

# Quantum leap

**The future of financial advice isn't just about a series of regulatory reforms. It's also about the financial planners who are coming through the ranks and defining the profession on their own terms. Simon Hoyle reports.**

A submission to the Ripoll inquiry by Quantum Financial Services didn't pull any punches. It painted a picture of an industry dominated by powerful vested interests and riddled with conflicts. And the submission was clear about what should be done.

The Quantum submission wasn't alone in this respect. What set it apart from many of the others was that it provided the perspective of a 34-year-old, who sees a long future for herself in the financial planning industry, and who is passionate about it being perceived as a profession in that time.

Claire Mackay and her brother, Tim, run the business founded by their father, Bill, more than a decade-and-a-half ago. But Mackay's exposure to the financial planning industry first happened while she was still at school.

"I remember Dad starting his business - filling out the forms on the dining table, dealing with ASIC - and as a student at school volunteering to do the typing," Mackay says.

But there was never any suggestion that Mackay Snr would just open the doors of his business to his children. They first had to prove themselves. Mackay says her father insisted that they



acquire “the skills and the qualifications and experience - experience in big business” to contribute constructively to the venture.

“So that’s what I did,” she says.

“Seven years of experience in an accounting firm and a bank meant that when I got to the point where I wanted to join the business, Dad eventually said, ‘I think you are ready.’”

Mackay says gaining experience of big business was an important part of her background.

“Unless you have worked in a big business you don’t understand how they work,” she says.

“Financial services is dominated by big institutions. You have exposure to different ways of doing things...but also you gain exposure to best of breed.

“It’s one of those things, where you get exposed to great leaders and great thinkers, as well. Tim and I have both brought, from our backgrounds, ways of doing things. Our approach has always been, just because we have always done it this way, that’s not justification to keep doing it that way.”

The philosophy of not accepting something should be done a certain way, just because it always has been done that way, underpins much of how Mackay approaches things.

“When the Ripoll inquiry was announced, we sat down, and it was my father who said this is an opportunity to really shape our profession for future generations,” Mackay says.

“My father had implemented his retirement and succession plan by that stage, but we were young. And if you want to change something, you have to be prepared to put the work in and put the effort in. Terrible things had happened and yes, this was an opportunity to have a say and improve our profession.

“It’s a bit like the way we do business: just because that’s the way we do it isn’t

justification for it continuing to be the way it should be done. We see that as younger planners we have 30 years ahead of us in this business. Our clients are asking for this. It’s not like we’re living in a bubble - this is something that is good for our business.

“This is a function of our upbringing: if you believe in something and are passionate, then having the courage to say that is not something to shy away from. The key thing is, it’s a bit daunting. Who are we? We’re not a big bank. But what we’ve been overwhelmed by is the support we have received.

“We understand that there are people who do not agree with us...so I can understand their perspective as well.

“At first it was lonely. But now, a lot of other planners have contacted us, and our clients have contacted us.”

Mackay says speaking up has not hurt the business. In fact, Quantum has surpassed its growth plans.

“Business growth is not something we are struggling with,” she says.

“We review it each year, but we didn’t expect in such difficult times to have the growth [we have had].”

Mackay has faith in the future of financial planning and its ability to be seen and trusted as a profession.

“When you get past the negative associations, currently, I think it’s a noble profession, like a lawyer or a doctor, because you are helping your clients,” she says.

“I’m proud to be a financial planner, because I can see the value in it.”

To the extent that Mackay has concerns about the impact of the FoFA reforms, it’s not because the reforms are misguided but because they do not go far enough. She says she supports reforms that will increase professionalism, remove conflicts of interest and improve public trust.

“We have some concerns about some

**Name:** Claire Mackay

**Position:** Director, Quantum Financial

**Years in financial planning/financial services:** 12

**Qualifications:** Bachelor of Commerce (Accounting); Bachelor of Law; Masters of Laws; admitted to NSW Supreme Court; Chartered Accountant; Advanced Diploma of Financial Services (Financial Planning); Certified Financial Planner

**Industry background and experience:** Specialised in restructures, mergers and acquisitions, and capital raisings at PwC; and at Macquarie Bank specialised in retail investment structuring. Joined Quantum in 2008 advising pre-retirees and professionals on wealth creation, SMSFs and family structures.

**Licensee:** Quantum Financial Services holds its own AFSL

*We have some concerns about some of the reforms, because they do not go far enough - but maybe that’s the enthusiasm of youth*

of the reforms, because they do not go far enough - but maybe that’s the enthusiasm of youth,” Mackay says.

“In times of economic uncertainty, people are looking for someone to trust, to help them in ensuring their economic welfare.”

She says the FoFA changes are “not just good for consumers, and not just good for businesses like ours, but good for the whole profession”.

Besides, she says, we’ve been somewhere like this before, a decade ago, when the *Financial Services Reform Act* came into effect. There were predictions of doom then, too. The industry not only survived, but emerged stronger.

“People did leave the industry; I acknowledge that,” she says.

“But most did not. We get reform fatigue, but the big picture is that we are in an incredibly honoured position and have great responsibility to our clients.

“With these duties come burdens, and I do not think it’s unreasonable that planners justify to their clients the value they bring to them.

“I can understand why some older advisers who are trying to sell their busi-

nesses are resisting this; but you have got to see the bigger picture.”

Mackay says a critical part of winning the trust of clients is to make sure that clients’ expectations are met.

“I don’t think financial planners can control the markets; I think that what financial planning does is help the client understand their current circumstances...and explain their options to them.

“That’s the way we operate, because we see our role as helping clients understand, and educating clients about their options.

“Education is a big part of my own upbringing and a big part of my business.”

Mackay argues that well-educated clients are both happier and more empowered. But the relationship should be ongoing.

“And the other role is inspiring them, and keeping them motivated,” she says.

“If they have long-term goals, it’s like your health or fitness. You need to keep inspired and keep motivated.”

Mackay says there’s no single reason a client seeks the help of a financial planner.

“As many clients as I have there are as many reasons why someone sees a financial planner,” she says.

“It can be changes in personal circumstances, retiring, dissatisfaction with an existing adviser, a windfall gain.

“A large number of our clients are referrals. In fact, the majority of them are.”

Mackay says she’s also seeing some fallout from the global financial crisis (GFC) among clients. A number looked at what had been going on, and heard the horror stories about certain financial planning groups, and decided to do it

themselves. They’re now finding that it’s not so simple, and they want some help and guidance.

So just as each client is different, and is there for a different reason, a planner has to adjust the service to suit.

“It’s not just the share market,” Mackay says.

“You are dealing with clients going through divorce, going through the death of a family member. It’s a multi-disciplinary approach to it.”

But underlying the services Mackay provides, regardless of the client, is a commitment to helping people.

“That’s why I love my job. I’m passionate about helping my clients in their financial future,” she says.

“You’re developing relationships with your clients. And it’s not just your clients you’re developing relationships with, it’s your clients’ parents, it’s your clients’ children. It’s the full gamut. I am passionate about financial education, not just for clients, but for consumers. I have been able to bring that to the fore, in terms of helping my clients.”

Mackay says that is the big difference between working where she is now, and the experience she had in big business.

“The area I worked in was impersonal,” she says.

“My clients were corporates and banks. The end result was for shareholders. It was incredibly satisfying, but it was impersonal.

“The training was invaluable. That’s why I love what I’m doing now, because I am embedded in [my clients’] families.”

Mackay says training and experience in big business is invaluable, but “I do not think it’s necessarily sufficient” on its own. Nor is education, in isolation,

enough.

“University degrees didn’t really focus on it,” she says.

“They may do now, but the ones I did were all focused on written assignments.

“It comes down to other training, and also recognising that you are not sitting in a room writing reports all the time. That’s part of the job; but the other part is communicating that to clients.

“Working both here at Quantum and previously with the accounting firm and the bank, you see good communicators. You pick up and adopt what you see into your own personal approach. But there’s no one way of doing it, because if you try to be someone that you are not, that doesn’t work, either.

“You learn from watching people. You can also learn from going to specific courses. You do learn on the job, as well. Each client is different. Some are artistic and want things [explained] in an artistic way. Some want the technical details.”

Mackay says working with her brother has some advantages. “We know that we come from a common set of values,” she says.

“It’s the way we’ve been brought up, so that is never an issue, which is great.

“We respect each other. Because we both have different experience outside this business, we’re not competing.

“Our clients see how that comes together for their benefit.” ■

*We get reform fatigue, but the big picture is that we are in an incredibly honoured position and have great responsibility to our clients*

Like to take 40% off your plan production time?

We can show you how. Talk to RI.

Contact Troy Beutel on 07 3231 9353 or troy.beutel@riadvice.com.au

RI Advice Group (formerly Retireinvest) ABN 23 001 774 125, AFSL 238429

**RI**advice

RI Advice Group Pty Ltd

**RETIREINVEST**