

**THE
FINANCIAL
EXPERT**

| PENSIONS
| INVESTMENTS
| PROTECTION



**FINANCIAL
BROKER**

VALUE OF ADVICE

Developing Financial
Confidence To Achieve
Financial Well-Being



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FOREWORD FROM BROKERS IRELAND

“The report is a testament to the benefits and value that Financial Brokers provide in supporting clients and in enabling them to make smart financial decisions”

Brokers Ireland welcomes the latest 2023 research report on the value of professional financial advice. The report findings clearly illustrate that such advice benefits consumers in terms of better outcomes in financial protection; higher return in savings/ investments; improved pension provision and more self-assured financial confidence and well-being. These findings are broadly similar to comparable studies on the value of advice in other global jurisdictions including the UK, Australia, and Canada.

The report findings put a tangible benefit on the reason for consulting a Financial Broker who can help articulate financial goals in a coherent and user-friendly manner, formulate a strategy to achieve personal objectives, shop around for the most suitable product and provider, and review their client’s financial goals regularly as their life circumstances vary.

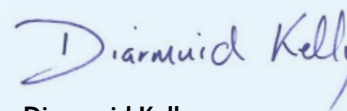
In a highly digitalised world where technological advances and AI are increasingly impacting society, we cannot underestimate the value of professional advice in providing consumers with personalised and experienced-driven financial guidance. This study clearly illustrates the role of Financial Brokers in helping consumers to keep their finances on track and proactively identify financial opportunities and risks as they arise.

As the global economic and political landscape has shifted since 2021, it is evident within the 2023 report that there has been a dip in consumer sentiment across some areas of financial security and confidence which is likely attributable to inflation; increased cost of living, and continuing geopolitical tensions.

The latest report also includes a new section on sustainable investing and the important role that Financial Brokers play in advising on Ireland’s transition to a net zero economy.

The report is a testament to the benefits and value that Financial Brokers provide in supporting clients and in enabling them to make smart financial decisions in achieving their long-term lifestyle and financial goals.

Regards



Diarmuid Kelly
CEO, Brokers Ireland



Diarmuid Kelly
CEO, Brokers Ireland

INTRODUCTION

Prudent financial advice can help lay the foundations for future financial stability and ultimately provide the desired financial freedom over time.

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

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

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

The research project was conducted as part of a nationwide omnibus survey by iReach Insights using a sample size of 1,000 responses. The fieldwork was undertaken from the 20th to the 27th of May 2023 and the conducted is nationally representative by age, gender, region, and socio economic demographic.

EXECUTIVE SUMMARY

With more money invested and greater financial security, people feel **more in control** and therefore have greater confidence in their finances, both now and in the future.

80% of those who use financial advice own a pension, compared to **35%** who have not sought financial advice.

The average pension pot is valued at **€130,525** for those who sought financial advice by comparison to **€84,230** for have not sought financial advice - **55%** difference for those who sought financial advice.

Up to **52%** of respondents who use financial advice own a life assurance policy in comparison to **23%** who have not sought financial advice.

58% feel more confident and in control of their finances having used financial advice.

53% of those who have sought financial advice, think pensions are tax efficient.

The level of life assurance is **€147,426** for those who have sought financial advice and **€100,373** for those who have not sought financial advice – **47%** higher value for those who seek advice.

More than **69%** of those who sought financial advice have at least some knowledge of sustainable investing by comparison to **15%** who have not sought financial advice.

38% of adults in Ireland have used financial advice with **39%*** of this group citing a Financial Broker as their trusted financial adviser (-+6*% on 2021 report).

93% cite a good return on money as the top priority when choosing savings/investment products for those who have sought financial advice

The amount in savings/ investments for those who have used a Financial Advisor is **€71,332** compared to **€44,754** for those who have not sought advice - **60%** higher in value for those who sought financial advice.

79% of all respondents know what a Financial Broker is and does.

33% of those who sought financial advice are confident or very confident about being financially secure in retirement by comparison to **19%** of those who have not sought financial advice.

86% of respondents cite explaining charges and product features in simple English as the most important consideration when engaging with a financial advisor.

EXECUTIVE SUMMARY cont.

The survey findings clearly illustrate that those who have received financial advice and guidance are in a stronger financial position with the support of their Financial Broker who can help to influence a better and more positive outcome towards their current and long-term financial status and well-being.

The value of advice represents different things to different people. In the context of personal finance, it can be a return on savings or investment; future security in the form of a pension fund; protection products that provide better peace of mind and security; achieving personal financial goals, or simply availing of opportunities as presented. With more money invested and greater financial security, people feel more in control and therefore have greater confidence in their finances, both now and in the future.

Key Takeaways of Using Financial Advice

Greater financial protection as a result of holding more financial products

60% higher value in savings/ investments

More than twice as likely to have a pension

55% higher value in a pension pot

58% feel more confident and in control of their finances and their financial future

WHO SEEKS FINANCIAL ADVICE

58% (+3% on the 2021 report) feel more confident that they are in control of their finances after having consulted with a financial advisor.

More than 3 in 4 (**79%**) have at least heard of a Financial Broker and out of those surveyed **38%** have used a financial adviser.

Based on national demographics, **39%** of all men and **37%** of all women use a financial adviser.

25% of those who have sought financial advice rate their financial security as 8 or higher (scale out of 10) compared to **9%** of those who have not sought financial advice say the same.

2 in 5 **39%** (+ 6% on the 2021 report) of those who have used a financial advisor consult with them at least once a year. A Financial Broker is still the most trusted source for finance available at **39%** (+ 6% on the 2021 report).

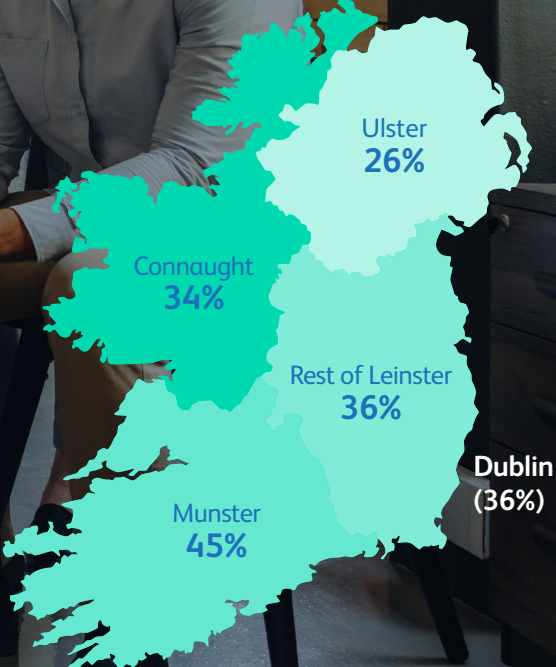
58% (+3% on the 2021 report) feel more confident that they are in control of their finances after having consulted with a financial advisor.

Regionally there is a relatively even split among those who use financial advice including Dublin (**36%**), Rest of Leinster (**36%**), Munster (**45%**), Connaught (**34%**) and Ulster (**26%**).

39%
of ALL MEN
use financial
advice

37%
of ALL WOMEN
use financial
advice

79%
have heard of a
Financial Broker



AGE PROFILE

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

Retired adults

52%

are more likely to have consulted a financial adviser compared with 36% who have yet to retire

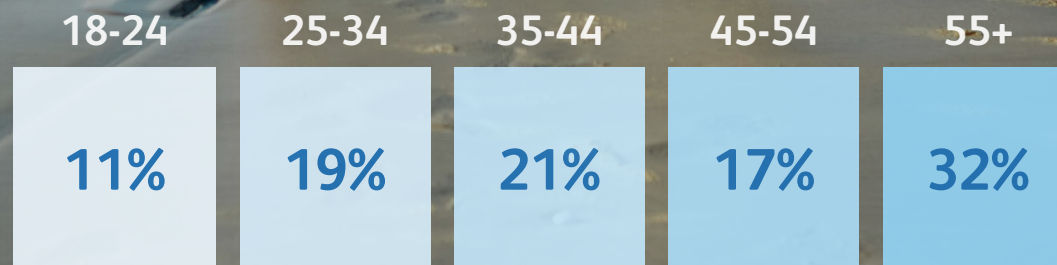
30 years -

the average age that respondents start saving into a pension plan sought financial advice.

39%

of those in employment use a Financial Broker with 44% earning an income of over €30,000

Age of respondents



THE VALUE OF ADVICE

The survey highlights that those who receive financial advice are more likely to have a pension **(80%)** than those who do not **(35%)**.

It is evident from the research that there is a clear difference in the number and value of products held by advised adults. These adults are also more financially confident which supports the fact that professional financial advice is an important means of increasing financial knowledge and wellbeing amongst adults.

The survey highlights that those who receive financial advice are more likely to have a pension **(80%)** than those who do not **(35%)** and the gap is also evident across other financial products with the advised group **52%** being more likely to have life assurance by comparison to **23%** who do not use an advisor. Twice the number of respondents who sought financial advice are likely to have income protection cover **16%** by comparison to **8%** of those who do not use financial advice. **24%** of respondents who use a Financial Broker have critical illness cover, by comparison to **7%** of those who do not use financial advice.

The average level of life assurance is **€147,426** for those who seek financial advice compared to **€100,373** for those who do not use financial advice.

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

People who receive financial advice are

80%

more likely to have a pension than those who do not (35%)

Do you own any of the following products?

	Don't use Financial Advice	Use Financial Advice
Life Assurance	23%	52%
Pensions (private or company)	35%	80%
Mortgage protection	19%	34%
Critical Illness Cover	7%	24%
Income protection	8%	16%

MORE VALUABLE SAVINGS & INVESTMENTS

25% of those who sought financial advice feel very financially secure compared to **9%** who have not sought financial advice.

The effect of advice on personal wealth is considerable and this is evident within the survey findings. The average from respondents in savings and investments amounts to **€57,916**. Those who sought financial advice on their savings and investments are **60% higher €71,332** whereas the average of those who did not seek financial advice is **€44,754**.

25% of those who sought financial advice feel financially secure presently by comparison to **9%** of those who have not sought financial advice. Interestingly, in this year's study, there has been a drop in financial security confidence in comparison to the 2021 study which could be attributable to inflation and an increased cost of living sentiment.

When choosing savings/investments, a good return on money **93%** is the most important factor for those who sought financial advice and **91%** cited the same for having a secure and reputable provider that they trust with their money.

Savings and Investment Amounts

Those who do not use financial advice

€44,754

VS.

Those who use financial advice

€71,332

60%
Higher

MORE VALUABLE PENSIONS

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

Retirement planning becomes a top priority as we get older with people wanting to know how to invest their money to build a reasonable fund and 'nest egg' for their retirement phase. However, the research shows that the average age respondents start saving into a pension plan is 30 years.

80% of those who have used a Financial Broker own a pension by comparison to **35%** of those who did not seek financial advice.

The average pension pot is valued at **€130,525** for those who sought financial advice by comparison to **€84,230** for have not sought financial advice. This represents a **55%** difference for those who sought financial advice.

3 out of 4, **67%** of those who sought financial advice are aware of a tax-free cash lump sum on retirement for pension holders compared to **30%** who did not seek financial advice.

Average pension for those who do not use financial advice

€84,230

VS.

Average pension for those who use financial advice

€130,525

50%
Higher

THE POWER OF ADVICE

Improved Financial Savvy

Making informed decisions around financial matters directly correlates to improved financial outcomes and this is evident throughout the survey finding.

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

Almost half **47%** of those who have sought financial advice say **40%** is the highest tax relief or government top-up when saving into their pension, compared to **21%** who have not sought financial advice.

51% of those who sought financial advice use pension top-ups (AVC's) compared to **25%** of those who did not seek financial advice.

Use pension top-ups (AVC's)

Percentage of people using pension top-ups (AVC) who do not use financial advice

25%

Percentage of people using pension top-ups (AVC) who use financial advice

51%

NO REGRETS FROM RETIRED RESPONDANTS

17% of those who used financial advice stated they should have started a pension earlier

19% of retirees who did not use a financial advisor stated that their biggest regret is that they should have prepared more for retirement, whereas only 9% of those who used financial advice felt the same. 17% of those who used financial advice stated they should have started a pension earlier whereas 20% of those who have not sought a financial advisor stated the same.

10% of those who sought financial advice, felt that they should have retired earlier whereas 2% of those who did not seek financial advice felt the same. 29% of those who sought financial advice felt that they should have spent more time with family when younger while 5% of those who did not seek financial advice cited the same.

What are your biggest regrets?

	Don't use Financial Advice	Use Financial Advice
Should have started a pension earlier	20%	17%
Should have prepared more for retirement	19%	9%
Should have spent more time with family when younger	5%	29%
Retired too early	2%	13%
Should have retired earlier	2%	10%
Should have consulted a financial advisor	1%	5%

SUSTAINABLE CHOICE & FUTURES INVESTING

Just under half **49%** of all adults in Ireland have at least some knowledge of sustainable investing.

Sustainable Investing is the practice of analysing a company’s environmental, social, and governance (ESG) risks, as well as assessing its opportunities and progress. ESG challenges are one of the most critical issues facing societies and economies today and the financial services sector will play a critical role in Ireland’s transition to a net zero economy.

Just under half **49%** of all adults in Ireland have at least some knowledge of sustainable investing. More than 2 in 3 **69%** of those who have sought financial advice have at least some knowledge of this area.

42% of those who have sought financial advice are likely to consider sustainability when choosing an investment compared to **22%** who have not sought financial advice.

Knowledge of Sustainable Investing

	Don't use Financial Advice	Use Financial Advice
Yes, I know a lot	4%	14%
Yes, I know something	14%	28%
Yes, I know a little	19%	27%
No, I don't know	63%	31%

MORE FINANCIALLY CONFIDENT

80% of those who have sought financial advice rate easy access to their money as important or very important.

Using a Financial Confidence Index, **25%** of respondents who use a financial advisor rate their financial security on the higher range of the scale (8-10) compared to **9%** of respondents who did not use financial advice on the equivalent rating.

Over half of those consulted, **58%** (up 3% on the 2021 report) feel more confident that they are in control of their finances with **14%** feeling financially better off as a result of seeking advice.

‘Explaining charges and product features in simple English’ (**86%**) is the most important consideration when engaging with a financial advisor followed by ‘Helping you make the best choice of policy/investment’ (**84%**) and ‘Developing a solid financial plan for the future’ (**83%**) as cited by respondents who sought the service of financial advisors.

80% of those who have sought financial advice rate easy access to their money as important or very important.

Confidence about being Financially Secure in Retirement

	Don't use Financial Advice	Use Financial Advice
Very Confident/Confident	19%	33%
Neither	39%	33%
Worried / Very worried	42%	34%

CONCLUSION

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

Based on these research findings, it is evident that those who receive financial advice are more likely to achieve greater personal financial benefit through guidance in pensions, saving/investment, and protection services in comparison to those who don't receive financial advice. Working

with a Financial Broker can help individuals to achieve long-term financial goals and ensure that their day-to-day financial well-being is being managed in a proficient and structured manner to ensure optimal results and outcomes for their current and future financial standing.

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

Individuals can gain:



Improved financial protection



More valuable savings and investments



Enhanced pension fund upon retirement



Improved financial confidence and stability



Greater insights and understanding of financial products and offerings



**FINANCIAL
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