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Association of  
Financial Advisers

**AFA White Paper**  
May 2016

# Money, Well-being and the Role of Financial Advice

## A gender-based approach



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# Table of Contents

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<b>Foreword</b>	<b>3</b>
<b>About the Authors</b>	<b>4</b>
<b>Executive Summary</b>	<b>5</b>
<b>Money, Well-Being and the Role of Advice</b>	<b>12</b>
Background	12
The Impact of Financial Thinking on Health and Well-being	13
Financial Literacy and Perceived Ability	15
The Important Role of Financial Advice	16
Implications for Financial Advisers	18
<b>Tailoring Advice to Men and Women</b>	<b>19</b>
Introduction	19
Time to Engagement	20
The Advice Trigger and Services Used	21
Finding an Adviser	25
The Initial Search	25
Choosing an Adviser	28
Winning Business and Building Trust and Confidence	30
Winning Business	30
Building Trust and Confidence	32
Delivering Value	35
Actions and Behaviours that Drive Value	35
Key Drivers of Adviser Satisfaction	39
<b>Conclusion</b>	<b>40</b>
Money, Well-Being and the Role of Advice	40
Tailoring Advice to Men and Women	40
<b>Implications</b>	<b>42</b>
<b>Appendix A</b>	<b>43</b>
Data Sources	43
Respondent Profile	43
Research Design and Analysis Technique	43
<b>About us</b>	<b>44</b>
About the AFA	44
About the Beddoes Institute	44

# Foreword

As Australia's largest life insurer, TAL delivers financial protection to consumers through life insurance distributed by a number of different mediums including directly, through group insurance in superannuation and through financial advisers.

Our long and proud history of partnering with financial advisers is testament to our firm belief that when consumers have access to high quality, trusted and independent financial advice they are more likely to achieve their lifestyle goals and have the right financial protection.

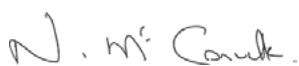
In today's increasingly complex financial environment the quality of financial advice and the service that advisers provide to the community has never been more important. Many consumers lack engagement and confidence when it comes to financial decision-making. Accessing quality financial advice can provide peace of mind, a sense of control and during times of significant stress, a source of support. Therefore, we must seek to better understand consumer thinking so we can help more people make informed financial and lifestyle decisions. We must also champion initiatives that boost confidence and trust in the financial advice profession and advocate the valuable benefits that quality financial advice delivers to the community.

One such initiative is the AFA Female Excellence in Advice Award (FEIA). TAL and the Association of Financial Advisers (AFA) have co-led the FEIA Award since 2011, which recognises and celebrates those female financial advisers who are making a significant contribution to the advice profession, the community and their clients. The FEIA Award raises awareness of the challenges experienced by Australian women when it comes to financial decision-making and exploring some of these challenges was the catalyst for a number of the research areas included in this white paper.

In working with the AFA and the Beddoes Institute, our hypothesis proposed that advisers may not sufficiently consider the gender of their clients when giving advice and that further research in this area would provide valuable insights into the way advisers could improve their approach to the advice process. In addition, we also sought to understand and perhaps quantify the value that financial literacy and financial advice contributes to the health and well-being of Australians.

This white paper delivers many insights and presents substantial opportunities for advisers to tailor and/or modify their advice approach to build greater value to clients. Findings from the research clearly articulate that men and women value different qualities and attributes in their adviser and the service they provide at different stages in their advice journeys. Findings also demonstrate that a client's financial management ability improves significantly over the course of the advice relationship, up 27% for women and up 24% for men, which directly impacts their well-being and proves the value that financial advisers deliver to the Australian community.

We are privileged to have partnered with the AFA and the Beddoes Institute on this important research. The insights delivered by this white paper will help advisers and the financial services profession evolve and innovate, and most importantly, provide great advice to more Australians.



**Niall McConville**

General Manager, Retail Distribution  
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# About the Authors



## Dr Rebecca Sheils

Rebecca has over 15 years' research and evidence-based consulting experience across a range of industries, including financial services, professional services, telecommunications, supply chain management, pharmaceuticals, private health insurance and automotive. For the past several years, Rebecca has worked exclusively in the financial services sector, successfully setting up and operating businesses specialising in research and benchmarking of financial services providers across Australia and New Zealand. Rebecca is currently a Director at the Beddoes Institute where she is responsible for growing and operating industry thought leadership initiatives in the finance sector. As a psychologist she has a deep understanding of human behaviour and decision-making processes. In addition, she holds a PhD and has over 15 years' research and evidence-based consulting experience making her a true research and data specialist.

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## Dr Adam Tucker

As a Director of the Beddoes Institute, Adam holds responsibility for growing the education (consumer Financial Literacy and adviser training in client surveys, satisfaction, segmentation and engagement), digital communications and marketing practice for the Beddoes Institute in the finance sector. For the last 2 years Adam has been working on programs that implement corporate and dealer group strategy to connect advisers and consumers through digital, internet, and mobile platforms. Most recently Adam has been exploring the interplay between the NPS<sup>®</sup> and trust and has developed Beddoes' proprietary Adviser Trust! Score<sup>®</sup> and the Most Trusted Advisers network ([www.mosttrustedadvisers.com](http://www.mosttrustedadvisers.com)). Adam is currently extending this work through real-time client and consumer surveillance through apps and mobile, reporting trust performance back to advisers, practices and dealer groups.

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## Brad Fox

Brad commenced as the CEO of the Association of Financial Advisers (AFA) in January 2013 after 5 years as an AFA Board Member including 2 years as the AFA President. Prior to his appointment as the CEO, Brad was a practice owner and financial adviser. He has demonstrated his leadership skills consistently since winning the AFA Rising Star Award in 2008 and brings both passion and foresight to the advice landscape. As CEO Brad plays an invaluable role in closing the divide between those that know and understand the value of financial advice and those that are yet to discover it, be they consumers, politicians, regulators or observers of the financial advice landscape. Brad attended the Stanford Graduate School of Business Executive Education Strategic Leadership Program in 2012, holds the Adv. DFS(FP), FChFP and a B.Bus (Econ & Fin).

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## Niall McConville

Niall McConville joined TAL in 2009 and is currently General Manager for Retail Distribution.

He leads TAL's retail sales and technical team to deliver exceptional support to business partners, including advisers and dealer groups. He also has responsibility for TAL-owned licensee Affinia.

With more than 15 years' experience in financial services, Niall's background in the life insurance market enables him to provide expertise and strategic focus to TAL's advice partners.

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# Executive Summary

## The Context for this Research

Following the Global Financial Crisis (GFC) that peaked in 2008, financial advice around the world has been under close scrutiny. In Australia, legislative reform together with the forces of digitisation on consumer behaviour have brought into focus the need for absolute client-centricity in financial advice business models. However, with consumers having a myriad of different needs, lifestyles and goals, the challenge for advisers is to understand these and deliver tailored services that meet the needs of the individuals and couples they work with.

In this white paper, we have sought to identify the key trigger events that bring consumers to seek personal financial advice, and then the determinants of whether they will proceed to take the advice and what will build confidence and trust and deliver value for them. The important effects of financial advice on personal health and well-being are also examined in the context of the effect of advice on the Australian community.

## Key Findings

This white paper provides evidence of the significant positive contribution that financial advisers make to the overall health and well-being of the Australian community and specifically identifies the differing needs of advice clients across both genders and generations. It is now clear that financial advice is important to the overall wealth, and health, of the nation.

The age of a 'one size fits all' approach to financial advice has passed. The present and the future of great financial advice lies in tailoring both strategy and the style of approach to advice relationships to the clients' own preferences which can be indicated by their age, life-stage and gender.

Through applying the findings of this research, advisers will discover new opportunities for growth that result from:

- Stronger client advocacy and referrals;
- 'Stickier' client relationships; and
- Greater breadth in the services that clients ask them to provide.

Most importantly, as shown in this white paper, the men and women that financial advisers work with enjoy wide-ranging benefits from improved health to overall satisfaction with life that extend from achieving improved financial literacy.

It is now clear that financial advice is important to the overall wealth, and health, of the nation.

## The Format of the Paper

The first section of the paper - '**Money, Well-being and the Role of Advice**' - explores the link between *thinking about money* and health and well-being among 'unadvised' consumers and highlights the significant benefits that an advice relationship can provide. The specific topics covered include:

- The link between thinking about one's finances and overall health and well-being;
- The degree of misalignment between actual and perceived financial management ability;
- The benefits of receiving financial advice for men and women at different life-stages.

The second section of the paper - '**Tailoring Advice to Men and Women**' - explores the subtle differences between the needs and expectations of men and women in an advice relationship and provides key insights into how financial advisers can tailor their approach to each gender at different stages of the advice journey. This covers the pre-engagement stage through to actions and behaviours that will help win business, build confidence and trust, and ultimately deliver value.

Data underpinning this research has come from two sources:

- The Beddoes Foundation's *Getting Sorted* study<sup>4</sup> which provided the unadvised consumer sample; this is the largest consumer-focussed financial literacy study to our knowledge, conducted in Australia to date and the first to link financial literacy with health and well-being (n=7,862 consumer ratings, conducted in March/April 2015); and
- The Beddoes Institute's Client Experience Survey<sup>1</sup> which provided the advised client sample (n= 399; conducted in June 2015).



# Executive Summary

## Section 1: Money, Well-Being and the Role of Advice

*Key Take-Out 1: Thinking about money can have a negative impact on health and well-being, especially for people with low financial literacy and particularly for women*

This study confirms that for both men and women thinking about money can have a negative impact on our overall health and well-being. This is most pronounced for individuals with low financial literacy, and particularly women in terms of their emotional health, physical health and overall satisfaction with life.

Specifically, thinking about money has a greater propensity to make women with low financial literacy feel sad, stressed and anxious as well as eat badly, drink more alcohol and exercise less, and to result in lower overall satisfaction with life.

Correspondingly, improved financial literacy delivers benefits in terms of improved emotional, vocational and physical health (up 19% for women) and greater satisfaction with life (up 16% for women) and better relationships (up 12% for both men and women).

**This inter-relatedness between finances and health and well-being, especially for people with low financial literacy and women in particular, highlights the important role that financial advisers play in improving the lives of their clients and contributing to the health and well-being of the Australian community through improving the financial understanding of their clients.**

### Implications for Financial Advisers

It is how people think about money that can cause detrimental impacts on overall health and well-being. Improving a persons' financial literacy (which can be described as their understanding of money-related issues) can reverse this outcome through reducing stress and anxiety leading to better health and well-being as well as greater overall satisfaction with life. The implications of this finding are far-reaching.

With respect to governments, this would suggest increased funding to initiatives like MoneySmart would have a positive effect on the well-being of Australian society and possibly reduce expenditure on welfare, social security and Medicare. Further, initiatives like Economic Security for Women represent a targeted opportunity to improve well-being outcomes specifically for women that the study indicates are likely to gain the most benefit from improved financial literacy.

There are also implications for industry activities like the AFA's initiative *Your Best Interests*, a consumer education campaign focused on money issues. Programs like this that improve people's financial understanding provide the platform to improve well-being outcomes for the community.

Financial advisers invest varying degrees of time and effort in educating their clients. This research suggests that advisers who improve the financial literacy of their clients will be rewarded with happier, healthier and more engaged clients that are more likely to refer new clients to the advice practice.



# Executive Summary

Tips for advisers:

- Spend time researching and understanding behavioural finance which is how psychological, social, cognitive, and emotional factors impact the way people think about money and the financial decisions they make. Also investigate finology which explores the relationship between human beings and money in society and is the emerging (and converging) research field covering the study of minds, customs and behaviours with respect to money.
- Educate your clients, prospective clients, referral partners and centres of influence about how attitudes and behaviours towards money can impact health, well-being and overall satisfaction with life and in particular share the understanding of how you improve the financial understanding of your clients as part of the advice process.
- Critically evaluate whether the way your existing and potential clients think about money is healthy or dysfunctional. Address dysfunctional thinking through your advice and, if necessary, refer on to a psychologist.

*Key Take-Out 2: Financial management ability improves significantly over the course of an advice relationship which means that the significant detrimental impact of thinking about money on health and well-being is likely to be minimised for Australians receiving ongoing financial advice*

Encouragingly, this paper provides the empirical evidence that **one's financial management ability improves significantly over the course of the advice relationship** for both genders and has quantified this improvement - up 24% for men and 27% for women overall.

The research shows that the financial education resulting from an advice relationship leads to increased confidence, empowerment and an ability to make better financial decisions. Importantly for those in an advice relationship with a financial adviser, this is likely to minimise the detrimental impact of thinking about money on health and well-being.

Importantly, financial advice has been shown to benefit men and women in different life-stages differently:

- Gen Y women's ability to manage finances improves more than men in the same age group over the course of an advice relationship (Gen Y women up 35% and Gen Y men up 19%);
- Gen X women benefit more from advice than any other generation (42% improvement for Gen X women against a 24% improvement for men of the same generation); and
- Baby Boomer women appear to benefit the least (albeit still significantly) from financial advice in terms of improvement in financial management abilities (up 24% for Baby Boomer men and 21% for same age women).

The fact that Gen X and Y women benefit most is an encouraging finding given that this study has also shown that women tend to be less confident in their ability to manage finances than men. In fact, even women with strong financial literacy appear to underestimate their financial management skills.

Not surprisingly, the paper has also shown that individuals who are less confident in their ability to manage their finances at the beginning of the advice relationship benefit most from financial advice:

- Adults that rated themselves *very poor* or *poor* showed a 44% improvement in financial understanding, those that rated themselves as *fair* showed a 26% improvement and those that rated themselves as *good* or *very good* showed a 5% improvement.

In addition, it appears that formal education has little impact on one's ability to manage finances. This finding highlights that financial advisers are for everyone – not just those that are more educated or better with their money.

**The benefits of working with a financial adviser in terms of improved confidence and ability to manage money and financial issues are therefore substantial for both men and women, but especially for women who tend to be less confident in this area. This means that the significant detrimental impact of thinking about money on health and well-being is likely to be minimised for Australians receiving ongoing financial advice.**

## Implications for Financial Advisers

Women are more financially independent than ever before, yet can be lacking in confidence and are more adversely affected by thinking about money than men, highlighting a strong need for education and guidance on money matters from someone that is knowledgeable, that they trust, and that is prepared to spend the time to educate them.

Education increases knowledge over time. The opportunity exists to increase clients' financial understanding by involving them in the decision-making processes with their adviser. Creating greater understanding around their financial plan is likely to increase their commitment to maintaining the strategies and behavioural changes that are part of the advice they receive.

Tips for advisers:

- Educate clients about how their financial management ability is likely to improve over the course of an advice relationship thus empowering them to make better financial decisions.
- Build financial education into your advice process.
- Consider how gamification and digital resources can add to the client experience and financial literacy outcomes.
- Check in with clients regularly to ensure your financial education is working and that their financial literacy is indeed improving.
- Consider providing basic knowledge of money-related concepts to prospective clients before they meet with you. This will help overcome their fear of appearing uninformed or unknowledgeable.

# Executive Summary

## Section 2: Tailoring Advice to Men and Women

Having demonstrated that thinking about money affects health and well-being, especially among those with low financial literacy, and provided evidence that financial advice improves financial understanding and management ability, the next step is to understand the subtle differences between the needs and expectations of men and women in an advice relationship. This will help financial advisers to tailor their approach to each gender at both the initial and subsequent stages of the adviser-client relationship and to optimise the health benefits that result.

*Key Take-Out 3: Men and women of different generations approach an advice relationship differently*

Women of all ages approach an advice relationship more cautiously than men, highlighting the importance for advisers to understand and deliver on specific client needs and concerns in order to win the right to become that person's financial adviser.

Interestingly, younger people seeking an advice relationship tend to engage a financial adviser faster than older adults. Most notably, Gen Y men are the fastest of all to engage a financial adviser, taking only 1 month, twice as fast as Gen Y women potentially reflecting impulsivity that often characterises younger males.

Retirement planning is the primary event that leads both men and women to seek out an advice relationship, five to six times more common than anything else. Not only is this the primary advice trigger but it is also the key financial advice service used by clients. While there are no differences in the use of retirement planning by men or women overall, more Gen Y women use their adviser for retirement planning than Gen Y men, indicating a greater propensity to plan for the future among younger women.

There are many other triggers that prompt men and women equally to seek out financial advice and many advice services that are commonly used by both genders. Not surprisingly, both the advice trigger and services used are affected strongly by the life-stage of an individual. Life-stage and gender come together to create two very distinct pictures of the drivers to engage an adviser and the services they need. For example:

- Starting a family provides more of an impetus to seek out advice for Gen Ys (both women and men);
- Death of a loved one is more of a trigger for Gen X and Baby Boomer women;
- Divorce drives more Gen X men to advice; and
- Redundancy is more of a trigger for Baby Boomer men.

Likewise, some of the most common services accessed are more likely to be used by one gender than the other:

- Men use their financial adviser significantly more for investing than women, especially Baby Boomer men;
- Budgeting advice is most frequently accessed by Gen Y women;



- Risk management and asset protection services are more widely used by Gen Y men; and
- Superannuation services are accessed more by Gen X (men and women) compared to Gen Ys and Baby Boomers.

Furthermore, separated and divorced women use their adviser more for budgeting than married women suggesting that, in the absence of a partner, money management skills become more important. In contrast, separated or divorced men tend to focus more on establishing good money habits reflecting a potential change in financial discipline when a partner is not there to support their financial decision-making.

### *Implications for Financial Advisers*

Providing services that attend to the specific needs of women (e.g. financial education) and men (e.g. setting goals and wealth creation), in addition to the needs shared by both genders will drive client value and is likely to increase loyalty and the breadth of services requested. Considering generational differences in providing advice is likely to generate similarly improved outcomes for clients and their adviser.

Tips for advisers:

- Understand each client's own specific trigger for seeking advice and respond to this in the early meetings.
- Deliver advice that is tailored to the unique needs of each client, especially where clients seek advice as a couple and may have different needs and levels of financial understanding.
- Refer on if a client is looking for a service that you do not specialise in.
- Hire a diversity of advisers in your practice and match them to clients that they are best suited to by advice type, communication style and generational understanding.
- Segment advice offerings by gender and/or demographics.



# Executive Summary

*Key Take-Out 4: A trusted referral is fundamentally important to all consumers in the decision to engage a financial adviser*

**This study found that 40% of new advice clients in the last two years stated 'a trusted referral' as the primary reason for choosing their financial adviser.**

It is clear that consumers who don't have a trusted referral to a financial adviser and who don't have a financial adviser in their network are reluctant to engage in financial advice, irrespective of their appetite for an advice relationship.

The importance of a trusted referral in appointing a financial adviser is now clearly established and can be understood by thinking about the gravitas of the decision to entrust someone with your financial affairs and livelihood. Not only is this important for an adviser in terms of getting into the consideration set, but it is also the most important factor for both men and women when it comes to making the final decision to engage a financial adviser.

There are some subtle differences in the importance of a trusted referral for men and women.

- Women place greater emphasis on a trusted referral when identifying a potential financial adviser, suggesting that they approach the advice relationship more cautiously than men.
- While a trusted referral is also vitally important for men, slightly more Gen Y and Gen X men leverage an existing connection or relationship, undertake research and attend seminars to identify a potential financial adviser, quite possibly in the absence of a trusted referral.

Notably, having a trusted referral will get an adviser most of the way to winning the right to serve a new client; however, interpersonal skills and being seen to deliver tailored financial advice are also important in securing new clients. These skills may well be the differentiator if two advisers are competing for the same client.



## Implications for Financial Advisers

The challenge here is that trusted referrals are scarce given the relatively low incidence of consumers in an advice relationship in Australia (2 in 10 Australians have an ongoing advice relationship<sup>2</sup>). How are consumers expected to 'find' a trusted referral when so few people are in a position to provide one? This paper provides empirical evidence that an advice practice needs good referrals and advocacy if it is to grow, and indeed the profession of financial advice needs to achieve positive consumer perceptions if the full demand for advice is to be met.

This highlights the importance of the AFA's Your Best Interests (YBI) initiative which educates consumers on the triggers that indicate it is time to consider financial advice, and then provides links to finding a professional adviser member of the AFA. Similarly, the Beddoes Institute's Most Trusted Advisers Network (<http://www.mosttrustedadvisers.com/>) has been designed to connect consumers who are actively seeking an advice relationship but may not have a trusted referral with advisers they can confidently trust based on how they have been rated by a representative sample of their total client base.

Client referrals result primarily from delivering quality advice, having high-trust relationships and delivering exceptional client service. Even if you ask your clients to refer you business, they will not do this unless you have already proved these things to them.

Tips for advisers:

- Conduct regular client experience surveys to understand the needs and expectations of your clients so that you are in the best position to deliver on these. It is best practice to conduct formal client surveys every 12 months and clients appreciate being given the opportunity to provide feedback.
- Implement client-centric systems and processes targeted at delivering on clients' needs and expectations across all touch-points. Consider using visual aids like a "traffic-light" report to clearly indicate progress towards their lifestyle and financial goals.
- Build your processes to include client touch points that educate clients about your desire to assist their family and friends, and create easy and automated ways that remind them.
- Check in with your clients during every meeting about what else you could be doing to improve your service and their experience.
- Be careful not to communicate how busy you are to your clients as this may create the perception that you are too busy to take on new clients, irrespective of the quality of advice and service you deliver.
- Deliver on promises - always do what you say you will do.

# Executive Summary

## *Key Take-Out 5: Men and women value different things in an advice relationship*

While financial advisers deliver professional and high quality advice to all clients, men and women appear to value different qualities and attributes in their adviser and different aspects of service.

The quality of the interpersonal relationship, as measured by listening and understanding needs, trustworthiness and communication, is the key determinant of whether women will choose to work with that adviser. Men on the other hand are more focused on an adviser's credentials and professionalism when deciding whether to commit as a client.

Thereafter the journey to becoming a satisfied and loyal client is also different for men and women. What is valued more by men in the prospect stage is valued more by women once a client and vice versa.

Specifically, presenting as a professional and demonstrating knowledge and experience are key to building trust and confidence in the early stages of an advice relationship for female advice clients, as is reliability. Conversely, listening and understanding needs are key to building trust and confidence among men once the advice relationship has begun. Communication is important to both genders.

Similarly, men and women overall and in different generations also want slightly different things from the advice relationship. Women overall are more focussed on the emotional benefit of peace of mind about their future, especially Gen X and Baby Boomer women, and knowing that their adviser cares about them. In addition, Baby Boomer women are more focused on asset protection, suggesting a stronger desire for financial security and certainty in the latter stages of life.

In contrast, men are more focussed on setting and achieving goals and wealth creation, especially Gen X men in the middle stages of their life.

Both men and women equally value financial education.

Those that are separated/divorced, irrespective of gender, value asset protection most while peace of mind about the future is also particularly important to separated/divorced men. Building wealth is most important to married people, and is also a strong focus for single men.

## *Implications for Financial Advisers*

Learning more about what each client will value from their adviser is important in creating positive client experiences. Gender differences, as established in this study, provide a strong starting point for shaping conversations and service propositions.

Tips for advisers:

- Ensure you communicate your credentials, qualifications and experience in all prospect meetings, especially with male clients as this will be important in winning their commitment as a client.
- Focus on developing the interpersonal relationship from the very first meeting, especially with female clients as this will be a key determinant of winning the right to become their financial adviser. Share stories of the relationships you hold with similar clients.
- After the very early stages of the relationship, focus on demonstrating your technical expertise to female clients to help build trust and confidence; this will reassure them that they have made the right decision choosing you as their financial adviser. Find ways to explain complex issues simply and seek to ensure they understand the concepts and your advice.
- Show that you really care about your clients, especially women, as this will strengthen your relationship.
- Demonstrate to your clients on an ongoing basis that you are delivering on the goals and objectives of their financial plan. This will provide your clients with peace of mind, financial security and certainty which is especially important for increasing the sense of well-being, especially for women.

# Executive Summary

## Conclusion

**This paper provides evidence that financial advisers make a positive and significant contribution to the overall health and well-being of Australians.** The findings show that improving financial literacy, such as that resulting from exposure to ongoing financial advice, has a significant positive impact on health and well-being. This is especially prevalent for women.

Financial literacy improves the way in which men and women think about money and this impacts each gender differently. Not only are women impacted differently, but the beneficial effect of improved financial literacy is greater for them. Women with strong financial literacy have better emotional health (up 19%) and better overall satisfaction with life (up 16%) compared to women with low financial literacy. In contrast, men with strong financial literacy have better relationships (up 12%), better physical health and lifestyles (up 11%).

This study also found that financial advisers improve their clients' ability to manage their finances. This is especially true for women who typically start their relationship with their financial advisers with a lack of confidence in their own ability to manage money. **Following working with a financial adviser, women's ability to manage their finances improves by 27% and men's improves by 24%.**

The present and the future of great financial advice lies in understanding and delivering on individual client's preferences which can be indicated by age, life-stage and gender. This study has confirmed that men and women want different things from a financial advice relationship. It has provided insights into how financial advisers can deliver the most value to clients of each gender at different life-stages and by doing so, increase client satisfaction, engagement, advocacy and loyalty. It also stands to reason that the positive health and financial literacy benefits from receiving financial advice will be enhanced by tailoring services and advice solutions to the unique needs and preferences of each gender.

In summary, this study has demonstrated that by receiving financial advice, clients improve their ability to manage their finances which, in turn, leads to better health, happier relationships and an increased sense of well-being, especially for women. This highlights the important role that financial advisers play in improving the lives of their clients and contributing to the health and well-being of the Australian community. With only two out of every ten Australians currently receiving financial advice<sup>2</sup>, Australia has an "Advice Gap". By providing advice to more Australians and filling this gap, financial advisers can make a significant further contribution to the health and well-being of the Australian community.

**Figure 1: Health and Well-being Benefits of Strong Financial Literacy and Improved Financial Management Ability Resulting from Financial Advice.**



# Money, Well-Being and the Role of Advice

## Background

We frequently think about money, often many times a day, but it's how we think about money and how we make financial decisions that determines our financial personality. Before you can build better money skills, you need to understand what drives you to manage your money the way that you do.

Financial decisions usually aren't simply about dollars and cents. For most people, financial decisions are coloured by emotions, attitudes, experience and education, openness to new ways of thinking and personal characteristics such as impulsivity. Added together, these traits make up your financial personality.

By exploring your financial personality, you become aware of your strengths, weaknesses and biases and can learn to make better financial decisions. By understanding your partner's money personality you can appreciate why they make the decisions they do and work better with them to make shared financial decisions.

The Beddoes Foundation conducted The Getting Sorted study to underpin the design of a suite of financial literacy and health and wellness initiatives. The study was developed following a review of scientific publications on thinking dispositions, heuristics, problem-solving and behavioural economics, and provided a psychological assessment of the thinking patterns of consumers with regards to money.

Adopting a biopsychosocial framework, the study set out to identify unhealthy financial thinking styles in both women and men and to quantify the detrimental emotional, social, vocational, psychological, and physical health impacts on affected people. With **7,862 consumer ratings**, we believe this is the largest financial literacy study conducted in Australia to date linking advice and financial literacy with the health and well-being of Australians. It is also the first study to adopt a 'whole of person' approach, going beyond education and knowledge to link financial thinking styles, attitudes and behaviour with the overall health and well-being of consumers.

The study contained 10 questions, based on validated psychological tests, to assess different 'thinking dispositions' such as open-mindedness, superstitious thinking, intuition and impulsivity. In addition, the study also measured:

- Consumers' financial literacy using three (3) validated competency-based questions known as the 'Big 3' that have been used widely around the world in recent years<sup>3</sup>;
- Perceived ability to manage finances;
- The extent to which thinking about money impacts the holistic well-being of the individual (i.e. emotional, psychological, vocational and physical health aspects);
- Demographics including gender, education, marital status, age, income; and
- Key financial behaviours such as % with life insurance, % with an SMSF, % with a financial adviser, % that missed a debt repayment in the last 12 months, % that saved money in the last 12 months, % that made investments in the last 12 months etc.

While not the focus of this paper, a broader segmentation analysis<sup>4</sup> on the 10 thinking dispositions in The Getting Sorted study identified four (4) segments or groups of consumers that have different thinking styles. Each segment constitutes a group of Australians with thinking patterns that are similar to each other yet different to other Australians. Furthermore, some thinking styles are healthier while others are increasingly dysfunctional, having more significant impacts on health, well-being and overall functioning.

This paper takes a deep dive into three critical areas identified in The Getting Sorted study:

- Quantifying the extent to which thinking about finances impacts overall health and well-being for women versus men;
- The financial literacy of men versus women and understanding how this maps to perceived financial management ability;
- Understanding the important role financial advice can play in improving financial thinking and behaviour and, in turn, the overall well-being of the individual.



# Money, Well-Being and the Role of Advice

## The Impact of Financial Thinking on Health and Well-being

People are complex; our thoughts, feelings and behaviours on all matters in life are linked and interact together to impact our overall health and well-being. The way we think about situations affects how we feel emotionally which, in turn, affects our behaviour. This is the theory behind cognitive behaviour therapy in psychology and is a helpful framework that can be applied to thinking about money.

This study confirms that thinking about money can have a negative impact on our overall health and well-being:

- Women are more adversely impacted than men, especially in relation to their emotional health (i.e. they are more likely to feel sad, stressed and anxious by thinking about money);
- Individuals with low financial literacy are more adversely impacted than those with strong financial literacy across all health and well-being dimensions but especially in terms of emotional health; and
- Women with low financial literacy are more impacted than men with low financial literacy in terms of their emotional health and physical health (i.e. they are more likely to feel sad, stressed and anxious as well as eat badly, drink more alcohol and exercise less as a result of thinking about money) and have lower overall satisfaction with life.

On a scale of 1-5 where 1 is a significant negative impact and 5 is no impact at all, unadvised consumers were asked to rate the extent to which thinking about their financial situation negatively affects their:

- Relationships e.g. causes arguments, makes you keep to yourself etc;
- Performance at work;
- Physical health e.g. causes headaches, upsets your stomach;
- Emotions e.g. makes you feel sad, stressed, anxious etc;
- Lifestyle e.g. eat badly, drink more alcohol, exercise less etc; and
- Overall satisfaction with life.

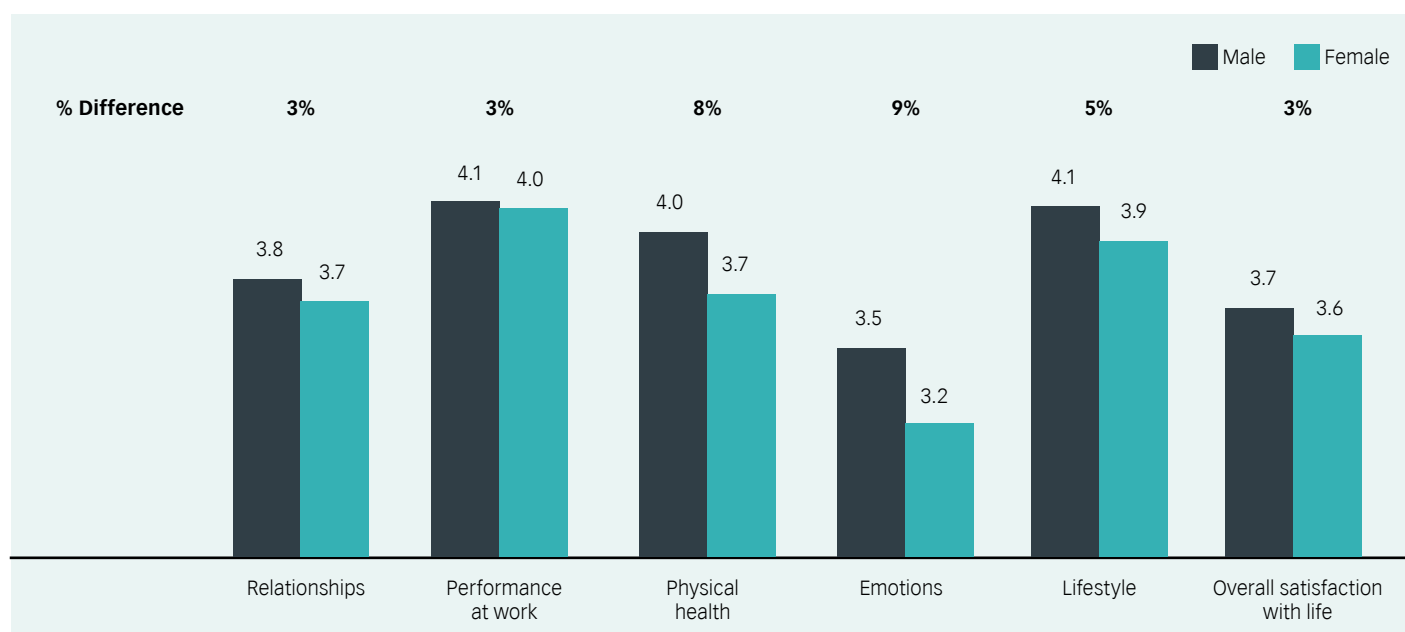
The average impact of 'thinking about finances' on each health and well-being dimension was calculated. Lower scores (closer to 0) indicate that thinking about finances has a more negative impact while higher scores (closer to 5) indicate less of an impact on health and well-being.

**Thinking about one's finances appears to have slightly more negative impact on the overall health and well-being of women compared to men** (Figure 2). This is especially pronounced in terms of the impact on emotional health and can lead women to feel sad, stressed and anxious (3.2 vs. 3.5) and physical health - eating badly, drinking more alcohol and exercising less (3.7 vs. 4.0).

The extent to which thinking about money impacts health and well-being is far greater for people with low financial literacy (Figure 3 and Figure 4). This is especially true for women with low financial literacy in terms of their emotional health (e.g. 2.7 out of 5 vs. 3.2 for women with strong financial literacy), overall satisfaction with life (3.1 vs. 3.6), the quality of their relationships (3.3 vs. 3.7) and physical health (3.4 vs. 3.7).

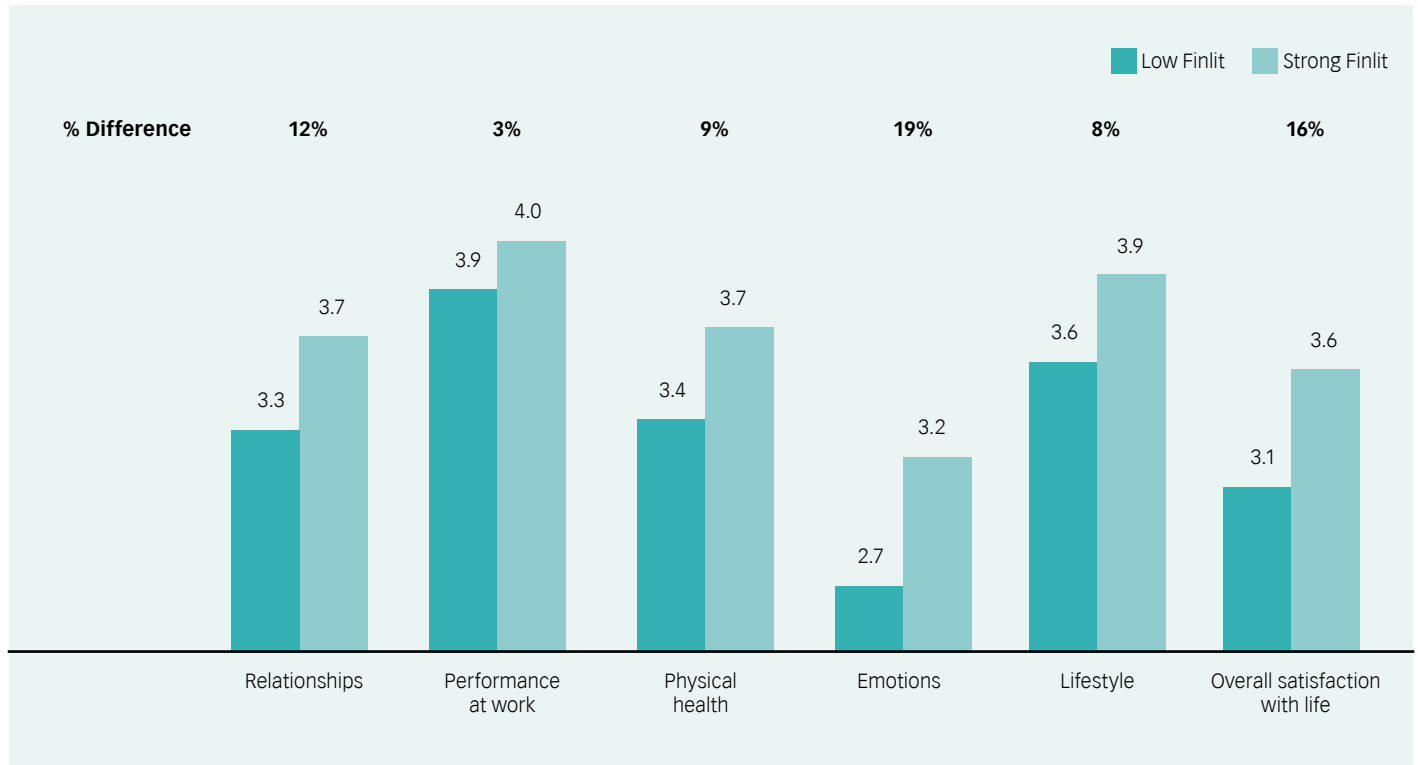
Men with low financial literacy are also more negatively impacted by thinking about money across all dimensions of health and well-being compared to men with strong financial literacy, although the differences are not as pronounced as for women.

**Figure 2: The Extent to Which Thinking about Money Impacts Overall Health and Well-being for Women versus Men**

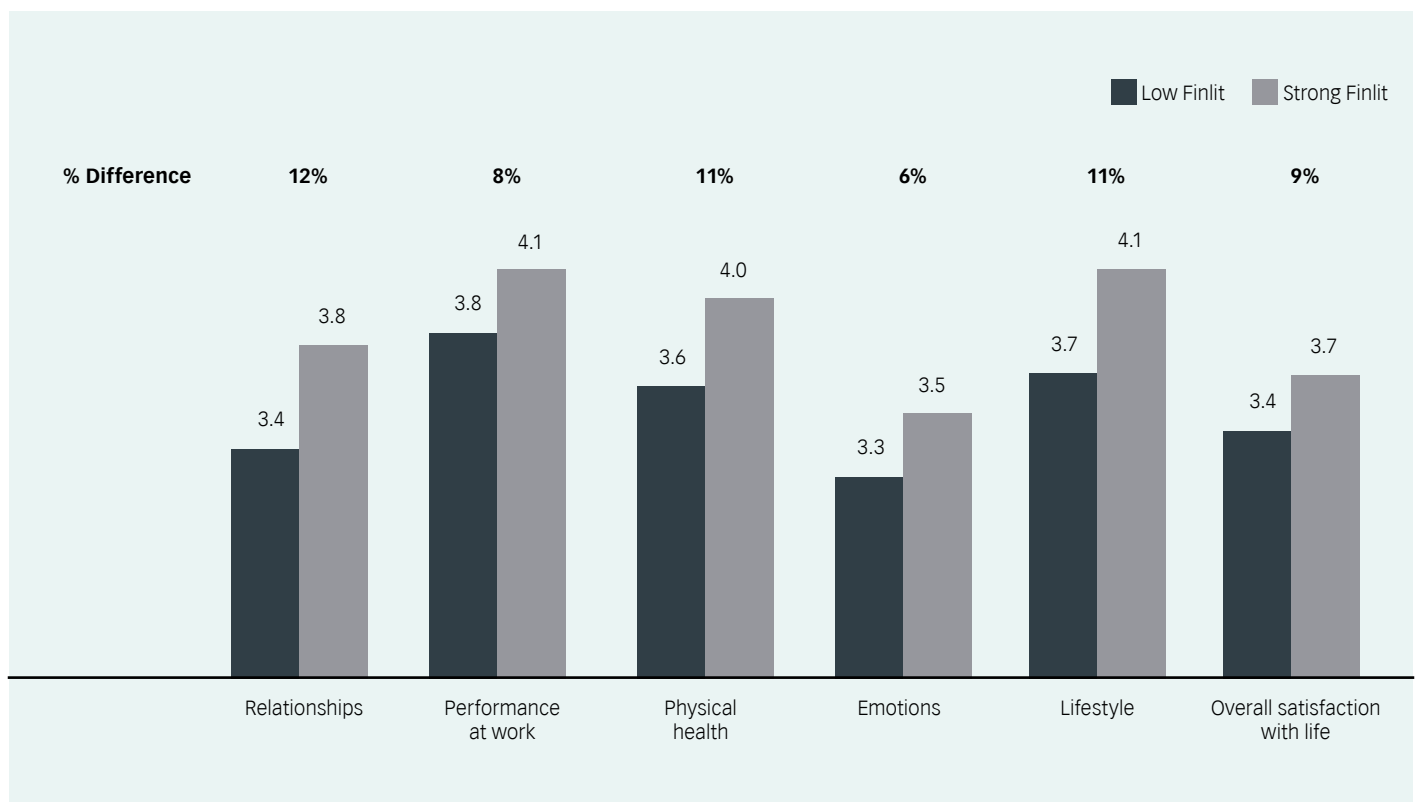


# Money, Well-Being and the Role of Advice

**Figure 3:** The Extent to Which Thinking about Money Impacts Overall Health and Well-being for Women with Strong and Low Financial Literacy



**Figure 4:** The Extent to Which Thinking about Money Impacts Overall Health and Well-being of Men with Low Financial Literacy



# Money, Well-Being and the Role of Advice

## Financial Literacy and Perceived Ability

This research has shown that women are not as confident as men when it comes to managing finances, irrespective of their actual financial literacy.

Women with strong financial literacy rate their financial management ability significantly lower than men with the same level of financial literacy. The same is also true for women and men with low financial literacy.

In absolute terms, women with strong financial literacy rate their financial management skills on par with men that have low financial literacy, highlighting women's overall lack of confidence in financial management. Notably, men with strong financial literacy are most confident about their own ability to manage finances.

The *Getting Sorted* study measured financial literacy of unadvised consumers using three (3) competency-based questions known as the 'Big 3' that have been used widely around the world in recent years<sup>4</sup>.

The questions are as follows:

1. *Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow: more than \$102, exactly \$102, less than \$102?*
2. *Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy more than, exactly the same as, or less than today with the money in this account?*
3. *Do you think that the following statement is true or false? "Buying a single company stock usually provides a safer return than a managed fund."*

The first two questions (compound and inflation) evaluate whether respondents display knowledge of fundamental economic concepts and competence with basic financial numeracy. The third question (stock risk) evaluates respondents' knowledge of risk diversification, a crucial element of any informed investment decision.

These questions were used to categorise consumers into strong and low financial literacy groups. The strong financial literacy group is made up of individuals who got all three financial literacy questions correct. The low financial literacy group is made up of individuals who got one or more of the three questions wrong.

In addition, unadvised consumers were also asked to rate their ability to manage their finances. Confidence versus ability analysis was undertaken by comparing how men and women scored on financial literacy against how they rated their financial management ability.

**Figure 5: Unadvised Consumers' Ratings of their Ability to Manage Finances by Gender and Level of Financial Literacy Summary**

	Men	Women
Strong Financial Literacy	4.1	3.9
Low Financial Literacy	3.9	3.6

Figure 5 shows that unadvised men rate their financial management ability significantly higher than unadvised women in both the strong financial literacy group (4.1 vs. 3.9 out of 5) and low financial literacy group (3.9 vs. 3.6). In fact, women with strong financial literacy rate their financial management skills on par with men that have low financial literacy (both 3.9). Men with strong financial literacy are most confident about their ability to manage finances (4.1).

**From this, it is clear that women are not as confident as men in terms of their financial management skills, even those with strong financial literacy.**



# Money, Well-Being and the Role of Advice

## The Important Role of Financial Advice

This study has successfully quantified the value of financial advice showing that one's financial management ability improves significantly over the course of the advice relationship – up 24% for men and 27% for women overall.

Gen Y women's financial management skills improve more as a result of financial advice than men of a similar age (Gen Y women up 35% and Gen Y men up 19%). Gen X women benefit most of all from financial advice (42% improvement for women and a 24% improvement for men) while Baby Boomer women appear to benefit least from financial advice, albeit still significantly valuable (up 24% for men and 19% for women).

Interestingly, individuals who have the lowest confidence with regard to financial management at the beginning of the advice relationship are the ones that benefit most from financial advice. Adults that rated themselves *very poor* or *poor* at the outset showed a 44% improvement in financial management ability, those that rated themselves as *fair* showed a 26% improvement while those that rated themselves as *good* or *very good* showed a 5% improvement.

In addition, it appears that formal education has little impact on one's ability to manage finances. Importantly, this finding shows that financial advisers are for everyone regardless of education, existing financial literacy and money management ability.

These findings provide empirical evidence of the substantial benefits of working with a financial adviser for both men and women, but especially women.

It shows that the financial education resulting from an advice relationship leads to increased confidence, empowerment and an ability to make better financial decisions.

**This means that the significant detrimental impact of thinking about money on health and well-being is likely to be minimised for Australians receiving ongoing financial advice. Financial advisers therefore play a significant role in contributing to the health and well-being of the Australian community.**

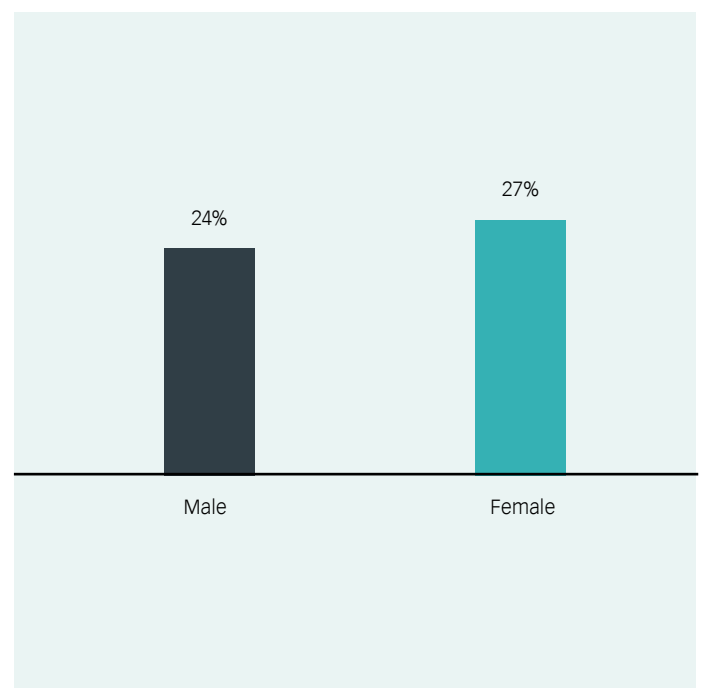
In addition to *The Getting Sorted study*, a separate study was conducted with a large group of advice clients (n = 499) to (in part) quantify the benefits of financial advice in terms of perceived ability to manage finances (refer to Appendix A). To do this, advice clients were asked to rate their ability to manage

their finances back when they first started using a financial adviser and to rate their ability to manage their finances now. The results are shown in Figure 6 while the percentage improvements are shown in Figure 7.

**Figure 6:** Financial Management Ability Before and After Advice for Women versus Men



**Figure 7:** The Percent Improvement in Rating for Women versus Men in an Advice Relationship



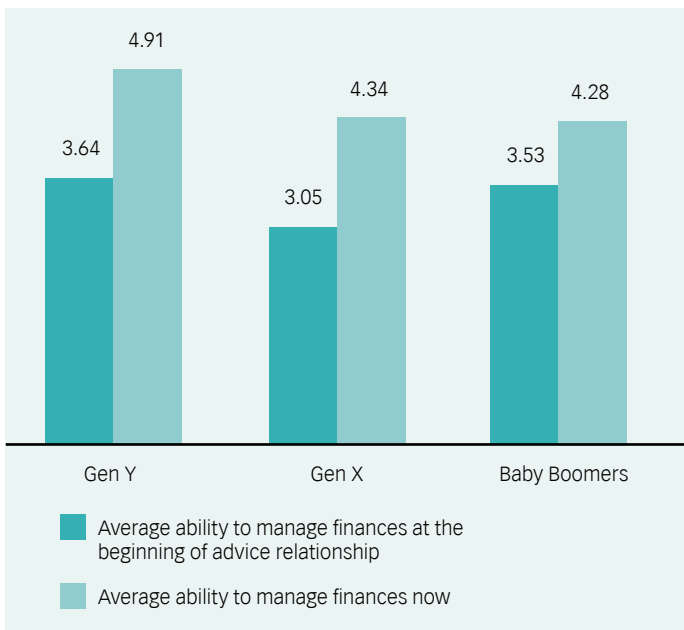


# Money, Well-Being and the Role of Advice

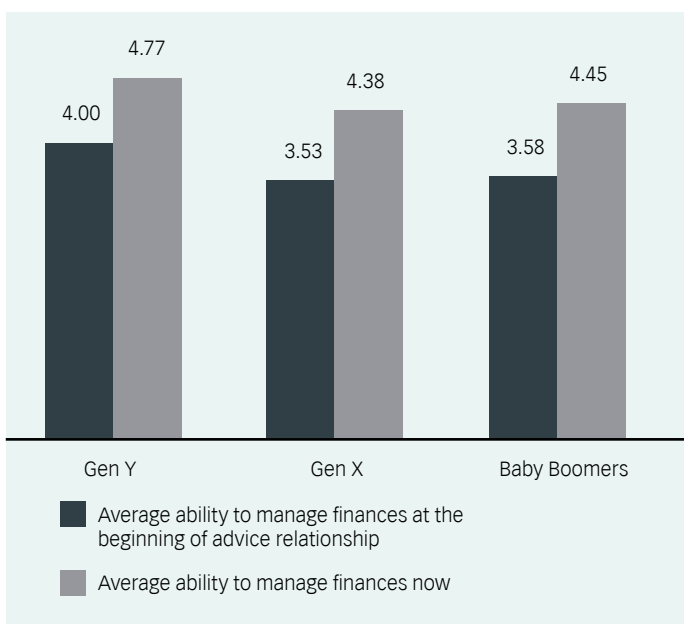
As seen with unadvised consumers, advised **men are more confident overall in their ability to manage their finances compared to women**; 3.60 out of 5 at the beginning of the advice relationship compared to 3.41 for women and 4.45 now compared to 4.34 for women (Figure 6).

**More importantly, however, one's financial management ability improves significantly over the course of the advice relationship.** Men's financial management ability was up 24% since starting out with their financial adviser while women's financial management ability increased by 27% (Figure 7).

**Figure 8:** Financial Management Ability Before and After Advice for Women of Different Generations

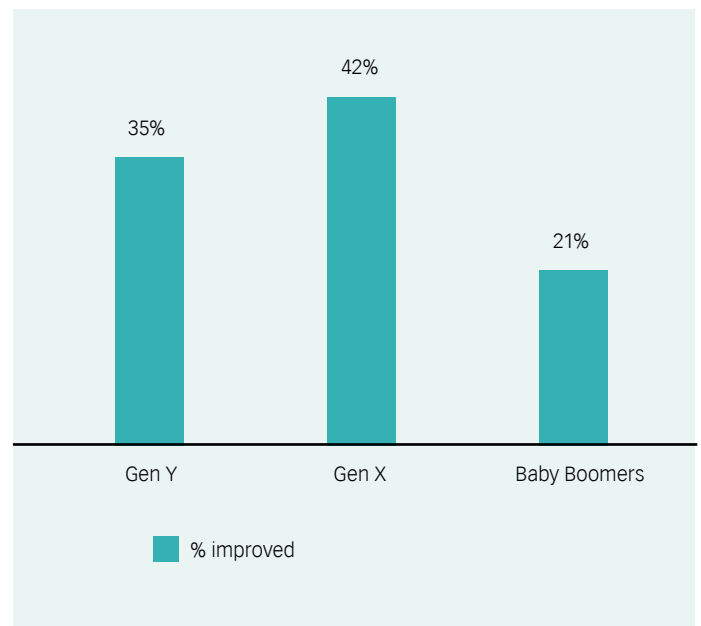


**Figure 10:** Financial Management Ability Before and After Advice for Men of Different Generations

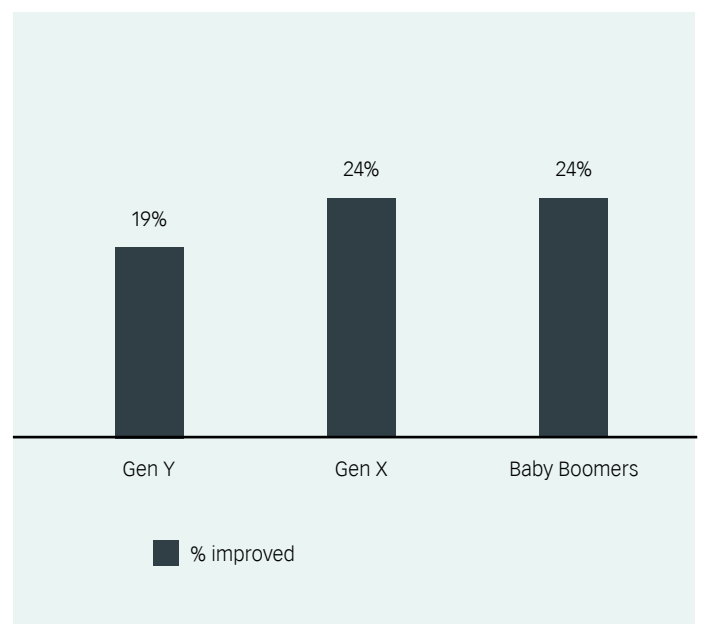


This provides evidence of the substantial benefits of working with a financial adviser for both men and women. It shows that financial education is an integral part of financial advice which results in increased confidence, empowerment and an ability to make better financial decisions.

**Figure 9:** The Percent Improvement in Ratings for Women in an Advice Relationship across Different Generations



**Figure 11:** The Percent Improvement in Ratings for Men in an Advice Relationship across Different Generations



# Money, Well-Being and the Role of Advice

The improvement in financial management ability is greater for Gen Y women than men of the same generation (35% vs. 19%). However, Gen X women appear to benefit most from the advice relationship with a 42% improvement in financial management ability compared to when they first started using a financial adviser (Figure 9). This compares to a 24% improvement on average for Gen X men (Figure 11).

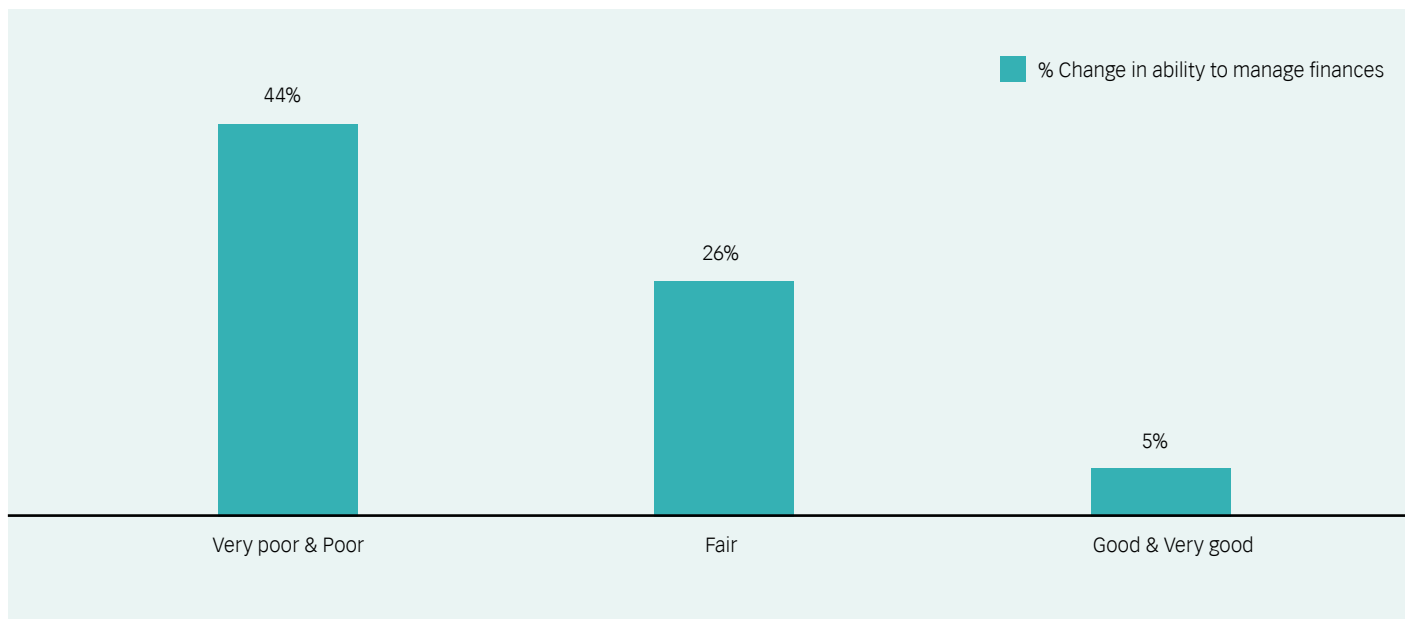
Baby Boomer women appear to benefit the least from financial advice, albeit still significantly, with this group showing a 21% improvement over the time they have been working with a financial adviser (Figure 9). This compares to a 24% improvement among men in the same generation, a comparable improvement to Gen X men (Figure 11).

**Interestingly, individuals that rate their ability to manage finances lowest at the beginning of the advice relationship are the ones that benefit most from financial advice.** Individuals that rated themselves *very poor* or *poor* showed a 44% improvement in financial management ability, those that rated themselves as *fair* at the outset showed a 26% improvement while those that rated themselves as *good* or *very good* showed a 5% improvement (Figure 12).

Of those that rated themselves *good* or *very good* at the beginning of the advice relationship, 61% across the total sample were men, 75% of these were Baby Boomer men, and approximately equal proportions had high school versus university qualifications. These results suggest that **men and older people are more confident with their financial management ability.**

**In addition, it appears that formal education has little impact on one's ability to manage finances confirming that financial advisers are for everyone – not just those that are more educated or better with their money.**

**Figure 12:** Percent Change in Ability to Manage Finances for Those Rating Poor, Fair and Good at the Beginning of the Advice Relationship



## Implications for Financial Advisers

The findings of this study have important implications for financial advisers. How a person thinks about money and their confidence in financial management is vital to their overall health and well-being. It is therefore important for advisers to consider the whole person when providing financial advice and incorporate financial education as part of the advice process.

In addition, advisers can help consumers understand how their financial thinking patterns, attitudes and beliefs impact their well-being and their financial future. By tackling financial thinking styles or mindsets (i.e. personal attitudes and beliefs about money), financial advisers have the power to increase the uptake of advice by potential clients as well as improve their clients' confidence in financial management and overall health and well-being.

# Tailoring Advice to Men and Women

## Introduction

This chapter explores the subtle differences between the needs and expectations of men and women in an advice relationship and provides key insights into how financial advisers can tailor their approach to each gender across different stages of the advice journey. This covers the pre-engagement stage through to actions and behaviours that will help win clients, build confidence and trust, and deliver value.

The advice client sample was collected using the Beddoes Institute's Client Experience Survey conducted across nine (9) high performing financial advice practices, most of which were past winners or finalists of the AFA Female Excellence in Advice Award.

The survey resulted in 399 completed surveys across 60+ client experience metrics resulting in 9,576 individual data points for analysis for this paper. All survey results reported herein are based on self-reported attitudes and behaviour. Refer to Appendix A for more detail.



# Tailoring Advice to Men and Women

## Time to Engagement

Analysis of the 'time to engage a financial adviser' showed that women approach an advice relationship more cautiously than men, highlighting the importance of understanding and delivering on their needs in order to win business. Women take 15% longer than men overall to engage a financial adviser (3.3 months vs. 2.8 months).

Younger people in general engage a financial adviser faster than older adults, suggesting that the negative perceptions about the advice sector are less of a barrier to the uptake of advice amongst the younger generation. Most notably, Gen Y men are the fastest of all taking only 1 month, twice as fast as Gen Y women.

Advice clients were asked: **"Approximately how long was it from the time that you decided to seek out advice to when you signed an authority to proceed to engage your adviser?"** The average number of months for men and women is shown in Figure 13 and for different generations is shown in Figure 14.

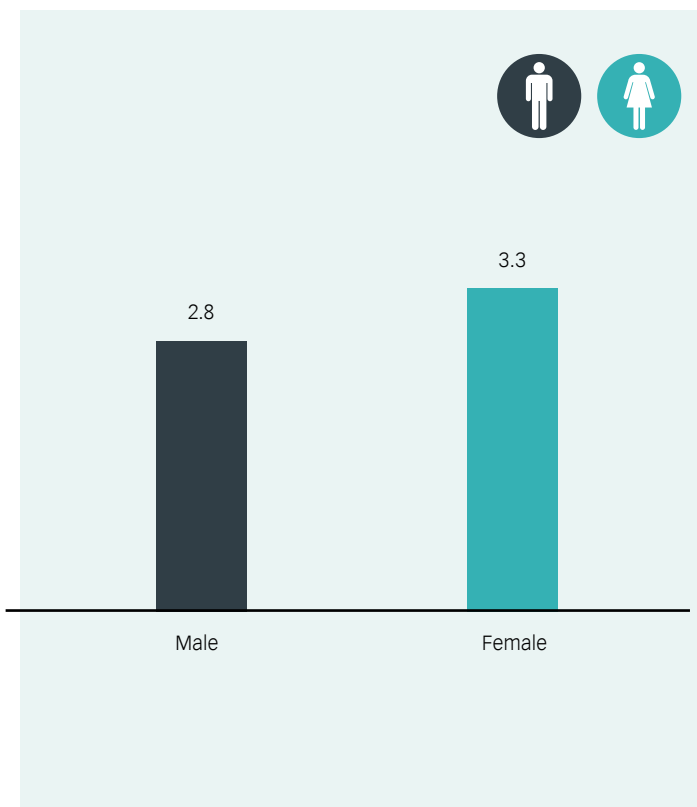
Women overall take 15% longer to engage a financial adviser compared to men (3.3 months vs. 2.8 months):

- Baby Boomer women are 14% slower than Baby Boomer men in engaging a financial adviser (3.2 months vs. 2.8 months);
- Gen X women are 13% slower than Gen X men in engaging a financial adviser (3.7 months vs. 3.2 months); and
- Gen Y women are 46% slower than Gen Y men (2.3 months vs. 1.2 months).

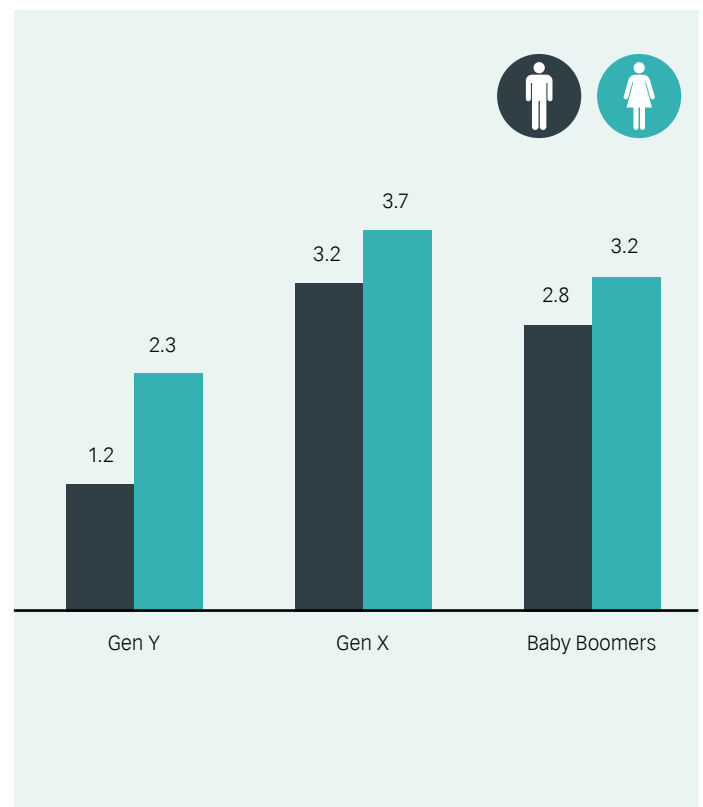
**These findings indicate that women approach an advice relationship more cautiously than men.**

Interestingly, older people are more considered in appointing a financial adviser whereas Gen Y are far more decisive, appointing an adviser much faster. This is especially true for young men who engage an adviser 46% faster than young women (1.2 months on average vs. 2.3 months). **This may suggest that the negative perceptions about the advice sector are less of a barrier to the uptake of advice amongst the younger generation although other factors such as engaging in more risk-taking behaviour may also be at play.**

**Figure 13:** Average Number of Months Taken to Engage a Financial Adviser for Men versus Women



**Figure 14:** Average Number of Months Taken to Engage a Financial Adviser for Women and Men of Different Generations.



# Tailoring Advice to Men and Women

## The Advice Trigger and Services Used

*Retirement planning* is the primary event that leads both men and women to seek out an advice relationship, five to six times more common than anything else. Not only is this the primary advice trigger but it is also the key financial advice service used by clients. While there are no differences in the use of this service by men or women overall, more Gen Y women use their adviser for retirement planning than Gen Y men, indicating a greater propensity to plan for the future among younger women.

There are many other triggers that prompt men and women equally to seek financial advice such as buying or selling a house, receiving an inheritance, aged care planning, or managing a business. Likewise, many services are used commonly by both men and women, such as lending advice, business succession planning and estate planning. However, some of the most common triggers for seeking advice impact men and women differently:

- Starting a family provides more of an impetus to seek out advice for Gen Ys (both women and men);
- Death of a loved one is more of a trigger for Gen X and Baby Boomer women;
- Divorce drives more Gen X men to advice; and
- Redundancy is more of a trigger for Baby Boomer men.

Likewise, some of the most common services used are more likely to be used by one gender than the other:

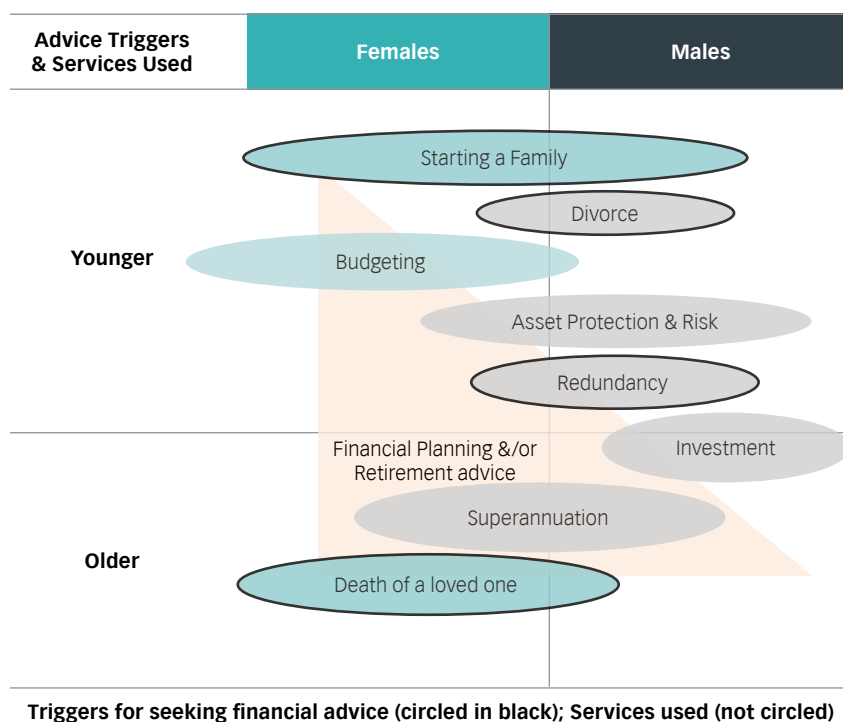
- Men use their financial adviser significantly more for investing than women, especially Baby Boomer men;
- Budgeting is more frequently accessed by Gen Y women;
- Risk management and asset protection services are more widely used by Gen Y men;
- Superannuation services are accessed more by Gen X (men and women) compared to Gen Ys and Baby Boomers.

**Furthermore, separated and divorced women use their adviser more for budgeting than married women suggesting that, in the absence of a partner, money management skills become more important.**

**These results show that both the advice trigger and services used are affected strongly by the life-stage of an individual. Life stage and gender come together to create two very distinct pictures of the drivers to engage an adviser and the services they need when they do engage them.**

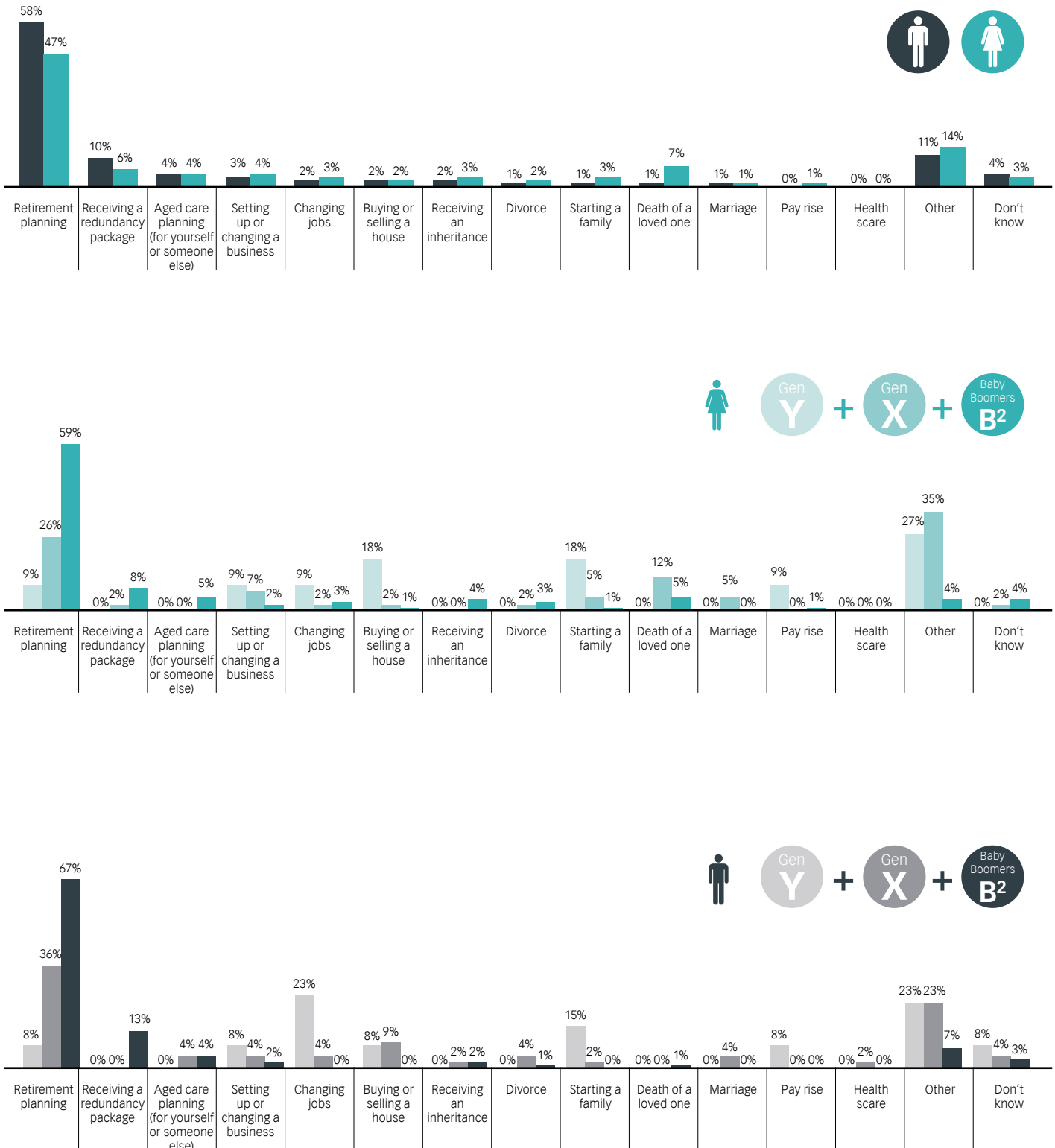
Figure 15 is a summary of some of the most common and characteristic triggers for seeking financial advice and services used by men and women during their lives.

**Figure 15: Advice Triggers and Services Used Summary**



# Tailoring Advice to Men and Women

**Figure 16:** Primary Event that Led to the Engagement of a Financial Adviser for Men versus Women Overall and across Different Generations



# Tailoring Advice to Men and Women

Advice clients were asked: **“What was the main reason you decided to seek out a financial adviser?”** Responses were grouped into themes shown in Figure 16 (‘other’ includes a range of advice triggers mentioned by fewer than 3% of respondents).

It is no surprise that *retirement planning* is the primary event that leads both women and men to seek out an advice relationship, five to six times more common than anything else. However, this is less common among women compared to men (47% vs. 58%).

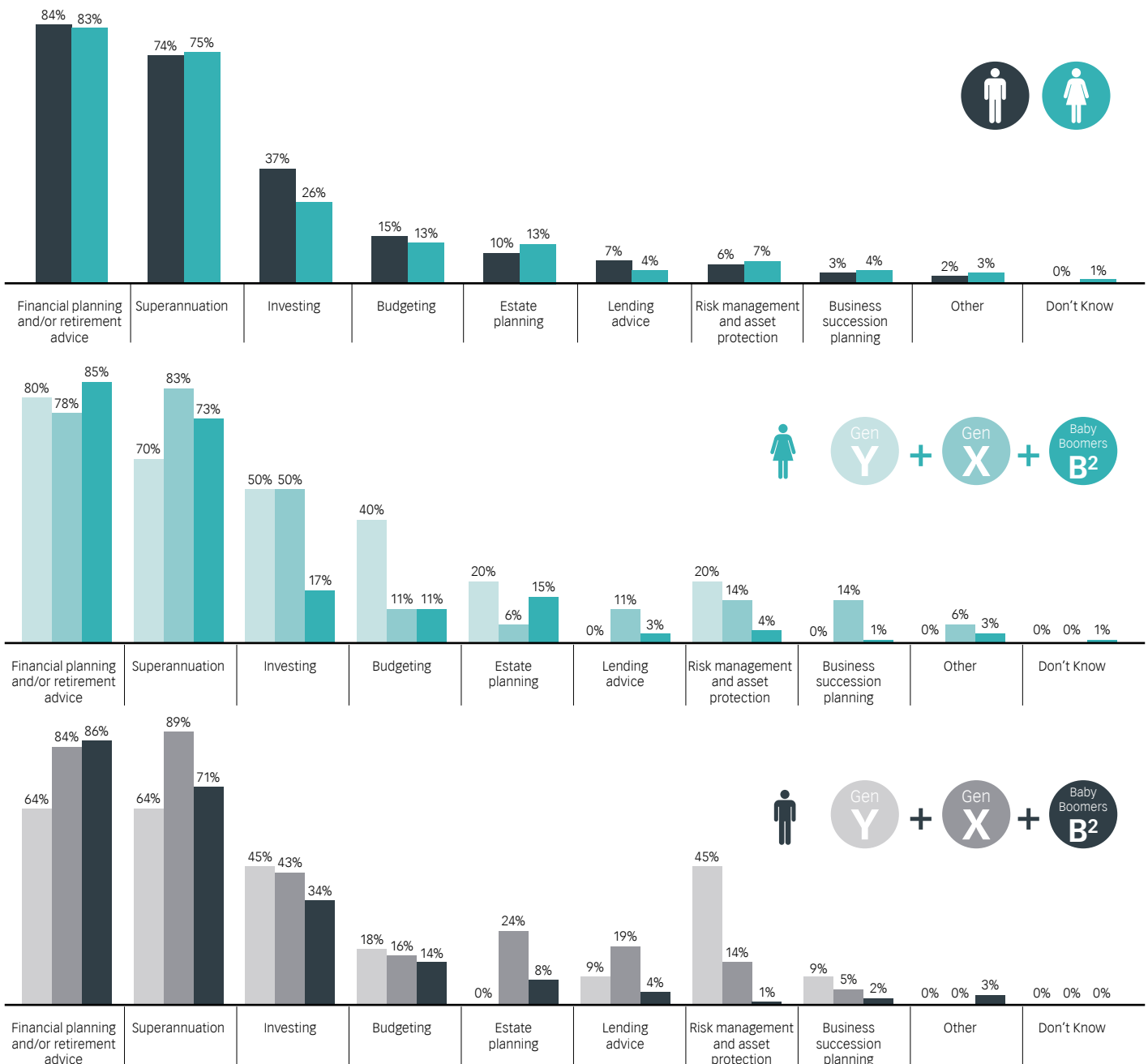
*Receiving a redundancy package* is significantly more of an advice trigger for men than women (10% vs. 6% respectively) while *death of a loved one* is significantly more of a driver for women than men (7% vs. 1%). Both these triggers, however, are far less common than retirement planning.

*Starting a family* is a trigger to seek an advice relationship for Gen Y men and women (15% and 18% respectively) much more so than for older people.

Notably, separate analysis into the advice triggers for single vs. separated/divorced vs. married men and women revealed that *divorce* is more of an advice trigger for separated or divorced men than women (13% vs. 5%).

**The implication is that financial advisers need to better market and demonstrate how they add value for all listed services/advice areas and help Australians to relate the triggers to needing financial advice.**

**Figure 17:** Financial Advice Services Used by Men versus Women Overall and across Different Generations



## Tailoring Advice to Men and Women

Advice clients were asked the question: **“What do you currently use your financial adviser for?”** The services used are presented in Figure 17.

As expected, *financial planning and retirement advice* is the key financial advice service used by clients, with no differences in the use of this service by men or women (84% vs. 83% overall). However, Gen Y women use their adviser for financial and retirement planning significantly more than men in the same generation (80% vs. 64%). **This suggests that, among the younger generation, women are potentially more future-focussed than men.**

*Superannuation* services are accessed more by Gen X men and Gen X women (89% vs. 83%) compared to younger and older clients. Men use their financial adviser significantly more for *investing* than women (37% vs. 26%). In contrast, *budgeting* is particularly important for Gen Y women, much more so than men in the same generation (40% vs. 18%) whereas *risk management and asset protection* services are more widely accessed by Gen Y men (45% vs. 20%).

Interestingly, analysis of services used by married versus divorced women revealed that women who are separated or divorced use their financial adviser less commonly for *financial planning and retirement advice* than married women (70% vs. 84%), instead focusing more on budgeting (20% vs. 10%). Recent research found that women scored lower than men on financial knowledge and numeracy<sup>5</sup>. **In the absence of a partner, it appears that budgeting skills become more important for women and that financial advisers are tailoring their services to meet this important need.**





# Finding an Adviser

**The importance of a trusted referral in appointing a financial adviser is now clearly established and can be understood by thinking about the gravitas of the decision to entrust someone with your financial affairs and future livelihood. Not only is a trusted referral important in getting into the consideration set, but it is also the most important factor for both men and women when it comes to making the final decision to engage an adviser.**

**Notably, having a trusted referral will get an adviser most of the way to winning the commitment of a new client; however, interpersonal skills and delivering tailored financial advice are also important in securing commitment. These skills may well be the differentiator if two advisers are competing for the same client.**

There are some subtle differences in the importance of a trusted referral for men and women. Women place greater emphasis on a trusted referral when initially sourcing a financial adviser suggesting that they approach the advice relationship more cautiously than men. While a trusted referral is also vitally important for men, slightly more Gen Y and Gen X men leverage an existing connection or relationship, undertake research and attend seminars to initially find an adviser, quite possibly in the absence of a trusted referral.

This highlights the importance of the AFA's Your Best Interests (YBI) initiative which educates consumers on the triggers that indicate it is time to consider financial advice, and then provides links to finding a professional adviser member of the AFA. Similarly, the Beddoes Institute's Most Trusted Advisers Network (<http://www.mosttrustedadvisers.com/>) has been designed to connect consumers who are actively seeking an advice relationship but may not have a trusted referral with advisers that they can confidently trust based on how they have been rated by a large and representative sample of their clients.

It also highlights the importance of positive word of mouth and advocacy in terms of breaking down negative perceptions of the advice sector and getting more Australians to engage in financial advice which, as we know from this research, leads to better health and well-being outcomes. It also provides empirical evidence that you need good referrals and advocacy to grow a financial advice business.

## The Initial Search

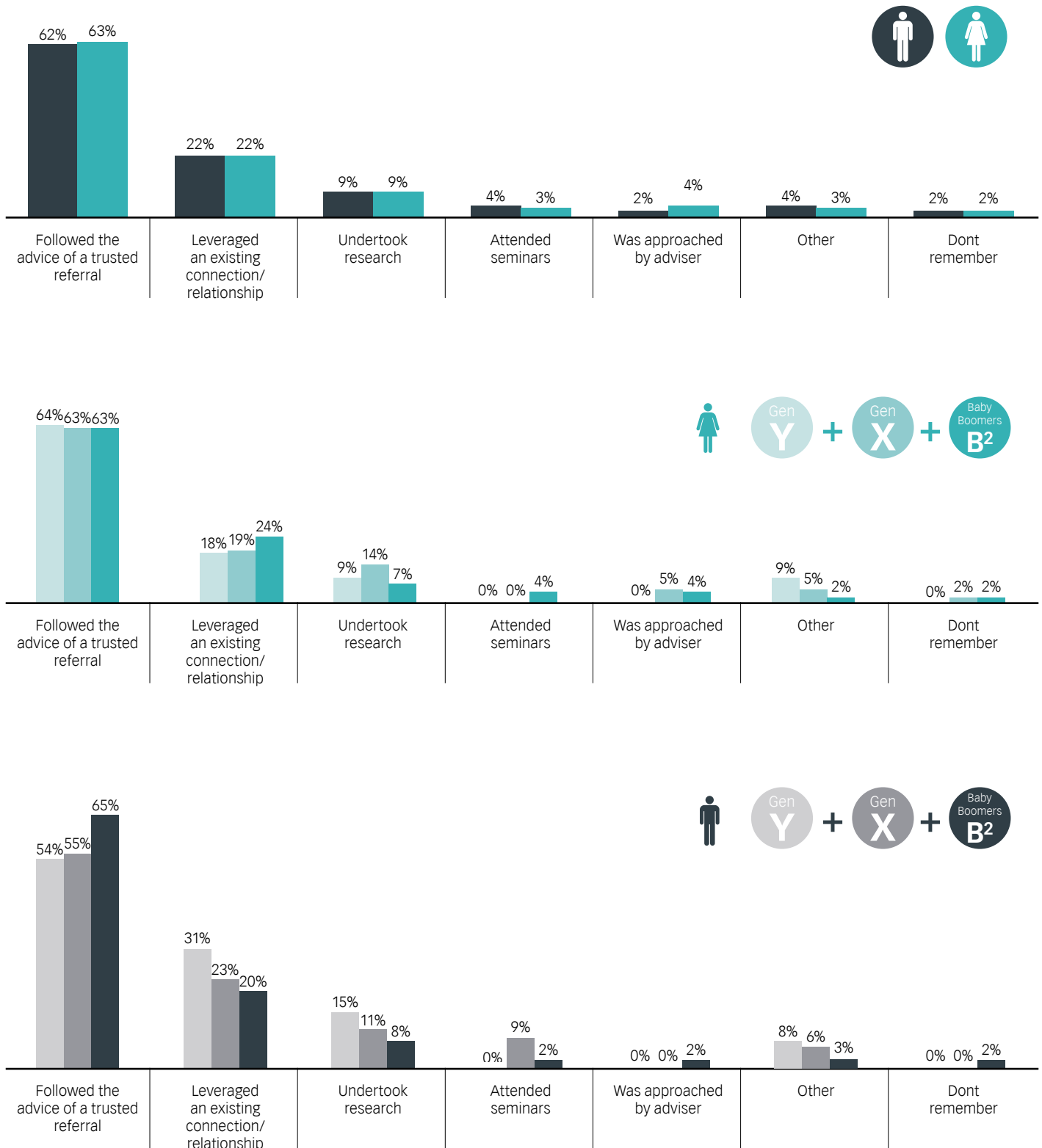
New advice clients in the last two years were asked an open-ended question: **"How did you go about finding your financial adviser?"** Comments were then coded into themes and the percent of advice clients mentioning each theme is presented in Figure 18.

The importance of a trusted referral in the initial search to find a financial adviser is irrefutable. Nearly two thirds of all advice clients reported that they followed the advice of a trusted referral to find their financial adviser (62% of men and 63% of women). Furthermore, this is more important for Gen X and Y women compared to their male counterparts (mentioned by 63% of Gen X women vs. 55% of Gen X men and 64% of Gen Y women compared to 54% of Gen Y men). **This adds further support to the finding that women approach the advice relationship more cautiously than men, placing greater emphasis on a trusted referral when sourcing a financial adviser.**



# Finding an Adviser

Figure 18: Action Taken to Find a Financial Adviser for Men versus Women Overall and across Different Generations



# Finding an Adviser

The importance of a trusted referral is highlighted by the following comments from advice clients in response to being asked how they went about finding their financial adviser:

*"Not having any previous experience with, or knowledge of, financial advisers, I initially approached the practice after a word of mouth recommendation from my partner's neighbours who are also clients. I felt this was at least preferable to 'sticking a pin in the phone book'!"*

*"Prior to retirement I had a friend through sport to whom I lamented the need for a financial adviser I could trust. I had checked some individually and felt uninspired by their presentations. Turned out that my friend had worked with an adviser and recommended her and the firm. After initial meetings I decided the firm was for me and they have looked after me since late 2002."*

*"Searched the internet, but in the end sought referral from family member who worked in the financial media/review field."*

*"Sought recommendations from trusted advisers and undertook own research into the companies offering services."*

*"I went on word of advice from my solicitor."*

*"Listened to and followed the advice of a friend."*

*"Recommendation from parents as they had been linked into this service for many years."*

*"Word of mouth. Also heeded the recommendation of a relative who has used her for many years."*

*"Recommended by very satisfied customer."*

*"Looked online for recommendations and used an App call most trusted advisers."*

Interestingly, approximately one in five advice clients had an existing relationship with their financial adviser prior to starting out with advice (22% for both men and women). Personally knowing the adviser appears to offer security and peace of mind when choosing a financial adviser.

The following comments are from advice clients that had a pre-existing relationship with their financial adviser.

*"He was a friend/neighbour."*

*"Approached the person I knew."*

*"Current financial adviser purchased business from my previous financial adviser/accountant."*

*"I had met her at a networking group."*

*"I personally knew the then principal of the firm who frequently visited my home town of Geraldton."*

Notably, very few advice clients sourced their adviser through other means or channels. These findings suggest that consumers who don't have a trusted referral and/or don't have a financial adviser in their network will be reluctant to engage a financial adviser, irrespective of their appetite for an advice relationship.



# Finding an Adviser

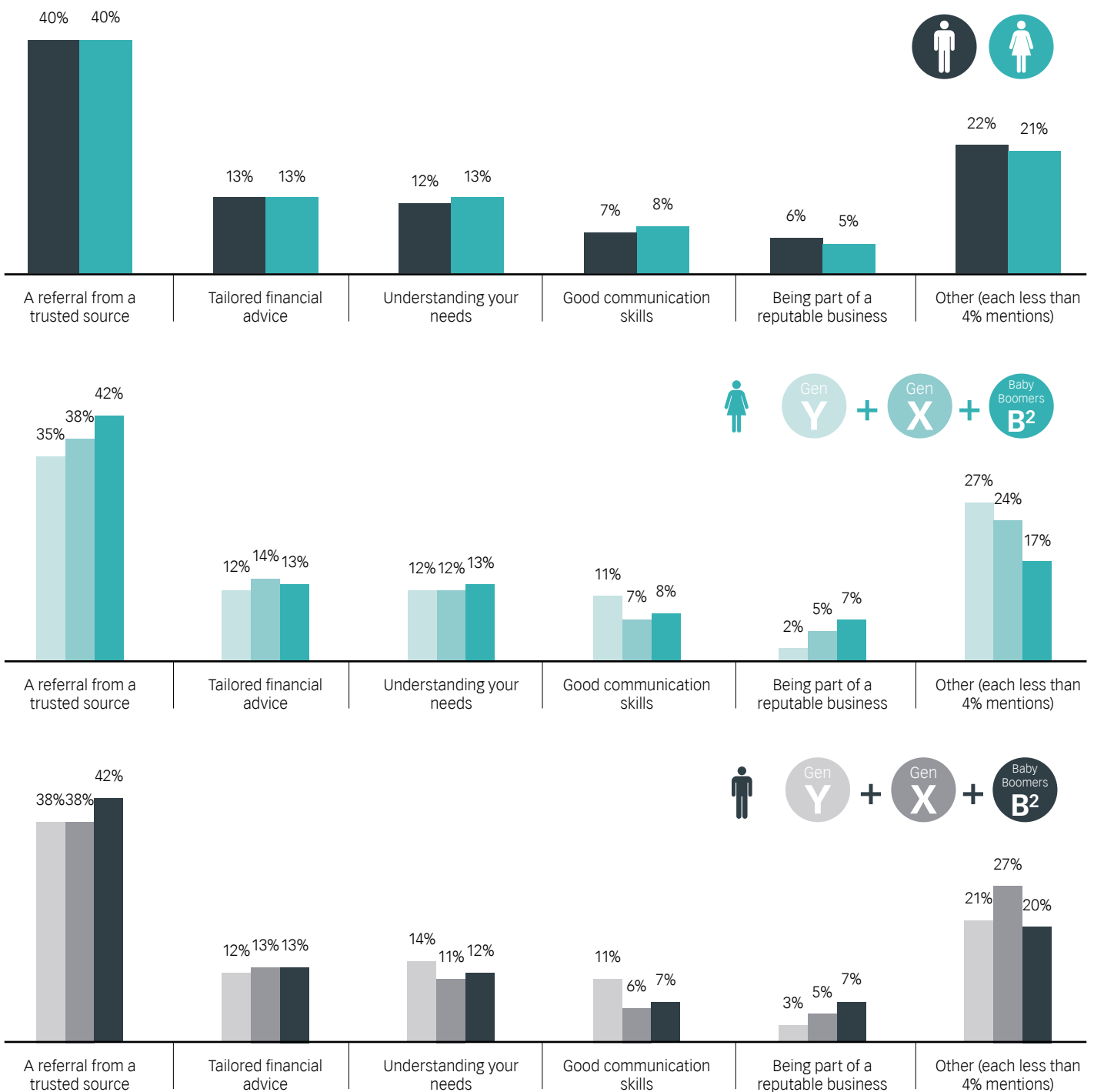
## Choosing an Adviser

Advice clients were asked: **“What was the one thing that most influenced your decision to engage your financial adviser?”** The results are shown in Figure 19.

**Not only is a trusted referral important in getting into the consideration set but it is also the most important factor for consumers when it comes to making the final decision to engage a financial adviser** (mentioned by 40% of men and women).

This is true for men and women of all ages. However, there are also other things that are important for consumers when choosing who to engage as their financial adviser including interpersonal skills such as *understanding needs* (mentioned by 12% of men and 13% of women) and *good communication* (mentioned by 7% of men and 8% of women), and knowing that they will receive *tailored financial advice* (mentioned by 13% of men and women).

**Figure 19: Main Driver of Adviser Selection for Males versus Females Overall and across Different Generations**



# Finding an Adviser

**A trusted referral is so important for consumers seeking out an advice relationship because of the high stakes involved and the gravitas of the decision to entrust someone with your financial affairs and future livelihood.**

This is captured in the following comments from advice clients given in response to being asked why a trusted referral was so important in their decision to engage their financial adviser.

*"Because it was a HUGE decision to seek financial advice at that time and I needed to be able to trust that financial adviser."*

*"Because I know close to nothing about insurance and investment."*

*"This was extremely important as there are so many so called financial planners who set up businesses then suddenly they are dissolved or stop continuing to provide safe and trusted information."*

*"Trust is everything when considering something new."*

*"Because investing a substantial amount of money requires someone you trust and feel confident with."*

*"As a real estate agent I understand the power of referral and that talk is cheap, having someone recommended is worth its weight in gold."*

*"All the other things I can find out for myself, but if they are trusted and/or used by someone I know and trust then I will at least give them a chance."*

*"As it was my mother's welfare at stake I wanted to make sure that I had the right person advising me to help my situation."*

The key message from this is that having a trusted referral will get an adviser most of the way to winning a new client's commitment; however, interpersonal skills and delivering tailored financial advice are also important in securing new clients. These skills may well be the differentiator if two advisers are competing for the same client.



# Winning Business and Building Trust and Confidence

While advisers are expected to deliver professional and effective financial advice to all clients, men and women appear to value different qualities and attributes in their adviser and different elements of the service offer at different stages in their journey.

The quality of the interpersonal relationship, as measured by listening and understanding needs, trustworthiness and communication, is the key determinant of whether women will choose to work with an adviser. Men on the other hand are more focused on an adviser's credentials and professionalism when deciding whether to commit as a client.

Thereafter the journey to becoming a satisfied and loyal client is different for men and women. What is valued more by men in the prospect stage is valued more by women once a client and vice versa. Specifically, presenting as a professional and demonstrating knowledge and experience once the advice relationship has commenced are key to building trust and confidence among female advice clients, as is reliability. Conversely, listening and understanding needs are key to building trust and confidence among men. Communication is key to building trust and confidence for both men and women.






**Figure 20: Drivers of Winning Business versus Building Trust and Confidence for Men and Women - Summary**

	Women	Men
<b>Step 1: Securing commitment from new clients</b>	<b>Relationship</b> e.g. listening and understanding needs, good communication, trustworthiness	<b>Credentials &amp; Professionalism</b> e.g. presenting as a professional, demonstrating knowledge and experience
<b>Step 2: Building Trust &amp; Confidence</b>	<b>Credentials &amp; Professionalism</b> e.g. presenting as a professional, demonstrating knowledge and experience, reliability, good communication	<b>Relationship</b> e.g. listening and understanding needs, good communication

## Winning Business

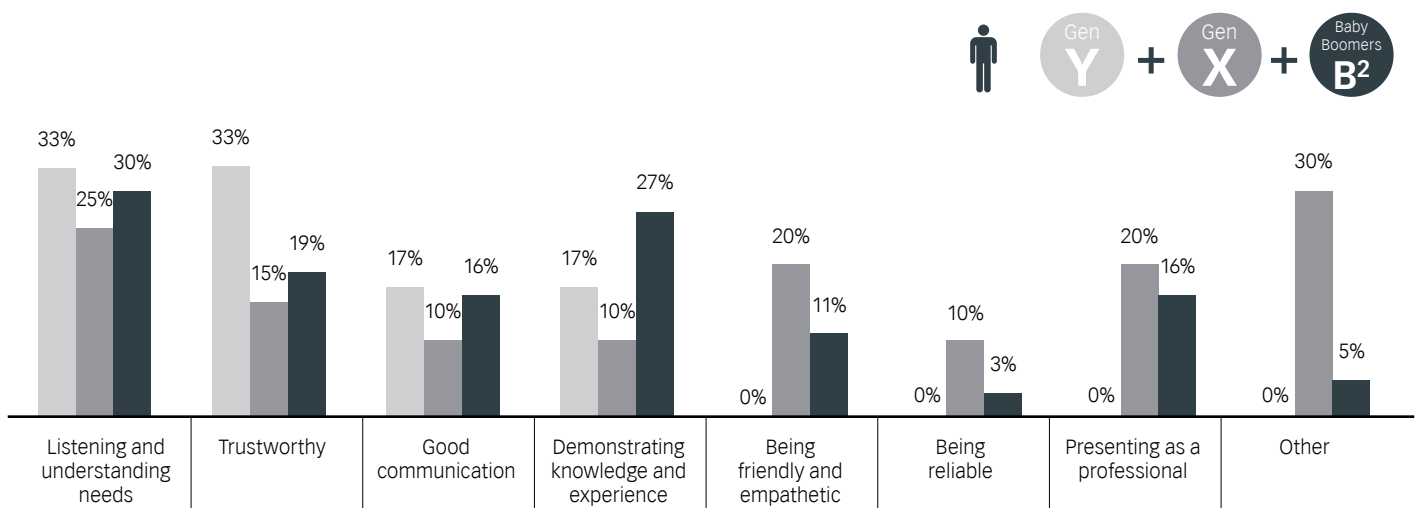
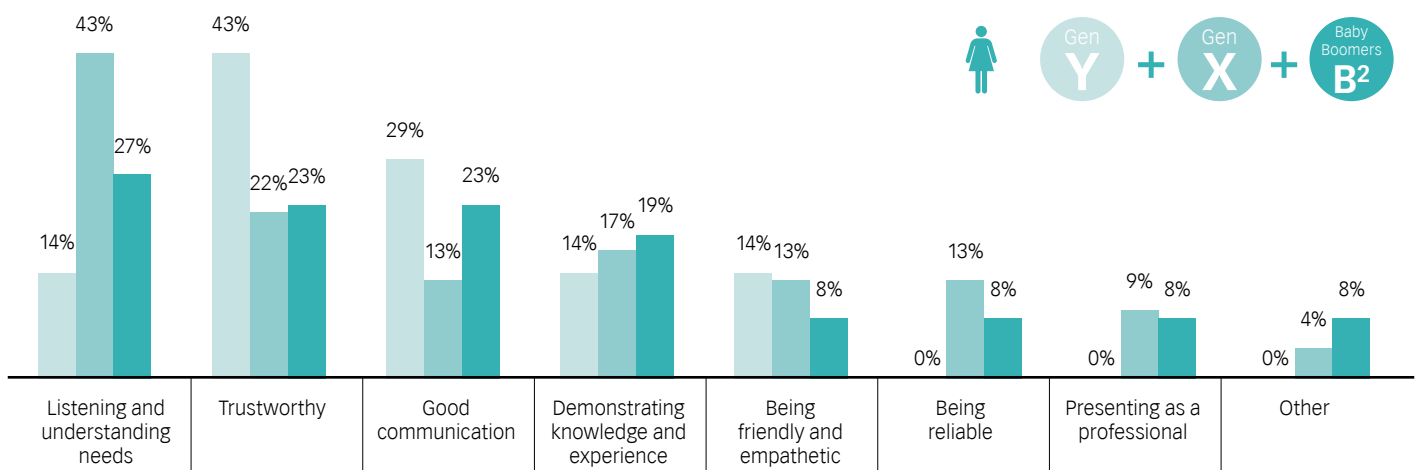
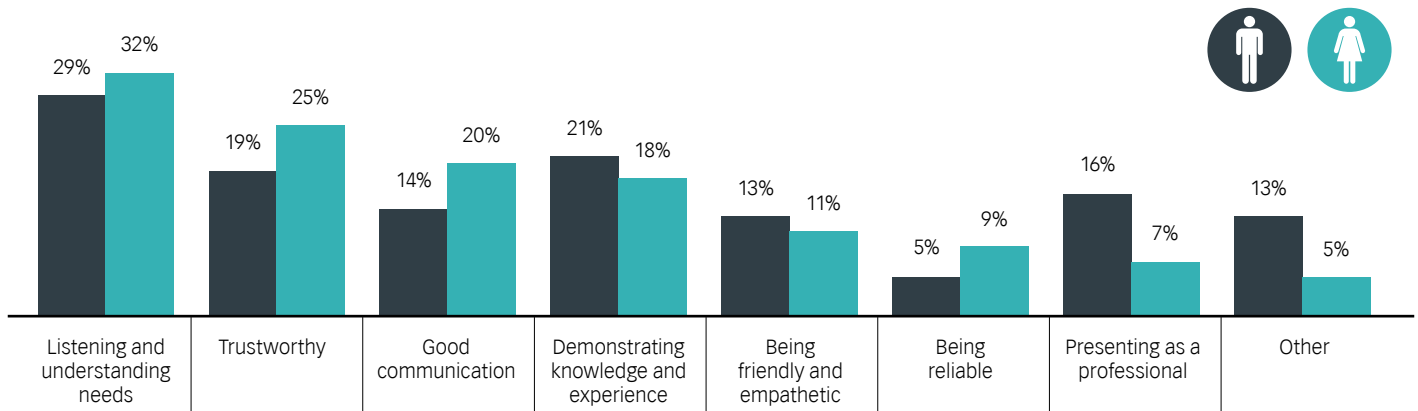
Advice clients were asked to think back to when they first met their financial adviser. They were asked to describe the most important thing that this adviser did or could have done to win their business. Figure 21 is a summary of the most important attributes for men versus women and for different generations when it comes to winning their business. Figure 22 shows the detailed breakdown of all key actions and behaviours that win business for men versus women overall and across different generations.

**Figure 21: Drivers of Winning Business by Gender and Generation - Summary**

	STEP 1: WINNING BUSINESS	Importance by Gender	Importance by Generation
<b>Emotional Quotient (EQ)</b> <b>Relationship</b>	<b>Listening &amp; Understanding Needs</b>	 <b>Women</b>	Gen X
	<b>Trustworthiness</b>	 <b>Women</b>	Gen Y
	<b>Good Communication</b>	 <b>Women</b>	Gen Y
<b>Intelligence Quotient (IQ)</b> <b>Credentials &amp; Professionalism</b>	<b>Demonstrating Knowledge &amp; Experience</b>	 <b>Men</b>	Baby Boomers
	<b>Presenting as a Professional</b>	 <b>Men</b>	Gen X & Baby Boomers
	<b>Reliability</b>	 <b>Women</b>	Gen X

# Winning Business and Building Trust and Confidence

Figure 22: Key Actions and Behaviours that Win Business for Men versus Women Overall and across Different Generations



# Winning Business and Building Trust and Confidence

*Listening and understanding needs* was a slightly more important factor in winning business for women than men (mentioned by 32% of women and 29% of men). This is particularly important for Gen X women (43% mentions) compared to Baby Boomer women (27% mentions) and Gen Y women (14%) and compared to Gen Y men (25% mentions).

The following comments from advice clients illustrate the importance of *listening and understanding needs* in winning new business.

*"Understood my needs as a single divorced female with less than 5 years to set up my retirement planning."*

*"Not patronising. Listened to what I wanted to know and what I thought I needed from my investment."*

*"Showed an understanding of my needs both current and future."*

*"Listened to my needs, understood what I wanted to achieve and provided me with a number of advice options."*

*"Listened to us and then started to talk through the tailored options available."*

Being *trustworthy* and *good communication* are also more important to women than men (25% vs. 19% and 20% vs. 14% respectively). In contrast, demonstrating *knowledge* and *experience* and presenting as a *professional* are more important to than men (21% vs. 18% and 16% vs. 7% respectively).

The following comments from advice clients illustrate the importance of being *trustworthy* and having *good communication* skills to winning the commitment of new clients.

*"I could understand what they were saying."*

*"Used language we could understand."*

*"Made me feel welcome and had a chat over a cup of tea."*

*"Her work ethic, follow-up and client service was outstanding. She delivered what she promised."*

*"Was very professional, understanding and empathetic."*

*"Being open and honest."*

## Building Trust and Confidence

Advice clients were asked to think back to when they first met their financial adviser and to describe the most important thing that this adviser did or could have done to build trust and give them confidence during the early stages of the advice relationship. Figure 23 is a summary of the most important attributes for men versus women and for different generations when it comes to building trust and confidence. Figure 24 shows the detailed breakdown of all key actions and behaviours that build trust and confidence for men and women overall and across different generations. The 'other' category in Figure 24 includes a wide range of themes which have been grouped together, each mentioned by 3% or fewer advice clients. The results show some subtle differences between what is important to men and women in winning their business versus what is required to build their confidence and trust as new clients.

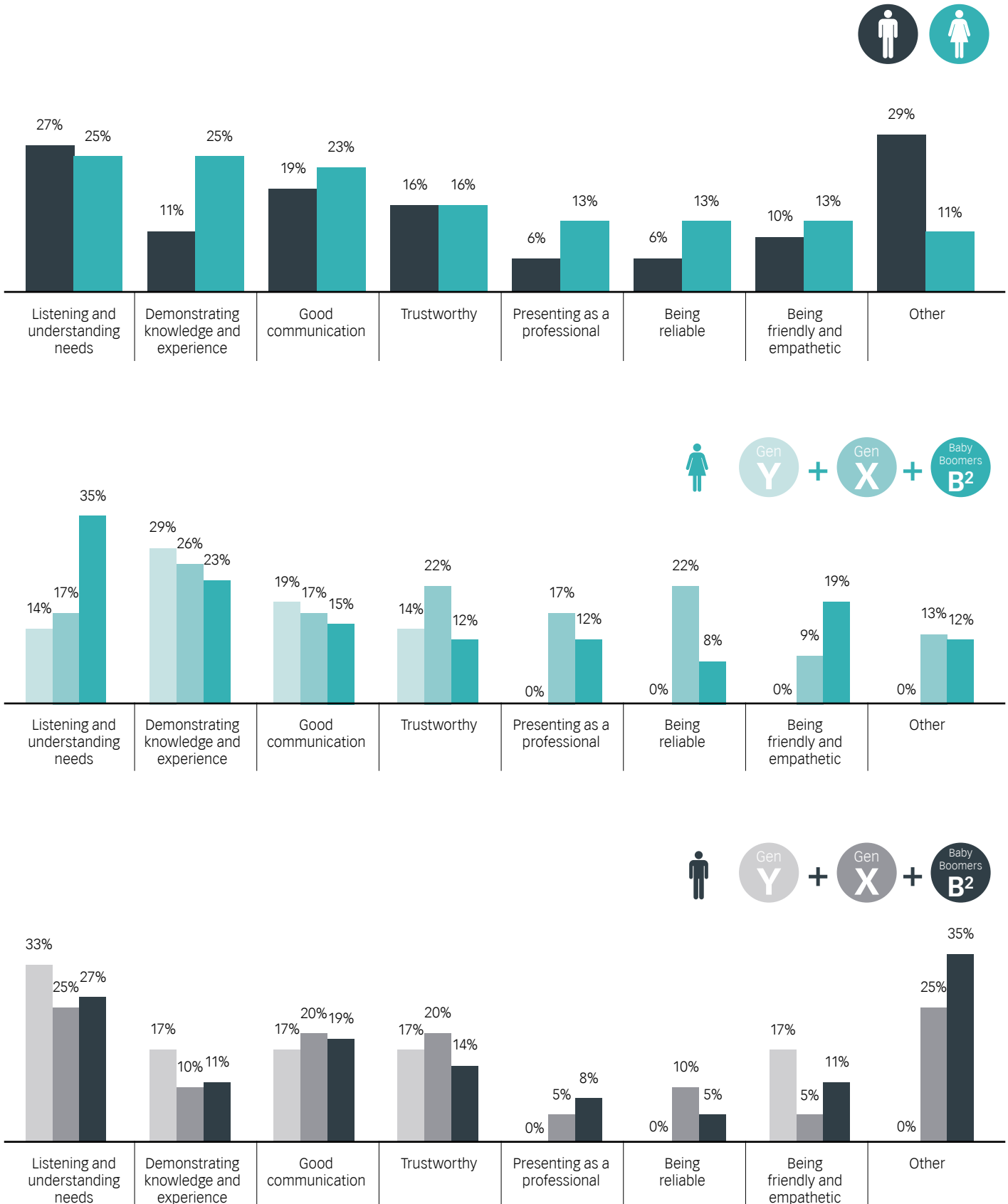
**Figure 23: Drivers of Building Trust and Confidence by Gender and Generation Summary**

	STEP 2: BUILDING TRUST & CONFIDENCE	Importance by Gender	Importance by Age
Emotional Quotient (EQ) Relationship	Listening & Understanding Needs	Men	All Ages
		Women	Baby Boomers
	Trustworthiness	Both Genders	All Ages
	Good Communication	Women	Baby Boomers
Intelligence Quotient (IQ) Credentials & Professionalism	Demonstrating Knowledge & Experience	Both Genders	Gen X more than Gen Y and Baby Boomers
	Presenting as a Professional	Women	Gen X
	Reliability	Women	All Ages



# Winning Business and Building Trust and Confidence

**Figure 24:** Key Drivers of Building Trust and Confidence in the Early Stages of the Advice Relationship for Men versus Women Overall and across Different Generations



# Winning Business and Building Trust and Confidence

Consistent with what is important to winning business (Figure 22), *listening* and *understanding needs* is also most important in building trust and confidence in the early stages of the advice relationship (Figure 24). That said, this is less important for women in terms of building trust and confidence (25% mentions vs. 32% mentions for winning your business) while it remains relatively unchanged for men (27% vs. 29% respectively). Notably, this is far more important to Baby Boomer women (35% mentions) compared to their younger counterparts (17% for Gen X women and 14% for Gen Y women).

*Demonstrating knowledge and experience* becomes significantly less important for men in the early stages of the advice relationship (11% mentions vs. 21% mentions for winning your business) while this is more important to women at this stage (25% vs. 18% respectively).

*Good communication* becomes slightly more important for men (19% vs. 14%) and women (23% vs. 20%).

Being *trustworthy* becomes less important for both men (16% vs. 19%) and women (16% vs. 25%). That said, being *trustworthy* is far more important in building trust and confidence for Gen X women (22% mentions) compared to Gen Y women (14% mentions) and Baby Boomer women (12%).

*Presenting as a professional* becomes less important for men (6% vs. 16%) but more important for women (13% vs. 7%).

Being *reliable* becomes more important for women (13% vs. 9%) and remains unchanged for men (6% vs. 5%). That said, being *reliable* is far more important in building trust and confidence for Gen X women (22% mentions) compared to Gen Y women (0% mentions) and Baby Boomer women (8%).

The importance of *being friendly and empathetic* remains relatively the same for men (10% vs. 13%) and women (13% vs. 11%) although this tends to be more important for Gen Y men (17%).

The following comments from female advice clients illustrate how confidence and trust was built through *listening* and

*understanding needs* and *being knowledgeable*, the two most important building blocks of trust in the early stages of the advice relationship.

*"Genuine, clearly knowledgeable with the backing of a reputable firm."*

*"Having had her own experience in having to place a loved one into care."*

*"She appeared to be very knowledgeable and patient, put me at ease with the decisions."*

*"Showed his expertise and experience."*

*"Listened, non-judgemental, worked with our goals, got excited with us."*

*"Listened to what I had to say before attempting to give me any advice."*

*"Showed that they listened and give advice according to my requirements."*

*"Understanding and confidence in the products she was offering."*

The key take-out for advisers from this is that demonstrating good listening skills is likely to increase client conversion for both men and women and will strengthen engagement with new clients, especially men and Baby Boomer women.

*Demonstrating knowledge and experience* will be more effective in converting men than women into advice clients but will contribute more to building confidence and trust for new female clients than new male clients.

Being *trustworthy* is more important in winning new business while other factors such as active listening, knowledge and expertise, and communication are more important in building trust and confidence for both men and women.



Just like the subtle differences between men and women in relation to what is important to winning business and building trust and confidence, men and women overall and in different generations also want slightly different things from the ongoing advice relationship.

Women overall are more focussed on the emotional benefit of peace of mind about their future, especially Gen X and Baby Boomer women, and knowing that their adviser cares about them. In addition, Baby Boomer women are more focused on asset protection, suggesting a stronger desire for financial security and certainty in the latter stages of life.

In contrast, men are more focussed on setting and achieving goals and wealth creation, especially Gen X men in the middle stages of their life. Both men and women equally value financial education.

Those that are separated/divorced, irrespective of gender, value asset protection most while peace of mind about the future is also particularly important to separated/divorced men. Building wealth is most important to married people, again irrespective of gender. This is also a strong focus for single men.

## Actions and Behaviours that Drive Value

Advice clients were asked the question: **“In your opinion, what is the greatest value you get from using a financial adviser?”** The results are summarised in Figure 25 with a detailed breakdown of what advice clients believe is the greatest value they get from using a financial adviser shown in Figure 26.

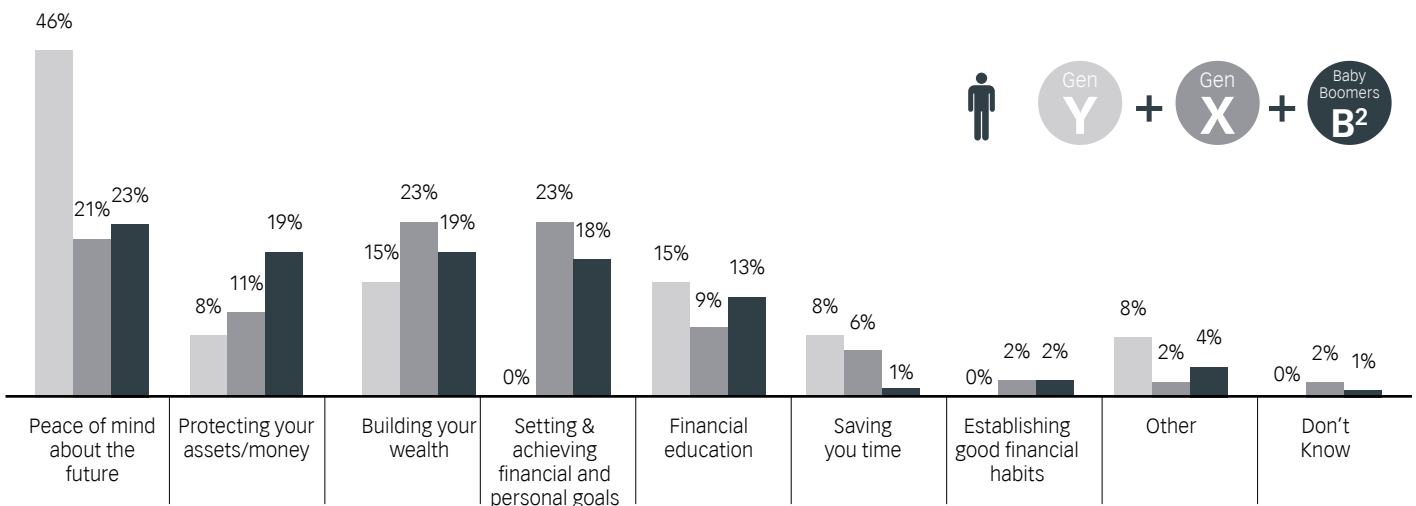
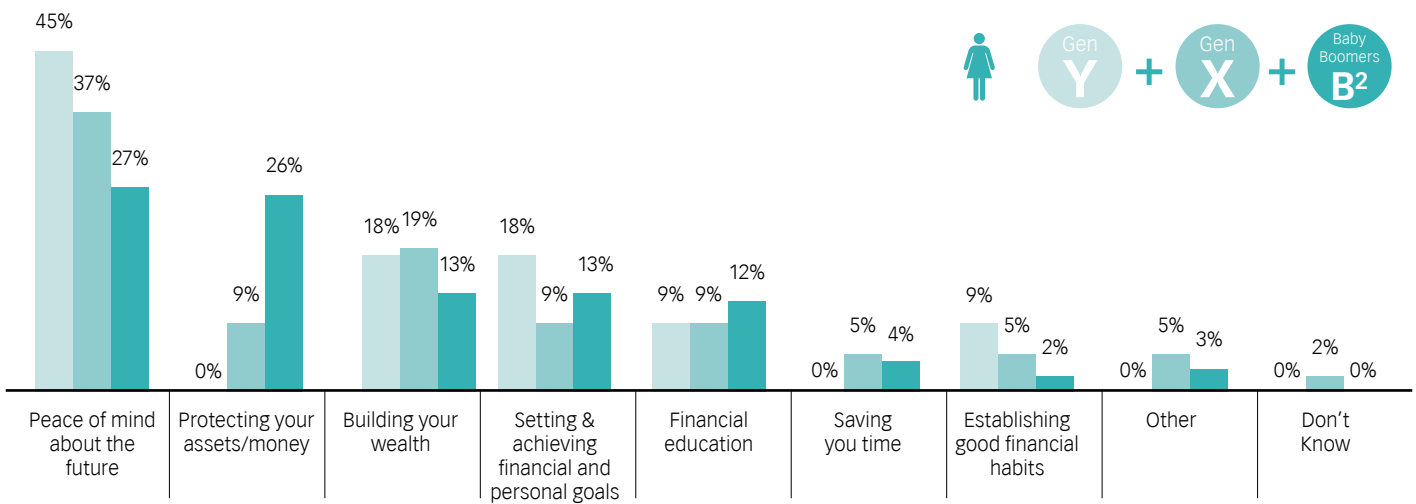
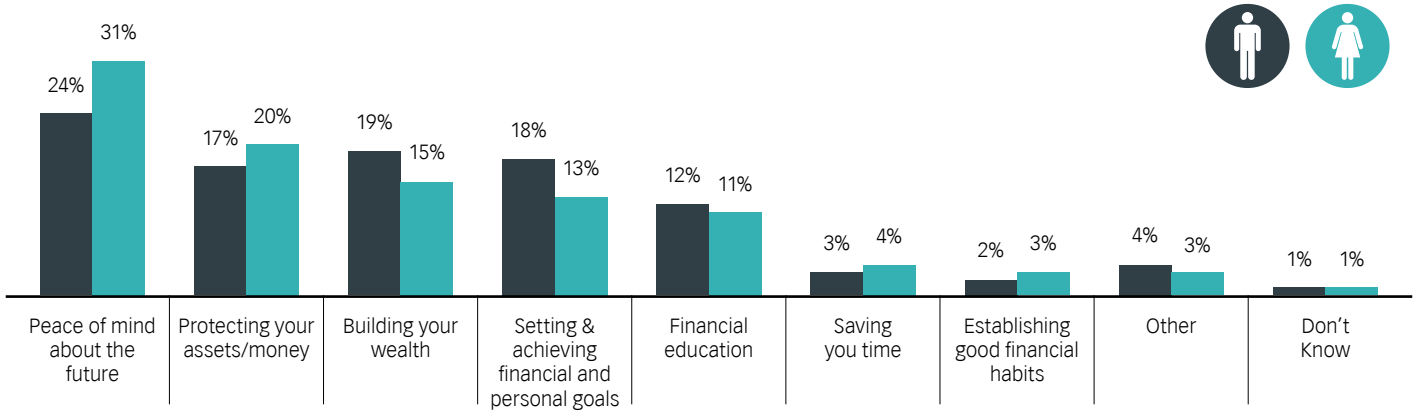
**Figure 25: Adviser Actions and Behaviours that Drive Value - Summary**

	Importance by Gender & Generation	Importance by Relationship Status
<b>Financial Education</b>	Equally Important	Single and separated/divorced women
<b>Peace of Mind</b>	Women, especially Gen Y and Gen X	Separated/divorced men
<b>Caring About You*</b>	Women	<i>Not modelled</i>
<b>Protecting Your Assets</b>	Women, especially Baby Boomers	Separated/divorced men and women Single women
<b>Proactive Communication*</b>	Women	<i>Not modelled</i>
<b>Being Accessible</b>	Women	<i>Not modelled</i>
<b>Setting &amp; Achieving Financial &amp; Personal Goals</b>	Men, especially Gen X Men	Married men
<b>Building Your Wealth</b>	Men, especially Gen X Men	Married men and women Single men
<b>Technical Expertise*</b>	Men	<i>Not modelled</i>
<b>Instilling Trust</b>	Men	<i>Not modelled</i>

\*Significant Drivers of Overall Satisfaction

# Delivering Value

**Figure 26:** The Greatest Value from Using a Financial Adviser for Men versus Women Overall and across Different Generations



# Delivering Value

When advice clients were asked about the greatest value they received from using a financial adviser, women reported valuing *peace of mind* significantly more than men (31% mentions vs. 24%). This is especially true for Gen X women vs. Gen X men and, to a lesser extent, Baby Boomer women vs. men of the same generation (37% vs. 21% and 27% vs. 23% respectively). Furthermore, peace of mind about the future becomes less important for women as a function of age.

The following comments were given by advice clients when asked what the best thing their financial adviser had done to give them **peace of mind** in the last 12 months. These provide insight into the things advisers can do to ensure their clients feel *peace of mind* about their future.

*"She has allayed my fears regarding the financial markets."*

*"Sorting out my insurance and super so I am right for the future."*

*"Keeping me level headed and pointing my family in the right direction regarding my mother's finances."*

*"Kept me informed about our investments."*

*"Pre-sign up advice, execution of plans and follow up with any developments."*

*"Advised me on the best options for investment and kept me updated with personal calls, emails etc."*

*"Having regular face to face appointments to discuss my financial situation."*

*"Kept me informed without hassle."*

*"Keeping me fully informed; providing updates and general information."*

**Protecting assets** is the next most valued aspect of an advice relationship for women, who value this slightly more than men (20% vs. 17%). Interestingly, *protecting assets* was more valued for Baby Boomer women than as men of the same generation (26% vs. 19%). Some of the things advice clients identified their adviser had done with regard to *protecting their assets* in the last 12 months include:

*"He has helped me to protect my assets after my husband died."*

*"Undertaken formal portfolio reviews."*

*"Protecting and growing our assets is the best thing he has done for us."*

*"Recently rearranging my investments according to my age and circumstances."*

*"Made transition to retirement smooth."*

*"Advising of any new or better products."*

*"Helping manage my share portfolio, helping advise with estate planning."*

In contrast, **building wealth** and **setting and achieving financial and personal goals** are more valued by men (19% and 18% for men respectively vs. 15% and 13% for women). Some of the things advisers had done for their clients in these areas include:

*"Given advice and recommendations relating to the buying and selling of stock."*

*"Changed investment strategy for changed circumstances."*

*"He kept an eye on my investment accounts and recommended changes to my allocation, as government regulations changed."*

*"Managed my funds so that we can enjoy the lifestyle we are accustomed to."*

*"Provided recommendations on how to buy my first home."*

*"Came out on a weekend in the pouring rain to help us look at investment properties."*

*"Consolidated my allocated pensions with sound gains."*

*"Watching our portfolio and knowing when to make changes. Knowing what investments are available."*

*"She has provided me with a plan which gives me confidence I am now in a position to retire comfortably."*

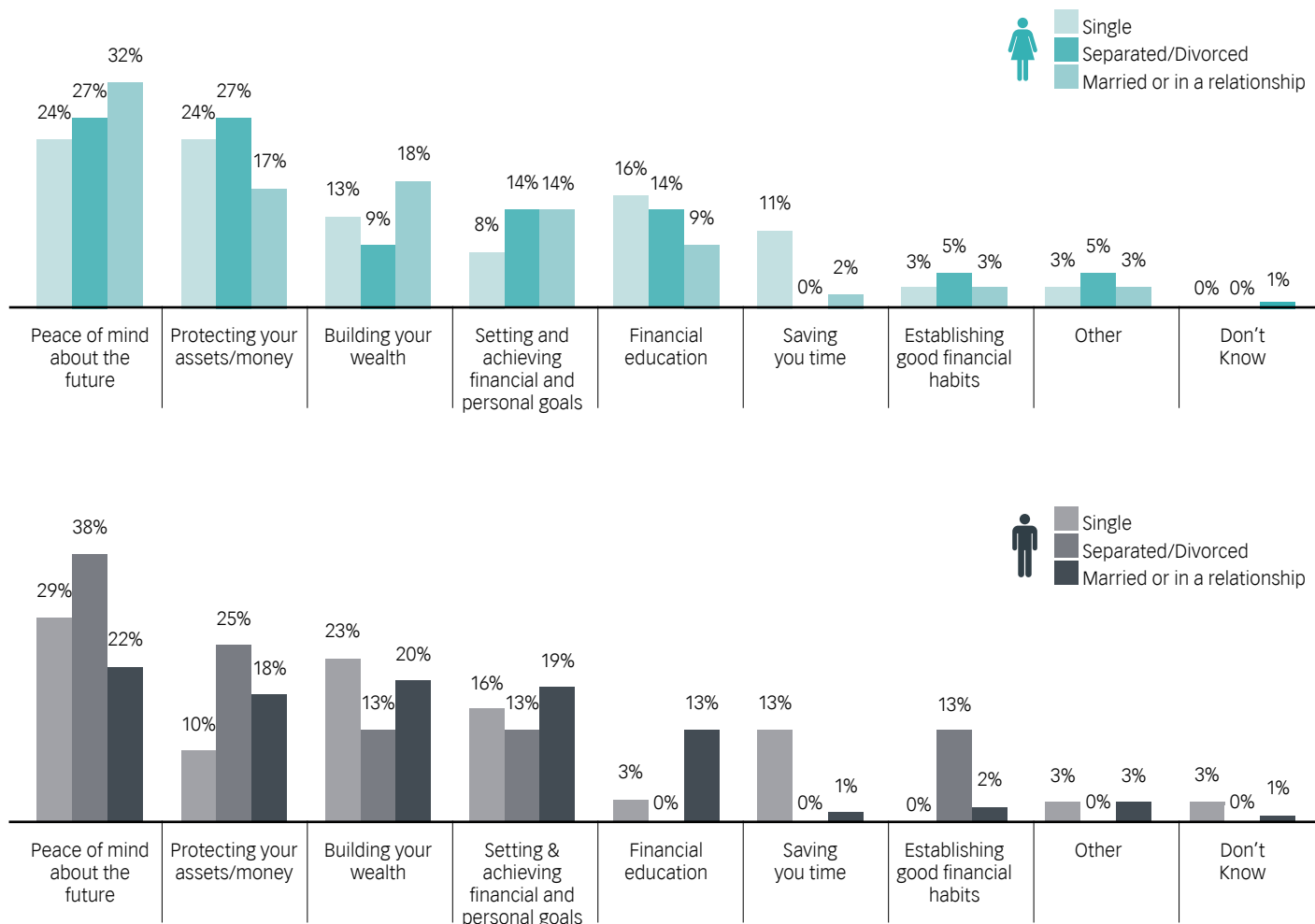
*"Organised my assets & investments to give me both future growth potential and current income."*

**These results indicate that women and men want slightly different things from the advice relationship. Women are more focussed on the emotional benefit of peace of mind. In addition, older women value asset protection, suggesting a stronger desire for financial security and certainty in the latter stages of life. In contrast, it is clear that men are far more focussed on setting and achieving goals and wealth creation, especially Gen X men in the middle stages of their life.**

The greatest value received from the advice relationship was also analysed for people with different relationship status (separated/divorced, single and married) and the results are shown in Figure 27. Results are indicative only for separated/divorced men due to a relatively low sample size (n=16). Despite this, the findings have good face validity and reveal some potential insights for this group.

# Delivering Value

Figure 27: The Greatest Value from Using a Financial Adviser for Females and Males with Different Relationship Status\*



\* Note, results are indicative only for separate/divorced men due to low sample sizes.

*Peace of mind about the future* is a primary driver of value from an advice relationship irrespective of relationship status. While *peace of mind* is important for both men and women, this is especially important for separated or divorced men (38% mentioned vs. 27% for women). *Protecting assets* is also a primary driver of value for separated and divorced women and men (27% and 25%). Single women place more value on *protecting assets* (24%) while single men place more value on *building wealth* (23%). Married women primarily value *peace of mind about their future* (32%) while married men value *setting goals* (19%), *building wealth* (20%) and *protecting assets* (18%) just as much as they value *peace of mind about the future* (22%).

*Building wealth* is more important to single men than women (23% vs. 13%). *Protecting assets* is more important to single women compared to single men (24% vs. 10%) while *setting and achieving financial and personal goals* is less important to single women than men (8% vs. 16%).

Furthermore, *financial education* is far more important to single and separated or divorced women than men (16% mentions for single women and 14% mentions for separated or divorced women vs. 3% and 0% for men respectively), while *establishing good financial habits* is more important to separated or divorced men (13% vs. 5%) reflecting a change in financial discipline when a partner is not there to support.

**These findings suggest that men are generally more interested in financial goal setting and wealth creation, especially single men, while peace of mind is more important to separated and divorced men compared to women. In contrast, asset protection and financial education are more important to single women and those separated and divorced, compared with married women and men in the same relationship groups.**

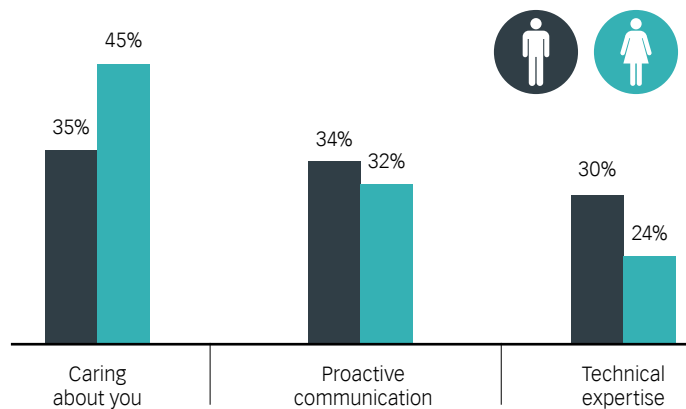
## Key Drivers of Adviser Satisfaction

Advice clients were asked to rate their overall satisfaction with their financial adviser as well as rate their performance on the following qualities and attributes:

- Instilling trust;
- Helping to formulate goals;
- Providing unbiased and independent advice;
- Caring;
- Their own financial success;
- Telling the 'hard truth';
- Articulating their value;
- Technical expertise;
- Proactive communication; and
- Being accessible.

The sample was split by gender and statistical modelling was undertaken to understand which adviser qualities and attributes are most important in driving adviser satisfaction for women versus men. The significant drivers of adviser satisfaction for each gender are shown in Figure 28.

Figure 28: Drivers of Adviser Satisfaction for Women versus Men



**The top three priorities of the adviser-client relationship are the same for men and women: 1) caring, 2) proactive communication and 3) technical expertise.** However, women place more importance on caring (41% relative importance for women vs. 28% for men). Consistent with previous findings, this shows that the emotional and interpersonal aspects of the relationship are more important for women than men, nearly twice as important as technical expertise.



# Conclusion

## Money, Well-being and the Role of Financial Advice

**This paper provides evidence that improving financial literacy, such as commonly occurs through receiving financial advice, has a significant positive impact on health and well-being, especially for women.**

Financial literacy improves the way in which men and women think about money and this impacts each gender differently. Not only are women impacted differently, but the beneficial effect of improved financial literacy is greater for them (Figure 29). Women with strong financial literacy have better emotional health (up 19%) and better overall satisfaction with life (up 16%) compared to women with low financial literacy. In contrast, men with strong financial literacy have better relationships (up 12%), better physical health and lifestyle (up 11%).

This study also found that financial advisers improve their clients' ability to manage their finances. Women are less confident in their ability to manage finances than men. In fact, even women with high financial literacy underestimate their financial management skills. Encouragingly, financial advice has been shown to significantly improve financial management ability for both men and women, but especially women, over the course of the advice relationship providing evidence of the benefits and value of advice. Following working with a financial adviser, women's ability to manage their finances improves by 27% and men's improves by 24%.

**Figure 27:** Health and Well-being Benefits of Strong Financial Literacy and Improved Financial Management Ability Resulting from Financial Advice.





## Tailoring Advice to Men and Women

**The present and future of great financial advice lies in understanding and delivering on individual client's preferences which can be indicated by age, life-stage and gender.**

While a trusted referral is of paramount importance to both men and women in finding a financial adviser, women place a greater emphasis on this. Regardless, it is clear that consumers who don't have a trusted referral and don't have a financial adviser in their network will be reluctant to engage a financial adviser, irrespective of their appetite for an advice relationship.

There are many other triggers that prompt men and women equally to seek out financial advice and many advice services that are commonly used by both genders. Not surprisingly, both the advice trigger and services used are affected strongly by the life-stage of an individual. Life-stage and gender come together to create two very distinct pictures of the drivers to engage an adviser and the services they need. For example:

- Starting a family provides more of an impetus to seek out advice for Gen Ys (both women and men);
- Death of a loved one is more of a trigger for Gen X and Baby Boomer women;
- Divorce drives more Gen X men to advice; and
- Redundancy is more of a trigger for Baby Boomer men.
- Likewise, some of the most common services accessed are more likely to be used by one gender than the other:
- Men use their financial adviser significantly more for investing than women, especially Baby Boomer men;
- Budgeting advice is most frequently accessed by Gen Y women;
- Risk management and asset protection services are more widely used by Gen Y men;
- Superannuation services are accessed more by Gen X (men and women) compared to Gen Ys and Baby Boomers.

Furthermore, separated and divorced women use their adviser more for budgeting than married women suggesting that, in the absence of a partner, money management skills become more important. In contrast, separated or divorced men tend to focus more on establishing good money habits reflecting a potential change in financial discipline when a partner is not there to support their financial decision making.

Men and women value different qualities and attributes in their adviser and different elements of service at different stages in the advice journey. The quality of the relationship is the key determinant of whether women will give an adviser their business, whereas men are more focused on an adviser's credentials and professionalism when deciding whether to commit as a client. Thereafter, the journey to becoming a satisfied and loyal client is also different for men and women. What is valued more by men in the prospect stage is valued more by women once a client and vice versa.

Similarly, men and women overall and in different generations also want slightly different things from the advice relationship. Women overall are more focussed on the emotional benefit of peace of mind about their future, especially Gen X and Baby Boomer women, and knowing that their adviser cares about them. In addition, Baby Boomer women are more focused on asset protection, suggesting a stronger desire for financial security and certainty in the latter stages of life. In contrast, men are more focussed on setting and achieving goals and wealth creation, especially Gen X men in the middle stages of their life. Both men and women equally value financial education.

# Implications

**It is now clear that financial advice is important to the overall wealth, and health, of the nation and that men and women have different needs from an advice relationship.**

This study has demonstrated that by receiving financial advice, clients improve their ability to manage their finances which, in turn, leads to better health, happier relationships and an increased sense of well-being, especially for people with low financial literacy and for women. These financial literacy and health benefits are likely to be enhanced for people that receive financial advice in a style that is tailored to their unique gender preferences.

This highlights the important role that financial advisers play in improving the lives of their clients and contributing to the health and well-being of the Australian community. However, with only two out of every ten Australians currently receiving financial advice<sup>2</sup>, Australia has an "Advice Gap". By providing advice to more Australians and filling this gap, financial advisers can make an even more wide-spread contribution to the health and well-being of the Australian community.

Part of the opportunity from this research is for government and the financial advice profession to embrace the differences between men and women and each generation with respect to financial literacy and advice preferences. This research provides the opportunity to better target government spending on financial literacy and also has significant implications for providers of financial advice in terms of how they interact with their clients. The results of this study provide insights into how financial advisers can deliver the most value to clients of each gender and at different life-stages and by doing so, increase client satisfaction, engagement and advocacy, and ultimately drive the uptake of financial advice in Australia.

## References

<sup>1</sup> See Appendix A for more details.

<sup>2</sup> <https://www.afa.asn.au/resources/afa-white-paper-july-2010-back-basics>

<sup>3</sup> Financial Literacy and Economic Outcomes: Evidence and Policy Implications. Mitchell, Lusardi. Wharton School, University of Pennsylvania. January 2015

<sup>4</sup> The Getting Sorted Study, Unpublished manuscript. Beddoes Foundation. 2015.

<sup>5</sup> ANZ Survey of Adult Financial Literacy in Australia, May 2015, The Social Research Centre.

<sup>6</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1301.0~2012~Main%20Features~Household%20income,%20expenditure%20and%20wealth~193>

# Appendix A

## Data Sources

This report is based on the comprehensive industry data contained in the Beddoes Institute's benchmarking database across two (2) different surveys:

1. A Client Experience Survey of advice clients;
2. A Consumer Survey (The Getting Sorted study);

The Client Experience Survey was conducted across nine (9) leading financial advice practices, most of which were the winners and finalists from the AFA's Female Excellence in Advice Award over the last five years.

Beddoes Institute's Client Experience Survey measures the holistic client experience across nine (9) customer touch-points that reflect the various ways in which financial advice practices interact with clients. It is a comprehensive client feedback tool that is aligned with the business structure and processes of financial advice practices while simultaneously tapping into customer needs and experiences. It is an online survey containing a mix of quantitative client ratings and free-text responses about recent experiences working with financial advisers. A 'Customer Touch-Point' model provides the framework for dimensions that are measured in the survey. This model covers all possible sources of influence on a client's perception of a practice.

The survey is conducted online by clients, takes approximately 10-15 minutes to complete and the response rate for each practice is typically about 35% which has resulted in over 399 completed surveys across nine (9) financial advice practices resulting in approximately 9,576 individual data points for analysis in this report. All survey results reported herein are based on self-reported attitudes and behaviour.

When comparing the findings for women and men, it is important to understand that these relate to the male and female groups studied overall and not to any specific individuals. When a gender-specific characteristic is identified, not all members of that gender will share that characteristic (e.g. while women on average may have lower financial literacy scores, some individual women may have stronger financial literacy than some individual men).

The consumer study 'Getting Sorted' was conducted by the Beddoes Institute in March and April 2015 in partnership with Fairfax. Among other things, this research assessed the following:

- Financial literacy from three validated questions that have been used in various countries around the world and for which there are international benchmarks;
- Self-ratings of one's perceived ability to manage finances; and
- The link between one's financial situation and the holistic well-being of the individual (i.e. emotional, psychological, vocational and physical health aspects).

A total of 7,862 consumers completed this survey, three quarters of whom did not have a financial adviser.

## Respondent Profile

This report is based on data from 399 advice clients.

The demographics of the client sample were broadly similar to the profile of Australians described by the Australian Bureau of Statistics<sup>6</sup> with the exception that the age groups 55-64 years and 65-74 years are over represented indicating that advice clients are typically older Australians (pre-retirees and retirees).

The demographics of the client sample contained in this report are as follows:

	Men	Women
<b>Gender</b>	58%	42%
<b>Relationship status</b>		
Single	14%	23%
Separated or divorced	4%	13%
Married/De facto	78%	56%
Not willing to disclose	4%	8%
<b>Age</b>		
Gen Y (under 35 years)	6%	7%
Gen X (35-54 years)	21%	26%
Baby Boomers (55+ years)	73%	67%
<b>Tenure with Adviser</b>		
Less than 3 years	31%	32%
3 or more years	69%	68%
<b>Education</b>		
Secondary school	30%	32%
TAFE course/diploma	29%	27%
Undergraduate university degree	19%	21%
Postgraduate university degree	15%	16%
Other	7%	4%

## Research Design and Analysis Technique

Data was analysed, tabulated and significance tested using Q Research Software.

At the highest level, response data was segmented by gender and generation for trend analysis purposes. Additional segmentation analysis has been undertaken within gender and generation for strong financial literacy, health outcomes, and use or non-use of financial advisory services.

## About the AFA

The Association of Financial Advisers Limited (AFA) has been the authentic voice on the value of financial advice for over 65 years. Today, the AFA is a vibrant, innovative association, where the underlying driver of policy is the belief that great advice transforms lives. To this end the AFA is striving to achieve the vision of Great Advice for More Australians. The AFA's ongoing relevance as a professional association is derived from our success in engaging with the major stakeholders in financial advice including advisers, consumers, licensees, product and service providers, and the regulator and government. Culturally we believe in the value of collaboration to create powerful outcomes and this drives how we achieve influence and work towards our vision. Our objective is to achieve Great Advice for More Australians and we do this through:

- advocating for appropriate policy settings for financial advice
- enforcing a Code of Ethical Conduct
- investing in consumer-based research
- developing professional development pathways for financial advisers
- connecting key stakeholders within the financial advice community
- educating consumers around the importance of financial advice

The Board of the AFA is elected by the Membership and all Directors are required to be practising financial advisers. This ensures that the policy positions taken by the AFA are framed with practical, workable outcomes in mind, but are also aligned to achieving our vision of having the quality of relationships shared between advisers and their clients understood and valued throughout society. This will play a vital role in helping Australians reach their potential through building, managing and protecting wealth.

For more information, visit [www.afa.asn.au](http://www.afa.asn.au)

## About the Beddoes Institute

Since its establishment in 2006, the Beddoes Institute has become a trusted and independent data and benchmarking "powerhouse" that works across all major stakeholder groups in the financial services sector, including licensees, financial advice practices, professional bodies and insurance providers. Benchmark data is used (inter alia) to produce thought leadership publications, industry white papers and custom reports.

Beddoes Institute conducts business performance measurement and benchmarking for financial advice practices and provides independent assessments and metrics that help advisers improve service delivery, profitability and ensure the long-term sustainability of their businesses.

As a result of listening to and measuring the ratings from thousands of advisers' clients, Beddoes Institute is able to provide consumers the "Most Trusted Adviser Register" – including some of Australia's best advisers. The Most Trusted Adviser Network is an exclusive network made up of some of the best financial advisers in Australia. This network profiles advisers that have qualified as a "Most Trusted Adviser" and is a completely independent initiative launched in recognition of the talent that exists within the financial advice community.

What sets us apart? In partnership with our corporate partners, our vision is to see the best advisory practices in Australia adapt, evolve and grow through the power of collective benchmarking, tracking, business simulations, innovation labs, peer-to-peer learning and mobile apps. Dr Rebecca Sheils and Dr Adam Tucker are partners with the Beddoes Institute. They are based in Melbourne.

For more information, visit <http://www.beddoesinstitute.com.au>

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