| MLC SPECIAL REPORT  financial ADVICE: do we use it, do we value it?    NAB Behavioural & Industry Economics – March 2017  [E](http://www.moneymanagement.com.au/videos/practice-management-series-%E2%80%93-ross-barnwell-nab?mkt_tok=eyJpIjoiTURrMVlUazNZemRrTXpVMiIsInQiOiIyTkV5Q0RNdWNXUE9yZ0dIK1YrUzBrdVdDSWVZeDZwM3RTNVluaHg1eXJ0RE9TanZlY2w4Ymdzc2d5VlwvR2dIUFl3MkdcL0NDT3o2OTRWYktNTkRFU3lydmFmQUFKdjF5bmRLTTZIMWt1VFNIUFJwam1idU1CSEdtUXh0U3dMK0JYIn0%3D)mbargoed until 1 a.m., Saturday 8 April 2017 |
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| **Understanding and managing financial matters such as savings, investments, superannuation and taxation can sometimes be very complex and time consuming. Some of us seek financial advice to help make these decisions. Advice can come from a variety of sources including, professional advisers, family or friends, and our own personal research.**  **In this report, we ask over 2,200 Australians if they have received any financial advice in the past few years, where it came from, why they chose to receive it this way and how helpful it was. We focus particularly on attitudes towards financial planners. In short, most of us don’t seek any advice, but those that do value it highly, especially when it comes from a financial planner or accountant.** | |
| **KEY FINDINGS**   * **Most of us have not received any financial advice in the past 1-2 years**. This ranged from around 7 in 10 who received NO advice about their savings, investments or super to 9 in 10 when it came to funding their children’s education. * **For those Australians that did get advice**, it was mainly about savings, investments, super, retirement and tax planning. Advice **came mostly from financial planners, family or friends, financial institutions and accountants** (especially for tax planning)**.** * When we use **financial planners**, it is mostly because we **trust their advice**, have **used them before**, their **advice was free** or because of their **reputation**. More women used them on the basis of recommendations from family or friends, but client specialisation and fee structure were more important for men. * **Importantly, those that received financial advice typically rated it favourably, particularly when it came from a financial planner or accountant. Interestingly when we seek advice from family or friends, their advice was rated less favourably.** * One in two people who used a **financial planner** rated the advice they received **favourably** because it was **tailored to their specific needs**. Around 38% said it was because their financial planner **identified and understood their investing purposes and goals,** and 33% because they **looked at risk and ways to minimise it**. | ***Most of us haven’t received any financial advice in the past 1-2 years…*** |
| ***But when we have, it’s mostly favourable, especially when it comes from an accountant or a financial planner…*** |

FROM wHERE DO WE RECEIVE FINANCIAL ADVICE?

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| ***Most of us did NOT receive any financial advice in the past 1-2 years. But, for those that did, it was mostly in regards to savings, investments, superannuation, retirement and tax planning. This advice came most often from a financial planner, family or friends…*** | Most of us haven’t received any financial advice over the past 1-2 years. This ranged from 72-73% who did not receive any advice about savings, investments and super to 90% for funding their children’s education. Women received less advice than men across all key financial issues.  But for those that have received advice, it was mostly in regards to savings, investments, superannuation, retirement and tax planning.  In terms of savings and investments, around 1 in 10 who received advice got it from a financial institution, a financial planner or from family or friends.  When it came to superannuation, 13% received advice from a financial planner and 6% from family or friends. Financial planners were also the main source of advice for retirement planning according to 11% of those who received advice, followed by family or friends (4%).  Most people who had advice on tax planning said it came from an accountant (12%), followed by a financial planner (6%). |

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| ***Those that used a financial planner did so because they trust their advice, had used them before or because the advice was free…*** | The reason we choose to use financial advice from different sources varies a lot. For example, 40% of those who used family or friends for advice did so because they trust their advice, compared to only 8% who trust social media. Around 1 in 4 who used a financial institution or accountant for advice did so because of their reputation, while just 9% trusted the reputation of other research such as newspapers, the internet etc.  When using financial planners for advice, the main reasons given were because they trust their advice (29% of all those who used one), they have used one before (28%), the advice was free (25%) or because of their reputation (22%).  But there were also some differences in what prompted people to use a financial planner by gender and age. |

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| The key reasons were broadly the same for women and men. Trust was the most important reason for women (30%) and the second most important for men (28%). Around 26% of women and 29% of men used a financial planner before, and 26% of women and 24% of men used a financial planner because the advice was free.  But the reasons for using a financial planner were quite different when it came to recommendations from family or friends (20% of women compared to 15% of men), convenience (17% of women compared to 12% of men), client specialisation (14% of men compared to 9% of women) and for value or fee structure (17% of men compared to just 9% of women). |  |

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| ***By age group, more over 50s used a financial planner because they had used one before or because they trusted their advice and reputation. Most young people used them because of free advice or because of a recommendation…*** | Age also played an important role in the decision to use a financial planner for advice. Around 43% of over 50s who received advice in the past 1-2 years used a financial planner because they had used one before. This compared to just 16% of 30-49 year olds and 7% of 18-29 year olds.  A lot more over 50s also used a financial planner based on trusted advice (37%), compared to 24% of 30-49 year olds and 16% of 18-29 year olds. Reputation was also important for 30% of over 50s, compared to just 13% of 18 to 49 year olds.  It was also apparent that older Australians led the way when it came to using a financial planner because of their ability to get a holistic view of their accounts and financial history (19%), their accreditations (16%) and client specialisation (15%).  In contrast, more 30-49 year olds than any other age group used a financial planner because the advice was free (30%), based on recommendations from family or friends (21%) or for convenience (16%).  More young people used a financial planner because of customer service (14%), the quality of their website (8%), online reviews (9%) and online research (8%). |

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| Most people who received financial rated the advice they received favourably, although this varied considerably depending on where the advice was from.  The most positive reaction was in regards to advice received from an accountant, where 1 in 4 (25%) said the advice they received was “excellent” while a further 35% said it was “very good”.  Advice from a financial planner was rated the next most positive, with 24% indicating that their advice was “excellent” and 37% “very good”. Women were more positive than men, with 55% rating the advice they received from a financial planner “excellent” or “very good”, compared to 47% of men.  There was even bigger disparity by age with around 2 in 3 over 50s (62%) rating their advice from financial planners “excellent” or “very good”, compared to just 41% of 30-49 year olds and 35% of 18-29 year olds.  Interestingly, while we also lean on family or friends for advice, we rate their advice less favourably - just 16% rated it “excellent” and 26% “very good” | ***Australians typically rated the financial finance they received over the past 1-2 years favourably, especially when it came from an accountant or financial planner…*** |

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| ***Financial planners were rated favourably because they gave tailored advice, understood our investment goals, minimised risk and provided value for money…*** | When asked specifically about financial planners, 1 in 2 people overall who used one rated the advice they received favourably because they provided advice tailored to their specific needs.  Around 38% rated their advice favourably because they identified and understood their investing purposes and goals, 33% said it was because they discussed risk and ways to minimise it, 28% said it was good value for fees charged and 26% because of objective advice.  There were however some interesting differences between women and men. Objective advice was more important for women, but more men cited good value for fees, goal driven investments and past performance as important factors influencing their opinion of financial planners. |

# ABOUT THE SURVEY

Over 2,200 respondents participated in this survey, with weights applied to age, location and gender to ensure that the survey reasonably reflects the Australian population.

Contact the authorS

Alan Oster

Group Chief Economist

[Alan.Oster@nab.com.au](mailto:Alan.Oster@nab.com.au)

+613 8634 2927

Dean Pearson

Head of Behavioural & Industry Economics

[Dean.Pearson@nab.com.au](mailto:Dean.Pearson@nab.com.au)

+613 8634 2331

Robert De Iure

Senior Economist - Behavioural & Industry Economics

[Robert.De.Iure@nab.com.au](mailto:Robert.De.Iure@nab.com.au)

+613 8634 4611

Brien McDonald

Senior Economist - Behavioural & Industry Economics

[Brien.McDonald@nab.com.au](mailto:Brien.McDonald@nab.com.au)

+613 8634 3837

Steven Wu

Economist - Behavioural & Industry Economics

Steven.A.Wu@nab.com.au

+613 9208 2929

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| **Group Economics**  Alan Oster  Group Chief Economist  +61 3 8634 2927  Jacqui Brand  Personal Assistant  +61 3 8634 2181 | **Australian Economics  and Commodities**  Riki Polygenis  Head of Australian Economics  +(61 3) 8697 9534  James Glenn  Senior Economist - Australia  +(61 3) 9208 8129  Vyanne Lai  Economist - Australia  +(61 3) 8634 0198  Phin Ziebell  Economist - Australia  +61 (0) 475 940 662  Amy Li  Economist - Australia  +(61 3) 8634 1563 | **Behavioural & Industry Economics**  Dean Pearson  Head of Behavioural & Industry Economics  +(61 3) 8634 2331  Robert De Iure  Senior Economist - Behavioural & Industry Economics  +(61 3) 8634 4611  Brien McDonald  Senior Economist - Behavioural & Industry Economics  +(61 3) 8634 3837  Steven Wu  Economist - Behavioural & Industry Economics  +(613) 9208 2929 | **International Economics**  Tom Taylor  Head of Economics, International  +(61 3) 8634 1883  Tony Kelly  Senior Economist - International  +(61 3) 9208 5049  Gerard Burg  Senior Economist - Asia  +(61 3) 8634 2788  John Sharma  Economist - Sovereign Risk  +(61 3) 8634 4514 |

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