

## The invaluable role of financial advice: navigating wealth with purpose



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WE recently hosted a series of events with Paul Moran, CEO of iFactFind, an Australian financial adviser with over 20 years' experience. I was struck by the depth of Paul's knowledge combined with his passion for planning and the positive outcomes it delivers for his clients.

I remain a firm believer and advocate for the value of advice. In our profession, the funds we recommend will change over time. Regulation will change too, demanding new processes, spurring new products and services. The one constant will be that clients will retire. They will achieve their second life and live it their way.

We live in a world of hyper-personalisation and to succeed with clients we must make the retirement plan about them, what they want to achieve and how they want to live in retirement. Financial advice, now and into the future, is a fusion of tangible financial benefits and the profound psychological and emotional reassurance it offers. The role of the Financial Adviser will continue to evolve beyond financial forecasting to cover all the ways of being retirement ready.

At the core of effective financial advice lies an understanding of human behaviour, a cornerstone of the field of behavioural economics. Recognising that financial decisions are often driven by emotions; a skilled adviser navigates the complex interplay of biases and cognitive errors to steer clients towards sound financial choices. Taking time to understand how your clients make decisions and the barriers they feel they need to overcome will strengthen your ability to guide them.

Becoming adept at behavioural financial planning takes time and practice. It's this expertise that clients value. Whether you are helping a client understand their perception of risk or nudging them to see the bigger picture of a retirement full of possibilities, this practice is about much more than selling a product. When done well, advisers become a trusted partner of their clients and deep lasting relationships are made.

Like most, I'm busy and sometimes working just to get through the week. Jumping from meeting to meeting, grabbing a few minutes to stay on top of the ever-demanding inbox, returning calls. Attending events like last week's gives me that little bit of headspace to check and challenge if I'm focused on the right things and providing the necessary support to the advisers who have embraced financial planning.

At Standard Life we run an extensive research programme. We hear from over 5,500 adults in Ireland every year to understand their journey to and through retirement. The stories we hear and the insights we get enable us to bring the voice of the retiree to you. We know what really matters to people as they are planning for, transitioning to, and living in retirement. We have distilled some of this research down to what we call our three retirement ready indicators:

- Being financially prepared
- Remaining socially connected
- Continuing to be purposefully busy or mentally prepared

To demonstrate the full value of financial advice, I believe advisers need to provide holistic guidance, exceeding the financial considerations to cover a broader spectrum of life aspirations. Advisers have told me that they have clients with extensive wealth who are deferring retirement primarily because they are afraid of what comes next. For these clients, what comes next is unknown because they have not planned for it.

To help clients navigate wealth with purpose, we need to expand retirement planning to include the other two retirement ready indicators – start talking to clients earlier in their retirement journey about what they would like to do with the almost 2,000 hours they will free up once they stop full-time work. Remind them that the opportunities to connect with networks, contacts, and friendships through work will wane as they transition into retirement and encourage them to start thinking about how they will forge new relationships.

For most of life's milestones, there's a map, there's a plan, there's a savvy friend full of advice. Whether that's buying your first home, navigating parenting, setting up a business. We, unfortunately, don't have enough conversations about how we prepare to retire and manage the challenges we might face on this journey.

This is where I think Financial Advisers become an essential support to clients. I have been to events that advisers have run for their clients to discuss the journey to and through retirement. The overwhelming feedback time and time again is one of appreciation that their adviser raised this topic. Some hadn't even considered it, others were mulling ideas over but did not know who to speak with.

Often it's a questions of where to start, that's why we've created some great shortcuts to help you with these conversations. Give clients a copy of the **Second Life Questionnaire** to get them thinking about how they want to live in retirement. They don't need to share their answers with you, and you don't need to counsel them through it. Prompting them to think beyond the value and performance of their pot is enough. The **Retirement Hub on standardlife.ie**, has plenty of resources to get clients thinking about the opportunities and challenges ahead.

Advisers play a pivotal role in enriching the journey to and through retirement. Being financially prepared gives clients significant peace of mind and opens a life of possibilities for them. Personalising a plan, which includes all three retirement ready indicators is where the real value of advice comes into its own. From our research, we know that 46% of people believe that they will think about retirement when it comes\*. That's a missed opportunity. We put more planning into our summer holiday than into how we are going to enjoy this golden period we have worked and saved so hard for.

I am a big fan of Morgan Housel and really enjoyed his book the Psychology of Money. A good retirement, no more than a good life, is a delicate balance between financial prudence and the pursuit of meaningful experiences. While we are strong promoters of planning for a good second life, we know people need to live a good first life too. Understanding your clients'

aspirations and passions will help you develop and course correct a plan that really works for them.

Not least because the transition to retirement represents such a profound shift in lifestyle and identity, often accompanied by a myriad of emotional and psychological adjustments. From the loss of daily structure to the renegotiation of social roles, retirees are confronted with a host of challenges that transcend financial concerns. Building a rounded relationship with clients allows financial advisers to step into the role of trusted partner, helping clients through the emotional terrain of retirement, providing empathetic support and practical guidance along the way.

It's a big ask, I know. Again, we offer tools and content to help advisers with this holistic approach. Our Retirement Chats series shows real people telling their stories of their journeys to and through retirement. These videos cover a range of topics from how to enjoy that first day in retirement to some of the challenges faced along the way. Sharing these with clients lets them know you are aware that there is more to retiring than a healthy pension pot. It will show them you are thinking holistically and want them to have the best possible retirement for their lifestyle. By incorporating these elements into the fabric of retirement planning, you will support clients to embrace this new chapter of life with optimism and enthusiasm.

## Pen Underwriting extends long-term specialist fleet deal in Republic of Ireland with Zurich

PEN Underwriting recently announced the extension of its long-term strategic collaboration with Zurich in the Republic of Ireland in support of Pen's highly specialist fleet insurance offering, following a multi-year renewal of their existing capacity deal.

The agreement will see Zurich continue to provide 100% capacity for Pen's specialist offering – which covers motor fleets in the hazardous goods, tankers and environmental industries – for up to €45m in premiums over the next three years, taking the strategic relationship beyond the quarter of a century mark.

Pen has a similar long-term capacity arrangement with Zurich in the UK in support of the same sectors. As in the UK, Pen tailors its Irish fleet products to the specific needs of different segments of the high hazard transportation and distribution sector, such as companies working in fuels and oil, chemicals, lubricants, LPG, liquid and hazardous waste as well as non-hazardous tanker operators. Risk management expertise and loss mitigation services combine with insurance protection to offer brokers and their clients tailored solutions with direct access to technical underwriters and embedded extras, including 24/7 emergency spill response.

Adam Shefras, Managing Director of Hazardous Goods & Environmental Industries at Pen Underwriting, said: "Our commitment to delivering long-term insurance solutions in Ireland for fleets operating in the hazardous or bulk liquid areas, is underpinned by our fantastic collaboration with Zurich, so this latest capacity deal is excellent news for all parties."



By leveraging insights from behavioural economics, professional qualifications such as the CFP certification, and a commitment to holistic retirement planning, financial advisers empower clients to navigate the complexities of wealth with purpose and clarity. In the pursuit of financial well-being and life fulfilment, the guidance of a seasoned adviser serves as a beacon of wisdom and reassurance, illuminating the path to a retirement full of possibilities.

At Standard Life we have been supporting advisers for almost 200 years. Please lean on this experience and the content we have developed to enrich the plans you are developing with your clients. If you'd like more information on our Second Life content, please contact your business manager.

\* Source: Retirement Pulse W67 April 2024

*"As the industries we support continue to evolve, overcome economic and regulatory challenges and embed decarbonisation initiatives, the provision of stable and secure insurance tailored to their needs is hugely important. When the sector you are supporting has the potential for catastrophic losses and complex claims, your customers need to know you will be there for them, in a consistent way, year in year out."*

*"Pen's longevity in these trades, our underwriting expertise and loss mitigation experience, coupled with our lasting collaboration with Zurich, means we are ideally placed to provide brokers and their clients with sustainable solutions and the assurance they are seeking."*

Declan O'Halloran, Director of Sales & Distribution for Zurich Insurance in Ireland, said: "Pen continues to be a great underwriting partner for us in the Republic of Ireland at this highly specialist end of the fleet market. We value the depths of their risk evaluation experience, their data-driven approach to disciplined underwriting and their focus on continuous improvement. Those qualities make the decision to extend our collaboration beyond 25 years an easy one, and we look forward to working together for many years to come."