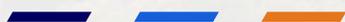


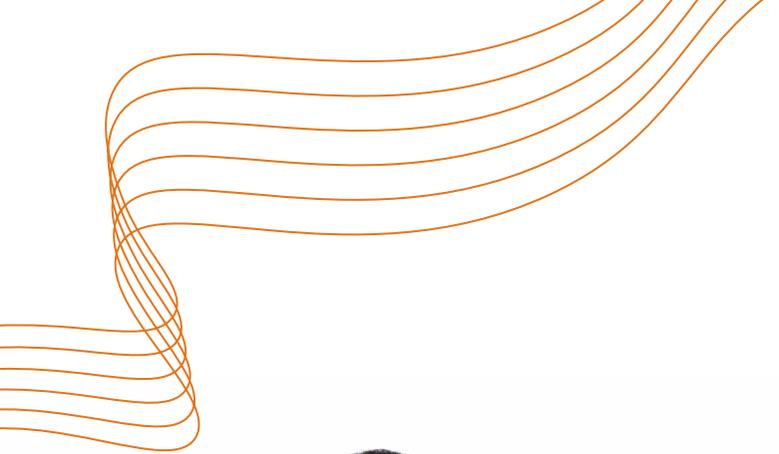
VALUE OF AN ADVISER



A whole new lens on the value of advice



Invest without boundaries™



Neil Rogan

Head of Distribution
Australia and New Zealand
Russell Investments

Introduction

Russell Investments' Value of an Adviser formula has long measured the benefit of professional financial advice, highlighting how it can help clients achieve their long-term goals. In 2025, we took this work further.

With fresh, independent research as our foundation, this year's edition launches new insights, tools and resources that advisers will be able to use in the months ahead to show how advice improves clients' lives. This report is the first of those assets.

At the heart of our expanded project is a survey of 700 Australian investors (both advised and unadvised) and nearly 200 advisers. Investors qualified for the study with a minimum household income of \$100,000 or total investable assets of \$100,000+. Advisers who participated typically had more than a decade of experience and served between 50 to 200 clients. We asked these groups what they value, how they define success, and where they see opportunities for improvement. The answers reveal both alignment and gaps between advisers and clients.

Key results from the survey

Clients who receive advice report strong financial and emotional benefits: **89%** say advice makes them feel more confident and knowledgeable about their finances, **85%** feel supported to make decisions aligned with their lifestyle and values, and **86%** believe advice has improved their overall financial position. In contrast, **57%** of unadvised investors are only moderately or slightly confident about managing their money, and three quarters (**76%**) say they would feel more in control if they engaged an adviser.

These findings are critical at a time when adviser numbers are declining, affordability is being scrutinised, and client needs are becoming more complex. Regulatory changes, such as the proposed Division 296 tax on superannuation balances over \$3 million, add to the noise investors face. Societal trends also matter: younger Australians struggle to get a foothold in housing; movements such as financial independence retire early (FIRE) mean superannuation may not be the top priority for some clients; and an ageing population introduces challenges for caregivers and beneficiaries.

Despite this complexity, our research shows advisers are generally meeting expectations: **81%** of advised clients rate their adviser at least eight out of 10, a strong indicator of satisfaction. Yet there are clear gaps in perspective. Most advisers (**70%**) strongly agree that avoiding costly mistakes is the top financial benefit of advice, but clients rank it seventh. Conversely, **86%** of clients identify feeling in control of their finances as the top emotional benefit, while advisers rank it third. Understanding and closing these gaps will help advisers create more meaningful relationships.

To support advisers, we've introduced a Value of an Adviser Index; a companion to the existing Value of an Adviser framework, that ranks the components of advice by their impact on client satisfaction. The index shows how clients perceive value and reveals which elements truly drive positive experiences.

This report is only the start of the 2025 Value of an Adviser story. Over the coming months, a new Value of an Adviser website will explore five major stories uncovered from the research. This report introduces the research, updates the classic Value of an Adviser framework, and presents the first story in detail.



Inside the Value of an Adviser research

Our study aims to deliver a comprehensive picture of the advice relationship. We look at what clients value, where advisers think they add value, how expectations are being met, and what motivates or deters people from seeking advice. The research, conducted by independent market research firm Honeycomb Strategy in Q2 2025, surveyed three core groups: currently advised clients, previously advised or unadvised investors, and financial advisers.



These data points paint a clear picture of the typical advice relationship, and the opportunities to meet the expectations of today's clients and tomorrow's prospects.

Advice drives satisfaction and confidence



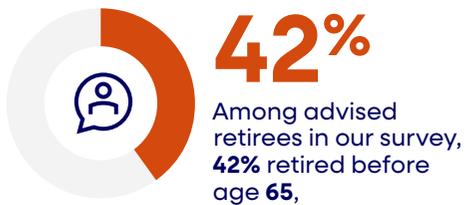
Clients see strong value for money



Retirement planning tops the list of reasons to seek advice



Advice can accelerate retirement



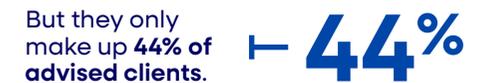
Advice reduces stress



Communication matters



Gender imbalance persists



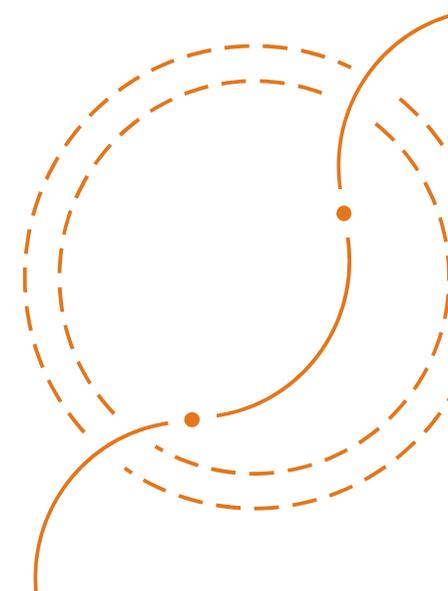


Revisiting the classic VOA framework

Australian financial advisers added at least **5.6%** in value for clients over the past year by helping them navigate markets, optimise portfolios, and structure their financial affairs.

The Value of an Adviser formula (A + B + C + E + T) estimates the annual benefit delivered by the core components of advice. This report explores each component and highlights how advisers can use them to demonstrate value.

The Value of an Adviser formula



A

Appropriate asset allocation (1.3%)

Asset allocation remains the biggest contributor to long-term returns, and its influence can be underestimated. In 2024, global equity markets reached record highs despite geopolitical tensions and U.S. policy uncertainty. Clients who stuck with default balanced superannuation options may have missed part of those gains, while those who took advice and increased exposure to growth assets likely did better.

Advisers add value by designing portfolios aligned to each client’s risk tolerance, goals and time frame. They often diversify across a broad range of assets to optimise returns while managing risk, ensuring that clients capture market opportunities rather than sit on the sidelines.

Consider two hypothetical investors:



Emma

Emma increased her allocation to growth assets to 90% on her adviser’s suggestion. Based on historical returns, her super may gain around 1.3% per year more than a typical balanced default super fund over a decade, adding nearly \$26,000 extra over 10 years.

	Advised portfolio	Default portfolio
Asset allocation	90% growth assets	70% growth assets
Expected annual return	8.3% p.a.	7% p.a.
Portfolio value	\$221,965	\$196,164
Emma’s advised portfolio delivers a 1.3% p.a. higher return from an appropriate asset allocation; nearly \$26,000 over a 10-year period.		



Ben

Self-managed super (SMSF) investors like Ben often have even more conservative portfolio allocations than the default options of the larger superannuation funds, especially if a trustee lacks the experience to set an optimal asset allocation aligned to their personal circumstances.

Ben does not seek financial advice and holds 70% of his assets in cash and other defensive assets, which may earn only 4.2% per year. If he had sought advice and shifted to 50 percent growth assets, his expected return could rise to 5.7%, leaving him \$23,000 better off over 10 years. These examples underscore the value of tailored asset allocation and the cost of staying in overly conservative positions.

	DIY portfolio	Advised portfolio
Asset allocation	30% growth assets	50% growth assets
Expected annual return	4.2% p.a.	5.7% p.a.
Portfolio value	\$150,173	\$173,259
Ben’s DIY portfolio delivers a 1.5% p.a. lower return , which leaves him over \$23,000 worse off over a 10-year period.		

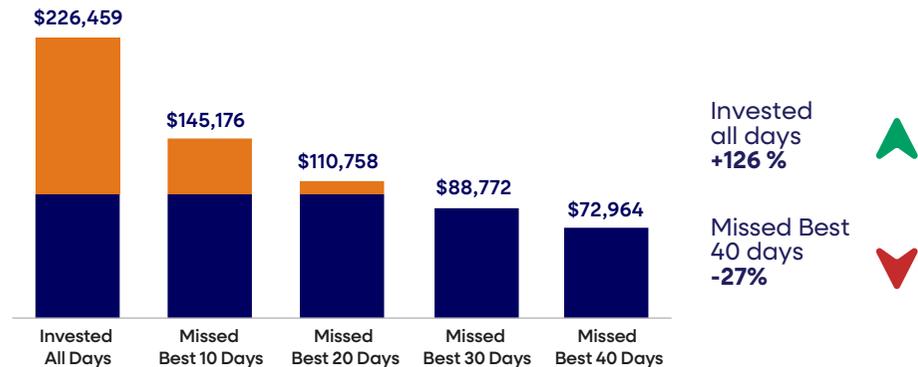
Examples shown for illustrative purposes only.

B Behavioural coaching (3.1%)

Market volatility challenges even experienced investors. The first half of 2025 delivered dramatic swings: global sharemarkets hit record highs, plunged in response to U.S. President Trump's 'Liberation Day' tariff announcement and then rebounded. History shows retail investors are among the most likely to panic sell in such situations. Studies show that missing just the 10 best trading days over a decade can reduce gains dramatically (see chart below).

Impact of missing best days for S&P/ASX 300

Starting investment of \$100,000



Source: Morningstar. Returns based on S&P/ASX300 Total Return Index, for a 10-year period ending 31 December, 2024. For illustrative purposes only. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

What advisers say about the Value of an Adviser Report

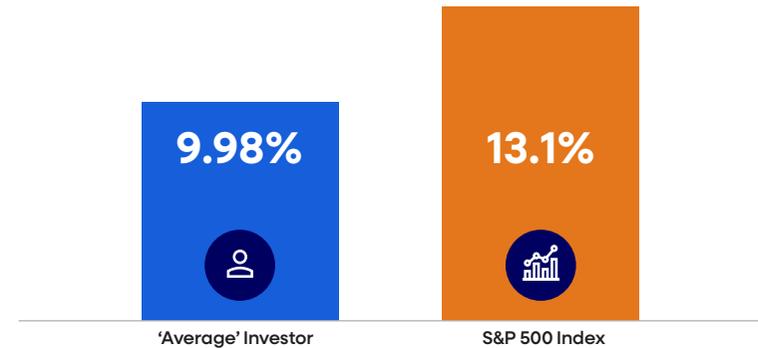
"It helps to articulate our value to clients, but also is a massive confidence boost. It helps reset and re-align my thinking about the value of advice."

Adviser, NSW

Behavioural coaching can add about 3.1% a year to a client's returns by keeping them invested through market swings. For example, our modelling shows that investors who regularly adjusted their exposure to the S&P 500 index would have given up roughly 3.1% a year over the past decade. This illustrates that an adviser's role goes beyond setting the right strategic asset mix; it includes helping clients stay calm and stick to their plan when markets turn volatile.

Annualised cost to retail 'chasers'

A difference of 3.12%



Source: Morningstar. Investor returns based on Morningstar Investor Return provided by Morningstar for the Large Blend Average for 10 years ended 31 March, 2025.



Choices and trade-offs (Variable)

Financial advice is more than investing. Life is full of complex decisions: balancing mortgage repayments with HECS debts, supporting ageing parents while raising children, helping single older women with limited superannuation, or navigating the expectations of impatient inheritors. Skilled advisers act like elite coaches, blending technical expertise with an understanding of each client’s personality and motivations. They help clients weigh competing priorities and make informed trade-offs across a lifetime, from buying a first home to planning aged care and estate strategies. This guidance can’t be captured in a percentage return; it is variable based on the different goals advisers help different people achieve.

What advisers say about the Value of an Adviser Report

“I feel it helps to articulate the valuable aspects of advice, which can be harder to measure and explain, such as avoiding bad decisions.”

Adviser, NSW



Raising the bar: how advisers and managed accounts are closing the behaviour gap

The growth of managed accounts, which are essentially professionally managed institutional-grade portfolios, has further narrowed the behavioural gap between retail and institutional investors. These structures offer broader diversification, open architecture, and disciplined risk management, encouraging clients to stay invested. Managed accounts also free advisers to spend more time on strategic guidance and relationship building. **73%** of unadvised investors in our survey say that better alignment of investments to their long-term goals is an anticipated benefit of advice. Advisers who adopt disciplined portfolio processes and coach clients through volatility are well positioned to meet those expectations.



E Expertise (Priceless)

Advisers bring a unique combination of technical knowledge and emotional intelligence that enables trusted relationships. They have the experience to guide clients through investing, social security, estate planning, and more. Their expertise is especially valuable as policies evolve: recent changes to superannuation contributions and balance transfer caps, for example, may warrant adjustments to clients' strategies.

Advisers also advocate for clients during negotiations or disputes, allowing families to focus on themselves during stressful periods. When you add the trust, advocacy and foresight they bring, this expertise isn't something you can assign a percentage to; it's a priceless part of the Value of an Adviser formula that gives clients confidence and peace of mind.

What advisers say about the Value of an Adviser Report

"It clearly outlines where value is added. It is in every statement of advice we produce and present."

Adviser, VIC



Across the ages: bridging the intergenerational gap

A critical emerging challenge is retaining relationships across generations. Estimates suggest Australia will see more than \$5 trillion transferred between generations over the next 20 years. [Studies indicate](#) many beneficiaries do not stay with their parents' advisers. Our research shows **82%** of Baby Boomers and **74%** of Gen X advised clients feel less overwhelmed when planning for the future. Advisers who empathise with the pressures of caregiving and family dynamics, and engage adult children early can build trust that spans generations.



Tax-savvy planning and investing (1.2%)

Tax planning is a central pillar of financial advice that often goes beyond negative gearing, capital gains tax, and personal tax deductions.

Advisers add value by optimising the mix of assets across structures such as superannuation, investment bonds and other vehicles, and by implementing tax efficient strategies that maximise benefits.

Our calculations suggest the tax benefit advisers deliver is around 1.2% per year. For example, a person earning \$85,000 that salary sacrifices \$5,000 to super could save around \$850 in tax each year; plus that benefit compounds over time. Transition to retirement strategies allow eligible clients to increase contributions without reducing take home pay, an attractive opportunity as retirement approaches.

Tax considerations extend beyond super. Without professional guidance, people can misinterpret rules and face penalties. Qualified advisers help ensure compliance and recommend steps to maximise after-tax wealth.

“Having a financial adviser has brought clarity and confidence to managing money. It’s helped reduce stress when planning for the future and making informed decisions for my family’s financial wellbeing.”

Advised client, NSW, aged 42

How salary sacrifice can save you tax

Sam’s salary is \$85,000. If he sacrifices \$5,000 to super, he will pay \$750 in contributions tax instead of \$1,600 in income tax, giving him \$850 more to invest.

	With salary sacrifice	Without salary sacrifice
Gross salary*	\$80,000	\$85,000
Salary sacrifice	\$5,000	\$0
Income tax**	\$16,388	\$17,988
Contribution tax on salary sacrifice	\$750	\$0
Net benefit (take home pay + salary sacrifice)	\$67,862	\$67,012

* Compulsory Superannuation Guarantee (SG) employer contributions are paid in addition to this amount and are reduced by salary sacrifice.

** Estimates only based on 2024-25 income tax rates, inclusive of the Medicare Levy.

Source: Russell Investments



Introducing the Value of an Adviser Index: a new benchmark

While the existing Value of an Adviser formula quantifies the annual benefits of advice, our new Value of an Adviser Index measures how strongly each component influences client satisfaction. We analysed patterns in client responses to determine which elements of advice make the biggest difference to them. Then each received a score indexed to 100.

A score above 100 means that element has more influence on client satisfaction relative to others, and a score below 100 has less influence.

In 2025, the top drivers of satisfaction were **technical and emotional expertise (E)** with a score of 118 and **appropriate asset allocation (A)** with 113. These significantly outpaced tax-savvy planning (T) at 92, behavioural coaching (B) at 91 and choices and trade-offs (C) at 88. **Prioritising expertise and asset allocation may therefore be among the most effective ways for advisers to drive satisfaction and future-proof their business.**

The index complements individual statistics. For example, **84%** of advised clients agree their investments were aligned to their long-term goals (reflecting A), **74%** say advice helped avoid costly mistakes during volatility (B), **79%** feel better able to prioritise competing financial goals (C), **86%** say their adviser's expertise helped them build a clear and structured plan (E), and **86%** made more tax-effective decisions (T).

The index shows how these components work together to shape overall satisfaction, and provides advisers with a roadmap for emphasising the most impactful aspects of their service.

"There have been so many benefits. We are stronger in all our financials and our futures are set in stone. We have plenty of savings, assets, and disposable income left over after being paid too. I have just bought my first investment property in QLD as well."

Advised client, NSW, aged 42

Beyond returns: demand for personalised, value-aligned advice

Client expectations are evolving. It's no longer enough to generate investment returns; clients want those returns to reflect their personal values. For some, that means environmental, social and governance (ESG) principles. Others prioritise faith-based investing, philanthropy, time with young children, a gap-year, or early retirement. In our survey, **81%** of advised clients say advice tailored to their needs and values is important. Nearly half of unadvised Gen Z investors (**46%**) say they would seek advice if it helped align their investments with their personal values. Advisers who actively discuss clients' values and incorporate them into financial plans can stand out in a crowded market.

Trust and transparency

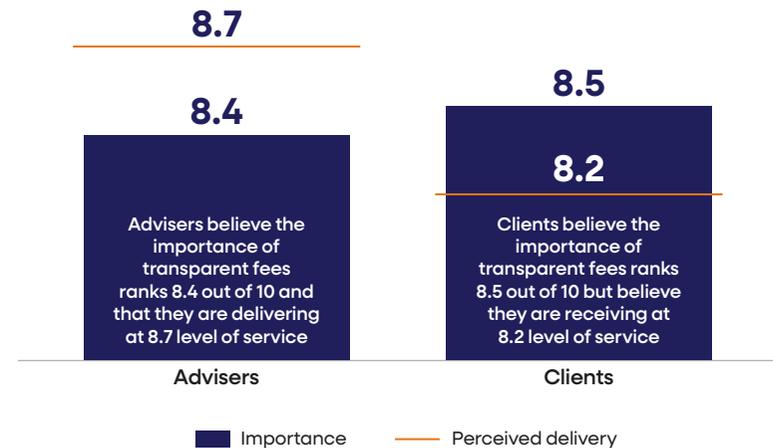
The VOA Index also identified two qualities beyond the existing VOA formula that advisers must consider: **trust and transparency**.

Trust emerged as the single biggest driver of client satisfaction, outranking technical expertise and asset allocation. Building trust takes time, but more frequent, meaningful contact accelerates it. Most advisers (**91%**) still rely on in-person meetings, phone calls, and emails to connect with clients. Yet advisers who use secure portals and video calls tend to connect with clients more often, averaging five interactions per year compared with 3.6 interactions on average across the survey.

Fee clarity is another area where perceptions diverge. Clients rate the importance of transparent, easy to understand fees at 8.2 out of 10 but rate advisers' performance at 7.9. Advisers rate their own performance higher (8.4) than their clients rated it. Clearly explaining fees without jargon can strengthen trust and reinforce value. Taking time to walk clients through each cost, checking for understanding before moving on, and linking fees to outcomes can build confidence in the advice process.

Transparent and easy-to-understand fee structures

A difference of perception



The VOA formula tells us how advisers add measurable value. However, the VOA Index reveals the other side of the story: what clients feel, and what drives their satisfaction.

VOA Index

Build the foundation

Satisfy clients

Communicate clearly

TRU
Trusted relationship

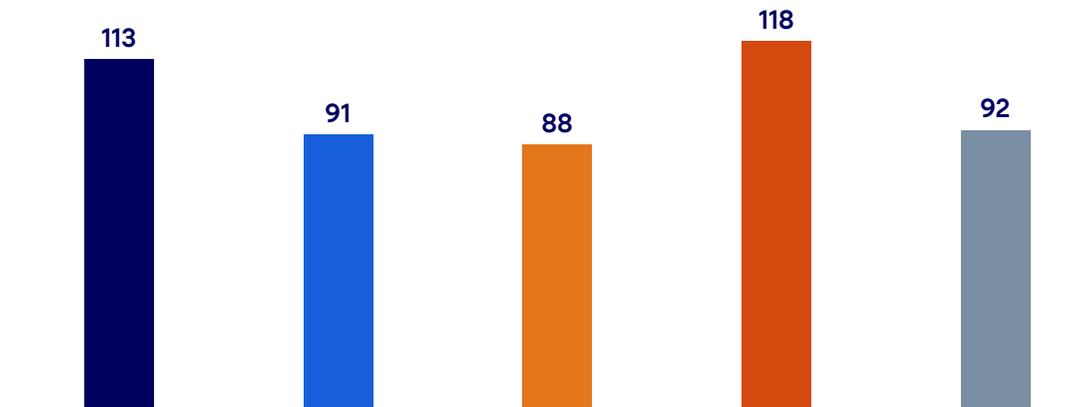


A Asset allocation 1.3%	B Behavioural coaching 3.1%	C Choices & trade-offs Variable	E Expertise technical & emotional Priceless	T Tax-savvy planning & investing 1.2%
--------------------------------------	--	--	--	--



TRA
Transparent & easy to understand fees

Emerged as the **bedrock of the adviser relationship**, essential and expected by all clients.



Represents the **biggest gap between client expectations and delivery.**



Changing gears: from insight to action

The numbers tell a compelling story, yet the insights behind them are even more valuable to advice businesses.

We have identified five major stories, based on common themes drawn from our research findings. These stories highlight where advisers could adapt their value proposition to resonate more deeply with clients.

This report details the first story. The remaining stories will be released on our dedicated Russell Investments' Value of an Adviser website for Australia over the coming months.

» Story #1

Clients don't want protection, they want to feel confident and in control

Historically, advisers have presented themselves as protectors who shield clients from bad decisions and cushion them during downturns. That role is still fundamental. But our research shows the centre of gravity has shifted. Clients today aren't just looking for protection from risk; they want clarity, confidence and control. They want to feel empowered to make informed decisions about the financial aspects of their lives.

Advisers see themselves as protectors

Our study found that **70% of advisers** strongly agree that avoiding costly mistakes during market volatility was the top financial benefit of advice, yet only **28% of clients** strongly agree.

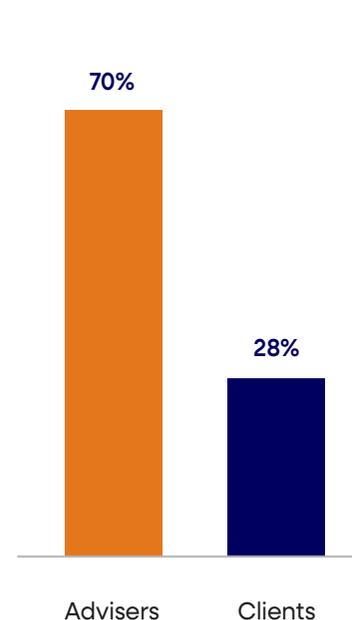
Advisers also overestimate the emotional value of reassurance during uncertain economic times: **99%** of advisers saying this was a key benefit of their service, compared with **78%** of clients.

"A financial adviser is a must if one needs to be confident about having a secure financial future."

Advised client, QLD, aged 39

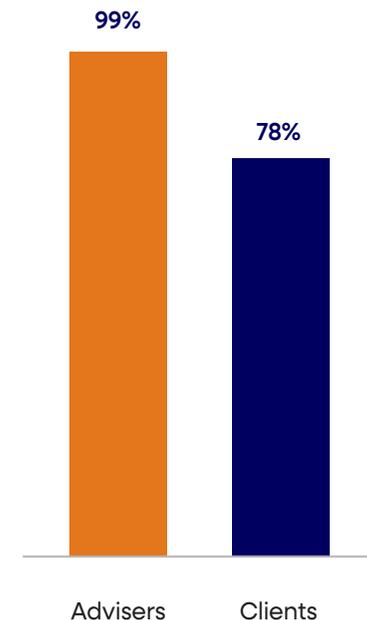
Avoiding costly mistakes during periods of market volatility

(% agree)



Finding reassurance during uncertain economic times

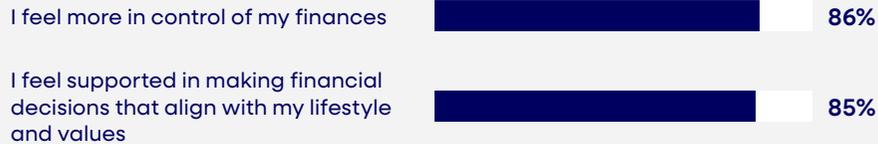
(% agree)



Top emotional benefits of financial advice

(% agree)

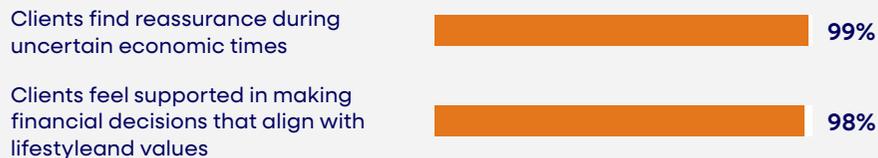
Advised clients



Unadvised investors



Advisers



Clients want control

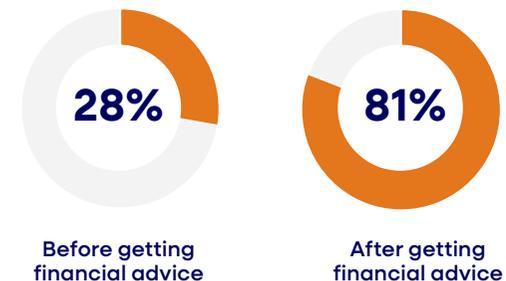
Advised clients rank feeling confident and knowledgeable about their finances as the number one financial benefit of advice, with **89%** ranking it as important. Advisers rank it third.

On the emotional side **86%** of advised clients and **76%** of unadvised investors agree the top emotional benefit of advice is feeling more in control of their finances. On the other hand, while advisers recognise control is somewhat important (**48%**) they tend to prioritise other emotional outcomes, such as reassurance, meaning they may be underplaying what is truly valuable to clients.

The good news for advisers — though perhaps not surprising — is that receiving advice leads to a major boost in client confidence. Before getting financial advice, only **28%** of clients felt extremely confident about reaching their financial goals. After receiving advice, that jumped to **81%**.

That's the real gap advice can close. And in a competitive market, it's a commercial advantage for those who can articulate and deliver it.

Confidence in reaching financial goals



% who are extremely confident

What this means for you

This gap represents an opportunity. Advisers who position their value in terms of calm, control, and confidence are more likely to connect meaningfully with clients. Here are four ways to bring this to life:

- 1 Reframe your pitch:** Emphasise that behavioural coaching helps clients feel more in control of their finances. Shift your proposition from “we’ll protect you from making mistakes during market volatility” to “we’ll give you the skills to make rational and controlled decisions.”
 - 2 Inspire confidence through education:** Use every interaction to build your clients’ financial capability. Explain the reasons behind your strategies and invite questions. When clients understand how decisions are made, they feel more engaged and confident.
 - 3 Elevate emotional benefits:** Put peace of mind and empowerment at the centre of your value proposition. Your message to clients and potential clients could change to: “we don’t just manage your portfolio; we give you the confidence and knowledge that you’re on the right track.”
 - 4 Check in on feelings:** Regularly ask clients how they feel about their finances and their long-term goals. What parts of their plan feel clear, and what remains foggy? Position yourself as a financial mentor, not just an instructor.
- What you can do now**
- Book a meeting with [Russell Investments](#)
 - Visit our [Value of an Adviser website](#) for more insights.





Elevating the value of advice, together

Our new Value of an Adviser report demonstrates that financial advice is delivering on its promise: improving the financial security of Australians. Advisers are giving clients greater clarity, more control, and better outcomes, both emotionally and financially.

The challenge now is to align advisers' perceptions with clients' realities.

Understanding how clients prioritise different aspects of advice and closing the gap in expectations will deepen trust and strengthen relationships.

Trust remains the linchpin of client relationships. Cultivating it will help advisers gain a competitive advantage as technology, regulatory change, and rising client expectations continue to reshape the industry.

» What's next in the 2025 Value of an Adviser journey?

More insights. More opportunities.

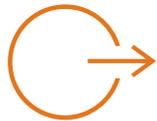
The [upcoming stories](#) in this series will explore other key opportunities we uncovered:

- **Breaking through the barriers to advice.** Our next story shines a light on people who never got advice. You might be surprised to learn how many wish they'd asked for help sooner, and how open many are to being guided if approached the right way.
- **The long game pays off.** When a big life change prompts a call to an adviser, it's often the start of something much deeper. This story explores how advice delivered at life's crossroads can lead to enduring partnerships that grow stronger over time.
- **Tax efficiency, the key to investors' hearts.** Forget the notion that tax is dull. Tax applies to every client at every life-stage, so learn why giving it the attention it deserves can open the door to broader trust and planning together.
- **Beyond the portfolio.** Advisers and clients each see different obstacles in the advice journey. Our final preview hints at the misalignments on both sides, and how understanding those behaviours can make your interactions smoother and more productive.

Focus on the value you provide

At Russell Investments, we believe in the value of advisers. And the numbers and research back up our belief. We see the potential advantages you create for your clients. We know the commitment you bring to your relationships. This annual Value of an Adviser Report quantifies and proves that dedication and the resulting benefits.

Visit our website to see our range of tools and resources designed to help you engage and build trust with your clients.



Contact us to learn more

Visit russellinvestments.com.au/voa
Contact your [Regional Manager](#)



Get more insights

ABOUT RUSSELL INVESTMENTS

Russell Investments is a leading global investment solutions partner providing a wide range of investment capabilities to institutional investors, financial intermediaries, and individual investors around the world. Since 1936, Russell Investments has been building a legacy of continuous innovation to deliver exceptional value to clients, working every day to improve people's financial security. The firm has AUD541.4 billion in assets under management (as of 30/06/2025) for clients in 30 countries. Headquartered in Seattle, Washington, Russell Investments has offices in 17 cities around the world.

ABOUT HONEYCOMB STRATEGY

Honeycomb Strategy is an Australian-owned, award-winning market research and behavioural science agency that expands the strategic capabilities of leading brands to solve product-market fit, go-to-market and brand strategy challenges.

Honeycomb is widely recognised for both its work and workplace with several accolades including one of The Australian's Top 10 Best Places to Work (Small Organisation) 2025, B&T Research Agency of the Year Finalist 2023 and 2022, SmartCompany Smart Workplaces 2023, SmartCompany Smart50 2022 and The Australian Financial Review Fast Starters 2020.

BOOK a meeting with your Regional Manager, and get access to our exclusive Practical Value of an Adviser Guide. A playbook to help you deliver more value to your clients.

Our research shows that clients don't all value advice the same way. Expectations differ across generations, and women often prioritise aspects of advice differently from men. Many Australians are open to receiving advice for the first time soon, and their hesitation usually isn't about the value of advice or a negative view of the industry. That leaves room for advisers to craft messages that resonate with each segment.

ADDITIONAL DISCLOSURES

The value of Appropriate Asset allocation is based on portfolios with average asset allocations across Conservative, Diversified 50, Balanced, Growth, and High Growth risk profiles. The value takes the difference of 10-year annualised performance of each adjacent risk profile, and calculates the average overall. These portfolios use index values as asset class exposures, including Australian equities: S&P/ASX 300 TR Index AUD, International Equities: MSCI AC World TR Index AUD, MSCI AC World ex Australia NR Index (AUD Hedged). International Bonds: Bloomberg Barclays Global Aggregate TR Index. Australian Bond: Bloomberg AusBond Composite 0 Year Index AUD. Example is provided for illustrative purposes only. Real returns may vary. Past performance is not a reliable indicator of future performance.

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