

Everyday Australians need your advice

Anne Fuchs

Head of Advice and Retirement

#LTMA 2019

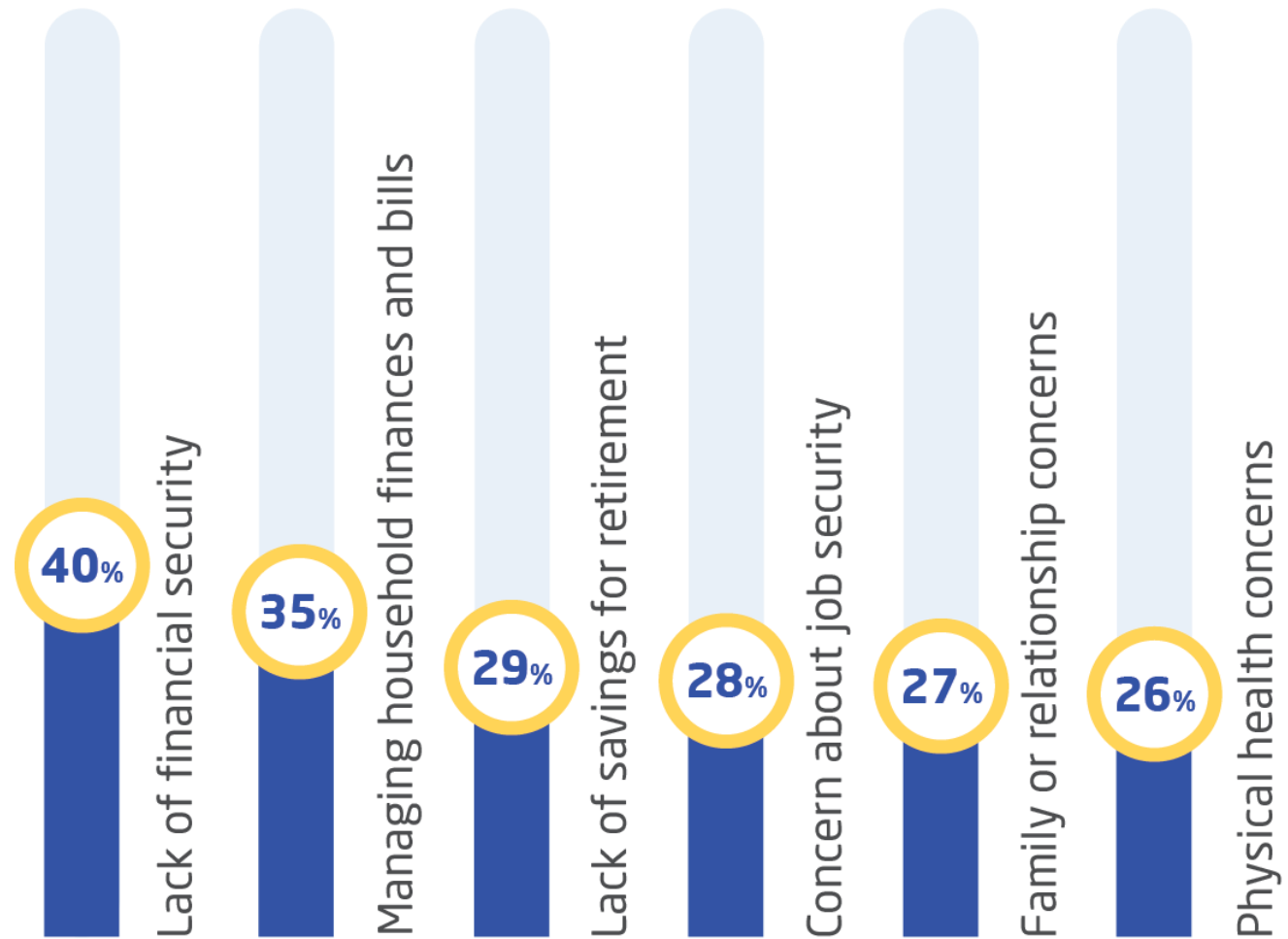




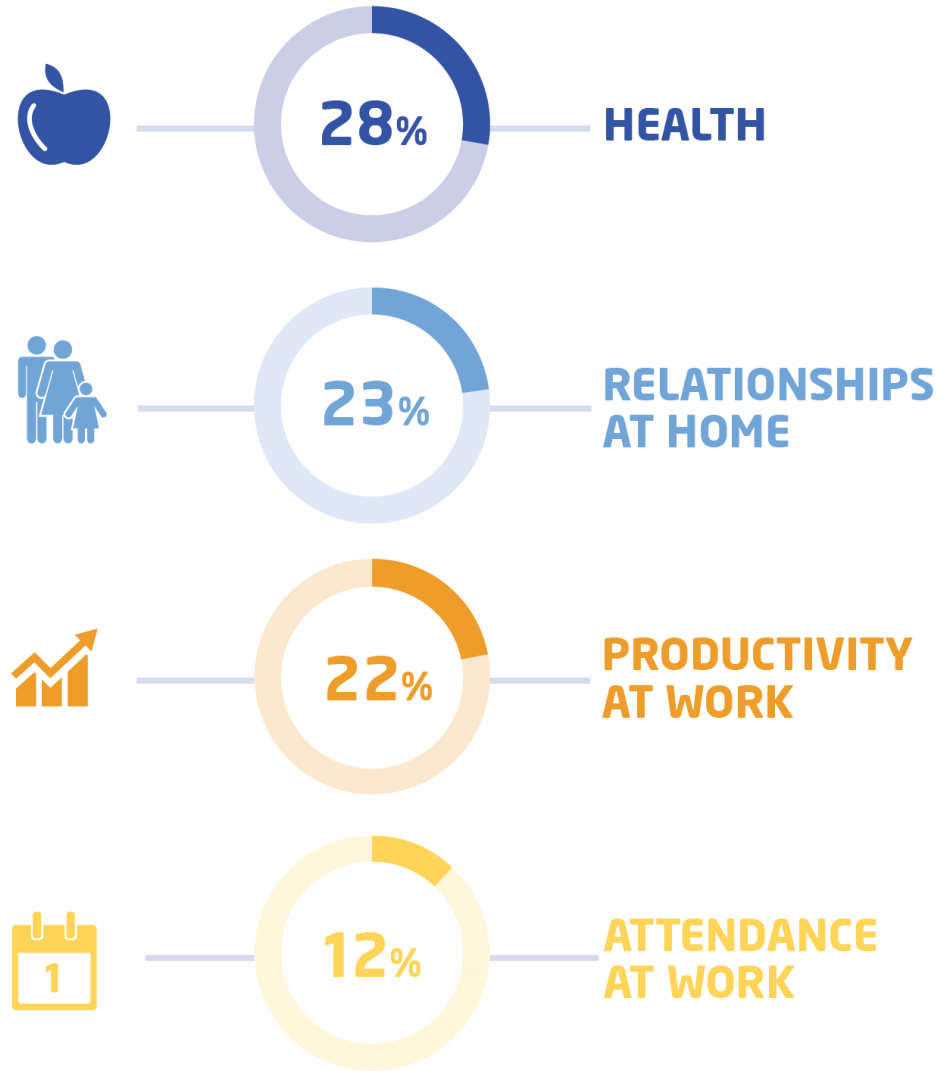
What causes
Australians stress?



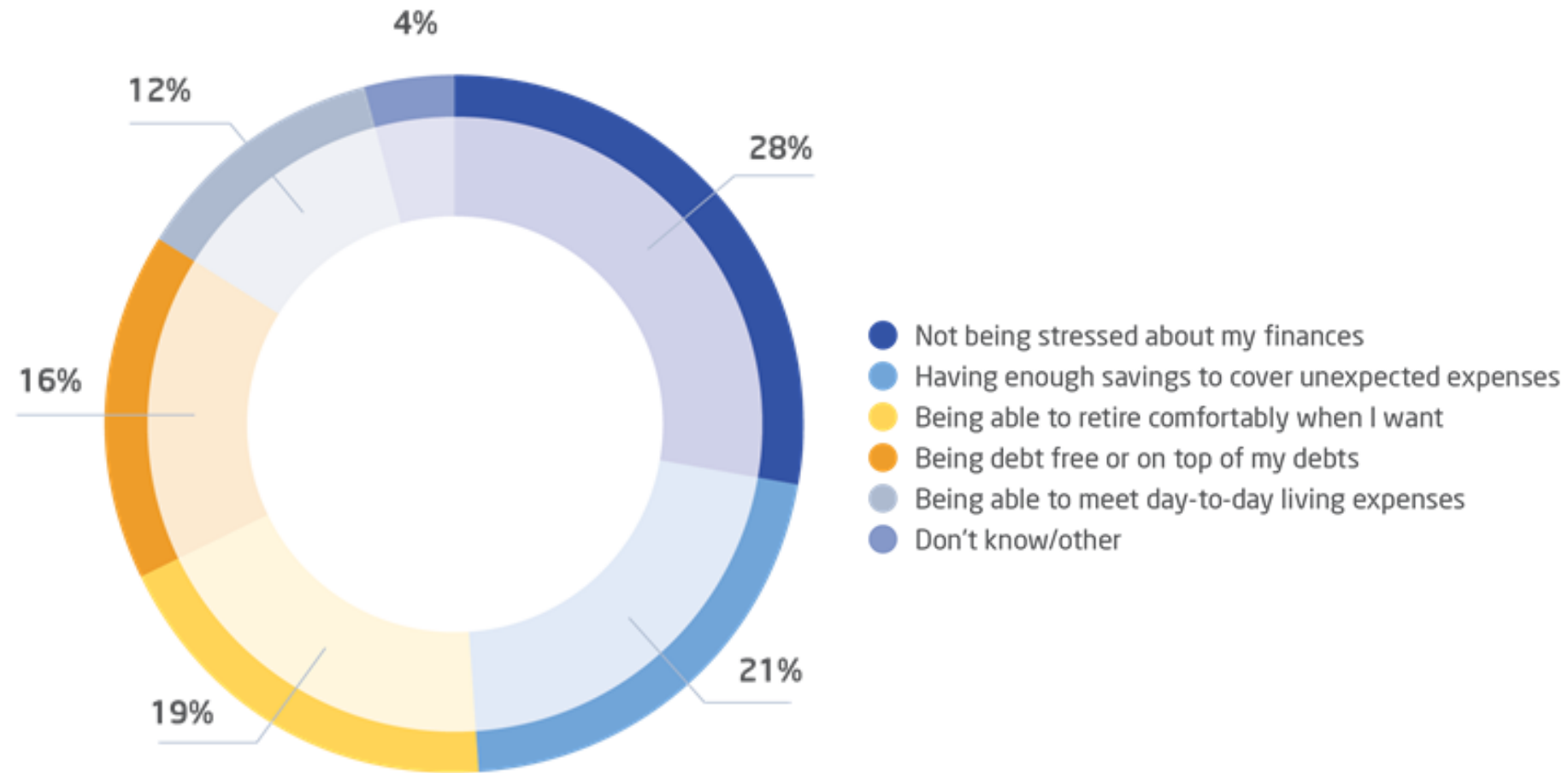
What causes us stress?



The impact of financial stress



How do we perceive financial 'wellness'?



Financial security is important



I DONT FEEL
FINANCIALLY
SECURE

● GEN Y

● GEN X

● BOOMERS

● WOMEN



MY FINANCIAL
KNOWLEDGE IS
NOT STRONG



I FEEL LIKE MY
FINANCES ARE
OUT OF CONTROL

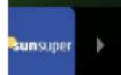


I'M NOT FINANCIALLY
PREPARED FOR
RETIREMENT



I WORRY
ABOUT
MONEY

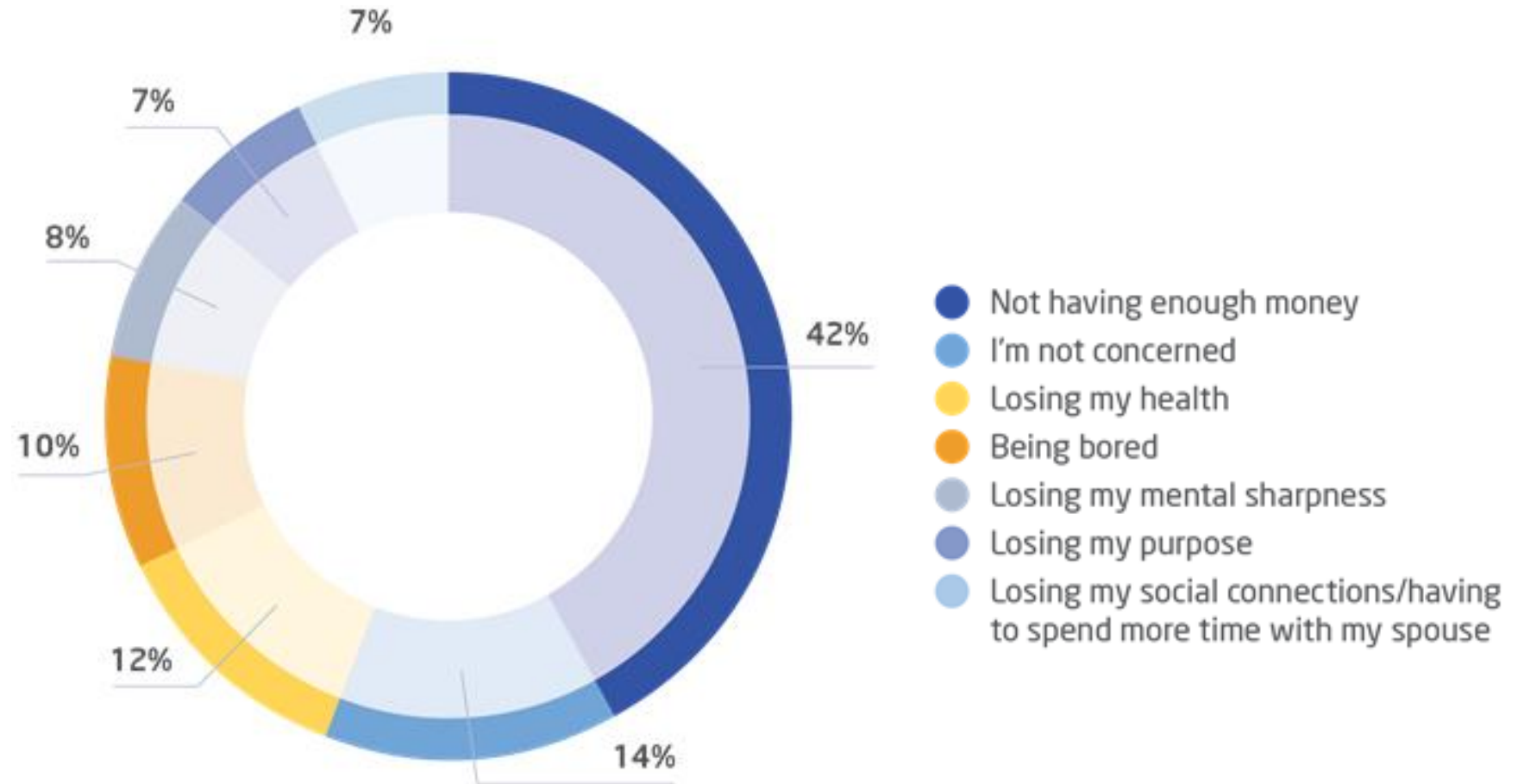
If you think the cost
of living is high today



0:03 / 2:24



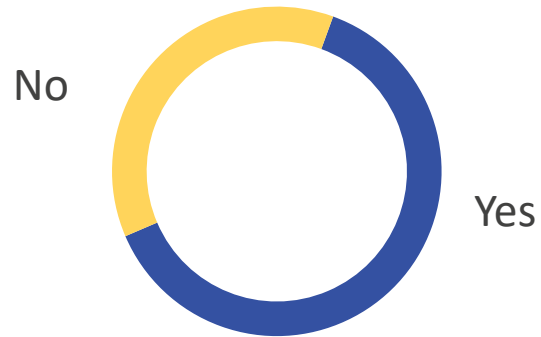
What retirement worries do we have?



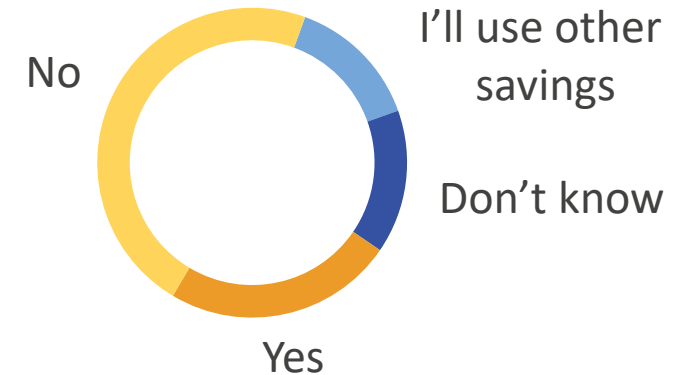
How do we think about retirement funding?



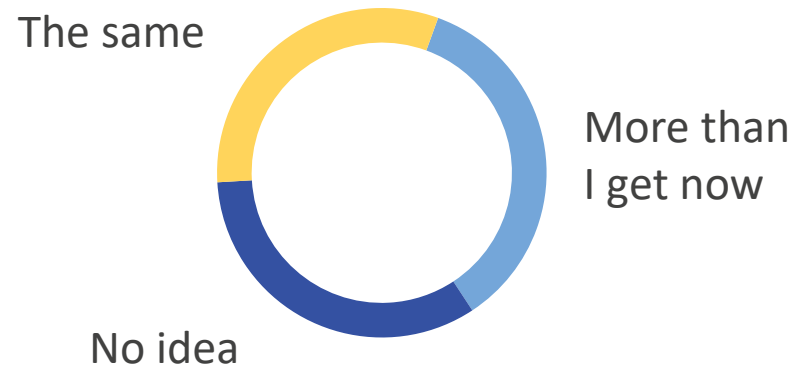
Do you have a plan for retirement?



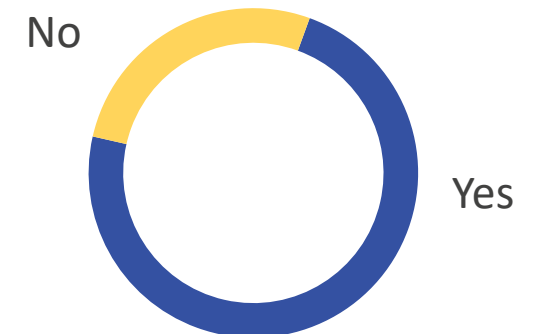
Do you have enough super?



Do you know how much income you'll need?



Do you intend to access the age pension?



The value of advice



Guiding financial wellness

A path to guidance is needed

8.7m

Australians believe they have unmet advice needs

2.5m

Australians intend to seek advice in next 2 years

2m

Don't know where to turn for advice ...

The value of advice is recognised

79%

believe it has given them more control of their financial position

80%

believe it has given them more peace of mind

67%

feel more secure in their job (versus 32% unadvised)

64%

believe they are able to financially do what they want (versus 24% unadvised)





Adam and Mara: keeping their heads down

Adam 33 years old, Nurse
Mara 36 years old, IT Project Manager

Adam and Mara are married, in good health, and have two young children. Their careers are starting to take off, their lives are busy, and consequently they are time poor.

- Lifestyle goals:** children in private school, regular family holidays.
- Financial goals:** finance school fees and holidays, pay down debts, grow investments.

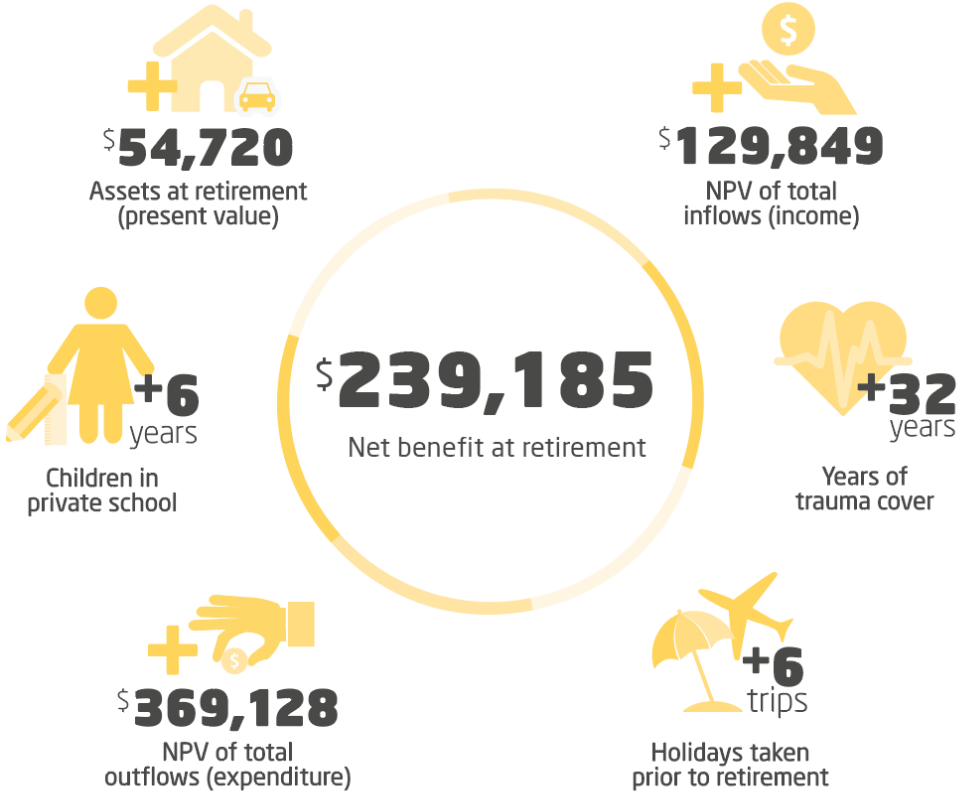
CURRENT SITUATION	Joint income:	\$161,160 p.a.
	Savings:	23%
	Expenses:	\$124,328 p.a.
	Assets:	\$731,000
	Liabilities:	\$405,000
	Risk appetite:	Growth
	Insurance:	Private health, life, total and permanent disablement, income protection



Adam and Mara's financial adviser recommended they:

- Withdraw \$8k from bank now to pay down credit card.
- Draw down \$47k on home loan to pay out remaining high interest.
- Start gearing loan using home equity; drawdown \$20k p.a. for 5 years to add to managed fund.
- Make withdrawals as required from geared investment to cover school fees and holidays.
- Review super, if justifiable consider consolidation.
- Implement trauma cover (\$50k each) for short term until income protection (IP) cover commences.
- Review insurances in super, retain if adequate.
- Allocate surplus to home loan.

Net lifestyle improvements after implementing advice



Advice goes
beyond
financial
wellness



- Financial security
- Physical health
- Mental wellbeing
- Community belonging

What is your
response?



2019 ...

It's going to
be another
big year



Royal Commission

- Fee for no service
- Inappropriate financial advice
- Inappropriate selling of products
- Lack of putting clients' interests ahead of advisers, or product manufacturers

RC recommendations mean serious change is coming and any good will we had collectively is gone.

ASIC pressure will mount

ASIC has investigated the link between **vertical integration and inappropriate advice**.

- *79% of the financial products on the firms' approved products lists (APL) were external products and 21% were internal or 'in-house' products however, 68% of clients' funds were invested in in-house products.*
- *ASIC found that in 75% of the advice files reviewed the advisers did not demonstrate compliance with the duty to act in the best interests of their clients.*

Then there is FASEA ...

Step change

What is your purpose as an advice professional?

Business transformation requires complex problem solving

- Accessibility and affordability of advice
- Fee and service offer vs sustainable profitability

A person in a black wetsuit is running on a sandy beach towards the ocean, carrying a white surfboard under their arm. The sun is low on the horizon, creating a strong silhouette effect and a bright reflection on the water. Another person is visible in the background, also carrying a surfboard. The sky is a mix of orange and blue.

 **sunsuper**