

Govt should fund advisers to give financial counselling, says adviser

Independent Financial Adviser (www.ifa.com.au)

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Ahead of the Adviser Innovation Summit 2023, Endurance Financial Australia managing director Amanda Thompson argued that while the government already provides free financial counselling services, demand is outstripping supply.

This is underscored by the higher cost of living pressures and mortgage repayments facing Australians as inflation spirals and interest rates rise.

In a submission to the Australian government's Select Committee on Cost of Living, Beyond Blue included new research which revealed that more than one in three people believe cost of living pressures are having a negative impact on their mental health.

The survey — conducted in November last year with a nationally representative sample of more than 5,000 people — found that 37 per cent of respondents said cost of living pressures had negatively impacted their mental health either “quite a bit” or “an extreme amount” over the previous 12 months.

“I think we as financial planners need to secure our value proposition and substantiate the advice we give,” Ms Thompson said.

“We need to demonstrate why financial advice is as or more essential than debt reduction advice or accounting advice. I think that's a challenge we've always dealt with and continue to deal with.”

As such, Ms Thompson said she would like to see the government offer an incentive for financial planners to provide financial counselling advice.

“The right financial planners will truly want to help people,” she said.

“So, why wouldn't you offer funding to planners who are already qualified and are working with clients and their cashflow every day? This could also help put us and our organisations in a positive light.”

Ms Thompson's comments precede the Adviser Innovation Summit in June, where she and a panel of speakers will discuss key strategies to running a

profitable, long-term, and sustainable advice practice, as well as the challenges advisers may encounter and how to overcome them.

Financial planners interested in offering financial counselling advice would need to opt into the service and educate themselves, she proposed.

“Not everyone would want to provide this kind of advice,” Ms Thompson said.

“But I think if we’re talking about an evolving industry and truly giving back to society, then we should be using our talents to help those who are vulnerable too.”

Speaking about the evolving advice industry, Ms Thompson urged financial planners to form a long-term connection with clients rather than just focusing on superannuation or investment advice.

According to her, clients want advisers who they like and trust, and as such, planners should “stray away” from changes to products and focus on the ever-changing needs of the clients.

“No matter which generation your client belongs to, they’re often still run by fear that they may not have enough money or that they want to protect their family,” she said.

“As advisers, we need to come back to basics and focus on people’s goals and values, not just their financial goals. I’m a believer in understanding a person before understanding their finances.”

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