

# One on one with... Claire Mackay

Quantum Financial principal Claire Mackay began working with SMSFs during her university days. She tells **Darin Tyson-Chan** about the infinite value of her various qualifications and reveals the impact legislative risk is having on SMSF trustees.

## How did your introduction to SMSFs happen?

It happened while I was a university student. I got a job working with an accountant and he got me doing research on SMSFs and writing articles for him. Then I worked for a law firm where I again was doing research on SMSFs and setting up the deeds. That was back in 1999. Also while I was at university I did a thesis on superannuation and divorce. So it seems I was bound to get involved in superannuation and self-managed super funds because I started so early.

## Officially you gave your first piece of SMSF advice back in 1999. Can you remember what it was?

I was paralegal at a law firm that provided services like setting up SMSFs for their clients. My first piece of SMSF advice was to do with setting one up, the selling of a business and putting money into super. So it was traditional planning. I obviously didn't sign off on the advice, the partner did.

## You have formal qualifications in financial planning, law, accounting, tax and SMSF advice. What difference have these qualifications made to your role as an adviser?

The formal qualification process means you take the time out to think about issues in addition to working your day job. All these courses were done while working. I was working full-time so it forces you to think about things that are not necessarily in front of you with particular clients. But it means that when a real-life scenario comes up, you can draw from all that research, all

that knowledge, all that training to bring a holistic approach to a solution. When the cases are complex, these qualifications give you the awareness of the issues. I'm not saying I know everything and bringing in additional experts is sometimes necessary. I think a good financial planner is a generalist, but also a specialist and so those areas of speciality are important for my clients and helping them solve their problems.

## Have you ever thought you have too many qualifications, rendering some superfluous?

No, I've learnt something from every single one. So when I finished university I had to get a trade. A university degree is the beginning of your trade, not the end of it. So I did my chartered accountant (CA) qualifications and as soon as I finished that a master's seemed to be a natural progression because I was working in tax. Then the certified financial planner designation was a natural progression to become a recognised financial planner and of course SMSF is its own area of expertise. I learnt something from every single one of those qualifications and there is no way I would consider any of them a waste of my time, effort or money.



**What was your experience with the Chartered Accountants Australia and New Zealand SMSF specialisation?**

I was in the second or third group to take that course. Anyone who's done the CA qualifications will know of the heart palpitations you experience when sitting those three-hour exams. I recall when I sat the SMSF specialisation exam it was a beautiful sunny Saturday morning and I was sitting having those heart palpitations all over again. It was a tough exam and rightly so. It was really a rigorous course and I learned an awful lot. I thought I was pretty confident about my knowledge of SMSFs and while it did refresh a lot of areas for me, it also revealed areas I needed to work on. You can only do the course if you are already a CA, so it's only open for existing chartered accountants, but I highly recommend it.

**Going back to your university days, you also were involved in the military. Has this helped you professionally?**

So when I was in first-year university the Sydney University regiment were doing a recruiting drive during O-week. My brothers and my father had all been in the reserves, so I thought I would give it a go. I ended up outranking them all. It certainly has helped because when you're training to be an officer in the Australian army you're learning to 'war game' a lot of different scenarios. It means now when I'm working with clients I'm constantly evaluating the current nature of the situation as well as the possible alternatives.

I actually use the phrase 'war gaming' when I'm doing it. It's about strategising around the information we have and the information we need and the best course of action to take with the information we have in order to mitigate risk. So the training was invaluable.

**What rank did you achieve and do you still maintain your military links?**

I reached the lofty heights of lieutenant. I'm still involved with the Australian Defence Force Financial Services Consumer Council, so I continue my military links there. I'm very proud of my military background, but it's difficult to balance all of my activities.

**You're one of the owners of Quantum Financial and even though it's a family business, the path to become a stakeholder was rigorous wasn't it?**

My dad, Bill Mackay, started the business with my mum and they had been approached by a number of organisations to sell. There are no free rides in our family, so when I wanted to join the business I had to come up with a proper business plan. My brother, Tim Mackay, also has a share in the business and we ended up having a formal handover. Dad still had involvement in the business because for all of us it's a signed commitment to our family and our team for the long haul.

**So what services does Quantum Financial offer its SMSF clients?**

We provide financial planning advice, but, notwithstanding Tim and I are both chartered accountants, we do not provide accounting services. So, we provide advice, strategy, investment advice, and we do a fair bit of the administration for our clients in consultation with other accountants or SMSF administrators. While the SMSF is just one element of a family wealth strategy, it plays an integral part for most of my clients. Estate planning around an SMSF is particularly important for our older clients, so we've done a lot of war gaming as to anticipate what the situation will be when one person passes. A lot of them would like to pre-empt the event and simplify the situation when it occurs.

**Is there any one particular thing that concerns your clients more than anything else?**

There's no doubt that clients are worried about the uncertainty that comes with superannuation law and how it might impact the effectiveness of any superannuation vehicle within their family structure. So uncertainty to the ongoing treatment of superannuation is a huge concern for all my clients, regardless of age. My older clients are particularly worried about arrangements concerning their children and grandchildren because they are invariably custodians for the next generations. The angst over this legislative risk is not a recent thing because it's currently topical. It's been present for a number of years.

**What's the most significant change you've witnessed in the SMSF sector?**

It's the awareness of the SMSF space. Back in 1999 no one knew what I was talking about when I mentioned SMSFs. It was never in the newspapers, not even *The Australian Financial Review*. But now every weekend newspaper has pages of SMSF coverage. Even my friends are asking about them at barbeques. And SMSFs are no longer considered a superannuation vehicle for the wealthy; they've become a mainstream retirement savings structure. So the awareness of the sector has been the biggest change for me. The sheer growth of SMSFs has also been significant. When I was working in 1999 they were seen as applicable for business owners and very wealthy families and that was about it. Now it's for every man and his dog.

**What would be the one thing you'd change about the SMSF sector?**

It's the perceived success of SMSFs. They have been very successful vehicles and that has made them incredibly popular. But my concern is that every man and his dog now wants one and it's not necessarily appropriate for everyone. So the 'McDonaldisation' of SMSFs is a concern. I've got clients where it looks suitable to establish an SMSF based solely on the numbers, but when you look at the other factors in their lives, such as their aptitude to run their own super fund, it's evident it's not the right thing for them. Worryingly there is a perception that the wealthiest Australians have one and if I want to be wealthy I have to have one, but that's not necessarily a natural conclusion.

**What's the biggest challenge facing the SMSF sector over the next 12 months?**

I think the SMSF sector is facing the same challenge as the wider financial planning industry over the coming year and that is consumer confidence in the advice being provided. Again there will be issues with legislative change because it will certainly affect the SMSF sector. But I think the confidence, or lack of it, in the advice space is going to be a big challenge. Consumers are questioning the motivations of their adviser and the quality of the advice they're receiving and it's having an effect on their levels of trust. ▼