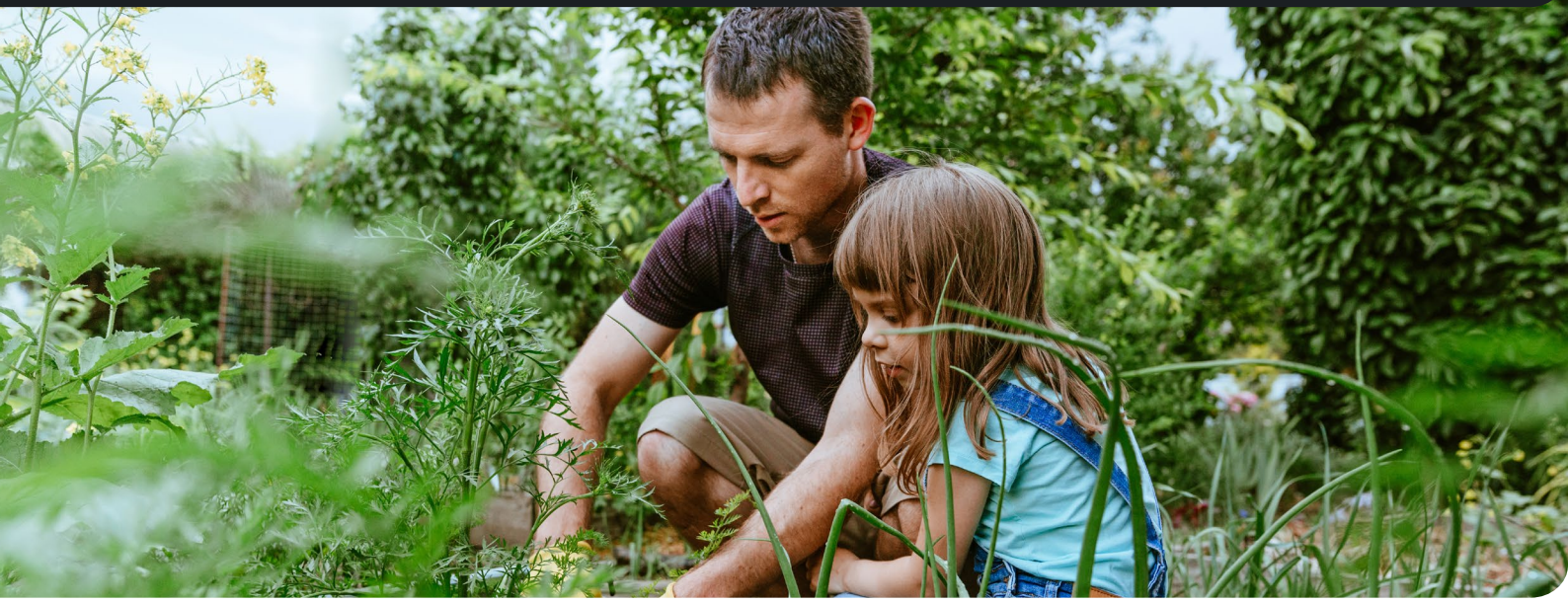
FINDEX



Intergenerational Wealth Report

How Australians across the generations are spending and investing



Executive summary

Many of us are about to be part of the most significant intergenerational transfer of wealth in Australian history – $3.5 trillion over the next two decades, according to the Productivity Commission[1].

By 2050, Baby Boomers are set to pass on an estimated $224 billion each year in inheritances to Millennials and Gen Z[2]. And while our research shows that Millennials and Gen Z feel confident about managing their money, it also shows they are spending for today, pursuing riskier investments, and most have below $79,999 in a superannuation balance despite believing they need $1 million to retire comfortably.

Preparing for the great wealth transfer

Gen Z and Millennials are waiting for the great wealth transfer. Our research shows that 43 percent of Gen Z and 35 percent of Millennials are expecting an inheritance – more so than previous generations.

While they feel confident about managing their finances and are focused on household budgets and paying bills on time, they are:

- Living for today (64% Gen Z/63% Millennials)
- Spending money rather than saving for the long term (55% Gen Z/57% Millennials)
- Pursuing riskier investments (77% Gen Z/70% Millennials)
- Not investing at all (60% Gen Z/55% Millennials)

Of the Millennials and Gen Z that do invest, they are much more inclined to take higher risks with their investments. 42 percent of Gen Z invest in cryptocurrency making it the number one investment for this generation over superannuation.

Furthermore, only 13 percent of Gen Z and 15 percent of Millennials use the professional services of a financial adviser. This is in spite of 74 percent of Australians who had received advice saying it had improved their financial wellbeing[3].

Like the majority of Aussies, they are more likely to do their own research, and this cohort is more inclined than others to take financial advice from friends or family.

This presents not only an opportunity but perhaps a responsibility for parents and grandparents from the Baby Boomer generation to help facilitate the safe transfer of wealth to the next generation by sharing and transferring their financial wisdom and laying the groundwork to introduce the younger generation to the help of a trusted financial adviser.

[1] *Wealth Transfers and their Economic Effects,* Productivity Commission, December 2021, https://www.pc.gov.au/research/completed/wealth-transfers
[2] *Baby Boomers to pass on $224b a year by 2050,* Australian Financial Review, 7 December 2021, https://www.afr.com/policy/economy/baby-boomers-to-pass-on-224b-a-year-by-2050-20211206-p59f7d
[3] *The value of advice,* Fidelity, January 2020, https://www.fidelity.com.au/insights/investment-articles/the-value-of-advice/

Introduction

Post-pandemic, the Australian economy is a very different beast to what we knew prior to COVID-19. With increasing global economic uncertainty, geo-political tensions, rising inflation and cost of living pressures, many Australians are feeling the strain and learning about the impacts of inflation for the first time.

The 'cost of living' in Australia can be analysed using several indicators from the Australian Bureau of Statistics (ABS), namely the Consumer Price Index (CPI) and Living Cost Indexes (LCIs) for selected households.

From June 2021 to June 2022, the Consumer Price Index, which is a measure of household inflation, rose 6.1 percent driven primarily by the increasing cost of food and fuel – the fastest annual increase since 2001[5].

Living Cost Indexes, which measure the price change of goods and services and its effect on living expenses of selected household types, rose by between 4.6 percent and 5.2 percent during that same period, depending on the household type[6].

With this context, we wanted to understand how Australians are managing their wealth in this economic environment and gain a better insight into:

- The impact of COVID-19 on Australians' financial management
- How different demographics are managing their wealth, especially between Millennials and Baby Boomers
- The level of financial literacy among Australians
- Australians' engagement with financial advisers
- Money needed in superannuation to be comfortable in retirement

On this basis, Findex undertook a study where the target group for the survey research was Australians aged 18 years and over with national representation across state and gender. From 1,020 survey respondents, 70 percent were based in metropolitan areas and 30 percent in regional locations.

This study provides us with data points that allow us to understand the broader context of Australians' priorities for wealth management in the post-pandemic world and will be used to lead a discussion on the intergenerational transfer of wealth.

The role of financial advice

To help maintain and grow their wealth and inheritance, financial advisers have a clear opportunity to engage with Baby Boomers to empower their children and grandchildren with the professional advice they will need.

But, with only 45 percent of Gen Z and Millennials open to using a financial adviser in the future, there are barriers to overcome before this can happen.

32 percent of Australians said they prefer to manage their own money, 23 percent said financial advice was too expensive or they couldn't afford it and 20 percent said they did not have enough assets to justify using one.

Furthermore, almost 30 percent of Australians are only willing to pay less than $500 per annum for ongoing financial services and only eight percent indicated they'd be willing to pay more than $3,000 per annum for ongoing financial advice.

Contrast this with recent research from Adviser Ratings, which showed the median annual client fee rose to $3,529 in 2022[4], and it's clear the industry has much work to do to meet the needs of our next generation of investors.

If Millennials and Gen Z are underprepared to manage the wealth left to them by Baby Boomers, the future of $3.5 trillion over the next two decades is at risk and it is incumbent upon the wealth management sector to regain trust in a post-Haynes environment to help mitigate this.

By partnering with Baby Boomer clients to better manage family offices and invest in building trusted relationships with their beneficiaries earlier on in the partnership, financial advisers can better equip the next generation of Australians to grow their wealth instead of losing it.

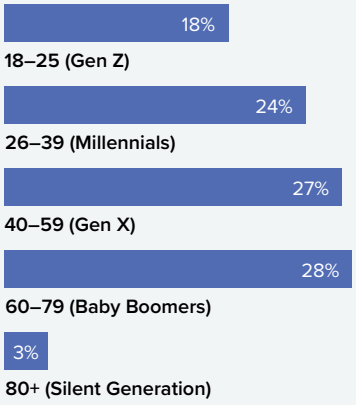
[4] *Australian Financial Adviser Landscape 2022,* Adviser Ratings, April 2022, https://www.ardata.com.au/wp-content/uploads/2022/05/AFALandscape2022-AB_R2.pdf
[5] *Selected Living Cost Indexes, Australia,* Australian Bureau of Statistics, 3 August 2022, https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release
[6] ibid

Survey participants

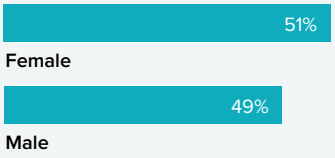
From 20–22 September 2022, a total of 1,020 people aged 18 years and over completed the Findex Intergenerational Wealth survey. The survey was conducted online using the Glow proprietary research platform. For the purposes of this report, figures have been rounded to the nearest percent. A full breakdown of the data is included in the Appendix. Respondents were represented nationally across age, gender, income and demographic groups, which included:

- **18%** Gen Z (18–25)
- **24%** Millennials (26–39)
- **27%** Gen X (40–59)
- **28%** Baby Boomers (60–79)
- **3%** Silent Generation (80+)

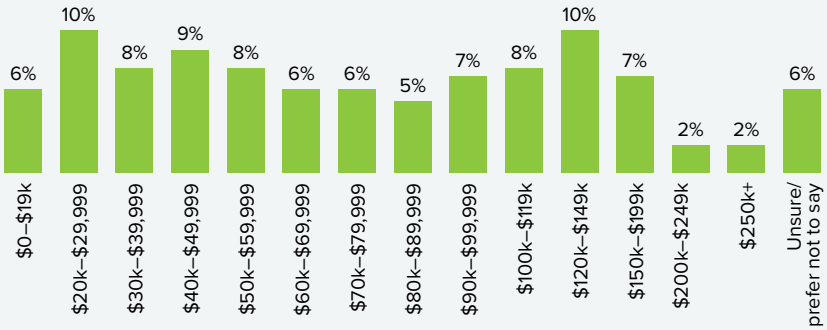
Age



Gender



Income



Location



How Australians are managing their money

Impact of COVID-19

Throughout COVID-19, very low interest rates supported economies around the world. And the combined effect of low interest rates and government hardship payments proved very effective in stabilising the Australian economy.

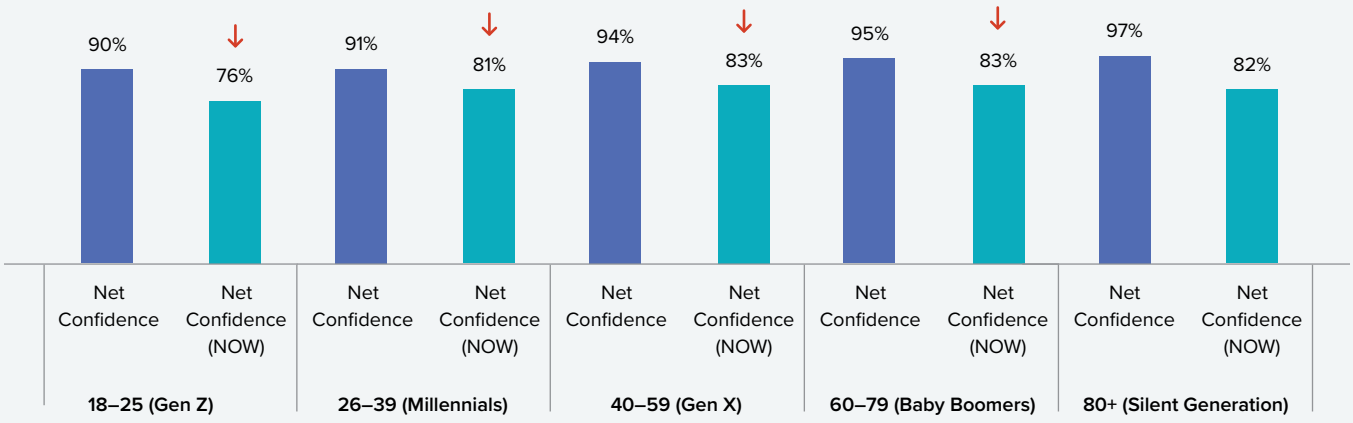
Since then, the situation has become increasingly volatile and the cash rate in Australia has been climbing and is expected to peak somewhere between 3 and 3.5 percent, with inflation predicted to surge to 8 percent by the end of 2022 and not likely to fall until early in 2023[7].

Against this backdrop, we asked survey respondents to tell us their level of confidence managing money and how it has been impacted by the COVID-19 pandemic.

Confidence to manage money is strong across all demographics with almost 70 percent of Australians (68%) saying they were extremely confident or confident.

While the research shows that Australians feel confident about managing their money, it also shows that, following the pandemic, Australians' confidence levels in managing their finances has dropped across all demographics with the most significant drop for the Silent Generation (15%) and Gen Z (14%).

Net Confidence
Before vs. After COVID-19 Pandemic



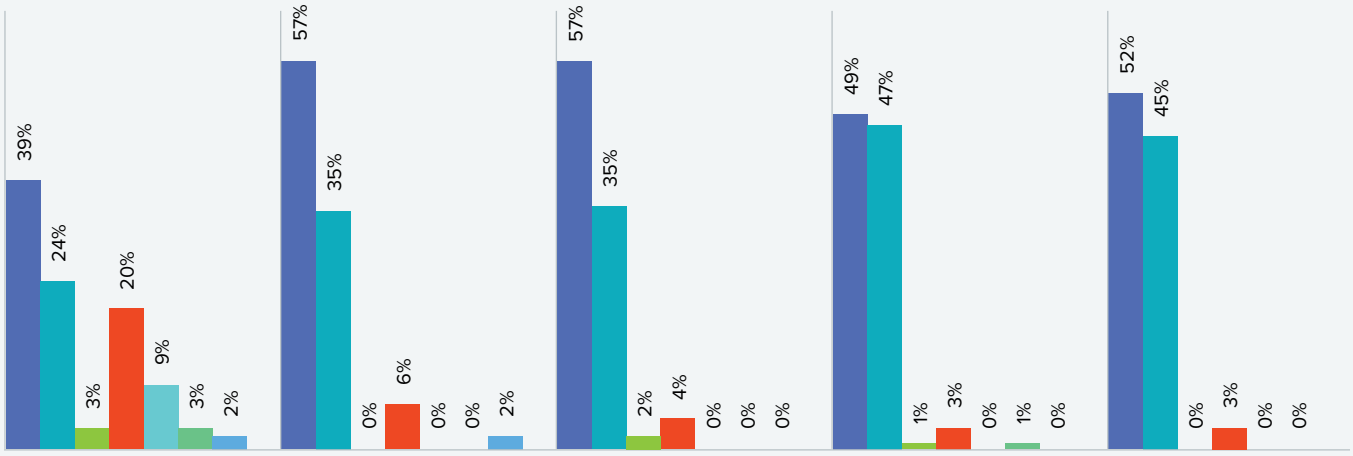
Q2. [Age], Q6. [Please indicate how confident you are with managing your money]
Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials), n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33

[7] *Monetary Policy Decision,* Statement by Philip Lowe, Governor, RBA, 1 November 2022, https://www.rba.gov.au/media-releases/2022/mr-22-36.html

Financial decision making

When asked who was responsible for day-to-day decision making about money, individuals across all generations reported that they are the sole decision-makers, with Millennials and Gen X the most likely to go it alone at almost 60 percent each.

However, older generations are much more likely to make decisions as a couple with almost half of all Baby Boomers (47%) and Silent Generation (45%) saying they make decisions as a couple. Almost 30 percent of Gen Z enlisted the support of a family member to help them with their day-to-day financial decisions.



Responsible for day-to-day decisions about money

51%	Myself	2%	Another family member
37%	Myself and my partner	1%	Someone else
1%	My partner	1%	Unsure
7%	Myself and another family member		

Q2. [Age], Q5. [Who is responsible for making day-to-day decisions about money in your household?]
Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials), n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33

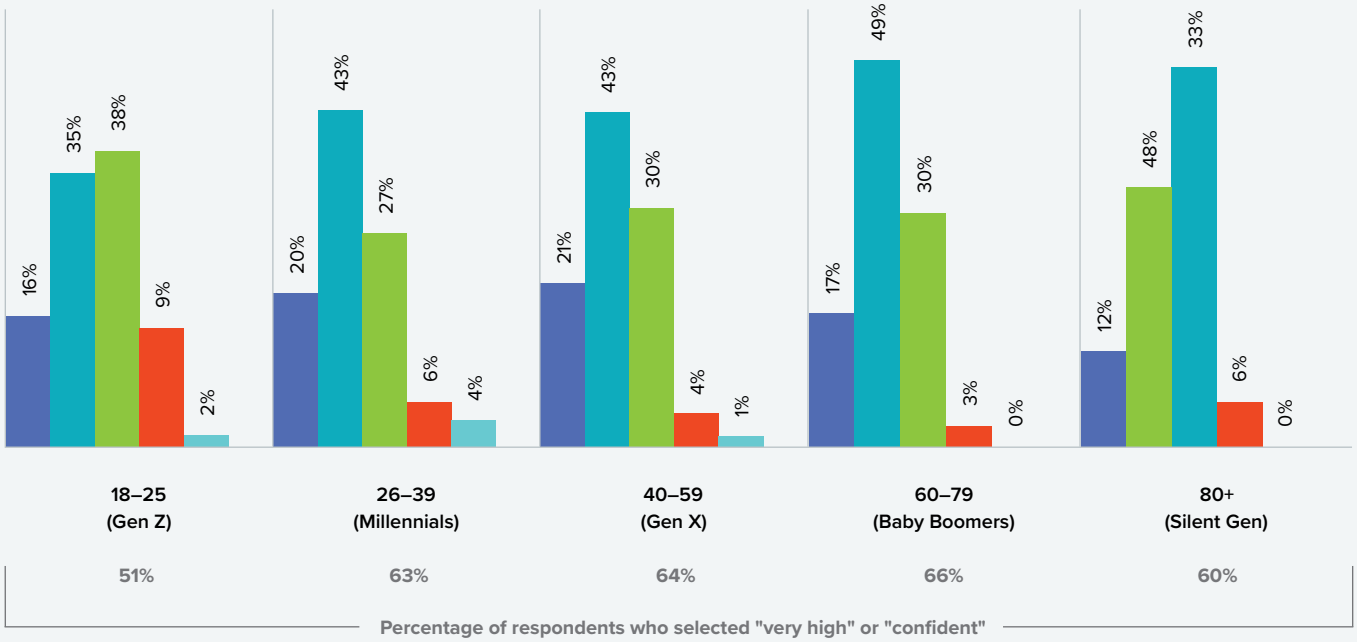


Financial understanding

Across demographics, almost two-thirds of respondents feel they have a good understanding of how to manage their finances.

Baby Boomers were the most confident with 66 percent saying they have either a very high understanding or a confident level of understanding of how to manage their finances.

Gen Z were notably less confident with just over half (51%) saying they have the same level of understanding as older generations, which is congruent with their earlier life stage. Around one in ten of the Millennials (10%) and Gen Z (11%) cohort said they have a low or very low level of understanding.



Finance management

- 19% I have a very high understanding of how to manage my finances
- 43% I have a confident level of understanding of how to manage my finances
- 31% I have a somewhat confident level of understanding of how to manage my finances
- 5% I have a low level understanding of how to manage my finances
- 2% I have a very low level understanding of how to manage my finances

Q2. [Age], Q8. [Please indicate what you believe is your level of understanding when it comes to managing your finances?]
Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials), n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33



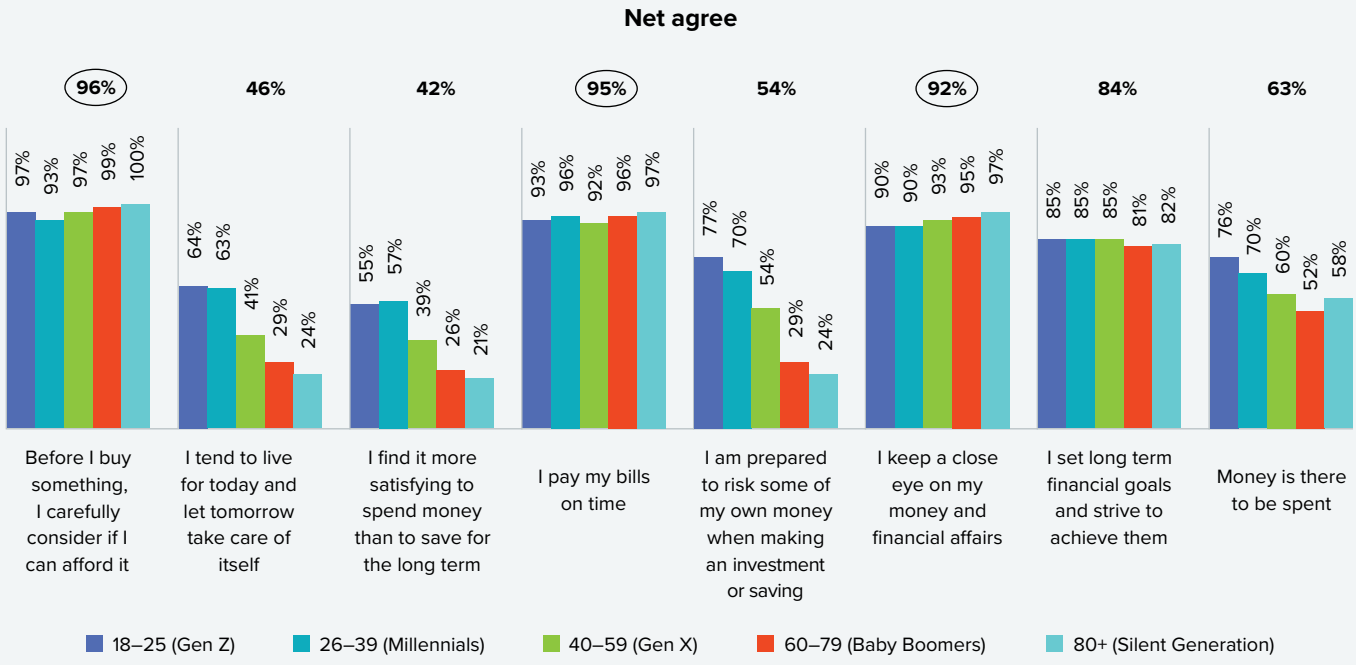
How Australians are spending and investing

Attitude to saving

Following a challenging time over the course of the pandemic, Australians across all demographics have prioritised paying bills on time and keeping a close eye on their money and finances.

Younger generations such as Gen Z and Millennials, however, are prepared to risk their money on investments, spending for now and letting the future take care of itself.

Almost 65 percent of Gen Z (64%) and Millennials (63%) said they tend to live for today and let tomorrow take care of itself and close to 60 percent said they find it more satisfying to spend money than to save for the long term. This cohort is also far more willing to take risks with their money with almost four in five Gen Z (77%) and seven in ten Millennials (70%) indicating they are prepared to risk some of their money when making an investment.



Q2. [Age], Q9. [Please read the below statements and indicate your level of agreement with them]
Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials), n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33

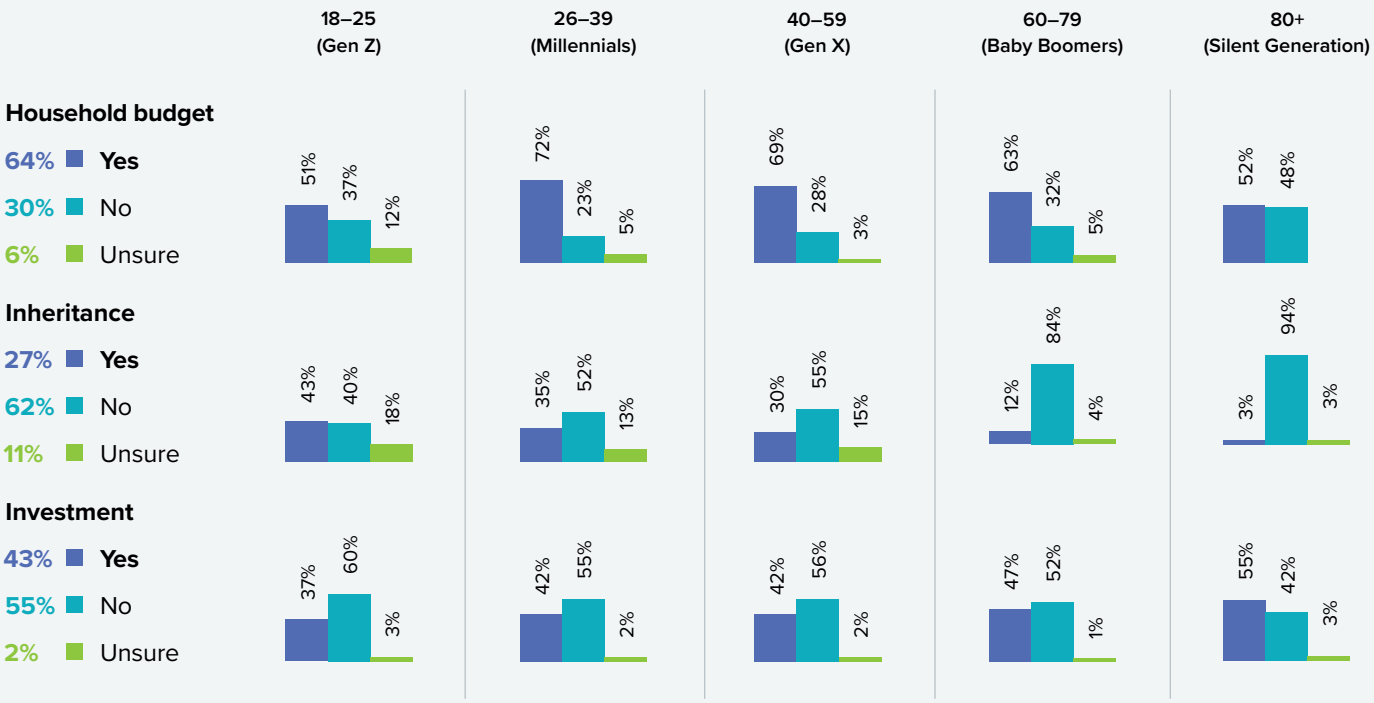
Building wealth

Millennials are just as likely as Baby Boomers and Gen X to have a strategy to generate wealth but they're also banking on the great wealth transfer which, according to the Productivity Commission, will generate $3.5 trillion over the next two decades[8].

Over 70 percent of Millennials (72%) have set a household budget compared to around 60 percent of Baby Boomers (63%). 42 percent of Millennials claimed they have made investments to manage their finances, which is on par with Gen X (42%) and Baby Boomers (47%).

However, Gen Z and Millennials, who have yet to reach their peak earning years, are expecting to receive an inheritance – more so than previous generations. More than 40 percent of Gen Z (43%) said they expected to receive an inheritance and 35 percent of Millennials are also expecting to.

The study shows that, overall, just over four in ten (43%) Australians are investing.



Q2. [Age], Q10. [Does your household have a budget?], Q11. [Do you expect to inherit your investments, assets money from your family?], Q12. [Do you currently have any investments?]
Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials), n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33

[8] *Wealth Transfers and their Economic Effects,* Productivity Commission, 7 December 2021, https://www.pc.gov.au/research/completed/wealth-transfers

Investment preferences

Overall, 60 percent of Australians have superannuation, and it is considered the top investment choice among Millennials, Gen X and Baby Boomers. But Australians, particularly younger generations, also have an appetite for a well-diversified portfolio of investments to manage their wealth with cryptocurrency considered the top investment vehicle by Gen Z.

This study found that Millennials are less likely than Baby Boomers (19% vs. 35%) to rely primarily on traditional investments like term deposits for wealth management.

Instead, younger investors are more likely to turn to a wider range of solutions including high-risk assets such as cryptocurrencies, global shares and Exchange Traded Funds (ETFs). More than 40 percent of Gen Z (42%) and almost 30 percent of Millennials (27%) say they have cryptocurrency investments. This shows these younger generations have a higher investment risk appetite.

Older Australians (Silent Gen and Baby Boomers) are more risk averse, preferring lower risk investments like term deposits, high interest savings accounts and cash.

Types of investment currently have	**18–25 (Gen Z)**	**26–39 (Millennials)**	**40–59 (Gen X)**	**60–79 (Baby Boomers)**	**80+ (Silent Gen)**	**Total**
Superannuation	39%	56%	72%	65%	61%	**60%**
Australian shares/stocks	30%	36%	50%	51%	61%	**44%**
Cash	21%	36%	38%	48%	72%	**39%**
High interest savings account	25%	30%	30%	35%	50%	**32%**
Residential property	16%	26%	29%	31%	33%	**27%**
Term deposits	7%	19%	23%	35%	72%	**25%**
Cryptocurrencies	42%	27%	18%	2%		**18%**
Global shares/stocks	28%	24%	14%	9%	6%	**17%**
Managed/index funds	6%	11%	10%	17%	11%	**11%**
Exchange Traded Funds (ETFs)	16%	14%	9%	2%		**9%**
Gold	7%	12%	8%	3%		**7%**
Bonds	4%	9%	3%	5%		**5%**
Microinvestment platforms (e.g. Raiz, Spaceship)	6%	6%	7%	2%		**5%**
Commercial property		8%	2%	2%	6%	**3%**
P2P lending		1%	3%			**1%**
Other (please specify)		2%	1%	4%		**2%**

Q2. [Age], Q13. [What investments do you currently have?]
Baseline n=437: 18–25 (Gen Z) n=67, 26–39 (Millennials), n=104, 40–59 (Gen X) n=115, 60–79 (Baby Boomers) n=133, 80+ (Silent Generation) n=18

Choosing investments

When we asked what factors made respondents choose their investments, self-research and choice of investments aligned with personal interests were the two standout factors in the study.

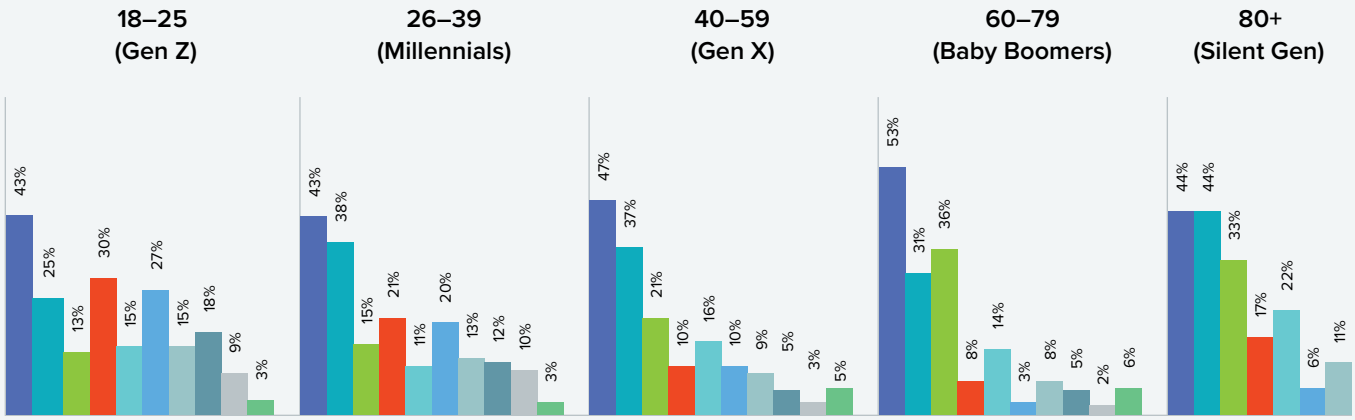
Nearly half of all investors across all generations (47%) said they do their own research when it comes to investment choices, but Baby Boomers were most likely with more than half (53%) saying they do their own research when it comes to investment decisions compared to Gen X (47%) and Millennials (43%).

Almost half of all respondents said they chose their investments to either align with personal interests (34%) or personal values (14%). The Silent Generation are most likely to select investments that align to their personal interests or personal values (66%) and Gen Z were least likely to (40%).

Less than a quarter of respondents said they made their investments with the advice of a financial adviser (24%). Baby Boomers (36%) and Gen X (21%) are more likely to have used a financial adviser to make their investments than Millennials (15%).

Millennials and Gen Z rely on recommendations from friends and parents/grandparents when deciding where to invest. Almost three in five of the Gen Z cohort (57%) and two in five of the Millennials cohort (41%) turn to friends and family whereas only one in ten Baby Boomers (11%) do the same.

Millennials (13%) are also more likely to have sought advice from their bank, higher than Baby Boomers (8%) and Gen X (9%).



Factors:

- **47%** Did my own research into the investment and concluded it was a good investment
- **34%** Aligns with personal interests
- **24%** Advised by a financial planner/adviser
- **15%** Recommended by friends
- **14%** Aligns with personal values (investing in an ethical and sustainable business)
- **13%** Recommended parents/grandparents
- **10%** Advised by bank/relationship manager at the bank
- **8%** Featured in trusted media sources (newspaper, business publications)
- **5%** Recommended by key opinion leader on social media
- **4%** Other (please specify)

Q14. [Based on responses in the previous question, what were the factors that made you choose these investment options?]
Baseline n=437: 18–25 (Gen Z) n=67, 26–39 (Millennials), n=104, 40–59 (Gen X) n=115, 60–79 (Baby Boomers) n=133, 80+ (Silent Generation) n=18

Superannuation

We asked respondents to tell us what their current superannuation balance is and while the amount of working experience (or length of career) impacts the super balance for Gen Z and Millennials, almost half (48%) of respondents said they have below $79,999 in their super balance and one in five said they were unsure or preferred not to say.

Gen X, who typically are at the peak of their working years, recorded a higher super balance with 38 percent having between $80K–$449K.

However, nearly 40 percent of Gen X (38%) and more than 30 percent of Baby Boomers (33%) said they have below $79,999 in their super balance, potentially leaving them underfunded in retirement.

Baby Boomers and Silent Generation are more cautious when sharing their current balance with 27 percent of Baby Boomers and 24 percent of the Silent Generation saying they were unsure or preferred not to say.

Current super balance	18–25 (Gen Z)	26–39 (Millennials)	40–59 (Gen X)	60–79 (Baby Boomers)	80+ (Silent Gen)
48% Below $79,999	81%	54%	38%	33%	33%
15% $80k–$179,999	4%	21%	20%	13%	18%
11% $180k–$449,999	2%	7%	18%	14%	18%
5% $450K+			6%	13%	6%
20% Unsure/ prefer not to say	13%	17%	18%	27%	24%

Q2. [Age], Q15. [How much do you currently have in your superannuation?]
Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials), n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33





The number that defines 'living comfortably' is different for every individual but when we asked how much money respondents thought was required in superannuation to retire comfortably by 66, Millennials (22%) and Gen X (23%) estimated, at this stage, that $1 million or over is what they would need for retirement.

Baby Boomers and the Silent Generation felt less comfortable to share their ideal balance for retirement with around half unsure or unwilling to say.

Super balance by 66	18–25 (Gen Z)	26–39 (Millennials)	40–59 (Gen X)	60–79 (Baby Boomers)	80+ (Silent Gen)
$0–$99,999	8%	6%	5%	4%	6%
$100K–$199	10%	8%	5%	3%	
$200K–$299K	10%	9%	5%	2%	6%
$300K–$399K	7%	3%	3%	6%	3%
$400K–$499K	12%	7%	7%	8%	3%
$500K–$599K	10%	9%	9%	6%	9%
$600K–$699K	4%	7%	4%	4%	6%
$700K–$799K	5%	5%	4%	5%	
$800K–$899K	3%	3%	4%	3%	
$900K–$999K	1%	3%	2%	2%	3%
$1M+	15%	22%	23%	10%	6%
Unsure/prefer not to say	14%	20%	31%	47%	58%

Q2. [Age], Q15. [How much do you currently have in your superannuation?]
Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials), n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33

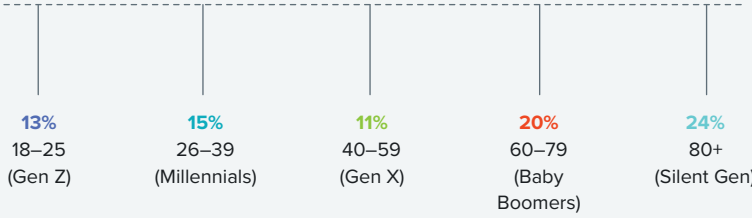
How Australians are engaging with financial advisers

Financial advice engagement

When we asked respondents whether their household used the professional services of a financial adviser, only 15% across all demographics said they currently use one. Baby Boomers (20%) and Silent Gen (24%) were most likely to use a financial adviser.

However, Gen X (11%) were less likely to use one than Gen Z (13%) and Millennials (15%). For those using the services of a financial adviser, the majority (66%) want face-to-face engagement, regardless of their age, followed by over the phone (42%) and online conferencing (19%).

15% respondents using financial advisers:



Australian's top three choice of current engagement with financial advisers

66% Face-to-face (Millennials 46% vs Baby Boomers 79%)

42% Over the phone (Millennials 22% vs Baby Boomers 43%)

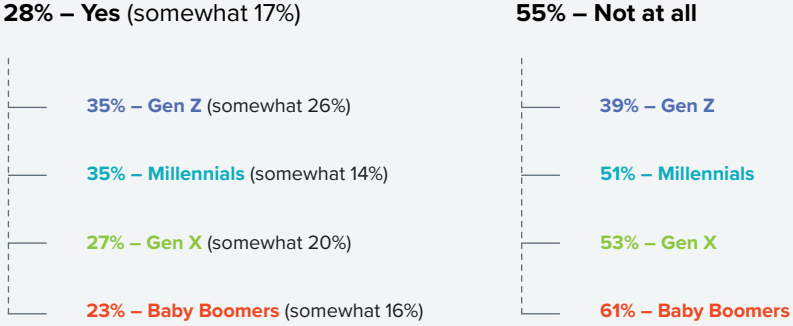
19% Online video conferencing services (e.g. Zoom, Facetime, Skype, Teams) (Millennials 22% vs Baby Boomers 13%)

Q2. [Age], Q17. [Please indicate from the below statements which best represents your use of financial planners or adviser], Q19. [How do you currently engage with your financial planner/adviser?]
Q17: Baseline n=1020: 18–25 (Gen Z) n=182, 26–39 (Millennials) n=246, 40–59 (Gen X) n=274, 60–79 (Baby Boomers) n=285, 80+ (Silent Generation) n=33
Q19: Baseline n=437: 18–25 (Gen Z) n=67, 26–39 (Millennials) n=104, 40–59 (Gen X) n=115, 60–79 (Baby Boomers) n=133, 80+ (Silent Generation) n=18

When asked whether COVID-19 had made them change how they engage with their financial adviser, the majority (55%) of those across all generations who have a financial planner (15%) did not change how they engage with their financial adviser. Baby Boomers experienced the least impact with over three in five saying they have not changed how they engage with their financial adviser.

However, younger generations were more impacted, and perhaps more willing to engage with alternative communication methods, with more than 60 percent of Gen Z (61%) and almost half of Millennials (49%) saying their way of engagement has either changed or somewhat changed over the same period.

Has COVID-19 changed how you engage with your financial adviser?



Q2. [Age], Q20. [Has COVID-19 made you change how you engage with financial planners – e.g. virtually?]
Baseline Q20 n=153: 18–25 (Gen Z) n=23, 26–39 (Millennials) n=37, 40–59 (Gen X) n=29, 60–79 (Baby Boomers) n=56, 80+ (Silent Generation) n=8

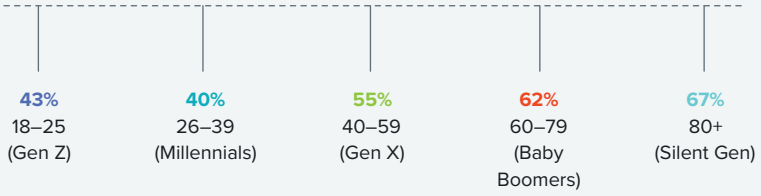
Intention to access financial advice

When we asked respondents whether their household used the professional services of a financial adviser, more than half (52%) of respondents across all demographics said they do not use one and do not intend to use the services of a financial adviser in the near future. The Silent Generation (67%) and Baby Boomers (62%) were the most adamant about this compared to Millennials (40%) and Gen Z (43%).

When asked to best describe why they do or do not want to use a financial adviser, 32 percent across all generations said they prefer to manage their own money, followed by 23 percent, who said they can't afford one/too expensive, and 20 percent who said they do not have enough assets to justify using a financial adviser.

Baby Boomers were most likely to prefer to manage their own money with more than half (52%) of this cohort stating it as their preference and Gen X (30%) predominately thinks financial advice is too expensive or they can't afford it.

52% respondents do not use financial advisers and do not intend to in the near future:



Australian's top three reasons not to use financial advisers

- **32%** Prefer to manage their own money (Millennials 22% vs Baby Boomers 52%)
- **23%** Too expensive/can't afford one (Millennials 18% vs Baby Boomers (24%)
- **20%** Not enough assets to justify using financial advisers (Millennials 17% vs Baby Boomers 27%)

Q2. [Age], Q17. [Please indicate from the below statements which best represents your use of financial planners or adviser], Q18. [What reasons best describe why you do not want to/do not currently use a financial planner or adviser?]
Baseline = n437: 18–25 (Gen Z) n=67, 26–39 (Millennials) n=104, 40–59 (Gen X) n=115, 60–79 (baby Boomers) n=133, 80+ (Silent Generation) n=18
Baseline Q18 n=867: 18–25 (Gen Z) n=159, 26–39 (Millennials) n=209, 40–59 (Gen X) n=245, 60–79 (Baby Boomers) n=229, 80+ (Silent Generation) n=25



A significantly higher proportion of Millennials and Gen Z than older generations indicated a lack of awareness across the board of how a financial adviser could assist them.

Around half (52%) of Millennials and Gen Z (48%) said they either:

- Don't understand how much it is to engage a financial adviser (10% Millennials/8% Gen Z)
- Felt they weren't ready right now (14% Millennials/ 14% Gen Z)
- Don't think they'd get good value out of using a financial adviser (11% Millennials/8% Gen Z)
- Don't understand what a financial adviser does (7% Millennials/10% Gen Z)
- Don't know how to select or find a trusted financial adviser (11% Millennials, 8% Gen Z)

This represents a huge opportunity for the financial advice industry to educate the younger generations to understand the benefits of financial advice and demystify the advice process.

Reasons why you do not want to/do not currently use a financial adviser



1 I prefer to manage my own money
2 I prefer to talk to friends or family about financial advice
3 I prefer to get my financial advice from online resources
4 I prefer to use microinvestment platforms (e.g. Raiz, Spaceship)
5 It's too expensive or I can't afford it
6 I don't understand how much it is to engage a financial planner
7 It's not for someone with my income level
8 I don't have enough assets to justify using a financial planner or adviser
9 I don't like taking financial risks
10 I'm not ready right now
11 I'm embarrassed by my financial situation
12 I've had a bad experience with financial planner or advisers before
13 I don't like being forced to stick to a financial plan
14 I don't trust financial planners or advisers to manage my money
15 I am not confident a financial planner or adviser could actually help me achieve my goals
16 I don't think I'd get good value out of using a financial planner or adviser
17 I don't understand what a financial planner or adviser does
18 I don't know how to select or find a trusted financial planner
19 I find any formal financial planning too overwhelming
20 Unsure
21 Other (please specify)

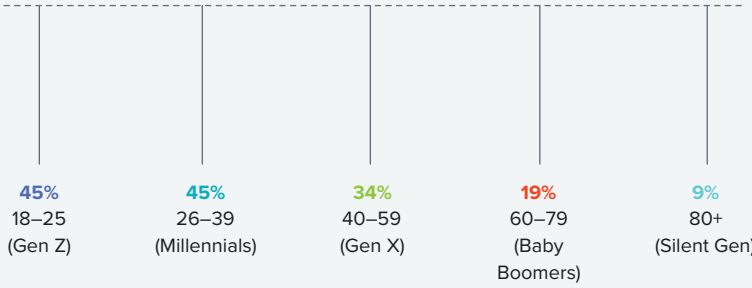


Gen Z (45%) and Millennials (45%) are more open than Gen X (34%) and Baby Boomers (19%) to try out professional help with 33 percent across all generations saying they are open to engaging a financial adviser in the near future.

Overall, respondents said 'building wealth' is their top consideration (27%), followed by a quarter (26%) who said they would use one for 'peace of mind' as well as 'preparing for retirement/boost super balance', while 24 percent wanted to 'consult a financial adviser for their professional knowledge/expertise'.

Millennials are less interested in preparing for retirement (17%) and more focused on peace of mind (26%) and building wealth (23%). Baby Boomers are more focused on consulting a financial adviser for their professional knowledge/expertise (37%) and peace of mind (37%).

33% respondents not using financial advisers but open to using one in the near future:



Australian's top four reasons to consider financial advisers

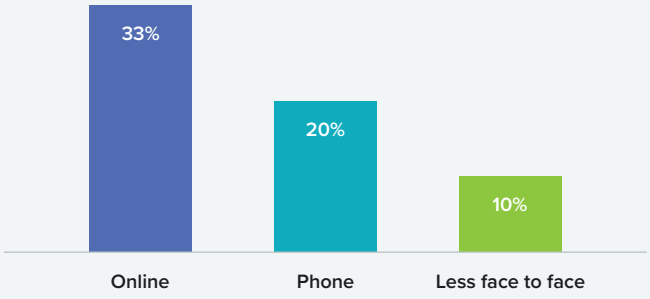
- **27%** Building wealth (Millennials 23% vs Baby Boomers 25%)
- **26%** For peace of mind (Millennials 26% vs Baby Boomers 37%)
- **24%** Preparing for retirement and boost super balance (Millennials 17% vs Baby Boomers 34%)
- **24%** Consult with someone with more financial knowledge/expertise than myself (Millennials 22% vs Baby Boomers 37%)

Q2. [Age], Q20. [Has COVID-19 made you change how you engage with financial planners – e.g. virtually?], Q18. [What reasons do you use/would you consider using a financial planner or adviser?]
Baseline Q20 n=153: 18–25 (Gen Z) n=23, 26–39 (Millennials) n=37, 40–59 (Gen X) n=29, 60–79 (Baby Boomers) n=56, 80+ (Silent Generation) n=8
Baseline Q22 n=494: 18–25 (Gen Z) n=104, 26–39 (Millennials) n=147, 40–59 (Gen X) n=123, 60–79 (Baby Boomers) n=109, 80+ (Silent Generation) n=11

Impact of COVID-19 on engagement

When we asked how COVID-19 had changed the way they engage with their financial adviser, it was clear that COVID-19 has made an impact on digital adoption and had a profound effect on how respondents view their relationship with financial advisers.

One in three respondents said online meetings had increased (33%) while one in ten indicated their financial management relationship has become less face-to-face and one in five said they have meetings over the phone.



We have more **online meetings** than previously.
More **Zoom meetings** and **less face to face.**
Teams meeting and they are located interstate and that's ok.

More interaction **over the phone.**
I now have **meetings over the phone** rather than at the office.

Less often face to face but exchanges have occurred to manage existing arrangements **via email and phone.**
Do everything **over the Internet instead of face to face.**
We **no longer meet face to face.**

Q2. [Age], Q21. [How has COVID-19 made you change how you engage with financial planners?]
Baseline n=68: 18–25 (Gen Z) n=13, 26–39 (Millennials) n=18, 40–59 (Gen X) n=14, 60–79 (Baby Boomers) n=22, 80+ (Silent Generation) n=1

Adviser qualities and cost of advice

Respondents were asked to select the five most important qualities they look for when selecting a financial adviser. Across generations, 'Honest', 'Expertise/knowledge' and 'Client's interest first' are the top three important qualities people look for when making this decision.

Drilling down a bit further, Millennials (42%) and Baby Boomers (65%) both selected 'Expertise/knowledge' as their most important quality, while Gen Z (30%) and Gen X (55%) both selected honesty.

When asked what they felt was a reasonable price to pay for ongoing financial advice services, around one in three respondents have expectations that below $500 per annum is reasonable for the provision of ongoing services.

This is broadly consistent across Millennials, Gen X and Baby Boomers, however less true for Gen Z.

Four in ten (39%) respondents think between $500 – $3,000 per annum is a reasonable price to pay and only eight percent indicated they are willing to pay more than $3,000 per annum for ongoing financial advice. Contrast this with recent research from Adviser Ratings which showed the median annual client fee rose to $3,529 in 2022[9] and it's clear many Australians are being priced out of the financial advice market.

Top five important qualities when selecting a financial adviser

47% Honest (Millennials 38% vs Baby Boomers 64%)

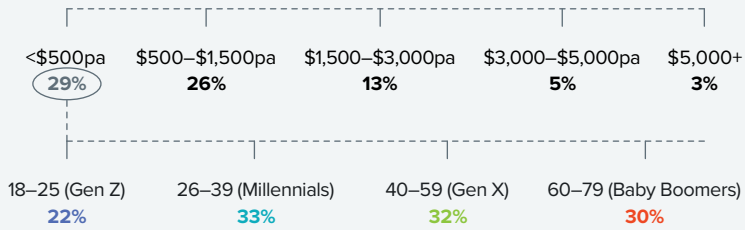
46% Expertise/knowledge (Millennials 42% vs Baby Boomers 65%)

42% Client's interest first (Millennials 40% vs Baby Boomers 52%)

37% Confidence/trust (Millennials 37% vs Baby Boomers 44%)

35% Have a good reputation (Millennials 30% vs Baby Boomers 49%)

Pricing deemed reasonable by Australians for ongoing services:



9 *Australian Financial Adviser Landscape 2022,* Adviser Ratings, April 2022, https://www.ardata.com.au/wp-content/uploads/2022/05/AFALandscape2022-AB_R2.pdf

Conclusion

With an appetite for risk and a penchant for new investment technologies and asset classes, Millennials and Gen Z have very different expectations and attitudes to spending and investing than their parents did.

With a stronger alignment to personal values and interests, Millennials and Gen Z are looking for advice and investment solutions that are relevant to their interests. And those interests, by and large, aren't the same as their parents or grandparents.

A study conducted last year by an American wealth and asset management research company estimated that more than 70 percent of people who inherit wealth from their parents are likely to fire or change financial advisers after receiving their money[10].

To prevent substantial volumes of business and income, not to mention hours of investment in relationships, walking out the door when the next generation inherits, financial advisers will need to shift from a one-to-one to one-to-many model and become a consultant to the whole family, not just the parents or grandparents.

Furthermore, they may need to look at multiple models of advice delivery to gain traction with engagement across the different generations, putting digital enablement and education at the forefront of engagement strategies.

It's clear from this research that lack of education on how they stand to benefit from financial advice is a clear barrier to entry for Millennials and Gen Z, and it speaks to why consumers, in general, place such low value on advice.

As an industry, we need to demystify the advice process and educate the next generation on the value of advice. We have an opportunity to help Baby Boomers empower their children and grandchildren not only through the transfer of wealth but the transfer of financial literacy.

With better management of family offices and investment in building trusted relationships with beneficiaries earlier on in the partnership, financial advisers have a better chance of enabling the next generation of Australians to grow their wealth instead of losing it. And with billions of dollars of inheritances on the line, it's an investment worth making.

[9] *The Cerulli Edge–U.S. Advisor Edition,* 3Q 2021 Issue, https://www.cerulli.com/edge/us-advisor-edge



Appendix

Data tables

Q1: Respondent's region of residence		
	Total (n)	Total (%)
Queensland	215	21.1%
New South Wales	305	29.9%
Victoria	279	27.4%
Tasmania	22	2.2%
Northern Territory	3	0.3%
Australian Capital Territory	20	2.0%
South Australia	83	8.1%
Western Australia	93	9.1%
I live elsewhere	0	0.0%
Answered	1020	
Not asked	0	

Q2: Respondent's age		
	Total (n)	Total (%)
Under 18	0	0.0%
18–25 (Gen Z)	182	17.8%
26–39 (Millennials)	246	24.1%
40–59 (Gen X)	274	26.9%
60–79 (Baby Boomers)	285	27.9%
80+ (Silent Generation)	33	3.2%
Answered	1020	
Not asked	0	

Q3: Respondent's gender		
	Total (n)	Total (%)
Male	493	48.3%
Female	524	51.4%
Non-binary	3	0.3%
I prefer to self-describe	0	0.0%
Answered	1020	
Not asked	0	

Q4: Respondent's income		
	Total (n)	Total (%)
$0–$19,999	59	5.8%
$20,000–$29,999	107	10.5%
$30,000–$39,999	79	7.7%
$40,000–$49,999	95	9.3%
$50,000–$59,999	79	7.7%
$60,000–$69,999	65	6.4%
$70,000–$79,999	62	6.1%
$80,000–$89,999	54	5.3%
$90,000–$99,999	73	7.2%
$100K–$119K	79	7.7%
$120K–$149K	103	10.1%
$150K–$199K	67	6.6%
$200K–$249K	22	2.2%
$250K+	18	1.8%
Unsure/prefer not to say	58	5.7%
Answered	1020	
Not asked	0	

Q5: Responsibility for financial decision-making		
	Total (n)	Total (%)
Myself	523	51.3%
Myself and my partner	375	36.8%
My partner	14	1.4%
Myself and another family member	73	7.2%
Another family member	19	1.9%
Someone else	8	0.8%
Nobody	0	0.0%
Unsure	8	0.8%
Answered	1020	
Not asked	0	

Q6: Confidence managing money		
	Total (n)	Total (%)
I am extremely confident managing money	249	24.4%
I am confident managing money	425	41.7%
I am somewhat confident managing money	275	27.0%
I am somewhat unconfident managing money	46	4.5%
I am unconfident managing money	14	1.4%
I am extremely unconfident managing money	11	1.1%
Answered	1020	
Not asked	0	

Q7: Impact of COVID-19 on confidence to manage money		
	Total (n)	Total (%)
I am much more confident managing my money now	167	16.4%
I am more confident managing my money now	275	27.0%
I am somewhat more confident managing my money now	386	37.8%
I am somewhat less confident managing my money now	149	14.6%
I am less confident managing my money now	29	2.8%
I am much less confident managing my money now	14	1.4%
Answered	1020	
Not asked	0	

Q8: Level of understanding to manage finances		
	Total (n)	Total (%)
I have a very high understanding of how to manage my finances	189	18.5%
I have a confident level of understanding of how to manage my finances	444	43.5%
I have a somewhat confident level of understanding of how to manage my finances	316	31.0%
I have a low level of understanding of how to manage my finances	54	5.3%
I have a very low level of understanding of how to manage my finances	17	1.7%
Answered	1020	
Not asked	0	

Q9: Attitude to spending and investing						
	Strongly agree (n)	Strongly agree (%)	Agree (n)	Agree (%)	Somewhat agree (n)	Somewhat agree (%)
Before I buy something, I carefully consider if I can afford it	478	46.9%	389	38.1%	118	11.6%
I tend to live for today and let tomorrow take care of itself	85	8.3%	168	16.5%	220	21.6%
I find it more satisfying to spend money than to save for the long term	69	6.8%	146	14.3%	212	20.8%
I pay my bills on time	520	51.0%	319	31.3%	125	12.3%
I am prepared to risk some of my own money when making an investment or saving	90	8.8%	218	21.4%	240	23.5%
I keep a close eye on my money and financial affairs	303	29.7%	412	40.4%	228	22.4%
I set long-term financial goals and strive to achieve them	216	21.2%	344	33.7%	295	28.9%
Money is there to be spent	55	5.4%	167	16.4%	420	41.2%
	Somewhat disagree (n)	Somewhat disagree (%)	Disagree (n)	Disagree (%)	Strongly disagree (n)	Strongly disagree (%)
Before I buy something, I carefully consider if I can afford it	25	2.5%	7	0.7%	3	0.3%
I tend to live for today and let tomorrow take care of itself	293	28.7%	157	15.4%	97	9.5%
I find it more satisfying to spend money than to save for the long term	305	29.9%	180	17.6%	108	10.6%
I pay my bills on time	39	3.8%	14	1.4%	3	0.3%
I am prepared to risk some of my own money when making an investment or saving	216	21.2%	141	13.8%	115	11.3%
I keep a close eye on my money and financial affairs	45	4.4%	23	2.3%	9	0.9%
I set long-term financial goals and strive to achieve them	117	11.5%	41	4.0%	7	0.7%
Money is there to be spent	228	22.4%	106	10.4%	44	4.3%
Answered	1020					
Not asked	0					

Q10: Household has a budget		
	Total (n)	Total (%)
Yes	658	64.5%
No	305	29.9%
Unsure	57	5.6%
Answered	1020	
Not asked	0	

Q11: Expecting to receive inheritance, assets or money from family		
	Total (n)	Total (%)
Yes	280	27.5%
No	624	61.2%
Unsure	116	11.4%
Answered	1020	
Not asked	0	

Q12: Currently has investments		
	Total (n)	Total (%)
Yes	437	42.8%
No	560	54.9%
Unsure	23	2.3%
Answered	1020	
Not asked	0	

Q13: Type of investments		
	Total (n)	Total (%)
Residential property	118	27.0%
Commercial property	14	3.2%
Australian shares/stocks	193	44.2%
Global shares/stocks	73	16.7%
Gold	30	6.9%
Bonds	22	5.0%
Cash	172	39.4%
Managed/index funds	50	11.4%
Exchange Traded Funds (ETFs)	39	8.9%
Cryptocurrencies	79	18.1%
P2P lending	4	0.9%
High interest savings account	138	31.6%
Term deposits	111	25.4%
Superannuation	264	60.4%
Micro investment platforms (e.g. Raiz, Spaceship)	20	4.6%
Other (please specify)	8	1.8%
Answered	437	
Not asked	583	

Q14: Factors contributing to selection of investment options		
	Total (n)	Total (%)
Aligns with personal values (investing in an ethical and sustainable business)	62	14.2%
Aligns with personal interests	147	33.6%
Did my own research into the investment and concluded it was a good investment	207	47.4%
Featured in trusted media sources (newspaper, business publications)	37	8.5%
Recommended by friends	67	15.3%
Recommended by parents/ grandparents	55	12.6%
Recommended by key opinion leader on social media	22	5.0%
Advised by a financial planner/adviser	103	23.6%
Advised by your bank/ relationship manager at the bank	45	10.3%
Other (please specify)	19	4.3%
Answered	437	
Not asked	583	

Q15: Current superannuation balance		
	Total (n)	Total (%)
$0–$19,999	297	29.1%
$20,000–$39,999	77	7.5%
$40,000–$59,999	71	7.0%
$60,000–$79,999	45	4.4%
$80,000–$99,999	45	4.4%
$100,000–$119,999	54	5.3%
$120,000–$139,999	22	2.2%
$140,000–$159,999	23	2.3%
$160,000–$179,999	12	1.2%
$180,000–$199,999	13	1.3%
$200,000–$249,999	32	3.1%
$250,000–$299,999	27	2.6%
$300,000–$349,999	22	2.2%
$350,000–$399,999	11	1.1%
$400,000–$449,999	12	1.2%
$450K+	54	5.3%
Unsure/prefer not to say	203	19.9%
Answered	1020	
Not asked	0	

Q16: Money required in super to retire comfortably by 66		
	Total (n)	Total (%)
$0–$99,999	57	5.6%
$100K–$199K	60	5.9%
$200K–$299K	62	6.1%
$300K–$399K	45	4.4%
$400K–$499K	79	7.7%
$500K–$599K	87	8.5%
$600K–$699K	47	4.6%
$700K–$799K	46	4.5%
$800K–$899K	31	3.0%
$900K–$999K	21	2.1%
$1M+	174	17.1%
Unsure/prefer not to say	311	30.5%
Answered	1020	
Not asked	0	

Q17: Use of financial advisers		
	Total (n)	Total (%)
My household does not use one, and does not intend to in the future	526	51.6%
My household do not use one, but would be open to using one in the future	341	33.4%
My household uses one	153	15.0%
Answered	1020	
Not asked	0	

Q18: Reasons why not currently using a financial adviser		
	Total (n)	Total (%)
I prefer to manage my own money	279	32.2%
I prefer to talk to friends or family about financial advice	58	6.7%
I prefer to get my financial advice from online resources	38	4.4%
I prefer to use micro investment platforms (e.g. Raiz, Spaceship)	19	2.2%
It's too expensive or I can't afford it	199	23.0%
I don't understand how much it is to engage a financial planner	56	6.5%
It's not for someone with my income level	129	14.9%
I don't have enough assets to justify using a financial planner or adviser	170	19.6%
I don't like taking financial risks	87	10.0%
I'm not ready right now	93	10.7%
I'm embarrassed by my financial situation	43	5.0%
I've had a bad experience with financial planners or advisers before	45	5.2%
I don't like being forced to stick to a financial plan	39	4.5%
I don't trust financial planners or advisers to manage my money	111	12.8%
I am not confident a financial planner or adviser could actually help me achieve my goals	68	7.8%
I don't think I'd get good value out of using a financial planner or adviser	120	13.8%
I don't understand what a financial planner or adviser does	47	5.4%
I don't know how to select or find a trusted financial planner	61	7.0%
I find any formal financial planning too overwhelming	39	4.5%
Unsure	38	4.4%
Other (please specify)	17	2.0%
Answered	867	
Not asked	153	

Q19: Engagement method with financial adviser		
	Total (n)	Total (%)
Over the phone	64	41.8%
Through an app	14	9.2%
Face-to-face	102	66.7%
Using a web page or online portal	20	13.1%
Online video conferencing services (e.g. Zoom, Facetime, Skype, Teams)	28	18.3%
Other (please specify)	3	2.0%
Answered	153	
Not asked	867	

Q20: Whether COVID-19 has impacted engagement with financial adviser		
	Total (n)	Total (%)
Yes	42	27.5%
Not at all	85	55.6%
Somewhat	26	17.0%
Answered	153	
Not asked	867	

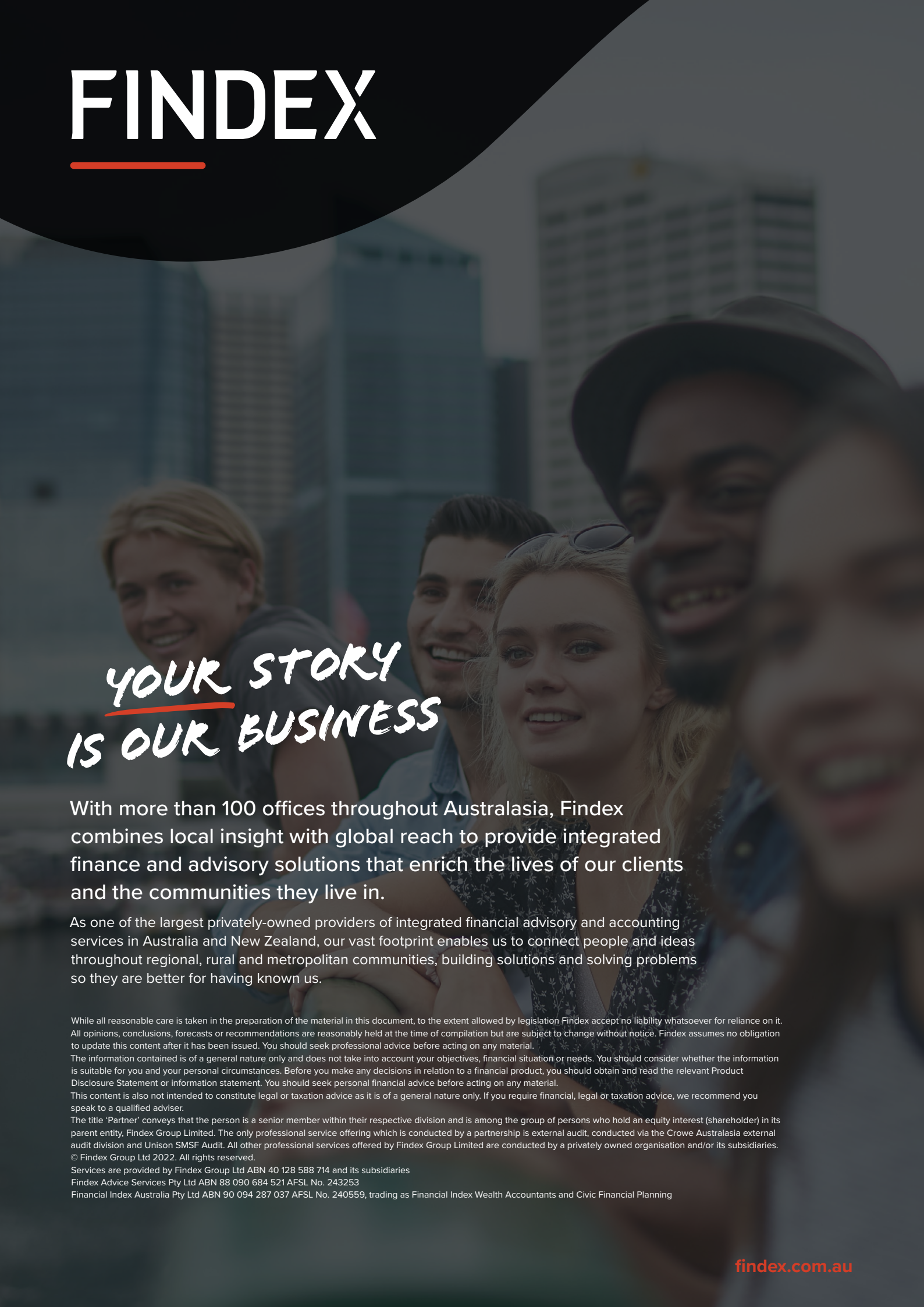
Q21: Reasons to consider using a financial adviser		
	Total (n)	Total (%)
Pay off home loan quicker	61	12.3%
Want to start a family	26	5.3%
Managing debt	68	13.8%
Received an inheritance or windfall	52	10.5%
Help with divorce or settlement	14	2.8%
Help with business finances	27	5.5%
Preparing for retirement and boost superannuation balance	117	23.7%
Need help making financial decisions	90	18.2%
Need help managing and saving money	78	15.8%
Grow assets	113	22.9%
Obtain an objective assessment of financial position	67	13.6%
Protect income	82	16.6%
Building wealth	134	27.1%
Build an investment portfolio	96	19.4%
Give kids/grandkids a head start and help them to secure their future	37	7.5%
Planning for kids to go to university	24	4.9%
For peace of mind	130	26.3%
To consult with someone with more financial knowledge or expertise than myself	117	23.7%
To find out more about new or up and coming investment opportunities (e.g. cryptocurrencies, NFTs)	41	8.3%
Other (please specify)	9	1.8%
Answered	494	
Not asked	526	

Q22: Most important qualities in a financial adviser		
	Total (n)	Total (%)
Caring/empathic	137	27.7%
Offering affordable services	152	30.8%
Being a local/locally located	102	20.6%
Have a strong track record of success	148	30.0%
Personable	140	28.3%
Expertise/knowledge	225	45.5%
Make complex topics simple to understand	108	21.9%
Achieve good financial outcomes or growth	155	31.4%
Have a good reputation	173	35.0%
Understands my financial position holistically	153	31.0%
Proactively communicate financial risks and opportunities	105	21.3%
Do not engage in unnecessary risk	132	26.7%
Stick to our financial plan or previous advice	70	14.2%
Put my interests first	206	41.7%
Prioritise long term growth over short term wins	86	17.4%
Find opportunities for quick wins over long term growth	44	8.9%
Balance quick wins and long term growth	70	14.2%
Give me confidence or trust	182	36.8%
Have strong certifications or qualifications	130	26.3%
Have a strong support team	80	16.2%
Work collaboratively with clients	122	24.7%
Have a clear plan and milestones to achieve goals	122	24.7%
Authenticity	132	26.7%
Curiosity/always searching for the best solutions for clients	76	15.4%
Passionate about what they do	114	23.1%
Honest	232	47.0%
Stay on top of investment trends, investment technologies and news	111	22.5%
Other (please specify)	2	0.4%
Answered	494	
Not asked	526	

Q23: Amount willing to pay for ongoing advice and investment management services		
	Total (n)	Total (%)
<$500 per annum	145	29.4%
$500–$1,500 per annum	127	25.7%
$1,500–$3,000 per annum	61	12.3%
$3,000–$5,000 per annum	25	5.1%
$5,000 + per annum	13	2.6%
Unsure	123	24.9%
Answered	494	
Not asked	526	



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