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Embedding health and wellbeing in the advice process

One of the most valuable roles a financial adviser plays in giving advice to their clients is risk management, the ability to mitigate for the unplanned events that can derail a client's capacity to live an expected lifestyle through their financial plan.

The biggest risk we all face in achieving our financial independence and affording the lifestyle we love and aspire to is our health and, crucially, our overall wellbeing.

While these terms are often banded around interchangeably, it's important to recognise the difference. Health refers simply to a physical body being free from a disease or illness, while wellbeing is much more about having an overall balance of one's physical, social, spiritual, emotional, intellectual, environmental, and occupational well-being.

Financial advisers are in the perfect position to have conversations about health with their clients, particularly when talking about life insurance and what cover is right for them and their situation. It's a conversation that they are adept at having.

But how can we extend this to include health and wellbeing into the advice process to ensure advisers are delving deeper into their clients' wellness goals rather than just their protection needs?

Change in advice focus

One of the key changes we are seeing as a business that works closely with financial advisers is that their practices are evolving from advising on pure financial advice needs to focusing on what can be classified as goals or values-based conversations.

Previously our starting point, broadly speaking, was about identifying the financial need and offering a solution.

Now, the industry has progressed to goals and values based financial planning, where advisers can help their clients align their financial choices with their most important goals and their most deeply held values. In its purest form, goals and values place the achievement of a client's life plans, dreams and personal values before the strategic pursuit of wealth creation.

Building health and wellbeing into the advice process

Given this change in approach, we believe it makes sense to build an awareness of health and wellbeing factors into the advice conversation. This important conversation can occur in the initial client understanding phase, in fact-finding and goal setting, during the advice recommendation and as an ongoing discussion item between adviser and client.

Financial advisers are in a privileged and perhaps unique position to impact the wellbeing of their clients and their families. Financial planning improves a person's confidence to achieve goals and improve their quality of life.

The positive news is that there is also a willingness from clients to be a part of the conversation around health and wellness, particularly when it comes to considering life insurance. In research AIA Australia conducted as a part of The Advice Challenge White Paper, 75% of clients surveyed said they highly valued being able to reduce their life premiums by participating in a health and wellness program as part of life insurance.

AIA Vitality

The AIA Vitality Program which rewards people for improving their health through reduced premiums and lifestyle discounts, has solid proof globally that people want to take small steps daily to improve their own health and ensure their future lifestyle aspirations won't be limited or excluded by poor health.

Since the program launched in Australia in 2014, more than 20,000 people have signed-up and more than 2,000 advisers have written a Vitality-attached policy. Indeed, the data shows that lapse rates for AIA Vitality members is up to 53 per cent lower than for those people not on the program. That's a significant impact.

Overall, the evidence points to one burning insight – small steps make a big difference over the lifetime of a client to improve health and enjoy their hard earned wealth. Financial advisers are in the perfect position to positively influence that ambition.

Health is a goals-based conversation

For advisers, the first thing to recognise is that the health conversation is a goals-based conversation. It is an unwritten contract that allows clients to achieve their lifestyle aspirations. Without our good health we can't enjoy the rewards of the best financial plan or the wealth it creates.

A client may or may not have an explicit goal around their health but understanding a client's wellbeing and lifestyle goals is where the health conversation starts.

When advisers ask clients to visualise their ideal future lifestyle it typically surrounds experiences, particularly with family or loved ones.

"Spending time with the grandchildren" is an example of how a client in their 50s may express

Innovation can sometimes come from the most unexpected places. In this case, it came from one of the country's largest insurers, AIA.

A few years ago, the company started carving a different path to its peers by championing 'preventative healthcare'. Called the AIA Vitality Program, they wanted to reshape the public's attitudes on insurance through an incentives program that rewards healthy lifestyle choices.

By linking good habits with great perks, the group is encouraging more Australians to rethink what insurance means not just for their future but for their present.

In this edition, we invited AIA's chief retail insurance officer Pina Sciarrone to explain why health and wellbeing programs and good financial advice go hand in hand.

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a lifestyle goal. The obvious question to deepen the conversation for this goal is: "What does that mean for your health?"

Advisers can prompt a client's positive, proactive thinking on taking action on their health as much as they prompt clients to think about future financial goals and needs to realise and fund a future lifestyle.

By framing health and wellbeing as an investment in your future lifestyle, an adviser can confidently raise health discussions in a proactive and positive manner that is relevant to a financial plan discussion.

In the grandchildren goal example, a follow up question may be framed as: "What investment are you making in your health and wellbeing today that will increase the certainty that you'll be sufficiently healthy and able to enjoy the time with your grandchildren?"

Financial planning is a technical process to deliver increased wellbeing and life satisfaction for clients. Our wellbeing is a holistic concept.

Global research firm Gallup has developed a wellbeing model based on 40 years of survey data of what makes people happy and flourish in life. The five wellbeing domains are: financial, physical, community, social and spirituality.

Gallup's data found that wellbeing isn't just one domain, such as financial security or even family. The happiest people, those with the highest wellbeing, work on all domains to build a balanced and holistic life.

Money is intrinsically linked to other life domains such as health, work, leisure, family, community and spirituality.

Conclusion

Health is our most vital asset, yet it's often the thing we take for granted, until it's under threat.

Insurance protects us financially when life takes a turn for the worse but it won't keep us vital and able to enjoy life fully.

The additional investment clients need to make is to invest in their own health to ensure the good life is in reach and sustained.

The Australian dream is no longer about owning your own home –it's now about wanting to lead a healthier, longer and happier life. **FS**



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