



# Confidence in advisers technical prowess rises during market downturn

The Lifeplan ICFS Financial Satisfaction Index reveals that clients generally have a greater appreciation of the technical prowess of their advisers than six months ago, despite a further slight decline in the overall index.

The regular survey, which takes the pulse of client-adviser relationships, offers several insights for advisers intent on improving their business. The latest results indicate:

Advisers should spend more time and effort communicating with investors who have recently joined them (within the past two years), particularly if these clients have larger amounts under management (over \$250,000). These are generally the ones more likely to be critical of their adviser and who will need more attention for trust to flower in the relationship.

The longer a client has been taking advice, the more they rely on and trust that advice.

However, clients who have been with the same adviser more than 10 years show less enthusiasm toward their adviser. So don't be complacent about your long term clients.

The over 60s are stable in their perception of their adviser's trustworthiness and reliability – perhaps because they have been through market downturns before.

In contrast, under 30 year olds' confidence in their adviser declined sharply in the past six months –

indicating they have been more unnerved by the drop in the market.

Lifeplan Group Marketing Manager Caroline Patrick believes the 2.5 per cent index decline from 73.2 to 69.5 in the latest six months, and from 74.3 a year ago, is understandable during a time of falling consumer confidence and investment market performance.

“Of the three elements that make up the Lifeplan index, the one most responsible for the latest decline – investment performance - could be regarded as largely outside planner's control. Our index measure of this dropped by 20 per cent from six months ago,” she notes.

Client opinions of the trustworthiness and reliability of their planner showed a slight fall (down 2.5 per cent), while the third measure in the index, perceptions of the planner's technical abilities, increased by 3.5 per cent.

“It is fascinating that perceptions of advisers' ability have improved. We believe this is due to advisers being more active in the past six months in recommending investment strategies to clients, such as rebalance their portfolios, and the technical ability that advisers have demonstrated in doing this.

“The improved view of advisers' technical abilities is most noticeable among 30 to 44 year olds and those over 60, which are the groups most likely to be actively reviewing their portfolios,” Ms Patrick adds.



# ICFS Index Oct 2008 with MATT WALSH

## A time to be proactive

In times of uncertainty, helpful communication is more valued, so being proactive and helping clients rebalance and manage market fluctuations is more important than ever, she says.

Another fascinating aspect of the statistics over the past four six-monthly surveys has been the convergence of men's and women's views, with the latest results showing no discernible difference between male or female perceptions of their adviser's trustworthiness, reliability or technical ability. Men's respect for their adviser on these measures has improved to eliminate the gender gap.

One of the most noticeable movements, in comparison with past surveys, is a decline in the overall perception that investment performance is due to the financial advice a planner provides.

"This is perhaps a healthy trend in a falling market, if it implies that advisers have little control over a widespread fall in investment markets. On the other hand, investors aged 33 to 44 and those over 60 are more likely to feel there is a link between financial advice and the performance of their investments," Ms Patrick notes.

The survey is again reassuring in finding that vast majority of clients have a high opinion of their financial adviser's trustworthiness and see advisers as reliable and having good technical ability.

It also indicates that all clients do not react in the same way to falls in the value of their investments, so it is valuable to attempt to build a well diversified client base.

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