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Those with advisers retire with more

Advice promotes better savings habits

By Julie May
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Australians who receive financial advice will have substantially more money in retirement, research shows.

People who receive financial advice will be almost $100,000 better off when they commence retirement, an independent study commissioned by the Financial Services Council (FSC) has revealed.

The research, conducted by KPMG Econtech, revealed a 30-year-old would save an additional $91,000, a 45-year-old would save an additional $80,000 and a 60-year-old would save $29,000 more than those who did not have a financial adviser.

The FSC said those amounts were conservative and did not take into account the additional benefits of comprehensive investment advice, and were on top of the $594,000 the government estimated an average 30-year-old would have in their superannuation when they retired.

FSC chief executive John Brogden said the research was compelling and demonstrated quality financial advice had the ability to change an individual's savings behaviour and encourage greater financial discipline, no matter what their age or level of income.

"It is therefore critical that we get the Future of Financial Advice reforms right as the government will have done all Australians a great disservice if the reforms make quality financial advice less accessible," Brogden said.

The research showed if an extra 5 per cent of Australians received advice, national savings would increase by $4.2 billion by 2016/17, which is 0.3 per cent of gross domestic product.

The research also considered the level of life insurance held by those with and without financial advisers and found that, on average, those with an adviser were at least four times more likely to hold some form of life insurance.

This is supported by industry studies, also compiled by KPMG, which showed those who received financial advice had on average $260,000 worth of life insurance cover compared with only $100,000 for those who purchased insurance directly.

KMPG Econtech analysed data from three large financial advisory networks, including around 3.4 million accounts for the 2006 to 2009 financial years.