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UQ research to secure baby boomers' investments

New research by a UQ legal expert will aim to avoid the kind of investor fallout experienced in the recent Storm Financial collapse.

Dr David Morrison from the TC Beirne School of Law has won a \$70,000 UQ Foundation Research Excellence Award to study baby boomers and the state of their investments amid the global financial crisis.

The aim is to make recommendations for legal reform to improve means of dealing with financial distress that are consistent and fair for all investors.

"Insolvency and bankruptcy law are concerned with the legal implications and processes of how we deal with companies and individuals (respectively) when they strike financial hardship," Dr Morrison said.

"The legal implication of financial distress is particularly interesting because it crosses the traditional divide between the disciplines of law and economics."

Dr Morrison's interest in the area was sparked as an undergraduate at UQ, and later honed during work as an analyst, chartered accountant and lawyer.

As baby boomers hold the largest share of wealth in Australia, Dr Morrison said it was essential that they received sound financial advice and that adequate measures were put into place for their retirement.

"The boomer cohort is unique, dominating earnings and spending growth for the past 25 years and fully expecting to continue that trend," he said.

"Boomer wealth however cannot be repeated by the generational cohorts that follow due to the boomers' large relative portion of the overall population, their greater earnings due to women entering the workforce and greater expenditure due in part to the increased divorce rate and the increased work and education opportunities."

The project will survey boomers who have recently received financial advice; in particular those encouraged to borrow money to invest in shares and advised to continue borrowing as the market index rose, as was the case with Storm clients.

As part of the study, a website will collect and present data on boomer bankruptcy and publish findings of the research.

Untangling the legal elements of financial hardship in Australia is a key part of the project, which is thought to be one of the first of its kind in the country.

While there are arrangements within existing legislation for bankruptcy alternatives, Dr Morrison said they were not well understood or fully utilised by those who needed them.

"This means that a large portion of the boomer cohort are somewhat disadvantaged because they are either unable or unwilling to utilise alternative-to-bankruptcy procedures and if they are not entitled to the pension they are caught between a rock and a hard place in the advent of the GFC," he said.

"The lack of quality independent financial advice generally available to retirees is frightening."

To find out further information or to participate in the study, contact d.morrison@law.uq.edu.au or (07) 3365 3494.

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