



**MEDIA RELEASE**

### **The importance of a Financial Needs Analysis**

With the announcements about the tough economic climate, and the constant reminder to tighten budgets and spending habits, a personal financial audit has never been more crucial. A Financial Needs Analysis (FNA) is an imperative exercise that assists in making well-informed financial decisions.

FNA's are not always conducted in the same way, but the underlying basics remain the same. Financial advisers should establish your financial objectives, risk tolerance and employment status - including assets, cash flow, debt, investments and risk policies.

#### **So what exactly is a Financial Needs Analysis?**

Carlo Gill, Liberty financial adviser says, "A FNA is a financial audit conducted by a registered financial adviser on your personal finances. It is a review that helps you plan for your future financial needs and goals. The financial adviser will retrieve as much information about your finances, such as assets and liabilities, income earned, as well as current business interests."

The analysis needs to be as accurate as possible to ensure a true reflection of your current financial situation. The results are then used to establish your short- and long-term investing needs. This includes retirement planning and estate duty as well as risk insurance such as death, disability and critical illness cover.

#### **At what age should you get a FNA?**

A FNA should be conducted on receiving your first pay cheque. As soon as an income is earned, adequate plans and clear financial guidelines should be established, allowing you to achieve your personal goals throughout your life's journey. The FNA allows you to investigate your current financial position, set goals, and put the necessary steps in place to ensure financial security and future prosperity.

#### **Why do South African's need to get Financial Needs Analyses?**

South Africans need to start looking at getting financial advice as early as possible, so that they can make the money that they have work for them in an already tough economy. Just as a company needs to review its financials to determine the liquidity of the firm, so do individuals.

Being fully aware of your current financial obligations and taking the time to plan for your future is imperative to achieving financial security. "We often hear from our prospective clients how overwhelmed they feel when thinking about doing a financial audit of their personal finances - the feeling when denial is better than knowledge," says Gil. . "However, this can't be further from the truth. As the saying goes, 'with knowledge comes power', and by putting yourself in the driver's seat, you give yourself the tools and skills needed to successfully navigate any challenges that may come your way."

## How accurate is a Financial Needs Analysis?

The more honest and forthcoming you are with your personal finances, the more accurate the analysis will be. Unfortunately, an FNA is easy to cheat. Most people struggle to accept the truth about their finances. To get the most accurate outcome of the analysis, you need to be 100% truthful when providing the financial adviser with the details of your current financial situation.

No matter your pay cheque, or skills level, sound financial advice is invaluable. If you are feeling uncertain about any of your current policies, or whether you are feeling like you need to do a refresher on your finances, speak to your financial adviser sooner rather than later for greater peace of mind.

For further information on conducting a FNA, [reach out to a Liberty financial adviser](#).

**Ends.**

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