

# QUANTUM MECHANICS

*The power of family business*



Photography by Hayden Brotchie



Their level of knowledge and expert opinion across all aspects of financial matters has seen them gain an almost celebrity-like status.

Quantum Financial's Tim and Claire Mackay share with **Jamie Williamson** how they use that expertise to provide fearlessly frank advice to clients of their long-running family business.

**H**aving grown up involved in every aspect of the family's financial planning business, one might think Tim and Claire Mackay would have no trouble getting a job when they too decided they wanted to be financial planners.

However, their father had other ideas.

Bill Mackay established Quantum Financial in 1994 and made it a condition that Tim and Claire had to earn their professional stripes before he would even consider allowing them to step foot in the business.

"It was important to him that we both gain valuable experience elsewhere before joining the family firm. We had to go out into the world, learn, prove ourselves professionally and only then would he let us return," Tim says.

So off they went.

With a Bachelor of Economics (Hons) already under his belt from the University of Sydney, Tim qualified as a Chartered Accountant before investment banking roles with UBS and HSBC took him to London. Stints at London Business School and New York's Columbia Business School followed and, upon graduation, Tim accepted an offer from Deutsche Bank to join its graduate program.

Eventually becoming an analyst based in London, Tim researched global property companies and travelled extensively advising fund managers, hedge fund managers and pension fund managers.

Claire opted for a different – though equally as busy – route, undertaking a double degree in commerce and law at Macquarie University. At the same time Claire was commissioned as an Australian Army officer and also worked part-time as a paralegal, establishing and managing self-managed superannuation funds.

This was followed by corporate tax roles with PwC and a role with Macquarie Bank advising on complex Australian and global financial investment products.

This pursuit of consistently, and often times numerous, challenging roles is reflective of their father's vision for the business, named after a quote in a poem by 13th century philosopher Thomas Aquinas; 'Quantum potes, quantum aude' translates from Latin to 'As much as you are able, dare to do'.

Finally, in 2004 and 2006 respectively, all the hard work was recognised by their father and Claire and Tim acquired significant equity stakes in Quantum Financial. Around the same time, they also both studied and successfully attained their Certified Financial Planner qualification.

At Quantum, Tim and Claire specialise in providing trusted advice to self-managed superannuants and business owners that are either headed for or already living in retirement.

"The role of a trusted financial planner is to make a meaningful difference in our client's lives and we are passionate about providing trusted financial advice that does this. That's why we became financial planners," Claire says.

"Our clients are smart people facing complex financial problems who want to work with a trusted planner who gives them a sense of control and direction, and removes their concerns. That's what we love doing," Tim adds.

As such, the client and their interests always come first at Quantum. Adorned with photographs of clients and a world map charting all of their travels, the wall in Quantum's boardroom exemplifies this and acts as a daily reminder to Tim and Claire as to what they're there for.

"It's to ensure our clients have enough money to do what they want to do for the rest of their lives," Tim explains.

While the client may always come first, this doesn't mean that Tim and Claire are averse to turning down new business.

"We are very open and upfront about the fact that we won't accept everyone that approaches us as an ongoing client and we have a very honest conversation when it comes to making that decision," Claire says.

That conversation involves answering three pivotal questions and encouraging the prospective client to make the same considerations – can Quantum provide the services the client needs and wants? Can Quantum add more value than the cost of the advice? And, will the client and Quantum enjoy working together?

"If we can answer all three questions positively, then we will offer that client a service agreement. If not, we will politely say no and then openly and honestly advise them on their best course of action from there," Claire explains.



#### The quote

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**The quote**

*When we provide that advice, it is fearlessly frank – our clients know we will openly share with them the good, the bad and the ugly.*



Tim adds: “We need to know that they feel comfortable with their own answers to the same questions and, if they don’t, then we wish them all the best.”

This is because both Tim and Claire, along with their father and staff, have spent a lot of time building a business with the right client fit to ensure their clients are not only successful but also their greatest advocates.

Those clients that do make the cut benefit from Quantum’s proprietary Investing Insights research, a biannual guide to investing in the current climate which is collated by Claire and Tim.

The research is distributed to clients to help them better understand the recommendations made to them by Tim and Claire, and includes elements such as asset class outlooks, geopolitical analysis and thought leadership pieces around topics such as technology and the intersection of psychology and finance.

The research – which is undoubtedly a crucial touchpoint for the team – also forms the basis of all their investment advice when designing consistent and diversified strategies for clients.

“Our growth and investment income philosophy is underpinned by long-term asset allocation and asset allocation where assets are held securely in the most tax effective vehicles. We implement core and satellite portfolios with a low-cost, diversi-

fied core and high conviction investment ideas as satellite investments,” Claire explains.

They proudly describe their advice process as fearlessly frank, and it works for them too – more than 90% of Quantum’s new business each year comes from word of mouth referrals from existing clients.

“Like doctors, our first rule is to do no harm. By that we mean our clients should not take on any more investment risk than they need to meet their goals, such as funding their dream retirement or managing their family’s wealth. When we provide that advice, it is fearlessly frank – our clients know we will openly share with them the good, the bad and the ugly,” Claire says.

At Quantum, demonstrating authenticity in all that they do is paramount. Neither Tim nor Claire is afraid to share their views on contentious industry talking points, with both often lending their voice and expert knowledge as media commentators on radio, television and in print.

And their opinions aren’t always popular either.

“A lot of the things that we’ve come out and said, at the time have been considered controversial. You might look back now and not really see an issue, but we have copped backlash. For example, coming out and saying all life insurance commissions should be cut – that was never going to be well received,” Tim says.

They had already put their money where their mouth was on this one too, being among the first financial planning practices to introduce a flat, fee-for-service remuneration model.

“The cost we charge to clients is straight forward – one level, annual cost that we agree on upfront. There are no hidden fees, commissions or charges so our clients have confidence in the fact that our advice is always in their best interests,” Tim says.

Another of these unique opinions – and a somewhat counterintuitive one for an adviser – is Tim and Claire’s shared belief that not everybody needs a financial adviser.

“I’m a big believer that everybody most certainly needs a financial plan, but not everybody needs a financial planner,” Claire clarifies.

Having long held this sentiment, Quantum recently introduced a general advice service for clients that come to them but aren’t interested in or don’t have the means of becoming a long-term client.

“So we meet with these ambitious, generally younger couples, and have a conversation around where they’re at, where they want to be and how they can get there. It’s about showing them what they have control over to put them in the kind of position they would need to be in to become a Quantum client in the future,” Claire explains.

Again, this incurs a flat fee-for-service and can range anywhere from telling the client to come back when they’re mortgage-free to letting them know they’re sitting pretty and can envisage them being a client in a particular timeframe.

Whether they become a client or not, they have the confidence that they’re in control and on the right track, and if they need to engage a planner in the future then they have had a positive, honest experience with someone that wasn’t trying to sell them something or sign them up for a quick buck but has served their longer-term best interests, Claire says.

“It’s about reminding people that what they do with their finances is not a race against anyone else; it’s something best done at your own pace,” Tim says.

The service also plays into their strategy of ensuring Quantum maintains a refined client book and reinforces their willingness to say no to potential clients.



“When we joined the firm we implemented a very deliberate strategy by which the growth of the firm is not a driving force for us. It’s about making sure that we continue to partner with families who trust us and know that we’re positioning them in their best interests,” Claire says.

This willingness to challenge the status quo and put their head above the parapet has seen both Claire and Tim play an active role in shaping the policies and legislation that they and all financial advisers operate under today.

Quantum is proud to have had a hand in shaping the much needed reforms like Future of Financial Advice, the Life Insurance Framework and the raising of professional and educational standards that will help rebuild the consumer trust that has been tarnished in recent years, Claire says.

“We embrace these reforms which, at their heart, are intended to ensure Australian’s have more for their retirement. As professional advisers, we want to build a profession that our children can be proud of when people ask them at a barbeque what their parents do for a living,” Tim adds.

Claire is a member of the Australian Taxation Office’s superannuation industry relationship network and was the first practicing financial planner to contribute to the ATO’s consultation forums for superannuation and SMSF. She is also the sole practicing financial planner on ASIC’s external advisory panel, serves as a director on the Accounting Professional and Ethical Standards

board and is a member of the FPA’s Professional Standards and Conduct Committee.

As for Tim, when he’s not working with clients, he serves as a member of the FPA’s Policy and Regulation Committee and has been involved with a number of working groups for drafting legislation over the years, particularly as a representative of the Self-Managed Superannuation Fund Association’s NSW chapter.

Tim and Claire see their involvement at this level as a means of giving back to the industry that has given them so much. And, while you may already be wondering where they find the time for all that they do, they also regularly devote their time to helping others outside of office hours; Tim volunteers at a homeless shelter while Claire assists various government organisations in the development of financial literacy programs.

By now, it’s easy to see why both Tim and Claire were named in Financial Standard’s FS Power50 for 2017, highlighting them as two of Australia’s most influential financial advisers.

“To be seen as influential isn’t just about being active online and turning up to functions. It’s about using the skills you have and the knowledge you have to improve policy and to help our associations better represent us as members and progress our profession in the discussions that matter,” Tim says.

Claire adds: “It’s about realising that as professionals we have a commitment to not only our communities and our clients, but also to our fellow and up and coming professional peers.” **FS**



## CASE STUDY



## The quote

*All the money and advice is merely a means to an end, to ensure our clients have enough money to look after those they love and fund their dream retirement.*

Sarah and Greg had significant wealth from his business and her employment and wanted flexibility to retire early and follow their passions. They led busy lives, were time poor and wanted a team they could trust, according to Greg: "I find a professional I trust and then I delegate."

The couple had worked with a number of advisers in the past but had been underwhelmed, being passed from adviser to adviser. Sarah had researched for independent financial planners and Quantum Financial featured prominently due to positive client testimonials and prestigious awards.

They wanted a team who understood their needs, explained the options and who they could trust to keep them updated on implementation while Greg and Sarah focused on their business, work and family.

### Complex situation

Sarah and Greg complex financial situation involved multiple trusts and companies, various insurance policies, default super and their own self-managed super fund. They wanted an adviser who was across the best structuring strategies, tax implications, insurance, superannuation, investments and estate planning strategies.

Quantum Financial created a comprehensive strategy covering all aspects of their financial affairs, liaising directly with their accountant, bookkeeper and lawyer.

### Advanced structuring

Working with their existing accountant, Claire created a comprehensive strategy for their investing entities, and war-gamed various scenarios to help understand the impact of specific events on their structures and investments and how this impacted on their strategies.

### Investment strategy

Across various entities Greg and Sarah had multiple investment portfolios, with various shares and managed funds via an expensive platform. They didn't understand the rationale for each investment

and could not identify the overall strategy of the portfolio.

Tim created diversified portfolios in the appropriate investing entities reflecting Greg and Sarah's combined attitude to risk and return. Low cost exchange traded funds comprised the stable core of their portfolio, complimented by high conviction thematic investments (healthcare, US exposure, etc). They agreed a target asset allocation with the primary focus up to retirement being capital growth and at retirement it would shift to income and capital growth.

### How do you charge?

According to Tim: "The cost we charge each of our clients is straight forward – one level annual cost that is set out clearly in each clients' Service Agreement. Our clients choose each year to re-appoint Quantum Financial as their adviser. Our costs are tailored based on the complexity of their situation, our estimate of professional time and adjusted for any risk factors. There are no hidden fees, commissions or charges."

### Outcome of advice

Greg and Sarah believed they should be financially comfortable, after Quantum Financial's advice they knew they were making the best use of their assets and had confidence about their options. Greg has now sold his business and is working within his industry as a mentor. Sarah has continued working, albeit part-time with plenty of planned holidays, and their daughters have met also now with Quantum Financial to help develop good financial habits as they commence their careers.

Greg and Sarah have provided testimonials about their experience and have recommended family members who needed guidance on their finances.

A lovely photo hangs on the board room wall at Quantum Financial of Greg, Sarah and their daughters, serving as a constant reminder that all the money and advice is merely a means to an end, to ensure our clients have enough money to look after those they love and fund their dream retirement.