

**THE
FINANCIAL
EXPERT**

| PENSIONS
| INVESTMENTS
| PROTECTION



**FINANCIAL
BROKER**

**VALUE OF
ADVICE**

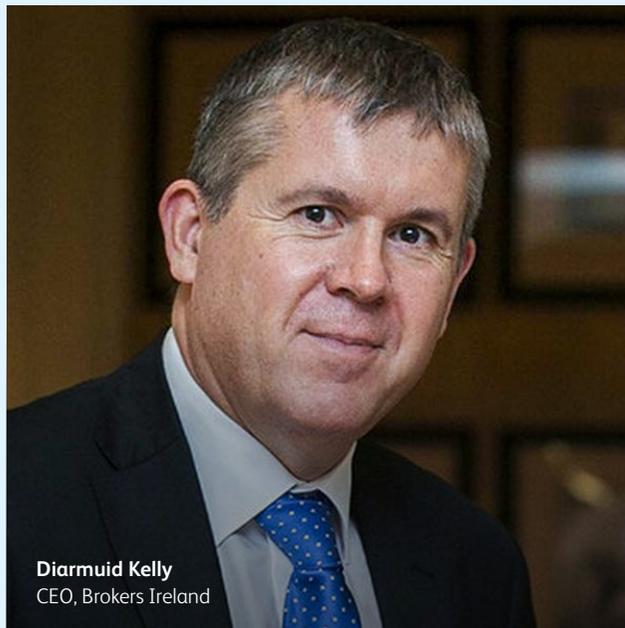
Laying the Foundations for
Personal Financial Stability

CONTENTS

Foreword from Brokers Ireland	03
Introduction	04
Executive summary	05
Who seeks financial advice	06
Age profile	07
The value of advice	08
More valuable savings & investments	09
More valuable pensions	10
The power of advice	11
No regrets	12
More financially confident	13
Conclusion	14

FOREWORD FROM BROKERS IRELAND

In a highly digitalised world, **we cannot underestimate the value of professional advice and experience** and this study clearly illustrates the role of Financial Brokers in helping consumers to keep their personal finances on track and proactively identify financial opportunities and risks as they arise.



Diarmuid Kelly
CEO, Brokers Ireland

Brokers Ireland welcomes this latest research report on the value of professional financial advice. The report results clearly show that such advice benefits consumers in terms of better financial protection; higher return in savings/ investments; improved pension provision and a more self-assured financial confidence and well-being. These findings are broadly similar to comparable studies on the value of advice in other global jurisdictions including the UK, Australia and Canada.

For consumers, it puts a tangible benefit on the reason for consulting a Financial Broker who can help articulate financial goals in a coherent and user-friendly manner, formulate a strategy to achieve personal objectives, shop around for the best and most suitable product and provider and review their clients' financial goals regularly as their life circumstances vary.

In a highly digitalised world, we cannot underestimate the value of professional advice and experience and this study clearly illustrates the role of Financial Brokers in helping consumers to keep their personal finances on track and proactively identify financial opportunities and risks as they arise. The study is an unequivocal endorsement of the benefits and value that Financial Brokers provide in supporting clients and in enabling them to make smart financial decisions in achieving their long-term lifestyle and financial goals.

Regards

A handwritten signature in blue ink that reads "Diarmuid Kelly". The signature is written in a cursive, flowing style.

Diarmuid Kelly
CEO, Brokers Ireland

INTRODUCTION

73% of those who use financial advice own a pension, compared to **34%** who do not

Managing personal finances to ensure that you are optimising your current financial standing and planning for an improved future financial destiny while also being prepared for unforeseen eventualities, can be challenging and complex. The value of expert financial advice has never been more compelling in helping consumers achieve their financial goals and address their financial requirements through professional and objective advice on protection; savings/ investments and pension offerings.

Prudent financial advice can help lay the foundations for future financial stability and ultimately provide the desired financial freedom over the course of time. Increasingly, fewer people have the time or expertise to successfully manage their personal finances in a holistic manner, particularly as their financial circumstances become more demanding and complicated.

This report provides insights into perceptions around financial security now and in retirement and evaluates those who use financial advice compared to those who do not. This research provides insights into savings/investments, pensions and the advisory role of Financial Brokers.

The research project was conducted as part of a nationwide omnibus survey by iReach Insights using a sample size of 1,000 responses. The fieldwork was undertaken from the 6th to the 13th of May 2021 and the conducted research is nationally representative by age, gender, region, SES.

The value of expert financial advice has never been more compelling in **helping consumers achieve their financial goals and address their financial requirements** through professional and objective advice on protection; savings/investments and pension offerings.



EXECUTIVE SUMMARY

The survey findings clearly illustrates that those who have received financial advice and guidance are in a **stronger financial position** from the support of their Financial Broker

Highlights - Using Financial Advice

53% higher value in savings/investments compared to those who do not

More than **twice** as likely to have a pension

Greater **financial protection** as a result of holding more financial products

Feel more **financially confident** and are more financially confident about their financial future

- The average pension pot is valued at **€128,933** for those who use financial advice and **€62,600** for those who do not. This represents a **105%** difference in those who have used financial advice
- Up to **55%** of respondents who use financial advice own a life assurance policy by comparison to **24%** who do not use one
- **37%** of all adults in Ireland have used financial advice with **33%** of this group citing a Financial Broker as those they would trust most for financial advice
- **55%** feel more in control of their finances having used financial advice
- More than half (**55%**) feel more in control of their finances having used financial advice
- The amount in saving/investments for those who have used financial advice is **€81,890** by comparison to **€53,200** for those who have not used financial advice - **53%** higher in value than those who do not
- **96%** of those with financial advice see a good return on money as important when considering investment

The survey findings clearly illustrates that those who have received financial advice and guidance are in a stronger financial position from this support which can help to influence a better and more positive outcome towards their current and long term financial status and well-being.

The value of advice clearly represents different things to different people. In the context of personal finance, it can be a return on savings or investment; future security in the form of a pension fund; protection products which provide better peace of mind and security; achieving personal financial goals or simply availing of opportunities as presented. 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 future.

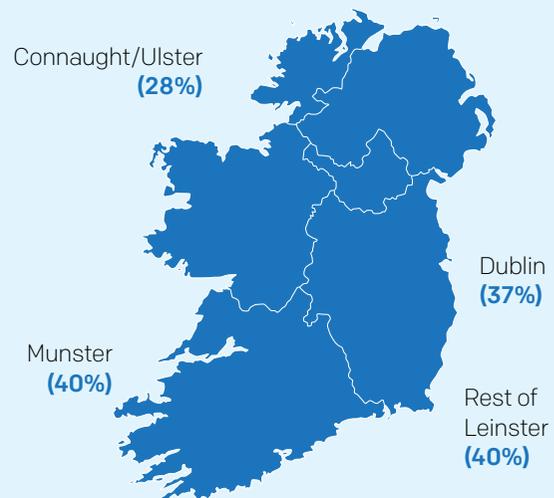
WHO SEEKS FINANCIAL ADVICE

55% feel more confident that they are in control of their finances having sought financial advice.

More than 1 in 3 (37%) have used financial advice to help with their financial needs with 48% consulting their advisor less often than once every 3 years.

1 in 3 (33%) of those who have used financial advice trust a Financial Broker for this advice.

Regionally there is a relatively even split from those who use financial advice including:



DEMOGRAPHICS

GENDER

39%
WOMEN
Use financial advice

36%
MEN
Use financial advice

Slightly more **women** than **men**

AGE PROFILE

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



Retired adults

49%

are most likely to have consulted financial advice compared with 36% who have yet to retire.

By the age of 30,

69%

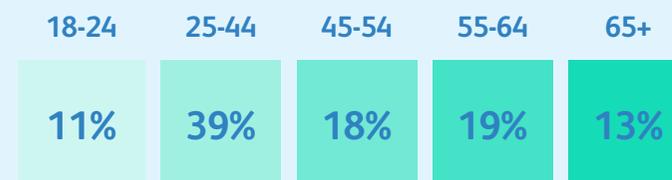
had started saving into a pension plan of those who used financial advice compared to 60% for those who had not.

Employed people

42%

are more likely to use financial advice especially those with an income over €30,000 (44%)

Age of respondents



THE VALUE OF ADVICE

It is evident from the research that there is a clear difference in the number and value of products held by advised adults.

These adults are also more financially confident which supports the fact that professional financial advice is an important means of increasing financial knowledge and wellbeing amongst adults.

The survey highlights that those who receive financial advice are more likely to have a pension (**73%**) against those who do not (**34%**) and the gap is also evident across other financial products with the advised group (**55%**) being more likely to have life assurance by comparison to **24%** who do not use financial advice. Over three times the number of respondents who use financial advice are likely to have income protection cover (**20%**) by comparison to **6%** of those who do not use financial advice.

This clearly illustrates that the advised group are better protected in the event of a serious illness or change to their circumstances from having sought financial advice on products that meet their needs and financial requirements.

Do you own any of the following products?

	Use Financial Advice	Don't use Financial Advice
Life Assurance	55%	24%
Pensions	73%	34%
Mortgage protection	32%	19%
Critical Illness Cover	26%	10%
Income protection	20%	6%

MORE VALUABLE SAVINGS & INVESTMENTS

Those who sought financial advice on their savings and investments are **53%** higher.

The effect of advice on personal wealth is considerable and this is evident within the survey findings. The average from respondents in savings and investments amounts to **€55,464**. Those who sought financial advice on their savings and investments are **53% higher (€81,890)** where the average of those who have not used financial advice is **€53,200**.

31% of those that have used financial advice feel very financially secure by comparison to **24%** of those who have not used financial advice.

When choosing savings/investments, a good return on money is most important (**33%**) for those who use financial advice with **96%** of those seeing a good return on money as important when considering investment.

Savings and Investments Amounts



MORE VALUABLE PENSIONS

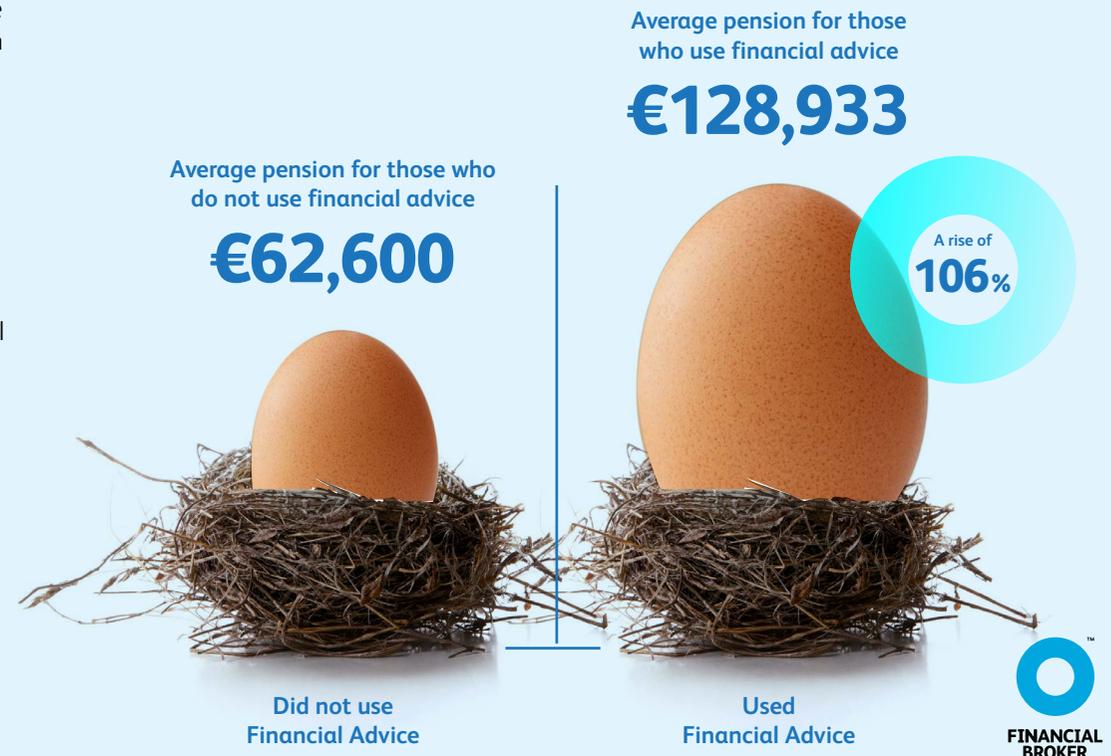
Retirement planning becomes a top priority as we get older with people wanting to know how to invest their money to build a reasonable fund and ‘nest egg’ for their retirement phase.

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 and ‘nest egg’ for their retirement phase. However, the research shows that the average age respondents start saving into a pension plan is 30 years – 29 years for those who have used financial advice and 31 years for those who have not.

73% of those who have used financial advice own a pension by comparison to 34% of those who have not sought financial advice.

The average pension pot is valued at **€110,759**. For those who do not use financial advice their average pension stands at **€62,600** – compared to **€128,933** for those who do use financial advice.

32% of those who have not used financial advice feel confident or very confident about being financially secure in retirement, this increases to 37% of those who have used financial advice.



THE POWER OF ADVICE

Improved Financial Savvy

Having better **insight** and **knowledge** into tax entitlements and contributions is a key consideration and financial incentive.

Making informed decisions around financial matters directly correlates to improved financial outcomes and this is evident throughout the survey findings. Having better insight and knowledge into tax entitlements and contributions is also a key consideration and financial incentive.

Over half (**55%**) of those who have used financial advice believe that pensions are tax efficient compared with **26%** who have not used financial advice. In addition, **58%** of those who have not used financial advice are more likely to say that they do not know if pensions are tax efficient, compared to almost **31%** of those who have used financial advice.

Over 1 in 3 (**35%**) who have used financial advice made additional voluntary contributions (AVCs) or pension top ups when saving into their pension compared to **12%** of respondents who have not used financial advice.

1 in 4 (**25%**) say **40%** is the highest tax relief/government top-up when saving into their pension. Almost 2 in 5 (**39%**) of those who have used financial advice say the same versus **18%** of those who have not used financial advice.

MAKING INFORMED DECISIONS AROUND FINANCIAL MATTERS DIRECTLY CORRELATES TO IMPROVED FINANCIAL OUTCOMES.

Ownership of Policies

	No Advice	Used Advice
Life Assurance	24%	55%
Mortgage Protection	19%	32%
Critical Illness Cover	10%	26%
Income Protection	6%	20%
None of these	63%	31%



NO REGRETS

29% retirees who did not use financial advice say their biggest regret is that they should have prepared more for retirement, where 24% of those who used financial advice felt the same. 19% of those who used financial advice stated they should have started a pension earlier where 14% of those who did not use financial advice stated the same.

29% retirees who did not use financial advice say their biggest regret is that they should have prepared more for retirement.

Biggest Regrets of Those Retired

	No Advisor	Used Advisor
Should have prepared more for retirement	29%	24%
Should have spent more time with family when younger	17%	16%
Should have started a pension earlier	14%	19%
Should have retired earlier	13%	7%

MORE FINANCIALLY CONFIDENT

One in three respondents (33%) who have used financial advice feel a good return on their money is the most important factor when choosing a savings/investment product.

Using a Financial Confidence Index, 52% of respondents who use financial advice rate their financial security on the higher range of the scale (7-10) compared to 37% of respondents who did not use financial advice on the equivalent rating.

More than half (55%) of those who sought financial advice, feel more confident and that they are in control of their finances with 13% feeling financially better off as a result of seeking advice.

One in three respondents who have used financial advice feel a good return on their money (33%) is the most important factor when choosing a savings/investment product compared to 26% of those who don't use financial advice. Choosing a secure and reputable provider they can trust with their money is their second priority (29%) for those who use financial advice and 15% of those who have not.

More than half (55%) of those who sought financial advice, feel more confident and that they are in control of their finances.

Confidence about being Financially Secure in Retirement

	No Advice	Used Advice
Very confident	9%	8%
Confident	23%	29%
Neither	37%	34%
Worried	18%	23%
Very worried	13%	6%



CONCLUSION

It is evident that those who receive **financial advice** are more likely to achieve greater personal financial benefit through guidance in pensions, saving/investment and protection services.

“The benefits of engaging with a Financial Broker are clear.”

Based on these research findings, it is evident that those who receive financial advice are more likely to achieve greater personal financial benefit through guidance in pensions, saving/investment and protection services by comparison to those who don't receive financial advice. Working with a Financial Broker can help individuals to achieve long term financial goals and ensure that their day to day financial well being is being managed in a proficient and structured manner to ensure optimum results and outcomes for their current and future financial standing.

The benefits of engaging with a Financial Broker are clear. Receiving regular financial advice and check ups will help to realise financial needs today and in retirement while protecting against the unexpected 'bumps' along the way to ensure a more seamless and holistic journey to future financial freedom and security.



Improved financial protection



More valuable savings and investments



Enhanced pension fund upon retirement



Improved financial confidence and stability



Greater insights and understanding of financial products and offerings

This research was supported by the Financial Broker project.



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