



REPORT 2019:

Public attitudes towards financial planning in Australia

Background

“...by 30 June 2020 all your ongoing fee arrangements will be illegal.”



Our Government has promised to implement all 76 recommendations made by the *2019 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*.

The Financial Services sector is facing an imminent and complete overhaul.

According to Recommendations 2.1 and 2.2, by 30 June 2020 all your ongoing fee arrangements will be illegal.

It will also be against the law for you to provide any financial advice without first explaining in writing why you don't meet the legal definition of independence.

Alarming, many advisers are unaware of what will be required to adapt their current practices, value proposition and procedures.

Change of this magnitude is daunting, but help is at hand...

Executive Summary

Immediately after the 2019 *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, The Profession of Independent Financial Advisers (PIFA) launched an Australia-wide survey.

Dialing 75,000 people aged 40-55, this survey achieved a sample over three times the size of polls used by political media to predict election outcomes.

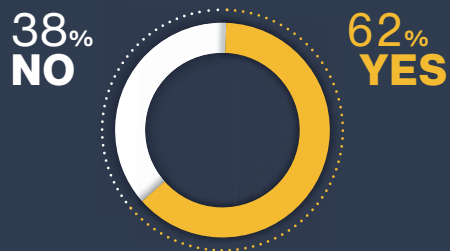
The results are telling...

Survey Synopsis

Almost two-thirds of the market believe there is value in financial advice.

This is great news for financial advisers across the board.

Thinking about your own circumstances, do you think there is benefit from getting financial advice?



Despite regarding financial advice as beneficial, a significant number of Australians are not actively receiving any financial advice.

There is massive opportunity for financial advisory services which is currently unmet in Australia.

Do you currently receive financial advice?



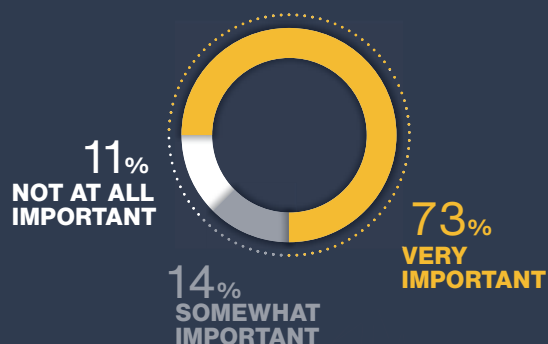
The Australian government is introducing legislation that, by June 2020, will mandate:

“declaration not independent”:
*all advisers must, before they provide any advice, explain in writing the reasons they don’t meet the legal definition of independence.**

** Recommendation 2.2 of the Royal Commission*

Advice from genuinely independent financial advisers is highly favoured – by Australians currently receiving advice as well as those not presently getting advice.

If you were looking for professional financial advice how important is it to you that your financial advisor is genuinely independent?



The vast majority of Australians are more likely to invest in a longer-term relationship with a financial advisor if they are genuinely independent.

Australians understand the benefit of financial advice from genuinely independent professionals.

Would you be more or less likely to invest in a longer-term relationship with a financial advisor if they were genuinely independent?



The government is repealing all current fee arrangements, allowing only “annual, in-advance opt-in”. **No more FDSes (Financial Disclosure Statements)** and two-yearly, in-arrears ‘opt-in’ notices.

By June 2020, all your ongoing fee arrangements will be illegal:

***“annual, in-advance opt-in”:
all advisers must renew ongoing fee arrangements annually, in advance, and specify what services are going to be provided and what the costs will be.****

** Recommendation 2.1 of the Royal Commission*

Australians want advisers who charge a transparent fee as opposed to receiving a commission for selling a product.

If you were to get financial advice would you prefer that advisers continued to receive a commission for selling a product to you or charge a transparent fee for services?



Conclusion

There is huge untapped potential for independent financial advisory opportunities in Australia.

Australians understand and value the benefit of financial advice from genuinely independent professionals which can be paid for via transparent fees.