Article No. 7605
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ROY MORGAN

FOR IMMEDIATE RELEASE

Friday, 25 May 2018

Who uses financial advice professionals?

New research from Roy Morgan shows that Pre-Boomers with superannuation, managed funds and any kind of wealth management product, almost half (46.5%) the people born before 1946 had purchased them from a professional advisor, well above the level of all other generations. These professional advisors include all types of financial planners/advisors and accountants.

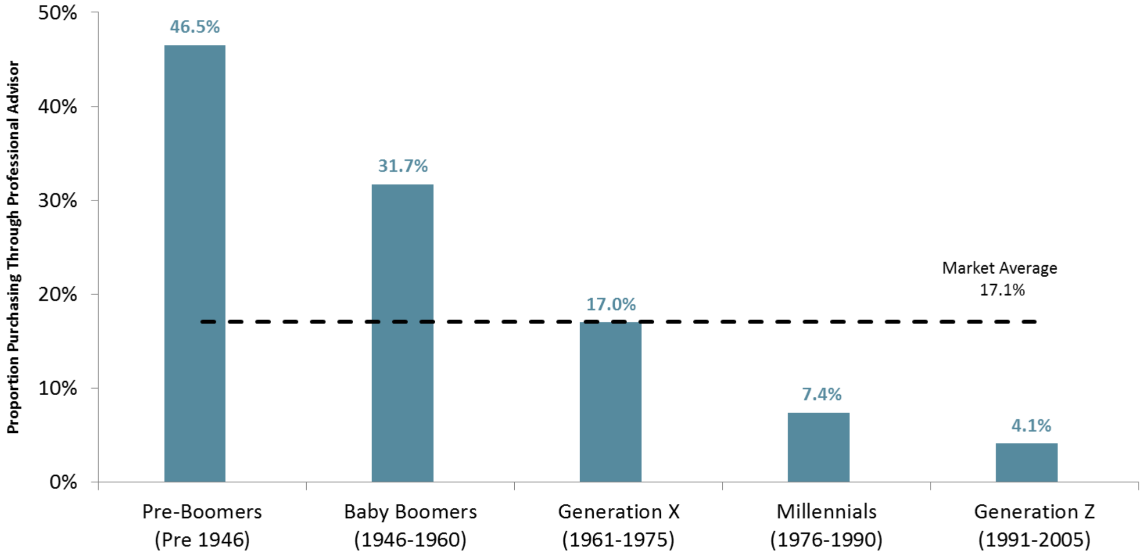
The research showed that the client base of these professional advisors is predominately people over 40.

These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including over 34,000 with superannuation or managed funds.

Younger generations make very little use of professional advisors

Only 7.4% of Millennials who have any type of wealth management product obtained it from a financial professional but were much more reliant on their employer (89.1%). Generation Z shows a similar picture, with only 4.1% purchasing from a professional, compared to 91.7% from their employer.

Wealth Management Customers[1] Purchasing from Professional Advisors[2] by Generations



Source: Roy Morgan Single Source (Australia) 12 months ended March 2018, n = 50,014
Base: Australians 14+ with superannuation and/or managed fund, n = 34,375. 1. Includes superannuation and managed funds. 2. Includes; financial planner/advisor who works for a financial institution; independent financial planner/advisor; accountant.

Although these older investors have the greatest propensity to use professional advisors, they represent a fairly small proportion of their client base of the professional advice market (less than 4 %).

Nearly one in three Baby Boomers (31.7%) with a wealth management product, purchased it from a professional but they still relied much more on their employer with 68.4% doing so. Generation X also relied more on their employer when purchasing one of these products with 83.8%, compared to only 17.0% for professionals.

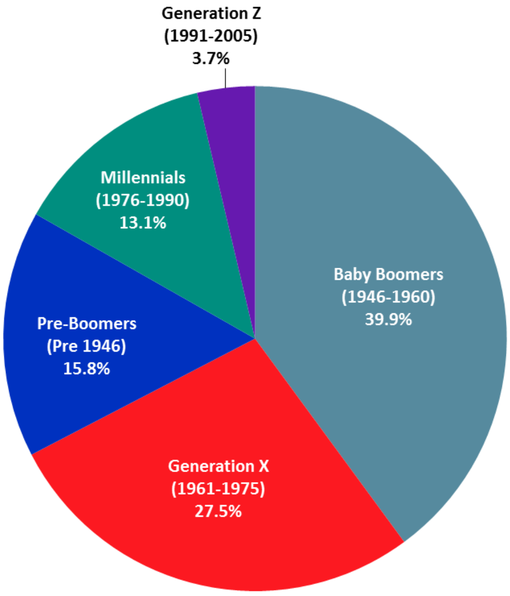
The younger generations are much more reliant on their employer due to superannuation being their dominant wealth management product and their lower average balances. Only the oldest generation (Pre-Boomers) purchased more of their wealth management products through finance professionals (46.5%) than from an employer (44.7%).

This is most likely due to the fact that they have a greater need for financial advice as they stop work or prepare for retirement, combined with their much higher average balances which brings with it greater involvement in decision making.

Baby Boomers hold biggest share of professional advice market

The following chart shows that Baby Boomers account for 39.9% of the total wealth customers who purchased from a professional advisor. Generation X holds the second largest share with 27.5%, followed by Pre-Boomers (15.8%), Millennials (13.1%) and Generation Z (3.7%).

Composition of Wealth Management Customers[1] Purchasing from Professional Advisors[2]



Source: Roy Morgan Single Source (Australia) 12 months ended March 2018, n = 50,014
Base: Australians 14+ who have purchased superannuation and/or managed funds through a professional advisor[2], 12 months ended March 2018, n = 6,814. 1. Includes superannuation and managed funds
2. Includes; financial planner/advisor who works for a financial institution; independent financial planner/advisor; accountant.

The reasons for the dominance of baby boomers is firstly to do with the fact that the average balance they hold in wealth management is well above average with $474K (market average is $225K) and they number over three million, compared to only 848,000 Pre-Boomers with wealth management products. Generation X is the biggest group with just over four million with these products but they have a much lower average balance than Baby Boomers and as result are less involved with professional financial advisors.

Norman Morris, Industry Communications Director, Roy Morgan says:

> *"This research shows that with only around one in six obtaining their wealth management products through a finance professional, there is a big opportunity to expand their use. Given the complexity of this market and rule changes, professional advice is probably necessary for most, particularly as balances grow but it appears that only when balances approach a few hundred thousand dollars or retirement approaches that advice is sought.*
>
> *"The challenge for professional advisors and wealth management customers is how to provide advice to low value customers and how to get them more involved in a topic of little interest to them.*
>
> *"With the employer generally being the major channel for obtaining wealth management products, due to the dominance of superannuation, it is unlikely that they will have the resources to provide comprehensive financial planning advice, this is the role of the financial professional.*

"The data collected in this survey also covers the details of over eighty financial planners that have been used to purchase wealth management products. The dominant player was the AMP Group, followed by the big four banking groups and IOOF."

To learn more about Roy Morgan's financial and advisor data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the Roy Morgan Online Store.

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	**Percentage Estimate**			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2