

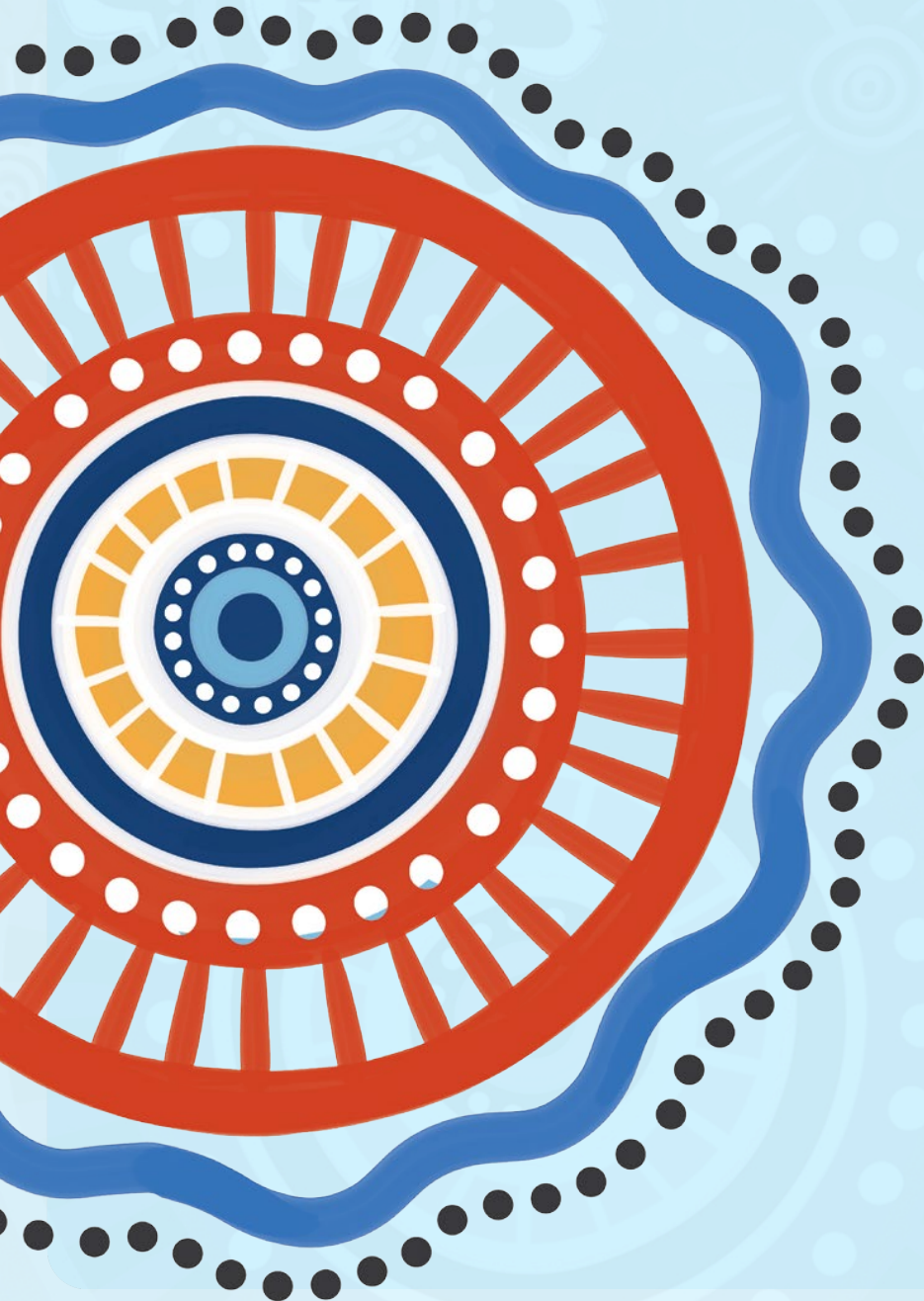


The importance of trust & the intergenerational wealth transfer

Insights from Advisers
and Industry Fund Members

art.com.au





Acknowledgement of Country

We acknowledge the Traditional Custodians of the lands where we live and work, and their connections to land, sea and community.

We pay our respect to their Elders past and present. And we extend that respect to all Aboriginal and Torres Strait Islander peoples today.

art.com.au/reconciliation

Artwork: 'Mirndin-Gun-Yes' (Our Pathway) by Leah Cummins of Bunya Designs.

Before we begin



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Legacy of working with financial advisers

- Building on a strong legacy of working with advisers.
- Using our size and scale to aim for strong long-term returns.
- Promoting the value of quality financial advice as one of Australia's largest funds.





Trust

Reliance on the integrity, strength, ability, surety, etc., of a person; confidence.

Confidence in the certainty of future payment for goods received.

Relationship

The way in which two or more people or things are connected



What we are discussing

- 1 Understanding the research
- 2 What our advised members are telling us
- 3 How this compares to what you are telling us
- 4 The future opportunities the research highlights
- 5 Key reflections





What were we seeking to learn?

We know that the importance of estate planning and wealth transfer is underappreciated by many, even those aged over 65...

...fewer get their beneficiaries involved in this planning.

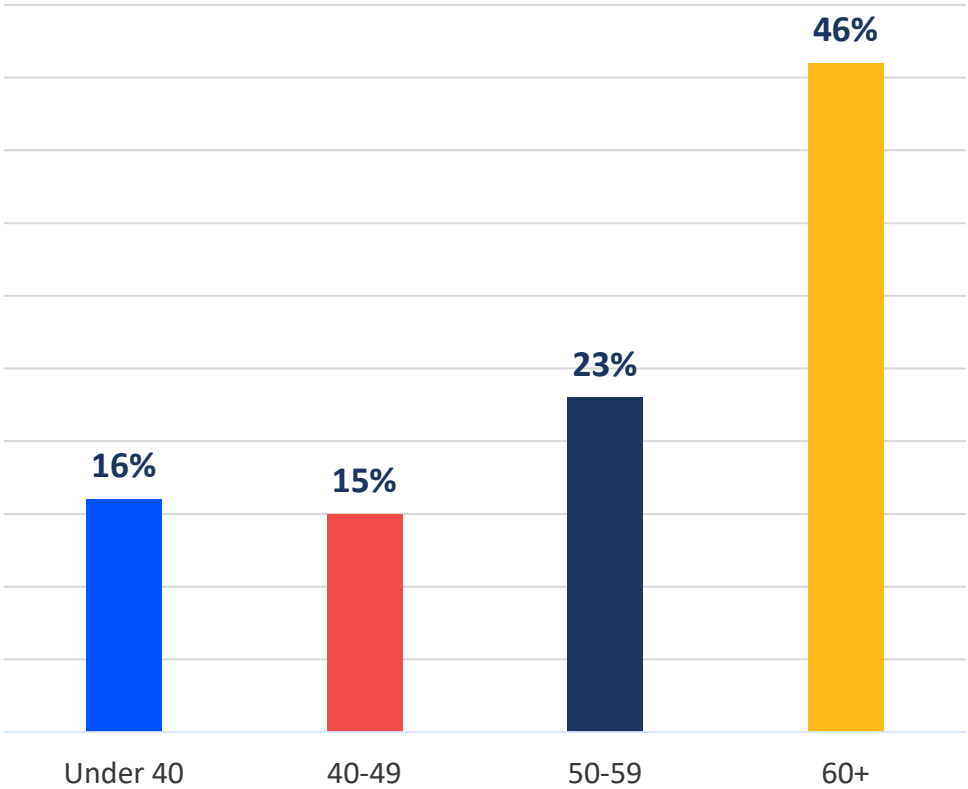
We wanted to explore and understand:

- Key challenges for advisers around working in a complex (legal/tax) environment,
- Difficulties engaging the younger generations and building trust with them, and managing familial conflicts, competing needs and priorities.
- Considerations of trust and loyalty

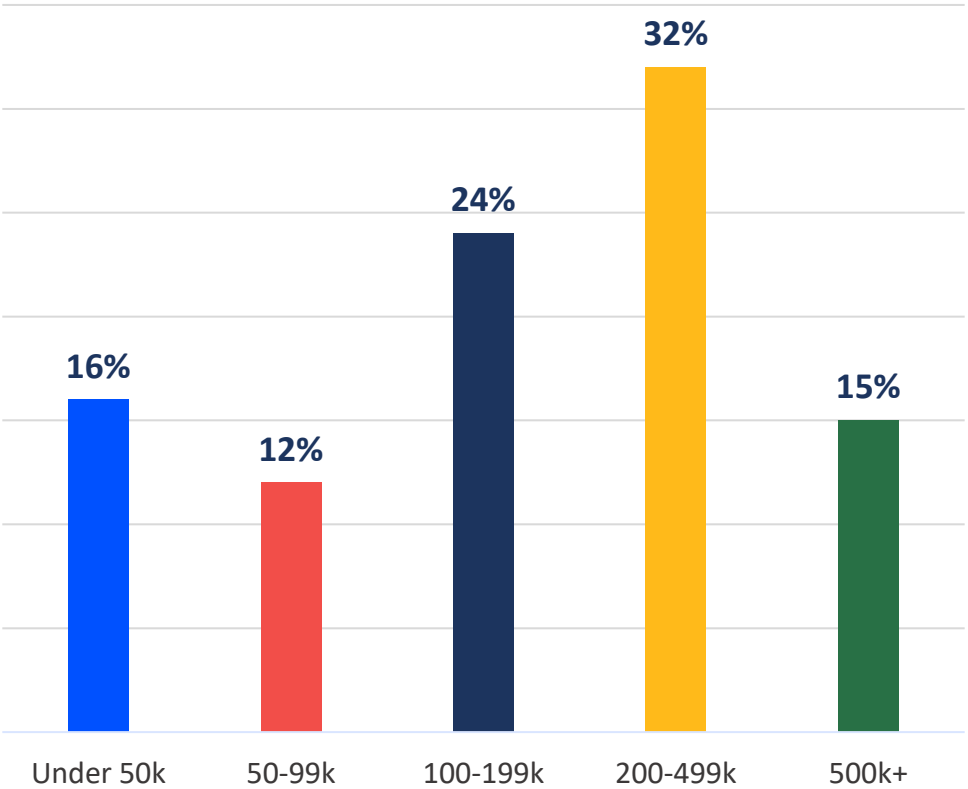


Who are our advised members?

Their age



Their balance





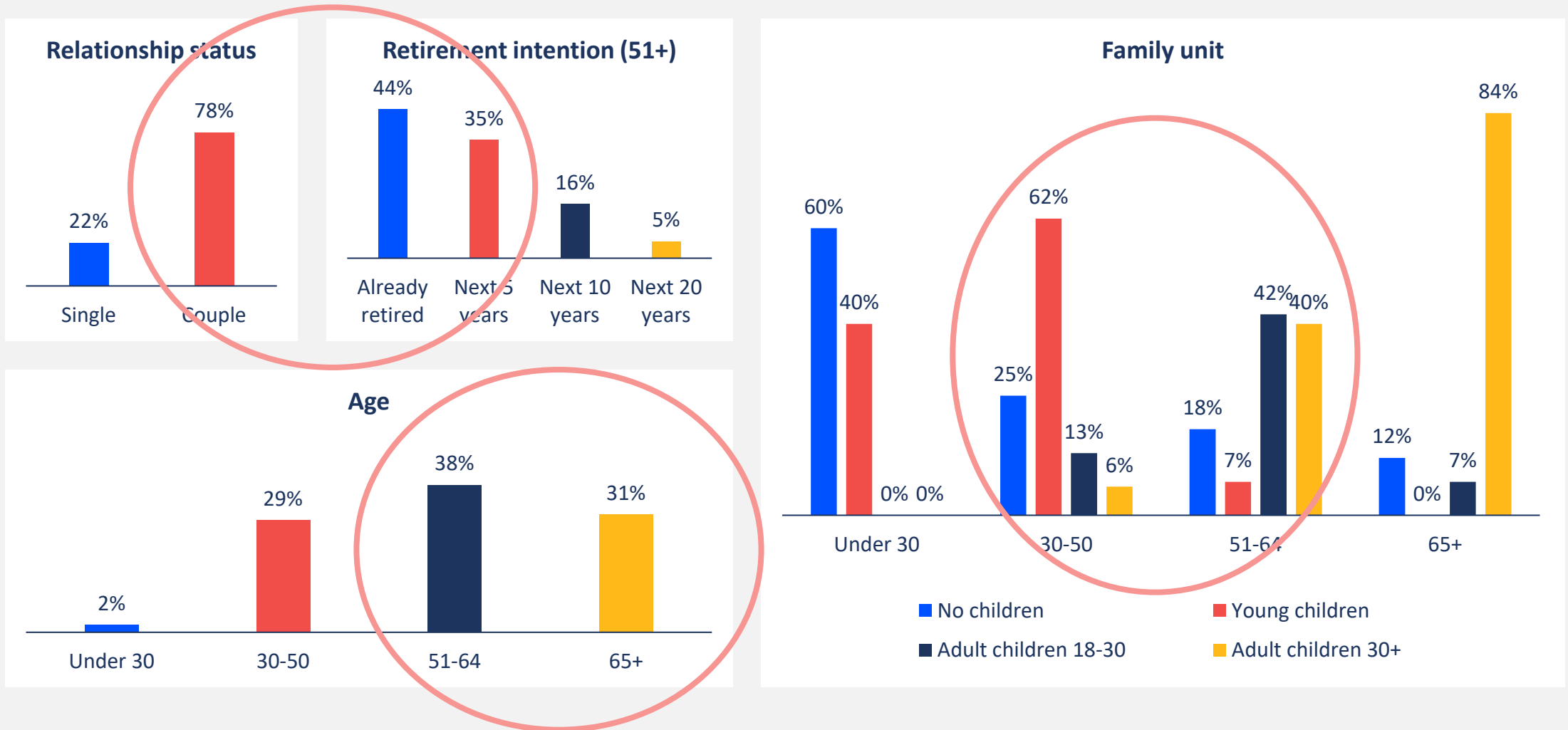
The advice insights
we observed





Advised members tend to be middle-aged or retired couples with children

Member



Q. Which best describes your practice? Q. Are you self-licenced? Q. Which best describes your clients?

Three demographic groups make up $\frac{3}{4}$ of our advised members



20%

Aged 30-50
with children

- 49% were existing ART members
- 62% have balance of <\$200k
- 27% have tenure of more than 10 years, 23% 5-10 years
- less tenure with adviser (81% less than 5 years)
- Greater engagement with ART and appetite for comms
- Tend to be most loyal

30%

Aged 50-64
with adult children

- 40% were existing ART members
- 29% have balance of \$500k+
- 32% have 2-5 years tenure
- 48% plan to retire in next 5 years

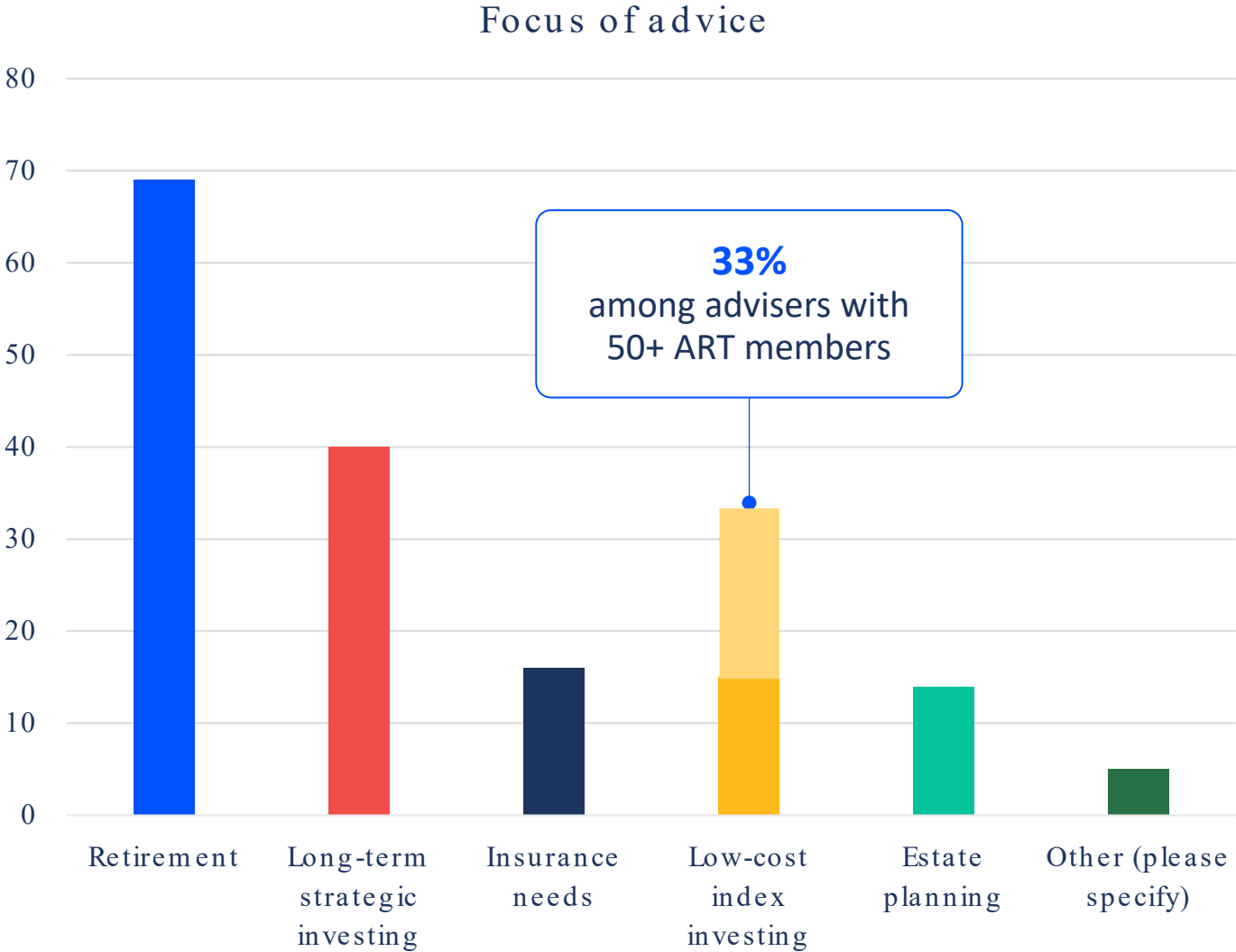
27%

Aged 65+
with adult children

- 19% were existing ART members
- 48% see their adviser at least half-yearly
- 41% have \$200-500k balance
- 52% have tenure of 1-5 years
- 76% already retired
- Strongest relationship with adviser



Retirement is the focus for most advisers with their clients.



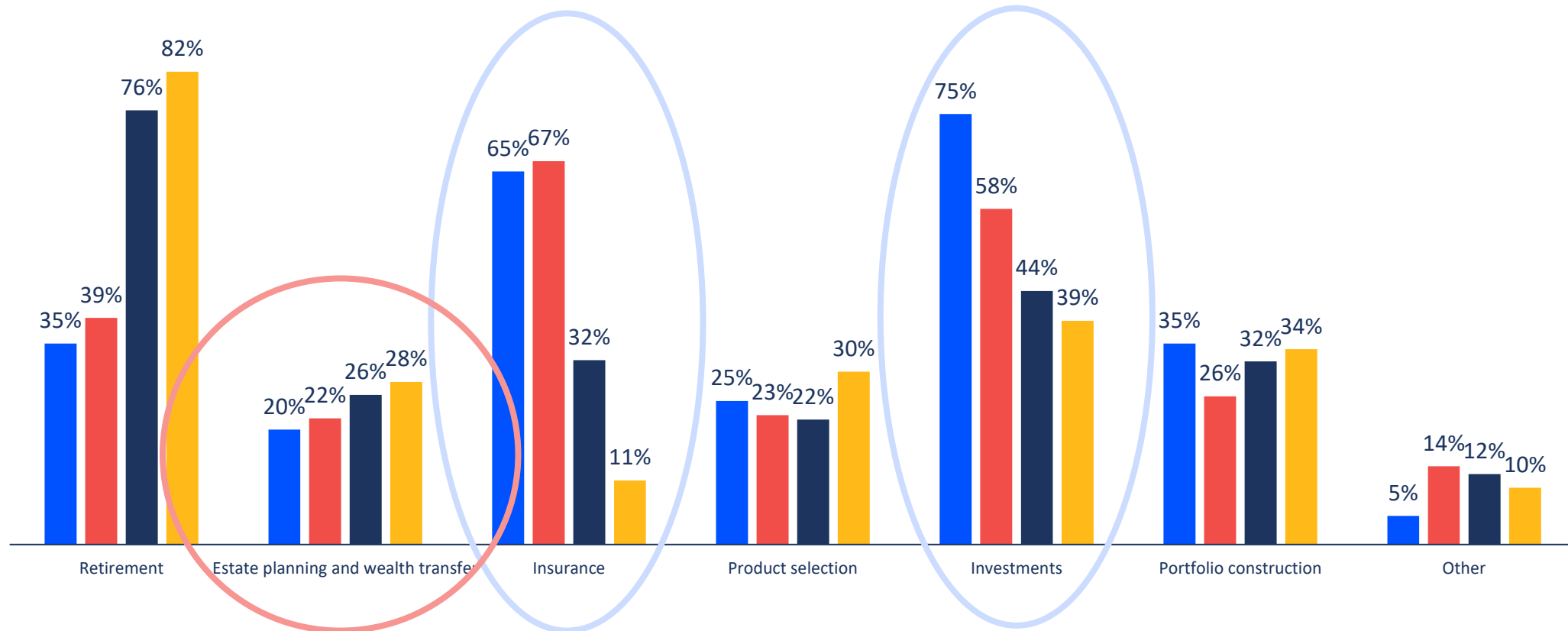
Q. What would you say your focus is with the majority of your clients?

But not necessarily what is provided – depending on age



Advice received from adviser

■ Under 30 ■ 30-50 ■ 51-64 ■ 65+



Q. Besides super, what kind of financial advice have you received from your financial adviser?



The importance of trust



Poll One



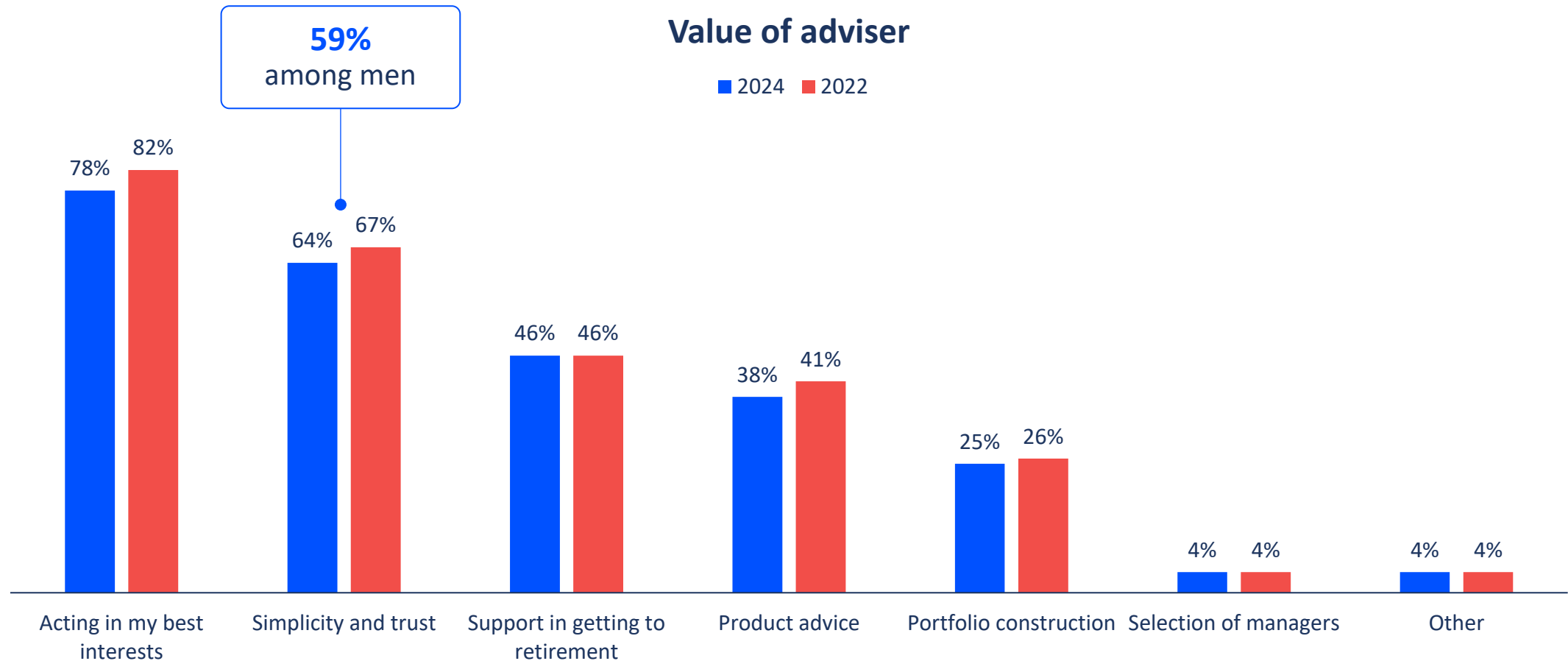
What do members value the most when it comes to advice?

- a) Acting in their best interest
- b) Portfolio construction
- c) Support in getting to retirement
- d) Selection of fund managers

Members value advisers for trust and acting in their best interests.



Member

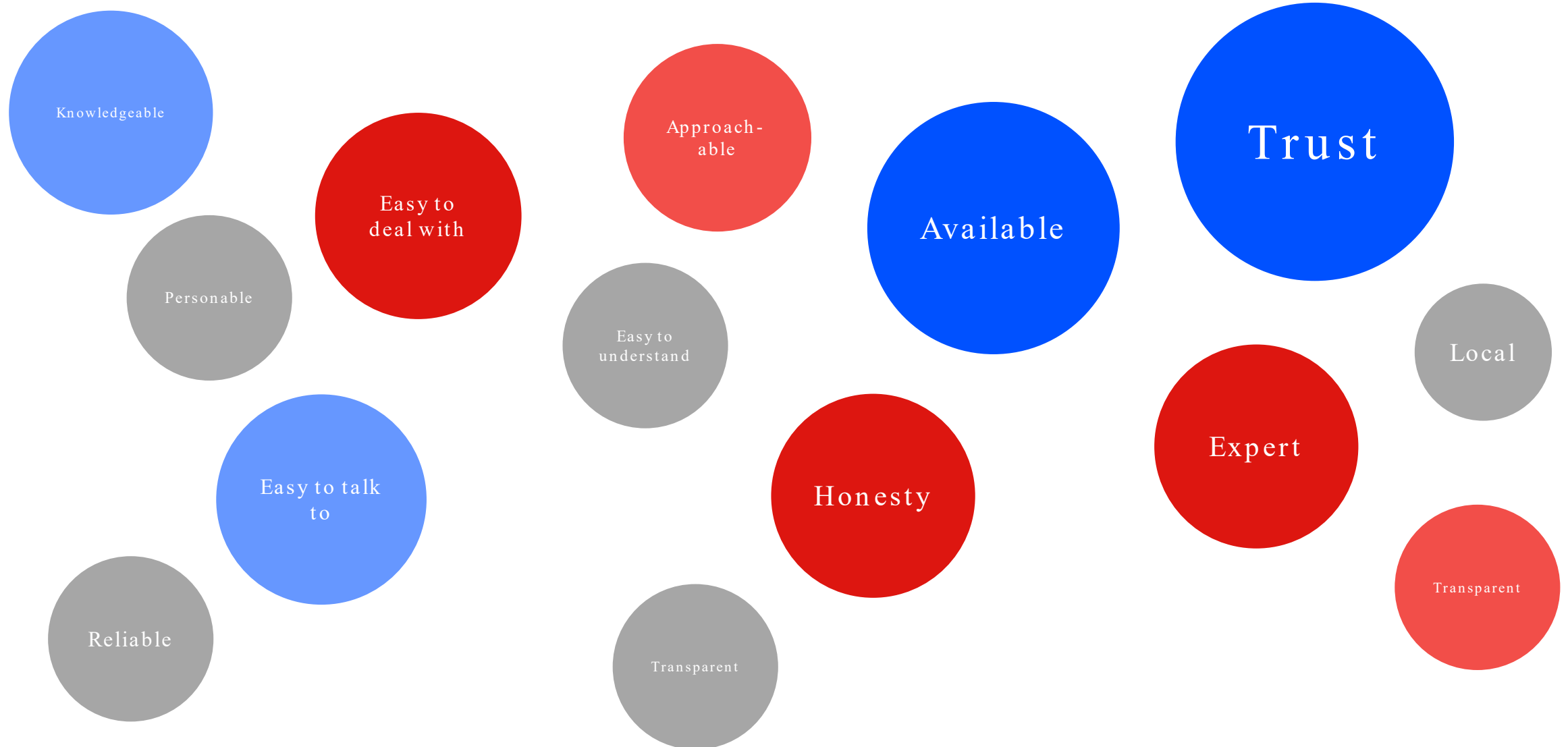


Q. What do you value most in your relationship with your adviser?

Trust was the #1 best thing about advisers



Member



Q. Finally, what is the best thing about your adviser?

Poll Two

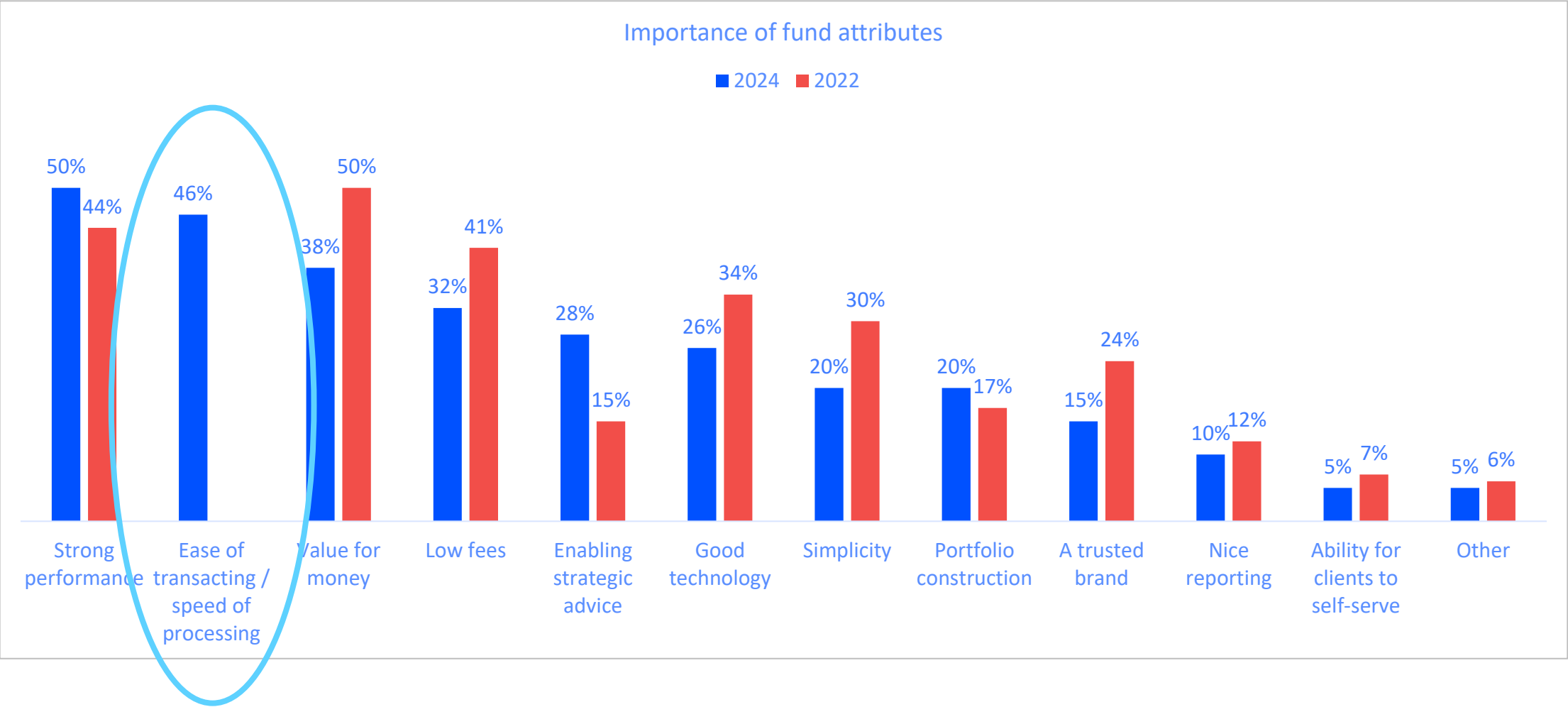


What is the most important fund feature to members?

- A. Low fees
- B. Strong performance
- C. Profit for member's fund
- D. Customer service



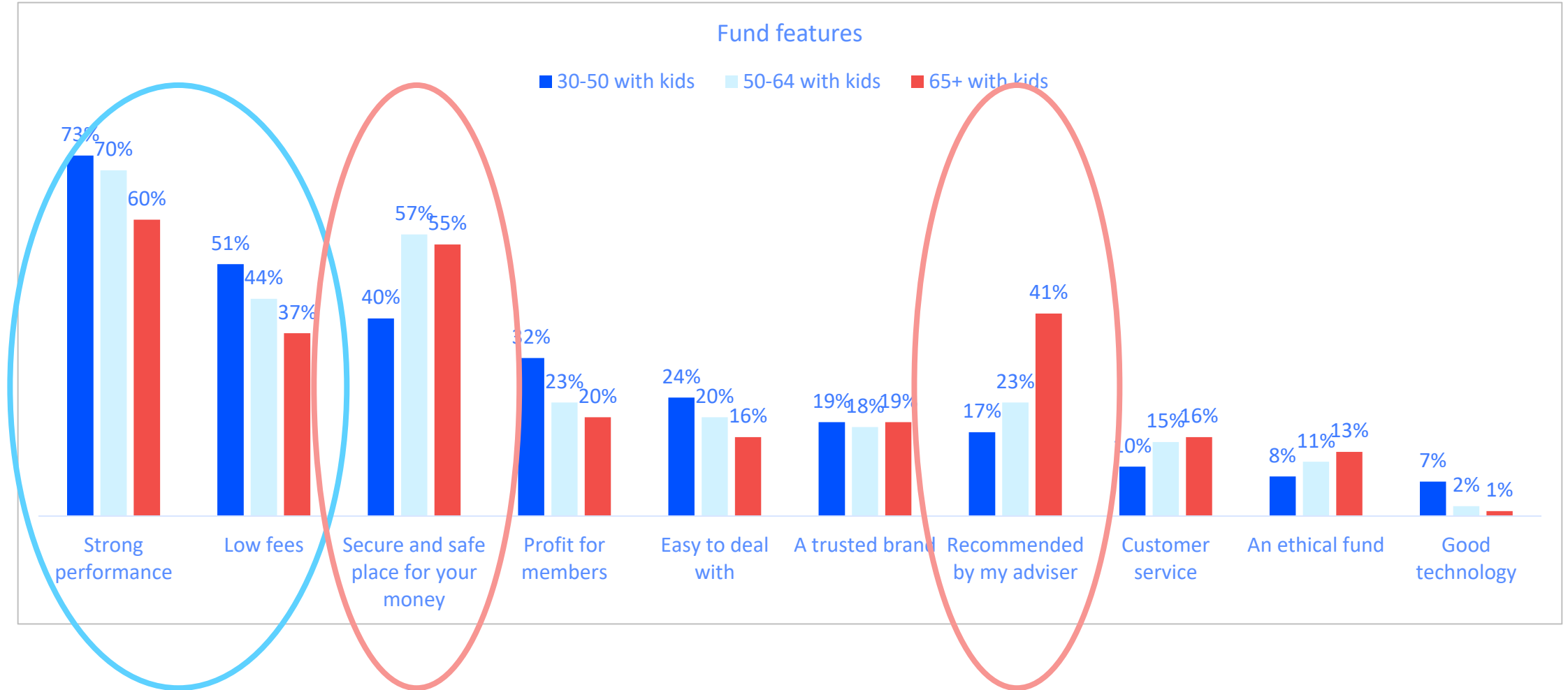
The ease of dealing with a super fund is of huge importance to advisers





Clients of different ages desire vastly different features from a fund

Member



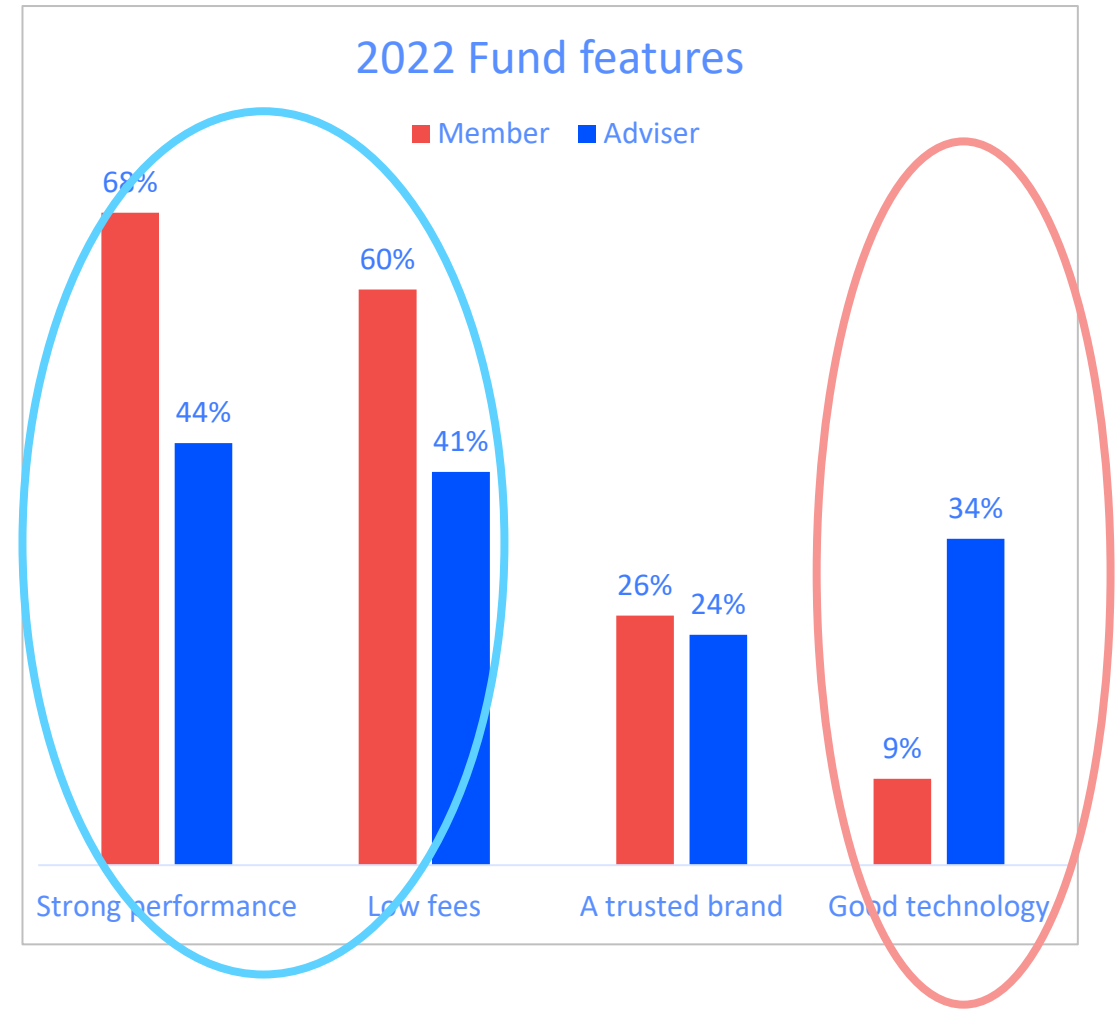
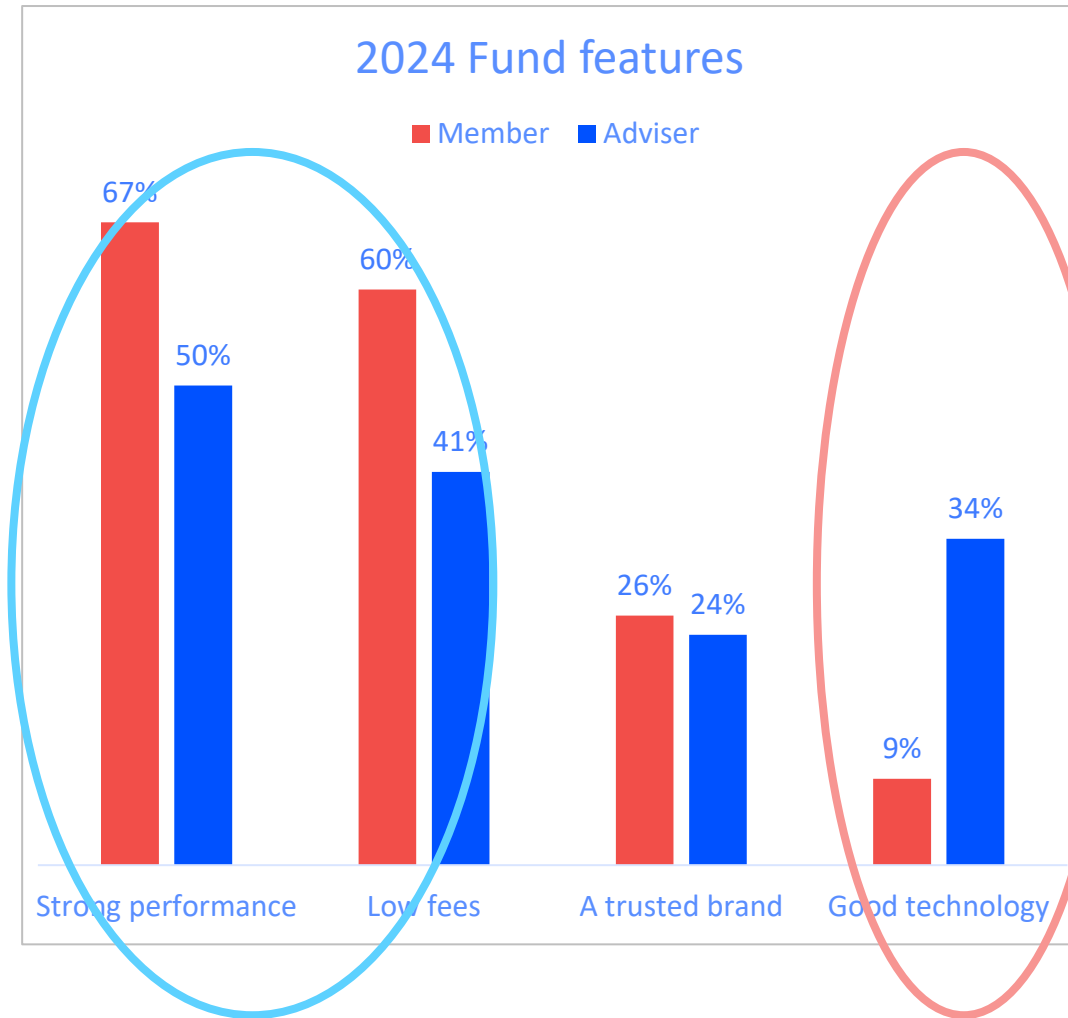
Q. What is most important to you when considering a super fund? Please select up to 3.

...but are advisers and their clients aligned?



Adviser

Member





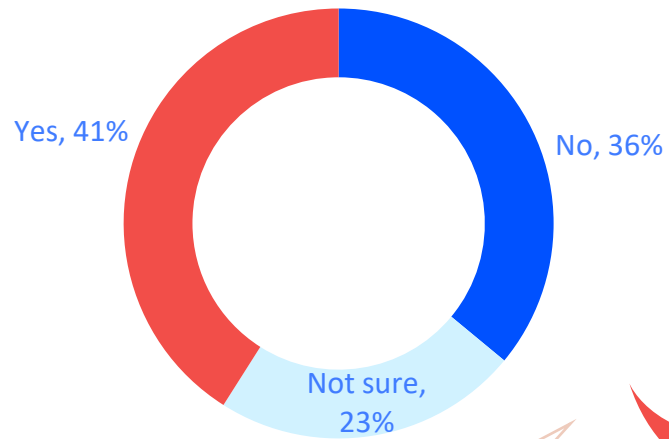
The importance for Intergenerational Advice





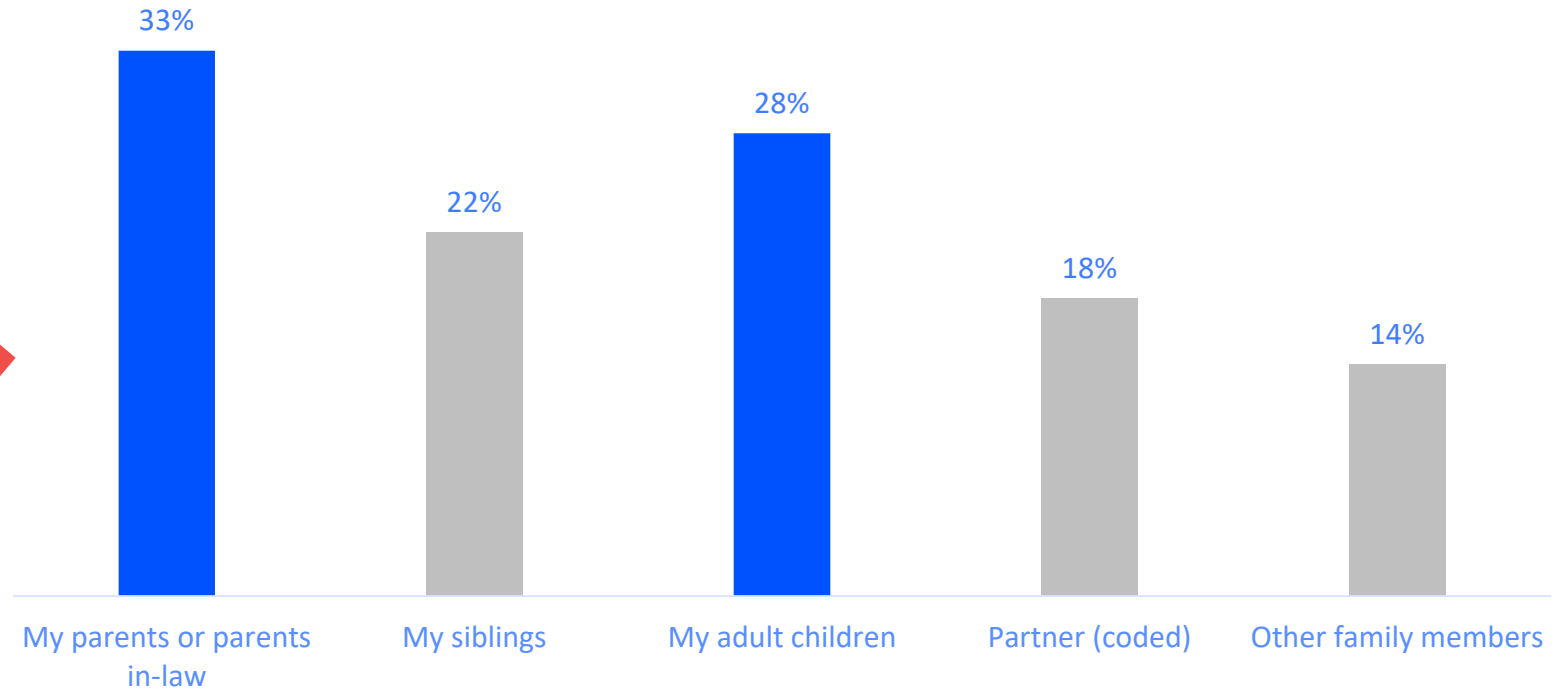
Family use of advisers

Family accessing financial advice

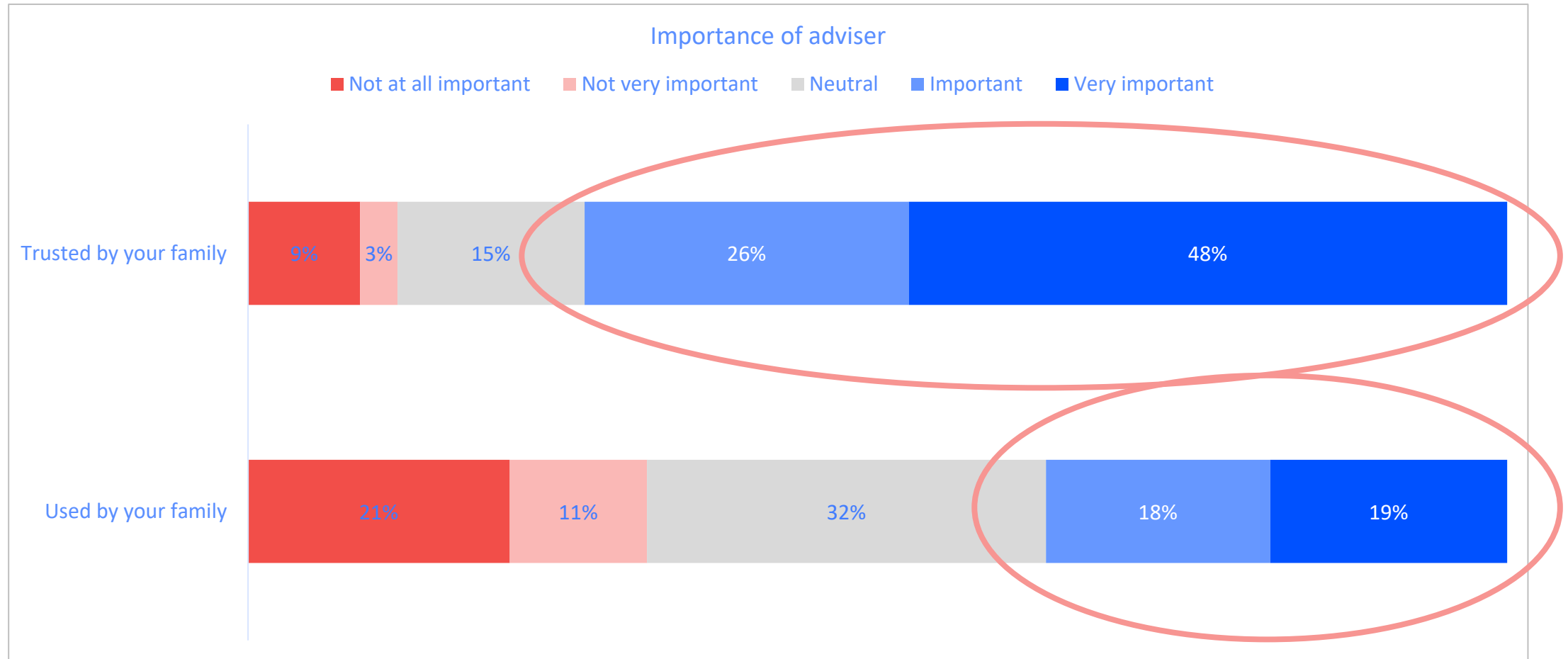


44% of those who have family members receiving advice have the same adviser

Family members using financial advice

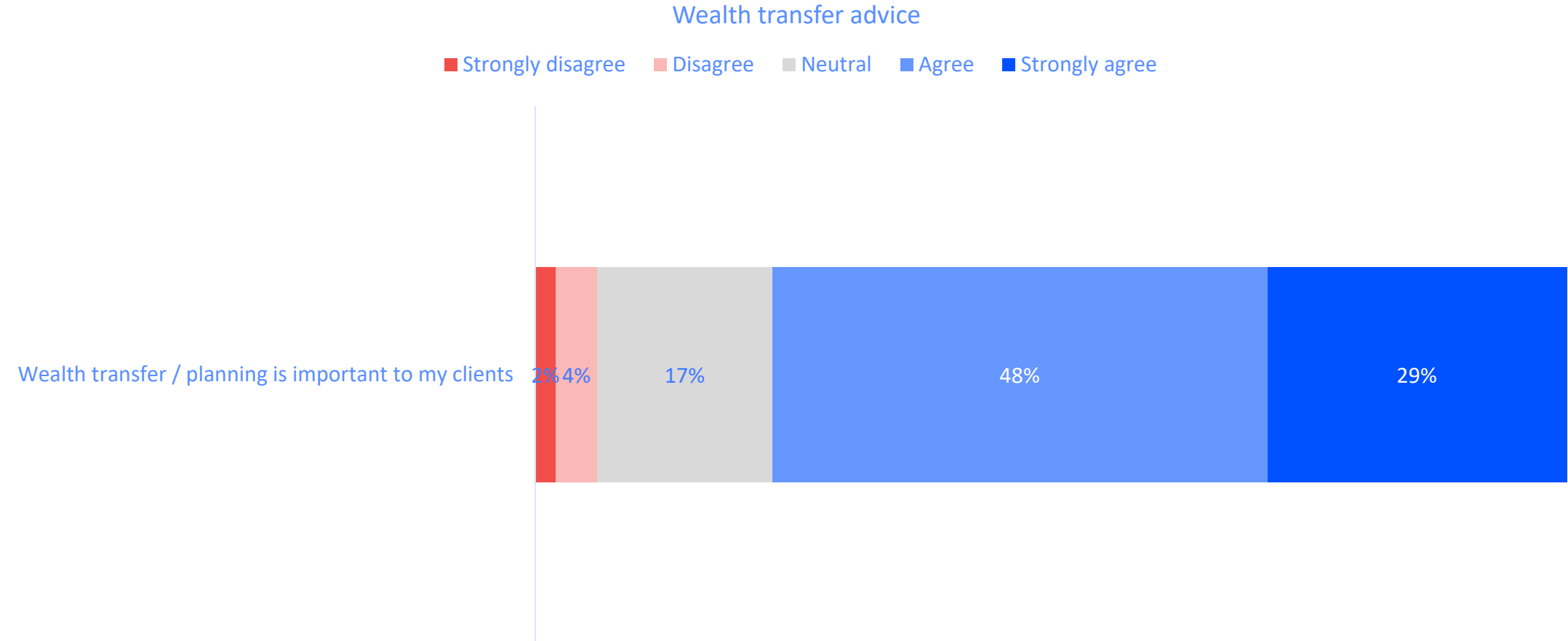


Having an adviser that is trusted by your family is very important for members.



Q. How important is it to you that your adviser can be ...? Q. Do you foresee any challenges arising from your family having different advisers to you when it comes to estate planning and wealth transfer?

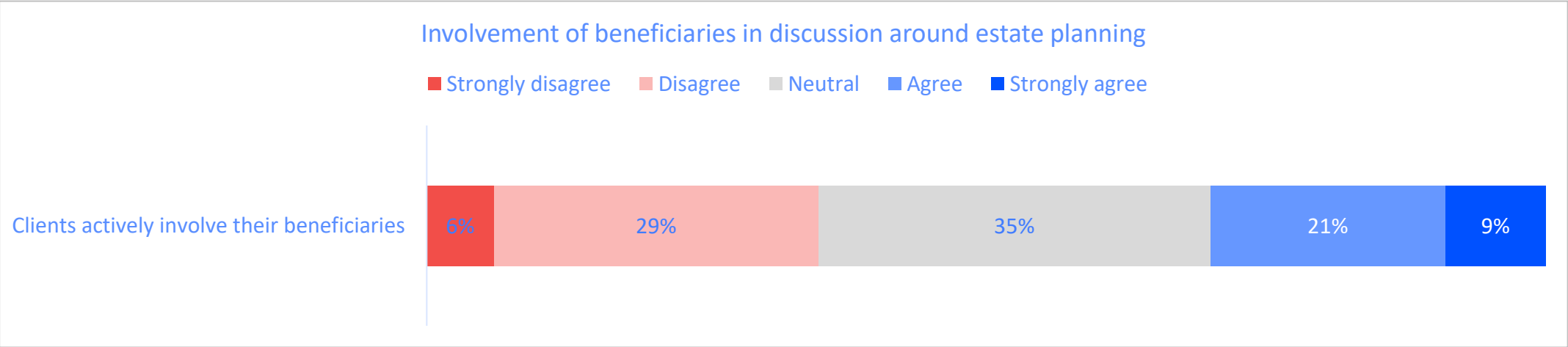
And, although wealth transfer is an important family advice consideration for advisers...



Q. To what extent do you agree or disagree with the following statements?

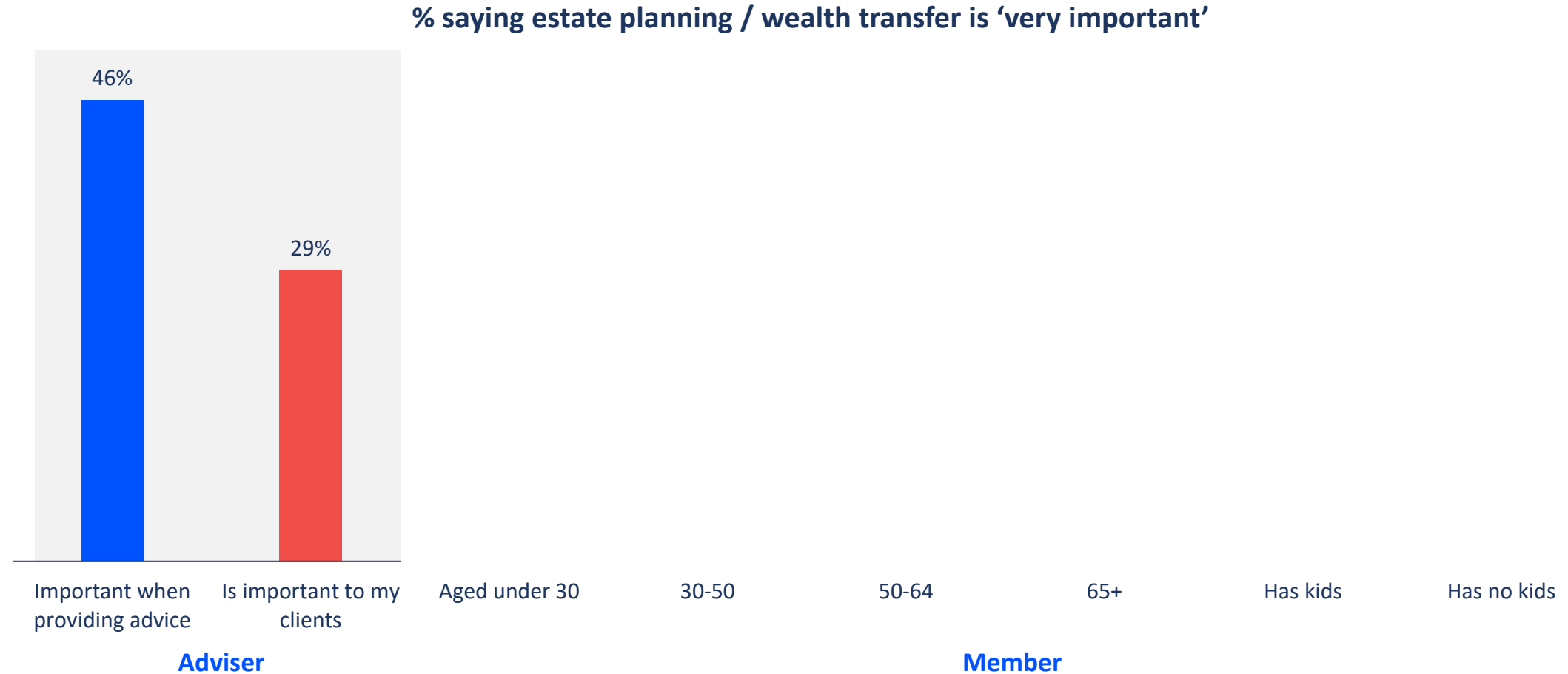


...involving beneficiaries in discussions is not





There is a perception gap in the importance of estate planning.

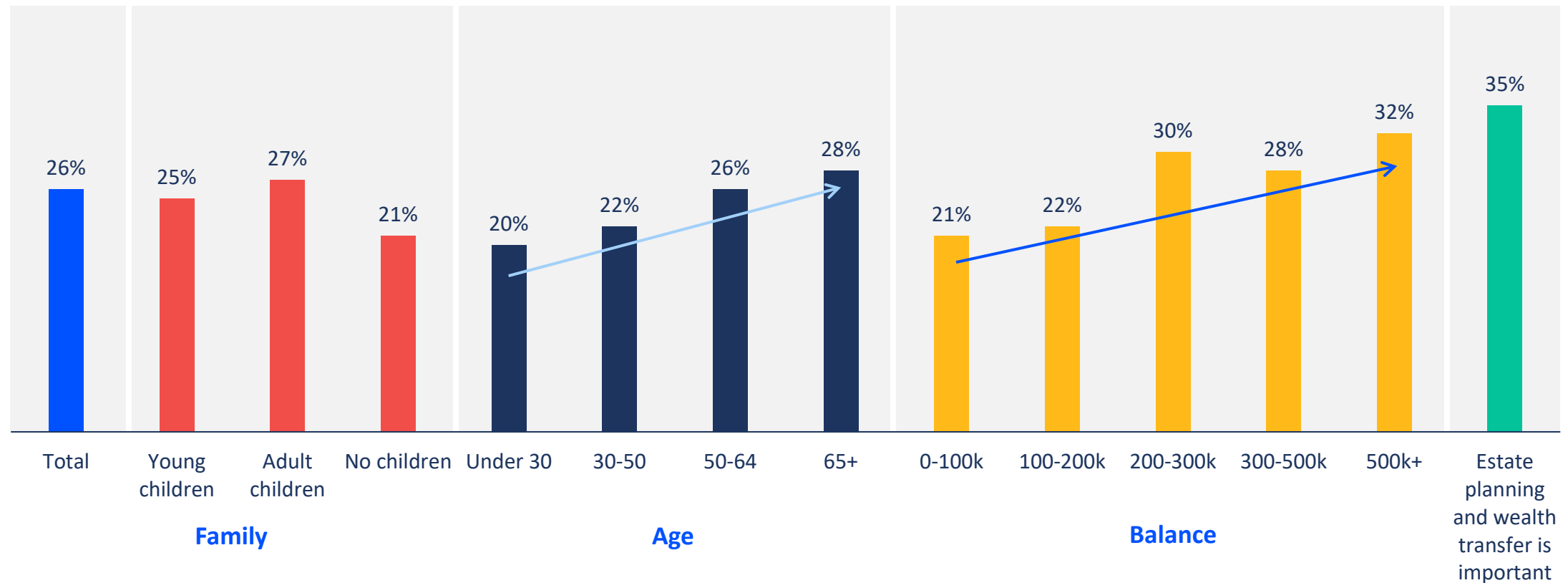


Q. How important is estate planning and wealth transfer to you in your current situation?



While the proportion of members receiving advice about estate planning increases with age and balance, there is no significant difference between cohorts.

% receiving advice about estate planning and wealth transfer



Q. Besides super, what kind of financial advice have you received from your financial adviser?

Key challenges when dealing with wealth transfer



Complex environment

- Tax system
- Legal system
- Diverse / blended family units
- Uncertainty of timeline

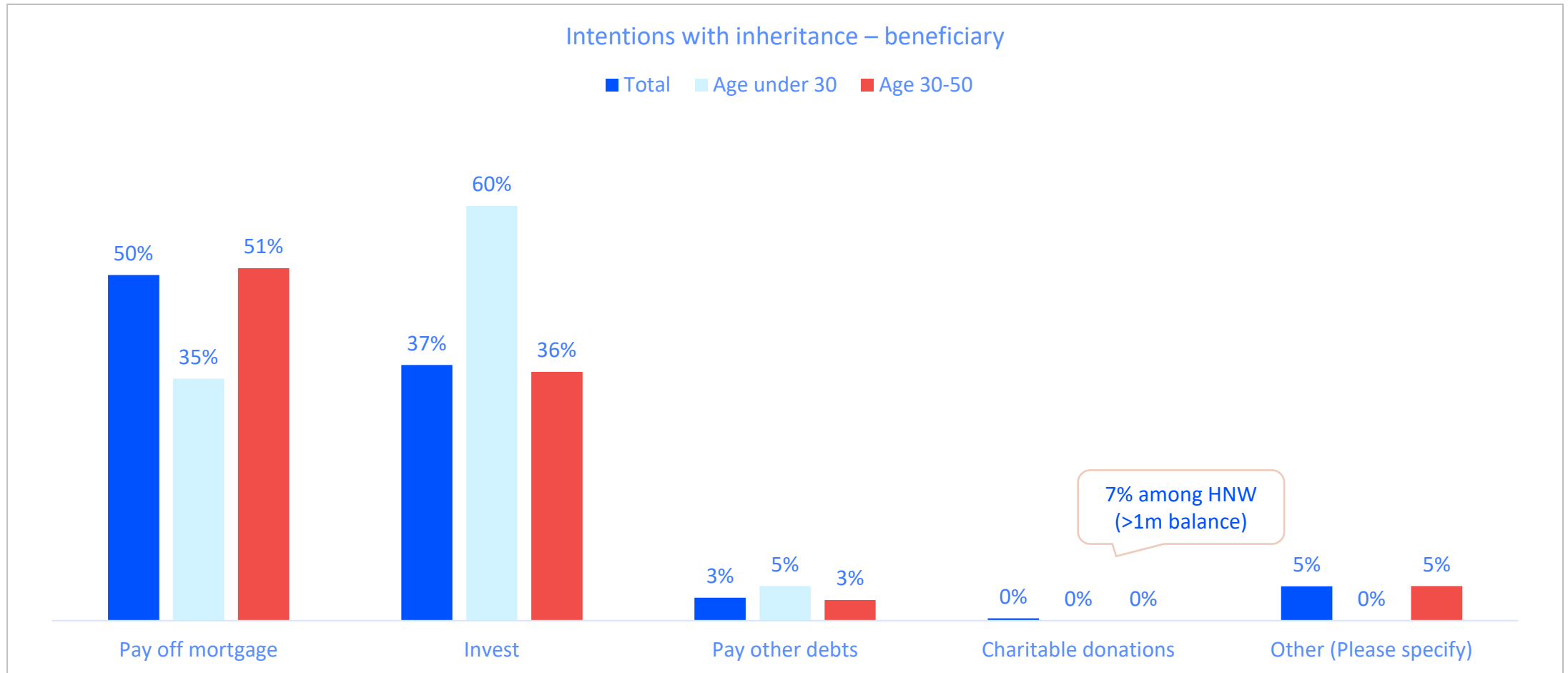
Engaging with and building trust and relationships with younger generations

- Difficulty engaging younger generation who don't see value in advice
- Building trust
- Building relationships
- Geographical location
- Different life stages - young families are time poor

Differences between generations and competing needs, priorities, fin literacy etc

- Young gen want \$\$ for debt reduction / paying off mortgage, while older gen want it to stay invested
- Differing levels of financial literacy in families
- Competing needs and priorities between parents and beneficiaries

The intentions of beneficiaries are clear – they would use any inheritance to pay off debt and invest.

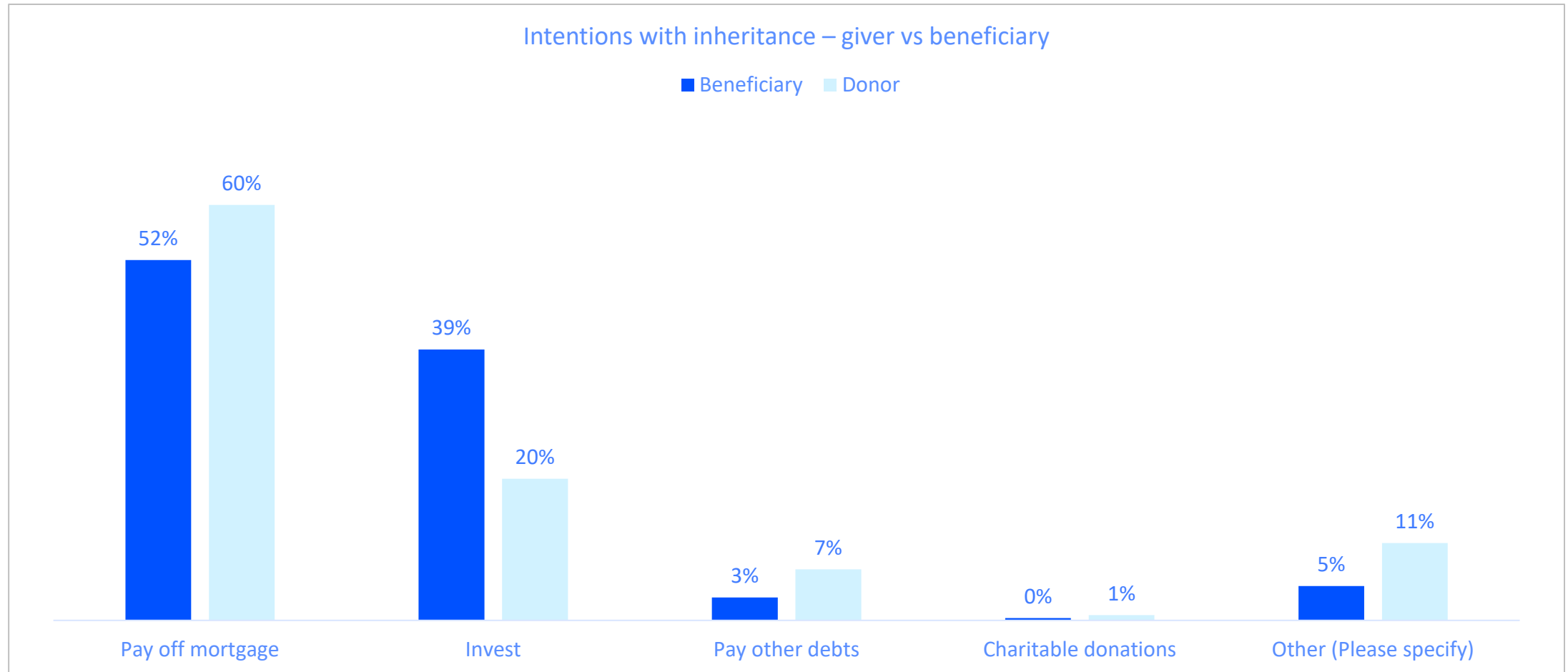


Q. If you were to receive money from your parents (an inheritance), what would be your priorities?



The perceptions of donors and beneficiaries on how the latter would use an inheritance are somewhat aligned.

Member



Q. If you were to leave your inheritance to your children, what would their priorities be?

Information to help you plan children's future



- Establishing the vital role of trust
- Helping clients see the importance of wealth transfer
- Starting the conversation
- Managing complex environments
- Building relationships across generations
- Creating strategies for engaging different generations





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