WEALTH · DESIGNERS · ADVISORY

A WEALTH DESIGNERS GUIDE

The Value *of financial advice*

Why the right advice can add at least 5.6% per year — and why it matters most in the decade around retirement.

PREPARED BY TROY GUDGEON

MFinPlan · GradDipFinPlan · SMSF Specialist Advisor™

Wealth Designers Advisory | AFSL 562647

Troy Gudgeon
Director & Financial Adviser

MEET YOUR ADVISER

What good advice *actually adds.*

For most people, the question isn't really 'do I need an adviser?' — it's 'is the advice worth what it costs?' A fair question, and one the industry has historically been poor at answering.

The most rigorous work on this is Russell Investments' Value of an Adviser study, now in its 13th year. The latest Australian report puts the figure at **at least 5.6% per year** — from how a plan is built, managed and, above all, how its owner behaves through market cycles.

But there's a second story inside that number, and it's the one I see every week: almost everything that makes retirement work happens in rules you never meet while you're accumulating. Pension-phase tax, sequencing risk, drawdown minimums, the Age Pension means tests — the game genuinely changes, and most people only discover this after the decisions that mattered have passed.

This guide unpacks both — where the 5.6% comes from, and why the years either side of retirement are where advice earns its keep.

— Troy

THE TEAM BEHIND YOUR PLAN

Direct access, *hand-picked expertise.*

At Wealth Designers, every client works directly with Troy — supported by a hand-picked team who each know your file personally. No call-centres, no handoffs to strangers, no rotating advisers. The same three or four names on every email, every review, every year.

Troy Gudgeon

DIRECTOR & PRINCIPAL ADVISER

20+ years in financial services. Master of Financial Planning (Kaplan). SMSF Specialist Advisor™. Responsible manager for the AFSL. Every plan is reviewed by Troy personally.

Hayley Preston

CLIENT SERVICES

First point of contact for scheduling, document flow, and keeping every client engagement running smoothly end-to-end.

Natalie Anderson

PARAPLANNING

Prepares Statements of Advice, portfolio modelling and cash-flow projections — the analytical spine behind every recommendation.

Bridget Thompson

CLIENT OPERATIONS

Implementation, reporting and ongoing review coordination — making sure the advice actually lands and stays on track.

AFSL	MFinPlan (Kaplan)	SMSF Specialist™	20+ Years
562647	Completed 2026	SMSF Association	Financial Services

THE CORE CLAIM

One number.
At least 5.6% per year.

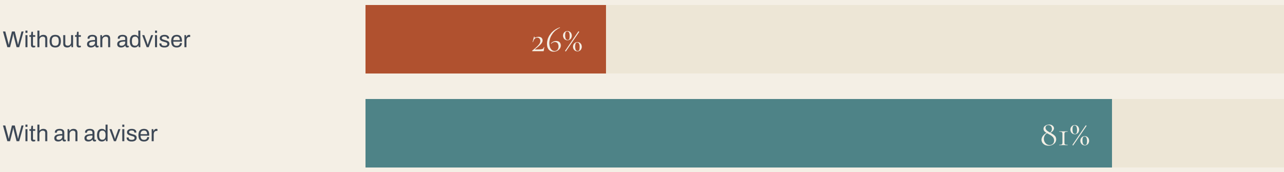
Russell Investments has quantified the value of holistic financial advice every year since 2013, using a bottom-up methodology that isolates the specific, measurable things advisers do. Their 2025 Australian report concluded that an adviser could have added **at least 5.6%** in value over the past 12 months — before considering investment returns themselves.

VALUE OF A FULL-SERVICE ADVICE RELATIONSHIP

5.6%

PER ANNUM · AT LEAST

THE CONFIDENCE DIVIDEND



Share of investors who feel confident of achieving their financial goals. The same study found confidence roughly triples with an advice relationship — from around one in four to four in five.

Source: Russell Investments, 2025 Value of an Adviser Report (Australia). The 5.6% figure is a study-wide estimate for the 12 months to mid-2025, not a guaranteed or recurring outcome. Individual results will vary with circumstances and market conditions.

THE FRAMEWORK

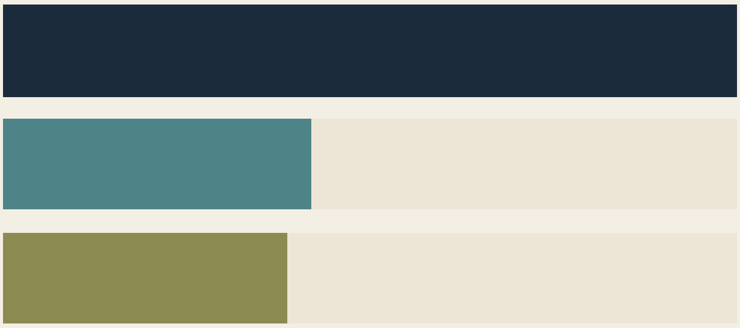
Where the 5.6% *actually comes from.*

Russell quantifies three drivers — and deliberately leaves two more unquantified, because their value depends entirely on you. Together they form a system, not a menu.

Behavioural coaching
Keeping you invested through downturns and hype cycles

Asset allocation
The right mix of growth and defensive — kept right

Tax-savvy planning
Structure, timing, franking, pension-phase settings



3.1%

1.3%

1.2%

TOTAL QUANTIFIED VALUE = 5.6% p.a.

UNQUANTIFIED — RUSSELL CALLS IT PRICELESS

Guidance on choices & trade-offs

Retire at 63 or 65? Spend more now or leave more later? Help the kids into property or protect the pension? These decisions dwarf any fee — and scored highest of everything clients value.

UNQUANTIFIED — RUSSELL CALLS IT PRICELESS

Technical & emotional expertise

Someone who knows the rules, knows your file, and answers the phone when markets fall or life changes. In Russell's client index this ranked second only to guidance itself.

Source: Russell Investments 2025 Value of an Adviser Report (Australia). Component values are study-wide estimates; individual client outcomes vary. The two unquantified components scored 118 and 113 respectively on Russell's 2025 Value of an Adviser Index of what clients value most.

DRIVER 1 · 3.1% P.A.

Behavioural Coaching

More than half the total value — and the one you can't self-administer.

Decades of behavioural finance research show the average investor's return is meaningfully lower than the average investment's return — because we sell during panics and buy during euphoria. A good adviser sits between you and that impulse. In Russell's 2025 study this single driver was worth 3.1% — more than the other two quantified drivers combined.

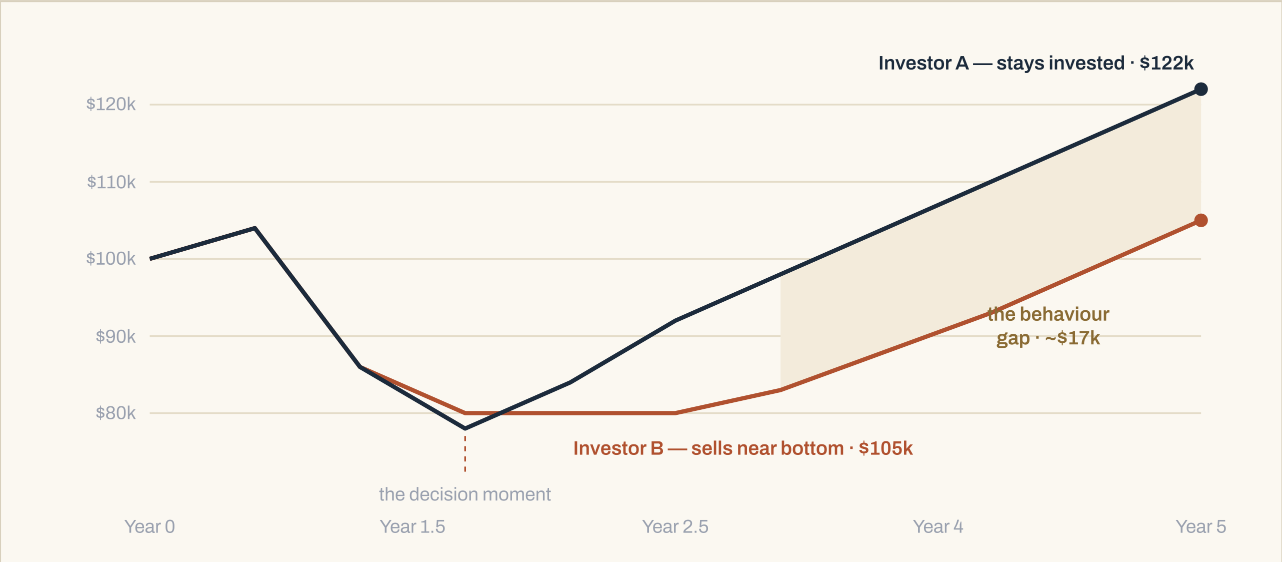


Figure 1 — Two hypothetical investors starting with $100,000 and experiencing the same market. Investor B sells after the fall, sits out the first year of recovery, then re-enters — and ends the five years approximately $17,000 behind. Illustrative only.

3.1%

Value of behavioural coaching alone in Russell's 2025 study — more than the typical advice fee, from this driver alone.

Every cycle

The gap isn't a one-off. Each correction, boom and panic re-runs the same test — and the cost of failing it compounds.

HOW WE DELIVER DRIVER 1

Before we advise, *we understand.*

The Investor Behaviour Profile — our pre-advice self-assessment tool.

Behavioural coaching is only as good as the coach's understanding of the person being coached. Every client responds to markets, headlines, losses and change differently — and the biggest risk to a long-term plan is a generic playbook applied to a specific person. That's why every WDA client completes our Investor Behaviour Profile before we build a strategy.

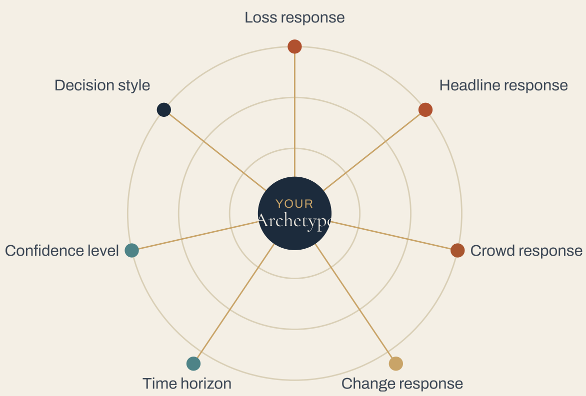


Figure 2 — The seven behavioural tendencies mapped by the IBP. Illustrative only.

> **2×** Clients who receive behaviourally-informed advice are around twice as likely to follow their adviser's recommendations. (2021 BEworks / Manulife study)

WHAT IT IS

A 15-minute online self-assessment covering 44 everyday money scenarios. It maps how you respond to losses, headlines, change and crowd, then identifies your investor archetype.

WHAT WE LEARN

How you naturally think about money, what triggers reactive decisions, how you prefer to be communicated with, and where your blind spots sit. Advice can then be built around how you actually think — not a generic playbook.

FOR YOU

Self-awareness of your own decision-making patterns and blind spots — the emotional traps behavioural research shows are the biggest single drag on long-term returns.

FOR US

A clear picture of how you think, communicate and decide — before we build a single strategy. It lets us tailor the advice, the language and the pace to how you actually operate.

The Investor Behaviour Profile is a general educational tool. It does not consider your objectives, financial situation or needs, and is not personal financial advice or a product recommendation.

DRIVER 2 · 1.3% P.A.

Asset Allocation

Left alone, portfolios drift toward the winners — and away from your plan.

More than nine-tenths of the variation in a portfolio's returns is explained by its asset mix, not the individual investments inside it. Setting that mix to match your goals — then holding it there through discipline, not drift — is where Russell attributes 1.3% a year. Unmanaged, the mix quietly rewrites itself.

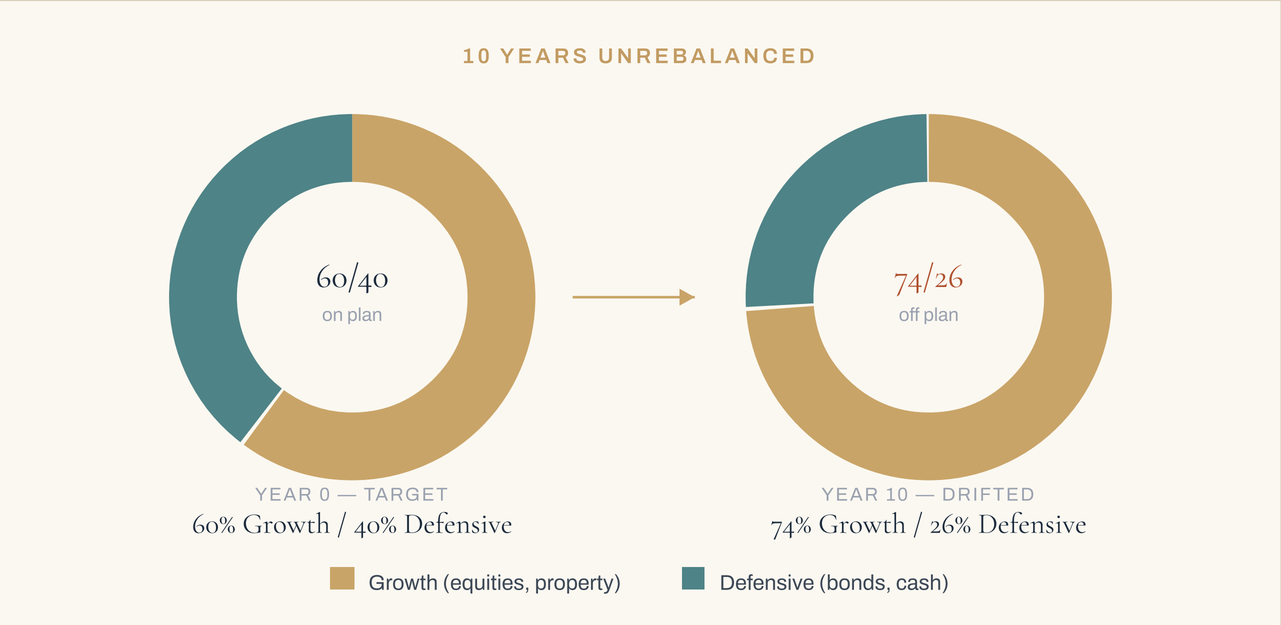


Figure 3 — Without rebalancing, a portfolio drifts toward the recent outperformer. A '60/40' portfolio can end a decade closer to 75/25. Illustrative only.

The timing problem

Drift peaks after long bull markets — which is exactly when the next downturn is closest. Maximum risk arrives at the moment you can least afford it.

74/26 at 64 ≠ 74/26 at 40

The same drifted portfolio that's a shrug at 40 is a sequencing hazard at 64. Asset allocation is retirement risk management, not a set-and-forget setting.

DRIVER 3 · 1.2% P.A.

Tax-Savvy Planning

Voluntary tax is the most easily avoided investment cost.

Tax is a controllable cost. Which entity holds the asset, when it's realised, whether it's a franked dividend, whether it's in accumulation or pension phase — each of these decisions has a measurable tax outcome, and they compound. The single biggest lever is one most accumulators have never heard of: the switch to pension phase.

ILLUSTRATIVE — $1,000,000 IN SUPER, EARNING $60,000 P.A.

Accumulation phase

Tax on earnings: 15%

– $9,000

Tax paid annually

Pension phase

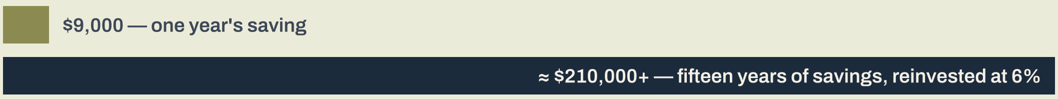
Tax on earnings: 0%

$0

Tax paid annually

DIFFERENCE $9,000 per year — before considering the timing of when to switch, minimum drawdowns, and transfer balance caps.

The same $9,000, left to compound over a 15-year retirement



Illustrative only — assumes the annual tax saving is reinvested and earns 6% p.a. within the fund.

Illustrative comparison only. Pension-phase eligibility, transfer balance cap ($2.1m from 1 July 2026), preservation age, and minimum drawdown rules apply. Personal advice required.

BEYOND THE FORMULA

The part Russell *couldn't put a number on.*

The three drivers are what's measurable. But when Russell asked clients what they actually value, the two things that scored highest have no percentage attached: guidance through life's biggest financial choices, and having genuine expertise in your corner. This is the fabric the numbers live inside — a plan that covers every domain of your financial life.

Figure 4 — The eight domains a full plan covers. Missing any one of them leaves value on the table. This is what 'holistic' actually means in practice.

"Can we retire at 63 instead of 65?"

The most valuable conversations we have aren't about products — they're modelling questions. What does part-time from 60 do to the plan? Spend $110k a year or $95k? Help the kids now, or through the estate? Advice turns these from guesses into decisions.

"What happens if something changes?"

Redundancy, inheritance, illness, a market fall the week you retire. The value of having someone who knows your file — before the phone call — is exactly the component no formula can hold. Russell's clients ranked it above every quantified driver.

Source: Russell Investments 2025 Value of an Adviser Report (Australia) — 'guidance on choices and trade-offs' and 'technical and emotional expertise' were the two highest-scoring components of the 2025 Value of an Adviser Index, and are deliberately not quantified in the 5.6% figure.

WHY RETIREMENT IS DIFFERENT

At retirement, *the rules change.*

Most people spend thirty years learning the accumulation game — then discover retirement runs on a different rulebook. Almost none of it is visible until you get there. This is where advice value concentrates.

WHILE YOU'RE ACCUMULATING	FROM RETIREMENT
TAX ON SUPER EARNINGS A flat **15%** — automatic, no decisions needed.	**0% in pension phase** — but only up to the transfer balance cap ($2.1m from 1 July 2026), and only if you make the switch, correctly and on time.
GETTING MONEY IN Decades of runway. Caps reset every year; mistakes are recoverable.	The window closes: most contributions **end at 75**. Catch-up caps, spouse splitting and downsizer amounts are use-it-or-lose-it in the final years.
GETTING MONEY OUT Locked away — you couldn't touch it if you wanted to.	**Mandatory minimum drawdowns** — 4% rising to 14% with age, whether markets are up or down that year.
A MARKET FALL IS A buying opportunity — your contributions purchase more units.	**A sequencing event** — drawing income from a falling portfolio locks losses in permanently (see over the page).
YOUR INCOME One employer, one paycheque, arrives automatically.	**Assembled by you** — from super pensions, investments, and possibly the Age Pension. Which dollar comes from where, and in what order, is now a tax decision.
THE AGE PENSION Not on the radar.	**Assets and income tests**, taper rates and gifting rules — where structuring can mean the difference between a part-pension and nothing.
IF YOU DIE Default settings are usually workable.	Super paid to adult children can be taxed at **up to 17%** — often avoidable with beneficiary, withdrawal and estate planning done in advance.

60	60–66	67	75	80+
Preservation age — super becomes accessible	Peak decision window — TTR, catch-ups, pension switch	Age Pension age — means tests apply	Most contributions end — the window closes	Minimum drawdowns rise to 7–14%

THE RISK NOBODY MEETS IN ACCUMULATION

Same returns.
Different order. Half the money.

Here is the single most under-appreciated fact in retirement planning. Two retirees each start with $1,000,000, draw $60,000 a year, and earn **exactly the same fifteen annual returns — averaging 5.5% a year.** The only difference: one cops the downturn in the first two years, the other in the last two.

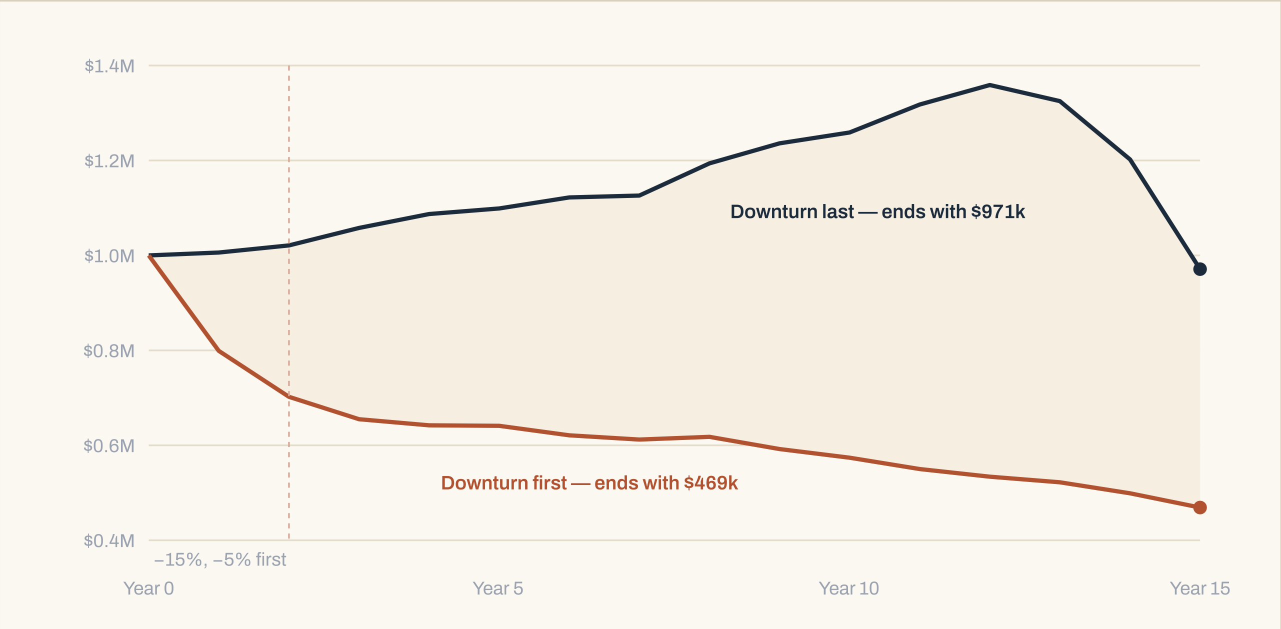


Figure 5 — Both retirees: $1,000,000 starting balance, $60,000 drawn annually, identical returns averaging 5.5% p.a. — one sequence simply reversed. With no withdrawals, both portfolios would finish identical. Illustrative only.

$501,000

The gap after 15 years — created purely by the order of returns, which no one controls and no one can predict.

What advice does

You can't choose your sequence — but cash buffers, bucket structures, drawdown-source decisions and disciplined rebalancing decide how much of it reaches you. This is engineering, not forecasting.

COMPOUNDING

Even half the number *is not a small number.*

Structural advice value compounds. To keep the maths deliberately conservative, assume advice captures only **half** of Russell's 5.6% — 2.8% a year. Below: two hypothetical $1M portfolios over a 20-year retirement, one earning 6% net, one earning 6% + 2.8%.

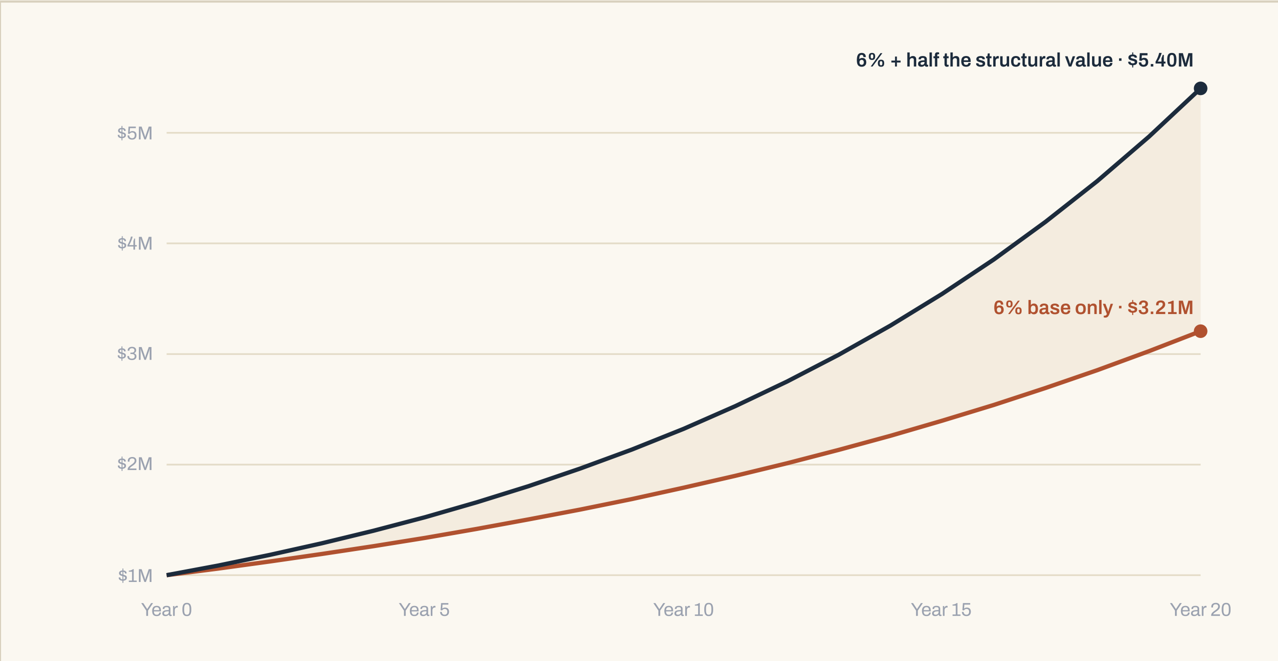


Figure 6 — Two hypothetical $1,000,000 portfolios over 20 years, no withdrawals: 6% p.a. versus 8.8% p.a. (6% + half of Russell's 5.6% estimate). At the full 5.6%, the gap would exceed $5.7M. Illustrative only — not a forecast.

YEAR-20 DIFFERENCE

$2.2M

AT JUST HALF THE STUDIED VALUE

ILLUSTRATIVE COMPOSITE

Michael & Sarah

62 & 60 · $1.4M in super · 3 years from retirement

THE SITUATION

Michael is an engineering manager, Sarah is a school principal winding back to three days a week. Combined super $1.4M, family home in Sydney with $180k left on the mortgage, two adult children, and a strong preference to be fully retired by Michael's 65th birthday. Their biggest question: 'do we have enough?' Their bigger blind spot: everything on page 11.

BEHAVIOURAL · 3.1%

Held course in Q4 correction

Portfolio recovered fully by year's end. Estimated protected value: ~$85,000 — three years from retirement, when a locked-in loss would have become a sequencing event.

ALLOCATION · 1.3%

De-risked on a glide path

Trimmed drifted growth exposure back to target quarterly, and built a two-year cash-and-defensive buffer ahead of retirement — removing reliance on 'a good year' to retire.

TAX · 1.2%

Timed the pension-phase switch

Coordinated with a property sale to eliminate CGT — saved ~$38,000 in one financial year — and moved earnings tax on $1.4M from 15% to 0% at the switch.

PRICELESS

Modelled the real choices

Retire at 63 vs 65, catch-up contributions + spouse splitting (~$120k into super over 3 years), and what three days a week from 60 actually does to the plan.

OVER THE 3-YEAR ENGAGEMENT (ILLUSTRATIVE)

Estimated cumulative structural value added: approximately $243,000 across the three quantified drivers — before counting the choices-and-trade-offs work no formula captures. The advice fee over the same period was a fraction of that figure.

YOUR NEXT STEP

Let's find out what *your 5.6% looks like.*

Every plan is different. The three drivers show up differently for a business owner than for a PAYG couple, differently for someone with $500k in super than someone with $3M — and differently again for someone five years from retirement than someone five years into it. A 30-minute Discovery Call is the fastest way to find out where the structural value lives in YOUR situation.

OPTION 1

Book a Discovery Call

calendly.com/troy-wealthdesignersadvisory/30min

OPTION 2

Email Troy Directly

troy@wealthdesignersadvisory.com.au

TROY GUDGEON

Director & Financial Adviser

MFinPlan · GradDipFinPlan · SMSF Specialist Advisor™

(02) 8526 5889 | wealthdesignersadvisory.com.au

Level 35, Tower One, International Towers, 100 Barangaroo Avenue, Sydney NSW 2000

IMPORTANT INFORMATION

General advice warning & sources

GENERAL ADVICE WARNING

This document contains general information only. It does not take into account your personal objectives, financial situation or needs. Before acting on any information, consider its appropriateness having regard to your circumstances — and seek personal financial advice.

ILLUSTRATIVE FIGURES

All figures, projections and worked examples — including the behaviour-gap, sequencing and compounding charts — are illustrative only. They are not forecasts, guarantees or recommendations. Actual outcomes will depend on your personal circumstances, tax position, market conditions and other factors.

MICHAEL & SARAH COMPOSITE

The 'Michael & Sarah' case study is an illustrative composite — not a real client. Figures are indicative only; individual results will differ. Please seek personal financial advice.

SOURCE — 5.6% P.A. FIGURE

Russell Investments, 2025 Value of an Adviser Report (Australia), released August 2025. The report estimates an adviser could have added at least 5.6% in value over the 12 months studied, comprising behavioural coaching (3.1%), asset allocation (1.3%) and tax-savvy planning (1.2%), with guidance on choices and trade-offs and technical and emotional expertise assessed as valuable but not quantified. It is not a guarantee, a promised return, or an advice fee refund entitlement. Adviser confidence statistics (26% / 81%) are drawn from the same report. See: russellinvestments.com/au.

SUPERANNUATION FIGURES

The general transfer balance cap of $2.1 million applies from 1 July 2026 (source: ATO). Minimum pension drawdown rates range from 4% (under 65) to 14% (95+). Superannuation death benefit tax of up to 17% (15% plus Medicare levy) may apply to the taxable component paid to non-tax-dependants. Rules current at August 2026 and subject to change.

REGULATORY INFORMATION

Wealth Designers Advisory Pty Ltd holds Australian Financial Services Licence 562647. ABN 26 650 483 300. Troy Gudgeon is a Director and Authorised Representative.

COMPLAINTS

We are members of the Australian Financial Complaints Authority (AFCA). Complaints may be lodged at afca.org.au or on 1800 931 678.

1. Russell Investments 2025 Value of an Adviser Report (Australia).