



Opportunity for CA's in the growing retiree market

**Need to transform from
providing compliance
services to that of the
trusted advisor**

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Not a technical session

What we will cover

- The retirement market**
- What is the problem ?**
- How can accountants help**
- Competitors/Collaborators**
- How to develop trust**
- Reducing costs and increasing value**

Disclaimer

Contents

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Size of the prize



- ❑ 3.3 million Australians retired
- ❑ Expected to double to 25% of population over longer term
- ❑ Retiring baby boomers control 30% of wealth

How many retirees use the internet ?- Opportunity



- Older Australians are embracing digital life with nearly four in five people (80 percent) aged 65 and over online.
- Push to use the net- eg My Gov, Census
- Social platforms promote use
- Older Australians-family members help
- Online tools/automation for CA's to use



- Wide range of interlinked issues including personal issues that affect finances
- Silo approach by advisors
- Proactive planning not done-Budgets, POAs
- Many key areas overlooked-afford bucket list
- Changes to circumstances not addressed
- Governments continually change rules-focus is to make retirees fund their own retirement, health and aged care
- Trigger events create stress, rushed decisions

Retirement Stages and Planning Needs

Transition

Early days

**Steady
State**

**Latter
years**

Constant planning needs

**Health , Finances, Tax , Estate Planning ,
Welfare , Accommodation**

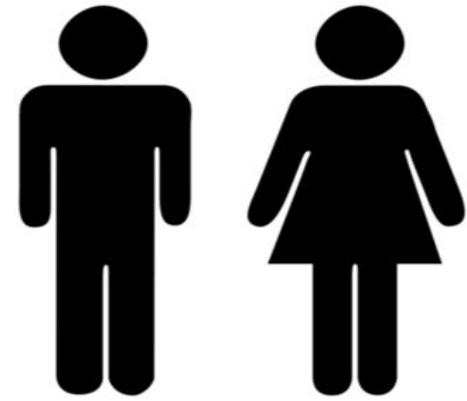
Specific focus

**Strategy, structure, life
change**

Specific focus

**Legacy, roles and
responsibilities, care
and support**

Who do people trust and use?



Partner-each other



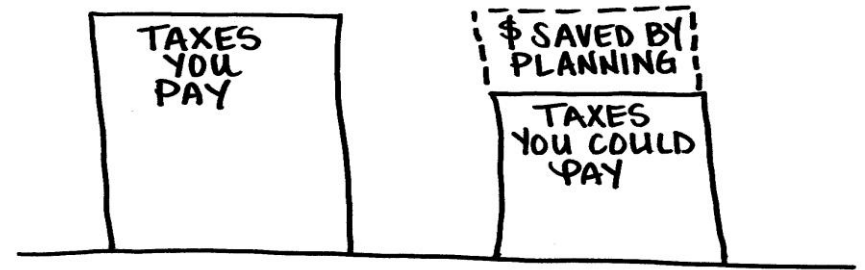
Advisors/specialists



Others/groups



Accountants in public practice



- Not just about tax returns
- About being the trusted advisor
- Have to have both good intent and skill



What extra value can CA's add ?

- Structuring affairs with long term view
- Budgeting-long term-monitor and adapt
- Gatekeeper/sounding board/counsel on decisions
- Means testing-welfare/benefits/care costs
- Accommodation impacts-personal/financial
- Roles and responsibilities oversight in older age
- Intergenerational wealth transfer-families
- What if scenarios-Health care costs

Who are the competitors ?

Financial planners are the major player in crossover area of providing financial services

The Financial Planners?

- Managed by large institutions through dealer groups and employment
- Sales driven and process oriented
- Personal services not business service
- Organised and focussed
- Professional development as well as technical training
- Use systems and tools
- Provide statements of advice (SOA)

How does this compare with CA's

Accountants dominated by small practice with 66% sole proprietor (ABS)

- Self manage professional development
- Technical focus
- Lack of systems and processes
- Fear of breaching ASIC regulations on provision of advice without an AFS licence eg RG 244 and others
- Focus on business but still provide personal services-often linked

Differences in providing services?



Accountants

- ✓ Independent
- ✓ Nimble
- ? Fee for service
- ✓ Broad scope
- ✓ Lower cost-factual
- ✓ Self managed

Planners

- X Inherently conflicted
- X Cumbersome
- ? Retainer
- X Can be restricted
- X SOA are high cost
- X Heavy oversight

What about multi disciplinary practices

- Variety of structures in place from shared ownership through to less formal referral relationships
- Feedback is that they are struggling to develop seamless, synergistic and a value accretive client model
- Culture
- WIP for many practices-opportunity if done right
- Processes important-clear/consistent/coverage
- Who manages the client and who does what?

Important aspects when providing service

- Difference between education and advice
- Education is lower cost and allows for more control –no need for an AFS licence
- Client often can make their own choices when fully educated
- ID broader issues-questioning/listening
- Fee for service and not conflicted
important-should be promoted as point of difference

Education-Aged Care

- ❑ Costs not usually understood/considered/budgeted
- ❑ Rules and fees change



WILLIAM WEST/AFP

- **Can cost**
 - **Daily cost \$18 k pa**
 - + **MTF up to \$27 k pa**
 - + **Accom fees \$33 k pa or \$550k deposit**
 - = **All up appr \$78 k first few years**

How do accountants increase breadth of services? Develop soft skills



Aaron McEwan Gartner's HR practice leader for Australia and New Zealand

- The accountant of 2030 is likely to be highly creative, very digitally savvy, but bring high degrees of empathy and creativity to what they do.
- People don't need more data, they need more insight.

**Requires, emotional intelligence, empathy,
communication and listening skills**

How do accountants increase breadth of services-Primetime

- Comprehensive fact finds
- Evaluate and then plan
- Cover all bases not just tax
- Identify needs and direct energies
- Use for multidisciplinary practices
- Review and revise regularly

Should provide self awareness and allows for discussion and clarity in decision making



Primetime system approach-automated



Report



How do I get the client to pay ?

- Use client/systems/tools to do work
- Automate -low cost-high value
- Communicate the value-its there
- Being the trusted advisor is “sticky”
- Provide products clients can regularly use- ie filing cabinet, budgets

Summary

- ✓ Be comfortable in providing services
- ✓ Use systems, processes and tools to deliver value
- ✓ Cover all bases
- ✓ Be prepared for deeper conversations with clients
- ✓ Engage family and other advisors in the planning
- ✓ Review regularly and keep up to date-stay relevant



Questions ?



Brad

