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Advice for life needs embracing

Planners need to embrace the concept of 'Advice for Life', both to add value to their business and help clients better manage their retirement, says Geoff Rimmer, head of private wealth services at Equity Trustees.

"In the past, planner focus has been largely on clients' wealth accumulation, culminating in transition to retirement and the early days of retirement, with the main aim of setting up finances to maximise income streams in retirement.

"However, it is becoming clearer that the need for financial advice will increase in retirement – especially during the later stages – resulting in the need for a lifetime of continuous advice."

Mr Rimmer said that, as a result of clients tending to choose planners who are the same age or a little older than them, advisers often retire about the same time as clients do, which can work against their interests.

"It would appear that when advisers are planning their own retirement there may not be an in-depth program in place within their firm to help manage the transition of clients to a new adviser or team.

"A common complaint amongst clients seems to be that when their own adviser retires, they end up dealing with two or three different advisers from the firm before things settle down.

"A contributor to this in recent years could have been the restructuring that has taken place within the profession, but it hasn't helped client/adviser relations," he said.

Mr Rimmer added that it can also happen that when advisers take over a retired colleague's client list, they don't always have the same loyalty or empathy towards the client as someone who has developed a relationship over time.

"Whatever the reason, there can be a feeling of disconnect for many clients which is inevitably damaging to firms, as well as the long term well-being of those clients who no longer feel engaged because they don't have a worthwhile relationship with the people at the firm.

"Yet the first few years in retirement can be a particular time of insecurity for clients and a time when advisers should be stepping up contact and support.

"The profession is slowly recognising that when a client retires there is likely to be another two or even three decades of advice needed for them, their spouse, family and other dependants.

"Clients will need different help and advice during the two key phases of their retirement – early or active retirement, and care-focused, elderly, retirement – and financial advisers are well-positioned to help manage these needs.

"The two major phases are quite different from each other, ranging from more focused estate planning and adjusting income and capital preservation in the early years, to helping with aspects such as aged care facility selection and arranging bonds for elderly retirees.

"The pressure of Australia's aging population means the advice and planning to manage the later stages of retirement is becoming more and more critical.

"Advisers need a broad-based understanding of what the retirement lifecycle encompasses so they can help clients. If clients are left in a vacuum during their early days of retirement, things can easily go off the rails for their financial security and wellbeing.

"Handled well, advice during retirement can add a new generation of clients through enhanced family relationships arising from the implementation of intergenerational wealth strategies.

"If necessary, advisers need to access specialist knowledge to complement their own service offering for retirees.

"Finding a satisfactory service approach to help clients in retirement, as well as the impact of their own retirement on their business, will create long-lasting opportunities for financial planners at a time when its traditional way of doing business is undergoing fundamental change," Mr Rimmer said.

About Equity Trustees:
Equity Trustees is a publicly listed company that provides a range of financial services to corporate and private clients. Its businesses include funds management, responsible entity appointments, private client wealth management and corporate and personal superannuation. The company has over $4 billion in its funds management, private client and superannuation businesses and has more than $19 billion under responsible entity administration. Equity Trustees employs over 180 people in its Melbourne, Sydney and Brisbane offices.

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