

# The Value of Advice

The path to a more financially secure future

A Financial Broker Report  
September 2013

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Creating your success through  
Financial Planning

[www.financialbroker.ie](http://www.financialbroker.ie)

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# Introduction from PIBA



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## **This report demonstrates the very real value of professional financial advice.**

Similar research has taken place in the UK and Australia but this is the first time that it's been carried out in Ireland.

Financial Brokers help clients plan for the future, by selecting the most appropriate financial plan for them. They regularly review plans to help clients stay on course to achieve their financial goals. By cutting through the maze of complexity and jargon brokers play a key role for clients by helping them do what's right for their future. This survey reveals the practical support a financial broker can give their clients and how quality financial advice makes a real difference to people's lives.

The results show that those who use financial advisers have more valuable pensions and investments and more financial protection than those who don't. Those who consult a financial adviser at least once a year have dramatically higher pension funds than others. They are also more financially confident.

These results are consistent with earlier studies in the UK (The Value of Advice Report 2012 Unbiased / Standard Life) and Australia (Value Proposition of Financial Networks 2011 KMPG/Econtech). PIBA is delighted to work with Standard Life in Ireland to highlight the real value the work of Financial Brokers brings to their clients' finances.

**Diarmuid Kelly**  
**Chief Executive, PIBA**

# Introduction from Standard Life



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## Decisions about our financial futures are among the most important we'll ever make.

The financial services market has been undergoing a transformation to meet customers' changing needs. Advisers are exploring how advice is delivered and how clients value and pay for it. They are investing in higher qualifications and are examining how they run their own business to develop a more transparent and flexible structure. Financial advice is becoming much more strategic.

Independent financial advisers have a wealth of knowledge of the marketplace and can provide clients with real and tangible solutions for their financial need. Getting good independent advice means success for Financial Brokers and their clients. The trust that brokers bring to the relationship along with the support and research they provide, ensures clients are in control of their financial futures. They can look forward with confidence, knowing they're saving and investing to have the lives they want.

Standard Life has been working with financial brokers across the market to help promote the value of professional advice. The research confirms what we always thought to be the case – those who seek professional financial advice are better off financially and they also feel more confident about their future.

**Nigel Dunne**  
**Standard Life Ireland**

The Value of Advice

**Advice from a professional can  
provide reassurance about your  
financial situation**

# Executive summary

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One thing we all have in common is how complicated our financial affairs have become. Given the increasing complexity of regulations attached to financial products, falling deposit rates and the pension crisis the country is facing, professional financial advice has never been more important.

Advice from a professional can provide reassurance about your financial situation and show the real value of advice.

The results of our survey are clear. Those who have used a Financial Broker:

- have nearly double the savings and investments than those who don't
- are more than twice as likely to have a pension
- are more financially protected as result of holding more financial products
- feel more financially confident and also feel more confident about their financial future

The numbers show how much better off those who get advice are than those that don't. However, the value of professional financial advice and its effects goes far beyond this. We all want to be confident when making decisions about our finances and we want to have an adviser who understands our personal circumstances – what we have today and what we want for the future. Our survey showed that those who engage with an adviser at least once a year are by far the most financially confident group.

This survey reveals the practical support a Financial Broker can give and how quality financial advice can make a real difference to you.



# Who seeks professional financial advice

## Geographical breakdown

Almost half of Irish adults (48%) have used a Financial Broker to help with their financial needs, with 16% engaging with a Financial Broker at least one a year.

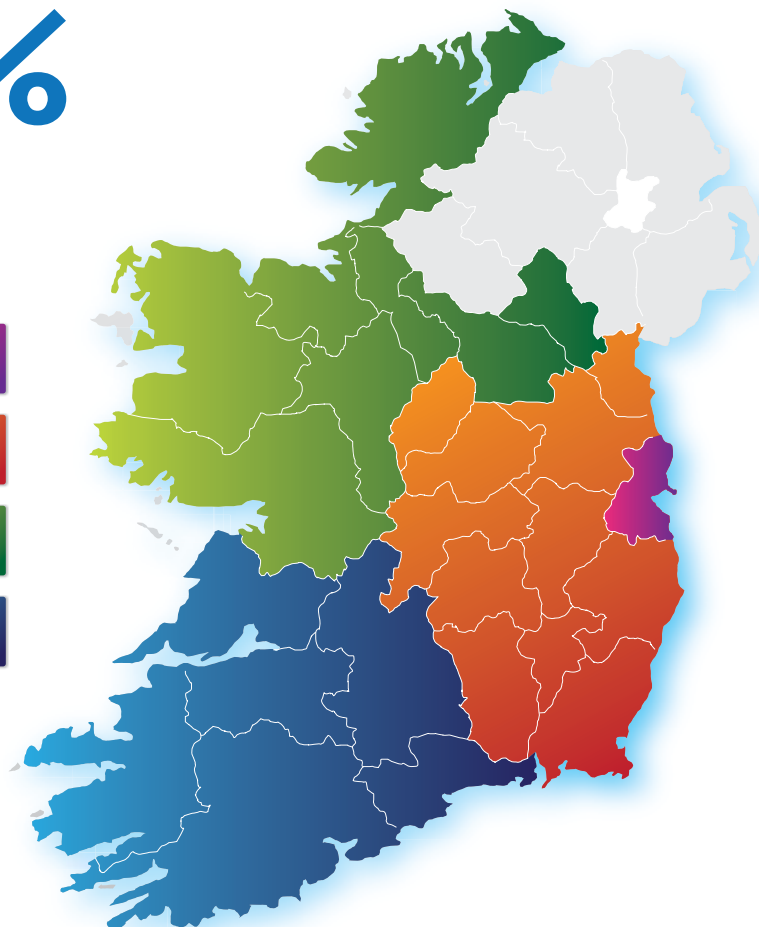
The split was almost equal between men and women.

Regionally there are no significant differences, with between 44% and 52% of adults in each province having used a Financial Broker in the past.

# 48%

of the population  
have used a  
Financial Broker  
at least once.

Dublin	47%
Leinster	52%
Connaught Ulster*	51%
Munster	44%





# Who seeks professional financial advice

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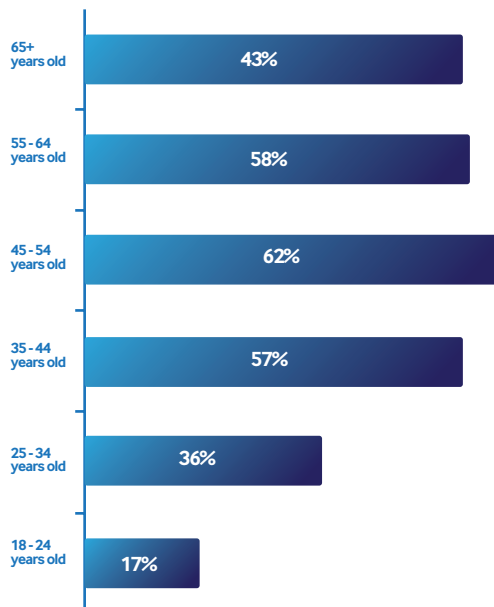
## Age profile

As we get older, we tend to seek out advice as our financial needs become more complex, our financial commitments become more demanding and time becomes increasingly scarce.

The results show the average age of those using a Financial Broker is 47.8 years old.

Retired adults (61%) are most likely to have consulted a financial adviser, than those yet to retire.

## Age profile of customers who have used a Financial Broker



# The value of advice

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There is a clear difference in the number and value of products held by advised adults. These adults are also more financially confident. This supports the fact that professional financial advice is an important means of increasing the financial knowledge and wellbeing among adults.

## More financial products

The survey shows that life assurance is far more commonly held by those who have received advice versus those who haven't (57% compared to 27%).

The gap is also evident for other products with the advised group nearly twice as likely to have a pension (56% compared to 30%).

This clearly highlights that the advised group is better protected and provided for; having sought advice on products that meet their needs and circumstances.

## Do you own any of the following policies / products?

Policy / Product	Have used a Financial Broker	Don't use a Financial Broker
Life assurance	57%	27%
Pension (private or company scheme)	56%	30%
Mortgage protection	31%	12%
Critical illness cover	25%	10%
Income protection	11%	2%
None of these	19%	51%

## More valuable savings and investments

The effect of advice on personal wealth is considerable.

Those who seek advice generally set more aside than those who don't. Those who have consulted a Financial Broker have significantly more money in savings and investments (excluding pension and property), with an average of €37,300 compared to €20,700.

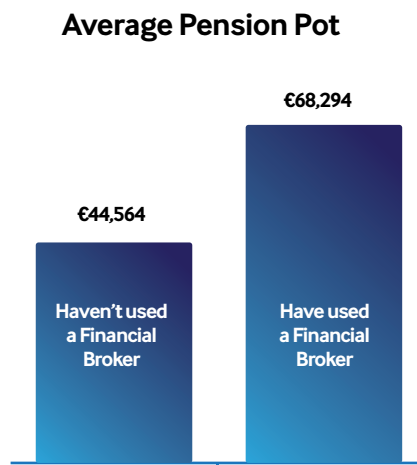
# The value of advice

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Looking specifically at what they hold in savings, those who have received financial advice have a higher amount saved (€24,200) v (€13,500). They also have more money in other investments, which suggests they are more willing to accept higher risk in order to get a higher return.

## Higher value pensions

Retirement planning becomes a top priority as we get older, with people wanting to know how to invest their money to build a reasonable fund for their retirement. The survey results show that personal pension holders who have consulted a Financial Broker, are likely to have more in their pension pot, with the average (excluding company contributions) being approximately €68,294, compared to €44,564 for those that don't.



## More financially confident

Using the Standard Life Financial Confidence Index<sup>1</sup>, those who have used a Financial Adviser scored a higher rating of 49.8 out of 100, compared to 45.4 for those who haven't. This group are more aware of their personal financial situation and are better informed on the product choices available to them. No doubt, having received professional advice, they can feel their finances are in better shape.

<sup>1</sup> The Standard Life Financial Confidence Index is a measure of how financially secure people feel on a scale of 1 to 10. The results are averaged and then converted to show a total score on a percentile basis.

# The value of regular financial advice

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Looking in detail at the differences between those adults receiving financial advice on a regular basis (at least once a year) and those that don't, a number of significant advantages are apparent. Importantly, the value of their pensions was 75% higher and they also held more than twice as much in savings and investments.

Adults who consult Financial Brokers annually (at a minimum) are most financially secure, with a score of 53.4. They are significantly more confident than those who don't (46.4). This enhanced financial confidence is a result of having made greater provision for their immediate and long-term financial demands.

The research found that those who received regular financial advice were likely to have more policies in place, with a greater return associated with them. For example, six in ten (60%) of those receiving annual professional financial advice had pensions, compared to just under four in ten (39%) of those who didn't get any advice. Their average pension pot was €87,563 (excluding any company contributions), compared to €49,819. Those who regularly engage professional financial advice are also likely have more money in savings and investments.

	Consult a Financial Broker (at least once a year)	Do not consult a Financial Broker (at least once a year)
Average total savings and investments	€50,799	€24,447
Average pension pot (those that have one)	€87,563	€49,819
Financial Confidence Index <sup>1</sup>	53.4	46.4

*“ The value of receiving regular financial advice is clear. With more money invested and greater financial security, people feel more in control and therefore have greater confidence in their finances, both now and in the long-term.”*

# Customer experiences

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## Joe, 69, Dublin

Financial Broker:

Karl Keegan, KJK Life & Pensions, Dublin 16

*"He's a fixture, he's very professional. We weren't huge investors but he made us feel very important. He has done trojan work and looked after our family very well including my siblings, nieces, nephews, my sister-in law and my children.*

*We hear from Karl about 5 to 6 times a year. We receive letters about policies we have and how they're doing.*

*When I started my own company, I asked Karl to have a look at the pension scheme for the three directors. Karl came back with a package which was almost designed perfectly for us based on our risk appetite. After suffering kidney failure I was on dialysis for five years until I received a new kidney about eight years ago. A permanent health insurance (PHI) policy was built into the pension scheme and it paid out until my pension kicked in.*

*Karl is someone we trust. He does the research for you, provides you with the big picture and lays it all out."*

**" I wouldn't have done  
as well on my own at all.  
Absolutely not."**

# Customer experiences

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## Anna, early 40s, Kilkenny

Financial Broker:

Margaret Fogarty, Fogarty Financial, Carlow.

*"I first got in touch with Margaret regarding my first home loan to help me negotiate the mortgage 'minefield'. I used to pass Margaret's office on the way to work in the morning and decided to pop in. When I visited the bank, they essentially recommended their own products – but Margaret knows her stuff and steered us very well towards better options in the marketplace."*

*She's not selling or pushing a product, she has our best interests at heart and we trust her completely.*

*We see her annually, face to face, on the phone maybe twice a year and I can ring her any time we need to. My husband was out of work and we did a financial health check - we had to cut costs somewhere. There is a lot of financial jargon used in the market place and we don't have time to research it all - it could take us days, weeks, months to research what we would need to know.*

*We wouldn't have managed our own finances as well without Margaret's help, she has our best interests at heart and we know we're on the right track."*

**"We were delighted with the saving and the security of knowing we have enough cover so we aren't risking anything."**

# Customer experiences

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**David, 65, Dublin**

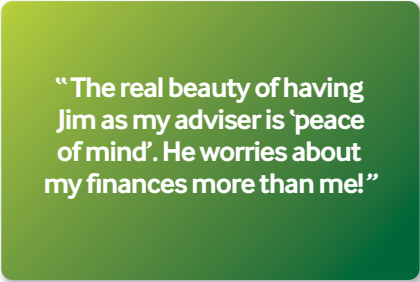
Financial Broker:

Jim Hegarty, Hegarty Financial Management, Dublin 6

*"The real beauty of having Jim as my adviser is 'peace of mind'. He worries about my finances more than me. This is his area - he does all the research and spends a lot of time looking at the whole market for me. I'd never know all that stuff that's his area of expertise not mine - and to be honest I don't want it to be.*

*He made sure I saved a lot more than I would have on my own. My pension has ended up being way bigger than anything I would have dreamt of. I wouldn't have done it anywhere near as well. I don't know the ins and outs like Jim does.....*

*I trust Jim completely – he knows and understands my situation perfectly... He's not all about commission – he says "It has to be right."*



**"The real beauty of having Jim as my adviser is 'peace of mind'. He worries about my finances more than me!"**



# References

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**This survey was conducted by Research Plus and was completed by 1001 adults aged 18+ across the Republic of Ireland. The report was commissioned jointly by PIBA and Standard Life.**

## **About PIBA**

PIBA is the largest Financial and Insurance Brokers Association in Ireland. Our objective is to promote and support brokers as they provide choice and add value to the financial decision making process. In recent years, we developed the Financial Broker initiative. The project was officially launched in 2012 and is supported by all life companies in Ireland. It promotes Financial Brokers as experts in financial planning matters who work on behalf of their clients to give a choice of products and providers from across the market. For further information, please visit [www.financialbroker.ie](http://www.financialbroker.ie)

## **About Standard Life**

Standard Life is a leading long term savings and investments company. They have been in Ireland since 1834 and have helped generations of Irish customers plan for their future. Headquartered in Edinburgh and operating internationally, Standard Life plc has approximately 6 million customers worldwide and is responsible for the management of over £232 billion of assets (as at June 2013).

**Financial Broker** a PIBA initiative for all Financial Brokers

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