

CommBank

The SMSF Report

Edition 1 — 2017



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Welcome

Exploring the future of self-managed super

In this report, Commonwealth Bank and the SMSF Association chart the changing face of self-managed super funds and ask how advisers and the finance industry can best support the evolving needs of Australia's most dynamic superannuation sector.

With more than 580,000 funds¹ and one million members², self-managed super funds (SMSFs) have become an essential part of our retirement saving system. They are also Australia's fastest growing superannuation sector. In the 2016 financial year alone, the number of SMSF member accounts rose by 5.5%, while the rest of the industry declined by 3.4%. This continues a trend of increasing growth and maturity across the SMSF sector, with the number of members more than doubling since 2004.

As the sector has expanded, SMSF members have become increasingly diverse. While they share a taste for independence and a desire to take control of their own financial destinies, different SMSF members have very different levels of investment experience and confidence, and therefore, very different advice needs.

In this report, we investigate the motivations, attitudes and decision-making behaviours of this varied group of investors, focusing on four distinctive investor profiles with particular mindsets and advice preferences. We also explore the areas where their needs are being met – and the areas where there is room for finance professionals to do more.

Over the past decade, advisers and product providers have supported the rise of the SMSF sector with a range of cost-effective services, tools and advice options, specifically designed for the increasingly varied needs of its members. Our research shows SMSF investors have responded enthusiastically, and have become major users of advice services. The vast majority rely on at least one professional adviser, while one in three seek advice from multiple sources.

Yet we have also found that there is still scope for advisers to better support the SMSF community, with one in two SMSF investors saying they would welcome additional help in key areas.

That support would most likely prove to be valuable. Our research suggests SMSF investor members are more satisfied when they actively collaborate with a trusted adviser, and maintain strong engagement with investment decisions while simultaneously benefiting from the guidance of a qualified professional.

The success of the collaboration between adviser and trustee is highly dependent on the quality of their professional relationship. Our findings highlight the critical importance of the adviser's technical knowledge and insights into the very difficult world of superannuation in Australia. Also important is the practical assistance and guidance in the technicalities of the day-to-day running of an SMSF which can be found in the report.

¹ APRA, *Quarterly Superannuation Performance*, September 2016.

² APRA, *Annual Superannuation Bulletin*, June 2016.

Traditionally, accountants have been the dominant professionals recommending investors set up an SMSF, as well as the primary providers of services to SMSFs. Our research shows that while financial planners play an increasingly important role in both these areas, accountants continue to be heavily involved in advising SMSF trustees. An interesting question for future investigation is the extent of any ongoing impact from the new licencing regime for accountants and the removal of the exemption for accountants recommending SMSFs to their clients.

The research also suggests trustees develop their skills over time, as they move from delegating most or all their responsibilities, to making investment

decisions in person – either on their own, or after consulting one or more trusted advisers. Clearly, for these trustees, an SMSF has proved to be the right choice.

We hope you find this comprehensive report revealing and thought-provoking – and we look forward to the opportunity to talk further about the findings and their implications for both SMSF trustees and the financial services industry.

Marcus Evans

Head of SMSF Customers



Commonwealth Bank

CommonwealthBank



Andrea Slattery

Managing Director and CEO



SMSF Association





About The SMSF Report

CommBank, in partnership with the SMSF Association, has undertaken in-depth research to better understand the dynamics of the SMSF market, with a specific focus on current SMSFs, their advice needs, and their financial decision-making behaviour.

This report is based on an online survey of 1,375 Australians conducted by ACA Research on behalf of CommBank between 25 November and 18 December 2016. The participants were drawn from across Australia and represented a broad range of ages, professions and households. They included:

- 674 advised SMSF members.
- 155 unadvised SMSF members.
- 546 advised public super fund members.

This report and the insights it contains are published in conjunction with the SMSF Association.

What is an advised investor?

In this report, “advised” means an investor who has received advice from one or more finance professional advisers, including:

- financial planners – either independent, or employed by a bank or super fund
- accountants
- specialist super consultants
- tax agents
- stockbrokers
- auditors
- mortgage brokers, and
- private bankers.

Where appropriate, these groups have been further segmented in the analysis below.

Seeking advice

Who gives you super advice? (advised SMSFs)

-  Independent financial planner: **48%**
-  Accountant: **46%**

Choosing an adviser (advised SMSFs)

-  Recommended by friend or relative: **41%**
-  Recommended by an accountant: **21%**

Going it alone

-  SMSFs that don't have an adviser: **19%**
-  Self-directed Investors that aren't advised: **37%**

Multiple advisers

-  Advised SMSFs which have more than one adviser: **37%**
-  Average number of advisers each: **1.7**



SMSF profiles

The research has identified four typical SMSF investor profiles:



The Outsourcer

"I'd rather someone else do it."



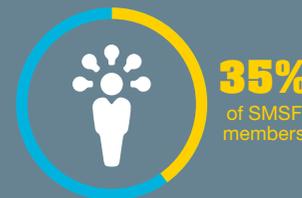
The Coach Seeker

"I'd rather do things myself but I am looking for someone to help me."



The Self-Directed Investor

"I'm interested in it and I like doing it myself."



The Controller

"I'd rather do things myself but I need information to support my decisions."

The SMSF decision

Reasons to set up an SMSF

59% Better returns

53% More control

43% Lower fees

Who suggested it?

34% My accountant

29% Independent financial planner

32% My idea

Advice opportunities

How many SMSFs want more support?

50% of advised SMSFs  **59%** of unadvised SMSFs

What advice do they need?

14% Pension strategy

14% Retirement planning

12% Estate planning

42%
of SMSFs
have no
retirement
plan

Investor profiles. The changing face of SMSFs.

With around 1.1 million Australians now running their own superannuation funds¹, SMSF members are more diverse and varied than ever before. And as our research reveals, members with different investor profiles tend to have very different advice needs and investment preferences.

¹ Australian Taxation Office, *Self-Managed Super Fund Statistical Report*, September 2016.

Investor profiles



There was a time when SMSFs seemed to follow a familiar pattern. They were generally perceived to be chosen by affluent, experienced and the financially confident, and many were professionals, executives or entrepreneurs who were very much accustomed to making their own investment decisions.

Over the last decade, the landscape has changed. An increasing number of Australians have made the decision to take charge of their retirement savings which has led to more diversity.

To better understand the changing face of the SMSFs, we have adapted and extended the behavioural profiles used in previous research commissioned by the SMSF Association.

Our analysis is based on four distinct profiles which are used to best describe how SMSF investors manage their finances: Outsourcer, Coach Seeker, Controller and Self-Directed Investor.

While all of the SMSF investor types share a desire for independence and a need for more knowledge, they often take remarkably different approaches to investment decision-making, due to their very distinctive and diverse advice needs.

That isn't to say every investor fits neatly into a single profile, or that every investor with the same profile is identical. On the contrary ...

... individual investors may blend traits from different profiles, or move between profiles as they become more experienced and their requirements evolve.

Nonetheless, these four profiles provide a revealing starting point for investors seeking to understand and improve their investment decisions, and for advisers and product providers looking to adapt their offerings to support the needs of different investor types. They also indicate possible future directions for new product development in the SMSF market, with different investor profiles seeking distinct solutions. So, while Controllers are likely to act as disruptors, by demanding products that offer more individual control, a growing pool of Outsourcers could potentially disrupt the market in a different way, responding positively to one-stop advice and administration services that take the stress out of SMSF management.

One thing is clear: advisers and product providers who do not adapt to the varying needs of different investor types may find it difficult to attract new SMSF clients as the sector continues to grow and evolve.

The four SMSF profiles



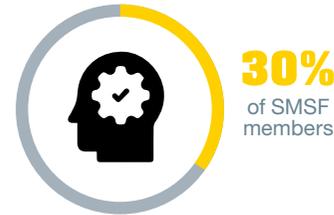
The Outsourcer

"I'd rather someone else do it."



The Coach Seeker

"I'd rather do things myself but I am looking for someone to help me."



The Self-Directed Investor

"I'm interested in it and I like doing it myself."



The Controller

"I'd rather do things myself but I need information to support my decisions."



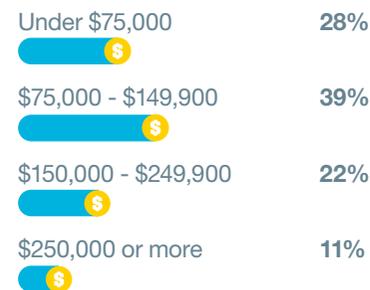
Household incomes



Household incomes



Household incomes



Household incomes



The Outsourcer

As a small but growing segment of the SMSF population, Outsourcers are very different to the traditional stereotype of an SMSF trustee. Spanning a range of age groups and professions, they tend to have more modest household incomes than other investor profiles. But what makes them really stand out is their willingness to outsource the day-to-day running of their funds, stemming from a lack of confidence in their own financial decision-making.

Almost two in three are not confident managing their super, with 58% outsourcing all super management activities.

As a result, 97% rely on professional advice regarding superannuation ...

... with most preferring the simplicity of a single adviser. Outsourcers are big spenders on advice, with 88% spending \$1,000 or more a year and 48% spending more than \$3,000.

They are the group least likely to rely on an accountant for SMSF advice, and most likely to seek the support of a financial planner for holistic advice, without the need to co-ordinate multiple sources of expertise.

Yes/No

Confidence managing super

Very confident	8%	
Confident	28%	
Not confident	64%	



Super activities (top 4)

None, I outsource everything	58%	
Monitoring performance	38%	
Administration and compliance	19%	
Researching opportunities	15%	

*'Super activities' has a different set of activities compared to the other 3 segments.



Number of advisers

None	3%	
1	70%	
2	21%	
3-4	4%	
5 or more	2%	



Main adviser (top 4)

Independent financial planner	50%	
Accountant	11%	
Financial planner at a bank	12%	
Financial planner at a super fund	11%	

*'Main adviser' has a different set of activities compared across the other 4 segments.

The Coach Seeker

Eager to learn and ready to seek help from a variety of experts, Coach Seekers make up around one in five SMSF trustees.

Despite an average age of 53, this group contains the highest proportion of younger investors, with one in four under 45.

It also has a disproportionate share of newer funds – 31% of SMSF members with a fund less than two years old are Coach Seekers.

While more confident than Outsourcers, they are relatively modest about their own abilities, with 48% reporting they are not confident managing their superannuation. But they are not shy in seeking help. 91% have an adviser, and 41% have two or more, the highest proportion of any group. And while 22% rely on an accountant as their main adviser, like Outsourcers they generally prefer the more wide-ranging advice that a financial planner can often provide.

Supported by that advice, many take a moderately active role in managing their fund. Most regularly monitor its performance, while more than 33% research potential investments – although fewer are involved in putting the results of their research into practice.

Yes/No

Confidence managing super

Very confident	7%	
Confident	45%	
Not confident	48%	

Super activities (top 4)

Monitoring performance	66%	
Researching opportunities	36%	
Buying and selling investments	31%	
Administration and compliance	29%	

Number of advisers

None	9%	
1	51%	
2	22%	
3–4	11%	
5 or more	7%	

Main adviser (top 4)

Independent financial planner	43%	
Accountant	22%	
Financial planner at a bank	8%	
Financial planner at a super fund	9%	

Main adviser has a different set of activities compared across the other 4 segments.

The Self-Directed Investor

Generally older, male, and including a relatively high proportion of business owners, the Self-Directed Investor segment most closely resembles traditional perceptions of a typical SMSF trustee.

They are also the group most likely to have held their fund for more than a decade – 37% of funds established more than 10 years ago belong to Self-Directed Investors.

Fiercely independent, they prefer to do things their own way. Thirty-seven per cent have no adviser, by far the largest proportion of any group – although many of the remaining 63% are keen consumers of advice, with one in five consulting multiple advisers. Nonetheless, as a segment they tend to spend less on advice than other SMSF members. Forty-one per cent spend less than \$1,000 a year – a remarkably low number, given the compliance burden for trustees who choose to go it alone.

Self-Directed Investors are exceptionally confident in their decision-making abilities. Nine in 10 say they are confident or very confident managing their superannuation, and most are actively involved in overseeing multiple aspects of their funds – both in setting the strategy and buying and selling investments. When they do seek advice, Self-Directed Investors are likely to talk to an accountant, rather than a financial planner.

Yes/No

Confidence managing super

Very confident	55%	<div style="width: 55%;"></div>
Confident	36%	<div style="width: 36%;"></div>
Not confident	9%	<div style="width: 9%;"></div>



Super activities (top 4)

Monitoring performance	89%	<div style="width: 89%;"></div>
Researching opportunities	68%	<div style="width: 68%;"></div>
Buying and selling investments	61%	<div style="width: 61%;"></div>
Administration and compliance	51%	<div style="width: 51%;"></div>

*Super activities' has a wider diversity across the 4 segments so cannot be compared like for like.



Number of advisers

None	37%	<div style="width: 37%;"></div>
1	41%	<div style="width: 41%;"></div>
2	17%	<div style="width: 17%;"></div>
3–4	4%	<div style="width: 4%;"></div>
5 or more	1%	<div style="width: 1%;"></div>



Main adviser (top 4)

Independent financial planner	27%	<div style="width: 27%;"></div>
Accountant	47%	<div style="width: 47%;"></div>
Financial planner at bank	7%	<div style="width: 7%;"></div>
Specialist super consultant	9%	<div style="width: 9%;"></div>

*Main adviser' has a different set of activities compared across the other 4 segments.

The Controller

As the largest of the four groups, Controllers combine a willingness to seek advice with a strong desire to be closely involved in managing their investments. They are a relatively affluent segment ...

... featuring the highest proportion of households with incomes of more than \$150,000 a year.

They also tend to be fairly early adopters, accounting for 40% of funds aged between six and 10 years.

Controllers don't lack self-belief. Seventy-three per cent indicate that they are confident or very confident in their superannuation management skills. Yet they also like to consult a professional before they act. Eighty-five per cent have an adviser, and 33% have two or more. Forty per cent reported that an accountant was their main adviser, while a further 6% conferred with a superannuation consultant, suggesting that many prefer more specialised and transactional advice to the holistic model often offered by financial planners.

Yes/No

Confidence managing super

Very confident	19%	<div style="width: 19%;"></div>
Confident	54%	<div style="width: 54%;"></div>
Not confident	27%	<div style="width: 27%;"></div>



Super activities (top 4)

Monitoring performance	75%	<div style="width: 75%;"></div>
Researching opportunities	55%	<div style="width: 55%;"></div>
Buying and selling investments	52%	<div style="width: 52%;"></div>
Administration and compliance	39%	<div style="width: 39%;"></div>



Number of advisers

None	15%	<div style="width: 15%;"></div>
1	52%	<div style="width: 52%;"></div>
2	23%	<div style="width: 23%;"></div>
3-4	7%	<div style="width: 7%;"></div>
5 or more	3%	<div style="width: 3%;"></div>



Main adviser (top 4)

Independent financial planner	36%	<div style="width: 36%;"></div>
Accountant	40%	<div style="width: 40%;"></div>
Specialist super consultant	6%	<div style="width: 6%;"></div>
Financial planner at a super fund	9%	<div style="width: 9%;"></div>

*Main adviser' has a different set of activities compared across the other 4 segments.

The SMSF decision. Seeking control or chasing returns?

Running your own superannuation fund is a serious commitment. Not only does it make sizeable demands on your time and attention, it also means taking personal responsibility for growing your retirement savings. So what drives investors to take the initiative and set up an SMSF?

Why do investors start SMSFs?

Investors choose SMSFs for many reasons, and most have multiple motives for starting their own fund. Nonetheless, there is a perception that two factors stand out as key drivers of the SMSF decision – a desire to take control of their finances, including investment choice and the timing of transactions; and the cost efficiencies an SMSF can bring.

Yet our research suggests that many SMSF investors had a quite different motives in mind.

Fifty-nine per cent said better returns were one of the main reasons for choosing an SMSF investor ...

... compared to 53% who nominated control and 43% who cited lower costs. That suggests the current low-growth environment has been a catalyst for driving Australians to take charge of their own retirement savings.

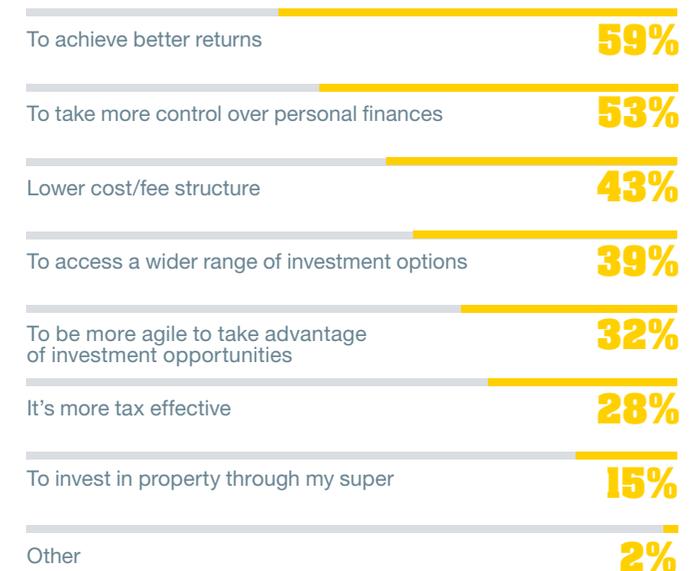
This desire for higher returns is remarkably consistent across the population of current SMSFs. Nonetheless, there are significant variations in the other motives driving different investor profiles to choose an SMSF.

Outsourcers and Coach Seekers are relatively uninterested in taking personal control over their savings, with only 32% of Outsourcers and 42% of Coach Seekers citing control as an important motive. They are also strikingly unconcerned with potential cost savings. Instead, both Outsourcers and Coach Seekers are most likely to seek higher returns through access to a wider range of investments.

Overall, the more confident an SMSF investors is in their own decision-making, the more likely they are to have been motivated by a desire for control and lower costs. Other, less personally active SMSF investors, simply tend to believe they can achieve higher returns by investing in partnership with a professional adviser.

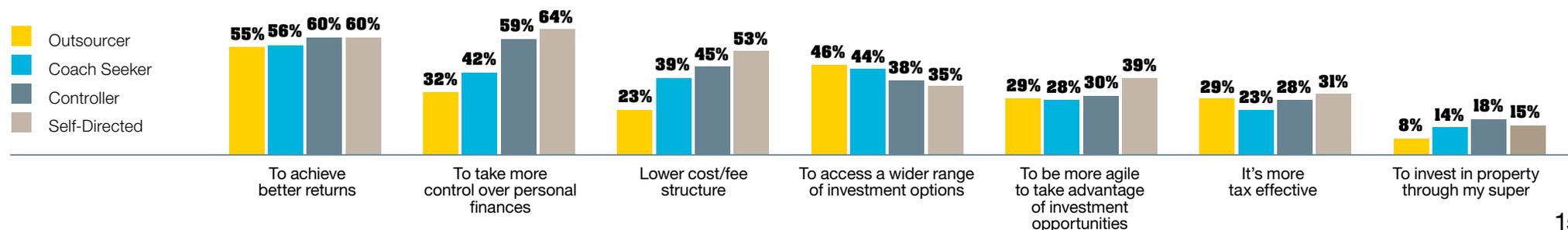
Focused on results: current SMSFs

What were the main reasons you set up an SMSF?

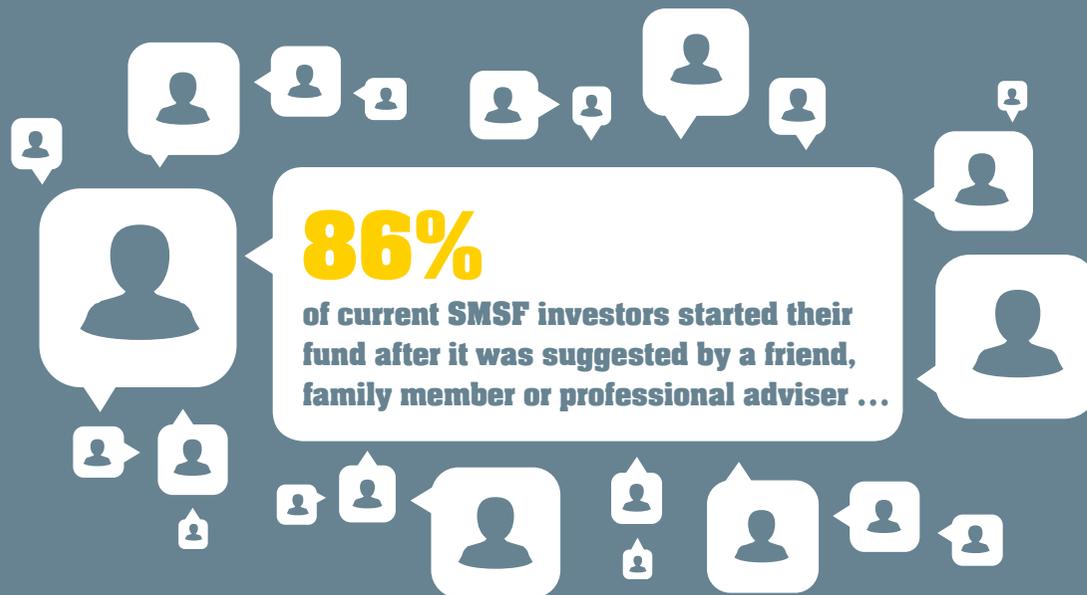


Placing a premium on returns:

Reasons for choosing an SMSF, by investor profile



There is also one other important influence on the SMSF decision: the recommendations of others.

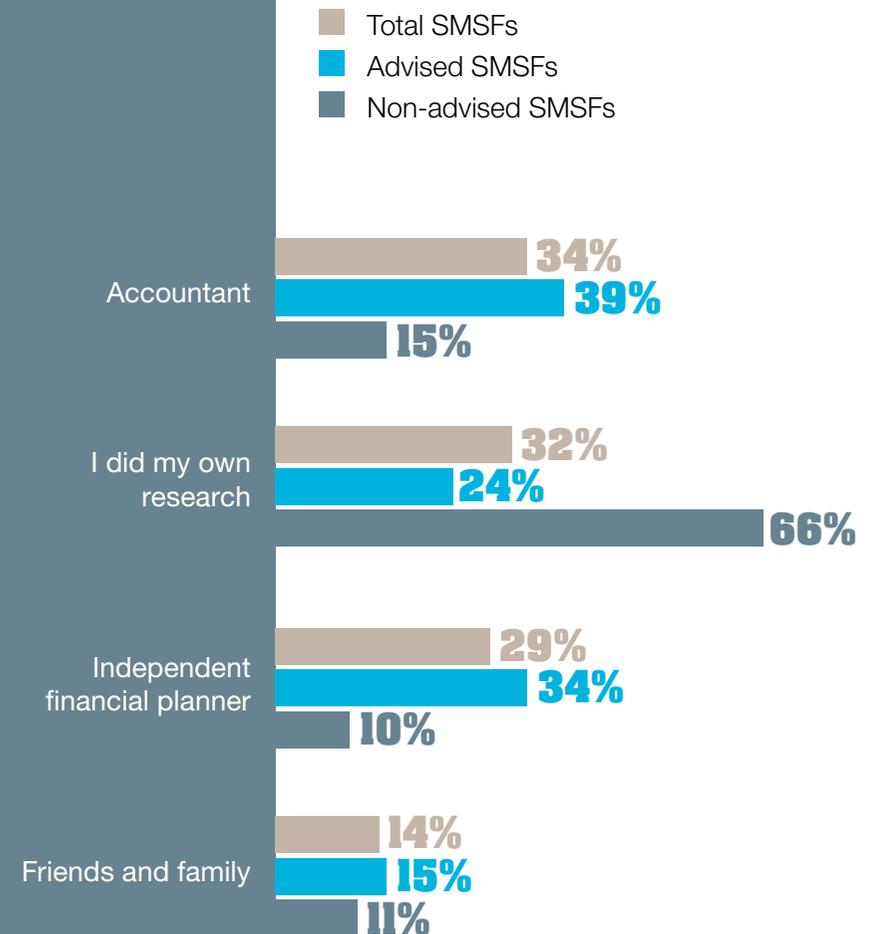


... with accountants and financial planners the most frequent and powerful influencers.

This finding also highlights one potential effect of the ending of the accountants' SMSF licensing exemption, with many accountants now unable to recommend clients either consider or avoid starting an SMSF.

Accountants have played a key role

Who suggested you set up an SMSF?



A man with short, graying hair and glasses is looking down at a document he is holding. He is wearing a light-colored button-down shirt over a white t-shirt. The background is a blurred office environment with a window on the left showing greenery outside.

Seeking advice. The search for a trusted partner.

Eager to seek out knowledge and increase their expertise, SMSF investors consult a wide range of professional advisers – often building an advice team. The services they seek depend both on their life stage and their investor profile, making it essential for advisers to adapt their advice models to suit the varying demands of very different client groups.

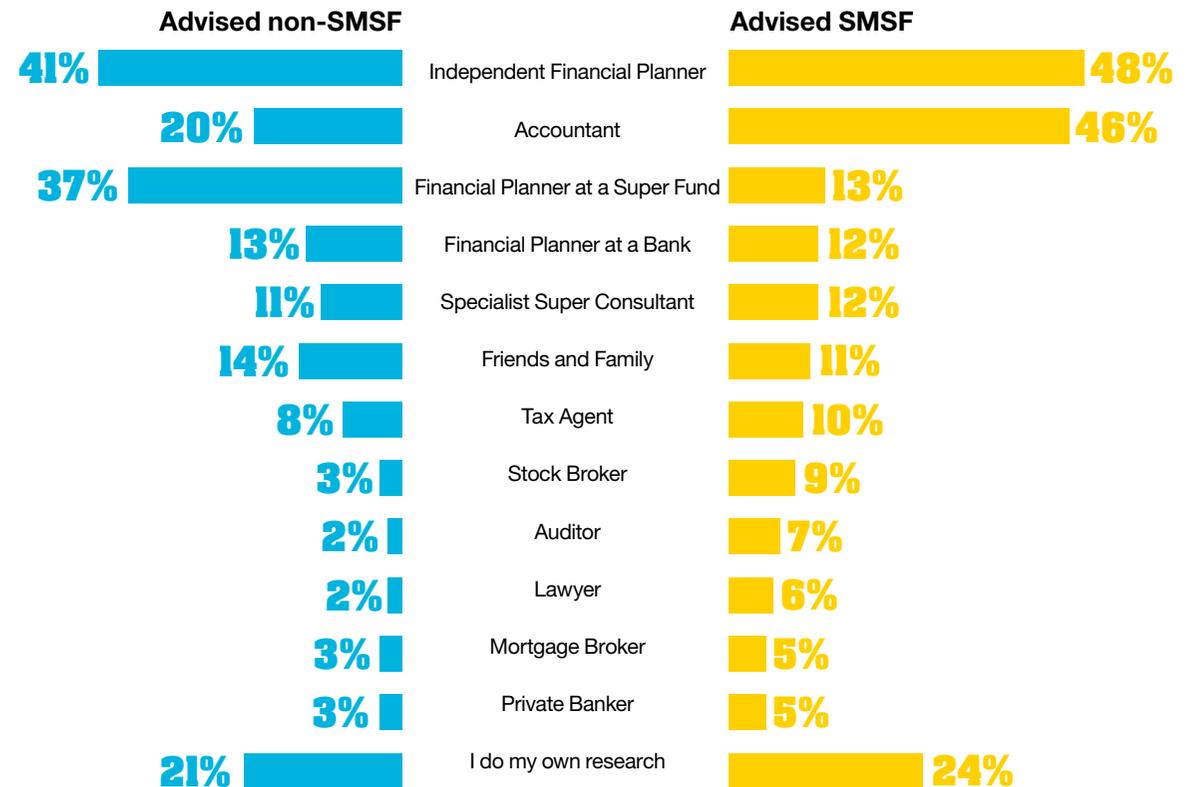
Sources of advice

SMSF investors are avid consumers of advice. Keen to increase their knowledge and expand their skills, they consult a wide variety of professionals, from accountants and financial planners to super consultants, tax agents, stock brokers and private bankers.

Even in comparison to advised public fund members, SMSFs are more likely to seek advice from almost every source.

Hungry for information: advised SMSF and public fund members

Who do you turn to for advice on super?



Using multiple advisers

SMSF investors are not only enthusiastic advice consumers, they are also much more likely to consult multiple advisers than public fund members.

On average, SMSF investors have 1.4 advisers ...

... with 37% of advised SMSF members seeking advice from more than one source. Coach Seekers were the most frequent users of multiple advisers (44% of advised investors), while Outsourcers were least likely to do so (28%), although still more likely than members of public funds.

Asked why they see multiple advisers, those who do so were most likely to say they wished to compare different opinions (49%). That reflects the independence-of-mind characteristic of many SMSF investors – even when seeking advice, they want to hear multiple perspectives before making a decision.

The second most important driver was a desire to draw on professionals with different specialisations, highlighting both the complexities of running an SMSF, and the active role trustees play in co-ordinating different aspects of their funds.

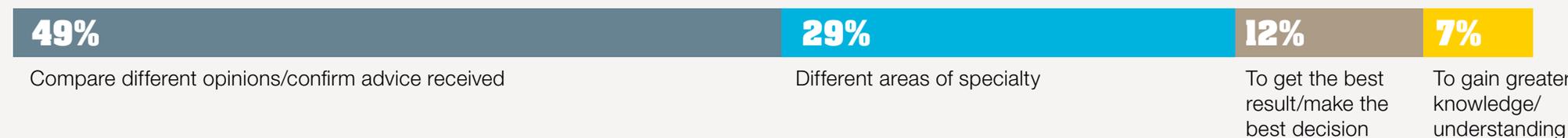
Use of multiple advisers

Who do you turn to for advice on super?

	Advised SMSF	Non SMSF-advised
1 adviser	63%	76%
2 advisers	25%	17%
3-4 advisers	8%	5%
5 or more advisers	4%	2%

Seeking a second opinion: SMSF investors with multiple advisers

Why do you use more than one type of adviser?



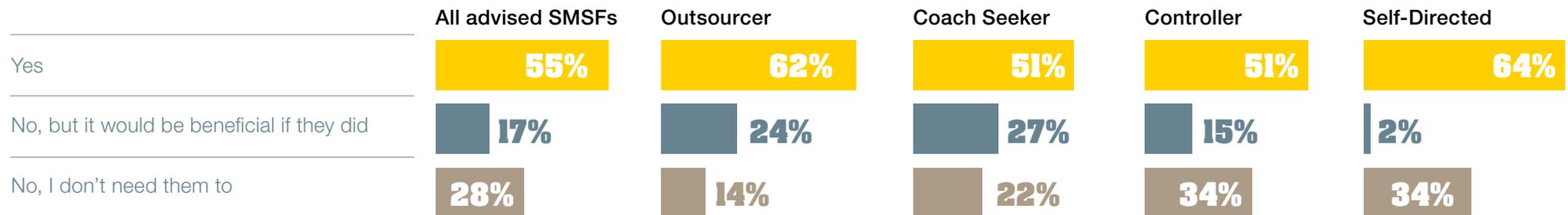
This approach has enabled many SMSF investors to build an effective advice team, often involving advisers from multiple firms. Among those with several advisers, 70% have at least one adviser from a different firm to the rest. Yet more than half also say their advisers work collaboratively to give them the best advice – including 62% of Outsourcers, the group most reliant on their advisers for day-to-day fund management.

As a result, only 17% would like their different advisers to work more closely together than they currently do.

Overall, that suggests SMSF investors have generally positive views of the capacity for multiple advisers to work together, with only some room for improvement.

Working as a team: SMSF investors with multiple advisers

Do your advisers work together to ensure you have the best advice?



Choosing an adviser

Personal recommendations are by far the most common way for both SMSF investors and public fund members to find advisers. Seventy-three per cent of advised SMSF investors found their adviser through a recommendation, with referrals from family, friends and existing advisers particularly effective in creating trust.

When it comes to recommendations, accountants are the second most powerful influence on adviser selection, after friends and family. For financial planners seeking to expand their SMSF clientele, that underscores the value of strong referral partnerships with like-minded accounting firms.

Finding the right fit

Recommendations aside, expertise and specialisation are key factors for SMSF investors choosing an adviser or advice team.

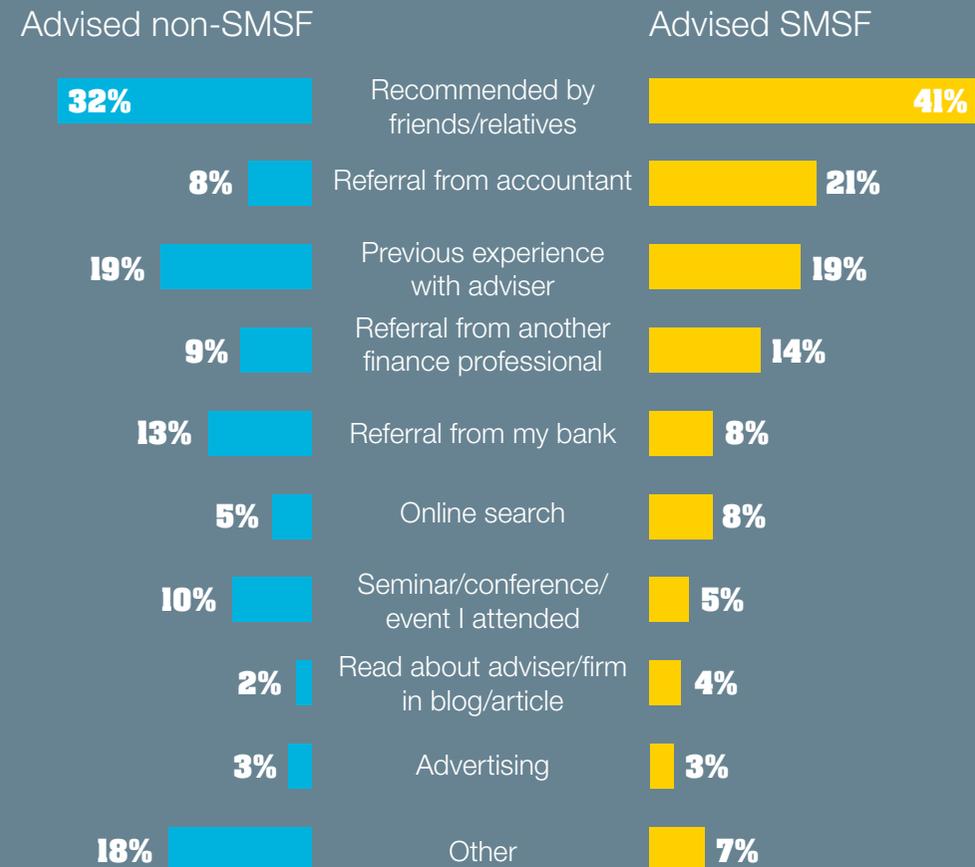
Controllers and Self-Directed Investors are most likely to seek advice on complex technical areas like tax and compliance, and less likely to ask for help on broad strategy and investment selection. In contrast, Outsourcers are more likely to rely on a single adviser to take care of everything from asset allocation to insurance. Coach Seekers sit somewhere in between, consulting widely (often with multiple advisers) before making their own decisions.

But while these differences in investor behaviour are significant, they should not be exaggerated. Self-Directed Investors may be less likely to seek specific product advice, but many still do so, most often when considering investments that are more difficult to access independently, such as international share or property exposure.

It is also evident that both financial planners and accounting firms increasingly offer a one-stop-shop model, allowing investors to access a wide array of services from a single adviser or advice team.

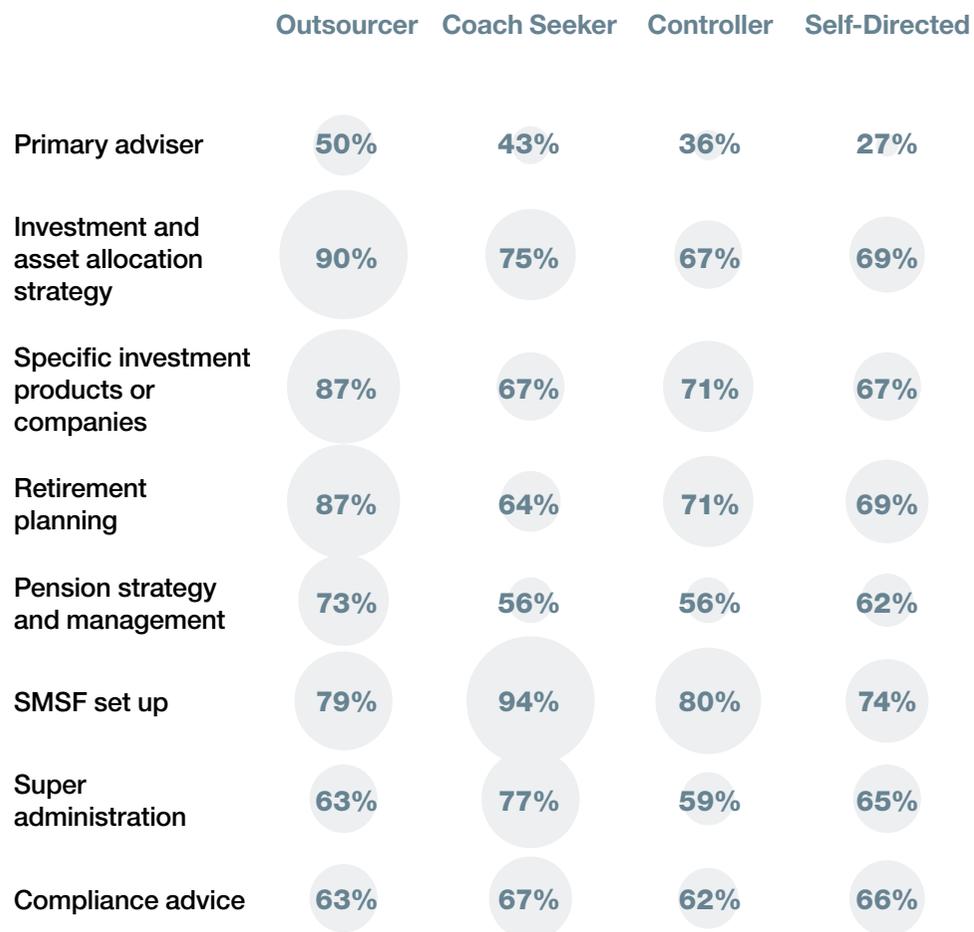
Personal recommendations drive trust: advised investors

How did you find your adviser?



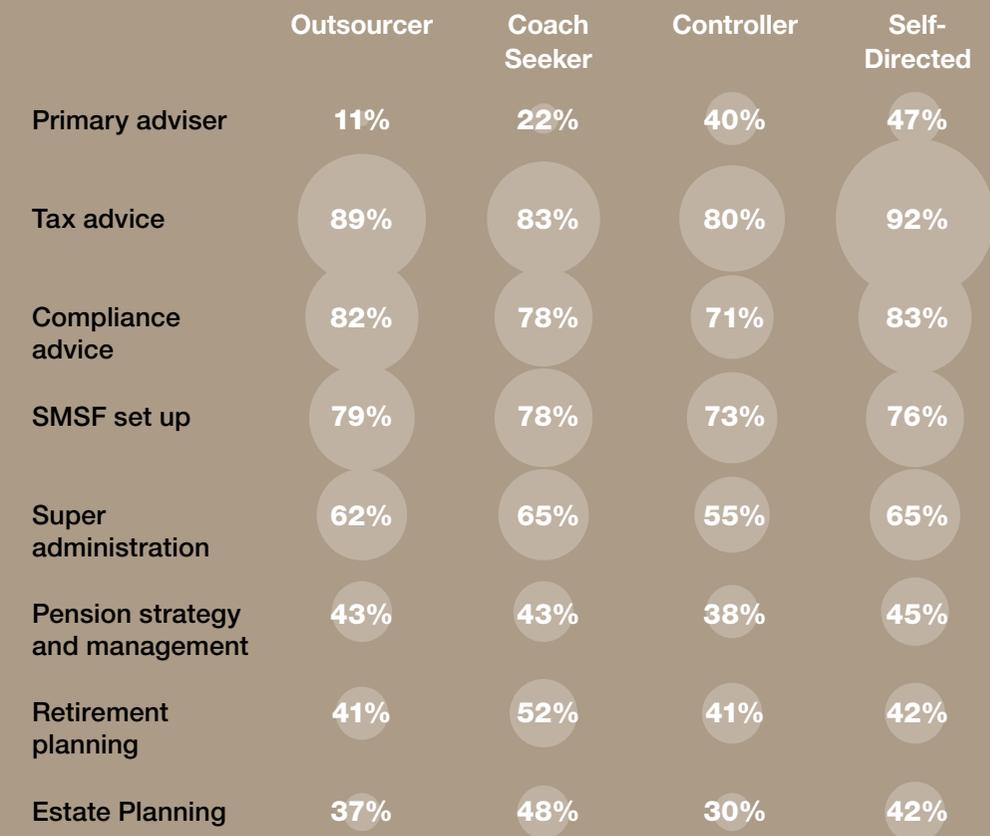
Top 7 services sought from independent financial planners

Which of these services do each of your advisers provide?



Top 7 services sought from accountants

Which of these services do each of your advisers provide?



Advice communication

Communication is critical to the quality of the adviser relationship — and our research suggests that there is scope for advisers to adopt a mix of contact channels to educate and engage super investors.

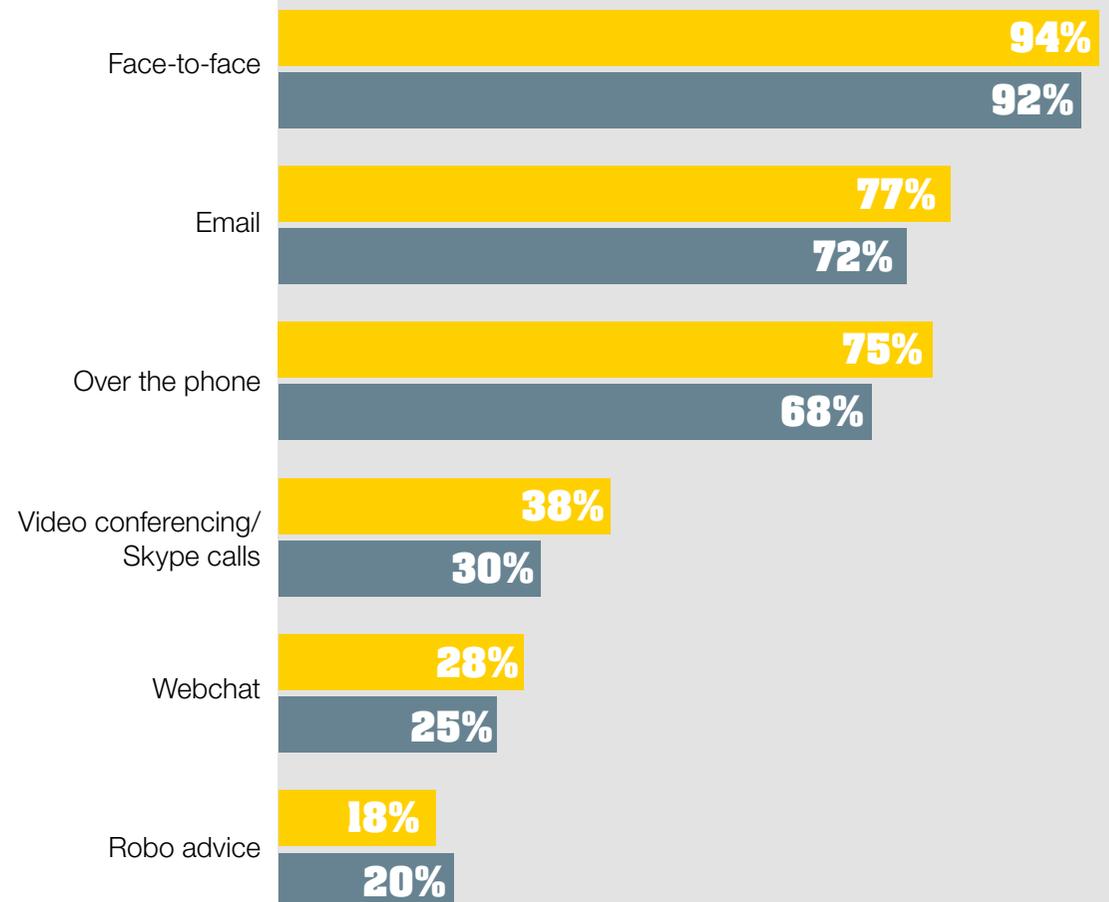
Face-to-face contact remains overwhelmingly the preferred contact method ...

... for both SMSF investors (66%) and public fund investors (75%). However, most remain open to a variety of other contact methods, including email (77%), phone (75%), video conferencing (38%) and web chat (28%).

Keeping communication channels open

Which of these methods would you feel comfortable using?

- SMSFs
- Public funds



Going it alone

Nineteen per cent of SMSF investors in our survey said they made all their own decisions, without consulting any advisers. Of those, 60% are Self-Directed and 28% are Controllers. This suggests a clear link between an investor's confidence in their decision-making abilities and their willingness to act independently, without advice. These investors also tend to be older and more experienced, with a significant proportion already retired.

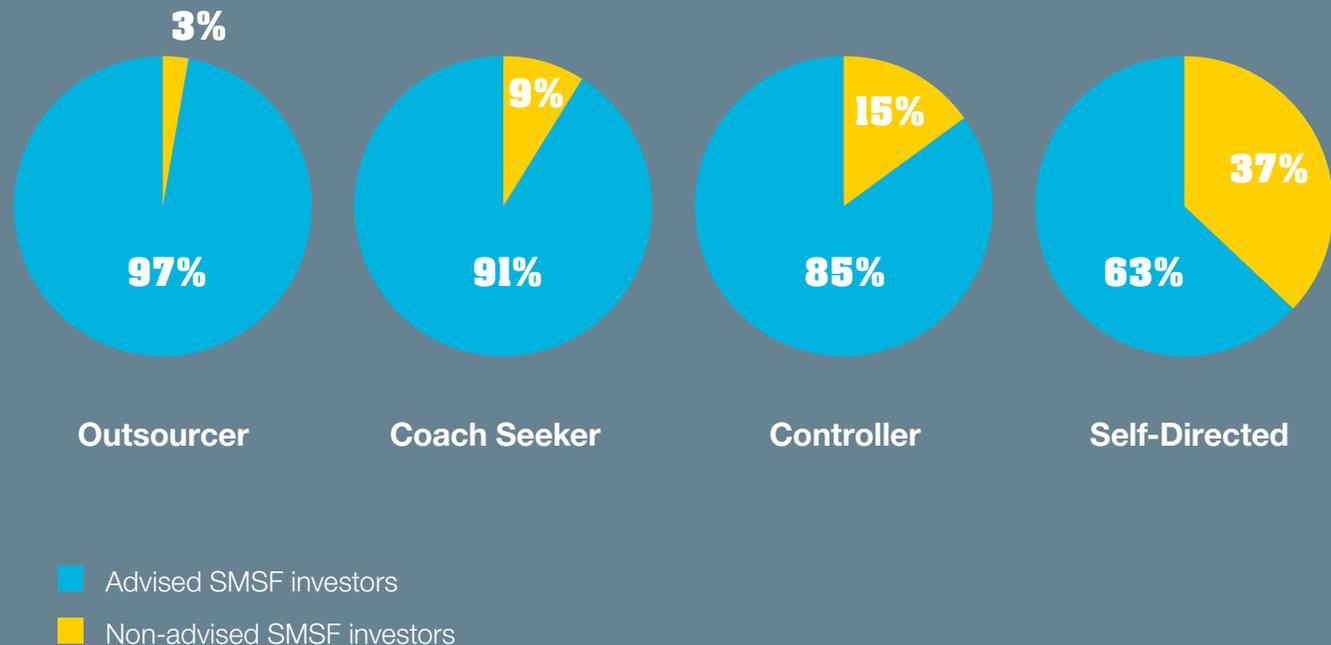
Interestingly, 9% of Coach Seekers also said they are unadvised, despite agreeing with the statement

"I'd rather do things myself but I am looking for someone to help me."

These investors may not be unadvised by choice, but may be searching for the right help from someone who suits their needs and independent temperament.

More than one in three Self-Directed Investors are not advised

Adviser use by investor profile



What should SMSF investors look for in an adviser?

SMSF rules are complex and constantly changing. So it's important for investors to seek advice only from qualified and licensed professionals. Here are some of the things to look for in an SMSF adviser:

- Australian Financial Services License (AFSL). To give SMSF advice, advisers must hold an AFSL or act as authorised representatives of an AFSL holder.
- Financial advisers register. All financial advisers who provide personal advice on investments, superannuation and life insurance must be listed on ASIC's financial advisers register. The register shows their qualifications, training and professional memberships.
- Qualifications and experience. At a minimum, financial advisers must hold an appropriate diploma or advanced diploma, such as the Advanced Diploma in Financial Planning (ADFP). Many also hold university degrees, such as a bachelor or master's degree in financial planning, accounting, finance or economics. Years of experience providing advice to SMSFs and the number of other SMSF clients should also be taken into consideration.
- Specialist SMSF qualifications. Although not mandatory, many SMSF advisers also hold specialist qualifications, such as the SMSF Specialist Adviser (SSA) accreditation.
- Professional memberships. Membership of a professional association indicates that an adviser has met and maintained that association's professional standards, including requirements for ongoing education. Relevant associations include:
 - SMSF Association
 - Financial Planning Association (FPA)
 - Association of Financial Advisers (AFA)
 - Financial Services Institute of Australasia (FINSIA)
 - CPA Australia
 - Institute of Public Accountants (IPA)
 - Chartered Accountants Australia and New Zealand (CAANZ)

Future advice opportunities. Supporting highly engaged investors.

They're already enthusiastic users of advice services, but that doesn't mean SMSF investors aren't hungry for more. One in two say they would welcome extra support from their adviser team, with retirement planning a key focus. That means there are significant opportunities for advisers to extend their services as the trustee population ages.



Seeking extra support

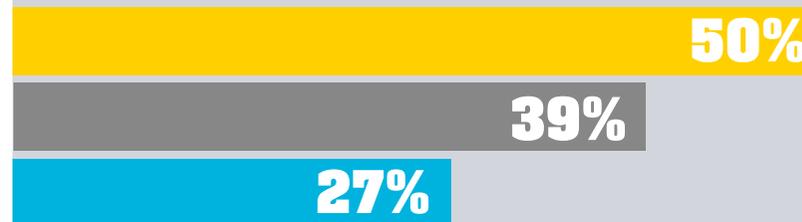
Despite their relatively high levels of advice usage, many SMSF investors would welcome extra support. One in two advised SMSF investors say there is at least one area where they feel they could benefit from extra advice, most often related to financial planning. That figure rises to 59% among those SMSF investors not currently receiving advice.

Help wanted

In which areas do you feel you have unmet advice needs?

- No unmet needs
- Needs around financial planning
- Needs around taxation and compliance

Advised SMSF



50%
want extra advice

Non-Advised SMSF



59%
want extra advice

Coach Seekers are most likely to need additional advice, reflecting an approach to financial decision-making based on gathering expert opinions to make an informed decision. In contrast, Self-Directed Investors are least likely to need more support, while Outsourcers also appear to be largely content to leave things in the hands of their advisers without additional guidance.

Nonetheless, there is scope for advisers to extend their services to all four investor groups across a range of areas, especially for pensions and retirement planning.

It seems that while most SMSF investors feel they are well-positioned to achieve their goals in the accumulation phase, a significant number remain confused about how best to make the transition to retirement and access their money once retired.

Coach Seekers are most likely to want extra advice

In which areas do you feel you have unmet advice needs?

	Total	Outsourcer	Coach Seeker	Controller	Self-Directed
No unmet advice needs	48%	55%	37%	42%	60%
Financial Planning - total	40%	36%	48%	46%	30%
Pension strategy and management	14%	8%	17%	17%	11%
Retirement planning	14%	16%	18%	15%	8%
Estate planning	12%	8%	14%	13%	12%
Investment research	12%	8%	18%	14%	7%
Recommendations on different investment or product types	10%	8%	15%	9%	8%
Superannuation investment and asset allocation strategy	8%	12%	12%	6%	5%
Recommendations on specific products or companies	8%	5%	6%	10%	8%
Borrowing for direct property (LRBA)	6%	3%	6%	8%	4%
Taxation and Compliance - total	29%	25%	37%	31%	22%
Tax advice	9%	8%	14%	11%	5%
Setting investment performance goals	9%	11%	13%	10%	4%
Legal advice	6%	6%	6%	7%	4%
SMSF set up	6%	11%	6%	5%	4%
Compliance advice	5%	3%	8%	4%	6%
Insurance advice	4%	3%	6%	5%	2%
Super administration	4%	3%	4%	3%	5%

The retirement planning puzzle

When we asked SMSF investors to describe their retirement plan, 42% said they had no specific plan, including 41% of advised investors. Among those with a plan, most said they simply plan to retire when they reach their target age, regardless of their level of savings.

Only around one in three believe they are fully on track to achieve their retirement plan, although most believe they are moving in the right direction. Interestingly, once retired, the vast majority of advised SMSF investors said their plans were fully or partially achieved. Only 2% said they did not reach their target at least partially, compared to 9% of non-advised investors.

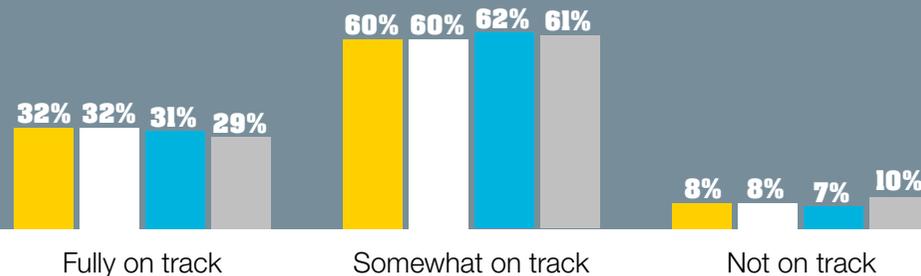
This suggests that getting advice makes a measurable difference to the likelihood investors will achieve their retirement goals.

Getting on track

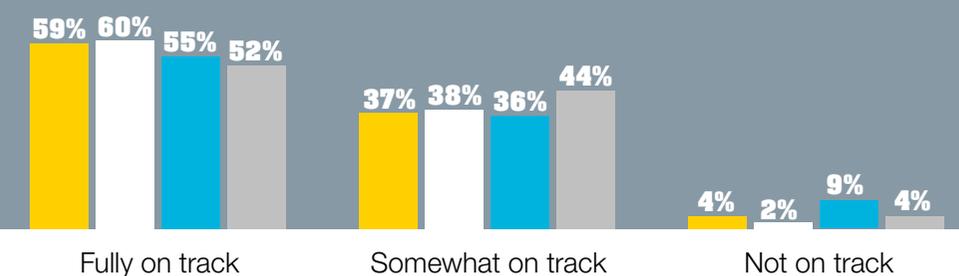
Do you feel you are on track to achieving your retirement plan?

■ Total SMSFs
 ■ Advised SMSFs
 ■ Non-advised SMSFs
■ Non-SMSFs

Not yet retired



Retired



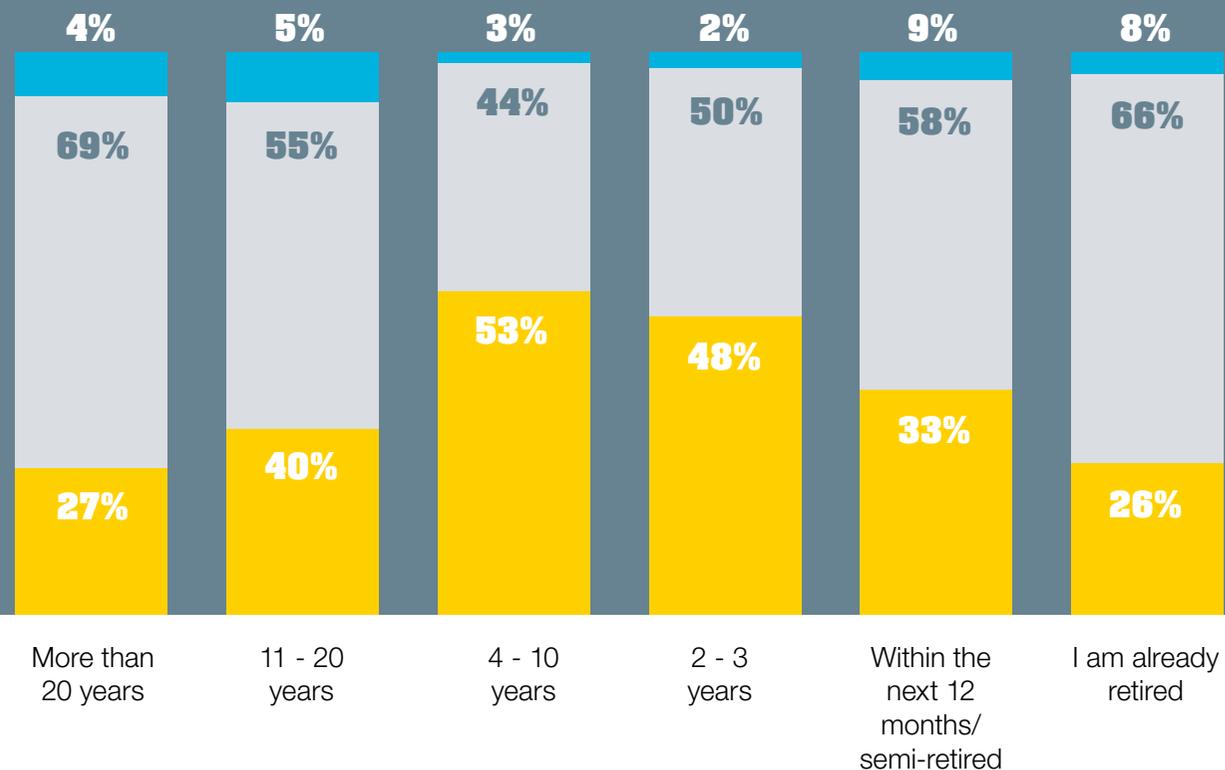
Given this uncertainty, it's no surprise that SMSF investors become increasingly likely to seek advice as they approach retirement. Asked whether they believed their need for super advice would increase or decrease in the next two years, 53% of SMSF investors said their needs would increase when they were 4–10 years from retirement – many more than in the three years prior to retirement or the period after retirement.

For advisers, this heightened propensity to seek advice is a valuable opportunity to fill the retirement advice gap by providing extra, targeted support.

Advice needs peak before retirement: SMSFs

Do you believe your need for advice on super will increase, decrease or stay the same in the next two years?

- Increase
- Stay the same
- Decrease



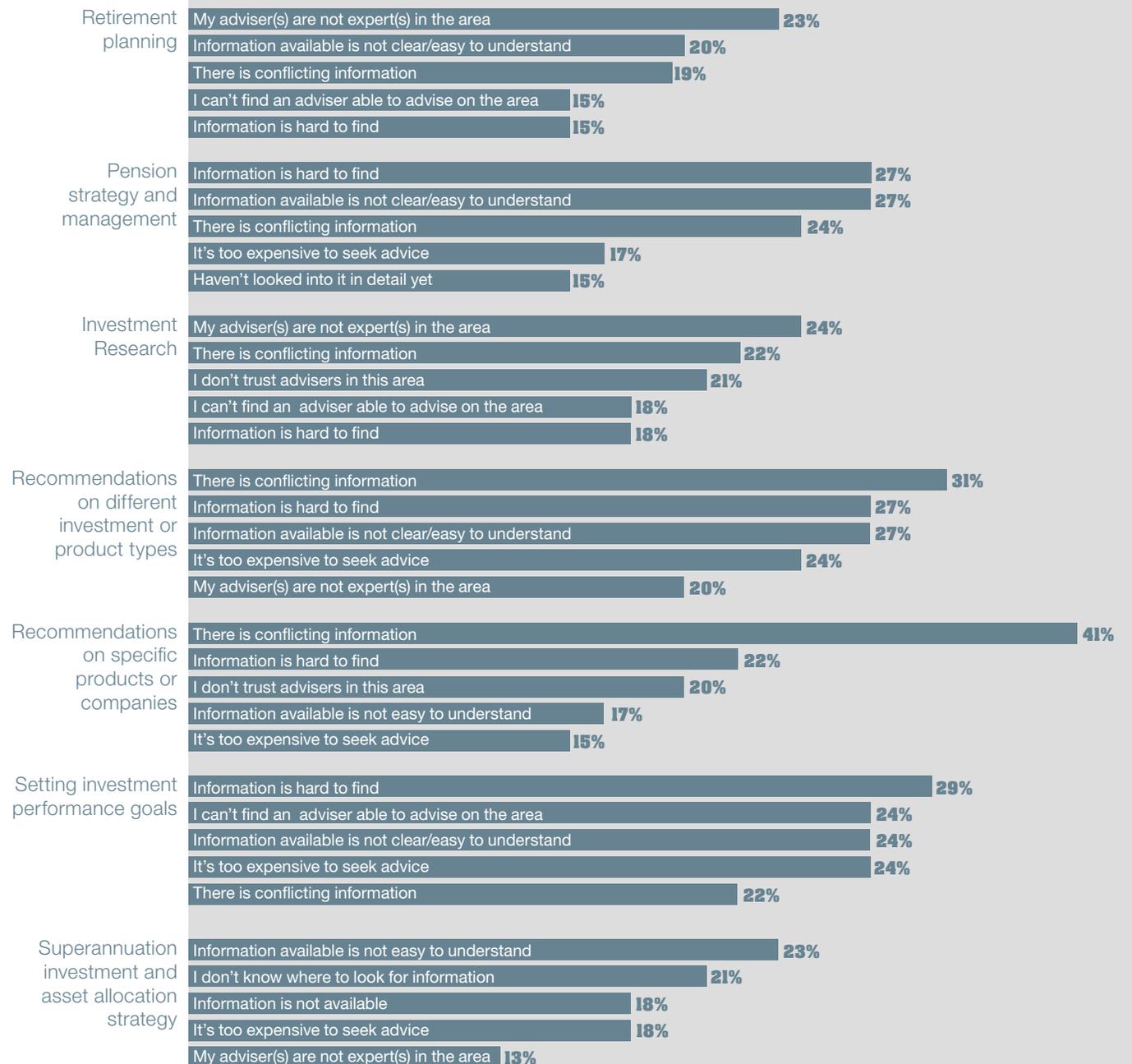
Opportunities for the future

Asked why they felt they would like further support, SMSF investors nominated a wide range of reasons, from conflicting information to a lack of specific expertise among their advisers. Only a small minority said that the cost of advice was an important factor. And while some investors say it is difficult to find the information they need (on pension strategies, for example), many seem to be suffering from an overload of unclear, complex and sometimes contradictory information.

That suggests there are significant opportunities for advisers to connect with clients by providing jargon-free advice and educational resources, while promoting their specific expertise in areas where there are already advice gaps. It also underscores the high level of investor demand for specialist SMSF advice from qualified professionals. As the sector continues to expand, that demand is likely to grow.

Information overload

What are the main reasons you feel that your needs are not fully met?





About the SMSF Association:

The SMSF Association is the peak professional body representing the SMSF sector throughout Australia. The Association's mandate is to lead the professionalism, integrity and sustainability of the SMSF sector. Its core focus is to raise the standard of advice provided by all professionals to the SMSF industry and to assist the SMSF trustee to make informed decisions for their future retirement. The SMSF Association is committed to promoting a high standard of education among SMSF professionals and trustees and assisting them to work within the regulatory framework, to enable the industry to self-regulate and promote best practice.

The Association exists to continually improve the quality of advisers, the knowledge of trustees and the credibility and health of a vibrant SMSF community.

www.smsfassociation.com



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