



ASSOCIATION OF  
INDEPENDENTLY OWNED  
FINANCIAL PROFESSIONALS

# CORE | DATA

Driven By Need

CoreData Spring 2024

# Today

- Names And Meaning
- The Size Of The Prize
- The Power Of Transformation

# Names Give Things Meanings

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Chandos Portrait

## Names Give Things Meaning

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- **Peg Puff** - A Girl with the manners of an old woman



Chandos Portrait

## Names Give Things Meaning

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- **Peg Puff** - A Girl with the manners of an old woman
- **Shivviness** – The uncomfortable feeling of wearing new underwear



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# The Need Transforms The Industry May 2024

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Segment	Size	Need
Trustee Directed	4,036,442	Guidance
Simple Needs	2,439,206	Help
Complex Needs	3,192,961	Simple Advice
Very Complex Needs	479,888	Complex Advice

# One Speed Regulation In A Four Speed World

47

Large Licensee  
More Than \$1bn In Revenue

1,188

Small Licensee  
\$50m to \$249m in Revenue

81

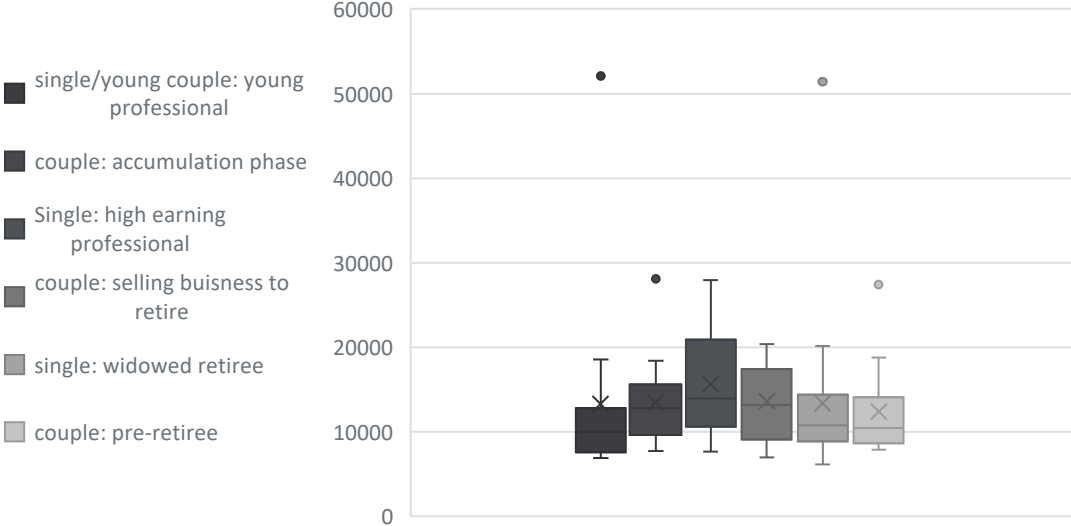
Medium Licensee  
\$250m to \$999m in Revenue

4,150

Micro Licensee  
<\$50m in Revenue

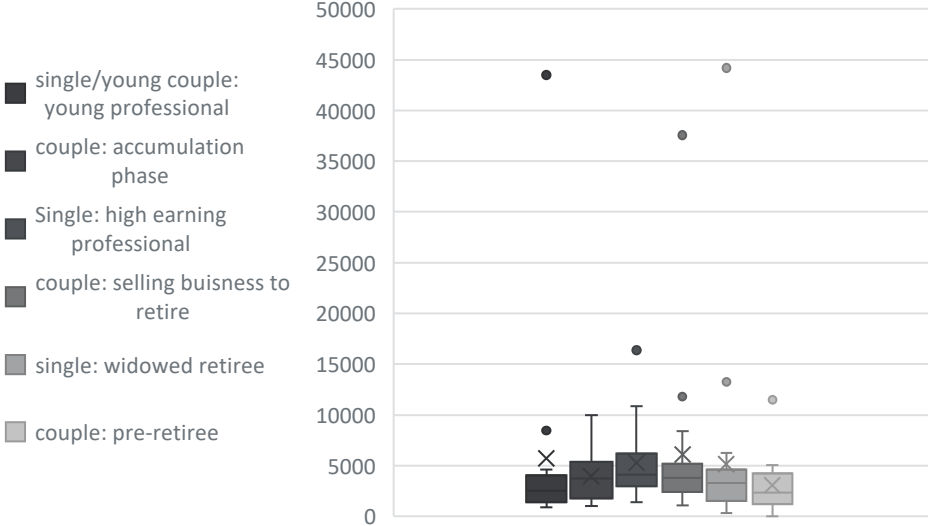
# True Cost Of Advice Doesn't Change With Size

**ONBOARDING COSTING**



**Overall median initial cost of advice - \$11,811**

**ANNUAL MANAGEMENT**



**Overall median annual management cost - \$3,291**

# Uh – Oh...

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# Three Of My Heroes

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Charles Lave



Derek DeSolla Price



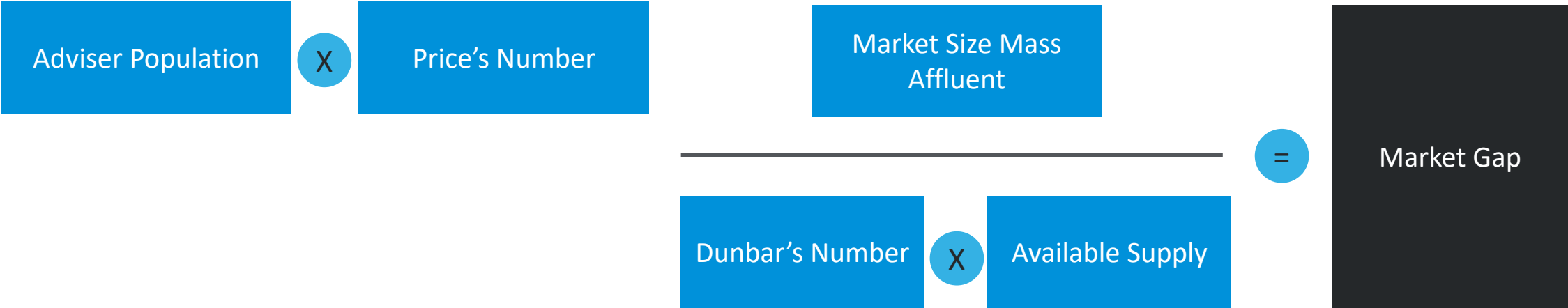
Robin Dunbar



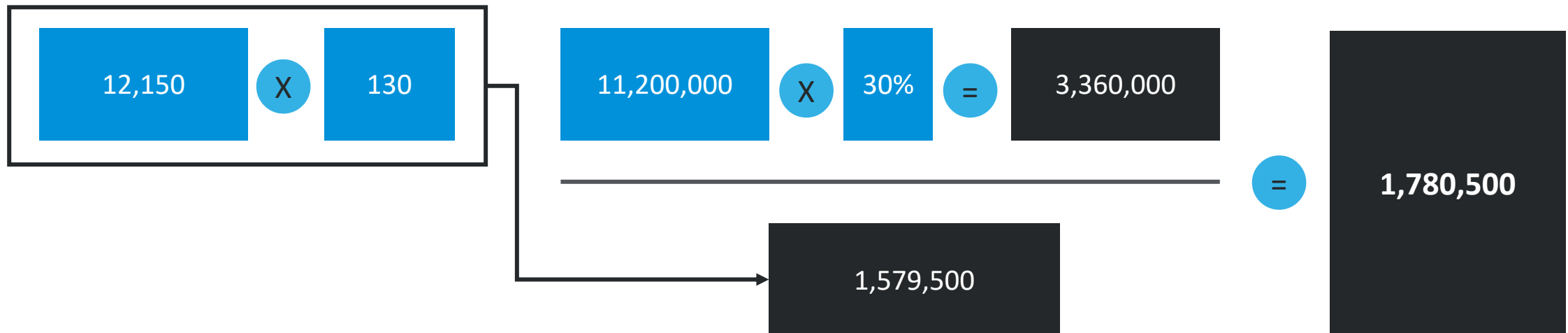
# Building Models For Fun And Profit - Again

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- Starting With An Assumption:
  - 5.1 Million Baby Boomers
  - 6.1 Million Millennials

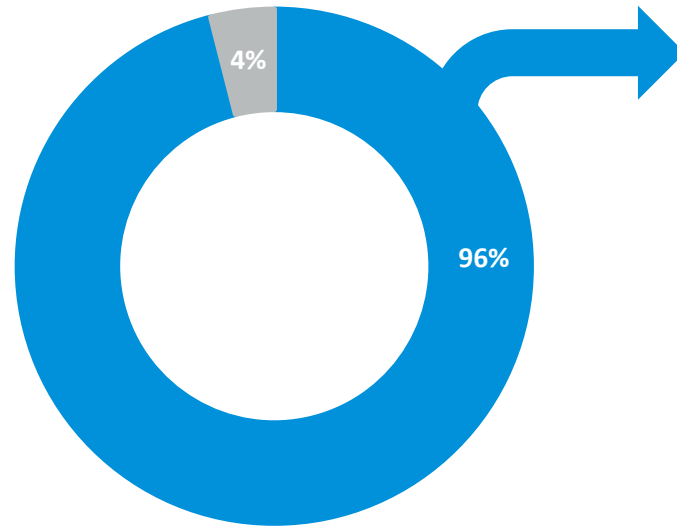


# Even A Loose Model Shows A Massive Under Supply

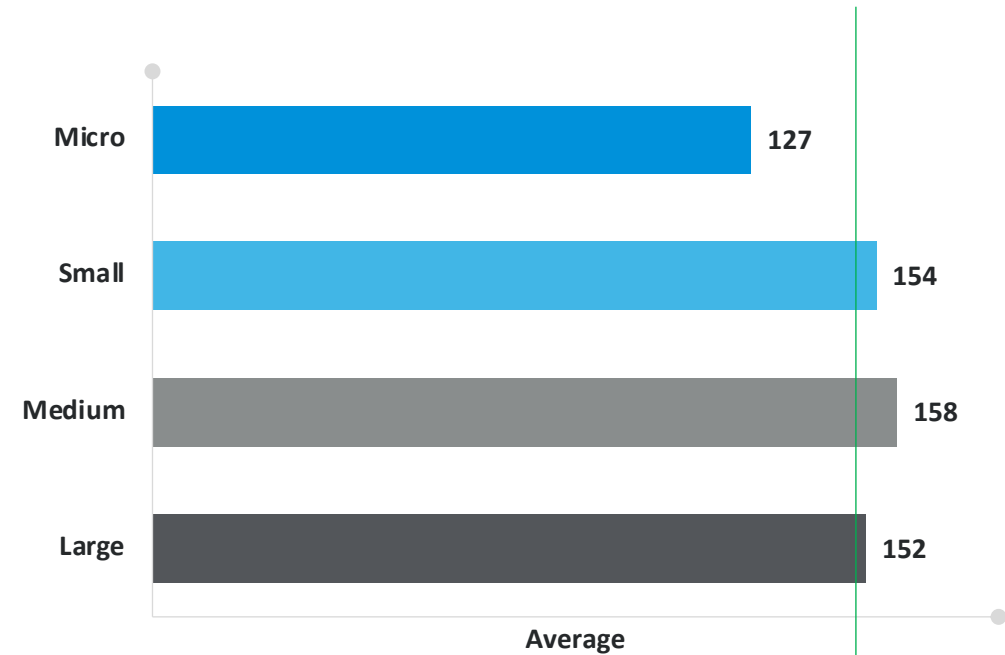


# Remember Dunbar's Number? Advice In Australia Is Full

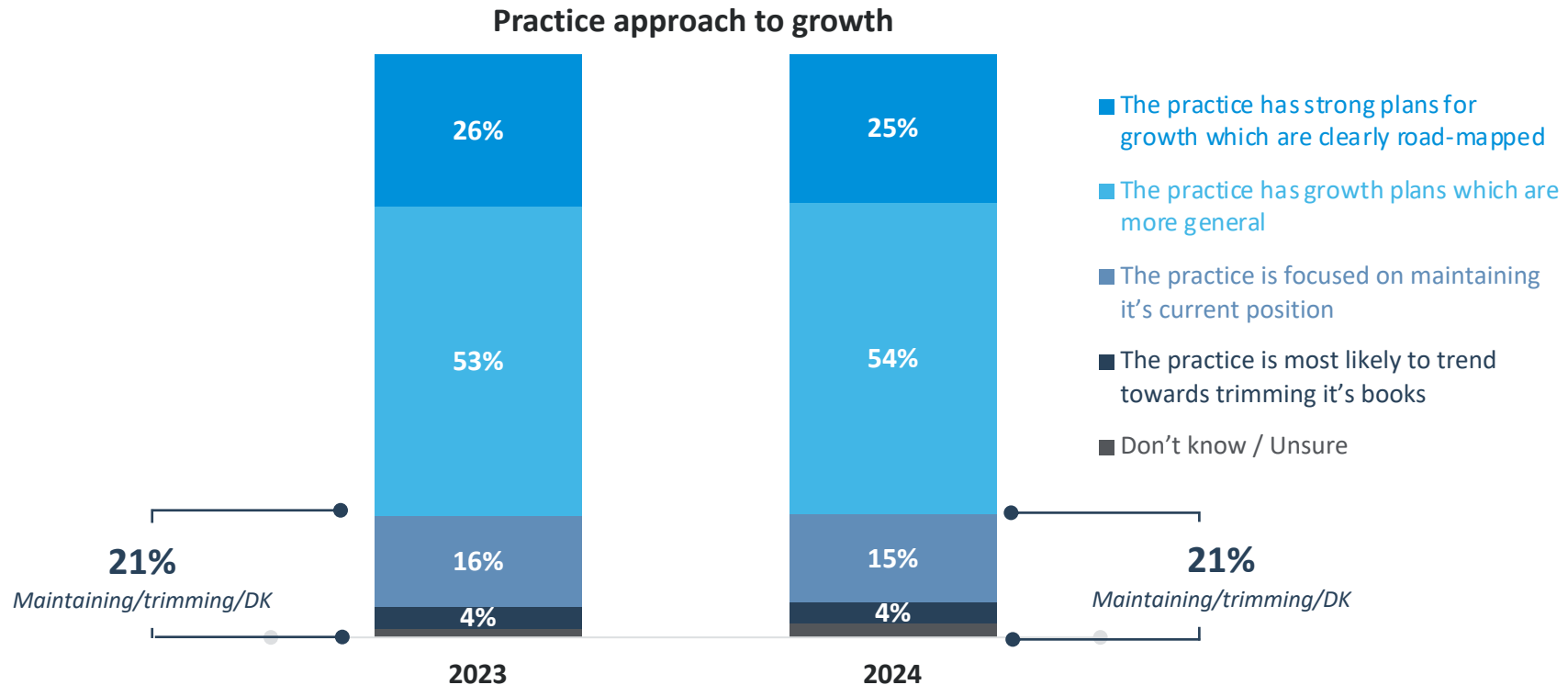
*Approximately how many clients do you personally manage?\**



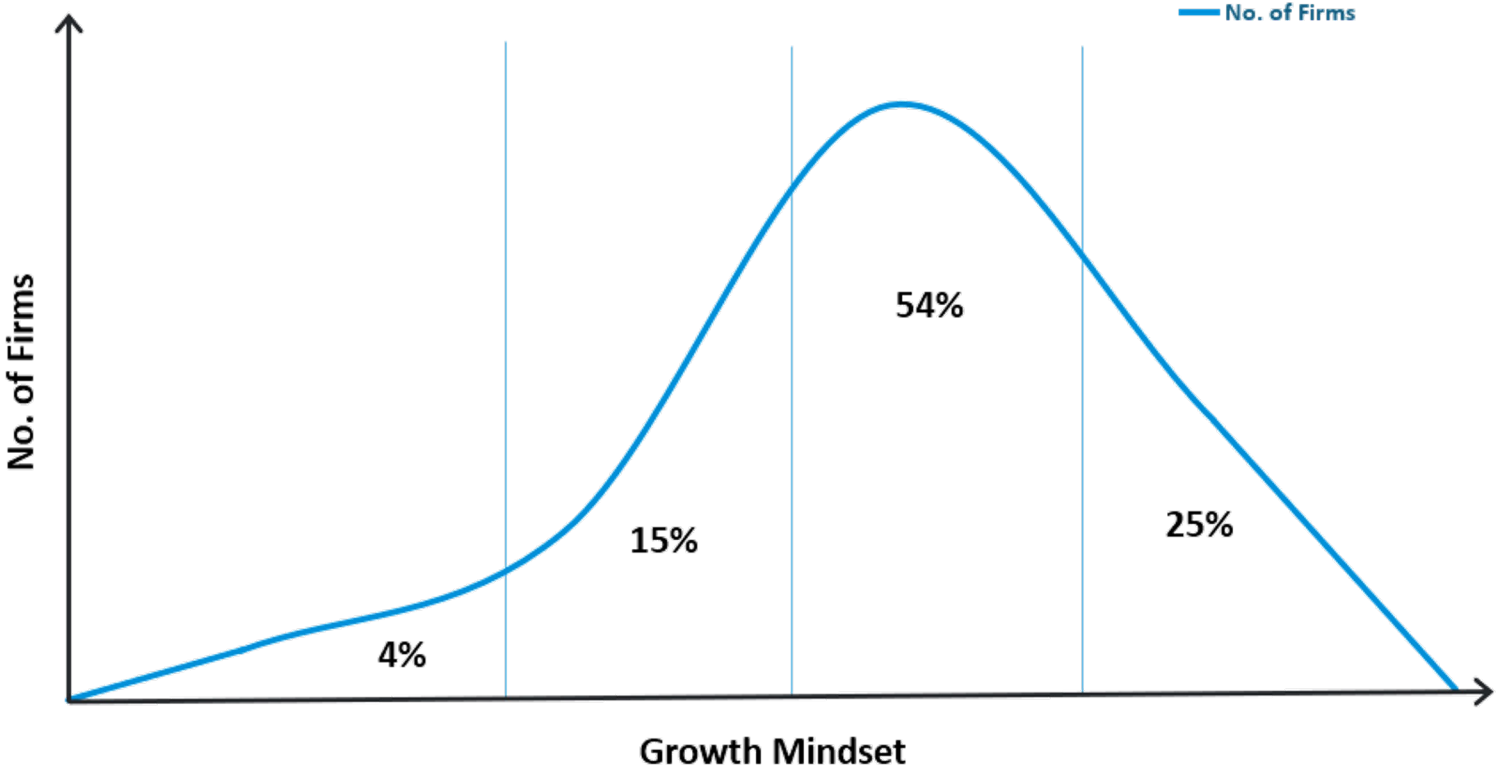
- Personally advise clients
- I do not personally advise clients



# But Plans For Growth Have Not Changed



# There Is No Such Thing As An Adviser = Performance curve



# The Repricing GLIDE PATH – Mass Affluent Australians

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\$4,100

Common Price



\$5,500

Interim Price



\$7,500

Target Price

# The Compounding Mathematics

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Clients Per Adviser

120  
clients

140  
clients

Target Price

Average  
\$4,100

Average  
\$7,500

Revenue Per Adviser

\$623,200

\$1,050,000

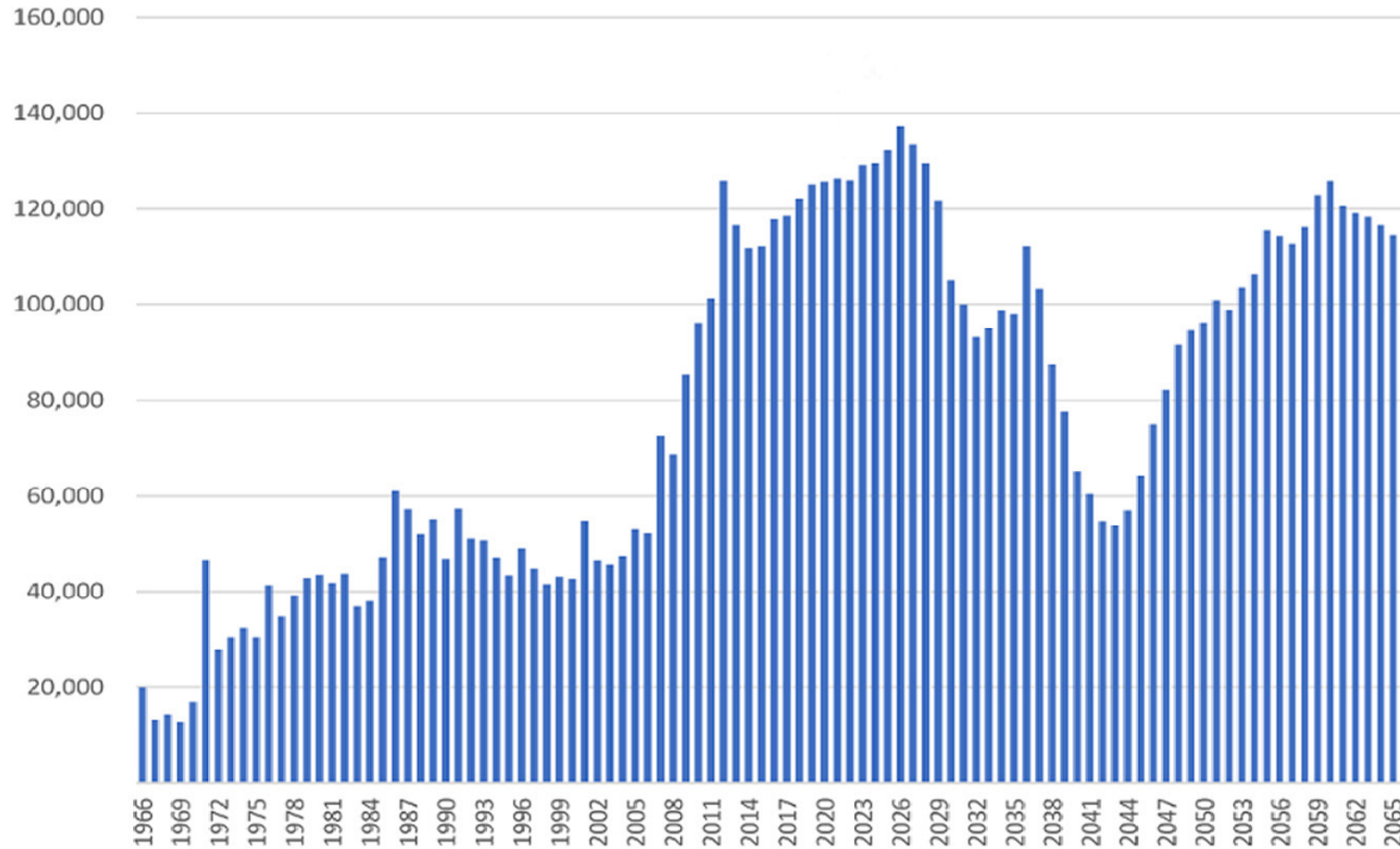
# Today

- The Golden Age Of Advice
- The Size Of The Prize
- The Power Of Transformation



# We Have Gone From An Accumulation System To Decumulation

*Australians moving into retirement by year*



Source August 2021 Census - Australians Turning 55 by year

# The Size Of The Opportunity

2% of baby boomers are high net worth baby boomers, while 1% of total population are HNWI.

## Wealthy baby boomers

**\$1.3** Trillion Total Asset  
**\$305** bn In NZ

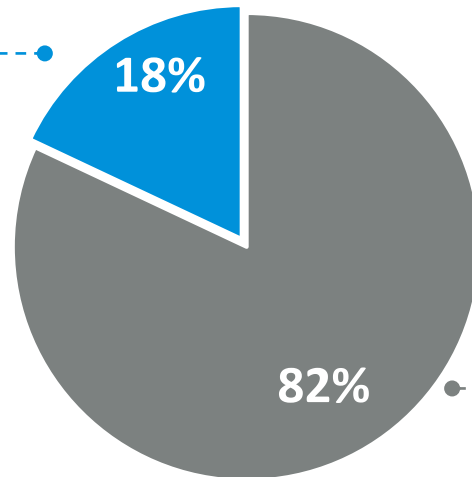
Approx. number of individuals passing on wealth: **78,300**



Average Net Investable Asset per such individual: **\$2.6 million**



## Total Inter-generational Wealth: \$4.9 Trillion Aussie

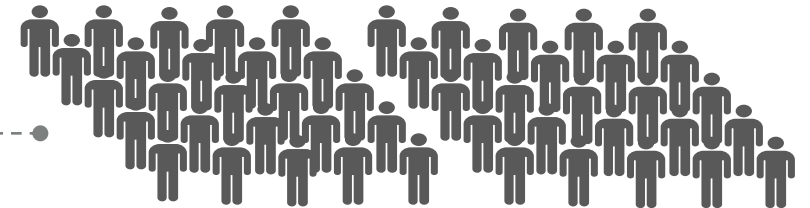


■ Average ■ Wealthy

## Average baby boomers

**\$3.3** Trillion Total Asset  
**\$708** bn in NZ

Approx. number of individuals passing on wealth: **4 million**

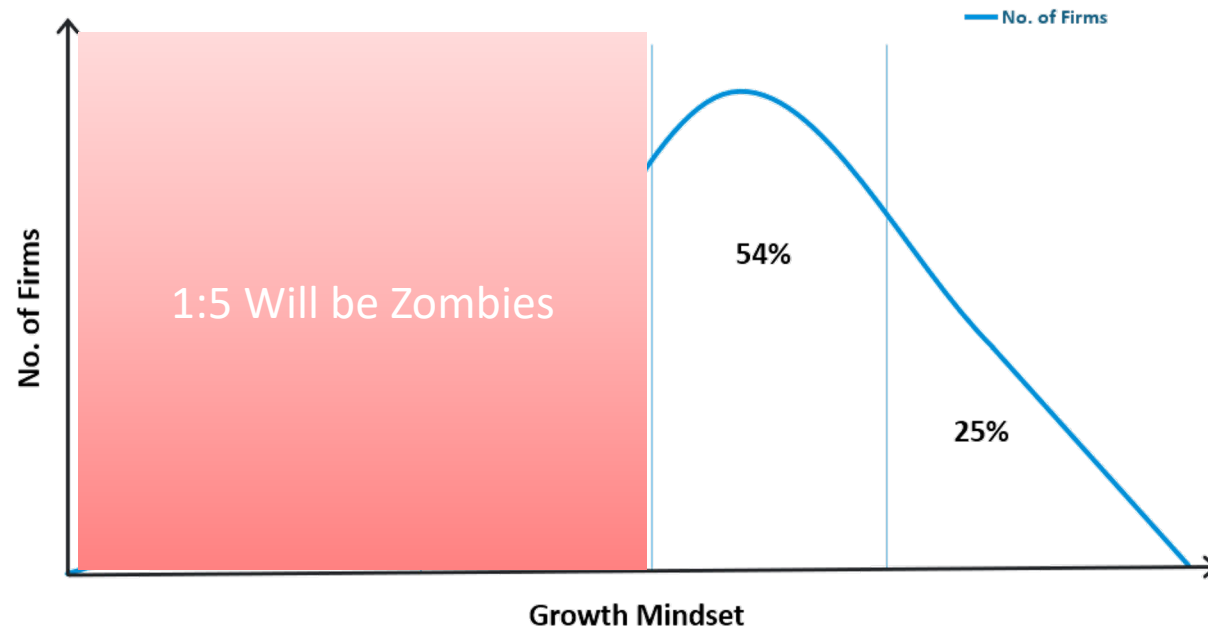


Average Net Investable Asset per such individual : **\$400,000**



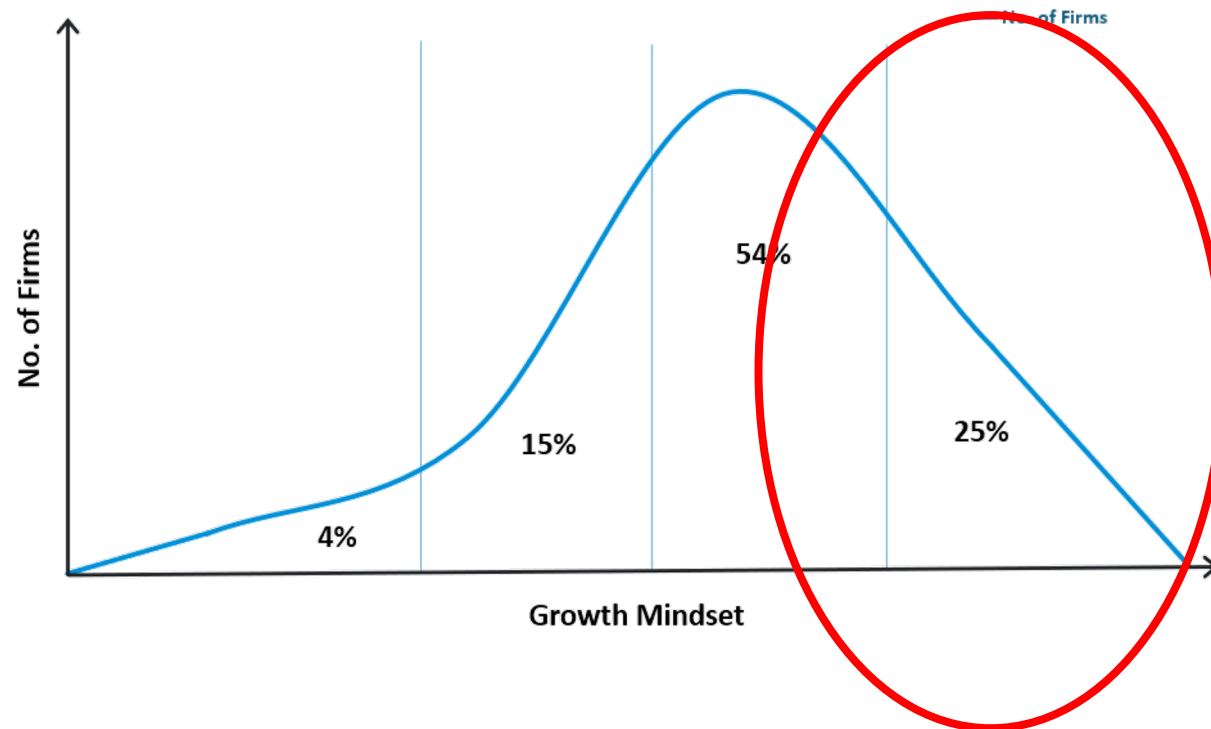
# The Rise Of The Zombies

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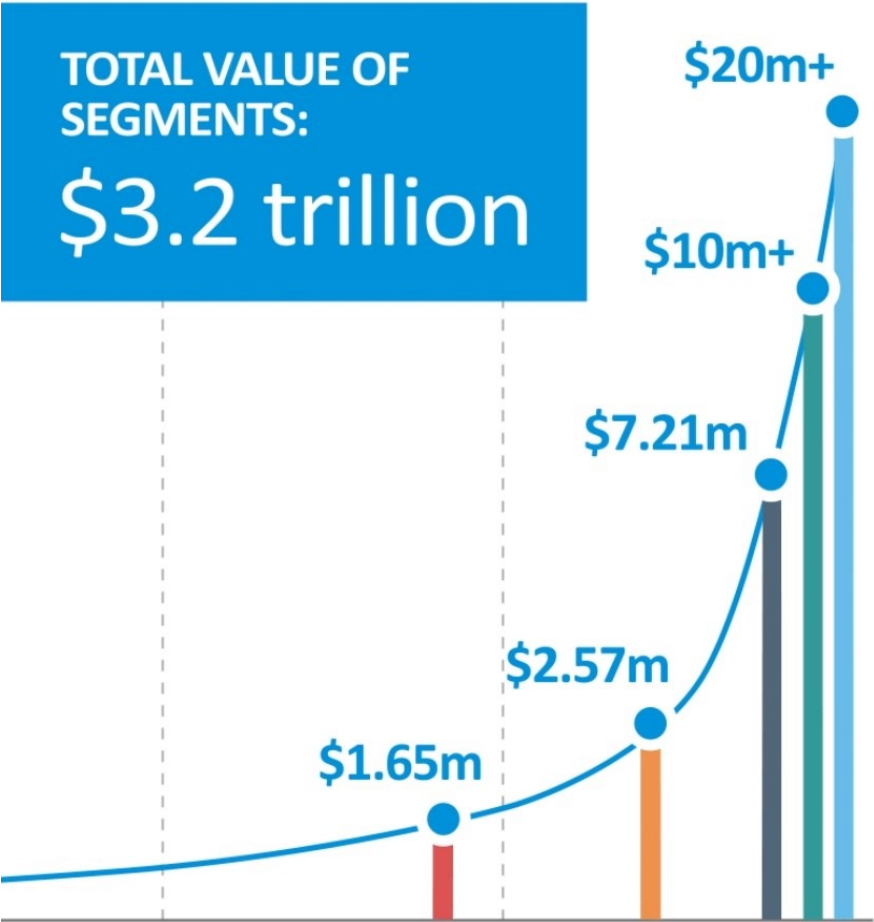
In Run off and rent seeking

# Let's Just Focus On The Best



- Few New Entrants
- More Profitable Than Ever
- Seeking Scale

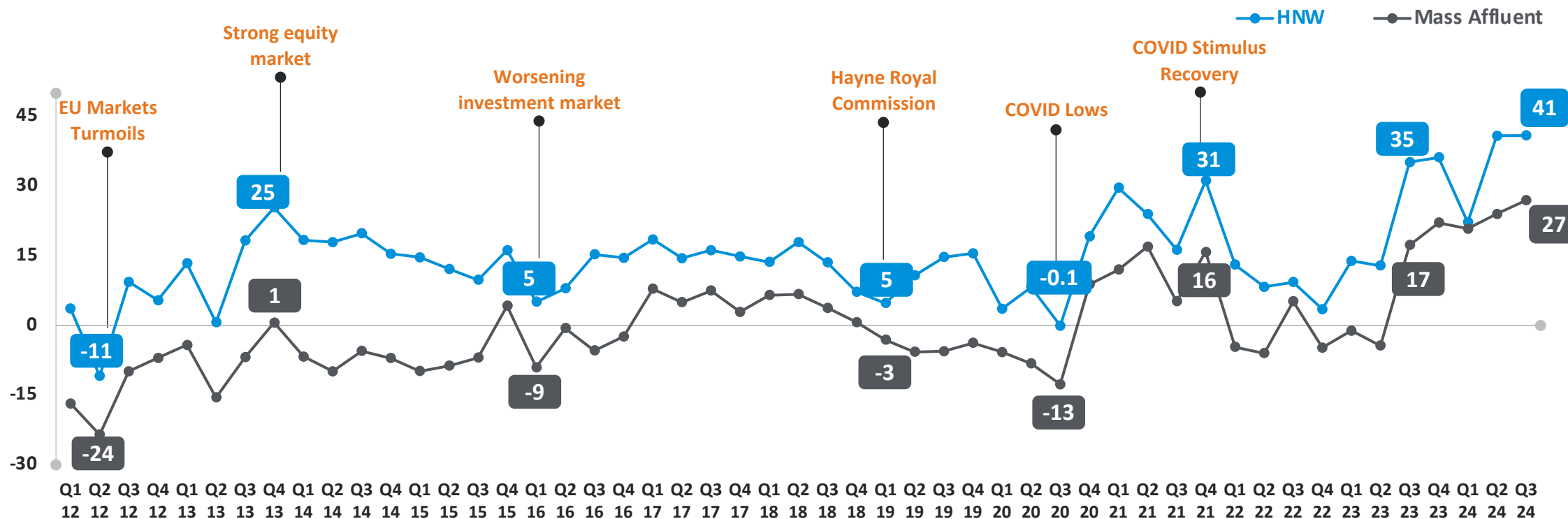
# A Million Reasons To Be Interested



- Ultra HNW**
  - \$20m+ investible
  - 7,246 households
  - Approximately 20% additional in PPR
  - Value of segment: 304.4 billion
  - Excludes top 200 wealthiest in Australia (\$625 billion)
- Super HNW**
  - \$10m to \$20m investible
  - 14,892 households
  - Approximately 35% additional in PPR
  - Value of segment: 253.2 billion
- Established HNW**
  - \$5m to \$10m investible
  - 28,952 households
  - Approximately 37% additional in PPR
  - Value of segment: 231.6 billion
- Mid-tier HNW**
  - \$2.5m to \$5m investible
  - 87,289 households
  - Approximately 39% additional in PPR
  - Value of segment: 349.2 billion
- Emergent HNW**
  - \$1m to \$2.5m investible
  - 882,896 households
  - Approximately 55% additional in PPR
  - Value of segment: 1.765 trillion

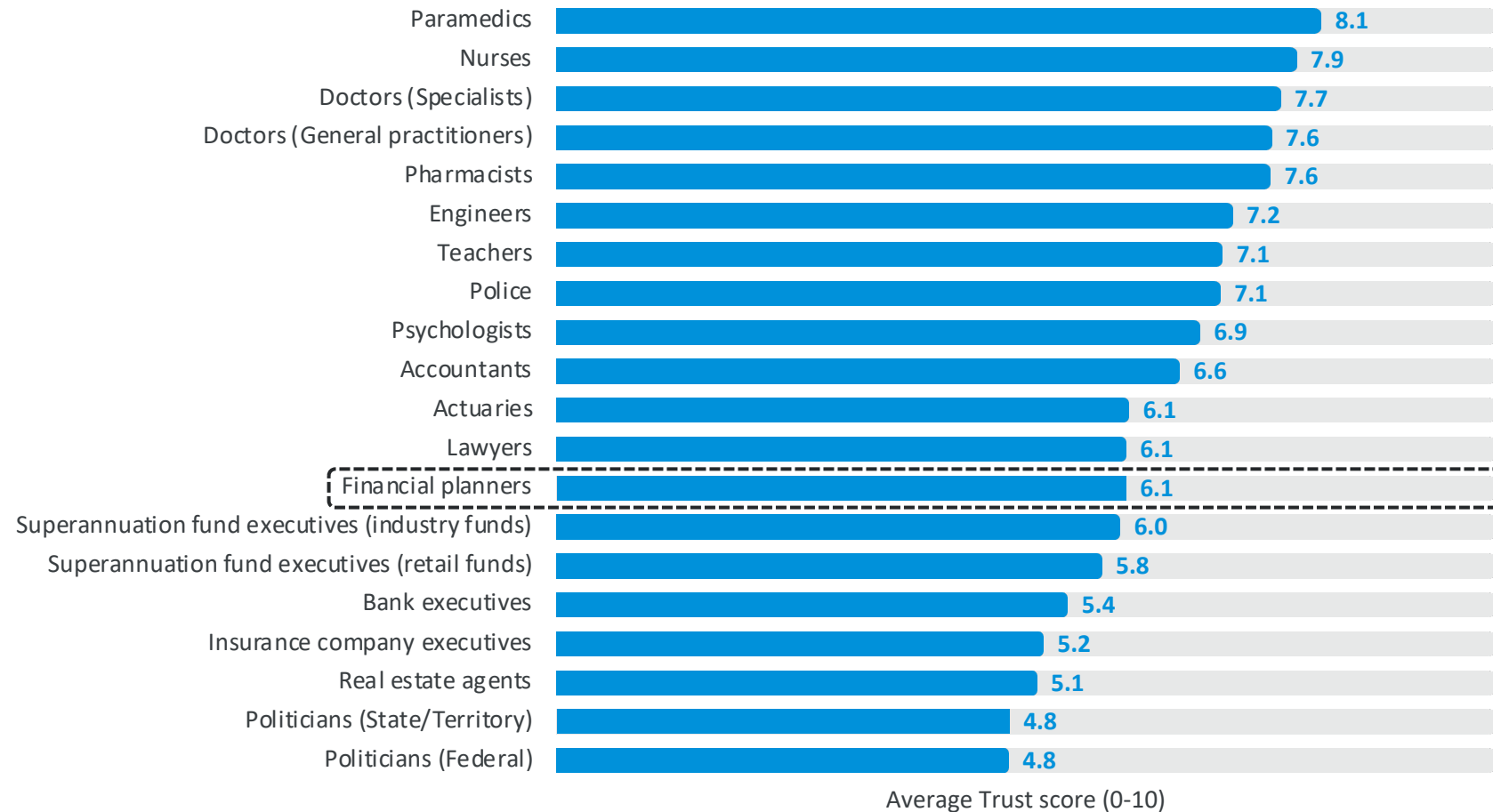
# Risk Is back For the Rich And They Are Seeking Alpha

## Investor Sentiment

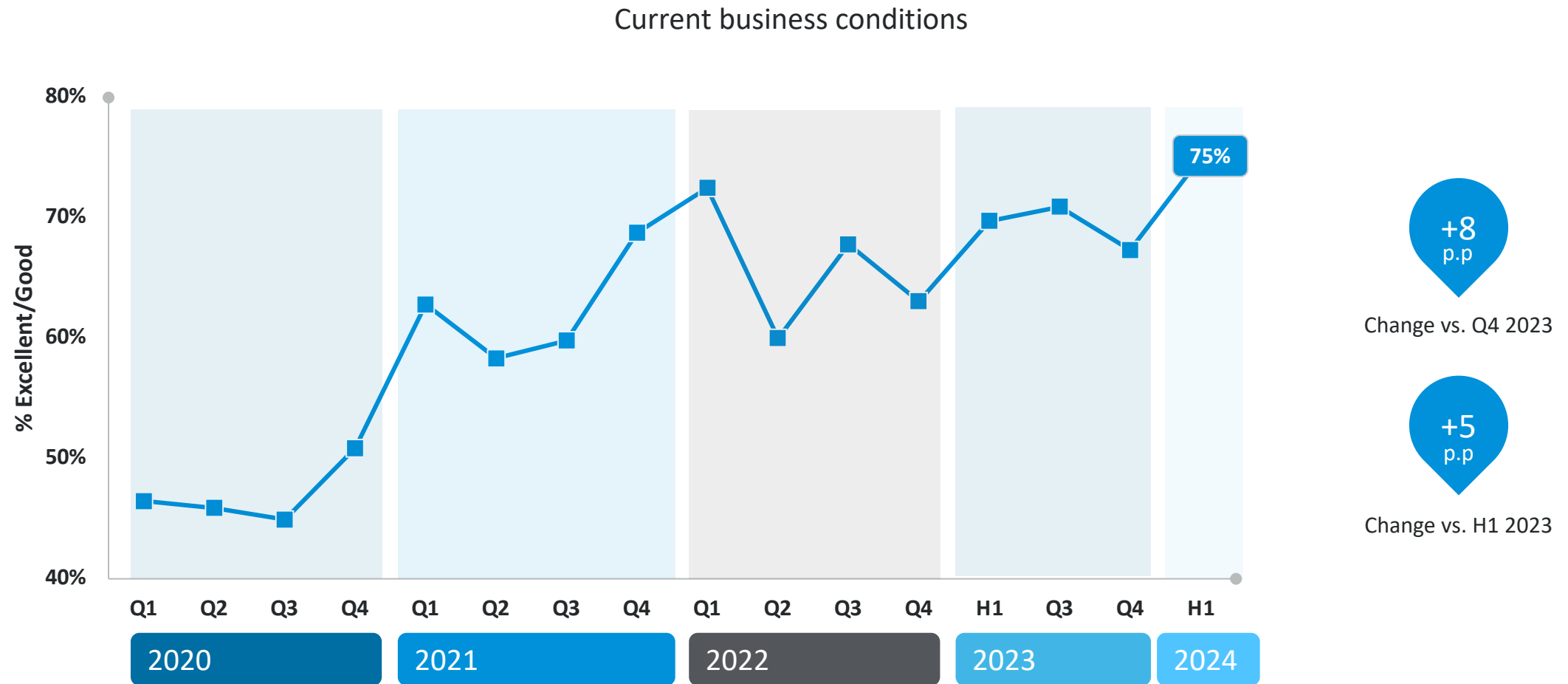


# And In Matters Of Trust.. Planners Are Back

Given how you define trust, please rate your trust in the following professions or occupations (as individuals) on a scale from 0 to 10, where 0 indicates no trust at all and 10 indicates complete trust.



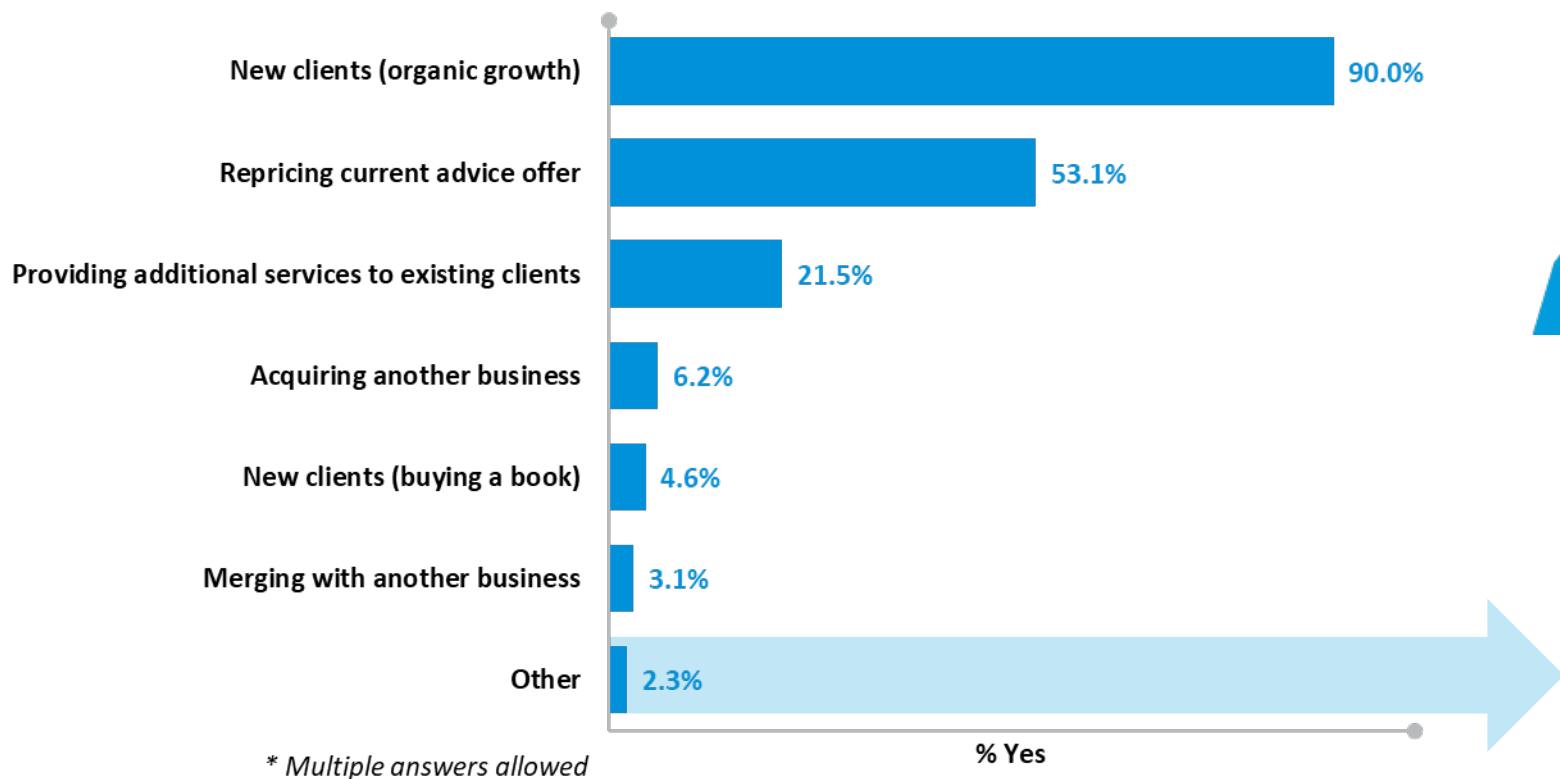
# Planners Are Banking On Growth





# Everyone Knows They Can Grow

Where is this growth in revenue likely to come from?



- "I hope to obtain more clients." (Male, 56, A risk adviser (self-employed))
- "Considering additional referral arrangements/joint ventures." (Male, 35, A financial planner (employed))
- "New referral partners." (Female, 43, A practice principal (financial planner))

# Today

- The Summer Of 1942
- The Size Of The Prize
- The Power Of Transformation

# A Long Forgotten Poolside Guarantee

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“Its just occurred to me that most  
Most of our clients are over 70..”

# Talking To Other People's Children About Money

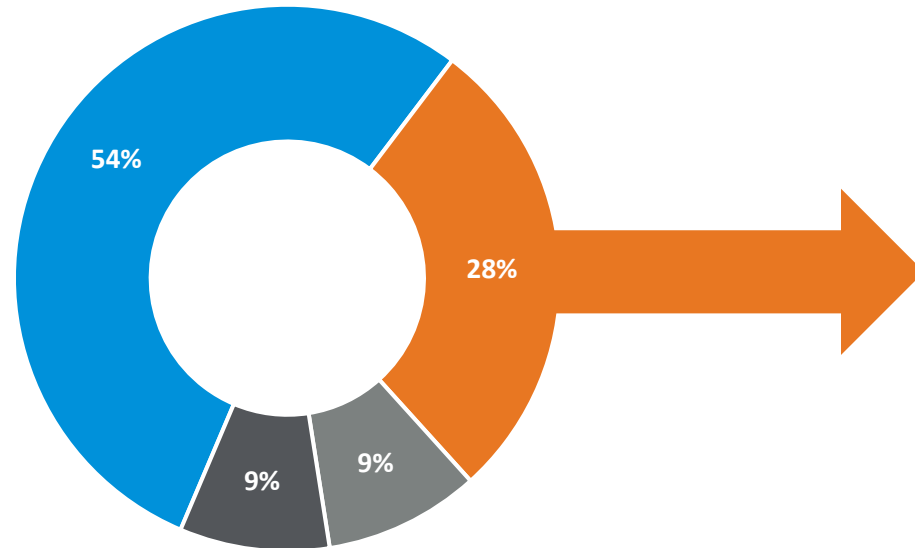
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- Trust is layered and takes time
- Describe themselves through investment
- New models are necessary
- Build utility first
- Focus on the stack

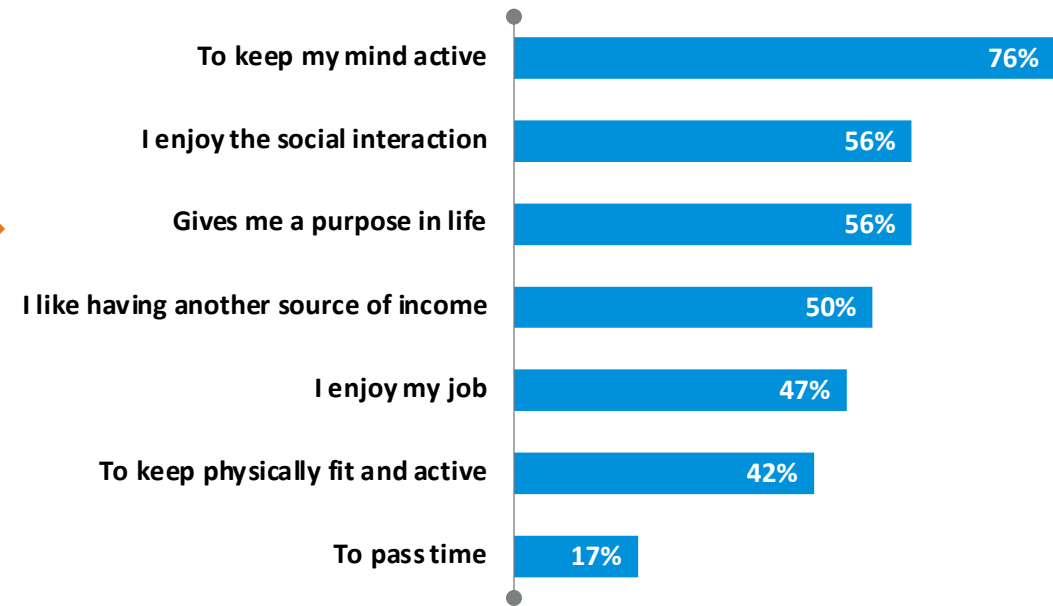
# A Significant Number Of HNW Intend To Not Fully Retire, Working To Keep Mentally Active And For Continued Income Certainty

Retirement status at age 67



- Have retired completely
- Partially retired, but will still be working out of choice
- Be working full-time, but out of choice
- Have to work for financial reasons

Reasons for working during retirement (either full- or part-time)



\*Multiple answers allowed

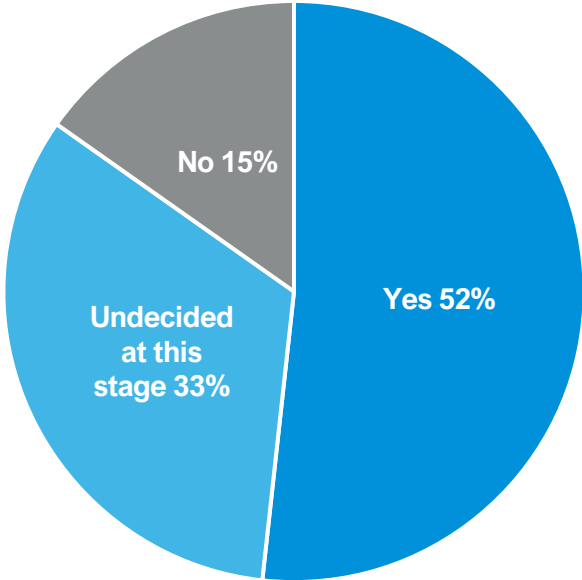
# Wealth-transfer Is The Intention, But Plans Need To Be Developed Fully

Building a model for Australia’s rich to manage the transfer of their assets to the next generation is a multi-trillion-dollar problem in Australia and remains a space where Australians still need significant health.

The fear that the asset will be “botched” in transfer stalks Australia’s HNWI and the big fear is that the assets will be eroded by tax and misuse.

While preparedness varies by age, there remains a significant opportunity for leadership in the wealth transfer space.

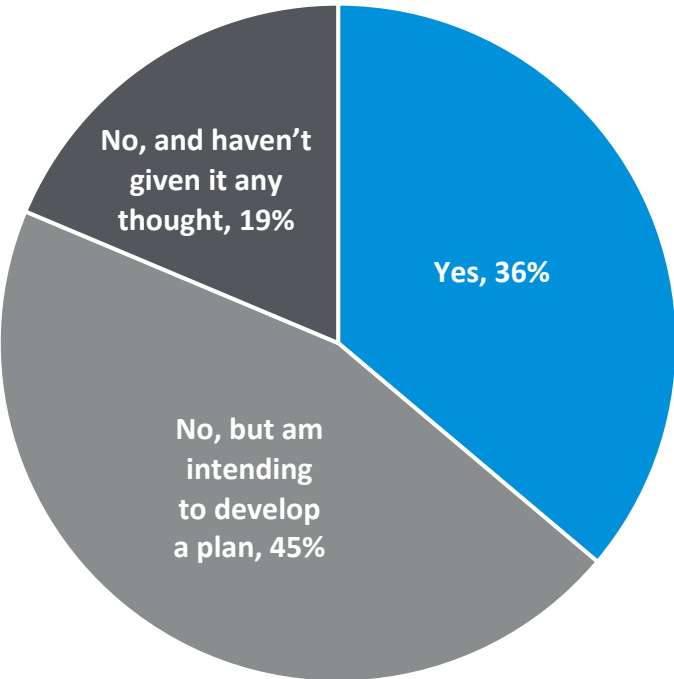
Intention to transfer wealth



*Are you intending to transfer wealth to the next generation?*

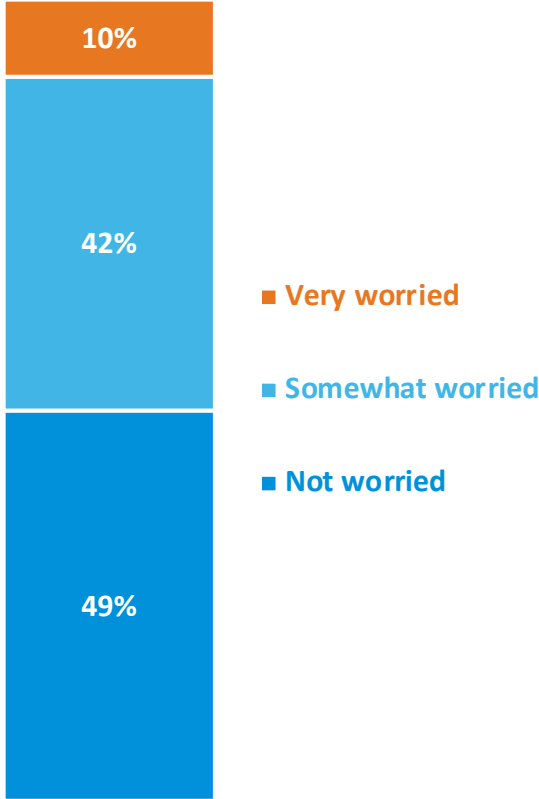
# Wealth Transfer Concern Grounded In Misuse And Tax Implications

## Clear Wealth Transfer plans



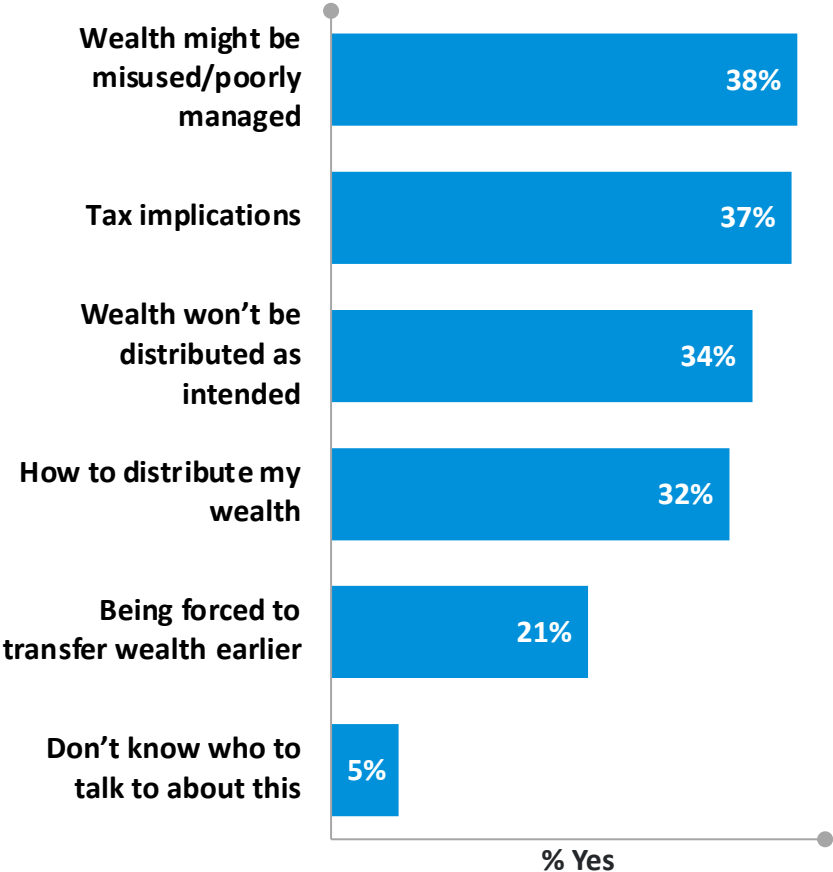
Do you have a clear plan in place for the wealth transfer process?

## Concerned about wealth transfer



How worried are you about transferring your wealth to the next generation?

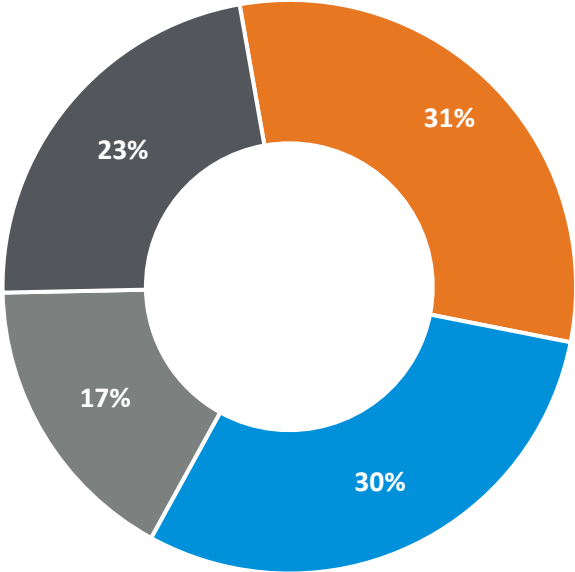
## Primary concerns



\*Multiple answers allowed  
Intends to but worried about transferring wealth  
What is it that you're worried about?

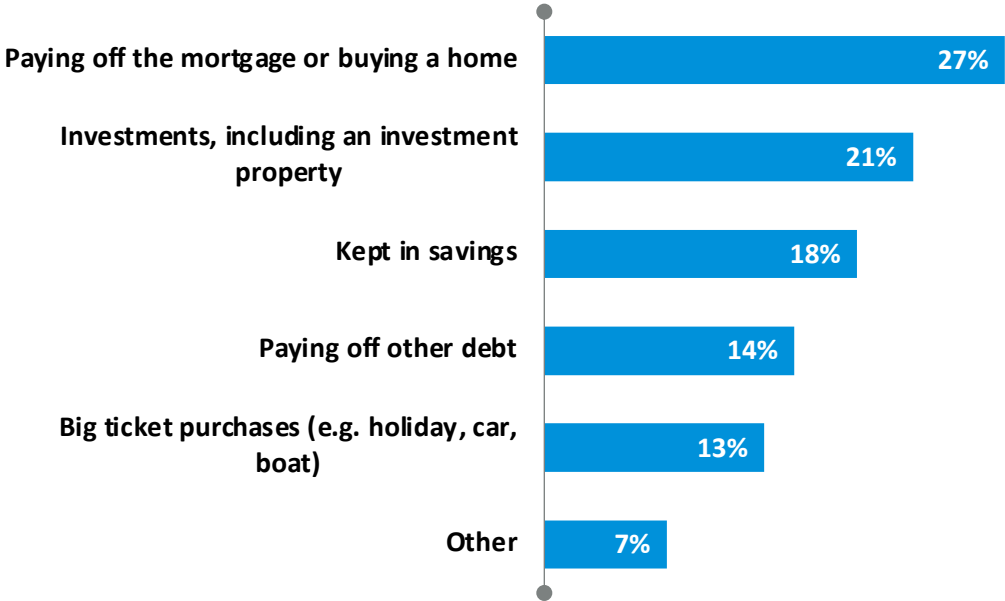
# HNWIs Under 50 Expect To Receive An Inheritance, And Will Spend It On Property And Investments

Will you receive an inheritance?



- Yes, and the amount will make a significant difference to my life
- Yes, and the amount will make some difference to my life
- Yes, but the amount will likely not make much difference to my life
- No, it is unlikely

Those receiving an amount that will make a “significant” or “some” difference to their lives intend to spend it:

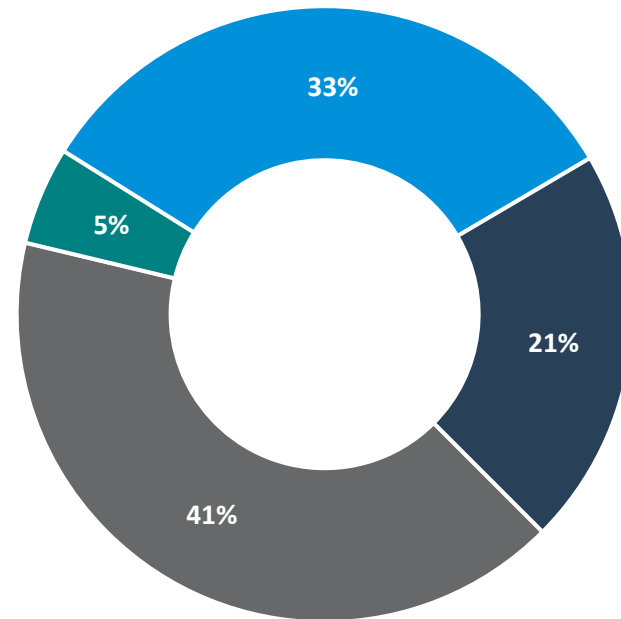




# While A Third Plan To Transfer Their Wealth Upon Death, The Majority Plan To Begin The Process Earlier

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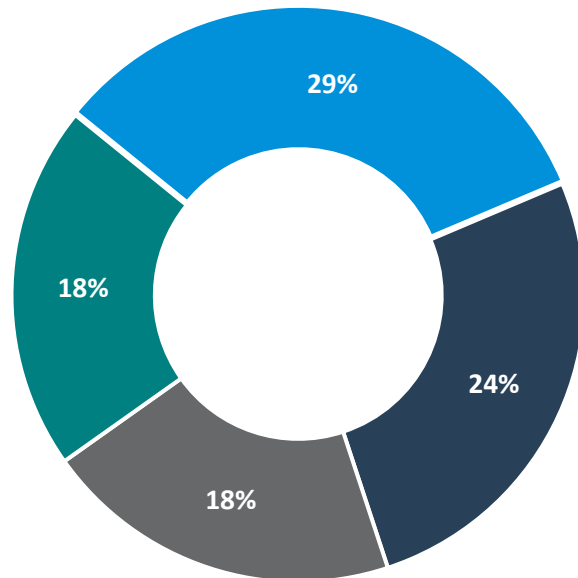
When Do Affluent And HNW Australians Plan To Transfer Their Wealth



- Mostly upon death
- As much as possible while I'm still alive
- Combination of both
- Don't know

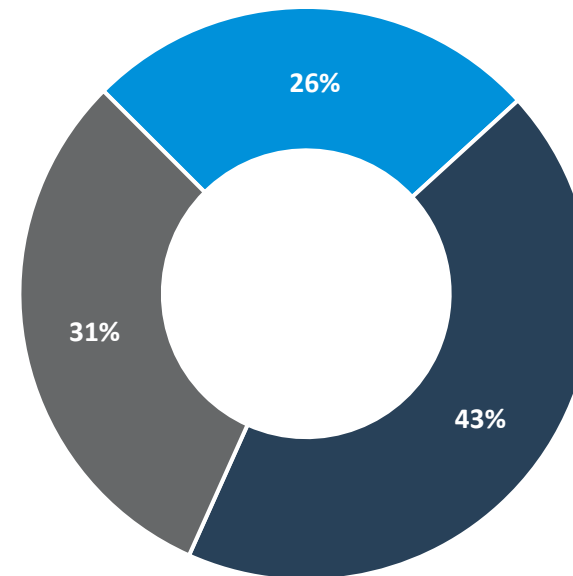
# Formalising Wealth Transfer Plans An Area For Financial Advisers To Support Clients With, As Many Have Not Documented Their Intentions

## Wealth Transfer Plans



- I have a clear plan developed, and this plan is written down
- I have a general plan, and I have told others about it but not written it down
- I have a general plan, but have not told anyone about it
- I intend to develop a plan

## Professional Support With Wealth Transfer

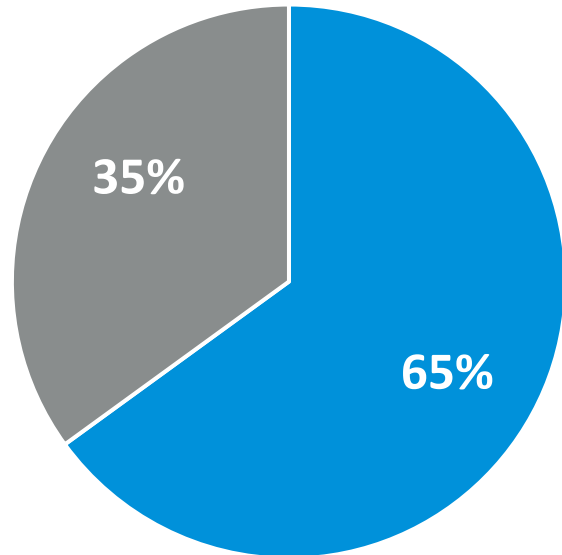


- Yes, already getting support
- Yes, intend to get support
- No, don't think it's necessary

# Ensure Practice Longevity By Engaging Clients And Heirs Early

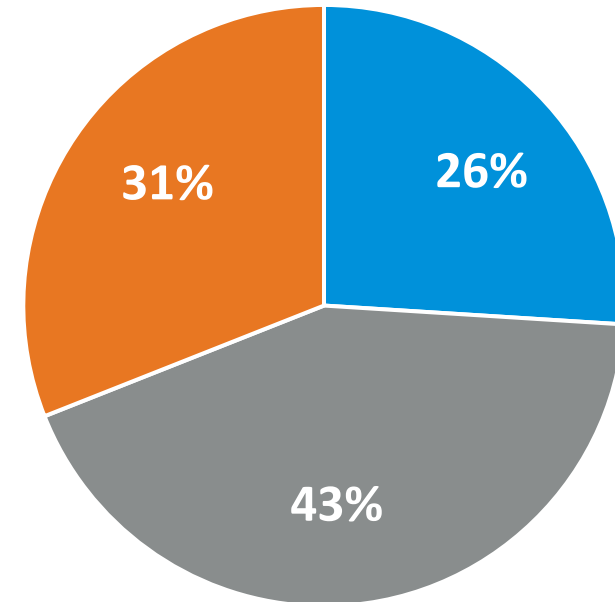
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Do you intend to involve your children in conversations with your financial adviser?



■ Likely    ■ Unlikely

Do you encourage clients to involve their children?



■ I actively encourage it  
■ I wait for clients to initiate/suggest it  
■ I prefer not to involve them

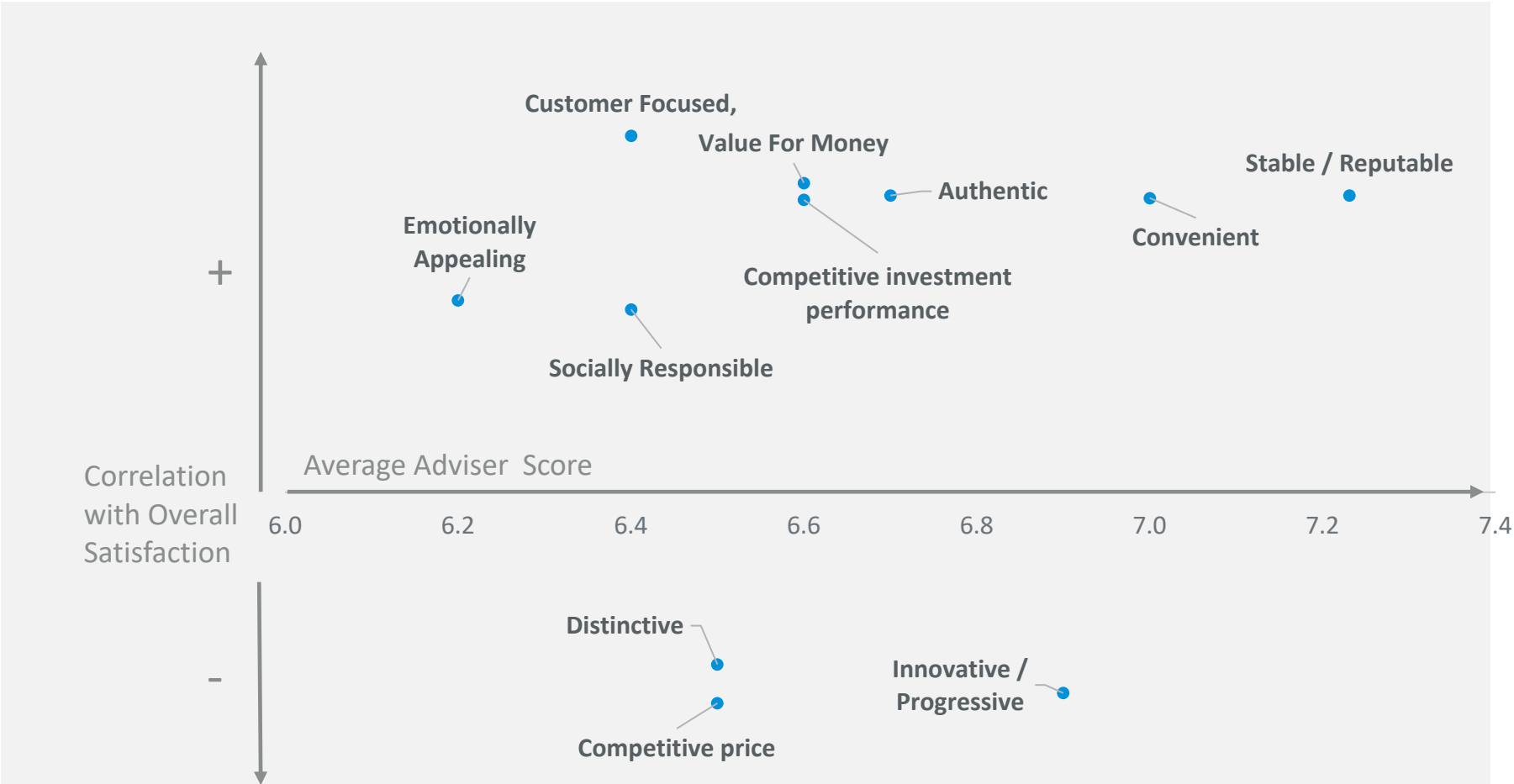
## Three Models Of Success

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“You do not rise to the level of your goals You fall to the level of your systems” – James Clear

# What's Important And Why

## What Drives Consumers



## Those Who Are Growing

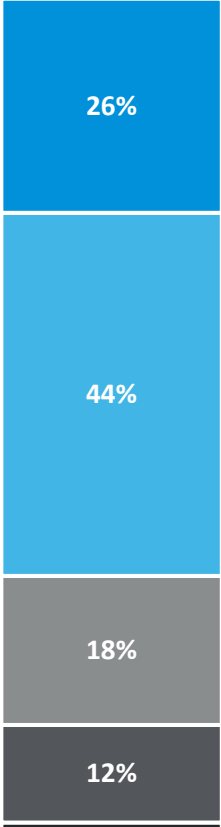
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“First – Design Your Flywheel” – Jim Collins

# Technology Adaption Leads Growth Teams

## Technology adoption in the practice

- Has a high level of digital integration, leveraging up-to-date technology, and open to adopting new technology
- Comfortable with the technology tools currently in place, leveraging it for efficiencies but not necessarily eager to adopt new technology
- Leverages legacy technology to support the business, less concerned about updating to the latest options
- Limited use of technology throughout the business
- Don't know / Unsure



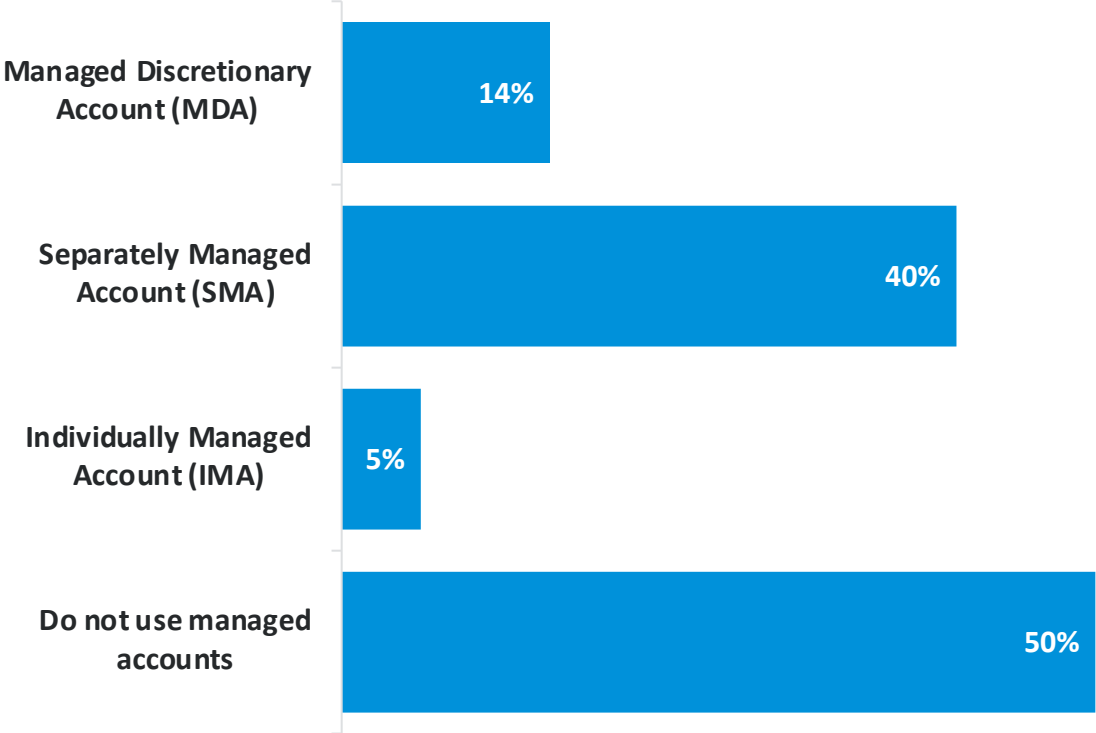
## 5-year growth focus

- The practice has strong plans for growth which are clearly road-mapped
- The practice has growth plans which are more general
- The practice is focused on maintaining its current position
- The practice is most likely to trend towards trimming its books
- Don't know / Unsure



# Half Of Practices Still Yet To Enter This Market – Addressable Market Will Likely increase 2023 - 2030

*Use of managed accounts*

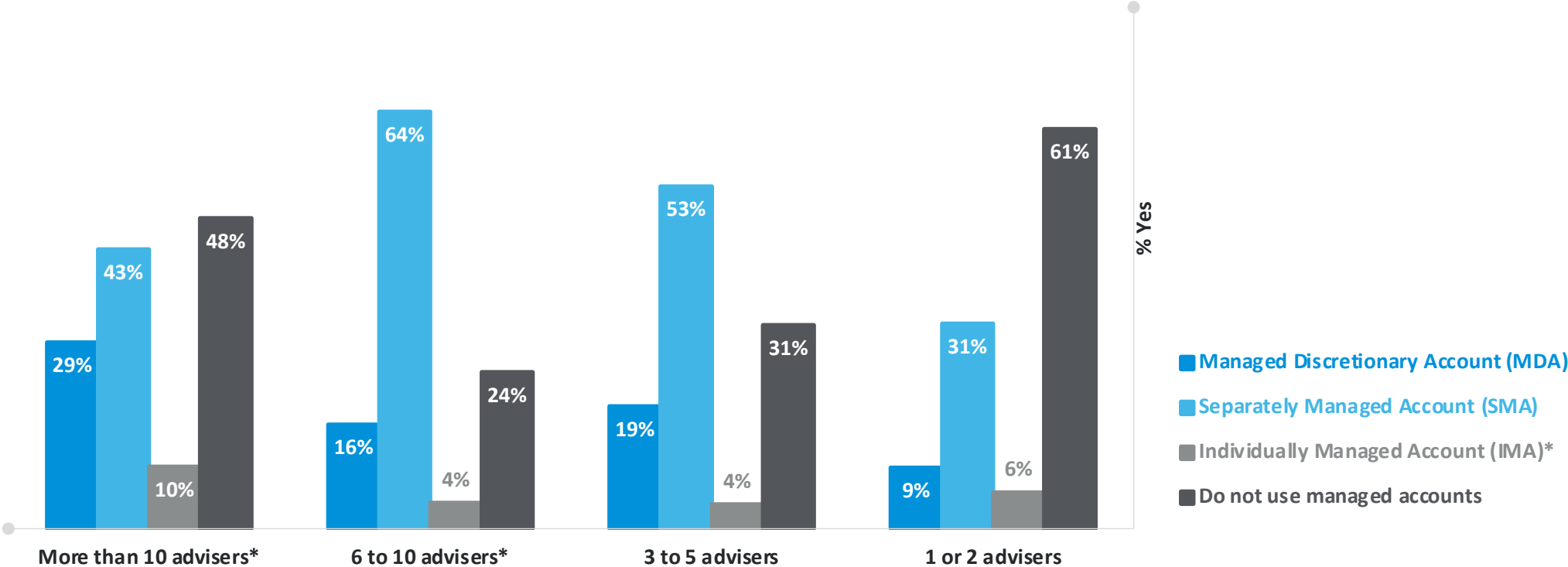


Q8. Do you use any of the following managed accounts in your practice?  
Base n=307



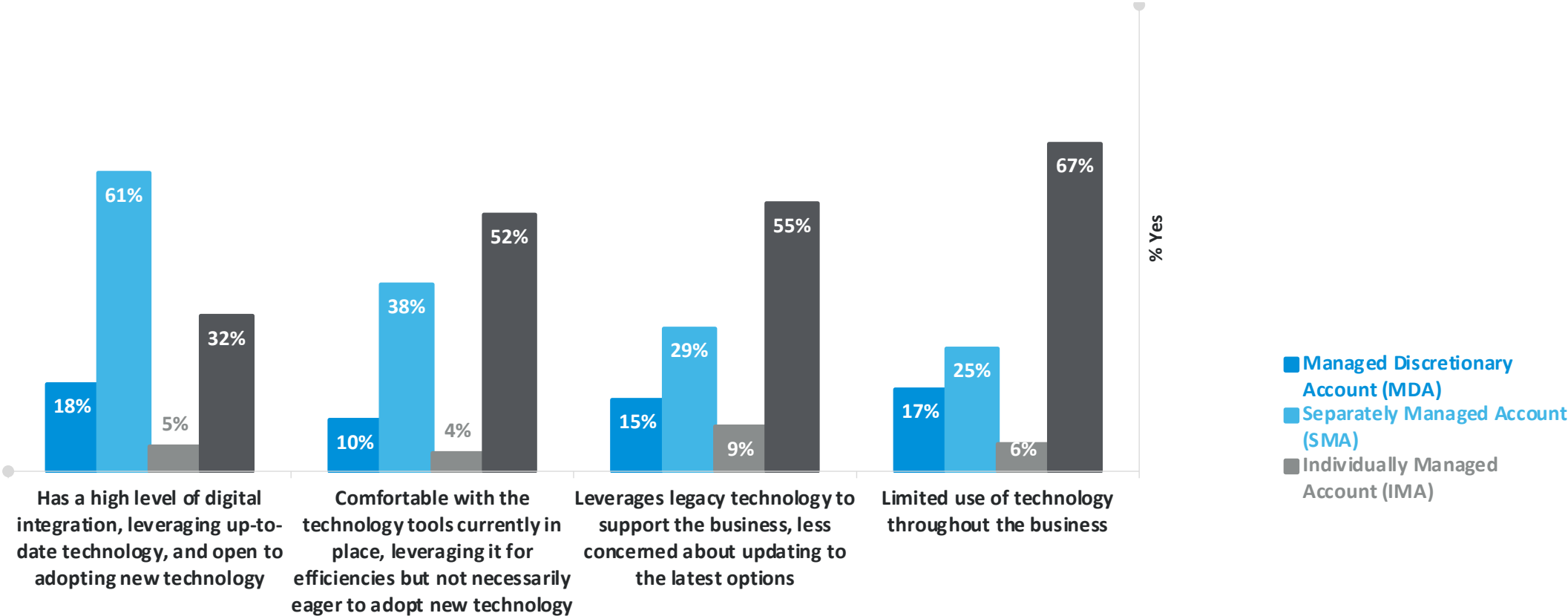
# Addressable Market – Will Scale As Practices Seek Efficiency

Use of managed accounts x Practice size



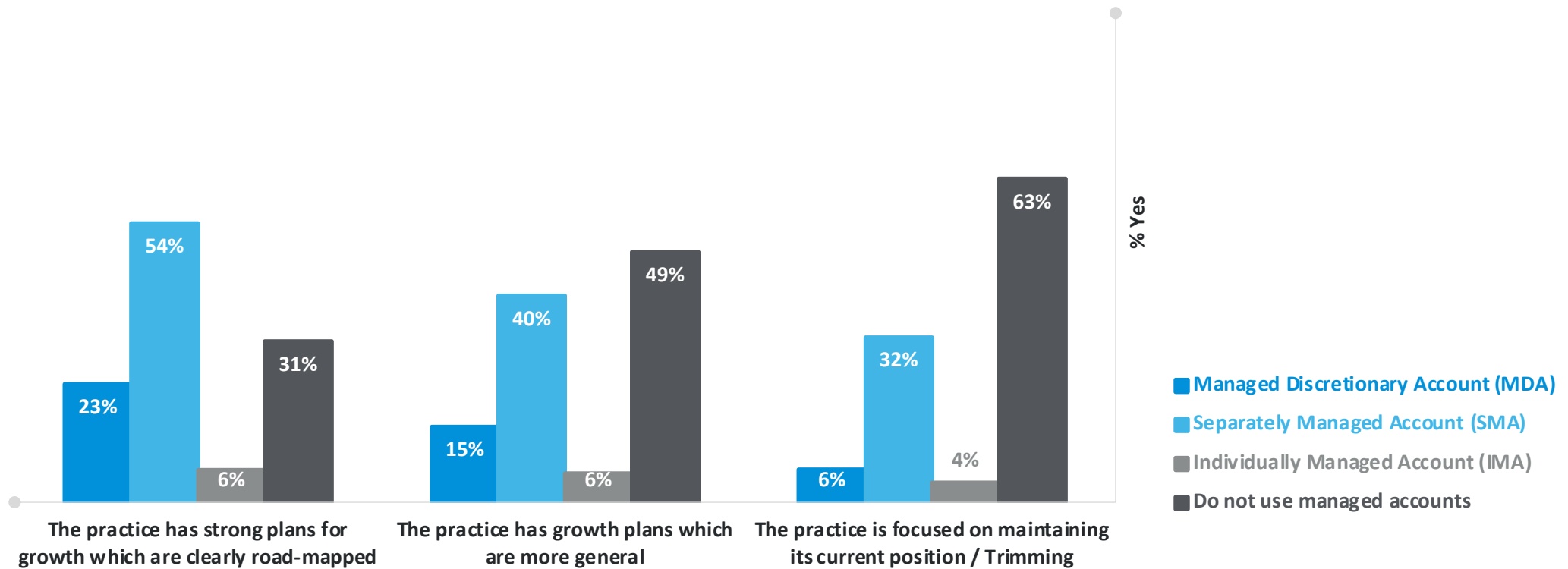
# Clues To Growth – Come From Tech Adoption

*Use of managed accounts x Technology adoption*



# Clues To Growth – Come From Growth Focus

*Use of managed accounts x 5 year growth focus*



Q7. Which of the following best describes your practice's approach to growth in the next 5 years, taking aside economic concerns?  
Strong growth plans; n=48, Plans are more general; n=177, Focused on maintaining or trimming; n=78

# You Must Be Transformational

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## Five Things To Do Right Now

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1

Choosing The Right Partner (tech, compliance, community)

2

A Rigorous Focus On Process

3

Process And Partnership Removes Work – Drives Up Customer Satisfaction

4

Two Income Streams One High Service ( more Intimate) – One Low Service More Machine Learning And Process Focused

5

Making A Difference In Customer Lives And Telling Those Stories – Write Me Five Letters

# Disclaimer

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