



THE FINANCIAL ADVICE PARADOX

**CLOSING THE GAP
BY OPENING ADVICE
UP TO ALL**



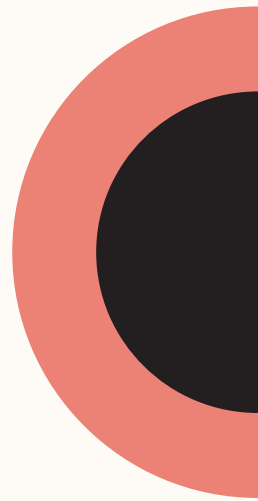


For M&G Wealth Advice, our focus is around how we help bring more advice to more people. We've made a commitment to evolve our business, making advice more accessible. We're already working with our existing advisers as part of our ongoing support, while also welcoming more people with more diverse backgrounds and skillsets through our Academy.

Ross Liston, CEO, M&G Wealth Advice



What needs to change and why



If we strip away everything else, financial advice is a deeply personal process. One person trusting another with their financial future and quite possibly that of their family.

Working this closely requires trust and confidence. Potential clients must be able to choose an adviser with whom they feel comfortable working. Different people can have very different needs; financial advice is not one-size-fits-all. The question is what can we as an industry do to better respond to evolving societal needs and be future-fit? And how do we build the high-quality relationships clients need when their priorities and situations are so diverse?

The advice gap – a catch-all term for a number of issues which hold people back from seeking and receiving advice and planning – is widely reported. A staggering 89% of British adults haven't paid for financial advice in the last two years¹. Affordability is a commonly cited underlying issue of the advice gap. We know from our own research that perceived cost is a driver for just under 40% of those who hadn't taken financial advice from a professional in the last five years². But the truth is, many who could pay for an adviser still don't seek advice. Something else is going on. What's holding people back from knocking down our collective door?

While things are definitely improving, gender is still one of the biggest gaps in the advice industry. Only 16% of UK financial advisers are women³. Some might argue that this lack of representation and access to female advisers is one reason women tend to be less confident

around their prospects for a comfortable retirement, and 32% less likely to be saving into a private pension than men⁴. However, recent research from Schroders tells us that while some women do prefer to work with female advisers, most have no gender preference⁵. What's important, it would seem, is finding the right adviser for them and their priorities.

Like most, our industry could benefit hugely from better representing the people and communities it serves. There's definitely an advice revolution underway, but there's more work to do – that's a given. However, better representation alone will not build the trust needed to address the advice gap. We need greater awareness and understanding of clients' needs and priorities across the board for advice to truly feel open to both advisers and clients.

People with conditions such as autism or ADHD for example, can find dealing with money and financial decisions more challenging. Some 27% are not confident in managing their money, compared to 18% of neurotypical individuals⁶. People from a minority ethnic background are much less likely to have a private pension or savings⁷. Statistics like these tell us we need an open and honest conversation about what more we can do, as an industry, to open up advice to everyone.

Do individuals with vulnerabilities or financial or digital literacy challenges feel comfortable seeking advice? Do those with religious or cultural considerations have sufficient access to advisers who can help them? Do younger people feel like our industry is there for them as much as it is for those closer to retirement age? It's likely each of these groups represents a part of society less able to access advice in a way that works for them and their priorities, and as a result, they could be falling into the advice gap.

¹The lang cat – [The Advice Gap](#), 11.05.23.

²M&G plc, 2023.

^{3,5}Schroders and Ad Lucem, [Schroders research reveals that majority of women are not influenced by gender when selecting a financial adviser](#), 30.11.23.

⁴Legal and General, [Women are less financially confident – could it be impacting their retirement? | Legal & General \(legalandgeneral.com\)](#), 30.10.23.

⁶Newton – [The Vulnerability Void](#), 05.23.

⁷FCA – [Financial Lives 2022 survey – Key findings from the May 2022 survey: executive summary](#), 26.07.23.

Ultimately, advice should be about inclusivity and choice – the opportunity to find an adviser with whom clients can connect, and build a long lasting, successful relationship. In short, what the industry needs, is more advisers, from different walks of life and with the right skills, offering their unique perspectives, ready to help more people live the life they wish and have worked hard for.

Financial wellbeing

Chris Budd, a former financial planner, author of the original Financial Wellbeing book and founder of the Institute for Financial Wellbeing, offers the following definition.

Financial wellbeing is a topic that considers all aspects of the relationship between money and happiness. It covers four areas:

1. How money can make anyone happier.
2. How money can make the individual happier.
3. How money can make anyone less happy.
4. How money can make the individual less happy.

“The future of financial advice is to stop just talking to people about their money and start talking to them about their wellbeing. If we help people to be happier, not just wealthier, then more people will be inspired to engage with financial advice.”

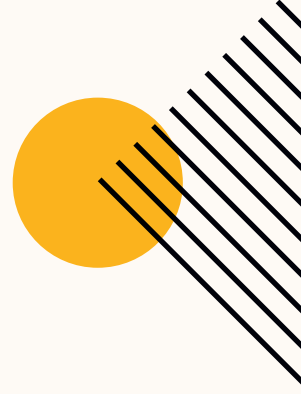
We believe this is the best way to help close the advice gap, by opening up advice with a broader range of people, delivering advice to a broader range of clients. However motivated people might be to seek advice, they need to be able to find and select an adviser they ‘fit’ with.

Representation matters because it shows there's a place for everyone in the world of financial planning. It's essential to have different voices at the table to provide balance and different viewpoints.

**Jen Margison,
Director and Financial Adviser,
AYLA Wealth Management,
a Partner of M&G Wealth Advice**



The future starts here



The pace of change can only accelerate. These are both exciting and challenging times, with great potential for the industry and individuals alike.

The thing about the future is that it's always already nearly here. Actions today influence tomorrow. That's why it's crucial experienced advice professionals consider their business through the lens of how sustainable, representative and accommodating it is both now and for the future.

Everywhere you look across the financial services landscape the outlook is changing, and quickly. There's more need than ever for people to take responsibility for their financial future. To plan, save and invest as soon, and for as long as they can. However, advice for younger people is not always appealing or affordable at the required scale. But with some £5.5 trillion expected to pass between generations by 2047, this will have to change and soon.⁸

The importance of financial advice and later life planning cannot be overstated, whatever the age of the client. We still see a significant number of intestate estates where relatives have little or no visibility of what the clients' estates are made up of. Plus, estate administration professionals generally are distributing considerable sums of money to younger beneficiaries where they're not able to provide any advice and the beneficiaries are left on their own to deal with this, so they do.

Simon Hancox,
CEO, Kings Court Trust

⁸Kings Court Trust – [Discover more about intergenerational wealth transfers](#), 2017.

⁹FCA – [CP23/20: Diversity and inclusion in the financial sector – working together to drive change](#), 19.12.23.

Lower-cost digital services will play a large part in engaging both younger clients and those for whom 'full-fat' advice may not be affordable, or appealing. Many clients now manage much of their lives digitally and advice must keep up. Regulation is also key. The Consumer Duty rules which came into effect in 2023 put the client firmly at the centre of the advice process. Clear communication, value for money and actively working towards good client outcomes while avoiding foreseeable harms are all now set out in the rules.

Regulation could help

The Financial Conduct Authority (FCA) has set out proposals⁹ to encourage all financial services firms to 'attract, retain and promote the best talent', with greater diversity and inclusion. These are aimed at helping firms to better understand broad consumer needs as well as functioning more effectively with healthier cultures.

And let's not forget about those essential 'softer' skills. The qualities of being able to connect with people, understand what really matters to them, and adapt their approach accordingly for a positive client experience. Their role can only increase, in line with the shift from talking about money to talking about their financial wellbeing.

The good news is that financial advisers have an innate appetite for professional and personal development. We work closely with a broad range of advisers with different business models and approaches but, in our experience, this is a universal truth. Yes, there are regulatory requirements but, beyond that, our advisers are constantly seeking and engaging with the support we offer to better deliver great outcomes for their clients.

As we'll see shortly, this played a crucial role in our work with Aon, with whom we partnered to take a closer look at the key skills advisers need to continue to offer great outcomes for clients.

What makes a great financial adviser?

The makings of a great financial adviser stem from who they are and what they bring to the table. It's the unique perspectives and emotional intelligence they can put to work to enable them to connect with clients and build that trust they need. This forms an excellent foundation on which to build all the essential skills, knowledge and qualifications.

If we're to open up advice to all, then we, as an industry, need to see more people from different backgrounds and with different qualities, building careers and businesses. We need to see greater and better use of digitisation to increase accessibility, streamline services and lower costs.

Introducing the Adviser Future Skillset

We worked closely with Aon to build the Adviser Future Skillset – a clear articulation of the most important skills for financial advisers wanting to future-proof their approach in our ever-changing industry.

Our motivation was creating a resource to help support and upskill our M&G Wealth Advice Financial Advisers, both established and those new to the role. However, as we worked through the process with the Aon team, it became clear that there are learnings and insights which could be beneficial, or at least of interest, to all advisers. With that in mind we're sharing a high-level view of our findings in this paper.

Understanding how the adviser role has changed gave a baseline to develop the Adviser Future Skillset. This work was informed by consulting occupational psychologists who carried out:

- detailed job analyses
- interviews and workshops with senior stakeholders
- focus groups with current M&G Wealth Advice financial advisers.

We'll look at the Adviser Future Skillset shortly. First it's worth highlighting a few insights.

1. Soft skills such as **empathy** have never mattered more – they've always been important but are now crucial. Individuals and families may be facing difficult decisions, particularly through cost-of-living concerns.
2. **Trust** might be the single biggest barrier to people engaging with advice – the latest Advice Gap research found that some 3.12 million British adults would pay for financial advice if they were sure they could trust it.¹⁰
3. **Connections** can bring long-term benefits – financial advisers frequently report that the majority of new clients are through family connections and other word-of-mouth referrals.
4. **Client best interests and needs** lead everything. This requires a strong moral compass, understanding of regulations and a keen awareness of potential vulnerabilities.

¹⁰The lang cat – [The Advice Gap](#), 11.05.23.

The Adviser Future Skillset

The Adviser Future Skillset covers five main categories. Each of these can be broken down into more detailed qualities or attributes.

It's important to remember that Aon have tailored our skillset to the unique business model and culture of M&G Wealth Advice – while there will be some degree of common ground, no two advice firms will find themselves with the same core skills.

Client

Client duty

- Ethical mindset
- Cultural competence

Clients come first; they feel known, heard and safe.

Advice transparency

- Verbal communication
- Written communication

Makes money conversations more human.
Clients feel better and make good choices.

Digital

Digital IQ

- Digital awareness
- Cybersecurity awareness

Understands current and future potential and threats.

Digital Impact

- Digital readiness
- Digital mastery

Advocate for digital solutions to improve the advice process and experience.

Connection

Emotional intelligence

- Active listening
- Curiosity
- Rapport building
- Empathy

Instant engagement for long-term connections.
Aware of and acts on changing needs.

Inspiring trust

- Authenticity
- Professionalism
- Confidence

Warm but professional, guiding clients to good outcomes.

Self

Adaptability

- Growth mindset
- Agility
- Resilience

Thrives on activity and change: regulatory, market, social and client needs.

Methodical mindset

- Structure
- Efficiency

Embraces procedures, regulations and structure;
has a highly organised approach.

Delivery

Advice toolkit

- Financial literacy
- Investment planning and strategy
- Product knowledge
- Data analysis

In full command of all rules, products and mechanisms. Uses these to inform tailored client plans.

Driving growth

- Commercial mindset
- Collaboration
- Self drive
- Client acquisition

Understands business and is motivated to grow client base and industry connections.

These will be familiar to experienced advisers but it's helpful to see the 'technical' and softer qualities side-by-side, and of equal importance.

|| Clients confide in me more than they might do with their closest family and friends. We talk about dreams, aspirations and goals. Some clients aren't even aware of these goals until we have the conversations. Uncovering this kind of information from people involves a massive amount of trust which is earned over time.

Kate Bailey,
Director and Financial Adviser,
Kate Bailey Financial Planning Ltd.,
a Partner of M&G Wealth Advice



Stepping into the future

Financial advice is future focused by nature. It's about long-term plans, long-term working relationships and making decisions for tomorrow, rather than today.

We know digitisation will play a much bigger role in financial advice, and very likely AI too. We know more women, more racial and ethnic minorities will need advice, and more people who process information differently and need specific support to enable them to make good financial decisions. We know people will have to start engaging with their money and financial planning at a younger age, which will require accessible and affordable services.

Qualifications matter. The financial services industry has weathered more than a few reputational storms thanks to a few bad actors. The baseline now and for the future is, rightly, excellence and expertise. We should strive for nothing less.

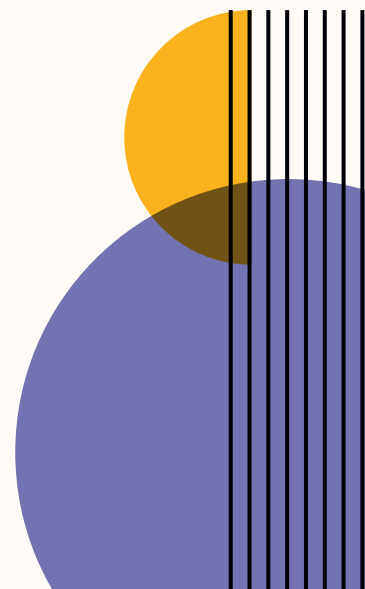
Potential is vital to the future sustainability of financial advice. And it can come from surprising places. The behaviours and attributes in the Adviser Future Skillset are by no means limited to this industry. It's enormously beneficial to have a broader intake of new advisers from different backgrounds, bringing their own experience, perspective and unique qualities. We've seen it repeatedly in our advisers over the years and so can be confident that this is one thing which won't change.

The formal requirements to be a successful financial adviser can all be learned through structured training and development: technical, product and market knowledge, conduct, ethics, communication and business development.

Interest in a limitless range of people and genuine concern for their future are what's needed. An enthusiasm for what can be a challenging role, with ongoing professional development requirements and ever-changing regulation, a willingness to study and work hard, to never stop learning and growing; these qualities are harder to teach, but that doesn't mean we shouldn't try.

When it comes to equipping an inclusive, representative and sustainable universe of financial advisers, with the skills to meet the changing needs of diverse clients, who you are and what you bring to the table matters much more than your educational or employment background.

That's history; it's time to think about the future.



M&G Wealth Advice and advisers, growing together





M&G Wealth Advice is privileged to work alongside and support some of the best financial advisers in the UK.

The hallmark of any successful professional is the desire to learn more, to do better and to evolve with their environment. This is at the core of the range of support services we offer to M&G Wealth Advice partners.

As the pace and scale of change has accelerated, more advisers have reached out to us to help them make sure they can keep working at the highest level, delivering those great client outcomes.

Whether employed or running their own business, and whatever stage in the lifecycle of the firm or adviser's career, targeted support is on-hand. That might be business development, diversifying and growing a client bank or adding new options for clients. Right through to succession and exit planning for their own retirement.

At M&G Wealth Advice we help advisers:

-  **Manage and reduce risk** through training and competence, and file checking.
-  **Grow their bottom line** with business development and consultancy, as well as professional connections.
-  **Future-proof their business** with business planning and succession planning support.
-  **Be professional**, thanks to our market insight, marketing collateral, technical and helpdesk support.

Our goal is to be part of our advisers' team, there when we're needed and make life that little bit easier. We host regular events and networking opportunities to help foster those relationships, as well as encouraging advisers to build their own connections too.

 **Advice and advisers are at the heart of everything we do at M&G Wealth Advice. Our aim is simple – to support the adviser community to deliver great outcomes.**

**Ross Liston, CEO,
M&G Wealth Advice**



The M&G Wealth Advice Academy: more advice for more people

Since its launch in 2021 the M&G Wealth Advice Academy (The Academy) has brought together highly talented people from many different backgrounds to help form the next generation of financial advisers.

Our trainees bring with them essential and varied knowledge, skills, experience and talents. To these we add formal qualifications, mentoring and support throughout the training programme and beyond.

Financial advice, how it's delivered and by whom, has changed dramatically in the last decade and will continue to change at pace. We know there's demand for advice, but adviser numbers are limited and not representative of the broader UK population.

At M&G Wealth Advice we'll continue to champion a new normal of more people being able to access financial advice, working with someone they can connect with. The Academy is central to that goal.

Talent is at the core of our business. Identifying the specific skills needed now, and in time allows us to differentiate in how we serve both our clients and our advisers, creating a foundation for future success.

**Ross Liston, CEO,
M&G Wealth Advice**

No financial advice experience necessary

If candidates are already qualified, they can join at a later stage of the process.

Focus on skills and behaviour

These will help trainees succeed as an adviser, work constructively with clients, get the best outcomes for them and further their professional development.

Ongoing support, beyond training

We work closely with trainees throughout the process. Once qualified they have dedicated support with options for professional and business development.

Potential, potential, potential

We're all about the future: the industry's, our clients', and our advisers'. Candidates may not feel like a financial adviser yet but if we see that potential, we'll commit to their future with M&G Wealth Advice.



Calling future advisers

We're always happy to hear from potential trainees and have a chat to see if this might be the right path for you, or someone you know.

You can find out much more about The Academy, and a career as a financial adviser with M&G Wealth Advice, at: mandg.com/wealth/academy

Or you can email Academy@mandg.com for an application pack. You can also use this email address for any questions you might have.



Here's a taste of the feedback we've received from some of our Academy recruits:



A great supportive atmosphere.

A safe space to learn and gain knowledge and understanding.

Good for supporting people to get their diploma.

Supportive, inclusive, understanding of people's different circumstances.

Life-changing.

Great opportunity.

The information contained in this document is intended to assist readers and is for general guidance only. This document is neither intended to address the specifics of your situation nor is it intended to provide advice, including but not limited to legal, regulatory, financial, or specific risk advice. You should review the information in the context of your own circumstances and develop an appropriate response.

While care has been taken in the production of this document, Aon does not warrant, represent or guarantee the accuracy, adequacy, completeness or fitness for any purpose of the document or any part of it and can accept no liability for any loss incurred in any way by any person who may rely on it. Any recipient shall be responsible for the use to which it puts this document. This document has been compiled using information available to us.

Aon plc (NYSE: AON) exists to shape decisions for the better – to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

Follow Aon on [LinkedIn](#), [X](#), [Facebook](#) and [Instagram](#). Stay up-to-date by visiting Aon's [newsroom](#) and sign up for news alerts [here](#).

AON

 **M&G** wealth

M&G Wealth is a trademarked brand of the M&G plc group, which includes three business divisions as follows: M&G Wealth Advice, provided by M&G Wealth Advice Limited, registered number: 5739054. Model Portfolio Services, provided by M&G Wealth Investments LLP, registered number: 0C205442. M&G Wealth Platform, provided by Investment Funds Direct Limited, registered number: 11444019. Each legal entity is registered in England and Wales and has its registered address at 10 Fenchurch Avenue, London EC3M 5AG. Each legal entity is also a subsidiary of M&G plc and is authorised and regulated by the Financial Conduct Authority.

M&G plc, incorporated and registered in England and Wales. Registered office: 10 Fenchurch Avenue, London EC3M 5AG. Registered number: 11444019. M&G plc is a holding company, some of whose subsidiaries are authorised and regulated, as applicable, by the Prudential Regulation Authority and the Financial Conduct Authority.

M&G plc is the direct parent company of The Prudential Assurance Company Limited. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.