

ANNEX 3

KEY QUESTIONS TO ASK THE PERSON RECOMMENDING AN INVESTMENT PRODUCT TO YOU

This guide highlights key questions that you should ask the person advising you on and selling you investment products such as structured deposits, unit trusts, investment-linked insurance and life insurance policies. Under the Financial Advisers Act, this person is known as an appointed representative.

All representatives have been assigned a unique representative number. MAS encourages all consumers to request for the representative's unique number to conduct their own checks on the [MAS Register of Representatives](#). Consumers can use the Register to verify whether the person is an authorized representative, the regulated activities which the representative is allowed to conduct, the financial institutions they act for and any suspensions, revocations and prohibition orders issued against them by MAS. Representatives are required to have a reasonable basis when they recommend investment products.

To understand your needs, the representative should go through a "Know-Your-Client" process to find out more about your investment objectives, financial situation and personal needs before recommending any investment product to you.

You may decide not to provide all the information requested by the representative. You may also decide not to accept the recommendation of the representative and purchase another investment product. However, do note that in the above two situations, you will have to take full responsibility for the suitability of the product you purchased.

Always ensure that you understand the investment product before purchasing it. Take time to consider whether the product meets your needs before you finalise your decision. Do not rush through the process. Remember that you may have to bear fees, expenses and/or investment losses if you change your mind about purchasing the product, or decide to sell it or switch to another product prematurely. It may also be too late to reverse your purchase decision if you subsequently find that the product is not suitable (e.g. the investment risk is higher than what you are prepared to take, the protection benefits provided are not what you need).

Questions To Ask The Representative

1. Why is this product suitable for me?
2. What type of product is this? For example, is it a life insurance policy, unit trust or structured deposit? Is it primarily for savings, investments or insurance protection?
3. What benefits does this product offer? Which benefits are guaranteed and which are not?
4. What instruments does the product invest in? How risky are these underlying instruments?
5. Is this product suitable for individuals with low, medium or high risk tolerance levels? What is my risk profile?

[The representative should have a tool to assess each customer's risk profile. There is also a Risk Tolerance Questionnaire at www.cpf.gov.sg.]

6. How much do I need to commit to this product? Do I need to make a one-time payment or regular payments? What will happen if I subsequently find that I am unable to make the payment?

7. If the representative recommends investing with CPF monies, ask "How do the returns offered by the product compare with interest rates earned by monies in the different CPF accounts?".

[Remember that monies in the CPF Ordinary Account and CPF Special Account earn a minimum interest of 2.5% and 4% per annum respectively. This is both guaranteed and risk-free.]

8. How long must I stay invested? What are the penalties, restrictions and procedures if I decide to liquidate some or all of my investments earlier?

9. What are the various fees and charges? Does the product provider have the discretion to change the fees and charges at any time or is there a cap?

10. What alternative products offer similar benefits? How does the recommended product compare with alternative products?

11. Does the representative offer products from one or several companies?

12. Are the Financial Adviser that the representative represents, the provider of the product I am considering, regulated by the Monetary Authority of Singapore (MAS)?

[A list of financial institutions regulated by MAS is available in the [MAS Financial Institution Directory](#). Do check if the representative recommending the product or scheme is listed on the [MAS Register of Representatives](#).]

13. *If I were to purchase the recommended product, how can I monitor the performance of my investment? What reports and updates will I receive? How often will I receive these reports and updates?*

14. *What if I find that the investment product is not suitable after I have purchased it? Can I return the product and get my money back? If so, how soon must I inform the Financial Adviser of my decision to return the product? Are there any fees and charges?*

For more information on areas to consider before purchasing an investment product, please refer to the following guides at www.moneysense.gov.sg.

i) "[Key Questions You Should Ask Yourself Before Buying An Investment Product](#)"

ii) "[Dealing with A Financial Adviser: What To Look Out For?](#)"

For information on what you can do and who you can turn to for help if you have a problem with an investment product that you have bought or the service standards of a financial institution, please refer to the "[Getting It Right: How To Resolve A Problem With Your Financial Institution](#)" guide at www.moneysense.gov.sg.

Note: The information above is of a general nature and should not be used as a substitute for seeking legal or professional advice on any specific issue.