



FPA FINANCIAL PLANNING WEEK RESEARCH

September 2022

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EXECUTIVE SUMMARY

This study shows that Australians with an active relationship with a financial planner are better off. Advised clients with a CFP® professional benefit more than clients of non-CFP® professionals.

This study is aimed at taking it beyond just the financial benefits. We have found that financial advice promotes a better quality of life and provides many subjective benefits that may even better reflect the reality of how clients assess and articulate the value of the advice they receive.

There's more to life than money

Advice promotes and enables better quality of life regardless of the client's wealth or age

Advice delivers benefits beyond the financials

The key benefits of financial advice are seen as building greater confidence in having a comfortable retirement, while improving financial wellbeing, decision making and money management

Value persists across age and wealth

Advice is greatly valued once experienced and the perceived outcome is highly positive

Satisfaction with advisers and the needs they help meet is strong

The perceived value holds regardless of age and wealth

Financial confidence matters now

Advised Australians are more satisfied with their wealth, more financially secure now and confident about the future

Advice addresses unmet financial needs

Financial advice addresses many of the top unmet financial needs among unadvised Australians

Confidence in a brighter future you can live up to

Advised pre-retirees envisage a brighter future, advised retirees live a better retirement



VALUE OF ADVICE INDEX

In this study we have compared perceptions of unadvised and advised Australians, measuring their quality of life, financial confidence and satisfaction, drawing attention to the difference, or 'DELTA'.

This has been distilled into an index measurement which can standalone or form the basis of periodic tracking of the value of advice over time and the difference it makes - benchmarking among advised Australians and also in comparison to unadvised Australians.

The inaugural index findings reveal that Advised Australians are significantly better off across the board than those who are not advised. Furthermore, those Australians advised by a CFP® adviser report demonstrably improved outcomes.

01

- Measures of holistic health, capability, connection, purpose and overall satisfaction.

Quality of Life

Advised Score = 68

Unadvised Score = 59

CFP® Advised Score = 70

02

- Measures financial security, worry and how confident they are to maintain a comfortable life

Financial Confidence

Advised Score = 62

Unadvised Score = 51

CFP® Advised Score = 65

03

- Measures satisfaction with current wealth situation

Financial Satisfaction

Advised Score = 62

Unadvised Score = 44

CFP® Advised Score = 65

04

- Measures value, outcomes and satisfaction with financial advice (only for advised)

Perceived Value

Advised Score = 67

Unadvised Score = NA

CFP® Advised Score = 70

*Note all differences between advised and unadvised scores are statistically significant. CFP Advised also have statistically significant higher index scores compared to non-CFP Advised Australians.

QUALITY OF LIFE





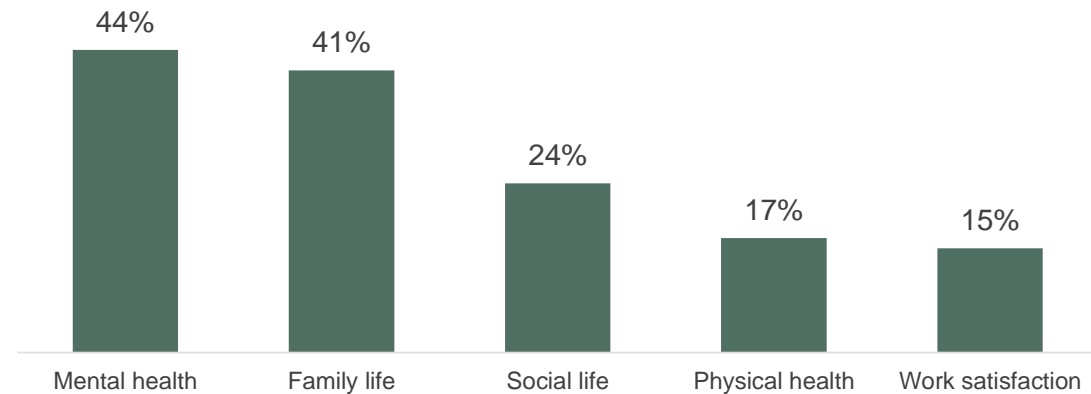
n = 406 Advised

THE HOLISTIC BENEFITS OF ADVICE

The benefits of advice are not just about money

- Almost 1 in 2 say their mental health has benefited from receiving financial advice, 2 in 5 that is has benefited their family life and 1 in 4 their social life

Aside from your finances, which aspects of your life have benefited from receiving financial advice? Choose all that apply



QUALITY OF LIFE ASSESSMENT

Those who use financial advice measure better on all aspects of quality of life, including health, connection, confidence and purpose

Quality of life measures - % who answered often and always

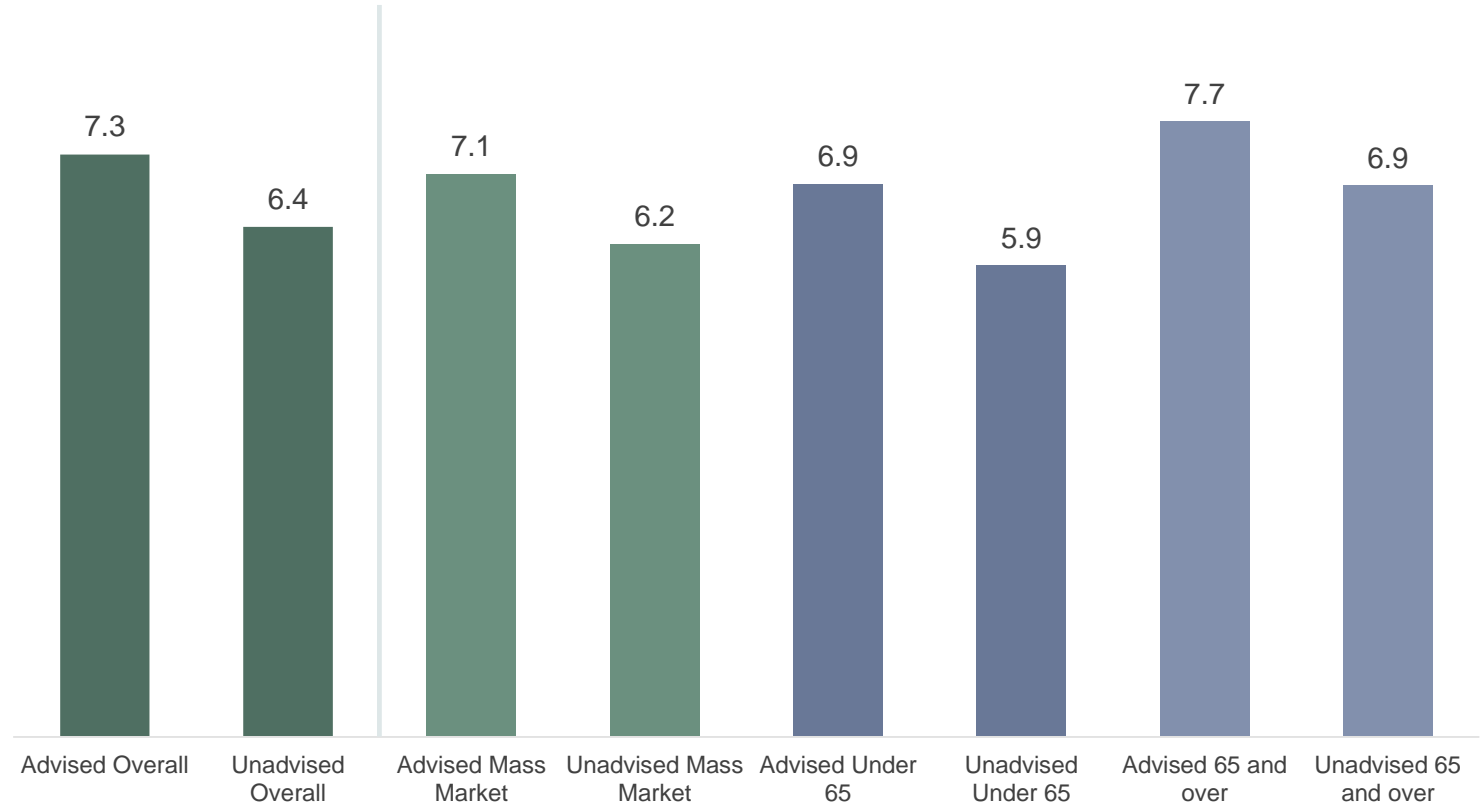


OVERALL LIFE SATISFACTION

Overall life satisfaction for advised clients is higher even when controlling for age and wealth

- Life satisfaction for advised clients is 7.3 out of 10, compared to only 6.4 for those unadvised
- For mass market individuals, those receiving financial advice is still higher than their unadvised counterparts
- The same is true when we look at age
- Those 65 and over are more likely to be in early retirement and we can see they have higher life satisfaction than pre-retirees

How satisfied are you overall with your life? (0-10)



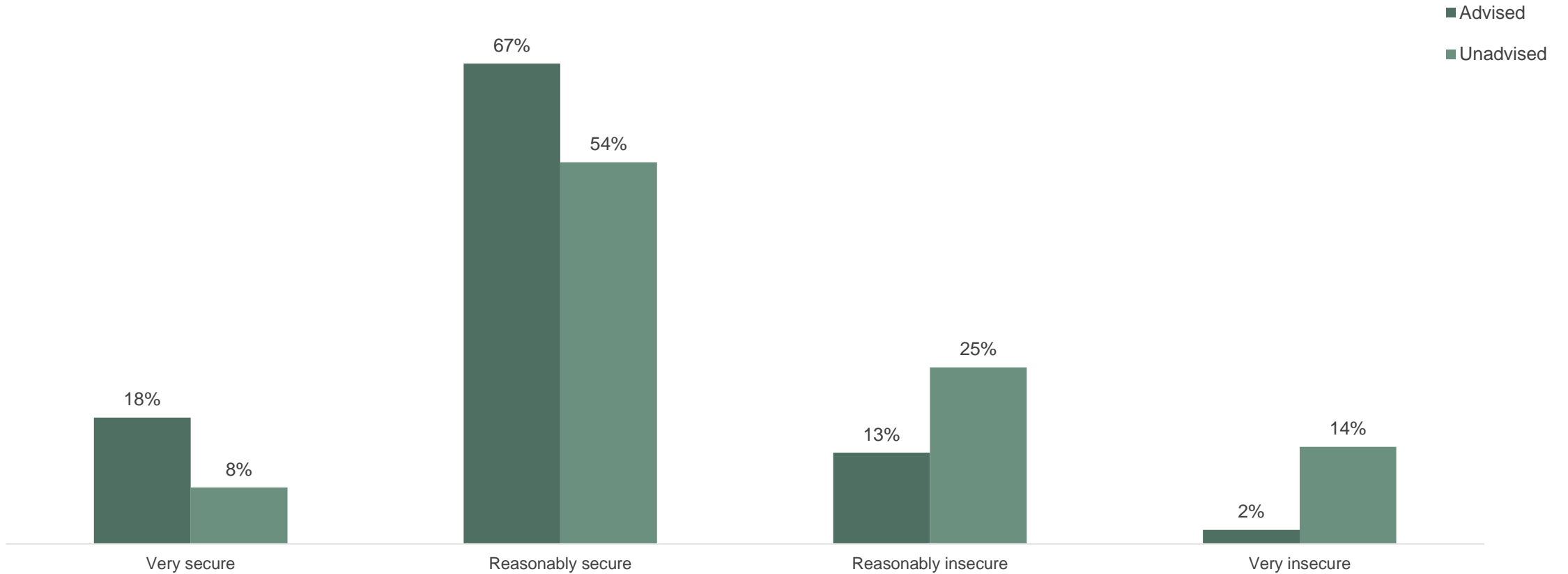
FINANCIAL CONFIDENCE AND SATISFACTION



FINANCIAL SECURITY

Those who use financial advice are more likely to feel financially secure than those who do not (9 in 10 vs 3 in 5)

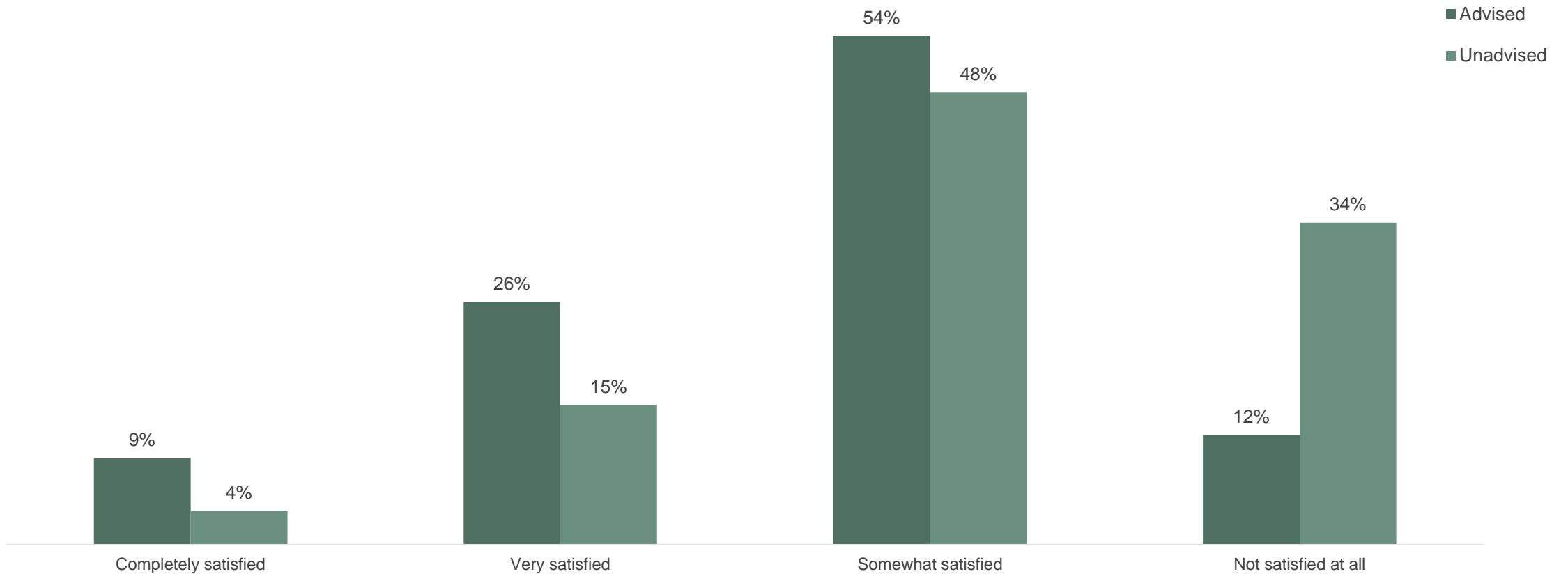
How financially secure do you feel these days?



FINANCIAL SATISFACTION

More than 1 in 3 advised Australians are completely or very satisfied with their level of wealth compared to less than 1 in 5 who are not

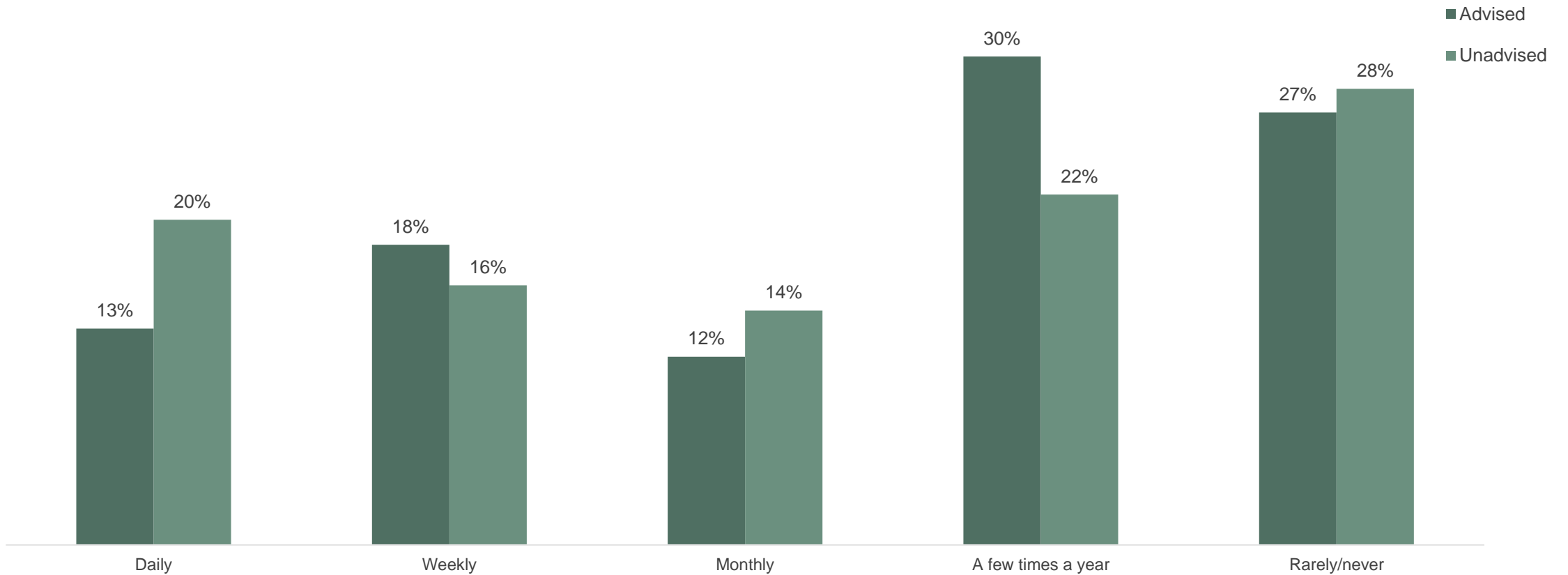
How would you rate your satisfaction with your current level of wealth i.e. enough resources to live the life you want?



MONEY WORRIES

1 in 5 unadvised Australians worry about money daily while for advised, that proportion is closer to 1 in 10

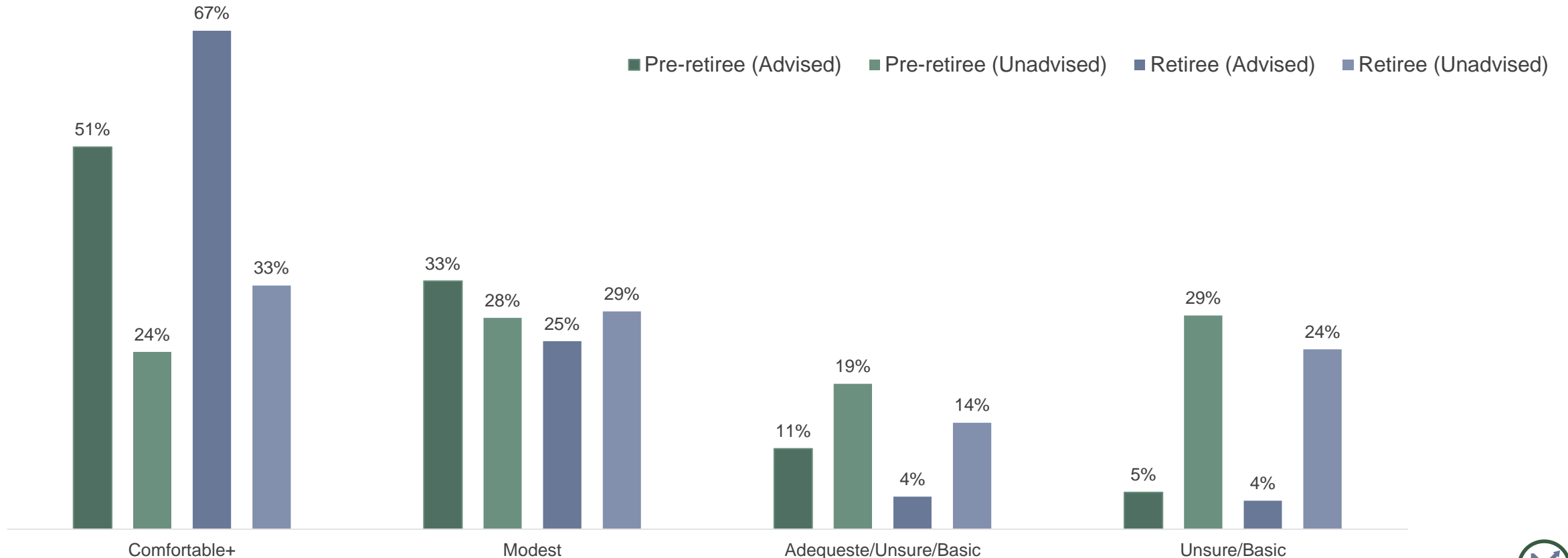
How frequently do you worry about money?



RETIREMENT LIFESTYLE

Advised pre-retirees and early retirees are twice as likely to envisage and experience a comfortable retirement than those who are not

What kind of retirement standard of living do you feel you currently have/ will be able to afford?



PERCEIVED VALUE OF ADVICE



KEY BENEFITS OF FINANCIAL ADVICE

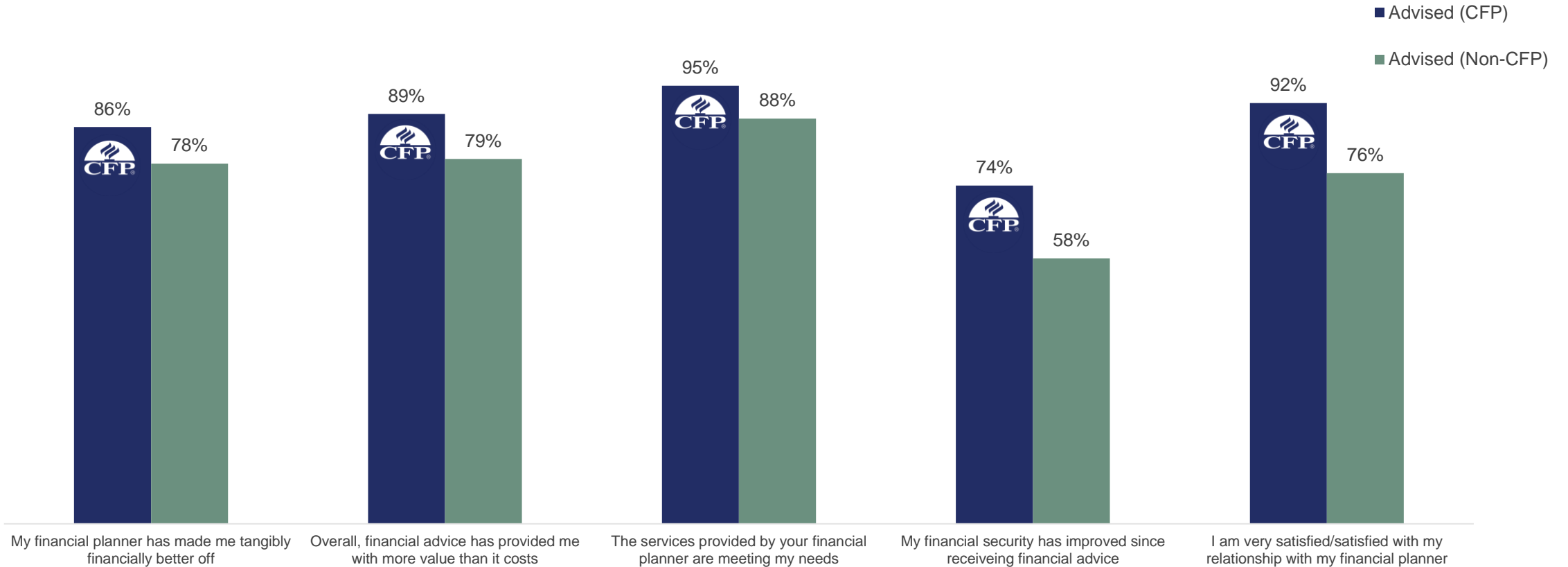
Improved financial confidence, wellbeing and decision making are the top of the key benefits, notably above greater wealth growth

What do you see as the key benefits you receive from your financial planner? Choose all that apply



CFP[®] ADVISED HAVE ENHANCED OUTCOMES

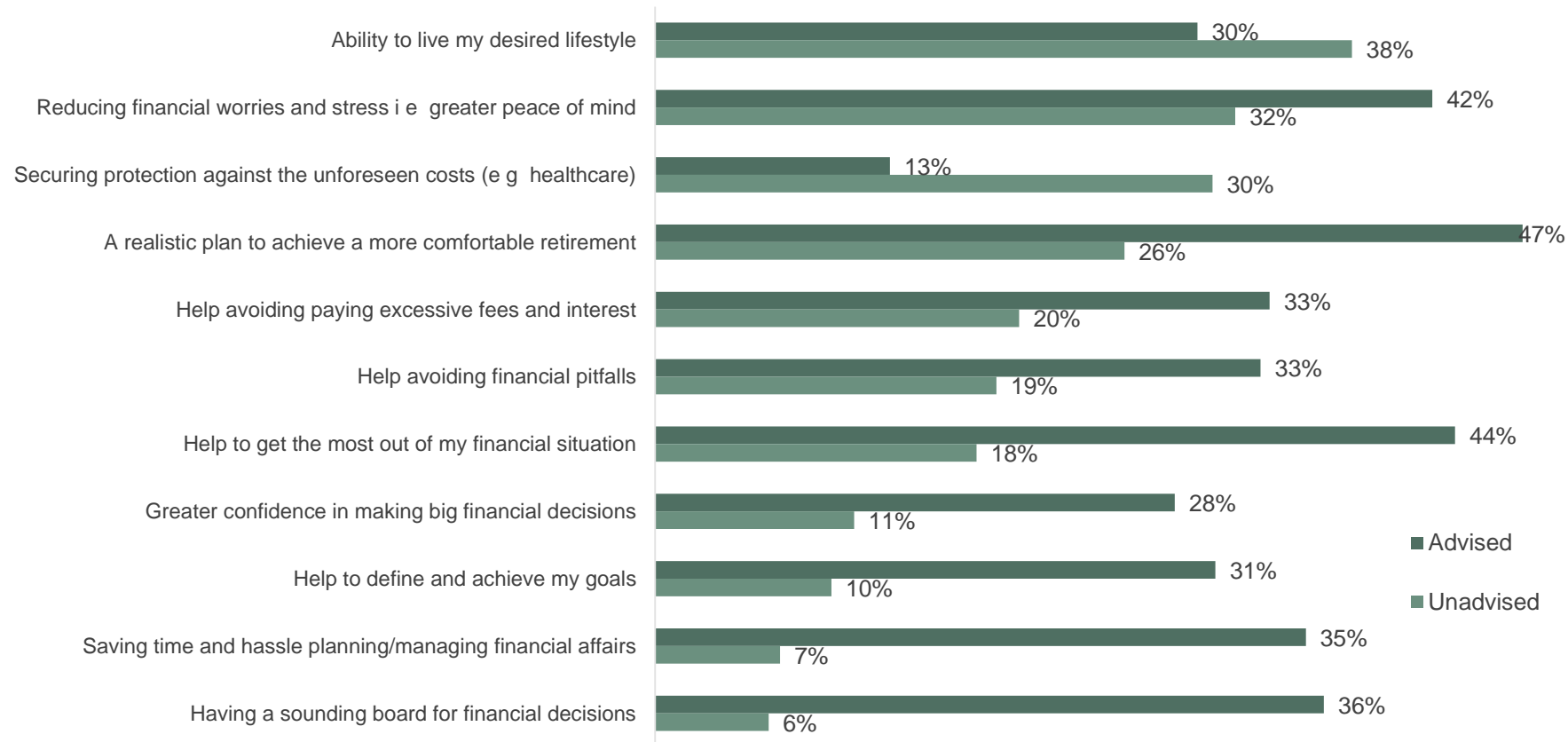
Australians with a CFP[®] adviser tend to report better outcomes and relationship with their adviser than those who have a non-CFP adviser



GREATEST FINANCIAL NEEDS

Living desired lifestyle and greater peace of mind are the most common unmet financial needs among the unadvised that are being addressed by advisers

What are the greatest financial needs your financial planner has helped you address? Vs What are your greatest unmet financial needs? (Top 10)



VALUE OF ADVICE INDEX

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This measurement can standalone or form the basis of a periodic index that will track the value of advice over time and the difference it makes - benchmarking value among advised Australians and also in comparison to unadvised Australians.

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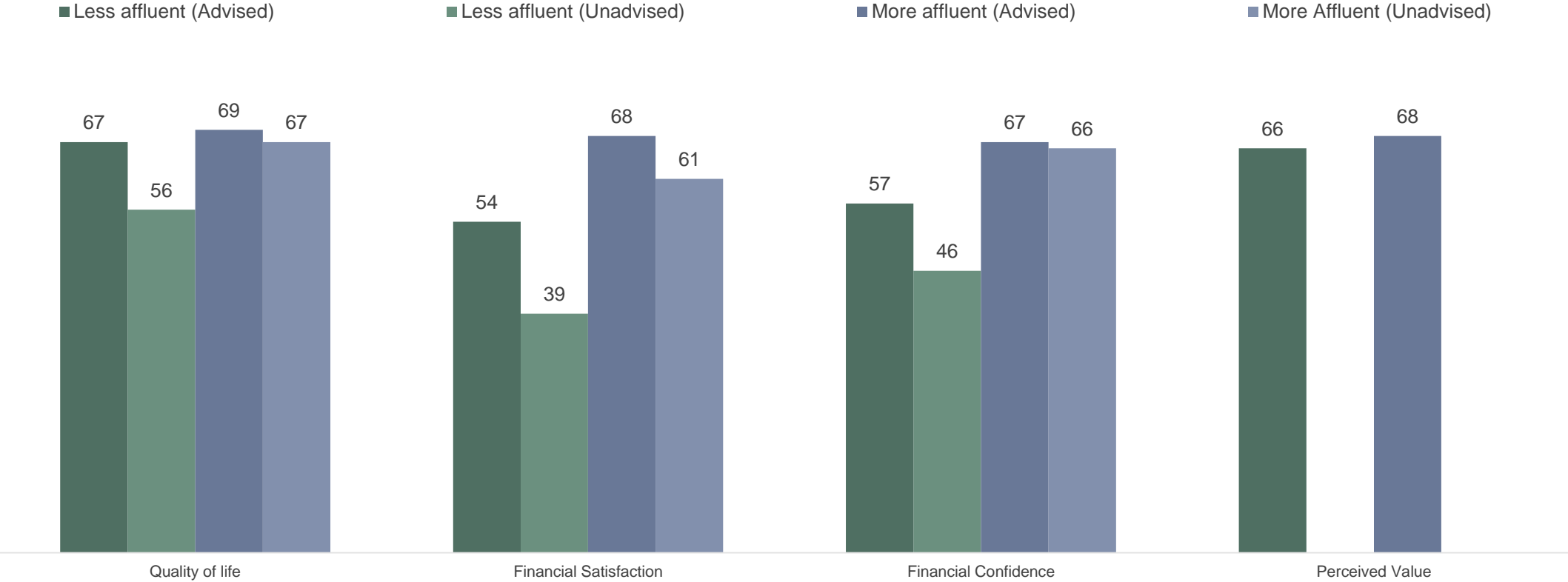
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VALUE OF ADVICE INDEX BY WEALTH

The difference in outcome for advised vs unadvised is more distinct in those less affluent

Value of Advice Index Measures (0-100)

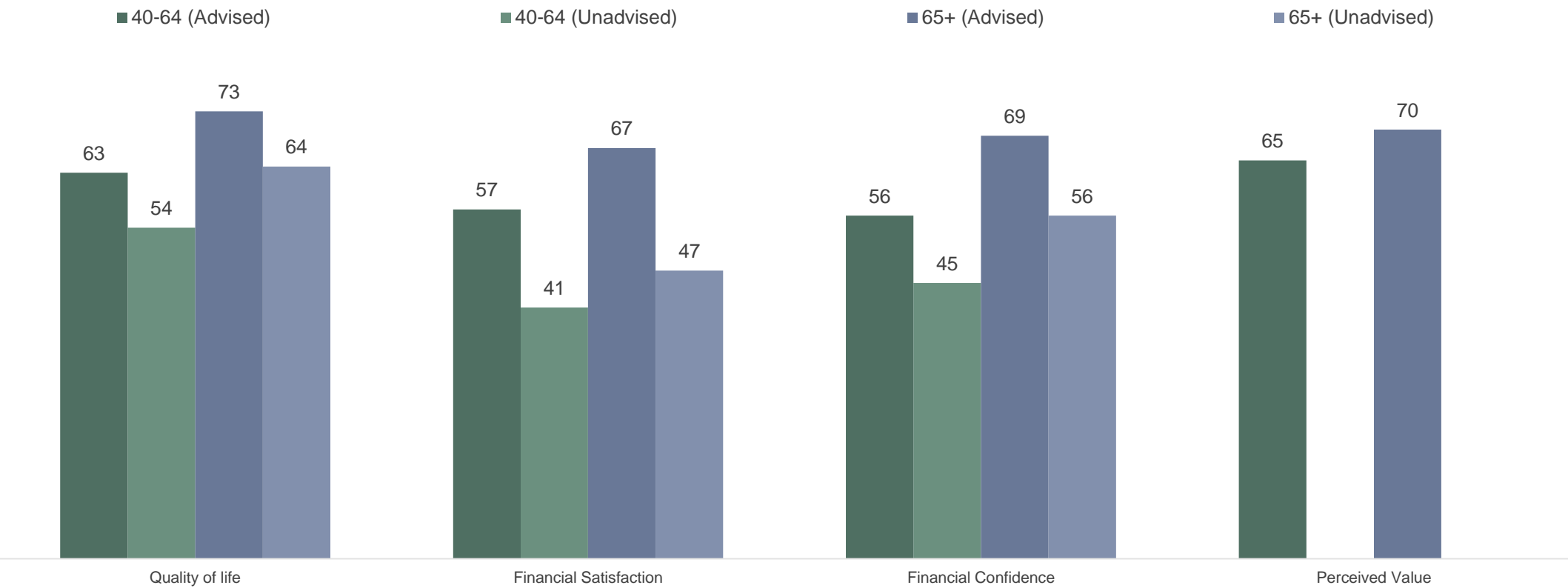


n = 406 Advised; 645 Unadvised

VALUE OF ADVICE INDEX BY AGE

While older cohorts tend to score better across the board, advice provides benefit no matter the age group

Value of Advice Index Measures (0-100)



A LOOK AT UNADVISED PREFERENCES

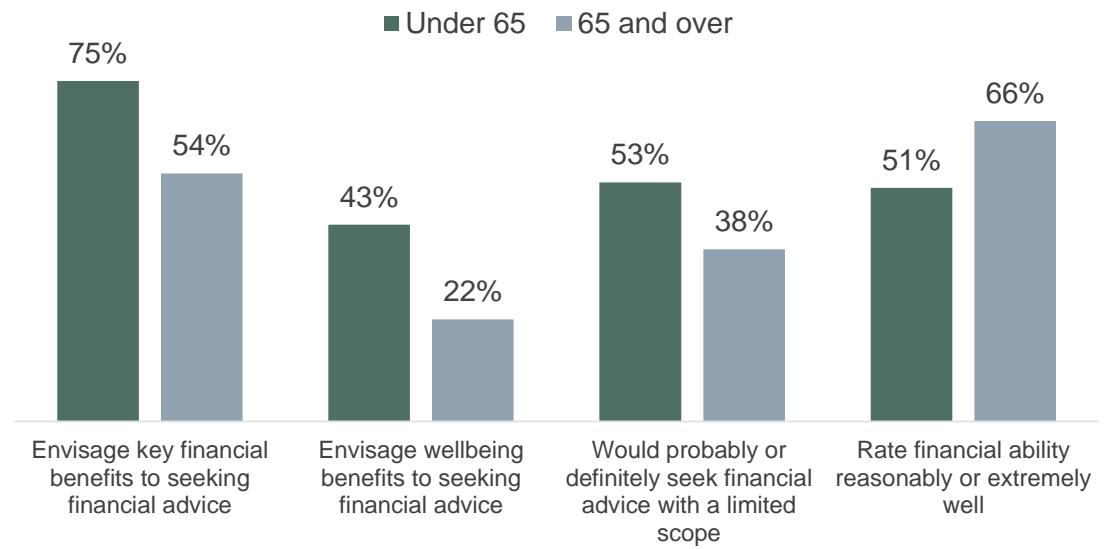


n = 645 Unadvised

THE OPPORTUNITY

There is clear opportunity with younger, pre-retirees

- Unadvised Australians under 65 years are more likely to envisage benefits of financial advice, envisage wellbeing benefits and be open to seeking limited scope financial advice than their older counterparts.
- Those 65 and older are more likely to rate their own ability well and tend to have more of an “I can do it myself” mentality.



TRIGGERS VS BARRIERS FOR ADVICE

Triggers

For many, financial advice is seen primarily as a response measure to navigate sudden and major life events that may occur. The top triggers include coming into an inheritance, health issues, approaching retirement and financial distress.



Top 5 triggers under 65

Approaching retirement	26%
Coming into a substantial amount of money	25%
Health issues	18%
Desire to have more control of money and grow wealth	16%
Financial distress	15%



Top 5 triggers 65 and over

Coming into a substantial amount of money	25%
Health issues	23%
Financial distress	12%
Family breakdown	8%
Recommendation from family, friends or colleagues	8%

Barriers

Barriers to advice revolve around the perceived cost, affordability and the value received. Those under 65 tend to look more at the outright costs while those 65 and over feel like they can just do it themselves. Notably those who have actually received advice typically feel it has made them tangibly financially better off and the value outweighs the cost.



Top 5 barriers under 65

I feel I couldn't afford it	31%
Felt too expensive for the value provided	30%
I didn't feel my circumstances justified the need	26%
I preferred to just do it myself	25%
Felt I could manage my own financial affairs	24%



Top 5 barriers 65 and over

I preferred to just do it myself	41%
I didn't feel my circumstances justified the need	37%
Felt I could manage my own financial affairs	33%
Felt too expensive for the value provided	27%
I feel I couldn't afford it	22%

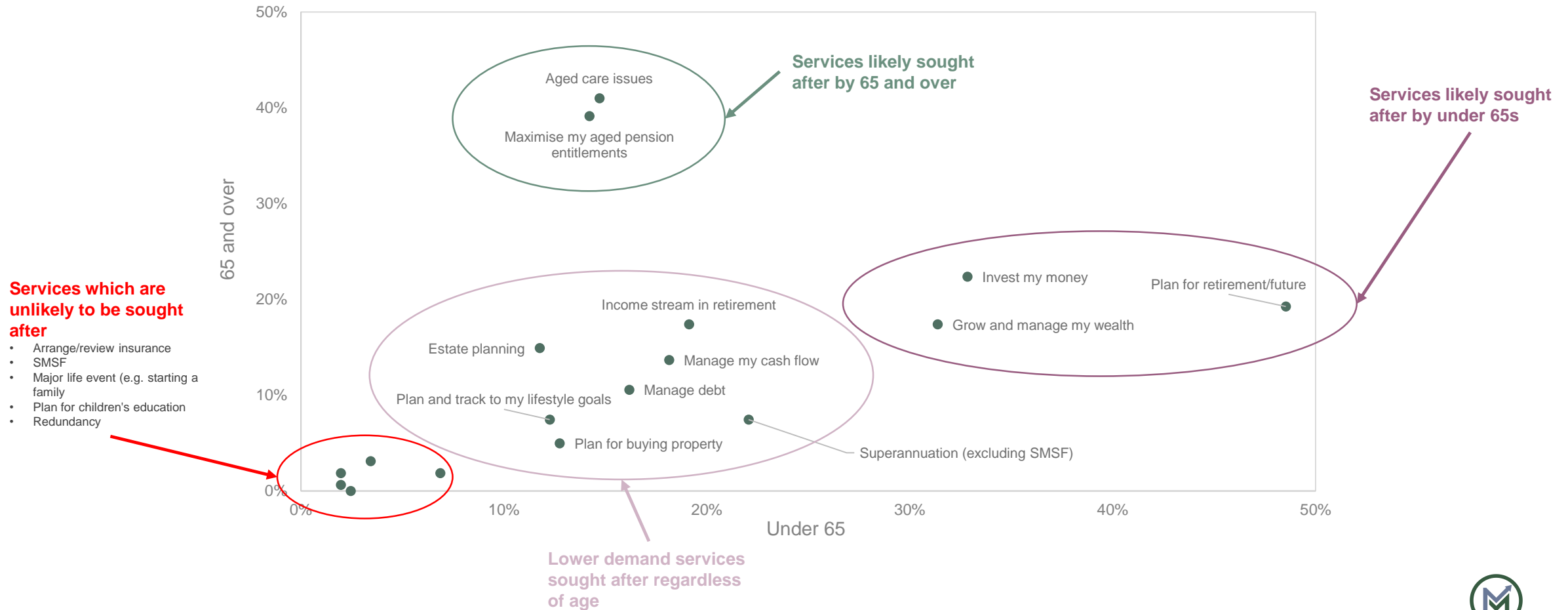
Which of the following would be likely to trigger you to start seeking financial advice from a financial planner/financial adviser?

What are the key reasons you have never received financial advice from a financial planner/financial adviser?

MOST IN DEMAND ADVICE SERVICES

Older unadvised Australians are relatively more likely to seek age care and pension services whereas younger unadvised Australians focus more on ways to grow their wealth and plan for retirement ahead

If you were to consider seeking professional financial advice, which services would you be most likely to seek?



ABOUT THE RESEARCH

Sample composition

- The final sample composed of n=1051 consisting of Australians 40 and over:
- n=212 Advised CFP
- n=194 Advised Non-CFP
- N=645 Unadvised

Methodology and fieldwork

- An online quantitative survey was conducted for this study
- The study was in field from the 9th September to the 20th September



THANK YOU



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