstances, then recommend which choices you should make based on them.

Something your adviser can act on

Once they've shared their advice, your adviser can take actions, and set up and manage financial products, on your behalf.

Created by people with a specific, relevant professional qualification

Any qualifications they have, plus the adviser themselves, must be recognised and approved by the Financial Conduct Authority (FCA).



Guidance is:

Not regulated – always check that any guidance comes from a trustworthy source

You're responsible for any choices you make based on it. There's no compensation if something goes wrong.

Generally free

For example, you wouldn't expect to pay for product or service details on our website, or a key features document describing how a particular product works.

Generally easily available to anyone

Guidance tends to be very easy to find, though it'll probably be designed to help a specific group of people (eg 'people aged 55+' or 'people going through a divorce').



Advice is:

Regulated by the FCA – and the person giving the advice is liable for it

Only qualified, recognised experts can give advice. And if you follow it and something goes wrong, you can seek compensation.

Generally paid for

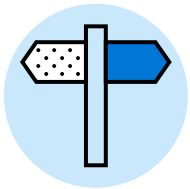
Any fees or commissions should be fully explained before the advice process begins. You might be able to pay them from your pension savings rather than directly.

Generally only shared with a few people

Advice tends to be confidential. Advisers share it with their clients, who might then also talk it through with family or people close to them.



2. Where can you get guidance and advice?



Finding guidance

Guidance is easily available in many different ways. A wide range of financial service providers, government services, charities and other organisations offer it on websites, by phone or email, in printed documents, or even in podcasts or on social media.

Reliable sources of guidance include:

- The Government's [MoneyHelper](#) and [Pension Wise](#) services. MoneyHelper gives free, impartial general guidance, while Pension Wise focuses on pensions
- Charities, from general ones like [Citizens Advice](#) to ones focused on specific products or issues like the [National Debtline](#) or [Age UK](#)
- Expert individuals and organisations like [Martin Lewis](#) or [Which?](#), who offer useful guidance online and through other media
- Any financial services provider you know and trust:
 - If you're looking for information about a specific product or service, start with whoever provides it.
 - Many providers share a lot of useful information online. For example, on our website there's a wide range of [articles and guides](#), plus our [A Little Bit Richer](#) and [Rewirement](#) podcasts.



Getting advice

For advice, you'll need to go to a qualified financial adviser. Their specific qualifications will depend on what they advise on, but all advisers have to have at least:

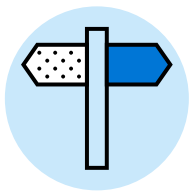
- A level 4 (or higher) diploma for financial advisers
- A current FCA Statement of Professional Standing (SPS)

You can check any individual adviser or advisory firm's status and qualifications on the [FCA's Financial Services Register](#). If you don't already have an adviser, you can find one on the [Unbiased website](#).

Although your introductory conversations will usually be free, you'll probably have to pay for any advice you get. You should make sure you understand how any fees or other costs work before you go ahead and commit to your adviser. To find the best deal and make sure you're choosing the right adviser for you, it's always good to shop around.

We also have our own Retirement Advice service. You can find out more about how it works at legalandgeneral.com/your-retirement

3. How do you know if you need guidance or advice?



When to look for guidance

You should look for guidance whenever you're:

- Making a financial decision (like setting up a new insurance policy)
- Starting to use a new financial product or service (like a new job's workplace pension)
- Getting ready to move into a new lifestage (like starting to think about retirement)
- Researching lots of options (like making or withdrawing a large investment)

That could be as simple as visiting a provider's website to make sure you understand how a particular product works, or searching for reviews of it to see what other people make of it.

When you're looking for guidance, there are two very important points to bear in mind:

- If you're buying a new financial product or service, make sure you:
 - Have a clear sense of what you need it to do for you
 - Shop around for the best deal
 - Understand all the different options available to you
- If you've explored all of your options and understand their implications but want to make sure you're making the right decision, or you have more complex needs, it could be time to look for some financial advice.



When to look for advice

Advice is most useful when:

- You're making financial decisions that could have a longer-term impact, like what to do with your pension pot when you reach retirement age
 - You might have to plan on behalf of other people too. For example, it's important to think through any Inheritance Tax implications. That's a complicated area where an adviser's training and experience can help.
- You're going through a life change that could have a long-term impact on your finances, like becoming a parent or grandparent, or dealing with the death of a loved one
 - Advice can also be useful when you're planning for possible future life changes. For example, it can help you think about what sort of life or health insurance could be most helpful for you or your loved ones once you reach later life.
- You want to make sure that you've got the right financial plans in place to support your mid to long-term financial goals
 - Advisers can help you with anything from understanding your ideal retirement lifestyle and making sure you're saving enough to cover it, to working out how to share your estate with loved ones in the most tax-efficient way after you've gone.



“I wasn't confident to take the plunge myself on sorting out my pension but advice gave me that confidence.”



4. What to expect from your financial adviser

First of all, your adviser should be happy to talk you through their qualifications and credentials. They should be able to show you how:

- They're experienced in dealing with clients like you
- They have good, up-to-date awareness of relevant financial products and services

Once you've established all that, they'll want to get to know you as a person and understand your current and future financial needs and goals. If you're not sure what they are, your adviser will help you work them out.

Once your adviser understands your goals and needs, they'll be able to share specific financial recommendations that should help you achieve them.



“I already have a background in pensions but I wanted someone to confirm what I wanted to do was fine.”

Along the way, your adviser should provide:

- A detailed fact-find that includes all of your assets, like savings, pensions, property and more. That will give you and them a clear and specific sense of where you're starting from.
- Help solving any financial shortfalls or challenges you may have at the moment. That could include anything from helping you find ways of increasing your monthly pension saving to planning how to most efficiently pay off credit card debt.
- An assessment of your current attitude to risk. That will help them tailor their recommendations to your risk comfort levels. When they make recommendations, they'll explain how they fit with your attitude to risk.
- A personalised report including key points from the above. It will lay out your current financial situation, your possible next steps and your financial adviser's detailed recommendations on how to achieve your financial goals.

Your adviser will help you understand their recommendations and give you time to think through them properly. They should never expect you to make any immediate financial decisions.

Finally, your adviser should also let you know what to do if you're not happy with their service or any products they provide.



How do you pay for advice?

When you speak to an adviser, one of the first things they should discuss with you is:

- How much their advice will cost
- The different ways they can be paid
- What you'll get in return for any fees

Different advisers calculate costs in different ways. Your adviser might charge a set fee, an hourly rate, an ongoing retainer or a percentage of money spent or invested.

And you can pay for advice in different ways too. You might be able to cover any costs with money taken out of your pension pot, via a commission on any products you buy or even by just paying your adviser directly.

5. Getting ready to meet your financial adviser

So, you've found a possible financial adviser and booked a meeting with them. But how do you get the most out of it?



- **Make sure you're clear about any fees**

Your first conversation will probably be free. But it's important to check and confirm that, and also understand when and how you will start paying for any advice.



- **Think through what you need to focus on**

Are there specific areas or questions you need help with, or are you looking for a more open-ended financial review?



- **Create a list of questions in advance**

Once you know your focus areas, make a list of any questions you want or need to ask your adviser.



- **Understand what sort of answers you need**

Advisers can help with anything from individual product recommendations to life-long financial plans. What will you need from yours?



- **If you're nearing retirement, have you thought about risk?**

Would you prefer a fixed, guaranteed income for the rest of your life, or a more flexible (but possibly also more changeable) investment-based income?



- **Have a good idea of your financial situation**

Make sure you've got any useful information to hand, like your monthly income and outgoings, the size of your pension pot, any savings or investments, etc.

“It feels good to have an expert to discuss my options with.”



Three guidance and advice starting points

These aren't the only places where you can find guidance and advice. But they're all good places to start.

Get retirement guidance



Pension Wise is a service from MoneyHelper, backed by the Government. It offers free, impartial guidance to over 50s. It explains the options to take money from your defined contribution pension pots.

To find out more, or book an appointment, call: **0800 011 3797**

Monday to Friday, 9am to 5pm.
Calls may be recorded and monitored.

Visit: pensionwise.gov.uk

Get retirement advice



Our retirement advice team will give you tailored financial advice. And because they're independent advisers, they don't just look at our products. If another provider offers a better option, they'll recommend them instead.

Call our advice team on: **0800 316 0014**

Monday to Friday, 9am to 5pm.
Calls may be monitored or recorded.

Visit: legalandgeneral.com/your-retirement

Find an independent adviser



Connect to an independent financial adviser through Unbiased. Just answer a few questions and the site will recommend one for you and help you set up a free first consultation. You'll probably have to pay for any further advice.

Visit: unbiased.co.uk

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