thrive
FINANCIAL PLANNING

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THE BENEFITS OF FINANCIAL ADVICE

Financial advice can significantly enhance an individual's financial well-being, providing value that often exceeds the initial cost of services.

Our guide explores the benefits to seeking financial advice.

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Enhanced Financial Outcomes

Professional financial advice can lead to substantial improvements in personal wealth. According to a study by the International Longevity Centre (ILC), individuals who received financial advice between 2001 and 2006 saw an average increase in their assets of nearly £48,000 over a decade compared to those who did not seek advice (Unbiased). This increase was evident in both pension savings and non-pension assets, highlighting the broad impact of financial advice on overall financial health.

Greater Benefits for the “Less Affluent”

Interestingly, the benefits of financial advice are even more pronounced for those with lower initial wealth. The same ILC study found that individuals classified as "just getting by" experienced a 24% increase in their pension wealth and a 35% increase in non-pension assets, compared to their non-advised counterparts (Unbiased). In contrast, the more affluent group saw an 11% increase in pension wealth and a 24% boost in non-pension assets. This suggests that financial advice can be particularly transformative for those with fewer resources, helping to bridge the wealth gap.

Cost-Effectiveness of Financial Advice

While the cost of financial advice can be a concern, the long-term benefits significantly outweigh the initial expense. On average, one-off advice costs between £1,700 and £2,500 (Unbiased). Given the substantial asset increases reported, the return on investment for financial advice can be as high as 24 times the initial cost, translating to approximately £4,570 in net gains per year over a decade (Unbiased).

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Increased Understanding and Confidence

Engaging with a financial adviser also boosts financial understanding and confidence. Advisers educate clients on various financial products, market dynamics, and risk management, empowering them to make informed decisions. This increased understanding can lead to more proactive and confident financial management, reducing the likelihood of costly mistakes (Unbiased) (FTAdviser).

Tailored Financial Strategies

One of the key benefits of financial advice is the development of personalised financial strategies. Advisers assess individual circumstances, goals, and risk tolerance to create tailored plans that maximise returns and minimise risks. This personalised approach ensures that clients' financial strategies are aligned with their long-term objectives, providing a structured path to achieving financial goals (Unbiased).

Enhanced Employee Benefits

Employers are increasingly recognising the value of providing financial advice as part of their employee benefits packages. This not only helps employees manage their finances better but also contributes to overall well-being and job satisfaction. According to FTAdviser, incorporating financial advice into employee benefits can enhance recruitment and retention, as well as promoting key financial behaviours among staff.

This guide is for information purposes and does not constitute financial advice, which should be based on your individual circumstances. The Financial Conduct Authority does not regulate some aspects of Trust, Tax and Estate Planning.

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