



Taking an active interest

Three jolts prompted a 2010 FPA Value of Advice Award winner to choose a new career path. Simon Hoyle reports.

Charles Badenach's first lesson on the importance of planning for the future came from watching his grandfather.

"He was very much from the old school," Badenach says. "He started working at a law firm at 14, and finished work at 79, on a Friday. I was about 17 at the time. He packed his desk up, drove to hospital to check himself in, and he passed away on the Tuesday.

"He'd worked for 65 years and didn't have a retirement. He'd been diagnosed with cancer, and didn't tell anyone. I thought, my goodness, if I don't take an active interest in my own affairs that could happen to me. So that was my first jolt.

"Then I had a second jolt, when I was working in the law in the 1990s - I was a lawyer for seven or eight years. I used to get disturbed because you'd get clients who would come in with a large personal injury or estate or family law settlement, and all the lawyers would do is just hand the cheque to them, without referring them to other professionals.

"You'd inevitably find, after you'd talked to the lawyers after three or six months, what would happen would be the same thing. People had never received such a large lump sum, so they'd waste it on the traditional temptations of life - a new car, a holiday, some gift to the children. I thought that while that gives you some kind of short-term pleasure, there's got to be a better way. So that was my second jolt.

"And my third jolt was that I didn't really enjoy the law."

Badenach started his Diploma of Financial Planning in 1997 and says he was "surprised at how straightforward it was, compared to the law degree at uni - it was scarily easy".

"After completing that diploma I got a taste for it, so I moved on to the Graduate Diploma in Applied Finance and Investment, through the Securities Institute," he says.

"I had all the courses, but I didn't have anywhere to put my shingle up. So I was all qualified but had nowhere to go."

Badenach put a proposal to the partners of the law firm to set up a financial planning prac-

tice, and after a fairly detailed investigation the practice was up and running.

"But after six months it just became clear that it was too difficult - it was like working with a doctor and a dentist in the same office," he says. "It was next to impossible."

Looking around for options, Badenach contacted David Catchpole and Nick Bedding at Shadforth Financial Group, started there in June 2001, "and the rest is history, really".

"It was run as a professional firm," Badenach says. "Advice was the focus. Acting in the best interests of the client was the focus. It had a very high ethical standard; very highly regarded. It set the benchmark, certainly in Tasmania and many would argue in Australia, in terms of what you needed to do to be an adviser. So you could only see clients if you were a CFP, for example. You had a lot of continuing education; so you were constantly pushed to the next level and that really appealed to me."

'So that was my second jolt. And my third jolt was that I didn't really enjoy the law'

When Badenach joined Shadforth, he'd done all the study to qualify as a CFP, but lacked the required practical experience. But given his background as a lawyer, Shadforth was prepared to make an exception.

"They allowed me to be an adviser with L plates straight away, because I'd come from a fairly senior role in the law - I was a senior associate with Murdoch Clarke, and the next step was partner, but that didn't really appeal to me," he says.

Badenach says he was immediately struck by

Name: Charles Badenach

Position: Private client adviser, principal, shareholder, Shadforth Financial Group

Years in financial planning/financial services: 10

Qualifications: CFP, BA, LLB, DipFPF, GDipAppFin, JP

Industry background and experience:

Prior to joining Shadforth, worked at Murdoch Clarke, a major Tasmanian legal firm specialising in commercial law. Involved in a number of community and industry-based bodies both as a trustee or board member, including Shadforth's Board of Advice. Regular speaker at both professional and community-based forums in Tasmania.

the difference between how lawyers relate to clients and the relationships that financial planners develop with clients.

"It's a very different approach from the law," he says.

"With the law, for example, you would be able to tell a client what to do, because a client relies on you totally for advice.

"In the financial planning profession, you need to engage a client in terms of what do they want, what are their preferences? It can be very different. I found the approach took probably a year or so to work out because I was so ingrained with [the idea that] whatever I said, people would do. You had to change your method with clients."

Badenach describes his clientele as "high-end, accumulating professionals, so I act - surprise, surprise - for a lot of lawyers; a number of medical professionals and CEOs of business and managing directors and that sort of thing; and self-funded retirees and a couple of charitable foundations as well".

A highlight in Badenach's career came at the end of 2010 when he was awarded a Financial Planning Association of Australia (FPA) Value of Advice (VoA) Award. The award recognised the technical understanding that he brought to bear on his client's issues and - in the case study he submitted for consideration - the ability to

empathise with their personal circumstances.

"The main reason why I do this is I enjoy helping people," he says.

"I get a lot of satisfaction when you make a difference to someone's life. You take it for granted, the knowledge you have, and it's just a fantastic feeling. You can do a wide and varied range of work here.

"One of the things, for example, is I run a financial literacy course for the Migrant Resource Centre, here in Hobart. It's very much a leveller. It's non-branded, it's a very plain thing, but I quite enjoy it, because it makes you realise how lucky you are. You might be dealing with Sudanese or Bhutanese refugees, and it's quite confronting how little they know, and how they can be exploited without that sort of advice.

"I think as a society, if you're reasonably successful as a society, you need to do that; otherwise the place doesn't go forward."

Badenach's career switch revealed an insight into how other professionals, particularly lawyers, regarded financial planning a decade ago.

"Initially they were surprised, in that for them it was seen as a step backwards," he says.

"And disappointed as well, because my father was a senior partner in the law firm at that time; we had a very strong family association with that firm."

Badenach says the legal fraternity initially looked down on financial planning.

"My move to the financial planning field helped to change a few of those perceptions at a local level, because I have a lot to do with lawyers and they can actually see



the value of advice that you provide - it's not uncommon for a lawyer to come in here with a client and we'll go through the strategy together and I'll engage him in the process and he'll realise, 'My goodness, this is amazing, what you're doing, that I wasn't aware of,'" he says.

"So I think it's been a positive, really."

But he says financial planning still has further to go.

"We need to increase educational standards, and we're not going to be taken seriously as a profession until the barriers to entry are lifted substantially," Badenach says.

"The recent moves by the FPA are a step in the right direction. As you know, it's pretty easy to put your shingle up."

Badenach's legal background

influences the way he approaches the job.

"I have always put clients first," he says. "And that's what you do in the law. It's drummed into you. I've had a fiduciary duty as a lawyer for years, so effectively I've just assumed that same role. I could not think of acting contrary to a [client's interests]."

"I've had clients come in to see me and they've said, 'Look, Charles, I want to put \$300,000 into this tax-effective investment, and I've said, 'You're absolutely mad'."

"I think that's how a professional should act. This traditional commission-driven model is dead, and to be an adviser of the future it has to be highly personal, holistic, and take an active interest in the scheme of life for the client.

You also need to work with other professionals.

"Going forward, I see as financial advisers we'll be the principal wealth adviser for the client, so we'll co-ordinate, manage and implement the strategy for the client. That role is going to encompass things like lifestyle goals, cashflow management, super, estate planning, investment planning, risk management, asset protection, debt management, salary packaging and, of course, retirement planning." ■