also increases to €0.935 (85% of €1.10).

However, if markets then fall back to €1, the floor price stays at €0.935.

While investors in protected funds have the safety net of a floor price, the protection has the potential to prove costly.

For example, if the fund hits its floor price, it switches into cash to protect you from further falls in the market.

However, if the market rises again because your funds are in cash you don't participate, and can't recover losses.

McCarville said: "The problem with some of these funds is that you run the risk of becoming cash locked."

CAUTIOUS FUNDS

Cautious funds are designed for investors seeking a low-risk way to participate in the stock market.

The funds are diversified across asset classes and are typically overweighted in bonds and cash relative to equities to keep volatility low.

For example, the Cautiously Managed fund from Zurich Life has invested 62% of assets in bonds, 35% in equities and 3% in cash. Since launching in 2008, the fund has made annualised returns of 6.5%.

However, investors in cautious funds shouldn't perceive them as a risk-free option. For example, the Zurich Fund is a medium-risk fund and has been given four out of seven on the European Securities and Markets Authority risk scale.

EXCHANGE TRADED FUNDS

Exchange traded funds (ETFs) are a cheap way to invest in index-tracking funds. ETFs are shares traded on the stock exchange instead of buying units in a fund through a life company.

iShares, owned by asset manager BlackRock, and Vanguard are two of the main providers of ETFs.

European ETFs are liable for 41% exit tax — the same as for unit-linked funds. ETFs based in America are taxed differently, with Irish residents paying income tax on dividends and capital gains tax at 33% on profits.

INVESTMENT TRUSTS

Like ETFs, investment trusts — or closed-ended funds — are traded on the stock exchange.

Unlike most traditional funds, which are open-ended, investment trusts are closed-ended because they are made up of a limited number of shares that trade on the market.

Because of how they are structured, investment trusts can be valued at a discount to the paper value of the assets they hold, which makes them attractive to investors.

Ian Quigley of Investec Wealth and Investment said: "We are fans of investment trusts for a number of reasons.

"They tend to have lower fees and greater flexibility, and in the long term they outperform traditional investment funds."

Two investment trusts currently favoured by Investec Wealth and Investment are the Fidelity European Values investment trust and the European Investment Trust.

When it's time to make a long-term financial plan, call for expert advice

A certified financial planner can help define your goals and devise a strategy to meet them. Here's how to find one. By **Eamon Porter**

When most consumers engage with the financial services industry, it's usually at a time in their lives when they need it most — whether it's taking out a mortgage, buying life insurance or opening a savings account.

However, the combination of time pressure and the wide range of products available can lead to confusion, uncertainty and poor outcomes.

Most of us become less focused on the short term and more concerned with the long term as we move through life. It is this change from short-term to long-term thinking that is the difference between needing financial advice and a financial plan. Financial advice is typically geared around a product. A financial plan is geared around you.

A good financial plan comes from reviewing all aspects of your personal and financial situation and will devise a strategy to help you meet your life goals. For example, it will reconcile the conflicting long-term objectives such as your retirement goals against the short-term needs for financing borrowings or meeting day-to-day lifestyle costs.

A financial plan will also help to build a picture of your financial future and the role played by individual financial products in the realisation of your life's goals.

Financial planners should not be confused with product sellers. Purchasing a financial product is a tactical matter and should come after a financial plan, rather than starting with a product and framing a plan around this.

Good financial planning is an ongoing process that evolves over time as you focus on what is really important to you. To make the most from a comprehensive financial plan you need to engage the services of a professional financial planner.

Many of the Irish professionals engaged in such specialist financial planning are fee-based members of Society of Financial Planners Ireland The society's website contains a national register of practitioners in Ireland, all of whom have the certified financial planner qualification, which is the ultimate benchmark of competence in the sector.

Only when a financial plan is completed can considerations of the impact of financial products on one's goals be properly put in context.

If the product sale is introduced without first having a financial plan, then it's a case of "any road will do if you don't know where you're going".

In many cases, planners are asked to produce a financial plan for a fee only. This means they are engaged for a specific project with all the remuneration coming from the client rather than a product provider. Remuneration for subsequent financial product purchases to implement the plan can be fee-based or based on commission.

Engaging with a financial planner does not have to be daunting. Asking these questions will help you decide who to choose.

Are you a certified financial planner or a product intermediary?

Certified financial planners are the most qualified in Ireland to produce comprehensive personal financial plans. They engage in a process that uses every piece of financial information you give them to build a picture of your finances before drawing up a plan to meet your objectives.

Can you show me a sample financial plan?

Most financial plans are different but there are standard features such as a personal balance sheet, tax calculations and cash-flow analysis. Receiving a sample will give you an understanding of a financial planner's approach and technical competence. You can then decide if you want an in-depth analysis or want the process explained in further detail.

Why should I appoint you as my financial planner?

This is a key question, and the answer should give you an insight into how the financial planner handles the relationship with clients. Is there full transparency on remuneration?

Remember that a financial plan is not a one-off project. It needs regular review because, as your life changes, so will your financial requirements.

Eamon Porter is chairman of the Society of Financial Planners Ireland; sfpi.ie