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Financial Advice? The \$1.5 Million Question

New research commissioned by the Financial Services Council has found that New Zealanders' reluctance to seek financial advice is coming at a significant financial and personal cost.

The second in a three part research series looking at New Zealanders' relationship with money, '*Money and You – Literacy, Insight & Advice*' surveyed 2000 Kiwis to understand why New Zealanders don't seek help with their finances and to unlock the myths about what good support means and how it reduces financial stress.

"*Money and You* found that New Zealanders who do get advice save more, invest more, travel more and overall have improved wellbeing. On average, financial returns for Kiwis that get professional advice are 4% better than those who don't, they save 3.7% more, and travel six times more", says Richard Klipin, CEO of the Financial Services Council.

"To put this 4% into real terms; if a 25-year-old were to take financial advice and saved \$2500 per year, they would be \$1.5 million better off at 55 than if they didn't take advice. That's a remarkable difference, and a benefit that many more New Zealanders should be receiving.

"*Money and You* also found that New Zealanders who get financial advice on average have KiwiSaver balances over 50% bigger than those who don't, are more likely to have insurance cover and have greater peace of mind and confidence in making financial decisions.

"Our current economic climate, and the impact of Covid-19 on the economy and jobs, only underscores the critical need for all of us to seek professional financial advice.

"Despite this, *Money and You* confirms that far too many Kiwis are not taking the steps to get good advice. The research found that under 20% of New Zealanders get financial advice, while 40% don't see any benefit to getting professional financial advice, and 75% don't recognise the positive impact that financial stability has on their mental wellbeing.

"This shows that as an industry we need to do better in addressing the perceptions and barriers that are stopping New Zealanders from getting financial advice and enjoying the significant benefits to their financial and mental wellbeing.

“There’s a common perception that only wealthy people with large investment portfolios need or can afford financial advice. This research shows that’s not the case and the value and benefits of getting advice can be significant for all New Zealanders, no matter the scale of their wealth.

“There’s also a range of financial advice products and services to suit everyone’s financial position and stage in life.”

Ryan Bessemer, CEO of Trustees Executors who sponsored the research, said that it was an important step in building New Zealanders’ understanding of the importance of getting financial advice.

“*Money and You* starkly sets out the significant financial benefits for all Kiwis from getting good advice.

“We know from the first part of the *Money and You* series that many New Zealanders are in a precarious financial situation, so it’s imperative upon us as an industry to do everything we can to ensure that more Kiwis are benefiting from receiving high quality financial advice.

“We hope that *Money and You*, in conjunction with other industry initiatives, will help drive increased debate and discussion about the need for financial advice and ensure that more New Zealanders are asking themselves the \$1.5 million question.”

Money and You involved a representative online survey of 2000 New Zealanders carried out by CoreData. Data was collected between 12 March and 20 March 2020.

The full report, *Money and You –Literacy, Insight & Advice*, can be found [here](#).

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