

Financial advice adds \$150k in retirement: Analysis

BY **JAMIE WILLIAMSON** | TUESDAY, 29 NOV 2022 11:47AM

Research from Aware Super suggests members who access financial advice end up \$150,000 better off in retirement compared to those that don't.

From a sample of over 100,000 members, some of which received comprehensive advice, Aware Super found those that did receive advice had an average of 22% more in their super account, or about \$150,000 extra.

Further, those who received advice were able to withdraw their funds at a 33% higher drawdown amount; recorded nearly 2.5 times greater voluntary contributions; and consolidated twice the average amount of super from other accounts.

Aware Super said the research is the clearest picture year of the value of financial advice.

"We've known through our Voice of Customer research for a long time that advised members report feeling greater confidence about their financial future, feel that they have more retirement options, and generally feel more informed about their finances," Aware Super chief executive Deanne Stewart said.

"This new research has been an invaluable step forward in using data to firstly help establish a baseline for what value our members can realise from taking financial advice, and then looking at how we can maximise access to advice services in a way that helps our members create their best possible retirement outcomes."

She said the fund is also anticipating the demand for financial advice will grow, particularly scaled advice or what it calls "single topic" advice.

"We're expecting to see significant growth in demand for single-topic advice - things like members receiving an inheritance and wanting some tailored personalised advice about what to do with it, but not necessarily being in a position to want or need a more comprehensive conversation about their circumstances at that time," Stewart said.

"We think this is incredibly fertile ground for innovations in digital advice, for example, where we can see a cohort of thousands of potential clients who all have unique circumstances, but some common advice needs that could be really efficiently served through a digital solution."

Stewart said one of the fund's key pieces of feedback to the Quality of Advice Review was around increasing funds' ability to provide financial advice. This was one of the main proposals put forward by QAR chair Michelle Levy earlier this year.

"Our hope is that through research like that which we're now undertaking, we can provide meaningful insights to show the benefits of financial advice in helping members achieve better retirement outcomes. From a fund perspective, those insights can also inform the design of affordable and accessible advice, help and guidance solutions to help more Australians," she said.