Research Report

The Advisable Australian 2022

The Established Affluent, building your high net worth value proposition

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Introduction

Introducing the Established Affluent

Netwealth's Advisable Australian report examines the financial attributes and preferences of Australians based on a survey of more than 1,500 people aged 18+.

The report has segmented the adult population of Australia into four groups, based on age and wealth. The two wealthier segments are of great importance to wealth professionals as margins compress – these are the Emerging Affluent and Established Affluent segments.

Last year we examined the Emerging Affluent, whilst in this year's report, we delve into the Established Affluent – those high net worth Australians who are 45 years and older, who comprise around 2.8 million people and control an estimated $4.1 trillion of household wealth.

Typically, the Established Affluent are highly educated and often have senior or management positions at work. They have strong incomes and, on average, the highest investment portfolio values and superannuation balances.

Acquisition and retention of this segment is the staple of any successful wealth business. It's important to understand what drives them and how you can better service their advice needs.

This report is a playbook for financial advisers on how to attract, advise and service the Established Affluent across three areas, and it provides seven opportunities or tactics for advice firms.

Part A: Understanding the profile of the Established Affluent

The statistics you need to understand Established Affluents and what sets them apart, including their demography, attitudes, wealth status and goals, plus drivers of client satisfaction.

Part B: Tailoring your advice proposition to the complex needs of the Established Affluent

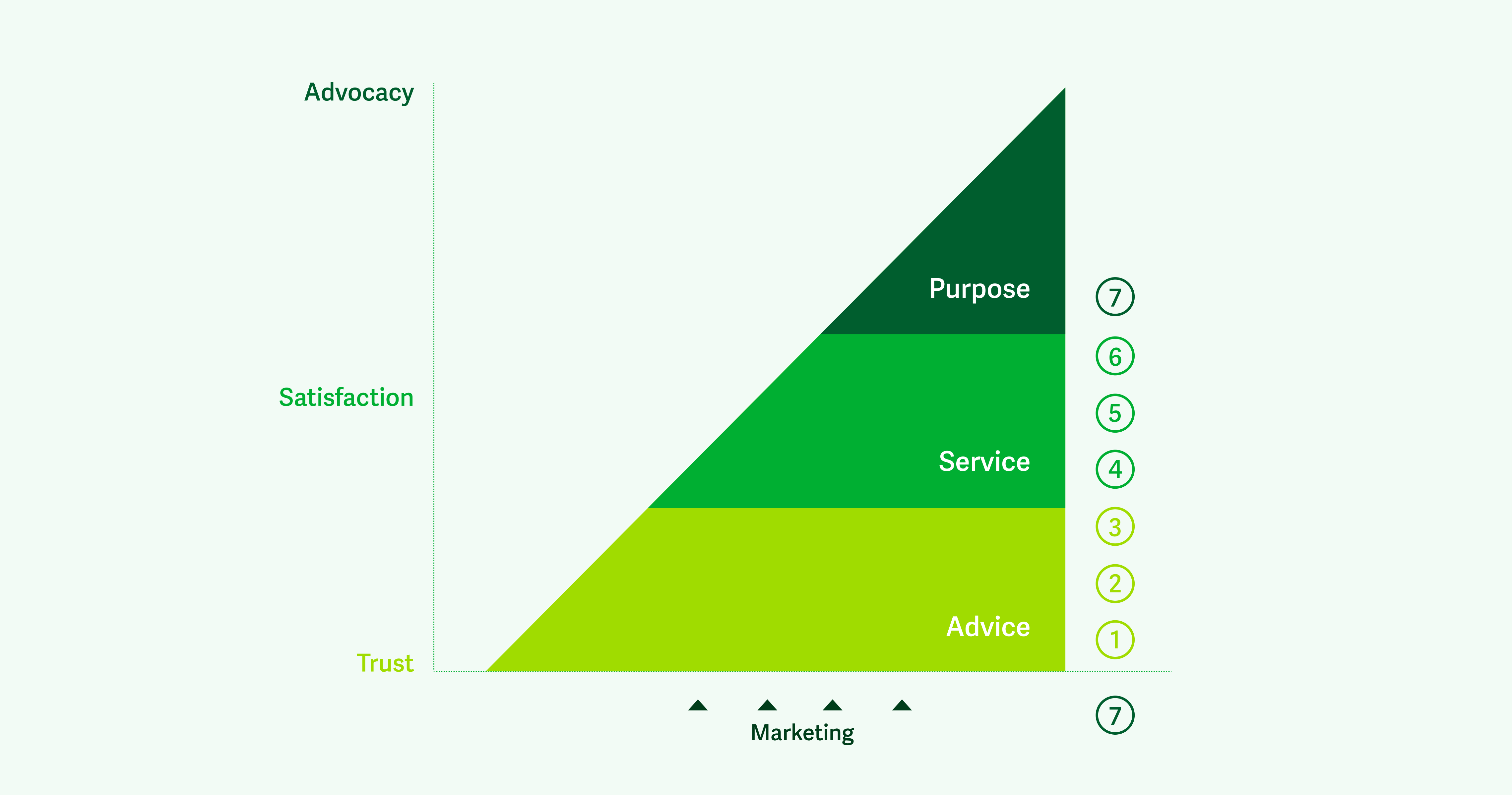
1. Constructing an investment portfolio whilst considering their risk attitudes, socially responsible investing desires and the legal structures required to maximise tax, personal and family outcomes.
2. Building out your advice offering to cover non-wealth areas, such as accounting/tax, business strategy and philanthropy.
3. Expanding your inter-generational offer to appeal to their children.

Part C: Evolving your service proposition to maximise client satisfaction and engagement

4. Personalising and creating a bespoke tailored service offer.
5. Digitising the advice experience for older HNW clients.
6. Building advocacy and love with value-add services.

Part D: Marketing to acquire the Established Affluent

7. Marketing and brand strategies to acquire and retain this client base.



Introduction

Understanding the Advisable Australian

The universe of Advisable Australians 18+ comprises about 18 million individuals, with combined household wealth of around $9.3 trillion.

Not all Advisable Australians look the same, and nor do they behave the same way or have the same financial advice needs and preferences.

We divide the universe of Advisable Australians into four distinct groups.

1. Emerging Affluent: Under 45 years old, wealthier individuals, highly engaged and interested in investing, and most likely to seek an adviser. There are approximately 1.9 million Emerging Affluent Advisable Australians accounting for about $1.8 trillion of household wealth.

2. Established Affluent: Over 45 years old, wealthy individuals, highly engaged in investing and most likely to already have an adviser. The approximately 2.8 million Established Affluent Advisable Australians have total household wealth of about $4.1 trillion.

3. Emerging Mass Market: Under 45 years old with modest to low wealth, with low levels of investment. Approximately 5.3 million account for about $1.1 trillion of household wealth.

4. Established Mass Market: Over 45 years old, lower-income earners with fewer investments. The 8.0 million Established Mass Market Advisable Australians account for about $2.3 trillion of household wealth.

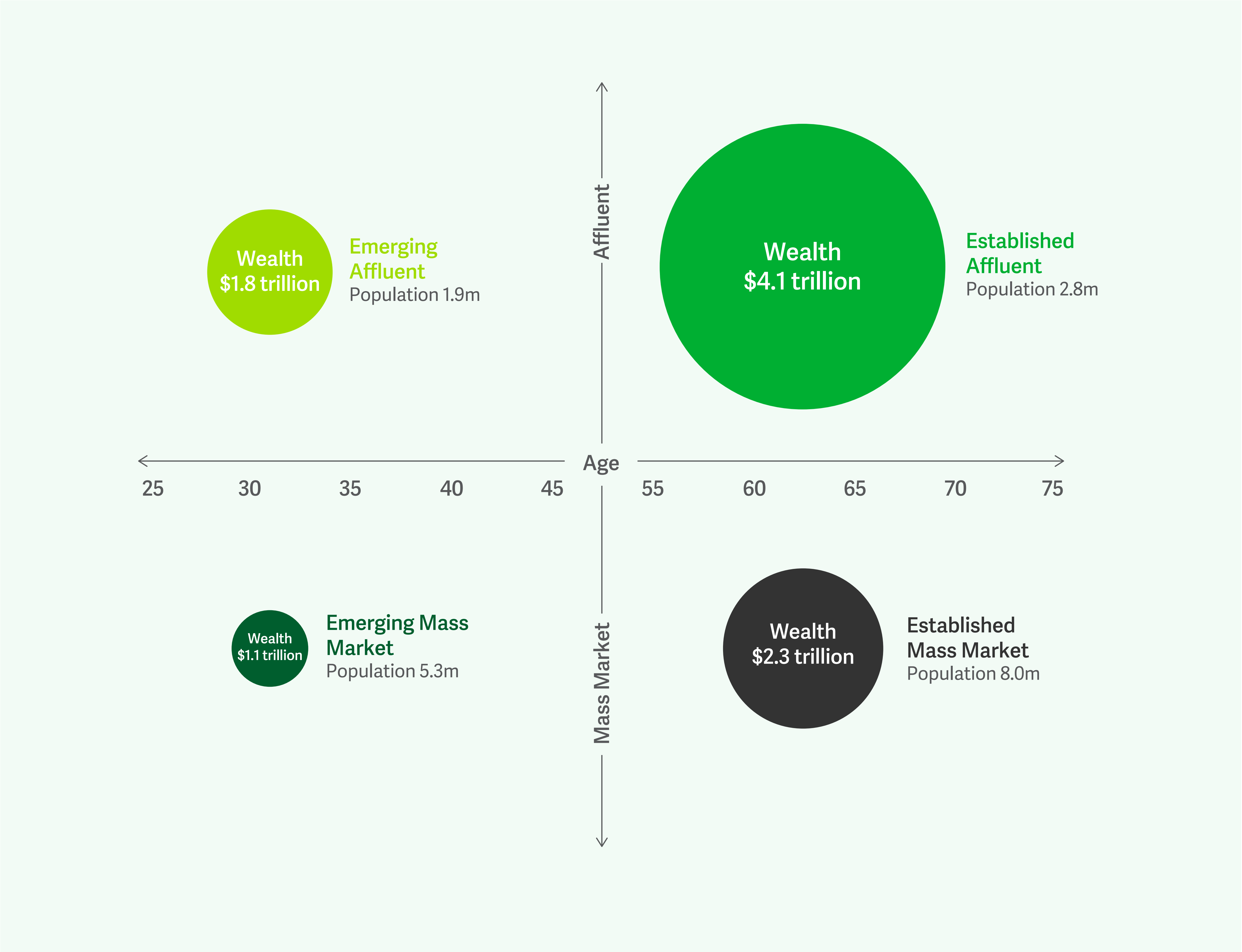
"Emerging" is defined as those aged between 18 and 45 years old, while "established" is defined as those aged over 45.

The definition of "affluent" versus "mass market" considers a combination of personal income, household income, residential property value relative to debt, the household's investment portfolio and superannuation.

A person shifts from the mass market to being defined as affluent when they reach certain wealth thresholds that consider their personal and household income, residential property values and superannuation.

Refer Appendix for detailed definitions and statistics for each segment.

Age/Affluence model: The four segments by age and wealth



Part A

Profiling the Established Affluent

Understanding the Established Affluent in detail

Part A: Profiling the Established Affluent

Demographic and personality profile of the Established Affluent

Intuitively we know that groups of affluent individuals will have more investable assets – but by how much?

An Established Affluent Advisable Australian has an average age of 60. This fact alone helps to explain their income, wealth and many of their preferences for how services are delivered and their attitudes towards a range of issues, including the brand attributes they prefer in the businesses they buy from.

However, a closer look at the segment reveals some important generational distinctions.

While more than half (58%) Established Affluent Australians are classified as Baby Boomers, more than a third (35%) are classified as Gen X.

We also know that the Established Affluent and the Emerging Affluent are wealthier than their mass market counterparts, but let's look at the gap between these groups.

The Emerging Affluent are the highest income earners, having an average household income of $305,189. The Established Affluent come in with an average household income of $192,722 – almost, on average, $120,000 higher than their mass market peers.

However, averages only tell half the story. Almost a quarter (24%) of the Established Affluent have household incomes of $200,000 or more, with one in 10 (10%) having incomes of $250,000 or more.

The Established Affluent have the greatest average household wealth ($3.1m) with the largest average investment portfolios, at $1,419,333. More than two in five (44%) have investment portfolios of $1 million or more. The Established Affluent also have the highest residential property values ($1,376,699) and the highest superannuation balances ($1,090,611). One in three (33%) have super balances of $1 million or more.

The affluent groups also have higher levels of debt when compared to their mass market peers.

The Established Affluent have, on average, around $263,000 in debt, compared to the more than $400,000 of their Emerging Affluent counterparts.

A financial snapshot of the Advisable Australians

● Established Affluent ● Emerging Affluent ● Established Mass Market ● Emerging Mass Market

	Established Affluent	Emerging Affluent	Established Mass Market	Emerging Mass Market
Total Population	2.8m	1.9m	8.0m	5.3m
Total Household Wealth	$4.1 trillion	$1.8 trillion	$2.3 trillion	$1.1 trillion
Age (avg)	60	33	64	32
Generation	Baby Boomer 58%	Generation Y 67%	Baby Boomer 65%	Generation Y 64%
Household income (avg)	$192,722	$305,189	$75,230	$106,816
Household wealth (avg)	$3.1m	$1.5m	$0.7m	$0.4m
Personal investments (avg)	$1,419,333	$716,352	$157,606	$67,343
Household property value (avg)	$1,376,699	$1,027,632	$763,846	$654,659
Personal Super (avg)	$1,090,611	$482,311	$266,379	$121,839
Debt (avg)	$263,333	$401,572	$67,972	$161,891

Part A: Profiling the Established Affluent

Demographic and personality profile of the Established Affluent

There are several defining demographic traits of the Established Affluent that set them apart from other groups.

- Half (53%) are still working, one tenth (13%) have their own business and just over a quarter (28%) are retired.
- They are almost three times more likely to be in higher management roles compared to their older mass-market peers. More than a quarter (28%) are in senior or executive management roles.
- Compared to their age peers, they are twice as likely to have a degree or postgraduate qualification (60% have).
- They have the highest proportion of males of all the segments at around two-thirds (66%).
- Almost eight in 10 are living with a partner/ married – the highest out of all the segments.

They have a set of personality traits that also differs from the other groups.

As older and more experienced individuals around half are focused on the future (47%) and optimistic about it (55%).

In terms of how they approach things, they are planners (60%), driven by goals (48%) and confident in their ability to face challenges (69%), whilst not necessarily taking risks (only 27% do).

Almost six in 10 (57%) of the Established Affluent care deeply about environmental issues and similarly more than half (52%) care about social issues.

Demographics

60
Average age

Gen X 35%

Baby Boomers 58%

34% Female

66% Male

60%
Degree or post-grad qualification

Living with partner/married 77%

Kids still at home 36%

Employed 53%

Self-employed/ own a business 13%

Retired 28%

Senior/executive 28%

Wealth

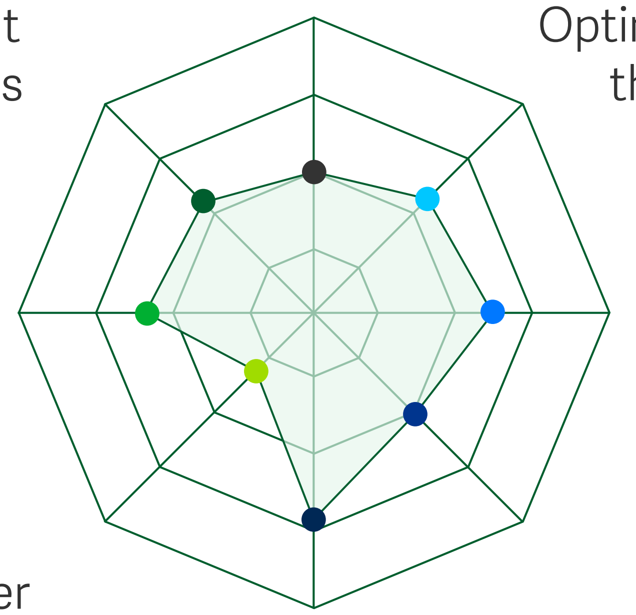
$192,722
Average household income

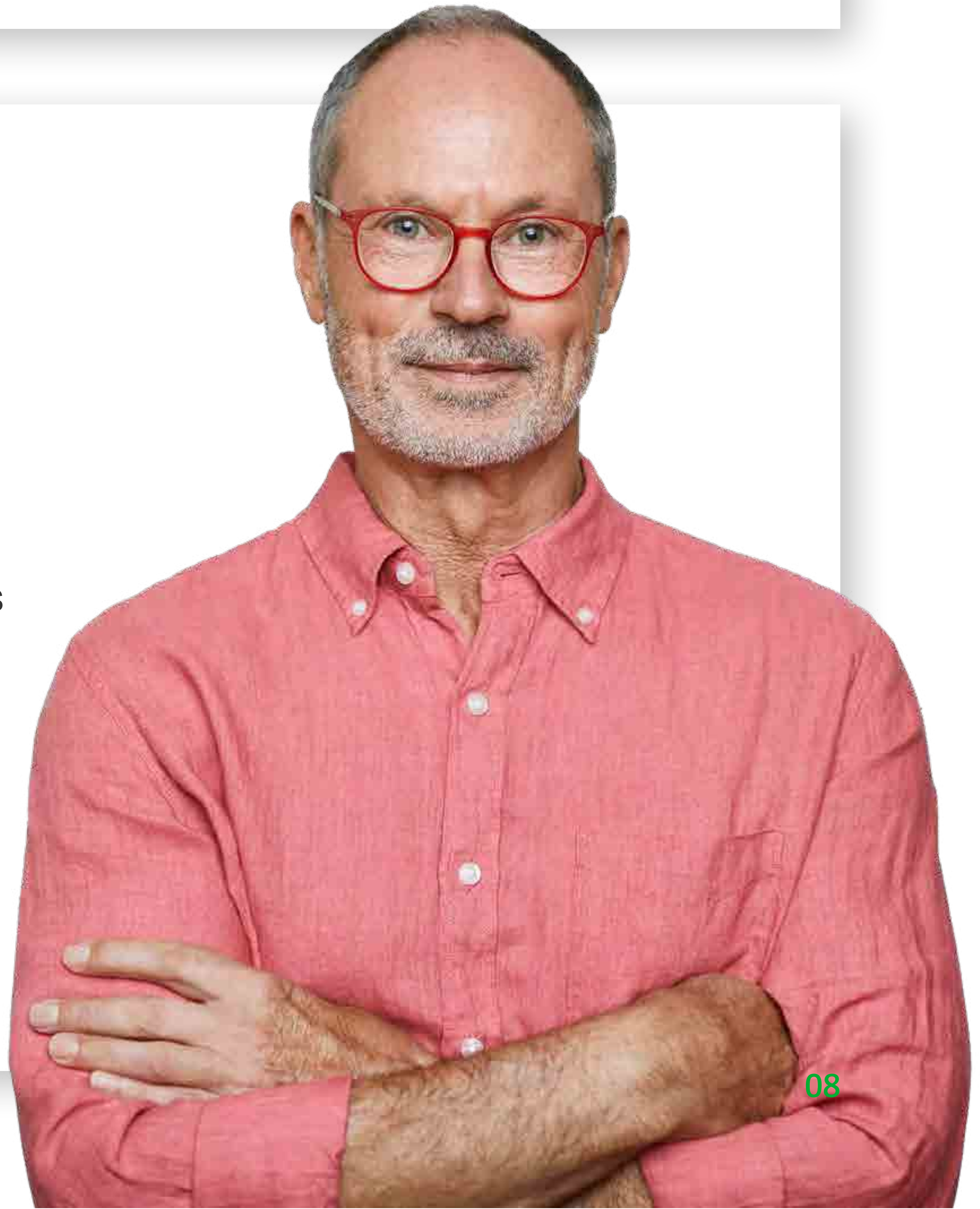
$1,090,611
Average household super

$1,376,699
Average residential property value

$1,419,333
Average investment portfolio

Personality





Part A: Profiling the Established Affluent

Beyond demographics – The six dimensions of the Established Affluent

● Established Affluent ● Overall

High levels of Financial Capability with good levels of literacy and engagement with their investments

My understanding of the relationship between risk and return is good or very good

- Overall: 53%
- Established Affluent: 78%

I strongly agree or agree that I feel engaged with my investments

- Overall: 45%
- Established Affluent: 71%

Very high levels of Financial Resilience, with larger reserves of wealth and sufficient insurance coverage

Could live off their savings (with no income) for more than a year

35%
Overall

64%
Established Affluent

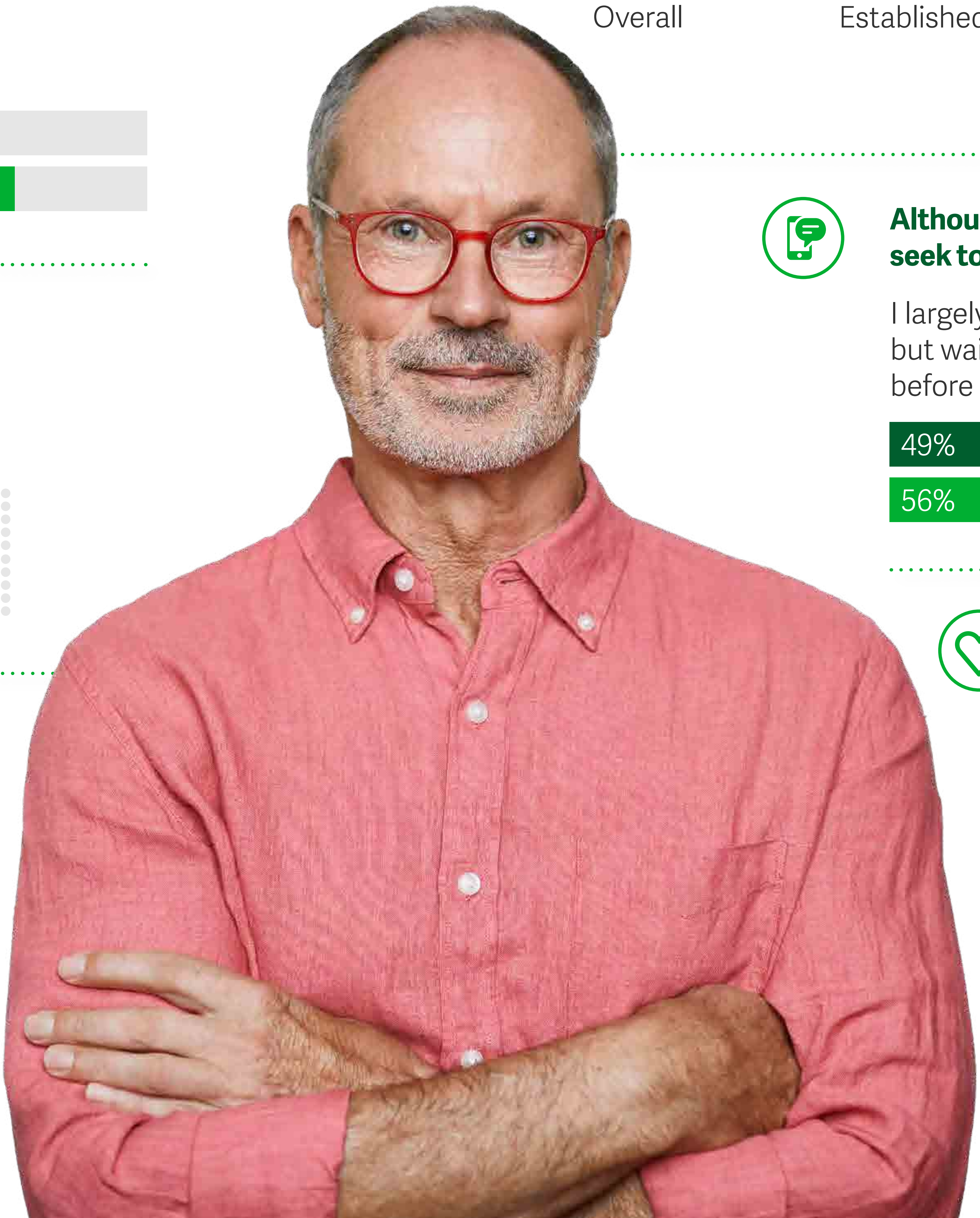
High Advice Propensity as they are more likely to use financial advice

●● Currently use ●● Considering Advice

Overall
25% 27%

Established Affluent
39% 22%

50%
of those Established Affluents considering, plan to start using advice in the next 3 years.



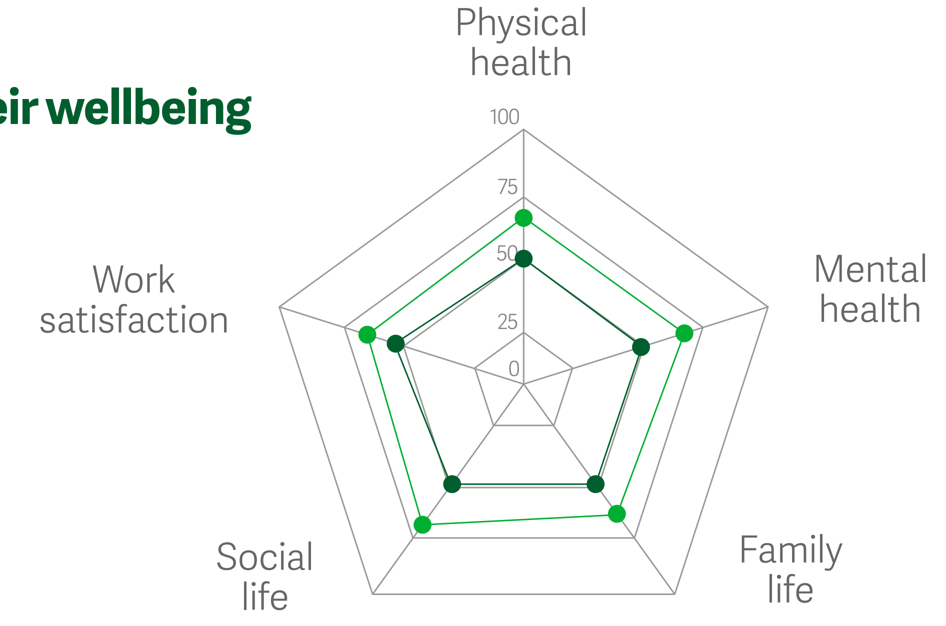
Certainty in their life and wealth results in fewer impacts to their wellbeing

I worry about money less than monthly

38%
Overall

44%
Established Affluent

Financial issues have had no impact on the following aspects of your life in the last three years:



Although older, they are not technology laggards, but are more pragmatic and seek to use more well-known technology

I largely understand new technologies but wait for others to try them first before I do

- Overall: 49%
- Established Affluent: 56%

I typically access the internet for personal non-work activities on my mobile

- Overall: 30%
- Established Affluent: 18%

They prefer proven or purposeful brands

41%
Proven
Preference for well-known brands with a history or heritage, and for a business that looks to educate and collaborate with its customers. Digital is not a focus usually.

36%
Purposeful
Preference for businesses that have a social or environmental purpose and take a stand on issues they consider important.

Top three brands admired:

1. Apple
2. Qantas
3. Woolworths

Part A: Profiling the Established Affluent

Introducing the six dimensions of the Advisable Australian

An individual's financial advice needs are determined not only by their financial situation – income, household wealth, levels of debt, and so on – but also by their perceptions of advice and their expectations of how advice should be delivered.

In The Advisable Australian report we have identified six key dimensions that help to explain how an individual relates to financial advice, and which provide insights and guidance to financial advisers on how most effectively to approach individuals in each of the four segments.

Examining each of the Advisable Australian segments through the lens of these six dimensions provides us with a much richer sense of who these people really are.

Key dimensions

Financial Capability: Financial awareness, knowledge and confidence; ability to take control and access financial-related services.

Financial Resilience: Financial preparedness and ability to navigate and withstand threats to financial security.

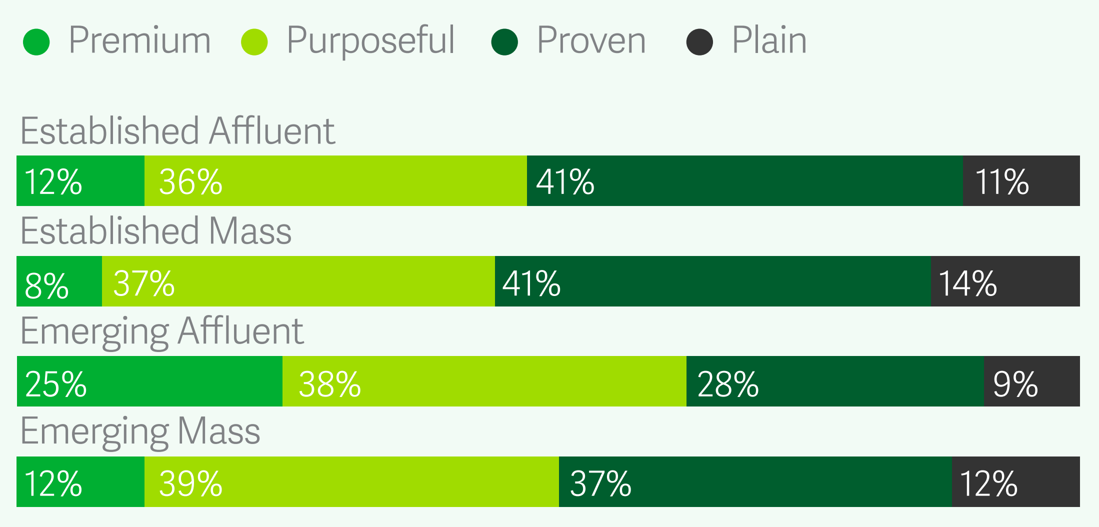
Financial Wellbeing: The impact on physical, mental and social health in relation to wealth and finance.

Advice Propensity: Likelihood to seek or use financial advice services. It considers the individual's openness to accepting advice, along with their understanding of what financial advice is (and what it will help them achieve) as well as any perceived barriers to taking up advice.

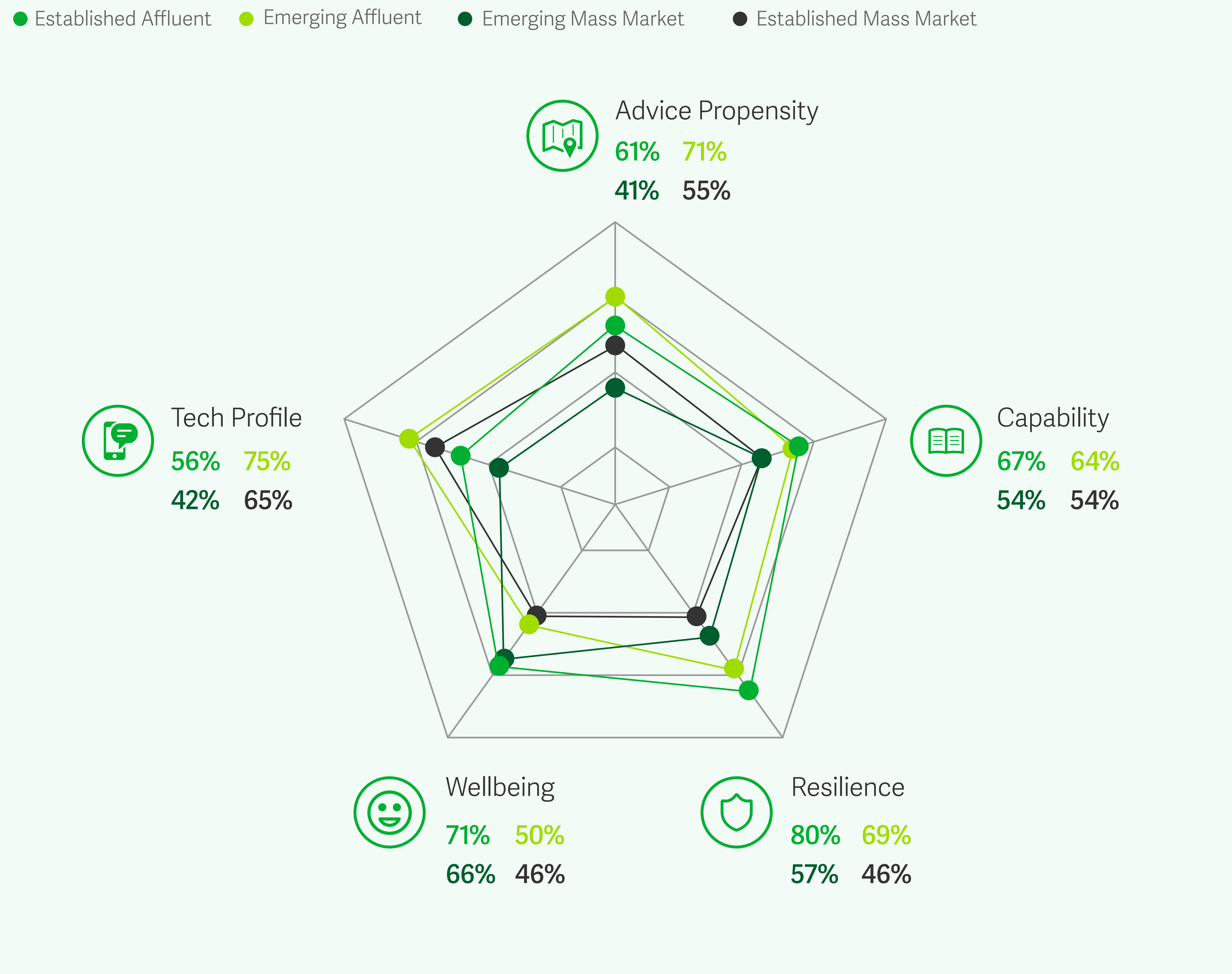
Technology Adoption: Technology savviness, confidence and the value found in digital services.

Brand Affinity: Perceptions, attitudes and loyalty towards businesses.

Brand affinity by segment



Dimension summary by segment (out of 100)



Beyond demographics – The six dimensions of the Established Affluent

Using the six dimensions framework, we learn the Established Affluent look different to the other segments beyond their demographic and wealth profile.

Established Affluent have high levels of Financial Capability with good levels of literacy and engagement with their investments.

Almost eight in 10 (78%) say their understanding of the relationship between risk and return is good or very good and eight in 10 (80%) understand the importance of investing in a variety of investments (diversification). More than seven in 10 (71%) agree or strongly agree they feel engaged with their investments and investing.

Almost eight in 10 (74%) feel very or reasonably prepared for retirement, compared to only 48% of their less affluent peers (Established Mass).

They have very high levels of Financial Resilience with larger reserves of wealth and appropriate insurance coverage for their age.

Almost two-thirds (64%) of the Established Affluent could live off their savings (without income) for more than a year – the highest proportion of any segment. And only 11% of this group (the lowest proportion of any segment) say they could only live off their savings for up to three months. Meanwhile seven in 10 (70%) expect their wealth to grow or at least be maintained through retirement, compared to only 45% of their less affluent peers (Established Mass).

Around half (48%) have life insurance – the second most-insured segment.

Financial Wellbeing is high as they have certainty in their life and wealth which results in fewer impacts to their wellbeing.

Established Affluent are most likely to suffer no adverse impacts from financial issues on their physical health (65% of them) and mental health (65%). They are also most likely to say there's been no adverse impact on family life (61%), social life (66%) and work satisfaction (64%). More than four in 10 (44%) say they worry about money rarely or only a few times a year, with a further two in 10 (20%) saying they don't have any financial issues.

As they are more likely to use financial advice they have high Advice Propensity.

Almost two in five (39%) of the Established Affluent currently use advice from a financial planner, with a further one in five (22%) considering advice. Of those considering, more than four in five (81%) are looking for advice within the next five years, with about one in five (21%) looking to receive advice in the next 12 months.

Although older, they are not technology laggards, but are more pragmatic and seek to use more well-known technology.

More than two-thirds (69%) have a high or very high technology adoption profile. Almost six in 10 (56%) say they largely understand new technologies but prefer for others to use them first; but one in six (16%) see themselves as very tech-savvy and as willing to be one of the first to try out new technologies.

They prefer proven or purposeful brands.

More than four in 10 (41%) Established Affluent prefer brands that are proven (exhibiting the key attributes of experience, intelligence, authenticity and hard work), while more than a third (36%) prefer purposeful brands (exhibiting the principal characteristics of authenticity, social, community and environmental mindfulness). Their three most-admired brands are Apple, Qantas and Woolworths.

Part A: Profiling the Established Affluent

The wealth needs of the Established Affluent are different

The Established Affluent often have complex life, family and financial issues. These create a set of wealth goals and objectives that are unique to this segment, which they are partly confident in achieving yet are often being underserviced by financial advisers.

The most common goal of the Established Affluent in the next three years is cashflow related

More than six in 10 (62%) Established Affluents are actively working towards ensuring they have enough to live on in retirement. But only a third (35%) are confident they'll achieve that goal, even though almost two-thirds (64%) have consulted their financial adviser about it. One third have a goal of creating and sticking to a budget (33%) and more than a quarter are aiming to build a sustainable income stream (28%).

A second common goal is investment portfolio related

More than four in 10 (43%) want to ensure their wealth is invested/managed wisely. Almost half (47%) are confident they can achieve this goal, and it's one that their financial adviser commonly (58%) help out with.

Related is debt. More than a quarter (28%) are actively managing debt over the next three years, whilst almost half (49%) are not confident they will achieve this; yet only 16% consult their financial adviser for this purpose.

And there's also a family-related goal that features

More than four in 10 (43%) are aiming to ensure their family could manage the wealth if they were to get sick or pass away. Only four in 10 (39%) are confident this will be the case, and it's an area that less than three in 10 (28%) have been receiving help with from their adviser. One in three (33%) are actively planning the transfer of wealth to the next generation, with less than half of them (47%) confident of achieving this, and less than half (44%) consulting their adviser for support in this area.

Other significant financial goals (nominated by a third or more of the Established Affluent) include accounting and/or tax management (32%) and implementing tax minimisation strategies (38%).

By analysing wealth goals, a person's confidence in achieving them, plus their reliance on advice, opportunities for financial advisers can be identified, beyond commonly provided investment portfolio advice.

Part A: Profiling the Established Affluent

The wealth goals of the Established Affluent are different

The wealth goals of the Established Affluent and opportunities for financial advice

Under-serviced advice opportunity

	Wealth Goal	% actively working towards in next 3 years	% very confident they will achieve in next 3 years	% being helped by their adviser to achieve goal	
Cashflow	Ensure there is enough money during my retirement	62%	35%	64%	
Cashflow	Create and stick to a budget	33%	32%	13%	✓
Cashflow	Build a sustainable income stream	28%	46%	32%	✓
Investment portfolio	Ensure my wealth is invested/managed wisely	43%	47%	58%	
Investment portfolio	Build/diversify my investment portfolio	35%	42%	60%	
Investment portfolio	Minimise risk in my investment portfolio	20%	32%	48%	✓
Investment portfolio	Gain greater confidence in making investment decisions	19%	38%	33%	✓
Investment portfolio	Access insights into investment market trends and opportunities	19%	50%	36%	✓
Investment portfolio	Invest in hard-to-access investments, such as structured or alternative investments	4%	56%	11%	
Property	Renovate a property	23%	47%	3%	
Property	Purchase an investment property	20%	30%	22%	✓
Property	Sell a property	16%	58%	3%	
Property	Purchase a property to live in	15%	33%	9%	
Debt	Manage debt	28%	51%	16%	✓
Debt	Organise/manage margin lending	4%	50%	7%	
Super	Manage superannuation-related issues (excluding SMSF)	19%	55%	34%	✓
Super	Set up/manage SMSF-related issues	9%	30%	16%	
Family	Ensure my family could manage wealth if I got sick/pass away	43%	39%	28%	✓
Family	Estate planning/ transfer of wealth planning to the next generation	33%	47%	44%	
Family	Set up/manage family office services	4%	30%	6%	
Insurance	Arrange/review insurance	28%	56%	35%	✓
Health	Manage aged care issues	16%	26%	6%	
Business	Manage business-related issues	11%	52%	6%	
Business	Start a business	6%	14%	2%	
Business	Sell a business	5%	45%	1%	
Business	Expand my business	4%	30%	3%	
Tax	Tax minimisation strategies	38%	29%	38%	✓
Tax	Manage accounting and/or tax issues	32%	46%	32%	✓
Social	Start/manage charitable/philanthropic activities	9%	35%	1%	
Financial Wellbeing	Gain greater peace of mind financially	32%	37%	26%	✓
Financial Wellbeing	Gain greater confidence in making financial decisions	24%	30%	33%	✓
Financial Wellbeing	Gain greater control over my financial situation	18%	37%	17%	✓
Financial Wellbeing	Plan for a major life event (e.g. starting/growing a family)	5%	33%	6%	

Part A: Profiling the Established Affluent

Quality of advice and the breadth of services on offer are key drivers of client satisfaction

Your current Established Affluent clients want tailored, high-quality advice with a broad range of services. You also need to demonstrate sound digital and technology capability.

Analysing what's important to the Established Affluent, and the factors that make them satisfied with financial advice, allows us to identify areas firms should pay close attention to.

By far the most important aspect of an advice offer to the Established Affluent is the quality of advice they receive, followed by the breadth of services on offer.

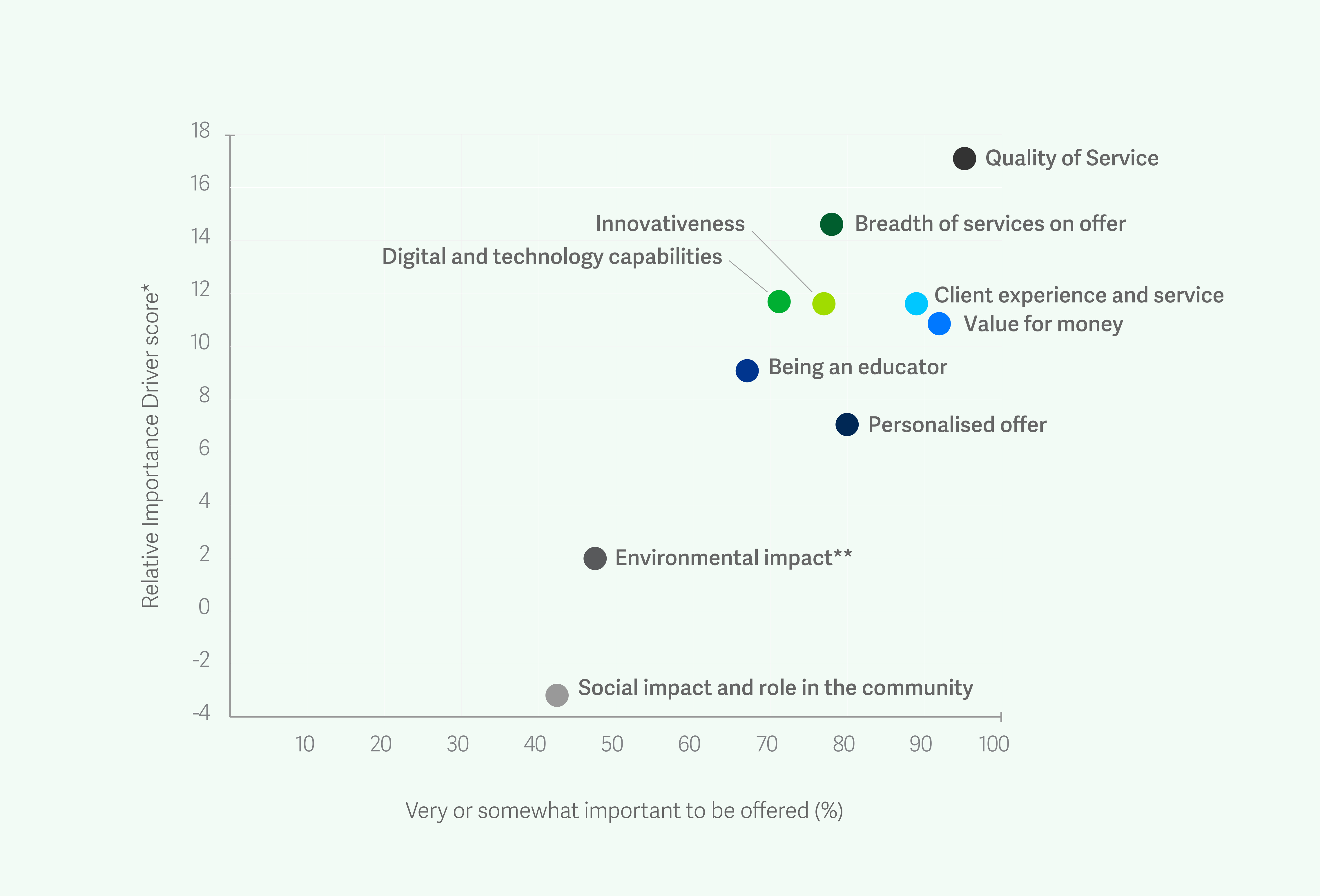
The next most important aspects are the digital and technology capabilities of the firm, its innovativeness, the client service experience it offers (which is somewhat of a broad catch-all statement) and the value for money it offers, reflected not only in the service but also in fees.

A significant proportion of the Established Affluent are looking for a personalised offer, and the majority believe "adviser as educator" is an important part of a financial adviser's overall service.

Our Relative Importance Driver analysis computes a score for the importance of various satisfaction elements to show us the impact of each element on overall satisfaction with advice.

We find that the most important driver is the quality of advice, with an importance score of 17.1. The second most important contributor is the breadth of services on offer (importance score of 14.6) followed by digital and technology capabilities (11.7), innovativeness (11.6), client experience (11.4) and value (11.0).

Relative Importance driver analysis of satisfaction elements vs. stated importance



* Relative Importance Driver Analysis (linear regression model) (R squared = 0.7659); n=73
** Not significant at an α = 0.05 level

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Part B: Tailoring your advice offer for Established Affluents

Tailoring portfolio construction and investment advice for wealthier clients

Part B: Tailoring your advice offer for Established Affluents

Three portfolio construction advice areas worth considering

Investment advice and portfolio construction are integral elements of an advice offer. Knowing how to tailor them to wealthier clients will improve their outcomes and raise their levels of trust and overall satisfaction with financial advice.

The Established Affluent, given their wealth, often have more money to invest and have more complex structural needs when it comes to portfolio construction.

On this basis, we believe there are three important areas of portfolio construction advice firms should consider focusing on:

1. Educating or coaching Established Affluents to diversify their investment portfolio.

2. Examining responsible investing as an important part of their portfolio mix.

3. Structuring their investment portfolio to maximise tax and personal outcomes.

Part B: Tailoring your advice offer for Established Affluents

Established Affluents are largely risk averse, so investment education is important

It's often assumed that the wealthier an individual, the more complex their investments become. That's not necessarily the case. In fact, wealthier individuals still anchor themselves in the investment types that they know.

While the Established Affluent have relatively high financial capability with good levels of financial literacy, a significant proportion of them (42%) do not rate their understanding of the different types of investments as good or very good. This may be a product of "the more you know, the less you know", but it clearly illustrates the role advisers can take as educators.

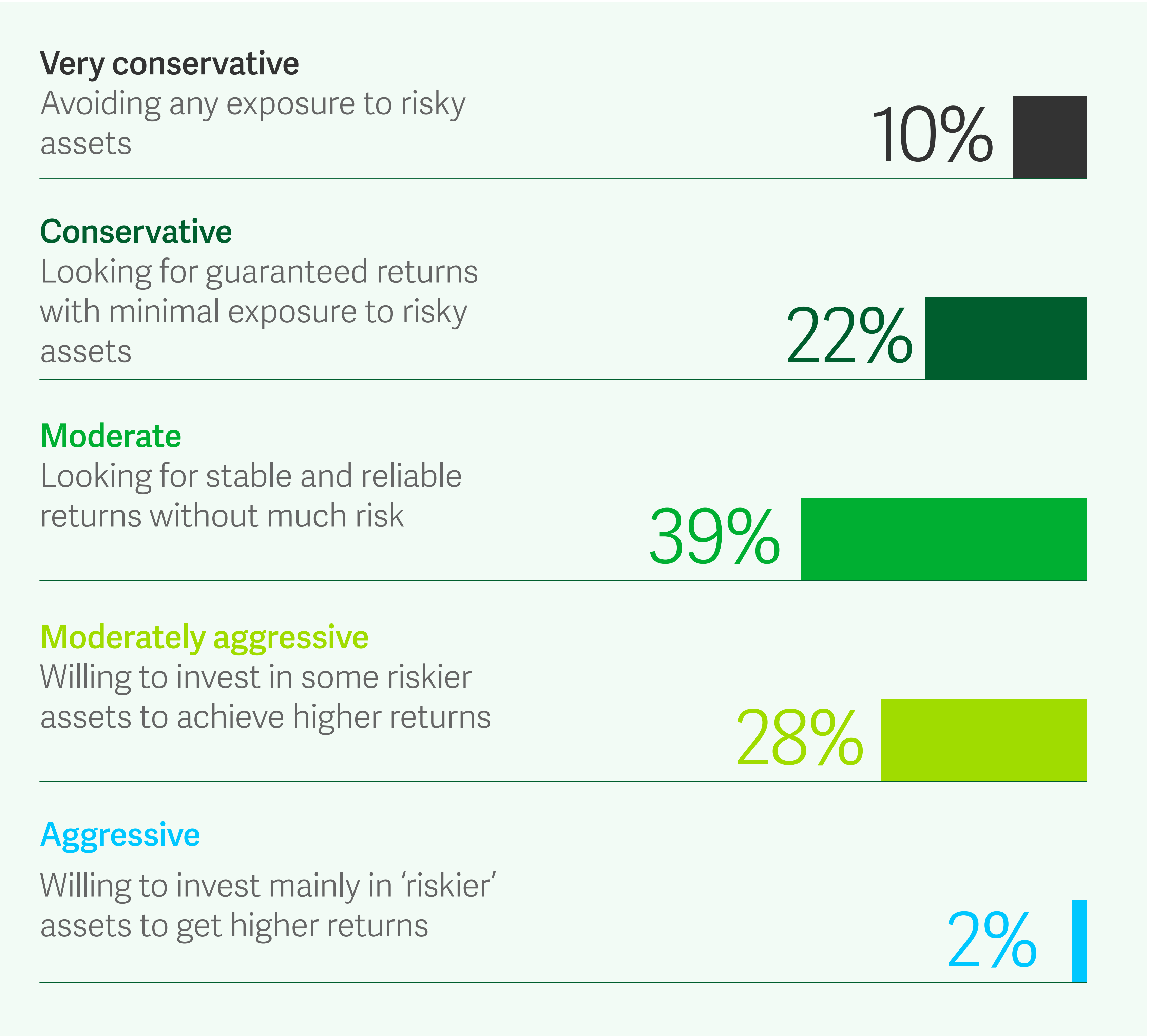
Further supporting this is the disconnect between a desire for diversification versus a lack of diversification in practice. Four in 10 (40%) say they prefer to invest in many different investments or investment types, yet on average almost two-thirds (62%) of the average investment portfolio (excluding home) of the Established Affluent is made up of just three asset classes: residential property, Australian equities and cash.

With an average age of 60, many Established Affluent are still working and earning good incomes, and they enjoy good health. This segment also has the capacity to take on riskier assets, such as private debt and commodities, which they say they would consider investing in if they knew more about them (45% and 58% respectively). They'd also consider investing more in other assets including gold (66%), commercial property (61%), managed accounts (60%), private debt (45%), foreign currency (52%) and hedge funds (52%), and in vehicles that can be traded on stock exchanges such as listed investment companies (LICs)(51%), exchange-traded funds (ETFs), and mFunds (58%)..

However, the majority of the Established Affluent describe themselves as conservative or moderate investors, either avoiding risky assets or looking for limited risk. One in five (20%) explicitly say risk minimisation is a goal in the next three years. Additionally, more than a quarter (28%) say they want to build a sustainable income stream in the next three years.

In summary, there is a clear opportunity for wealth professionals to educate this group on new investment ideas, with the aim of helping them diversify their wealth into different asset classes whilst still appealing to their overall sense of risk aversion.

How would you best describe yourself as an investor?



Part B: Tailoring your advice offer for Established Affluents

Their asset allocation is concentrated to residential property, Aussie equity and cash

Excluding the home you live in, please indicate roughly how you have allocated your investment and superannuation portfolio across the following investment types.

Investment type	$ allocation of portfolio (avg)	% that have invested in	% that would consider investing in
Residential property (excluding the home you live in)	26%	47%	39%
Australian equities/shares	25%	61%	28%
Cash	11%	51%	33%
Managed funds	8%	28%	60%
International equities/shares	4%	26%	51%
Property/real estate investment trusts	4%	24%	55%
Term deposits	4%	24%	54%
Commercial property	3%	11%	61%
Exchange traded funds (ETFs)	2%	14%	55%
Collectibles (e.g. Art)	2%	18%	42%
Managed accounts	2%	14%	60%
Listed investment companies (LIC)	2%	14%	51%
Exchange traded managed funds (ETMFs)	1%	8%	62%
Personal/small business assets	1%	12%	49%
Private equity	1%	10%	56%
Gold	1%	9%	66%
Private debt	1%	4%	45%
Infrastructure	1%	8%	66%
Commodities	1%	8%	58%
Foreign currency	1%	5%	52%
Bonds	1%	8%	68%
Cryptocurrencies	<1%	4%	38%
IM (investment memorandum) Funds	<1%	2%	56%
Hedge funds	<1%	2%	52%
mFunds	<1%	1%	58%

Part B: Tailoring your advice offer for Established Affluents

Responsible investing is an important part of their allocation mix

Greater awareness of environmental and social issues has driven recent trends towards responsible investing. More than half of the Established Affluent say they care deeply about environmental (57%) or social (52%) issues.

This trend towards responsible investing has moved beyond environmental and governance issues to encompass social sustainability and impact investing.

The Established Affluent show strong signs of adopting more responsible investments. Currently one in three (34%) are invested in responsible options, with 26% saying they actively seek them and 18% happy to sacrifice returns/pay more for them.

Of those who do not currently have responsible investments, almost half (45%) are definitely considering investing in them, with a further 41% possibly considering them.

Further, nearly one in four (37%) Established Affluents who have socially responsible investments or have invested in them in the past also expect their holdings in socially responsible investments to increase.

Drivers of socially responsible investing fall into three buckets

More than half (52%) of the Established Affluent say they choose responsible investments because they are in line with their personal values.

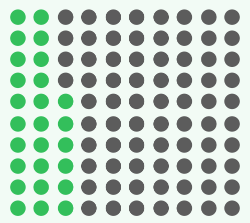
When we look more closely at the drivers behind this investing behaviour, there are three main drivers:

1. **A desire for positive impact.** More than four in 10 choose them for the positive impact on the environment, society and global humanitarian efforts.
2. **Limiting investment in controversial activities**, including gambling and weapons. Almost four in 10 (37%) limit investment in companies involved in such activities.
3. **For financial benefit**. Almost half (44%) say responsible investments are in line with their financial goals, with one in three (33%) investing in them in the belief they have a higher potential for growth than typical investments.

By understanding an individual's preference and drivers for socially responsible investing, advisers will be well positioned to select appropriate assets and build them into their asset allocation.

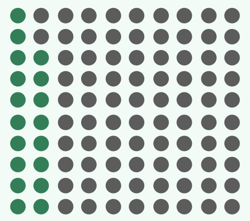
How would you best describe your typical attitude towards investments on each of the following dimensions?

26%



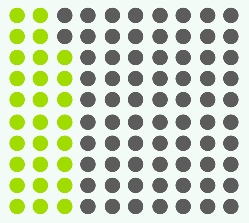
I **actively seek** socially responsible investments

18%



I am **willing to sacrifice returns / pay more** for socially responsible investments

28%



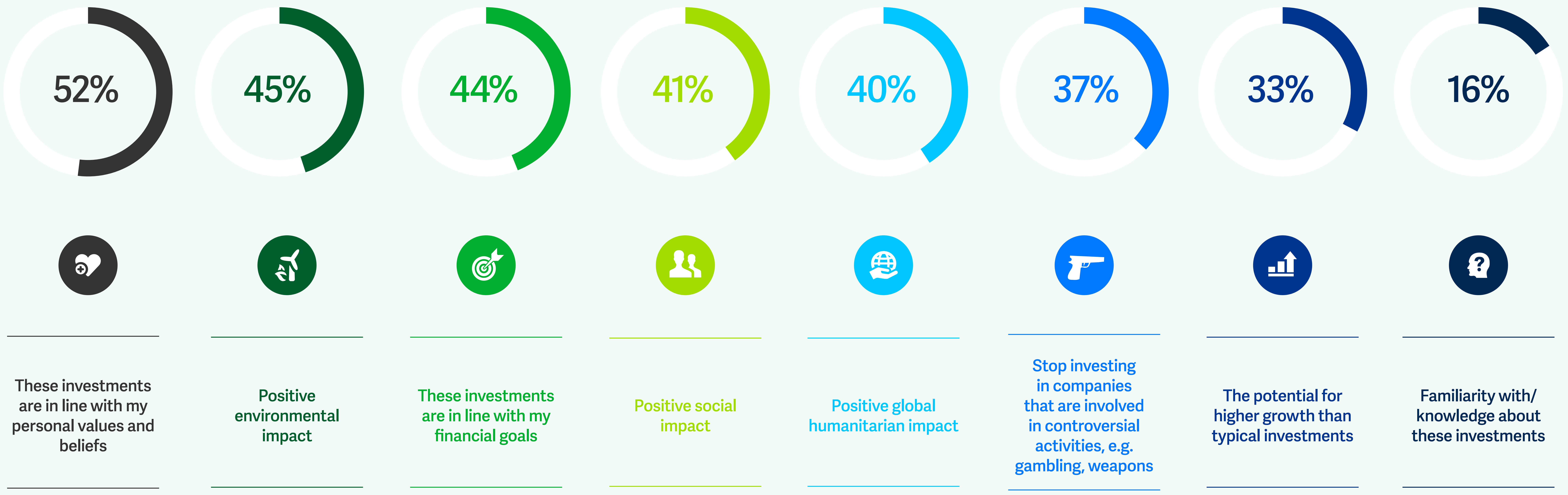
Socially responsible investing is an **important consideration** in my investment strategy

Part B: Tailoring your advice offer for Established Affluents

The drivers of socially responsible investing

The Established Affluent invest in socially responsible options not only due to the positive impact on the environment, but because they believe it's in line with their financial goals and can provide potential for higher growth.

What drove you to invest in socially responsible investments (Established Affluents who have/previously invested in them)?



Even the sceptics can become socially responsible

One in two (52%) Established Affluents believe they have no or neutral understanding of socially responsible investing.

This is not surprising, given that information on these investments is often sparse or too complex. This might also be due to the possibility that there are some so-called responsible investments that are not true to label, "greenwashed" or misleading.

Advisers can play a significant role here, first by educating themselves about these investment options via managers and experts, then making a judgement call and passing on their views and knowledge to clients.

Almost one in five (19%) of the Established Affluent indicate that socially responsible investing is not an important consideration in their investment strategy. A further 28% do not actively seek socially responsible investments, whilst more than a quarter (28%) believe that socially responsible investments have worse returns than other investments.

For the sceptics or the unaware, advisers have a role in educating them of the real potential benefits of socially responsible investing.

The spectrum of socially responsible investments

	Traditional Finance-only	ESG and Negative Screening	Sustainable Positive Screening	Impact Investing	Concessionary returns investing	Philanthropy
	Delivers competitive returns					
		Mitigates environmental, social and governance (ESG) risks				
			Pursues environmental, social and governance (ESG) opportunities			
				Focused on measurable high-impact solutions		
Focus	Limited or no regard for the social and environmental consequences of an investment	Negatively screen out investments with poor practices in order to protect value	Pursue sustainable opportunities - focus on investing only in sectors that have progressive ESG practices that may enhance value	Address societal and environmental challenges while generating market rate financial returns for investors	Address societal challenges that require a below-market financial return for investors	Address societal challenges that do not generate a financial return for investors
Target Sectors	No filters	Eliminating certain investments from a portfolio - tobacco, gambling, weapons, mining	Renewables, waste reduction, gender and racial equality	Environment and climate health, education, sustainable development	Support for innovation, proof of concept, catalytic capital	Catalytic capital, social change, political change, environmental protection
Investment Examples	Oil & Gas Listed Equities	Tech Listed Equities	Green buildings Renewable Energy Infrastructure	Impact bonds Private Equity Housing	Buying property and providing rent free to a not-for-profit	ClimateWorks Australia Blueprint Institute WWF

Source: Making an impact: The breakdown of impact investing and why you don't need to sacrifice returns Sep 2021, Affirmative Investment Management, Kilara Capital, and Conscious Investment Management

Part B: Tailoring your advice offer for Established Affluents

They use a variety of legal entities to manage their super and investments

Established Affluents typically look to utilise efficient tax structures, which may include trusts and corporate structures, holding a range of investments in different accounts or in person. And they may have businesses and a range of other diverse needs requiring a variety of different accounts and structures.

The adviser's role is to confidently assist their client in establishing the correct structures (and if required, winding them down) and entities for their investment to maximise personal and tax outcomes.

Around one in five (19%) Established Affluents have a self-managed superannuation fund (SMSF) and around one in 10 (12%) are looking to set one up in the next three years. Around one in 10 (9%) will be seeking advice on SMSFs in the next three years and around one in five (19%) will be seeking advice on superannuation more generally.

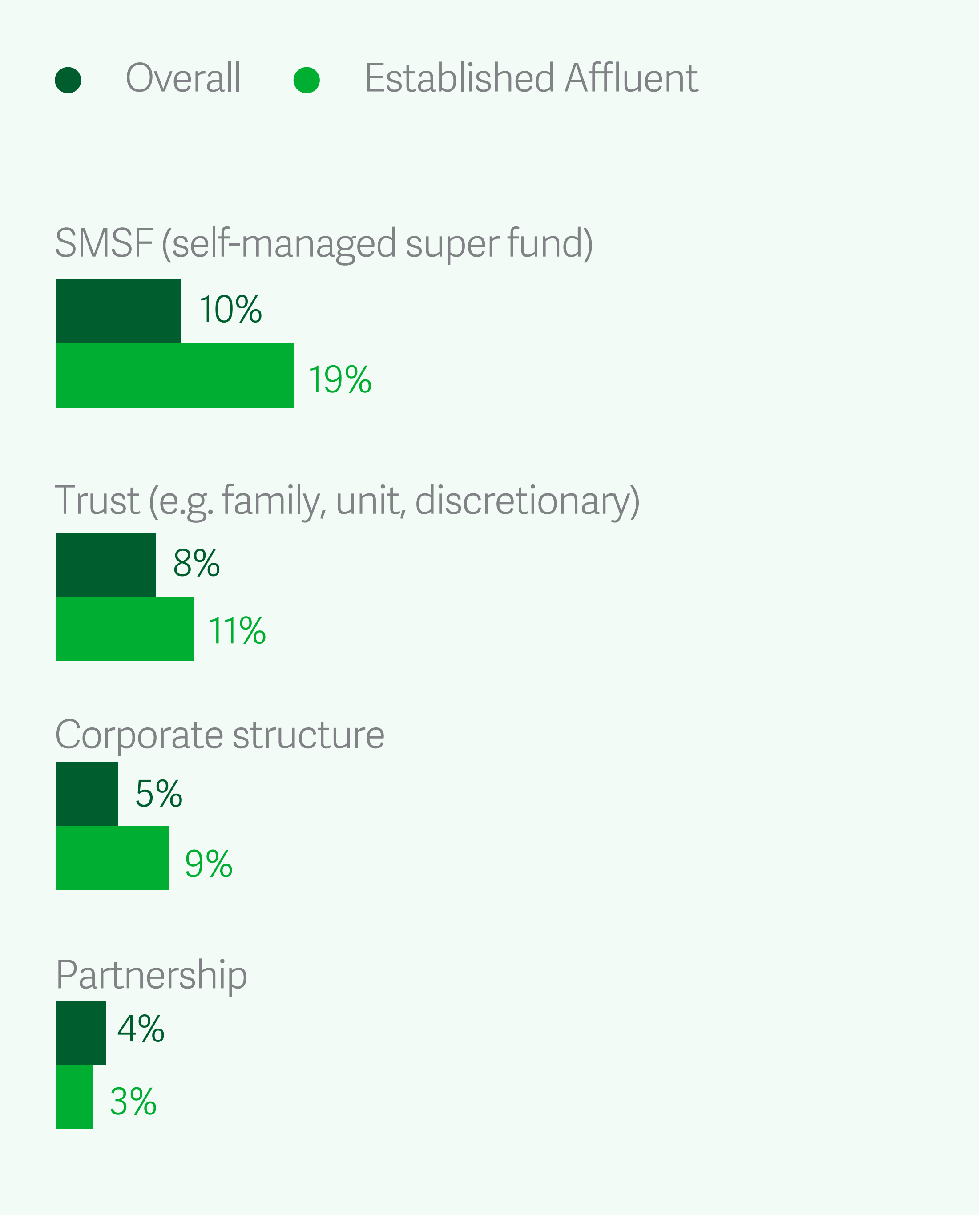
One in eight (13%) run a business. Roughly one in 20 (6%) are intending to set up a business in the next three years, and a similar proportion (5%) intend to sell one.

Complex affairs and structures often lead to complex taxation situations.

Tax minimisation is a consideration when setting up these various entities, with two in five (38%) Established Affluents actively looking for ways to minimise tax in the next three years.

Another consideration is family, and the structures that are needed to distribute wealth through the generations. One in three (33%) Established Affluents are looking for help in transferring wealth to the next generation.

Do you use any of these legal entities to hold and manage investments?



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Part B: Tailoring your advice offer for Established Affluents

Building out your ecosystem of partners and services to value-add to the relationship

Part B: Tailoring your advice offer for Established Affluents

Building out your ecosystem of services to value-add to the relationship

Typically, the Established Affluent draw on a range of expertise from various specialists, including financial advisers, accountants and lawyers for their more complex structuring needs.

The opportunity for advice firms is to broaden their service ecosystem beyond wealth advice to provide additional value-added services to generate new revenue streams, to build deeper client relationships and better client retention.

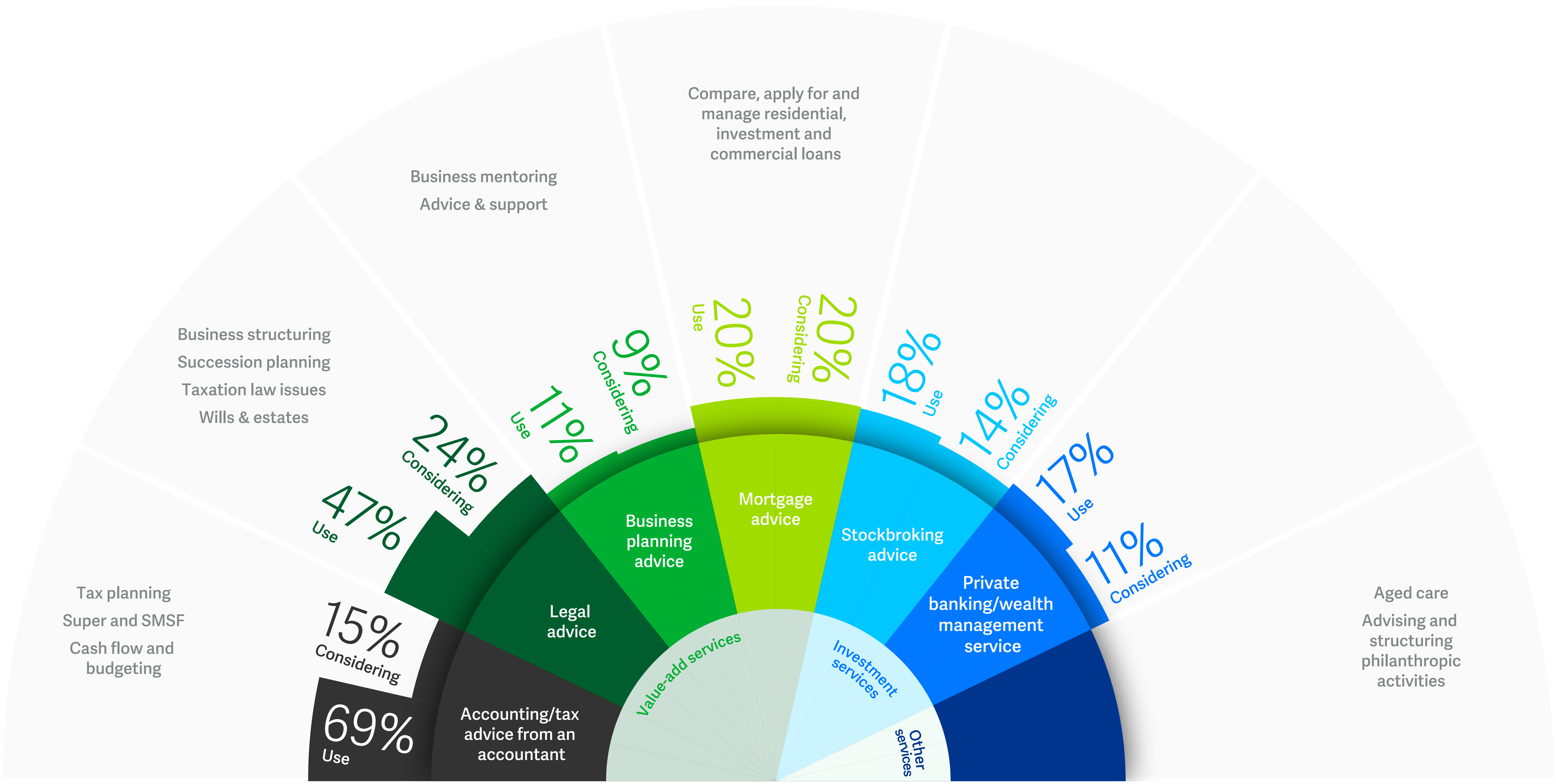
Some areas to consider include:

Accounting/tax advice

Usage for accountants is high within the Established Affluent, with more than two-thirds (69%) already using them for accounting/tax advice and a further 15% considering using them. Services to consider include personal, investment and business tax planning; cash flow and budgeting (33% of Established Affluents actively want this in the next three years); and, of course, superannuation.

Legal advice

Not surprisingly with their complex structuring needs, almost half (47%) Established Affluents use a lawyer while a quarter (24%) are considering using one. Services that this group look for include



Building out your ecosystem of services to value-add to the relationship

business structuring; succession planning; taxation law issues; wills and estates; estates litigation; and family and relationship law issues.

Business advice

The Established Affluent use consultants for a variety of needs that include business mentoring, advice and support. More than one in eight (13%) are business owners or self-employed, the highest proportion of all the segments. Around one in 10 (11%) of the Established Affluent use business advisers today, with a further 9% considering using them.

Philanthropic advice

The Established Affluent are looking to establish or manage a meaningful charitable or philanthropic program. In the last three years 11% started one and 16% expanded these activities; and likewise in the future, 15% expect to expand what they're doing and a further 10% plan to start.

Advisers can position themselves as experts or partner with experts in this area, particularly when it comes to the variety of different structures and their tax implications. The Established Affluent can use vehicles such as Private Ancillary Funds (PAFs) and charitable foundations, invest through impact investing vehicles or directly via donation. But the Established Affluent may also seek to "give back" in other ways, including volunteering, board membership or mentoring.

Aged care advice

The Established Affluent life experience is often marked by serious events. Almost one in five (19%) have suffered from or been diagnosed with a major health issue.

This is a significant finding, because these issues appear to have been largely unexpected and clearly underline the need to be prepared – only 6% of the Established Affluent expect to face such a scenario in the coming three years, despite the proportion that actually have.

With that said, around one in six (16%) of the Established Affluent are looking for help in managing aged care issues in the next three years, whether that's for themselves or other people in their family – which could include their elderly parents.

Your options in building out your advice ecosystem

Your firm has a few choices to build out its ecosystem of advisory services – and all of them take commitment:

1. Hire appropriate resources
2. Train/educate existing staff
3. Buy the skills through business acquisition
4. Build close partnerships with other companies. This option may also help to establish a meaningful referral stream.

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Part B: Tailoring your advice offer for Established Affluents

Expanding your inter-generational offer to appeal to the kids

Expanding your inter-generational offer to appeal to the kids

The Established Affluent are older, wealthier Australians who have mostly passed the family building stage and are approaching the stage of life when they start thinking about passing their wealth to the next generation.

With an average age of 60, very few (3%) Established Affluent have either started a family or had one growing up in the past three years, and a similarly small proportion (4%) expect to in the next three years.

Over the next three years the Established Affluents have some clear goals when it comes to intergenerational wealth transfer and taking care of their families. However, it is clear from our research that financial advisers are not always meeting these needs well.

More than four in 10 (43%) are actively working towards ensuring their family could manage wealth if they were to get sick or pass away, with less than four in 10 (39%) very confident of achieving this; yet less than three in 10 (28%) have been helped in this regard by their adviser.

One-third (33%) are grappling with the issues of intergenerational wealth transfer and working out how to pass wealth efficiently to younger generations, and again the majority (53%) are not very confident in achieving this.

More than a quarter (28%) actively intend to arrange or review their insurances. Around one in six (16%) will be thinking about aged care issues, for themselves or for another family member (often elderly parents), yet only 6% have received help from their adviser.

Opportunities for advice

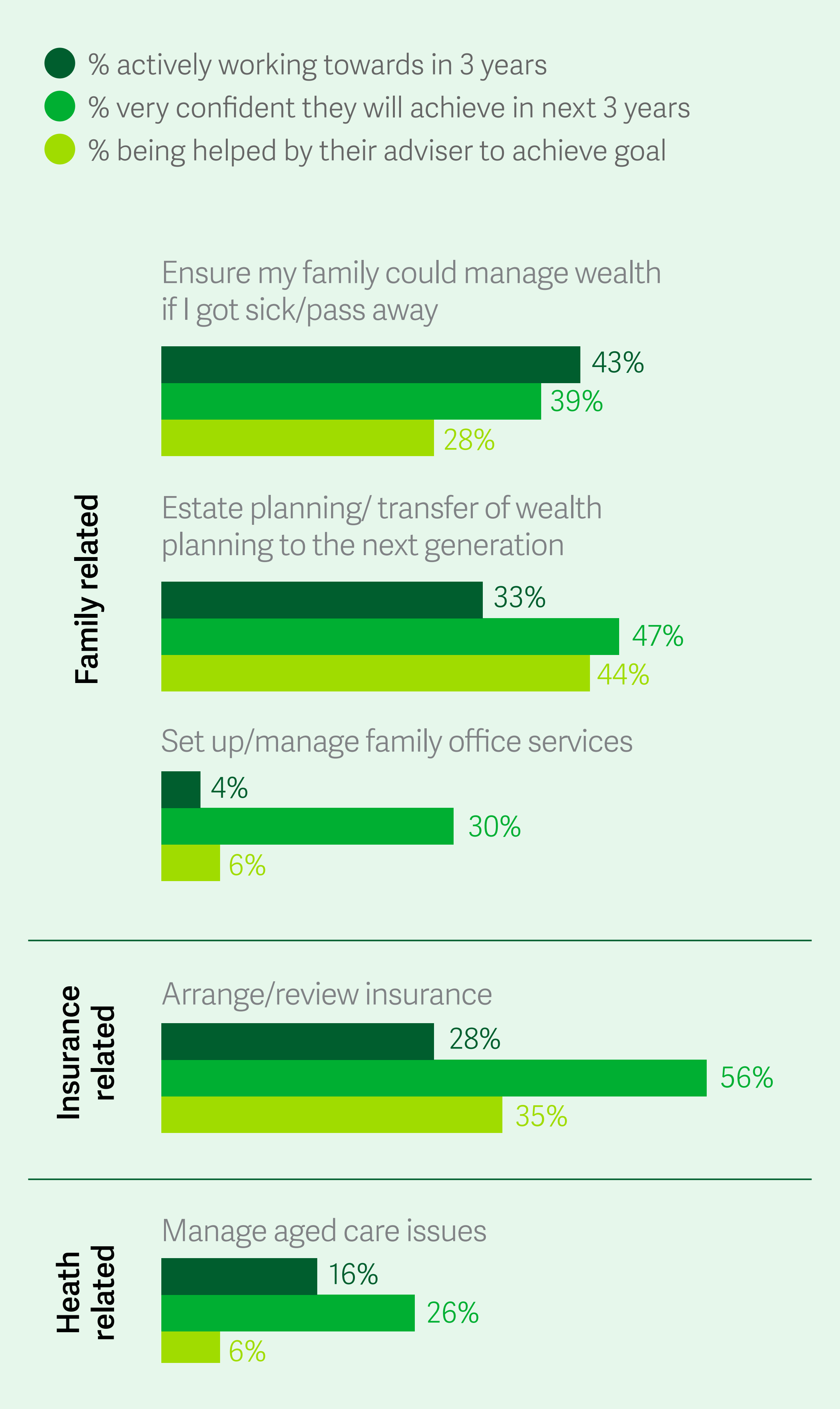
The advice needs of the Established Affluent revolve more around setting up structures and processes to transfer wealth between generations efficiently, rather than guidance or advice on what to do with inherited wealth. This leads to several potential opportunities to offer services and support.

Advisers can play a role in helping the Established Affluent establish a proper decision-making framework for managing the transfer, including setting up investment structures and processes, finding the right people to be involved (including, where appropriate, independent investment committee members or company directors) and reporting frameworks, including formal meeting requirements and policies.

And for Established Affluents setting up family offices, there's a potential role for the adviser in helping to create investment decision-making structures (including helping to define and document an investment philosophy and strategy).

Bringing younger generations (who will typically be Gen Y, aged between 20-41 years) into the fold opens the door to a role for the adviser as an educator and a conduit or sounding board between generations, helping them address and resolve issues that inevitably arise when significant wealth changes hands.

This will involve appreciating the different wealth goals, aspirations and service models desired by this younger cohort.



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Part C: Evolving your service proposition to maximise client satisfaction and engagement

Personalisation and creating a bespoke tailored service offer

Part C: Evolving your service proposition to maximise client satisfaction and engagement

To coach or to take control of the service relationship?

Wealth management was and continues to be a relationship-based business. It is important not to treat the Established Affluent as a homogenous segment when it comes to service.

In behavioural terms, we can see that Established Affluents exhibit both "outsourcing" behaviour – preferring their financial advisers to make critical decisions for them – or "coach-seeking" behaviour – preferring them to validate (and challenge, where necessary) things they may already be thinking or decisions they may already be considering.

In total, just over half (52%) see their financial adviser as someone they can rely on heavily, with 16% of those that receive advice relying on them to take care of their "entire affairs and keep them informed" and a further 35% relying on them "strongly as a critical source of information and decision-making support".

We suspect that this is driven by the fact that many Established Affluents are time-poor. Most are still working in some capacity and so do not have the time to manage their financial affairs effectively. Further, they have high Advice Propensity, and as such are heavy users of other types of advisers, so they have good levels of established trust with advisory services.

On the flipside, almost half (44%) think of their financial adviser as someone they can rely on partially – either to explain things and provide information (26%), to aid them doing their own work (13%) or for high level ideas (5%).

This desire is most likely driven by the fact that Established Affluents have high levels of financial capability (87 per cent of Established Affluent demonstrate high or very high financial capability), with good financial literacy and are engaged with their investing and financial decisions.

For these people, the role of the adviser is to validate the decisions of the client, and to take on the role of a high-performance coach.

Which of the following best describes how/would you prefer to use a financial planner to manage your wealth and financial affairs? (Established Affluents who receive advice)

Everything outsourced	I'd rely on them strongly as a critical source of information and decision-making support	35%
	I'd rely on them to largely take care of my entire affairs and keep me informed	16%
High performance coach	I'd partially rely on them to explain things and provide information	26%
	I'd partially rely on them to provide some information for me to do some of my own work or consult others	13%
	I'd use them for high level ideas for me to do most of the work or consult others	5%
Admin only	I'd make most or all my own decisions and use them mainly for administrative and compliance purposes	5%

Part C: Evolving your service proposition to maximise client satisfaction and engagement

Delivering value: Understanding fee preferences

Established Affluents with high Advice Propensity clearly see the benefit of advice yet demand greater fee transparency and expect value – so getting your fee structure right is a critical consideration.

Today, the greatest number (41%) of Established Affluent clients say they would prefer to pay for financial advice in the form of a flat annual fee.

The advice profession has moved over the past few years to meet these preferences, with 43% of Established Affluent clients currently paying in this way.

When you add up the other types of flat-fee models, almost three-quarters (73%) of Established Affluents want to pay this way, which is largely being met by the industry.

But there's still a mismatch when it comes to firms charging a fee based on the value of money invested by their client. Only 15% of Established Affluents say a percentage of funds under advice, or an asset-based fee, is their preferred way to pay, yet a quarter (25%) of them say this is how they currently pay for advice.

Interestingly, there is a small proportion (7%) who would prefer to pay performance-based fees, most likely in line with their greater financial literacy and understanding of risk/reward and value.

While there is no one-size-fits-all fee model, to meet client fee expectations advice firms should consider investing in systems, processes and practice management reporting to ensure they properly understand the cost of delivering advice, then price it profitably.

Which of the following best describes how you currently/would prefer to pay a financial planner?

Fee Structure		Currently pay	Prefer to pay
Flat fee	A flat annual fee	43%	41%
	A monthly flat subscription fee	10%	11%
	A service fee each time I receive a specific piece of advice	9%	11%
	Per hour based on an hourly rate	8%	9%
Percentage based	A percentage of the funds under advice	25%	15%
	Performance-based fees (e.g. a percentage of return if it overperforms)	1%	7%
Other	Other	3%	6%

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Part C: Evolving your service proposition to maximise client satisfaction and engagement

What older clients expect from the digitisation of advice

Part C: Evolving your service proposition to maximise client satisfaction and engagement

The majority are tech pragmatists, happy to wait for proven technologies

During the COVID-19 pandemic we saw a clear swing towards the digital delivery of advice. Online interactions became common, even for clients who may not have otherwise chosen to interact this way.

The Established Affluent are quite active digitally across a range of activities and platforms.

More than three-quarters (78%) search for things online daily, having increased from 68% last year. They're open and quite used to being communicated with on social media. Around four in 10 (41%) check in daily and another two in 10 (18%) check in at least weekly. They're also significant users of online messaging apps or websites, such as Facebook Messenger and WhatsApp – more than four in 10 (44%) use them daily and a quarter (25%) use them weekly.

Established Affluents consume a lot of information online. More than half (56%) read general, entertainment, sport or other news on a website or app at least weekly, and almost six in 10 (56%) read business, investment, or financial news on a website or app daily (up from 49% last year). So they're already open to receiving information from advice firms in this format.

Like many Australians, Established Affluents became adept Zoomers during COVID-19 lockdowns and now more than half (54%) use online video meeting apps weekly or more frequently (up from 35% last year). They also became more comfortable shopping online, with now more than one in three (34%) purchasing products online from a grocery store or retailer at least weekly.

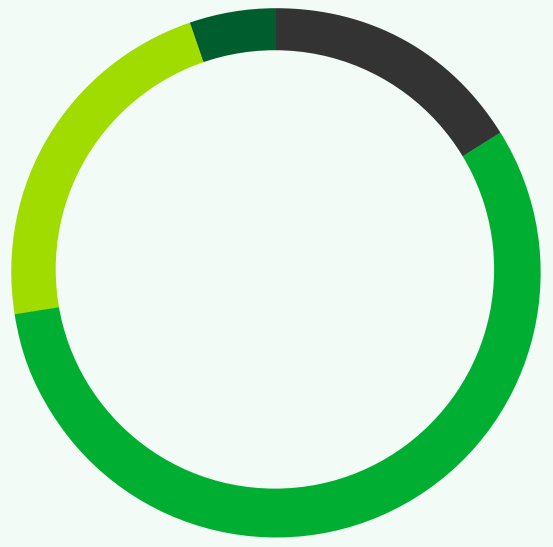
Overall, the majority (56%) of the Established Affluent are what we call "tech pragmatists" – they will use technology as and when they see clear and obvious benefits or efficiencies, or as they put it: "I largely understand new technologies but wait for others to try them first before I do."

More than a quarter (27%) are slower in their adoption of technologies, either being overwhelmed by them or actually avoiding them; whilst at the other extreme we have some (16%) who see themselves as technology early adopters, always trying the latest technologies.

For wealth professionals, this means the Emerging Affluent are savvy enough technology users and will be likely to adopt wealth-related technology willingly when the benefits are clear.

The majority of Established Affluents are technology pragmatists, happy to wait until technologies are more proven to adopt them

Which of the following best describes your attitude towards adopting new technologies? (Established affluent only)



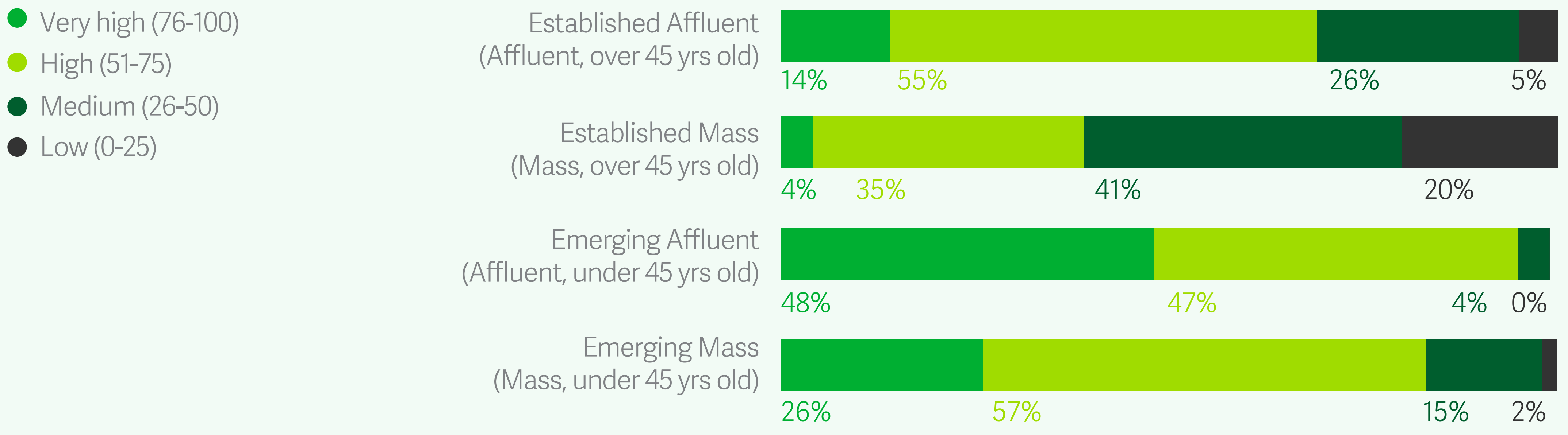
16% I am very tech savvy and always see myself as one of the first to try new technologies

56% I largely understand new technologies but wait for others to try them first before I do

22% New technologies can be overwhelming and I wait for most people to try them first before I do

5% I largely avoid new technologies and I don't try them until I really have to

Technology Adoption Score



Part C: Evolving your service proposition to maximise client satisfaction and engagement

The online behaviours of Emerging Affluents

How frequently do you typically do/use the following?

Part C: Evolving your service proposition to maximise client satisfaction and engagement

Digital financial services are going mainstream

Established Affluents are not digitally ignorant. Almost nine in 10 (89%) use online banking services at least weekly; and more than four in 10 (43%) even manage their investments using a digital investment platform, app, online broking service or micro-investing service at least monthly.

Their banking relationships are largely traditional, with about a third (30%) using branchless, digital-only banking providers.

Where a digital service meets a need, the Established Affluent will take it up. More than four in 10 (43%) use a digital investment platform or app, online broking service or micro-investing service to manage their investments.

The Established Affluent demonstrate good usage of digital services to check and manage their superannuation, with around a quarter (24%) doing so weekly or daily, and a similar proportion (26%) checking in monthly.

Perhaps reflecting how active Established Affluents are online, more than half (59%) of them use online payment or money transfer services weekly or monthly and another 5% are online every day, moving money around. Overall, fewer of them (32%) use digital wallets such as Google Pay or Apple Pay.

Apps and websites to manage cashflow and budgeting have a lower take-up, with three in 10 (30%) of Established Affluents using them weekly.

The patterns of usage of relatively mainstream online digital financial services suggest Established Affluents are potentially fertile clients for digital advice services, provided, being the tech pragmatists they are, that the technology the service is built on is tried and tested and delivers demonstrable benefits.

The Established Affluent demonstrate good usage of digital services to check and manage their superannuation:

01

24%

Check and manage super

Weekly or daily

26%

Check and manage super

Monthly

Part C: Evolving your service proposition to maximise client satisfaction and engagement

Make sure you prioritise physical client interactions as much as digital ones

Even as digital and online interactions become the standard, Established Affluents continue to profess a desire for human contact, at least early in an advice relationship. Yet as a relationship evolves, they become more comfortable taking up digital services.

The Established Affluent prefer to have interactions with their adviser in two principal ways: face-to-face, and by email. Phone and other online methods are desired but in a smaller number of cases.

The nature of the interaction dictates which method is preferred. For example, face-to-face initial meetings are preferred by about eight in 10 (81%), with a smaller number preferring online meetings.

Face- to-face is also preferred (by 58%) for follow-up meetings when there are important advice-related matters to be discussed, and just over one in six (17%) would prefer the follow-up by phone, and a slightly smaller number (15%) would prefer online.

Almost four in 10 (38%) prefer face-to-face for other sorts of follow-up or subsequent meetings, and two in 10 (19%) would prefer these meetings be held online.

The main preference switches to email for a range of other interactions, including receiving relevant news and insights (preferred by 72%), receiving information about new products and services (62%), receiving documents for the client's records (53%), portfolio and investment updates (47%), answering queries (46%), signing documents and forms (46%), and receiving updates on important advice-related matters.

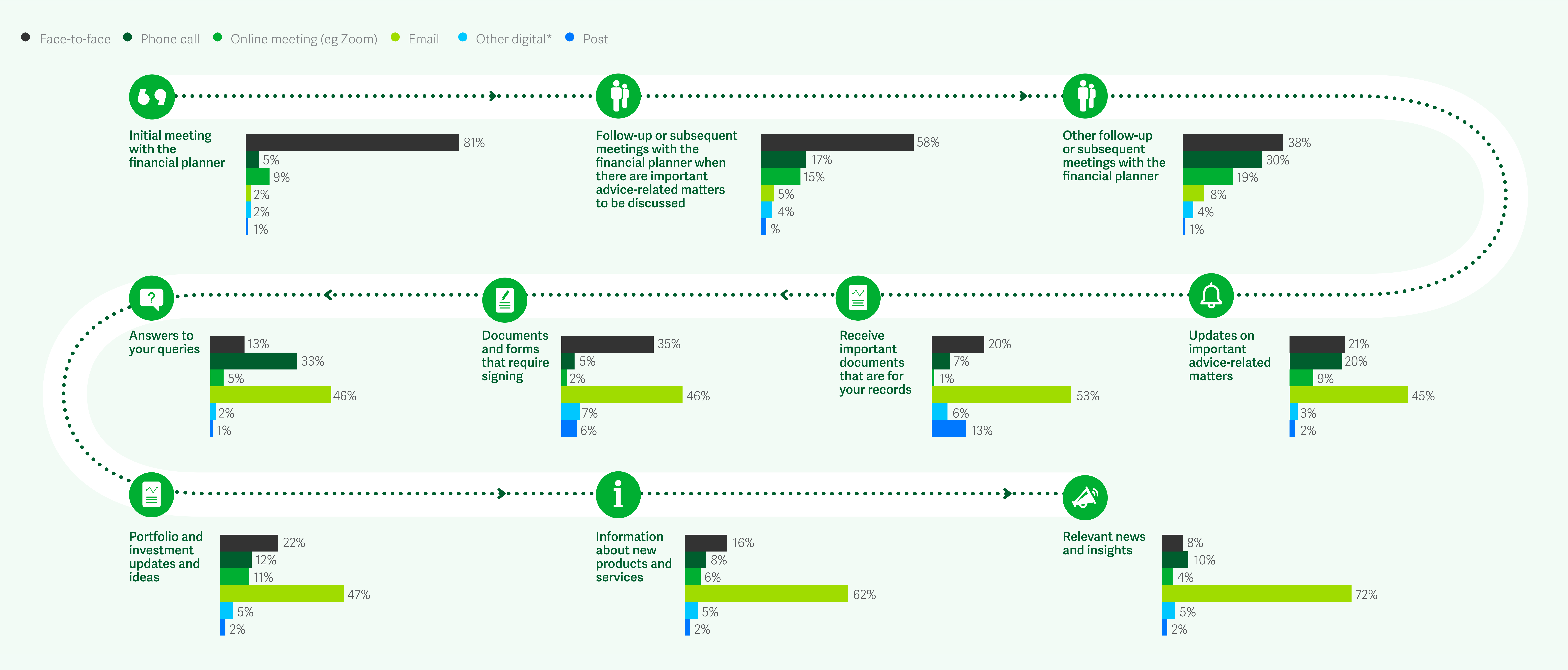
However, in each of these cases a reasonable proportion – more than a third (35%) in the case of signing forms and documents – say they prefer face-to-face contact.

With the channels of engagement and client touchpoints constantly evolving, advice firms need to monitor the various needs of their Established Affluent clients.

The key message is that advice firms must be flexible in how they contact and communicate with their Established Affluent clients and tailor a service so it can be delivered according to those preferences.

They prefer two methods: face-to-face and by email

How would/do you prefer to interact with a financial planner in each of the following situations?



Part C: Evolving your service proposition to maximise client satisfaction and engagement

Using client portals to extend and expand your relationship

In addition to the activities Established Affluents already carry out online and how they want to engage with the adviser digitally throughout their relationship, client portals and apps can play an important role in enhancing client engagement and satisfaction.

A significant majority (85%) would highly or somewhat value the ability to access investment performance reports online or via a mobile device. A similar proportion (83%) would like to be able to update personal details online.

Tracking progress towards financial goals and buying and selling investments online is an ability valued by three-quarters or more (79% and 75% respectively) Established Affluents, along with being able to sign and approve financial documents, such as investment instructions (75%) and chat with their adviser (76%).

Access to relevant financial educational materials and tools (e.g. online calculators and podcasts) is also valued by the majority (71%).

Insights into household balance sheets (valued by 72%) and tracking spending and budgeting (65%) are also relatively highly valued. And being able to access and store financial documents online (60%) is also on the wish-list of many.

We know based on our research for the 2021 Netwealth AdviceTech Report that there is what we might call a "service gap" between what high net worth (HNW) advisory firms typically offer and what the Established Affluent say they want in terms of carrying out activities online.

For example, some 85% of the Established Affluent say they want to be able to access reports on investment performance online, yet just over half (53%) of HNW advice firms offer that capability.

Three-quarters (75%) of the Established Affluent want to be able to buy and sell investments online but – understandably, perhaps – fewer than one in 10 (9%) HNW advice firms offer this functionality. This makes sense in a context where an integral part of an advice offer is making investment recommendations and matching recommendations to an investor's needs and risk profile.

But there are other aspects of a service offer – such as updating key personal information, accessing and storing documents in the cloud, accessing financial news and insights, and accessing educational materials and tools – where the gap is less easy to justify.

Would/do you highly or somewhat value the ability to do the following online, including on mobile devices?

*High Net Worth (HNW) individuals are defined as those with $750k or more in investable assets or $150k or more in personal income.

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Part C: Evolving your service proposition to maximise client satisfaction and engagement

Building advocacy and love with value-add services

Part C: Evolving your service proposition to maximise client satisfaction and engagement

Building advocacy and love with value-add services

In addition to advisory services, wealth practices have an opportunity to deliver personalised value-added services to help clients meet personal goals.

Progressive advice firms are always looking for ways to extend their services to cement the relationships they enjoy with clients.

Established Affluents generally express high levels of satisfaction with the quality, value for money and relevance of the services they receive from their advisers. But that's not to say advice firms can't do more – and in any case, there's a difference between a client expressing satisfaction and a client becoming a genuine advocate for the firm, recommending it to others.

When we asked Established Affluents to rate the additional services that a wealth firm might offer them in terms of importance, we found that there are three areas a wealth firm can focus on:

1. Education
2. Service
3. Lifestyle

Top of the value-add education services is the delivery of market trends and insights research. This service is considered somewhat or very important by about seven in 10 (69%) Established Affluent individuals who currently receive advice or who are considering seeking advice.

More than a third (35%) also value receiving thought leadership content.

Networking opportunities are also valued by around a third (32%). These events are truly most valuable when they bring together groups of clients with similar interests or needs. For example, a firm may have clients all dealing with issues around intergenerational wealth transfer. Networking allows those clients to meet, compare notes and bounce ideas around.

In terms of value-added service, fee rebates proved very popular (60%), which is not surprising, given value for money is the main driver of client satisfaction. Priority service, e.g. priority call access, "jump the queue" functionality (44%) was also seen as important.

Some of the lifestyle services that Established Affluent value are those designed to make them feel special or different.

They include special product offers (43%), rewards point schemes and travel perks such as flight deals or accommodation offers (34%) and exclusive events, such as dining experiences or lifestyle and cultural events (32%).

Educational services, plus other value-added services can help you differentiate

Which of the following additional services that might be offered by wealth firms would be very or somewhat important to you? (Of those who are currently receiving advice or considering receiving advice from a financial planner)

Education

Market trends and insights research	69%
Thought leadership content and/or virtual keynote presentations	35%
Networking opportunities	32%

Service

Fee rebates	60%
Priority service access (e.g. priority call access, 'jump the queue' functionality)	44%

Lifestyle

Special product offers	43%
Reward point schemes	34%
Travel & lifestyle perks (e.g., exclusive flight or hotel offers)	34%
Exclusive events (e.g. dining experiences, lifestyle & cultural events etc.)	32%

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Part D: Marketing to acquire the Established Affluent

Marketing strategies and tactics to use in growing your HNW client base

Part D: Marketing to acquire the Established Affluent

Understanding buyer intent

An individual's stage in the advice journey is an important factor in determining the appropriate marketing tactics a firm will employ to acquire or retain Established Affluents.

The buyer intent is reflected in the Advice Propensity dimension, where we find there are three groups of Established Affluents:

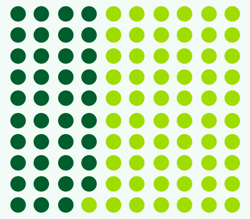
1. Those currently receiving advice (1.1 million people or 39% of all the Established Affluent).
2. Those who are considering advice (523,000 people or 19% of all the Established Affluent).
3. Those who tell us they are unlikely to use financial advice (1.2 million people or 42% of all the Established Affluent).

Depending on this buyer intent, the marketing strategies to acquire these individuals will be slightly different.

There are over half a million Established Affluents considering advice today

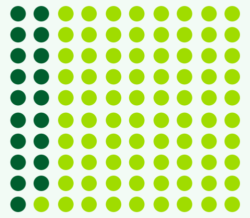
Using financial advice

1.1m
people



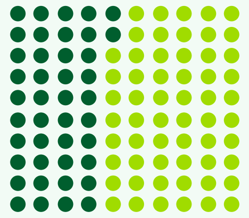
Considering financial advice

523k
people



Unlikely to use financial advice

1.2m
people



Part D: Marketing to acquire the Established Affluent

1. Targeting those who are considering advice

There are 523,000 Established Affluents who would consider financial advice and half (50%) are looking to receive it in the next three years. It's time to start marketing to this group now.

When trying to acquire this group, you will need to consider two aspects to your marketing plan:

- The channels or referral networks that you use to find these people.
- The key messaging you use to convince these people you are the right partner.

Getting your channel and referral mix right

Referrals are a common way to generate new business. They can come from professional networks or larger institutions. The "considering" group will often look to an accountant (43%) for a recommendation for a financial adviser. Almost a quarter (24%) will seek a recommendation from a lawyer/solicitor, whilst mortgage brokers are relied on by one in 10 (10%).

Another, perhaps more difficult to establish referral network is via industry partners. Almost a third (33%) turn to their superannuation fund for recommendations.

Online digital tactics are also an important channel to drive new business.

Almost one in five (19%) search for a financial adviser online, so it follows that an online presence – at the bare minimum a website – is a critical asset to enable an advice practice to be found online.

Getting your key messaging right

There are several attitudes and behaviours that are worth noting when building out your key messaging for those considering advice.

a) Communicate value

Almost one in three would definitely consider receiving/restarting advice earlier if they could justify the value, could see the benefits or justify the need. These statements are another way of telling us these individuals do not yet fully appreciate the value of advice. You will need to prove to them that you can help them achieve their financial goals or make it easier for them to do so, at the same time convincing them that you are trustworthy.

Look to have target messaging around the complex jobs you do to support this group, which inevitably will often be too challenging for them to do themselves, eg. intergenerational wealth transfers, retirement planning or access to novel investments.

You can target those considering advice through referral networks and online

How did you find/ where do you intend to go when looking to find a financial planner? (Of those considering advice)

Word of mouth	Ask family, friends or colleagues	43%
	Through your workplace	<1%
Professional referrals	Ask an accountant	43%
	Ask my lawyer/solicitor	24%
	Ask my mortgage broker	10%
	Ask my business adviser	7%
	Ask a stockbroker	2%
Industry referrals	Ask my superannuation fund	33%
	Ask a member of a professional industry association	24%
	Ask my bank	14%
	Ask my private bank or wealth management firm	5%
Online	Search on Google or another search engine	19%
	Check the ASIC Financial Adviser Register	17%
	Online ratings and review websites (e.g. Google reviews)	10%
	Online forums	5%
	Social media	<1%

Value is a key consideration which will need to be clearly articulated and demonstrated

I would definitely consider receiving/restarting financial advice earlier from a financial planner if ...? (Of those considering advice)

Life events	I had a specific need for it (e.g. inheritance, sold a business)	43%
	I could no longer manage my own wealth or financial affairs	40%
Value	I could justify the value for it	36%
	I could afford it	33%
	I could see the benefits of financial advice	33%
	I had more assets/wealth to justify the need	31%
Trust	I found one I could trust	33%
	I was recommended by family/ friends	12%
Knowledge	I had a better understanding of what they could do for me	29%
	I knew where to start	21%

Part D: Marketing to acquire the Established Affluent

This group is also the most likely to be considering other professional services, such as accounting, business and legal – so it will be important to highlight your credentials and/or partners that can help.

b) Communicate your experience and qualifications

Almost eight in 10 (76%) indicate the credentials of a firm are the most important factor when choosing a brand.

You need to demonstrate experience, not tell someone, so it is better to articulate experience and credentials through case studies, testimonials, or third-party endorsements. Consider interviewing some of your clients so they can tell their story and how you have helped them. Are there industry awards that you can enter to win?

c) Communicate your technology prowess

One in three (36%) say the technology experience you offer will sway them towards choosing you. For these people you will need to demonstrate your digital prowess – your client portal or app, your social media presence and your digital articles, podcasts, or videos. With that said, as technology pragmatists, you will need to measure this by also articulating your "human touch" throughout the advice journey.

d) Communicate your authenticity

Four in 10 (36%) of this "considering" group have a Proven Brand Affinity. Their preference is to choose and work with businesses that are well established with a history or heritage. It is important to show your authenticity through your rich history or timeline.

For this group, you will also need to emphasise your educational program, which may include how you can help their kids, and your process of partnering and coaching will be important.

e) Communicate your social purpose

Four in 10 (40%) have a Purposeful Brand Affinity. They will choose a business that can demonstrate a commitment to making society or the environment better.

For this group, emphasising such things as your investment alignment with socially responsible investing will be critical. If your business is involved in the community, this will also be well regarded.

Brand Affinity (of those considering advice)

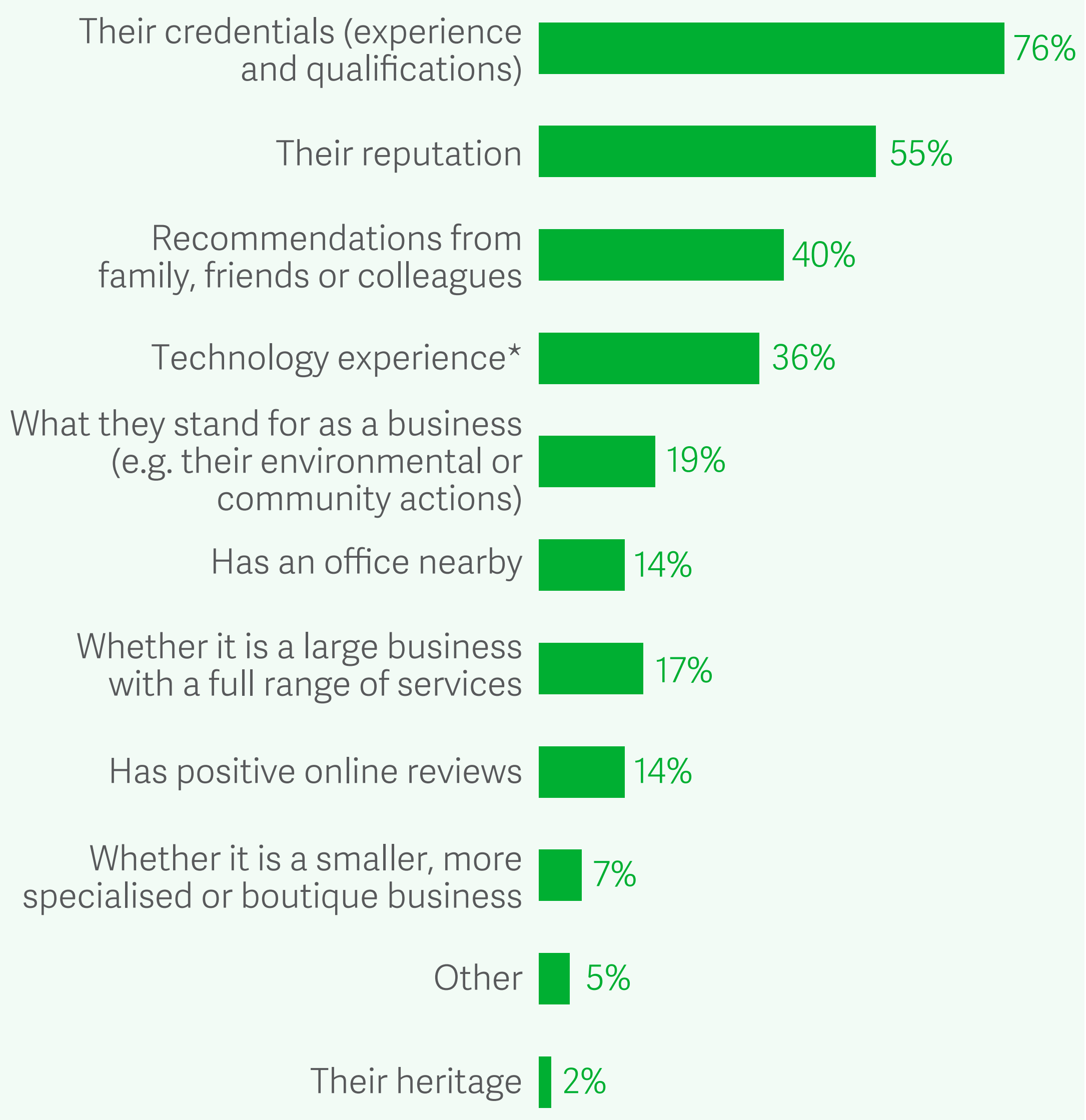
36%
Proven
Intelligent, Experienced, Dynamic, Collaborative, Educator

40%
Purposeful
Authentic, Environmentally minded, Social and community minded, Compassionate, Passionate

19%
Premium
Visionary, Creative, Playful, Exclusive, Digital Leader

5%
Plain
Hardworking, Simple

Generally speaking, which of the following factors would be most important to you when choosing a brand or firm to use for professional advice or services, eg. financial planning, accounting or legal services? (Of those considering advice)



*Includes their technology offering (e.g., client app), a good website, articles, podcasts, videos or other online content and a good social media presence

Part D: Marketing to acquire the Established Affluent

2. Targeting those who currently receive advice

Many of these people are satisfied with their current arrangement, so you will need to prove that your service is better in terms of quality and value than what they are receiving already. Your key messaging and how you position your company are key to winning over this group.

Often you will have a person who is currently receiving advice or has recently received it, investigate your firm's offer.

Clearly your service proposition and fees will be critical – the breadth of them, your non-wealth advisory services (accounting, tax, business, etc.) and the value-added service (such as education), as discussed in previous sections.

But these people understand the value of advice, so you will have to demonstrate something more.

Key messaging to get right for this group

More than six in 10 (66%) say that credentials, meaning experience and qualifications, are one of the three most important things when looking for an advice firm, while six in 10 (58%) say the same about an adviser's reputation.

As mentioned earlier, telling someone you are experienced and qualified may not resonate, so it is better to articulate experience and credentials through testimonials or third-party endorsements. Case studies with several different types of clients with various needs are often a highly effective tactic. You can interview them, perhaps even shoot a short case study video. A series of well-constructed case studies will go a long way in demonstrating your experience solving different needs. Focus on key satisfaction drivers including: breadth of services you offer, your digital and technology capabilities, and the client experience and service.

Four in 10 of this group have a Proven Brand Affinity, which means they typically like to use proven, well-established businesses with a history or heritage, and a business that is authentic and intelligent. Digital is not usually a focus of their needs.

Another four in 10 (37%) have a Purposeful Brand Affinity, which means they will choose a business that has a social or environmental purpose and takes a stand, and a business that looks to educate its customers.

As for those considering advice, you should look to articulate any investment philosophies that align with these factors, or activities your business undertakes supporting such initiatives.

Getting referrals through your partners

Once you have tested and refined your key messaging, you should consider building out your referral network to reach more of this group. Three in 10 (30%) will look to their accountant for financial planner recommendations, two in 10 (19%) will ask their super fund and one in 10 (11%) will ask their lawyer.

Brand Affinity (of those receiving advice)

40% Proven Intelligent, Experienced, Dynamic, Collaborative, Educator	**37%** Purposeful Authentic, Environmentally minded, Social and community minded, Compassionate, Passionate
14% Premium Visionary, Creative, Playful, Exclusive, Digital Leader	**8%** Plain Hardworking, Simple

Generally speaking, which of the following factors would be most important to you when choosing a brand or firm to use for professional advice or services (e.g. financial planning, accounting or legal services)?

*Includes their technology offering (e.g., client app), a good website, articles, podcasts, videos or other online content and a good social media presence

Part D: Marketing to acquire the Established Affluent

3. Targeting those unlikely to use advice

For those who are not considering advice, it will be harder but not impossible to convince them to reconsider.

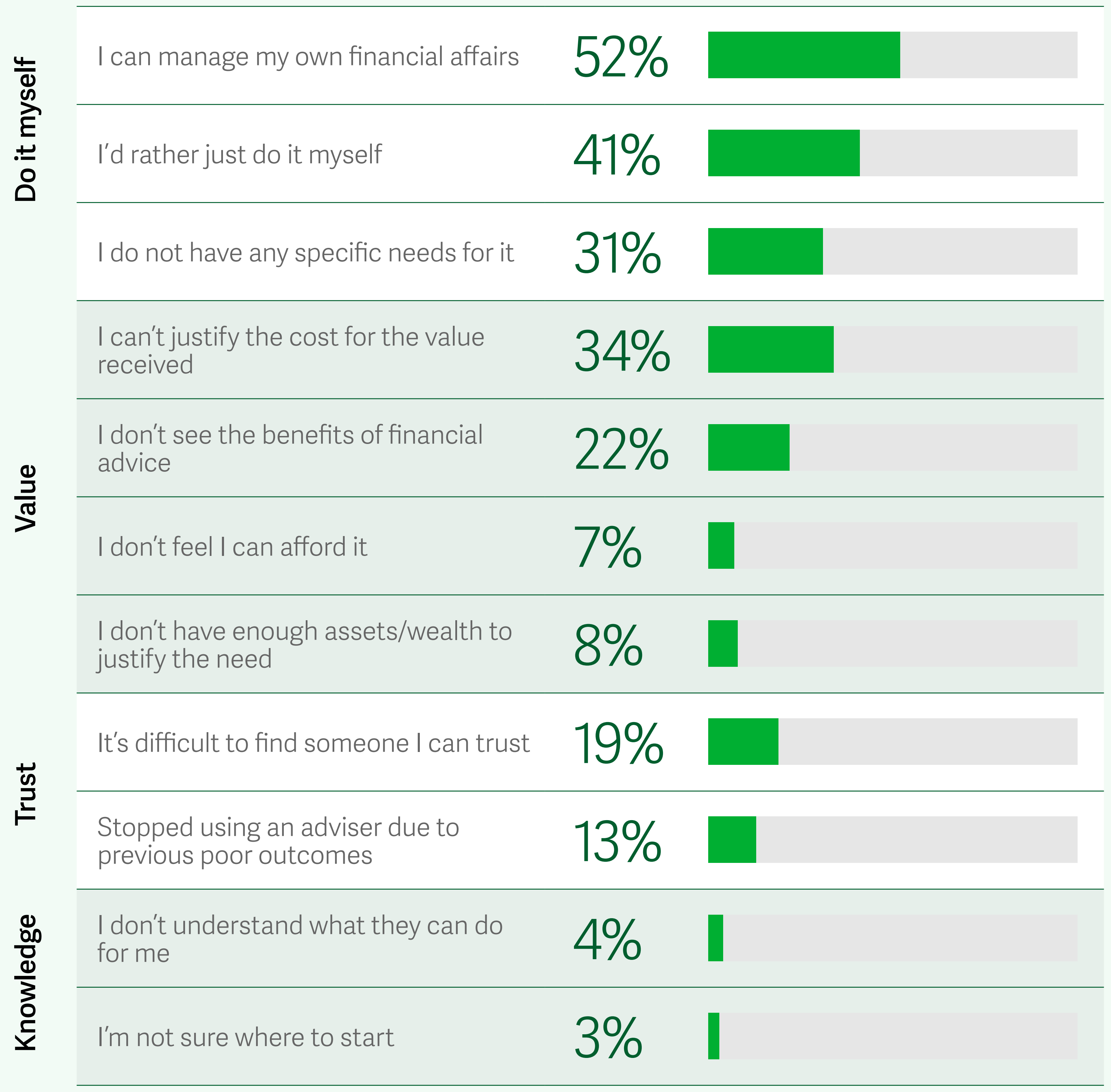
These individuals will be the most resistant to financial advice. They may require the most effort; and in some cases, it may be easier to convince individuals in other groups.

The main reason for not taking up financial advice is that they believe they can do it themselves (52% of them) or prefer to do it themselves (41%). For these people it will be important to prove to them that your service can help them with things they can't do themselves; show them things that they do not know.

Once you have demonstrated you can help, you need to demonstrate that the value of advice outweighs the cost, as these people will be highly sceptical.

A referral system will still be the best bet, but what is interesting is that one in four (27%) of this group do not know where to look for a financial planner. They are also less likely to be on traditional or digital media. One in three (32%) ask their friends and family about investment information. An organic referral system is likely the most effective way of reaching this group.

What are the key reasons you are not interested in financial advice from a financial planner? (of those Unlikely to Use)



Appendix

Appendix

Methodology

The Advisable Australian 2022 Report – The Established Affluent surveyed Australians 18 and over. The survey was in field from October 28 to November 23, 2021 and received 1,616 valid responses, consisting of 403 who are currently advised from a financial planner, 426 who would consider advice from a financial planner and 787 unadvised and not considering a financial planner.

The sample was then segmented into the four Advisable Australian segments based on age and wealth:

Segment	Definition	n
Emerging Mass	Under 45, mass market	431
Emerging Affluent	Under 45, high net worth	651
Established Mass	45 and over, mass market	159
Established Affluent	45 and over, high net worth	225

*Note does not add up to 1,616 due to some individuals unable to be classified into a segment (chose not to disclose wealth information)

Data presented in the report

The focus of this year's report is on the Established Affluent segment. Data reported throughout the report is for the Established Affluent group only, unless otherwise stated.

Advisable Australian Segment formation

The methodology for deriving the four persona segments is as follows:

Emerging versus Established = 45 years and under versus over 45 years

Affluent versus Mass Market = Combination of:

- Personal income
- Household income
- Value of residential property relative to debt
- Household investment portfolio
- Household super

Income versus assets comes into consideration for wealth as individuals may have a lower income but substantial assets and vice versa. The starting point is everyone being considered mass market unless they reach a certain threshold on any of the following wealth measures i.e., they are affluent if:

- Personal income is greater than $100,000, or
- Household income is greater than $150,000, or
- Household investment portfolio is greater than $250,000, or
- Residential property equity is greater than $650,000 (this is determined by subtracting outstanding household debt from residential property value), or
- Household super is greater than $100,000 if aged under 35 years, or greater than $250,000 if aged 35 to 45 years, or greater than $500,000 if aged over 45 years.

Key dimension formation

The six key dimensions were formed using an index based on related questions in the survey. With the exception of the "Attitudes to Business" dimension, the rest were given a score from 0 – 100 and then split into four groups.

1. Advice Propensity was based on questions related to a person's likelihood to use advice, their propensity to restart advice and their reasons for not using advice.
2. Financial Capability was based on questions related to a person's confidence in managing their day-to-day finances and investments, plus their level of understanding of key financial concepts such as risk and diversification.
3. Financial Resilience was based on questions related to a person's household wealth and insurance, relative to their age.
4. Financial Wellbeing was based on questions related to the impact that financial issues have had on certain aspects of a person's life in the last three years plus how frequently they worried about money.
5. Technology Adoption was based on questions related to a person's attitude to technology plus the frequency of use of selected digital and online services.
6. Brand affinity was based on questions related to what attributes of a business a person would admire most.

Established Affluent

Profile

Demographics

60
Average age

Gen X 35%
Baby Boomers 58%
Pre Boomers 7%

34% Female
66% Male

60% Degree or post-grad qualification

In a relationship	Single	Living with partner/married	Separated/ divorced/ widowed
6%	6%	77%	11%

Employed 53%
Self-employed/own a business 13%
Retired 28%
Not employed 5%

Wealth

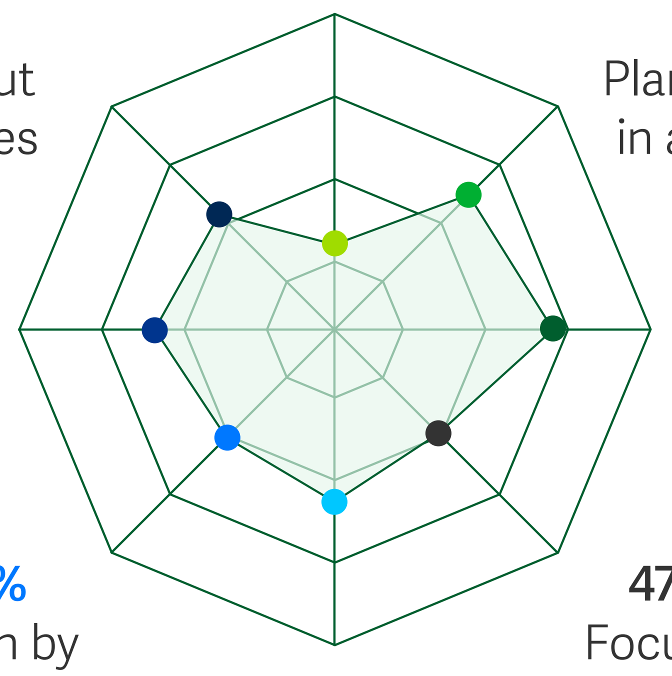
$192,722
Average household income

$1,090,611
Average household super

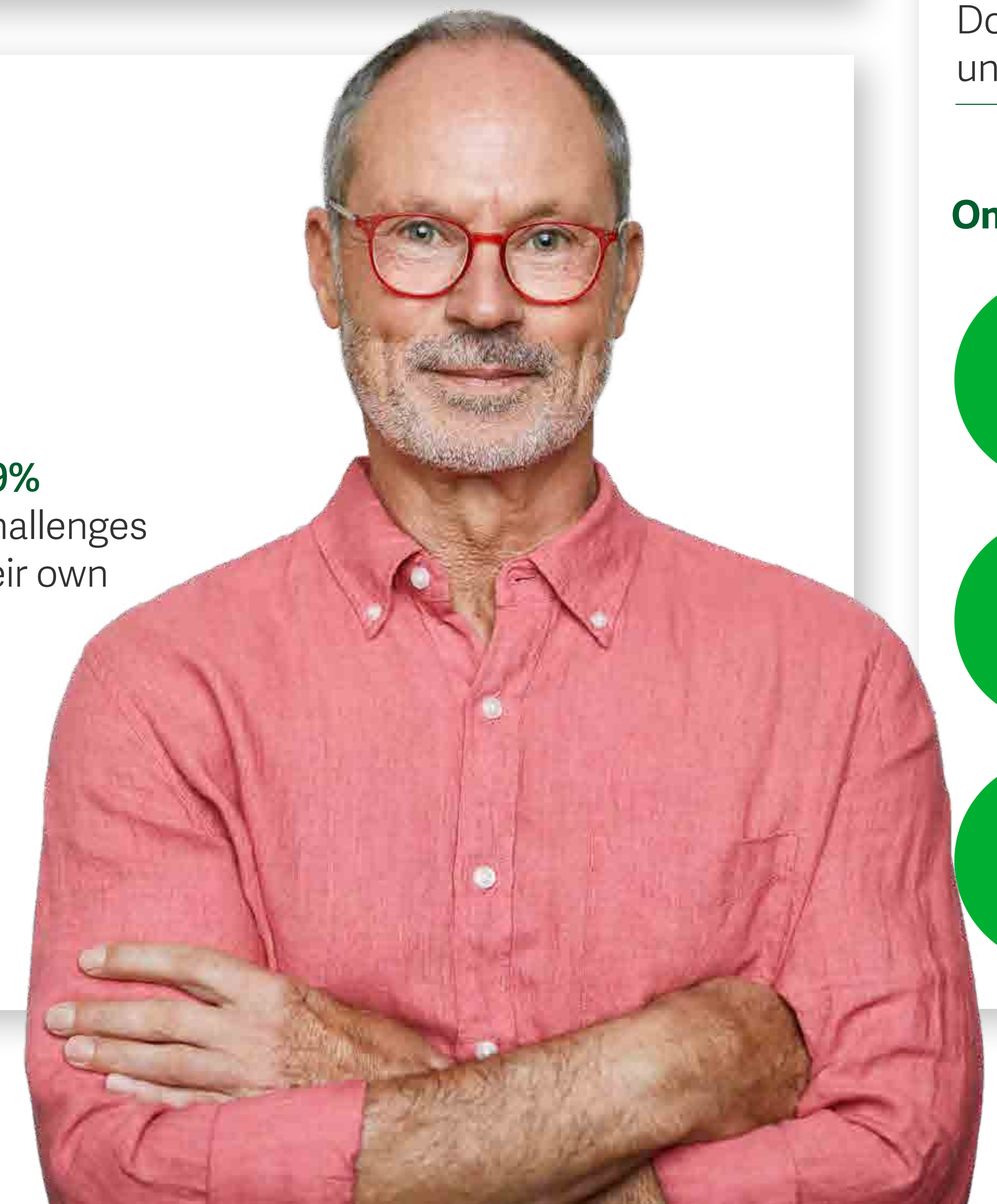
$1,376,699
Average residential property value

$1,419,333
Average investment portfolio

Personality



27% Risk taker
60% Plans things in advance
69% Faces challenges on their own
47% Focused on the future
55% Optimistic about the future
48% Driven by clear goals
57% Cares about environmental issues
52% Cares about social issues



Attitudes to technology

Very tech savvy
The first to try new technologies 16%

Understand it
Wait for others to try new technologies first 56%

Overwhelmed by it
Wait for most to try new technologies first 22%

Avoid it
Do not try new technology until they have to 5%

Online habits

18% Mostly on mobile

34% Same on mobile and desktop, laptop & tablet

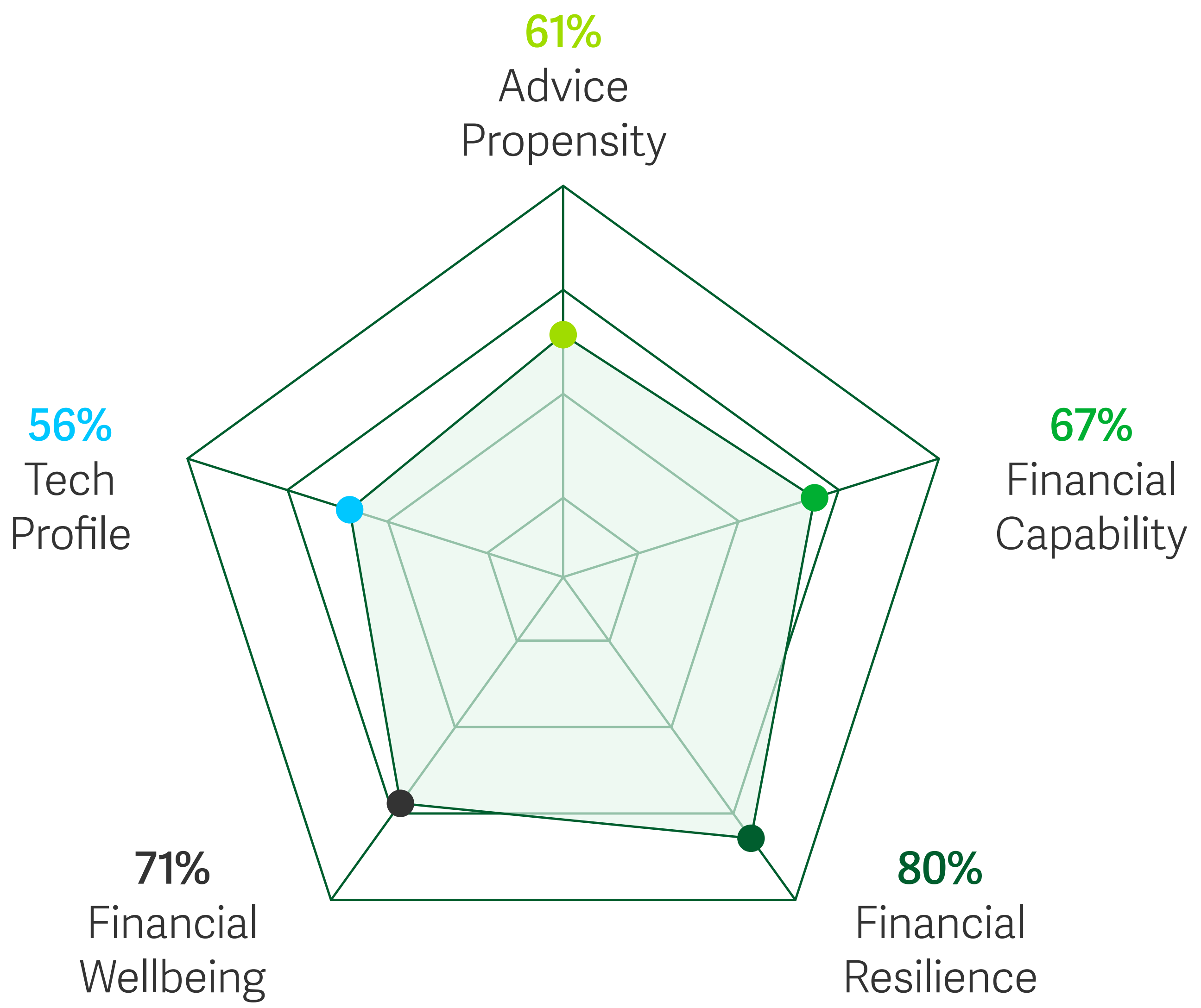
48% Mostly on desktop, laptop & tablet

Established Affluent

6 Dimensions framework

● Established Affluent ● Overall

Dimensions Summary



High levels of financial capability

My understanding of the relationship between risk and return is good or very good

- 53%
- 78%

I strongly agree or agree that I feel engaged with my investments

- 45%
- 71%

Very high levels of financial resilience

Could live off their savings (with no income) for more than a year

35% Overall

64% Established Affluent

Advice Propensity

Currently use

- 25%
- 39%

Likely to use

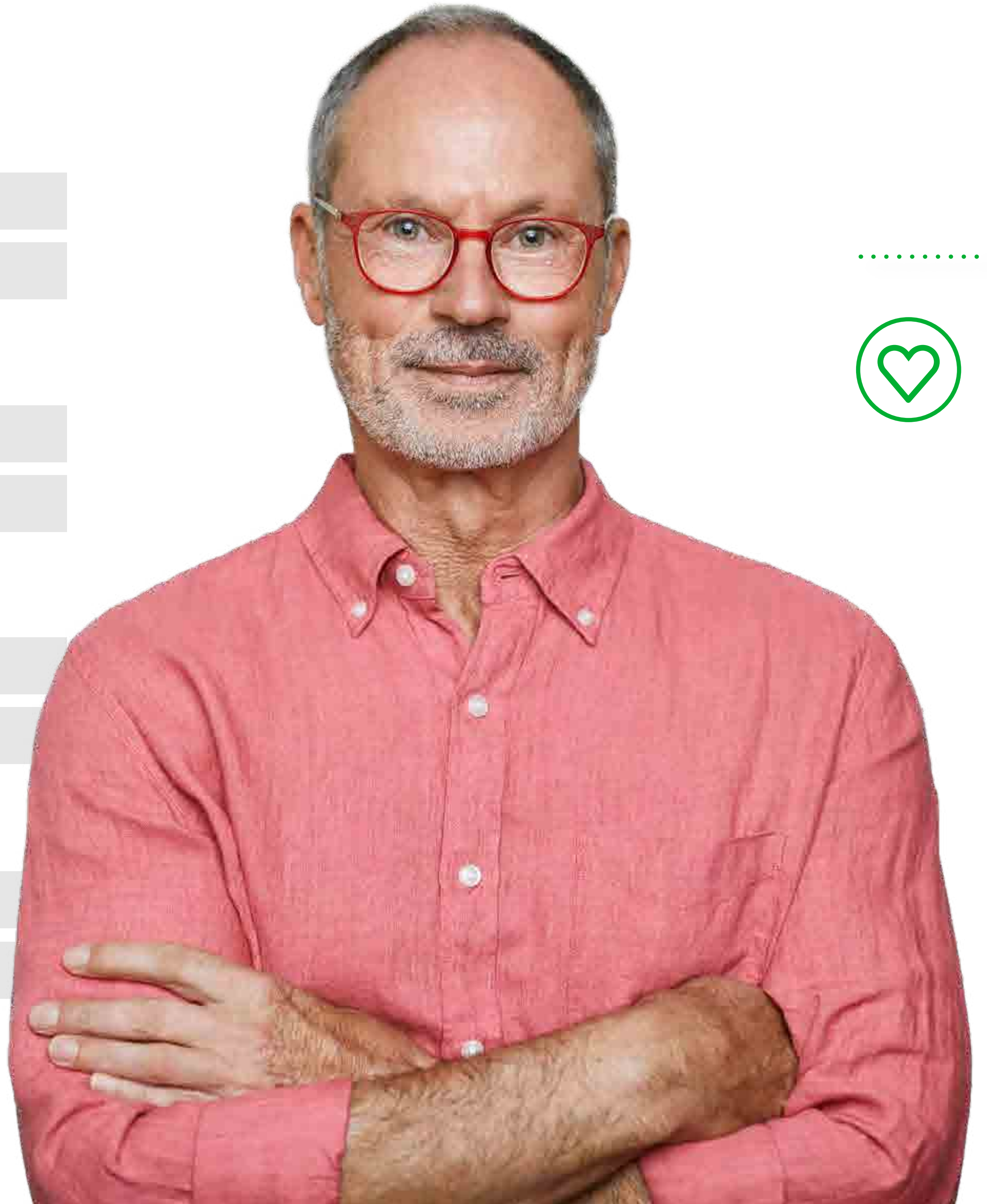
- 17%
- 14%

Possibly use

- 10%
- 8%

Unlikely to use

- 49%
- 39%



Medium to high levels of technology adoption

I largely understand new technologies, but wait for others to try them first before I do

- 49%
- 56%

High to very high levels of financial wellbeing

How frequently do you worry about money?

25% vs 38%
Weekly or more

11% vs 14%
Monthly or more

Attitudes to business

12% Premium

36% Purposeful

41% Proven

11% Plain

Top three brands admired:

1. Apple
2. Qantas
3. Woolworths

Established Mass

Profile

Demographics

64 Average age

Gen X 22%
Baby Boomers 65%
Pre Boomers 13%

52% Female **48%** Male

30% Degree or post-grad qualification

In a relationship	Single	Living with partner/married	Separated/divorced/widowed
6%	12%	55%	27%

Employed	32%
Self-employed/own a business	4%
Retired	51%
Not employed	9%

Wealth

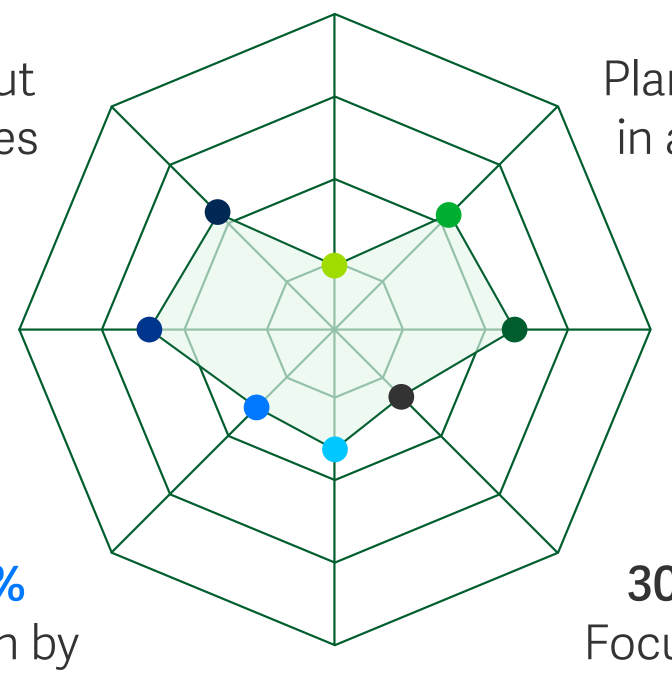
$75,230 Average household income

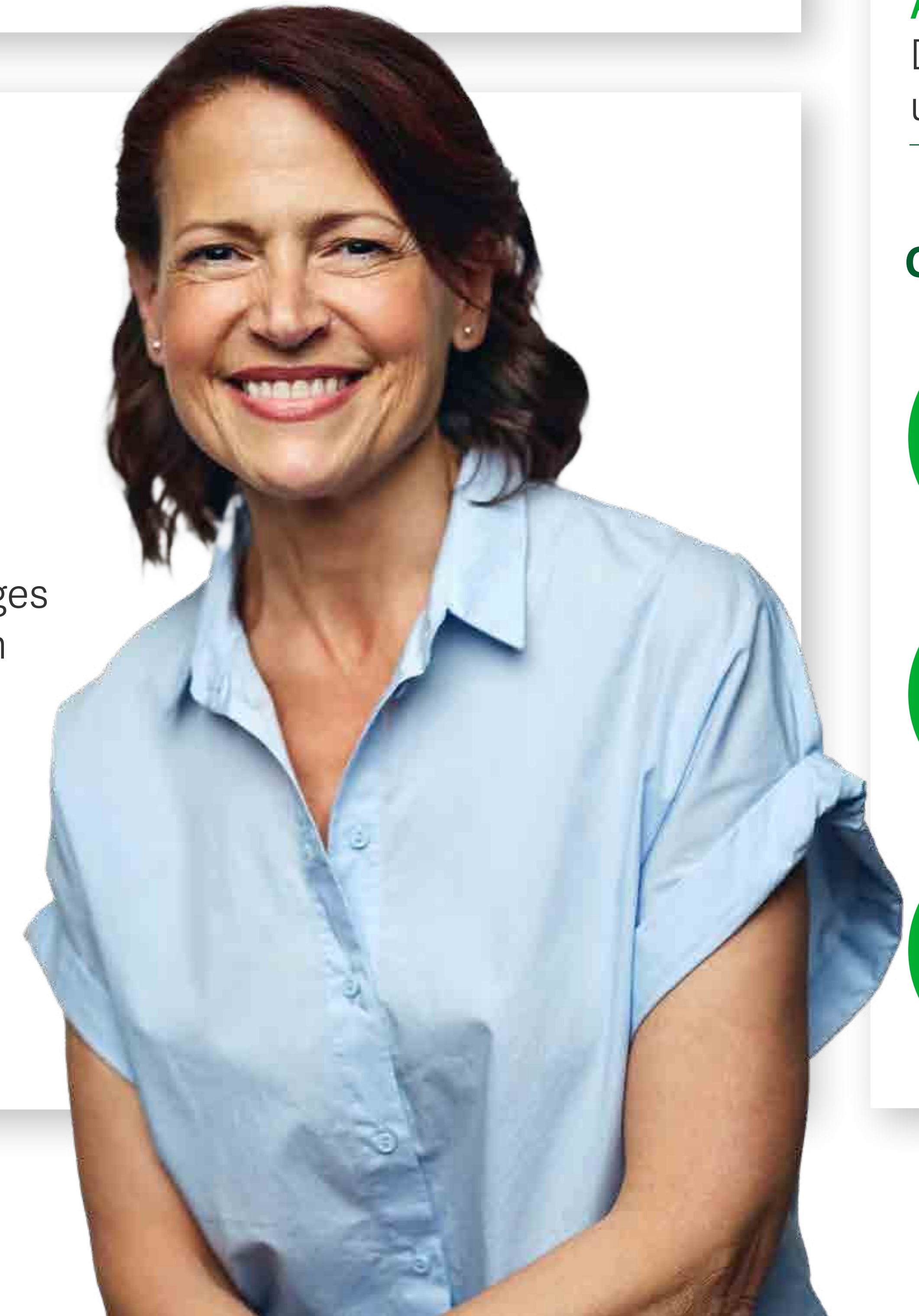
$266,379 Average household super

$763,846 Average residential property value

$157,604 Average investment portfolio

Personality





Attitudes to technology

Very tech savvy The first to try new technologies	5%
Understand it Wait for others to try new technologies first	42%
Overwhelmed by it Wait for most to try new technologies first	35%
Avoid it Do not try new technology until they have to	18%

Online habits

17% Mostly on mobile

26% Same on mobile and desktop, laptop & tablet

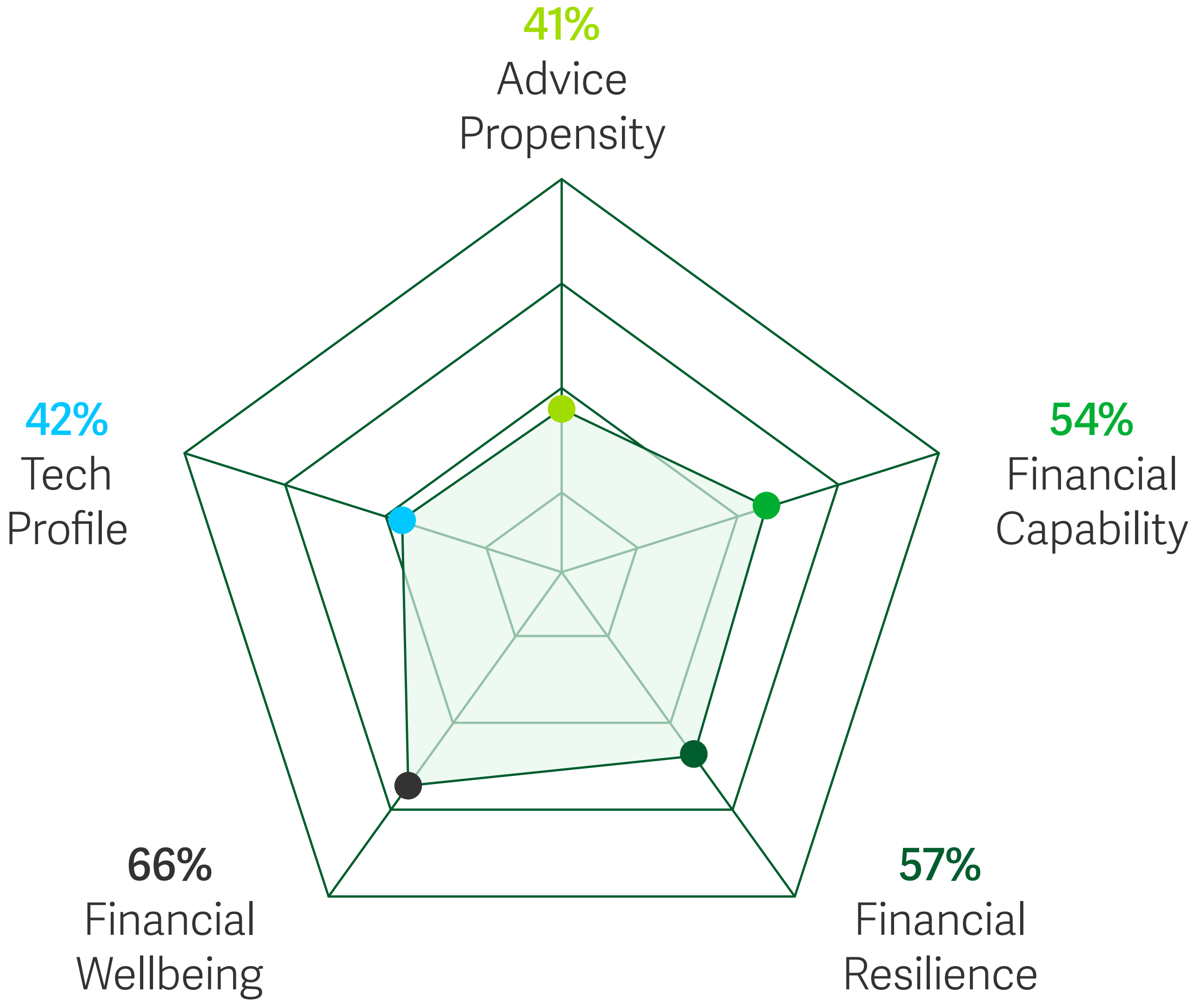
57% Mostly on desktop, laptop & tablet

Established Mass

6 Dimensions framework

● Established Mass ● Overall

Dimensions Summary



Medium levels of financial capability

My understanding of the relationship between risk and return is good or very good

53%

48%

I strongly agree or agree that I feel engaged with my investments

45%

35%

Medium to high levels of financial resilience

Could live off their savings (with no income) for more than a year

35% Overall

39% Established Mass

Advice Propensity

Currently use

25%

21%

Likely to use

17%

10%

Possibly use

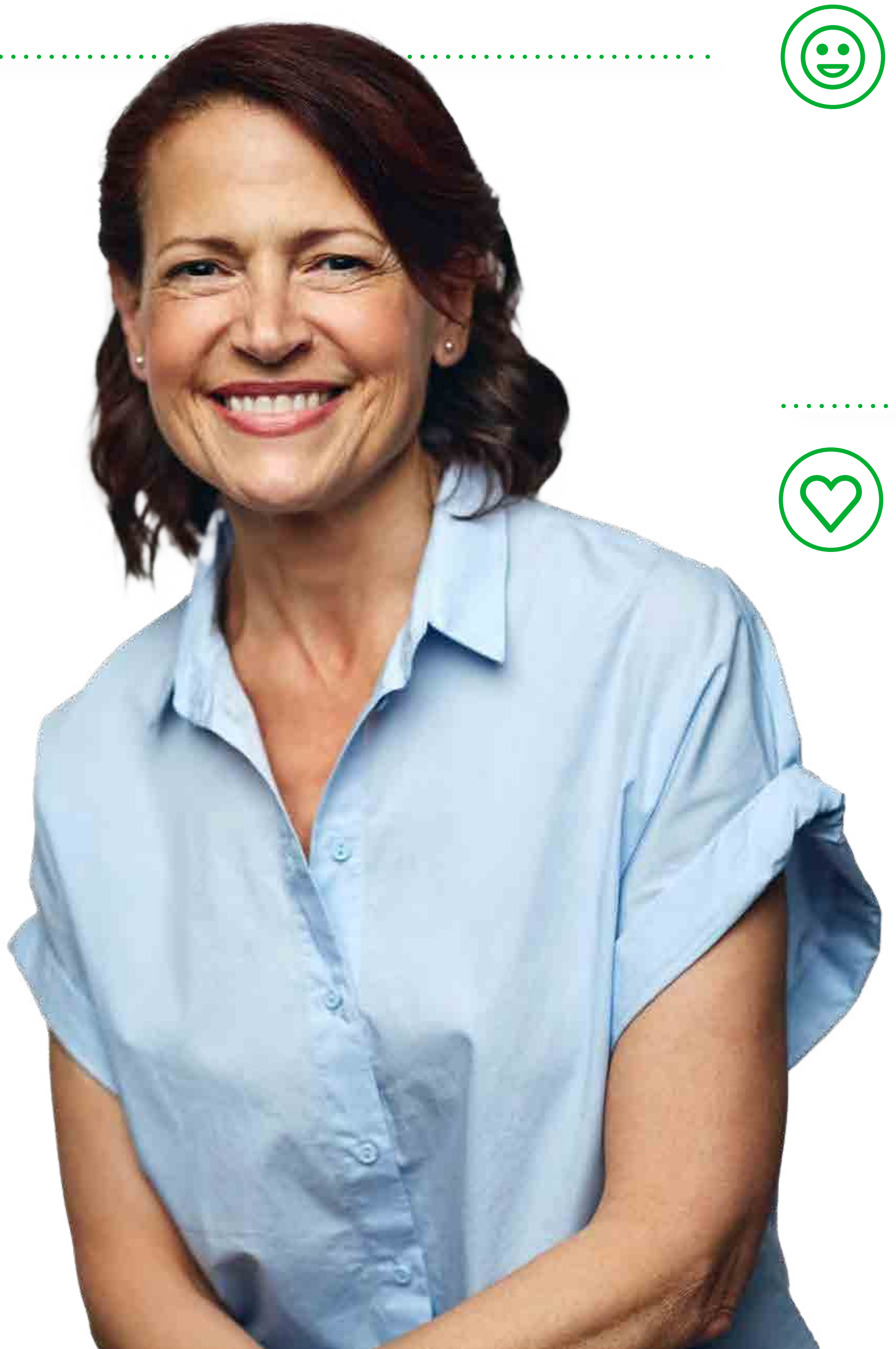
10%

8%

Unlikely to use

49%

61%



Low to medium levels of technology adoption

I largely understand new technologies, but wait for others to try them first before I do

49%

42%

High levels of financial wellbeing

How frequently do you worry about money?

33% vs 38% Weekly or more

10% vs 14% Monthly or more

Attitudes to business

8% Premium

37% Purposeful

41% Proven

14% Plain

Top three brands admired:

1. Woolworths
2. Coles
3. Bunnings

Emerging Affluent

Profile

Demographics

33
Average age

Gen Z 18%
Gen Y 67%
Gen X 15%

46% Female
54% Male

70%
Degree or post-grad qualification

In a relationship	Single	Living with partner/married	Separated/divorced/widowed
12%	16%	69%	3%

Employed	90%
Self-employed/own a business	5%
Retired	1%
Not employed	4%

Wealth

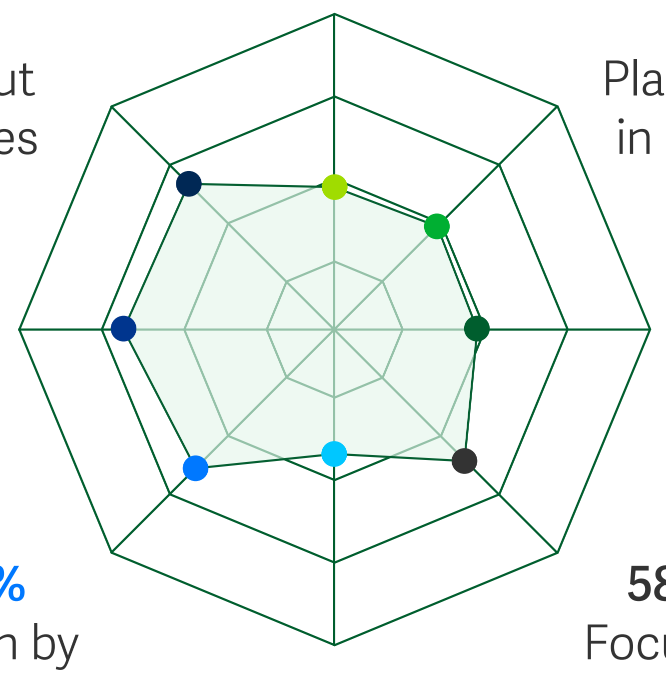
$305,189
Average household income

$482,311
Average household super

$1,027,632
Average residential property value

$716,352
Average investment portfolio

Personality



45% Risk taker

46% Plans things in advance

45% Faces challenges on their own

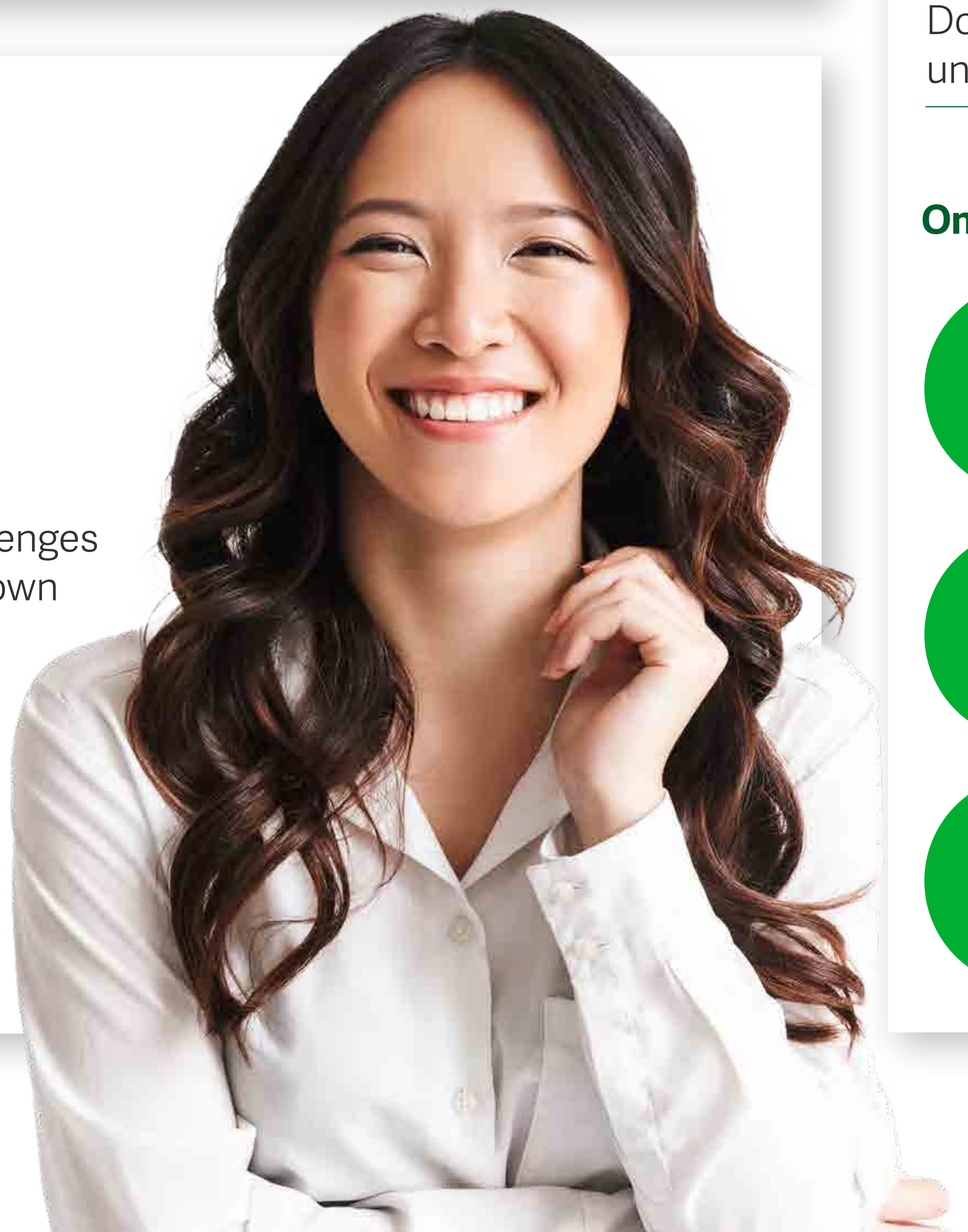
58% Focused on the future

39% Optimistic about the future

62% Driven by clear goals

67% Cares about environmental issues

65% Cares about social issues



Attitudes to technology

Very tech savvy
The first to try new technologies — 45%

Understand it
Wait for others to try new technologies first — 50%

Overwhelmed by it
Wait for most to try new technologies first — 4%

Avoid it
Do not try new technology until they have to — 1%

Online habits

40% Mostly on mobile

47% Same on mobile and desktop, laptop & tablet

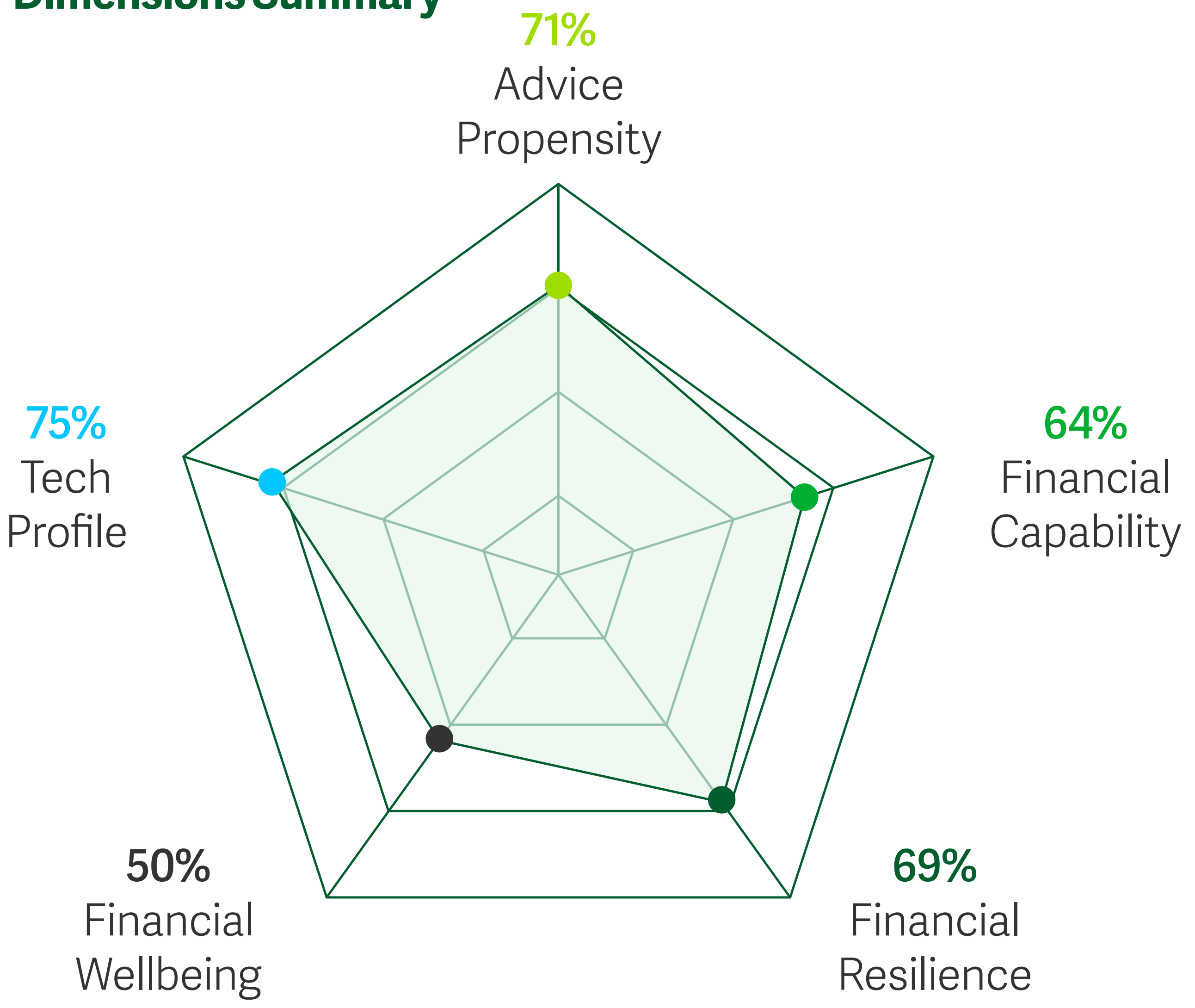
14% Mostly on desktop, laptop & tablet

Emerging Affluent

6 Dimensions framework

● Emerging Affluent ● Overall

Dimensions Summary



High to very high levels of financial capability

My understanding of the relationship between risk and return is good or very good

53%
67%

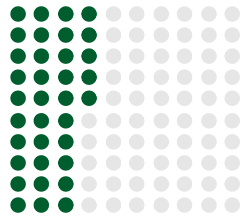
I strongly agree or agree that I feel engaged with my investments

45%
69%

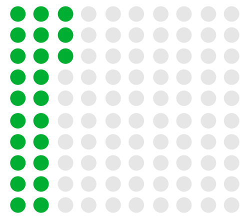
Medium to high levels of financial resilience

Could live off their savings (with no income) for more than a year

35%
Overall



23%
Emerging Affluent



Advice Propensity

Currently use

25%
40%

Likely to use

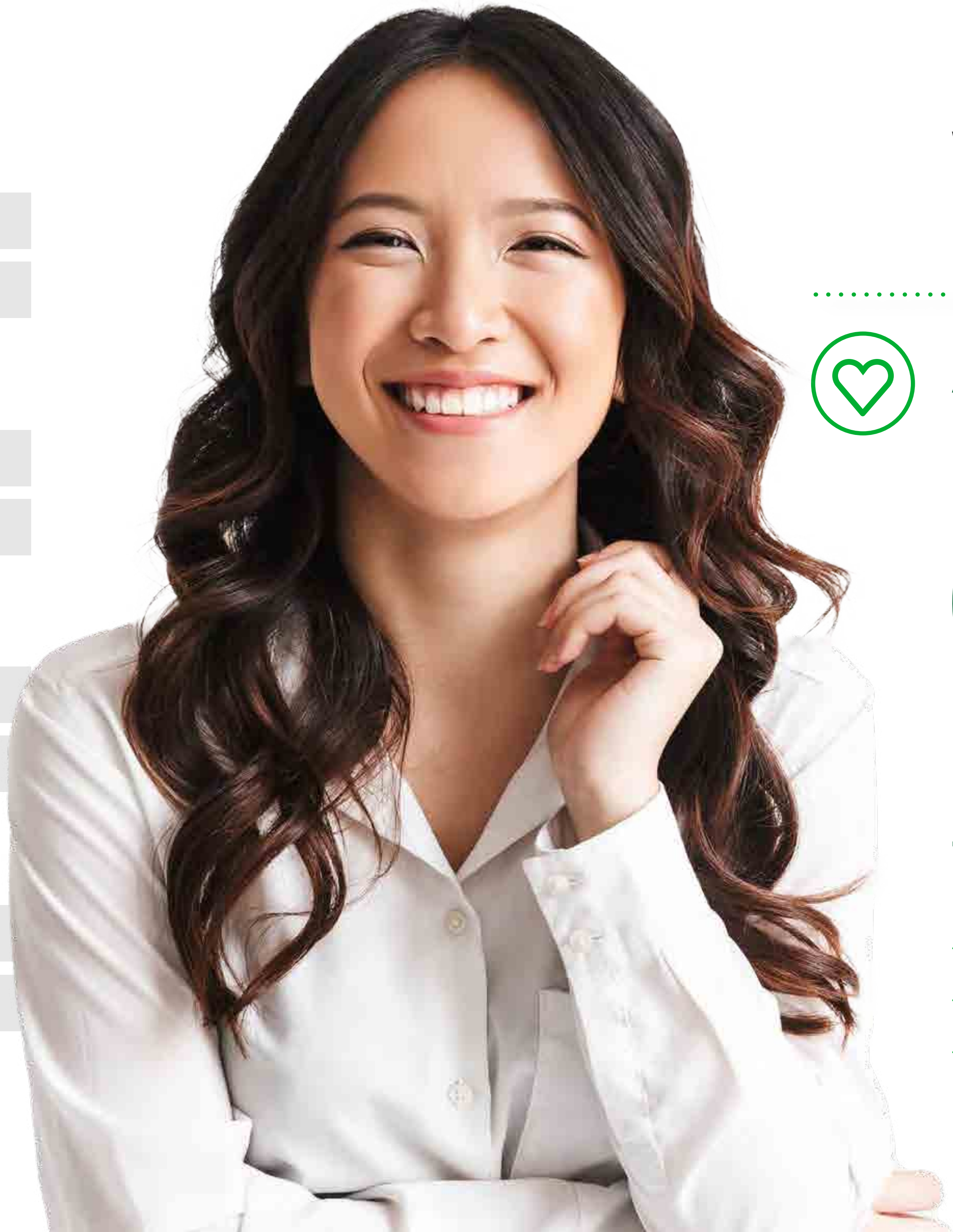
17%
25%

Possibly use

10%
8%

Unlikely to use

49%
26%



Very high levels of technology adoption

I am very tech savvy and always see myself as one of the first to try new technologies

17%
45%

Medium levels of financial wellbeing

How frequently do you worry about money?

39% vs 38%
Weekly or more

24% vs 14%
Monthly or more

Attitudes to business

25% Premium

38% Purposeful

28% Proven

9% Plain

Top three brands admired:

1. Apple
2. Google
3. Nike

Emerging Mass

Profile

Demographics

32
Average age

Gen Z 26%
Gen Y 64%
Gen X 10%

74% Female
26% Male

44%
Degree or post-grad qualification

In a relationship	Single	Living with partner/married	Separated/divorced/widowed
18%	31%	47%	4%

Employed 75%
Self-employed/own a business 6%
Retired 0%
Not employed 14%

Wealth

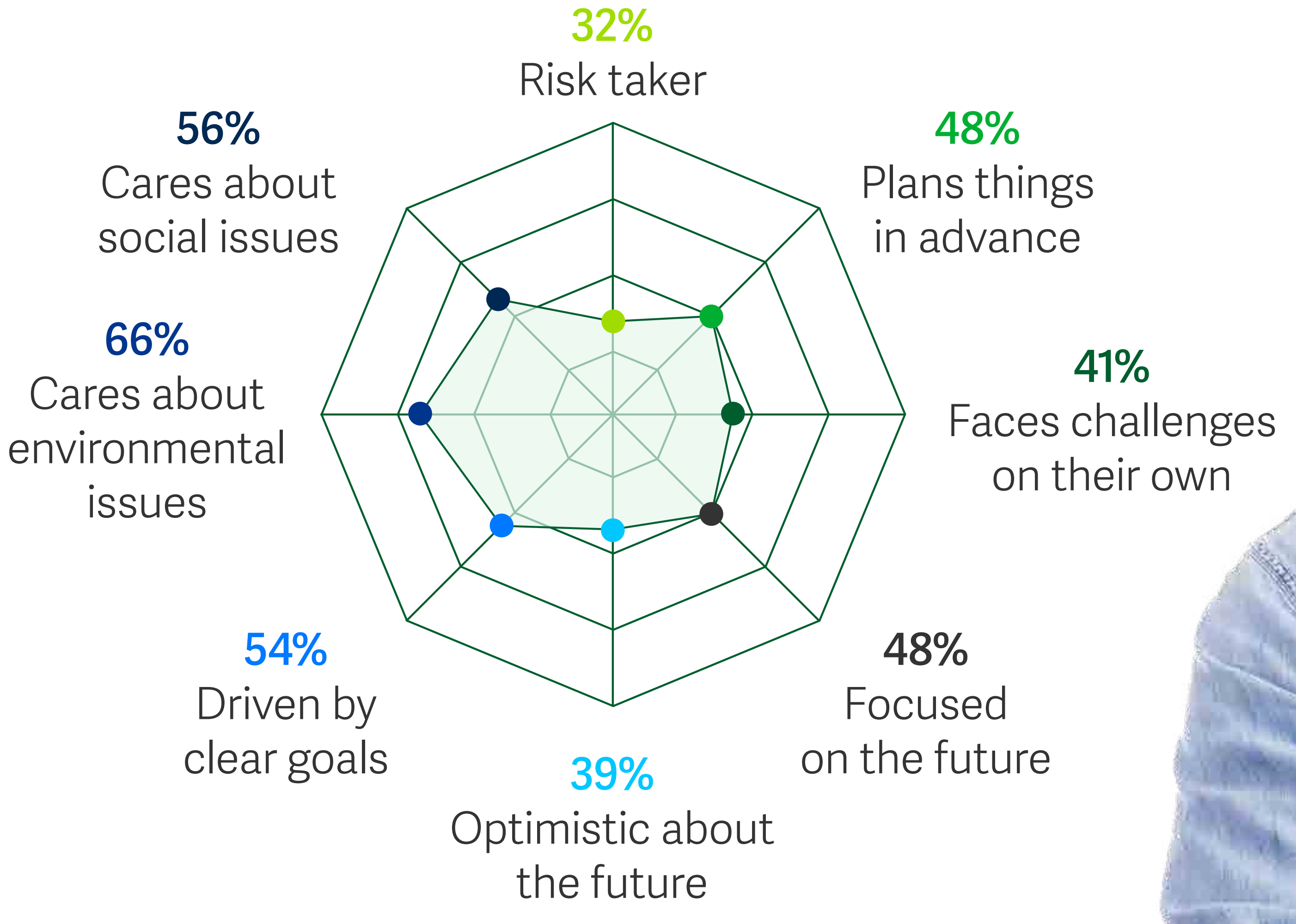
$106,816
Average household income

$121,839
Average household super

$654,659
Average residential property value

$67,343
Average investment portfolio

Personality



Attitudes to technology

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The first to try new technologies
26%

Understand it
Wait for others to try new technologies first
56%

Overwhelmed by it
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15%

Avoid it
Do not try new technology until they have to
3%

Online habits

57% Mostly on mobile

35% Same on mobile and desktop, laptop & tablet

7% Mostly on desktop, laptop & tablet

Emerging Mass

6 Dimensions framework

● Emerging Mass ● Overall

Dimensions Summary

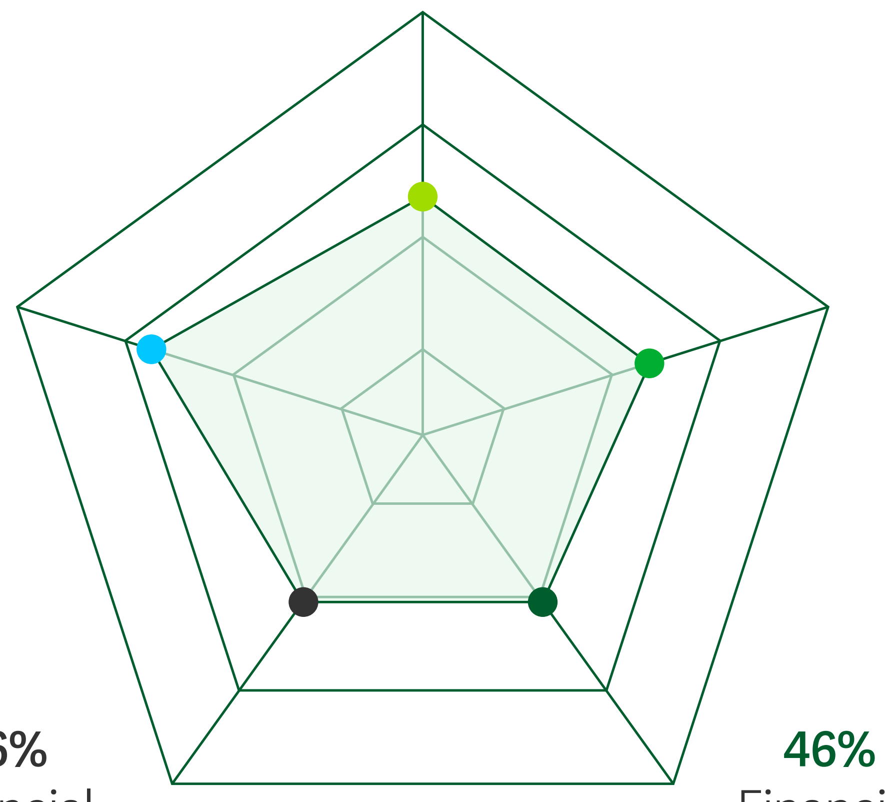
55% Advice Propensity

65% Tech Profile

54% Financial Capability

46% Financial Wellbeing

46% Financial Resilience



Medium levels of financial capability

My understanding of the relationship between risk and return is good or very good

53%

45%

I strongly agree or agree that I feel engaged with my investments

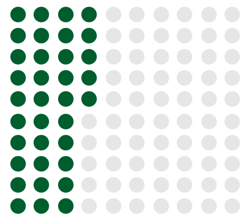
45%

38%

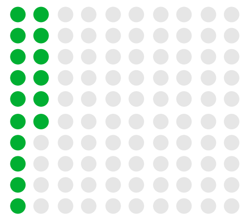
Low to medium levels of financial resilience

Could live off their savings (with no income) for more than a year

35% Overall



16% Emerging Mass



Advice Propensity

Currently use

25%

20%

Likely to use

17%

27%

Possibly use

10%

13%

Unlikely to use

49%

40%

High levels of technology adoption

I am very tech savvy and always see myself as one of the first to try new technologies

17%

26%

Low to medium levels of financial wellbeing

How frequently do you worry about money?

52% vs 38% Weekly or more

20% vs 14% Monthly or more

Attitudes to business

12% Premium

39% Purposeful

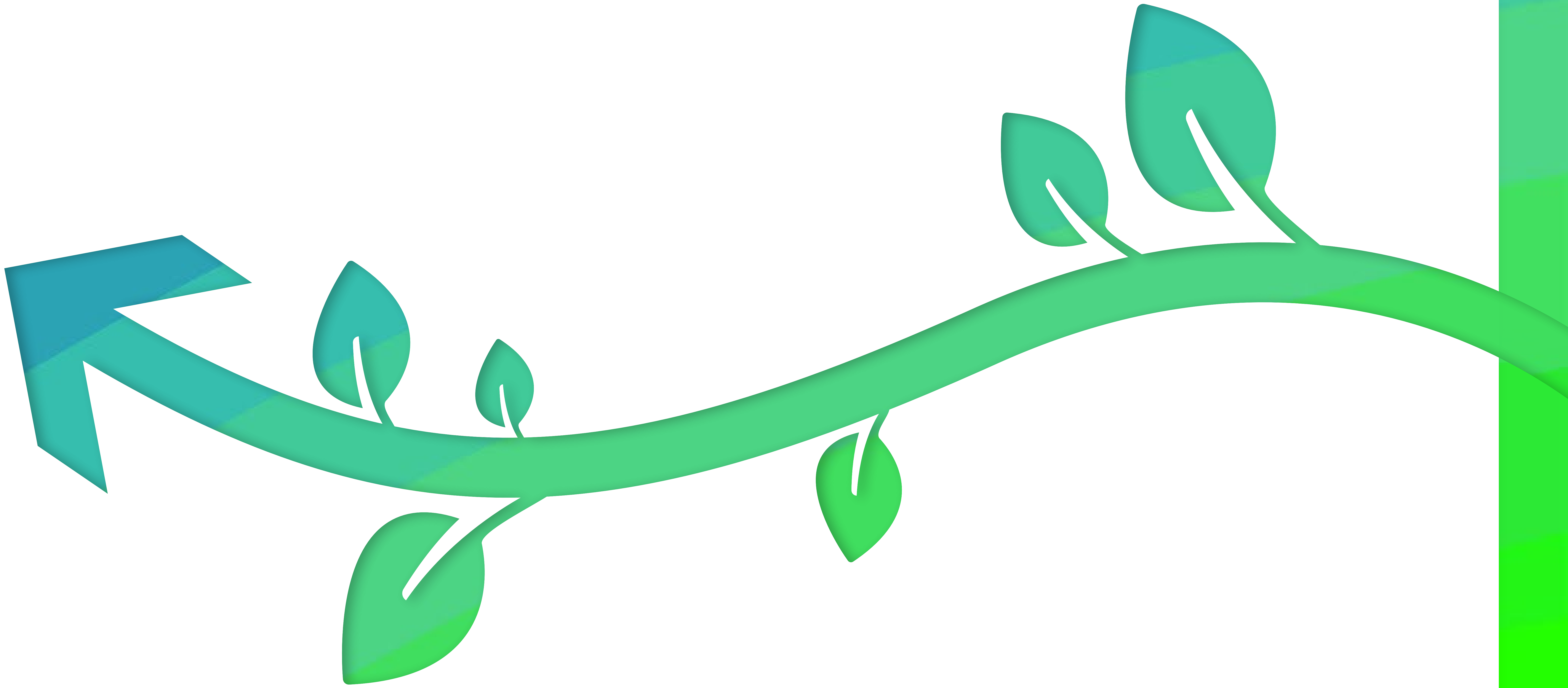
37% Proven

12% Plain

Top three brands admired:

1. Apple
2. Google
3. Commonwealth Bank

Speak to Netwealth



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