

# Financial planner mental health distress – the unintended consequence & dark side of industry reform

By Mr. Barry J Daniels - Former financial planner Founder of PFM Australia Pty Ltd & Alliton Capital Pty Ltd

Mental health distress brought about by industry reform fatigue, constant legislative / regulatory changes and reputational damage of financial services is the unintended consequence that is contributing to many advice practitioners' decision to terminate their careers and exit the advisory sector.

Compounding the situation is government and industry not acknowledging the very real mental health issues financial planners and their families are dealing with following so much structural change spanning the past two decades – and they have been immense!

These factors have all come together into a perfect storm scenario and many once resilient individuals are simply unable to cope – and this is being manifested in mental health issues.

The prospects of further significant industry reform beyond the Hayne Royal Commission that followed the Trowbridge Report, LIF and education requirements has exhausted many – especially mature age planners.

Hence the decision that sees so many capable planners preferring retirement to continuing their careers. Adding to their distress, planners seeking to exit are selling practices in an environment of rapidly falling values for advice businesses.

Many planners equally had structured their retirement plans on resale values or BoLR arrangements to fund exit and retirement aspirations. These are now in tatters.

Business brokers can attest to the mental anguish and tears of planners not only concerned for their own well-being, but those of their staff and the ongoing financial servicing of clients.

There is also angst amongst those planners with significant borrowings that funded the purchase of practices / books of clients to underpin business growth plans and provide continuity of service to the clients of the acquired businesses.

The impact on this group cannot be overstated as their plans have been completely derailed as business valuations spiral downwards as the result of pending legislation to disqualify revenues.

It's imperative that planners that find themselves unable to cope or struggling emotionally – not to do so in silence or alone.

Anxiety is the most common mental health disorder and is often manifested by an inability to sleep, concentrate and carry out normal day-to-day tasks.

Other symptoms include feelings of helplessness, isolation, inability to cope and sense of being overwhelmed.

These can escalate into depression – in some cases even thoughts of self-harm and suicide.

It's important for those planners that are finding it difficult to manage, that they obtain help as soon as possible. Taking the first step can be daunting, but there are many health professionals, community groups and organisations that can help.

Many planners will be reluctant to reach out for help, fearful of being told they have a mental illness. This fear, misunderstanding and reluctance to reach out will only delay treatment and access to support.

Finally, the number of practices sold or on the market will provide government and professional associations with a good indicator of the planners that will be left to provide advice beyond 2024.

The deeper concern is the dark side of all this industry reform which in its wake is a legacy of distressed planners with mental health issues.

Issued by Barry J Daniels

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About Barry J Daniels BEng (Mech), Fellow IML, MAICD, Adv Dip FP SAFIN

Barry Daniels has a 36-year career in financial services and property including 15 years in funds management, holding qualifications in the combined disciplines of mechanical engineering, financial planning and funds management.

Over the course of his career, Barry has owned financial planning practices with in excess of 6000 clients with \$350 million funds under advice, providing financial planning advice to investors large and small.

Barry has been involved in various residential infrastructure property development funds since the 1980s with end-value valuation in excess of \$580 million on behalf of fund managers, residential property syndicate investors, land developers and private financial planning client investors, specifically including property funds management and residential property development syndications.

He has also had roles involving site acquisition, site due diligence, site financial analysis, syndication, Information Memoranda preparation, chairing compliance and investment committee functions, and AFSL Keyman and Responsible Manager roles, through to site project management and investor relations.

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