Financial Services Council.
Growing and protecting the wealth of New Zealanders

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Financially challenged: Why we need advice more than ever before and why we're not getting it

New research has revealed that despite a booming property market forcing many of us to take on record levels of debt, making financial advice more important than ever before, most New Zealanders are missing out on the benefits of it.

The third and final part in the Financial Services Council's *Money and You* research series - '*Breaking through the Advice Barrier'* - focuses on what is stopping people from getting financial advice, and why it's important that more New Zealanders have access to it.

*"*This research has shown that while 35% of Kiwis would consider taking advice, only 18% actually receive it, 40% don't see any benefit of doing so, and 75% don't recognise its positive impact on wellbeing," says Richard Klipin, Chief Executive Officer of the Financial Services Council.

"The main barriers to people getting advice is a perceived lack of wealth, and the affordability of advice; with 65.2% thinking they don't have enough wealth or assets to warrant it, and 62.5% believing it's too expensive.

"We've also looked at the main triggers for getting advice, and it's not surprising that major life events, particularly buying property (23.8%), are the key motivators.

"However, with houses prices at record highs, and interest rates at record lows, Kiwis are taking on increased levels of debt; so to have 75% of respondents signal that buying a property wouldn't trigger taking any external advice is a real area of concern.

"In 2019, first home buyers were borrowing an average of around $400,000, so it's becoming even more important to have the right information and advice around your individual finances.

"These levels of debt, coupled with the introduction of KiwiSaver, and growing levels of savings needed for retirement, create increasingly complex financial conditions.

"In these conditions, getting advice is not just an abstract concept. It can make a real difference to your future financial wellbeing.

“The good news is, the value of advice does clearly outweigh the cost. Those who are advised are delivered a 4% increase in investment returns, about 52% more in their KiwiSaver and save 3.7% more for their retirement than those who are unadvised.

“The value of advice spans across generations, with at least 80% of each cohort from pre-boomers to Generation Y reporting that advice is worth it and has delivered more value than what it has cost.

“Importantly, advice is also clearly linked to overall wellbeing; with 46.6% of those who are advised rating their wellbeing as high or very high, and their relationships, physical and mental health all significantly improving.

“The *Money and You* series has delivered a stark message to the financial services community and the country about the need to shift the dial on making sure that New Zealanders have access to advice.

“We need to do more to educate people about the long-lasting benefits of professional advice. This includes promoting the value of financial advice and literacy to all New Zealanders; right across the wealth spectrum and at all stages of life.”

Ryan Bessemer, CEO of Trustees Executors who sponsored the research, said the *Money and You* research series has been invaluable to understanding Kiwis’ relationship with their finances.

“*Money and You* has played an important role in forming a clearer picture of New Zealanders’ relationship with money. I’m confident that the financial community can come together, with the leadership of the FSC, to ensure Kiwis understand the financial and wellbeing outcomes that can be achieved with advice.”

The full report, ‘*Money and You; Breaking Through The Advice Barrier’* can be found here.

ENDS

Notes to Editors:

Money and You involved a representative online survey of 2000 New Zealanders carried out by CoreData. Data was collected between 12 March and 20 March 2020.

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ABOUT THE FSC

The FSC is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 83 members comprise 95% of the life insurance market in New Zealand

and manage funds of more than $83bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

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