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MONEY & LIFE

The magazine for FINANCIAL PLANNING PROFESSIONALS

Sharing the Message

ANDREW DUNBAR CFP® AND SPREADING THE GOOD WORD ON ADVICE

EDUCATION AND THE PROFESSION: WHY THE OPPORTUNITY IS NOW

&

DEAKIN MASTERS PROGRAM TO INCORPORATE CFP® CERTIFICATION

LOW COST ACTIVE INVESTING | HOW TO EMBRACE DISRUPTION

FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

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Paper + Spark is the custom publisher of Money & Life (www.moneyandlife.com.au) for the Financial Planning Association of Australia (FPA).
We are a specialist digital content marketing and social media agency with deep Financial Services consumer and B2B experience. We create brand, digital, social and content strategy that leads to reaching the right audience at the right time via the right channel to keep you agile and relevant in a fragmented media landscape. Because purposefully agile/great brands stand for something, while never standing still.

SUPPORTING THOSE IMPACTED BY BUSHFIRES

The scale and intensity of our country's bushfire devastation as we ended 2019 and welcomed the new decade, has been unprecedented and quite overwhelming.

| DANTE DE GORI CFP®, CEO

To those FPA members who are and continue to serve as volunteer firefighters and in other supporting roles, I honestly can't express enough gratitude and appreciation for the work you do.

To those of you who have been personally impacted, I wish you strength and determination to carry on and adjust to your new normal. I also know that many of you have clients who have been affected and you're already in the process of reaching out to them to help in whatever ways you can.

As Australians in affected areas begin to re-build their lives, together we are offering our support through the newly established Financial Planning Bushfire Pro Bono Program.

We have teamed up with the AFA and we're asking those financial planners who have the capacity to help, to come forward. Thank you to those of you who have already volunteered to assist Australians who have been affected and are seeking advice to rebuild financially. For more information on this program, go to fpa.com.au/bushfiresupport.

We know that major events, such as the bushfire crisis, can often have unpredictable and significant impacts on your health, wellbeing and emotions. Please make use of the FPA Wellbeing program if you require free, confidential support at any time. Head to: fpa.com.au/wellbeing.

CFP® CERTIFICATION PROGRAM AND MASTERS COMBINED

I'm excited to announce a brand new initiative which means financial planners can now complete the education requirements of the CFP® Certification Program while studying for a Masters degree. Deakin University is the first to come on board with this integrated program that allows planners to work towards the global standard in financial planning and achieve their Masters simultaneously, offering significant savings in time and cost. Head to page 22 to learn more.

WHAT SHOULD ADVICE LOOK LIKE BEYOND 2020?

Affordability of advice, the role of regulation, and trust in financial planning – these are some of the major themes we're anticipating will shape the financial planning profession over the next five years.

Thank you to those of you who took part in our consultation to help us formulate the policy plans for advocacy and Government relations for the financial planning profession from 2020-2025. We are now finalising the new five-year policy vision, which we will share in the next month.

Please enjoy this edition of your magazine.

—

FOLLOW DANTE ON TWITTER @DDEGORI10

Fluent

Learning Mandarin is one thing. **Mastering** it is quite another. It takes dedication, time and a deeper understanding. With the wrong inflection you might tell a waiter you would like 'to sleep', (rather than order boiled dumplings). Or at a tourism office you might ask where you can see 'chest hair' (instead of pandas).

At Fidelity, our knowledge of Asian markets and immersion in the local culture helps us to uncover great businesses. With **50 years doing business in Asia** and a large on-the-ground investment team we have a unique view of factors shaping returns across this dynamic market.

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Fidelity INTERNATIONAL

SUPPORT FOR BUSHFIRE AFFECTED COMMUNITIES

The FPA is establishing a pro bono program where members can volunteer their time to help Australians impacted by the recent bushfire emergency.

Many individuals, families and businesses have struggled throughout the current bushfire season, putting significant financial pressures on them. To help these Australians rebuild their lives, the FPA is calling on practitioner members to lodge their interest in being part of a pro bono program to assist fire-affected Australians by emailing the FPA at: probono@fpa.com.au.

"The FPA community supported those who suffered in the 2009 Black Saturday bushfires and we want to offer our support again," said FPA CEO Dante De Gori CFP®.

"Our members have lifelong relationships with some of the people impacted by the bushfires. We will be offering whatever aid we can to help them rebuild and recover."

In addition, for members who have been directly impacted by the bushfires, FPA Wellbeing is providing free, confidential support for them. There is also a critical incident and major events resource kit available, which includes information on how to support yourself and others impacted by the bushfires.

FUTURE OF THE SOA DIGITAL INTERACTIVE GUIDE

The FPA has launched the *Future of the Statement of Advice (SOA) digital interactive guide* to help planners develop more accessible, personalised and meaningful client experiences during the advice process.

According to FPA CEO, Dante De Gori CFP®, advancements in technology has allowed for the more efficient production of SOAs, as well as being a more effective communication tool by using icons, symbols, graphics, expandable and linked text, audio and video to better engage and inform clients.

"Last year, the FPA invited a wide and diverse group of financial planning professionals – including members, regulators, compliance experts, lawyers, licensees, content, digital media specialists, and advice technology specialists – to form a Future of the SOA working group, and set the challenge to create a vision of what the future SOA could look and feel like," De Gori said.

"We are delighted to see the successful culmination of those efforts with the launch of the Future of the SOA digital interactive guide. The guide includes a series of videos that cover topics relating to digital SOA production and delivery, as well as six sample digital SOAs created by fintech providers which planners can begin to implement in their practices today."

In addition to video, the guide can also be accessed in audio or text format.

De Gori added that research showed that only 8 per cent of consumers had a preference for the written paper-based documents. The other 92 per cent of clients learnt best by watching, listening, engaging and testing to come to their understanding of their financial plan.

"This guide represents a starting point for the next decade of financial planning. We must start to 'break paper' and utilise the full breadth of digital, tech and communication modes available, to allow advice delivery to be more accessible, personalised and meaningful for clients."

To access the Future of the SOA digital interactive guide, go to fpa.com.au/the-future-of-the-soa

The FPA congratulates the following members who have been admitted as

CERTIFIED FINANCIAL PLANNER® PRACTITIONERS

ACT

Thomas Delaney CFP®
StatePlus

Scott Paterson CFP®
Deep Wealth

Hongyu Li CFP®
NAB Financial Planning

Laura Imanse CFP®
AustralianSuper

Cassandra Pearson CFP®
MMCC

Khabilan Rukmanikanthan CFP®
Deloitte

SA

Nicole Dwyer CFP®
UniSuper Management

TAS

Thomas Whitley CFP®
Premium Business Group

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Patersons Securities

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Findex

Ljupco Ivanov CFP®
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UniSuper Management

Shreya Singh CFP®
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Kristianne Badgery CFP®
Retirement Victoria

ACADEMIC GRANTS RECOGNISE ELDER FINANCIAL ABUSE

At the 2019 FPA Professionals Congress in November, the Financial Planning Education Council (FPEC) announced two Research Grant Award winners.

The first grant award went to the research team of Associate Professor Tina Cockburn TEP, Dr Kelly Purser TEP and Dr Sherrena Buckby of Queensland University of Technology (QUT), who were presented their award for their research titled: *The role of financial planners in preventing, recognising and responding to elder financial abuse.*

The second winner of the FPEC Research Grant Award was the research team of Dr Tracey West, Richard Olley and Dr Tom Verhelst of Griffith University for their research titled: *Quantifying the dynamics of elder abuse.*

The Research Grant Award winners were recognised alongside the 2019 FPA Award winners at the FPA Professionals Congress. For more on the FPA Awards, go to p32-35.

Commenting on the awards, FPA CEO Dante De Gori CFP® said: "High quality academic research into financial planning is very important to the profession, as it raises the profile and standing of the industry, both in the community and at a policy level. Both of this year's winning research projects will add significantly to the body of work on the important issue of elder financial abuse."

Each of the winning teams were awarded a grant of $5,000. The FPEC Research Grant Awards are sponsored by NAB.

"FPEC recognises the valuable support of NAB in sponsoring the 2019 program and is calling for more sponsors to join NAB and FPEC to support and expand the 2020 academic research program," De Gori said.

2019 CONGRESS:
EMBRACING CHANGE AT NEW HORIZONS

FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

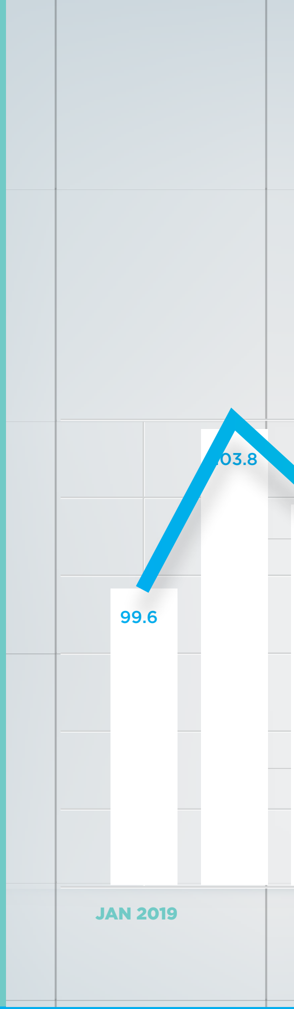
2019 PROFESSIONALS
CONGRESS
MELBOURNE 27–29 NOV

Over 1,400 delegates were ready to face the future and embrace change at the 2019 FPA Professionals Congress. Here is a snapshot of some of the highlights from the Welcome Reception and Future2 Celebration.

INSIGHT

OPINION CORNER

YOU SAY/ THEY SAY



In this new section, we take a look at how you, financial planners and your clients think about different topics. In this issue, we look at the year ahead.

WE SURVEYED FINANCIAL PLANNERS FOR THEIR THOUGHTS ON THE FOLLOWING TWO QUESTIONS

What do you see as the biggest challenges facing your clients in 2020?

"Clients are very busy and focused on the short-term to the detriment of long-term goals, which are sometimes intangible. For example, there may be a slowing economy and low wage growth that plays on their minds. Another challenge is the volume of unfiltered information that is available and clients are overwhelmed by it, not knowing what or who to trust, or how to apply the information to their personal situation."

"Markets will again be challenging for clients."

"Dealing with complexity is always challenging."

"Lower investment returns, low wages growth and higher advice fees, will be a challenge for clients this year."

"Technology and getting returns in low risk assets, such as cash and term deposits, will continue to challenge clients and planners alike."

As we move into a new decade, how do you see the profession evolving and changing over the next five years?

"There will be fewer planners to service clients. Practices will become corporatised and professional. The cost of advice will increase, partly due to new legislative requirements and also as a result of supply/demand pressure."

"Higher education and professional standards will mean the profession will change for the better. We can also expect to see less salespeople in the industry."

"There'll be fewer planners, less new entrants, more clients needing help and the emergence of a true profession."

"There will be less focus on investment management and more focus on general guidance and strategy development."

"We can probably expect to see more robo advisers, less face-to-face client contact, and greater use of technology, like Skype, to conduct client meetings."

CONSUMERS REMAIN WARY AS WE HEAD INTO A NEW DECADE

We took a look at the Westpac-Melbourne Institute Consumer Sentiment Index to see how consumers feel about the year ahead

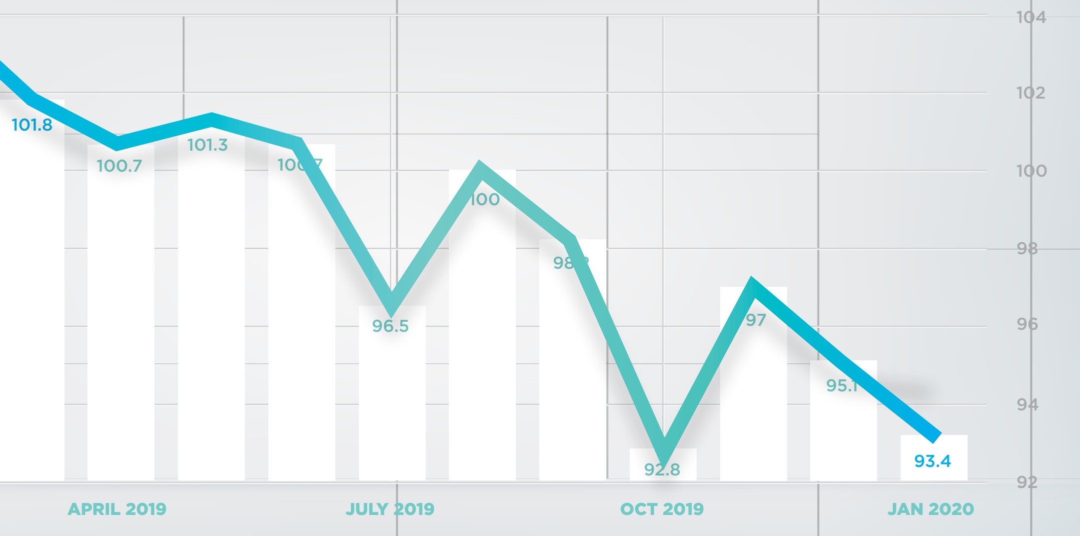
Consumers are holding on to the same financial wariness that featured in 2019, but there is some slivers of hope.

Although the Consumer Sentiment Index showed yet another drop in January, Westpac chief economist Bill Evans says there is some improvement.

"Optimism around financial markets and the global economy has lifted, with the Australian share market up by 6 per cent since the start of the year.

"Consistent with improved performance of financial markets and housing we saw the 'own finances' components remain broadly steady. The 'finances versus a year ago' sub-index rose 0.7 per cent in January and the 'finances, next 1 2 months' sub-index increased by 0.9 per cent."

CONSUMER SENTIMENT INDEX 2019



INSIGHT

CONSUMER SENTIMENT TREND SETTLES IN FOR THE LONG HAUL

The downward trend in consumer sentiment has been a feature for more than a year now, creating an ongoing and challenging environment for financial planners to be advising clients.

"Since the lows of the Global Financial Crisis, where the Index averaged only 89 over a 15-month period from March 2008 to May 2009, there have only been seven monthly readings where the Index has printed below 93.4," says Westpac chief economist, Bill Evans.

"This low level of confidence is consistent with the generally lack lustre reports on consumer spending. A more widespread boost to spending will be required before there are credible grounds to dispute the downbeat signals associated with the consistently low levels of the Index."

3 REASONS
TO BE CONFIDENT IN 2020

As FPA CEO Dante De Gori CFP® looks forward to what 2020 has in store for the profession, he reflects on the growth and change we're seeing and how this provides planners with a major opportunity to advance in their career and professional standing.

For some time now, the financial planning profession has been under pressure from widespread change. Fresh demands on the resources of businesses, both large and small, are coming from major shifts in demographics, legislation, education requirements and the disrupted landscape of the financial services sector as a whole.

All of this can be very unsettling for our members. But a context of change creates opportunities for our profession to progress and evolve like never before.

In rising to the challenges of new FASEA requirements and post-Royal Commission consumer sentiment, we have the chance to rebuild confidence and establish our profession as genuinely qualified to act in each client's best interests. This is something the majority of members have always done. Going forward, ethical and client-centred conduct will be upheld in education and professional standards, which will, in time, transform the culture and reputation of our profession.

As the new year begins, perhaps with greater certainty about the future for our members, it's important to acknowledge how far we still have to go. Transformation takes time and momentum, discipline and energy. What can keep us going when we feel depleted in these areas is vision and optimism. So, I want to acknowledge three major reasons why members can feel positive about these changes, and the career and future that lies ahead of them.

> *"If you want a career that offers predictability, routine, and no requirement to stretch and grow professionally and personally every year, financial planning is not for you."*
>
> | DANTE DE GORI CFP®

THE GROWING DEMAND FOR FINANCIAL ADVICE

Economics 101 tells us the projected supply and demand ratio is weighted heavily in favour of financial planning being a growth profession. In its 2019 research report 'Financial Advice: What consumers really think', ASIC found that 41 per cent of Australians intend to get financial advice in the future. Recent Investment Trends (2018) research shows a similarly optimistic pipeline, with 51 per cent of Australians reporting they have an unmet advice need.

Demand for expert financial advice from emerging generations, in particular, is extremely positive. Our own FPA 'Gifts that Give' 2019 national research reports that 81 per cent of Gen Z and 76 per cent of Gen Y surveyed would like to see a financial planner to create a plan to achieve their life goals and provide peace of mind that their finances are in order.

The ASIC research also confirms that more Australians are receiving advice. Previously, 20 per cent stated they had received financial advice in the past, and the new findings reveal the number has risen significantly to 27 per cent (a 35 per cent increase). With more people already seeking financial advice, plus the latent demand from Australians with unmet advice needs, the potential market for our professional services is growing apace.

EDUCATION IS ENHANCING OUR PROFESSIONAL STANDING

We all know consumers who have received advice hold a more positive view of the financial planning profession. Data from the ASIC research now confirms this, with financial advice clients being four times more likely to say they had "a great deal" of confidence in advisers.

So, how can we, as a profession, boost confidence among unadvised Australians and steer them towards acting on their opinion that 'financial advisers have expertise in financial matters I do not have' – a statement 79 per cent of ASIC survey respondents agreed with?

A 2018 report from Ernst & Young, 'How do we really build financial capability', goes further in acknowledging just how critical professional advice is to better financial outcomes. "Expecting a consumer to acquire all of the knowledge, insight and comprehension required to manage and maintain their financial decisions, is like expecting a patient to perform surgery on themselves," the report says.

While we can't expect higher education standards for financial planners to instantly put us on the same professional footing as surgeons, they can confirm a truth that this statement highlights: genuine financial expertise from a qualified professional transforms people's lives by making a meaningful positive difference to their financial wellbeing.

In adopting a more rigorous, exacting education framework for financial planners, we're making it clear who Australians can turn to for the knowledge, capabilities and support they value.

> "With the advanced education and training standards now required for financial planning, new entrants can look forward to enjoying the same standing as other professionals, such as accountants and engineers."
>
> | DANTE DE GORI CFP®

According to interviews from the ASIC report, many people feel poorly equipped to judge the expertise of a financial planner. Going forward, taking the education threshold for financial planners to the next level can give clients confidence they are working with someone fully qualified to provide expert advice in their best interests.

> "By setting the bar higher for excellence in service delivery, our new standards in education and ethical conduct are critical to rebuilding consumer confidence in our profession."
>
> | DANTE DE GORI CFP®

GREATER FREEDOM TO CHOOSE YOUR CAREER PATH

Growth and learning is an integral part of what makes a financial planner. If you want a career that offers predictability, routine, and no requirement to stretch and grow professionally and personally every year, financial planning is not for you.

Unlike many other jobs in finance, the work/life flexibility of a career in financial planning can be very appealing to those seeking to balance the demands of modern life. As a financial planner, you can work at a large financial institution, a smaller boutique firm, or even start up your own practice in a location that suits you. With all the changes we're seeing in the profession, new business models are likely to continue emerging as our profession adapts. All this adds up to having greater freedom to manage your career on your own terms.

With the advanced education and training standards now required for financial planning, new entrants can look forward to enjoying the same standing as other professionals, such as accountants and engineers.

Once they have completed their higher education, graduates must undertake a Professional Year in order to register as a financial planner. Through the mentoring program embedded into the Professional Year, new entrants form strong relationships with mentors, receive an accelerated start to networking and building connections within the profession, and learn from experienced professionals.

In time, this new level of academic and practical preparation will provide financial planning practices of all types and sizes with high calibre, experienced recruits to enhance service quality for a greater number of clients.

A STRONG FOUNDATION FOR EXCELLENCE

The big picture is that a financial planner can help guide people to achieve their own financial goals and security through personalised strategies – you get to help inspire and activate people's dreams by creating a vision.

The high calibre of entrants to the industry is just one of the ways our profession can excel in bringing these visions to life. By setting the bar higher for excellence in service delivery, our new standards in education and ethical conduct are critical to rebuilding consumer confidence in our profession.

As trust in our capabilities and expertise grows, members are well-positioned to meet strong demand for their qualified insights and meaningful help in matters of money and life.

Dante De Gori CFP® is CEO of the FPA.

MEET THE BOARD

FOCUSED, EFFECTIVE AND EFFICIENT

It's all go for Michelle Tate-Lovery CFP®, as she prepares for her third FPA Professionals Congress.

There's no concealing the passion Michelle Tate-Lovery CFP® has for helping people, which epitomises her approach to financial planning. And the Melbourne-based practitioner must be doing something right, chalking up 30 years in the profession, which she says, works out to be more than 10,000 individuals she has seen during that time.

"I think what has sustained me during those 30 years has been my approach to financial planning, which I see as a vocation," Michelle says. "There's been a tremendous amount of change in the profession during those three decades but I'm still passionate about financial planning, despite the pace of change."

Operating out of her Carlton office, Michelle runs Unified Financial Services – a small planning business with a staff of six, which has developed a business model of financial life planning that targets the niche allied health professional sector. She acknowledges the great team of people she works with, who have helped her grow the business, enabling Michelle to leverage her time to contribute to the profession.

"At a very early stage in my planning career, I wanted to educate clients about financial planning, so I developed workshops and financial literacy programs in the workplace, including public hospitals and pathology labs. People wanted to understand money better that wasn't linked to product, so I helped them with that need and charged on a fee-for-advice basis," Michelle says.

"From those early days, I've been able to build a business specialising in the allied health professional sector. And it's been truly amazing to see the journey of clients over those 30 years."

A NATURAL PROGRESSION

Michelle admits to living a very full life. Not only is she involved with looking after the needs of her clients, as well as running her own business, but she actively mentors women in the profession and wider community. Most recently this has included mentoring a Zimbabwean woman as part of the Brotherhood of St Laurence's Refugee Migrant Entrepreneur Program for Women.

"Financial planning is life changing and as a planner, I'm in a privileged position to help others change their lives for the better," she says.

> *"My role as Chair of Congress is to ensure that I am eliciting as much feedback from members as to what they want to see, hear and experience at Congress."*

With this 'calling' to the profession, it came as no surprise that Michelle put herself forward for election to the FPA Board in November 2017.

"For some time, I've been working in the background with raising awareness of financial planning in the broader community, as well as working with universities to attract great people to our profession.

"The idea of joining the Board had been on my mind for a while, as I saw it as an opportunity to help shape the future of our profession in a more hands-on way, address member needs and to give back to my beloved profession. So, I felt compelled to put up my hand for FPA Board nomination."

And members responded, voting Michelle to the Board in November 2017.

THE BEST GIG EVER

Along with her Board responsibilities and meetings, which includes keeping on top of a very fluid and changing professional landscape, Michelle is also Chair of the Congress Committee – a position she has held for over two years.

"Being Chair of the Congress Committee is a significant time commitment but extremely rewarding," she says. "Bringing together a community of planners for Congress is probably the best gig ever. The vibe has to be right. The content has to be right.

"So, my role as Chair of Congress is to ensure that I am eliciting as much feedback from members as to what they want to see, hear and experience at Congress. My aim is to challenge people's mindset to make incremental improvements in themselves and their businesses, and to meet challenges head on."

Michelle confesses that as Chair of Congress, she is in an amazing position to help source and speak to many inspiring and knowledgeable people, in order to deliver a program that is rich in ideas and concepts, that planners are able to take back and implement within their own businesses.

"Our aim at Congress is to challenge practitioners with new ideas and concepts, and help them to deliver better advice to their clients. And I'm confident we are doing that," she says. "In working on Congress, I see firsthand how driven the FPA team are to deliver to members a great experience."

THERE'S MUCH TO DO

As a small business owner, Michelle is confident in the direction the profession is heading and the small role she is having in shaping the future of financial planning. But if you press her on the three things that concern her most, it would be: the pace of change, the cost of advice, and rebuilding trust.

1 PACE OF CHANGE

It concerns Michelle that the profession may lose "great people" as a result of the pace of change and the new education standards required for planners.

"At this critical time, the FPA will deliver as much assistance to practitioner members as possible," she says.

Michelle points to a range of resources, like FPA Return to Learn – an online education hub to assist members better understand the new FASEA education standards, while providing invaluable information.

2 COST OF ADVICE

Michelle would also like to see the escalating cost of advice become more affordable to a greater number of Australians. Ideally, she would love to see financial planning advice be tax-deductible, which remains firmly on the FPA's policy agenda.

The FPA also has great resources available for planners to help them become more efficient with providing advice, through guidance booklets such as Beyond the Best Interest Duty (focusing on initial advice) and Further Advice (focusing on best practice ongoing advice relationships). In addition, by being part of FPA Professional Practice membership, planners have access to business tools and forums that enable practitioners to tap into what best practice advice businesses are doing.

"Unfortunately, as a result of duplication of regulation and compliance that the profession has had to cope with over the last few years, it has actually added to the cost of running a business and providing advice.

"This means consumers who really do need our help are being priced out of the market. However, quality financial advice should be available to all people who need it and at a reasonable price."

Michelle says the more people who better understand money and financial planning, means there will be more people who are able to make smart financial decisions. "And that's why financial planning is so meaningful and powerful."

3 REBUILDING TRUST

However, when it comes to the future of the profession, Michelle's glass remains definitely half full, and it's hard not to be swept up by her enthusiasm.

"What's very exciting as we move into the future, is that with all the advocacy work the FPA is currently doing, it's going to be amazing to see how regulation will evolve, transform and change, to enable financial planning to be what it's all about – helping clients transition through different parts of their lives, by giving them choices and confidence about their own financial futures."

And while there's plenty in Michelle's diary to keep her busy most hours, she does aim to get her life/work balance right. "It's about practising what you preach," she says.

To ensure she is "focused, effective and efficient", Michelle is always forward-looking, which includes adding her own 'downtime' into her diary.

"That's because the people who I love and who are closest to me, are very important to me; they are my number one priority."

And when she's not with family, keeping fit and catching-up with friends - sneaking in that last glass of bubbly - you might find Michelle pushing out a few riffs on her guitar, although she hastens to mention, she's only a beginner "but it's really good fun".

Michelle Tate-Lovery CFP® is Managing Director and Principal Financial Adviser of Unified Financial Services, which is part of the FPA Professional Practice program that recognises the highest calibre financial planning practices within the profession.

Michelle Tate-Lovery CFP®

PRACTICE:
Unified Financial Services

POSITION:
Managing Director and Principal Financial Adviser

YEARS AS A PLANNER:
30 years

ELECTED TO THE FPA BOARD:
November 2017

2020 THE YEAR OF REGULATORY CERTAINTY

Despite a year of unprecedented regulatory change ahead for the profession, Ben Marshan CFP® says there is light at the end of the regulatory change tunnel.

The last few years of financial planning regulatory change has been marked by confusion and uncertainty.

Two years on from the Royal Commission being called, we don't yet know exactly what the recommendations will mean in practice. It's also been over two years since FASEA commenced its work and four years since the Trowbridge report, with the reality of the life insurance remuneration changes only just now emerging.

> *"This year at least offers light at the end of the regulatory change tunnel – not in terms of everything being implemented – but at least in knowing what the rules of the game will be for the foreseeable future."*
>
> | BEN MARSHAN CFP®

Plus, we had the Federal election and opposing proposals from each side of the political divide, creating further uncertainty.

It left many of us scrambling to understand and prepare for the potential eventualities and seriously questioning what financial planning would look like at the end of it all.

THERE IS GREATER CERTAINTY AHEAD

Despite this, we are moving forward as a profession. This year at least offers light at the end of the regulatory change tunnel - not in terms of everything being implemented - but at least in knowing what the rules of the game will be for the foreseeable future.

FASEA has now set its standards. Many of us are making great progress to meet those standards. Plus we have certainty that the Royal Commission recommendations will be legislated this year.

In August last year, shortly after the election, the Morrison Government released its Financial Services Royal Commission Implementation Roadmap. This is the legislation timeline the Government has committed to - and will be held accountable by Parliament and the media (see Table 1).

For those of us in policy, compliance and advocacy roles, the next 12 months will be like living in a cyclone. The Government wants to show they have ticked all the boxes they committed to. And we, the FPA, will be advocating for the right outcomes for our clients and ensuring the sustainability of the financial planning profession.

We're committed to supporting you around the changes to your financial planning process and practice that will result from this cyclone of legislative change.

Early conversations with Government and the Treasury Royal Commission Taskforce suggest the plan is to implement the recommendations as quickly, efficiently, and as close to the directions provided by Commissioner Hayne, as possible. That is likely to create a challenging environment for financial planners, considering how long it took to implement and bed down just the FOFA amendments.

BIG DECISIONS TO MAKE

Implementation challenges will cover advice process, services and business structure. As these laws are rolled out, you will have a number of big decisions to make over the coming year to ensure you comply.

The individual recommendations are not that daunting, possibly with the exception of the annual renewal and product authorisation process. But when combined they create significant challenges.

It's going to be critical to understand the cost of providing advice, have a clear value proposition for your clients, and the administrative complexity in collecting fees from clients.

Take for example, the complexity of recommendations in relation to how you collect fees from your clients. This includes 2.1 (annual renewal and payment of advice fees – including product authorisations); 2.4 (ending grandfathered commissions); 3.2 (no deducting advice fees from MySuper products); and 3.3 (limitations on deducting advice fees from choice superannuation accounts), plus the life insurance framework commission limits and FASEA code of ethics standards.

Operating under the restrictions created by these laws, plus the annual renewal obligation, product fee collection authorisation and fee disclosure statement requirements, will potentially take collecting and disclosing fees for financial planners an administration nightmare at a whole new level.

When coupled with capital risks associated with recommendation 2.9 (requiring licensees to remediate fees to clients in the event of misconduct – i.e. failure to provide a service in your service agreement), it's worth considering whether an ongoing fee model will be sustainable for your business, particularly without technology to automate this process.

CONSISTENT RESPONSES AND MESSAGES

The FPA is making these challenges clear in discussions with Treasury, the Government, the opposition and cross benches in the Senate. We are also working closely with the other financial planning professional associations and the broader financial services industry, to ensure consistent responses and messages.

However, while the Government has indicated it understands and is considering our concerns, it has promised to implement the Royal Commission recommendations as written and given the scrutiny, is intent on keeping this promise.

DISCIPLINE AND INFORMATION SHARING

On a more positive note, there are recommendations that will be implemented relating to discipline and information sharing.

Many members complain about the minority of bad planners who give our profession a bad name by moving around from licensee to licensee. Thankfully, recommendations 2.7, 2.8, 2.9 and 7.2 will mean licensees will be responsible for ensuring bad apples are reported efficiently to the regulator.

Combined with recommendation 2.10 – a single disciplinary system for financial planning – identification of poor advice should be dealt with efficiently, rebuilding trust with the Australian public, regulators and Government.

Further, the creation of a single disciplinary system creates an opportunity for the new body to consolidate and create a consistent interpretation of the four Acts and seven regulators planners comply with. This could significantly reduce red tape and reduce the risk of compliance failures due to conflicting regulation.

TABLE 1

FINANCIAL SERVICES ROYAL COMMISSION IMPLEMENTATION ROADMAP

ROYAL COMMISSION RECOMMENDATIONS		IMPLEMENTATION TIMELINE KEY
2.4	Ending grandfathered commissions for financial advisers.	*Legislated and under ASIC review.*
4.8	Removal of claims handling exemption for insurance.	*Introduced to Parliament by 30 June 2020.*
2.1	Annual renewal and payment for financial advice.	*To be consulted on and introduced to Parliament by 30 June 2020.*
2.2	Disclosure of lack of independence of financial advisers.	
2.7	Reference checking and information sharing for financial advisers.	
2.8	Licensee obligations to report compliance concerns.	
2.9	Licensee obligations where misconduct by financial advisers.	
3.2	No deducting advice fees from MySuper accounts.	
3.3	Limitations on deducting advice fees from choice superannuation accounts.	
7.2	Implementing the ASIC Enforcement Review Taskforce's recommendations to improve the breach reporting regime.	
2.10	New disciplinary system for financial advisers.	*To be consulted on and introduced to Parliament by end-2020.*
7.1	Compensation scheme of last resort.	*Consultation paper released. Introduced to Parliament by end-2020.*
2.5	Life insurance commissions review.	*ASIC review in 2021.*
2.3	Review measures to improve the quality of financial advice. Will examine all exemptions from the ban on conflicted remuneration for general insurance, consumer credit insurance, timeshare and stockbroking remuneration, and stamping fees.	*Review to be undertaken in 2022.*
2.6	Review of remaining exemptions from the ban on conflicted remuneration. Will occur as part of the review of measures to improve the quality of financial advice.	

DON'T BE OVERWHELMED

My message is that, unlike many of the changes in the past decade, the coming changes are foreseeable. There is an opportunity to plan ahead and have your business ready.

Get involved with the FPA. The more case studies, data and feedback on the Royal Commission implementation consultations we get, the easier it is to make a case on why subtlety and trade-offs are needed in legislating these recommendations.

And reach out to your local federal member of Parliament individually and as FPA chapters, so we can give consistent messages about what the Royal Commission recommendations mean for your business and the clients you professionally serve.

Ben Marshan CFP® is FPA Head of Policy and Professional Standards.

EMBRACE THE OPPORTUNITY

As a practitioner and academic, Geoff Pacecca AFP® talks to Money & Life about the importance of lifting the bar on education to help restore consumer confidence in financial planning.

The Australian Council of Professions advocate that the tenets of a profession are ethical standards, public perception of specialist knowledge and skills, education and training, and the application of those skills in the interest of others.

These are of all of the things that are undergoing dramatic change at the moment with the implementation of FASEA's educational requirements and Code of Ethics, and the regulatory changes to ensure financial advice is in the best interest of clients.

While I don't believe we can yet call ourselves a profession, I think over the next five years as we change, and public perception changes, the financial planning industry will be considered a profession. I think the Australian public deserves this and will be a significant beneficiary of these changes, as I fundamentally believe professional non-conflicted advice is valuable.

WHY IS FORMAL EDUCATION IMPORTANT FOR FINANCIAL PLANNERS?

I think exploring the notion of a profession will help us understand the educational changes currently in play.

Clearly, there is some hastiness and confusion around the implementation of the new education standards. But if we remove the noise and commentary for a minute, financial planners who are committed to advice and buy into turning our industry into a profession, should care about the education piece – you can't have one without the other.

If they embrace education, and I mean formal university-level education, then they will be part of a group of highly skilled professionals, which is a good thing for the industry, as a change in public perception will surely follow.

We should think ourselves as one group of individuals lifting education standards so that we, as a group, embark on the journey towards financial planning becoming a real profession. And that may require you, at an individual level, to get educated.

> *"We should think ourselves as one group of individuals lifting education standards*
>
> | GEOFF PACECCA AFP®

As someone who has spent 10 years completing a range of formal qualifications, education should not be perceived as a burden but instead, embraced as a huge opportunity.

Most of us will not remember many of the detailed technical aspects of education. Still, a formal education will give you better problem-solving and communication skills, and most importantly, a thought-framework within which to navigate complex issues.

That's what a formal education did for me, and I can see the impact it has when comparing my undergraduate and post-graduate students.

WHY ARE SOME PRACTITIONERS FEARFUL OF EDUCATION AND HOW CAN THAT FEAR BE REMOVED?

Vicktor Frankl, a holocaust survivor, once said: "When we are no longer able to change a situation, we are challenged to change ourselves."

I understand that having to go 'back to school' for many financial planners is daunting. And fear can play a big part in resisting these educational requirements, which in turn will convert into stress and anxiety.

I have two things to impart on those who feel anxious.

First, you need to be organised, prepared and set aside time for study. If you do these things, in my experience as a student and lecturer, it is not difficult to pass a university, bridging course or any other course you need to complete.

Second, it will change you and make you a better and more effective financial planner. A way to improve your mindset is to think of the positives, which will inevitably come to bear.

With the average age of a financial planner well into the 40s, I understand that commitments with teenage children, ageing parents, career and everything else, makes setting aside time for study difficult. But planning your semester, seeking the support of your family and outsourcing some things to free up time – while it may come with a financial cost – will help you get through.

> *A formal education will give you better problem-solving and communication skills, and most importantly, a thought-framework within which to navigate complex issues."*
>
> | GEOFF PACECCA AFP®

IN WHAT WAYS ARE UNIVERSITIES SUPPORTING PLANNERS WHO ARE WORKING AND STUDYING?

At the University of South Australia, we have multiple delivery modes enabling students to complete their course through UniSA's online offering, or as an external student of the on-campus program. Both modes of delivery are specifically designed to give students who also work, the flexibility to study remotely.

All lectures are recorded and course materials are provided online via a student portal, enabling students the flexibility to study at their own pace and at a time that suits them.

HOW SHOULD PLANNERS EMBRACE EDUCATION, BOTH EXISTING AND ONGOING?

I think consistent with what I have said so far, the only thing planners can do is change their mindset and attitude towards education. And that comes with the understanding that the commitment, energy and effort to attain these qualifications are worth it, as it will give you a different perspective on things, will change the way you think and inevitably, will make you a better planner.

Geoff Pacecca AFP® is Director of GAP Financial and Lecturer – Financial Planning, School of Commerce at UniSA Business School.

FPA RETURN TO LEARN

FPA Return to Learn is a practitioner's one-stop hub of online tools and resources to support them as they navigate the FASEA education standards and their education pathway.

FPA Return to Learn includes a wide range of tools, including:

EDUCATION PATHWAYS TOOL
By answering a series of questions, users will be able to identify what further studies they will need to undertake in order to comply with FASEA's new education standard.

FINANCIAL PLANNING DEGREE COMPARISON TOOL
This 'one-stop shop' of all the approved education providers offering postgraduate degrees, allows planners to compare degrees and courses available in the market, and directly compare them to other education providers. By doing so, planners can identify their best option. The tool includes helpful information like: duration of the program, cost per subject, full program cost and delivery mode. The Cost Comparison tool also includes a comparison of the credits each university will allocate to members who have completed the five unit CFP® Certification Program. The tool also includes links to the University Credit and Recognition of Prior Learning policies.

STUDY TOOL KIT
A comprehensive list of resources and aids to help planners with their studies.

FASEA EXAM
This tool includes a range of study resources, including transitioning to university level studies, preparing for assessments and exams, study techniques, time management tips and much more. FASEA's practice exam and recommended reading lists are also available on FPA Return to Learn.

FPA CPD POLICY
The FPA's CPD policy has been updated to align with the new FASEA requirements.

ACCESS AT LEARN.FPA.COM.AU

TAKING EDUCATION TO THE NEXT LEVEL

In a first for financial planning, Deakin University will be offering the CFP® designation as part of its FASEA approved Master of Financial Planning in 2020. Find out how this initiative will help planners meet new education standards and get ahead in their career.

"By integrating the CFP® Certification Program into Deakin's Master of Financial Planning, existing planners are now able to satisfy the education requirements of both FASEA and the CFP® Certification Program at the same time, making a significant saving in both time and cost."

| MARC OLYNYK

It's been more than a year since new education standards prescribed by FASEA became mandatory for new entrants to the financial planning profession. With just a few years for existing planners to bring their qualifications into line with these requirements, there are plenty of options out there for planners to secure their FASEA approved degree.

Given the investment in time and fees planners make in their tertiary qualifications, many are seeking a more effective learning model that can deliver the best in value, as well as improved outcomes for their career.

To meet this demand, and uphold their commitment to delivering high-quality and flexible courses for professionals, Deakin University is the first education provider to offer students an opportunity to graduate with both an academic qualification and professional designation in financial planning.

Financial planners will now be able to complete their CFP® Certification units while studying for their Masters degree with Deakin University.

This is a great win for planners, allowing them to combine all their study requirements into a single course, obtaining their tertiary qualification and at the same time, getting the highest global financial planning designation from the peak professional body, the FPA.

"As the first university to form this type of relationship with the FPA, Deakin is demonstrating the importance we attach to ensuring our courses are engaging, meaningful and relevant to the needs of the profession," says Marc Olynyk, Program Director for Financial Planning at Deakin Business School.

"By enrolling in an additional four units after completing a Graduate Diploma of Financial Planning, and selecting the CFP® Certification Unit as their elective option, students enrolled at Deakin University will graduate not only with a Master of Financial Planning, but will also have satisfied all of the education requirements of the CFP® Certification Program.

"Once the industry experience requirements of the CFP® Certification Program have been satisfied, students will be eligible to apply for the CFP® designation."

It brings the education options for financial planners up to speed with other professions, like accounting, which already embed designations in their academic programs.

"The practice of nesting professional certification units in Masters degrees has been a long-standing practice, especially by CPA Australia," says Associate Professor Sharon Taylor from Western Sydney University.

"As Chair of the Financial Planning Education Council (FPEC), I welcome this initiative as I believe it will be beneficial for both students and universities. While Deakin University may be the first to offer this configuration, I am sure other universities will closely follow with a similar design."

EASING THE BURDEN OF HIGH QUALITY EDUCATION OUTCOMES

Since it was established in 1992, the FPA has believed in the importance of ethics and professionalism in financial planning. And with the growing number of Australians going on to complete a tertiary-level qualification, there is an even greater need for financial planners to be educated to at least the same standard as their potential clients.

"According to the *2016 Census of Population and Housing*, Australians are upskilling like never before, with 56 per cent of Australians aged 15 years and over – 9.6 million people – now holding a post-school qualification, up from 46 per cent in 2006," says Anne Palmer, Head of Student and University Engagement at the FPA.

"Planners' clients will be increasingly educated and they will expect their planners to also be suitably qualified. The new education requirements help to establish our industry as a reputable profession."

However, while the FPA welcomes FASEA's move to 'professionalise' financial planning with universal education standards at graduate or postgraduate level, it also understands that the introduction of a mandatory tertiary qualification increases the time and financial demands of practitioners.

"All existing planners are particularly time poor, so completing a FASEA approved degree qualification, followed by additional units of study to attain a professional designation, is going to be a significant burden for planners' schedules, not to mention the costs involved," Marc says. "Education providers can play a significant role in making the transition into study as easy and as flexible as possible.

"By integrating the CFP® Certification Program into Deakin's Master of Financial Planning, existing planners are now able to satisfy the education requirements of both FASEA and the CFP® Certification Program at the same time, making a significant saving in both time and cost.

"This exciting initiative between Deakin University and the FPA has been specifically designed to provide planners with a flexible and innovative education pathway to meet the highest education standards expected of a professional."

PROVIDING SUPPORT FOR PROFESSIONAL EXCELLENCE

Now that FASEA has lifted standards for qualifications across the board, attaining a professional designation and postgraduate degree will be an important way for financial planners to elevate their qualifications and professional standing within their profession and with their clients.

"As all future planners will now need to complete either undergraduate or postgraduate studies, the combination of a higher level postgraduate qualification with a CFP® designation will be the best way to take their credentials to the next level," Anne says.

> *"The knowledge, skills and professional attributes gained from completing both an academic qualification and a professional designation will significantly add to the employability of new entrants and demonstrate their commitment to becoming a true financial planning professional."*
>
> | MARC OLYNYK

"According to the Australian Bureau of Statistics, 45 per cent of undergraduates now go on to complete postgraduate qualifications.

"This initiative helps busy planners who wish to differentiate themselves now that basic tertiary education requirements have been specified by FASEA. This integrated program is a win-win for planners who want to get ahead, as it reduces the study load and costs of achieving a Masters and their CFP® designation."

STUDYING FOR A MASTER OF FINANCIAL PLANNING AT DEAKIN UNIVERSITY - WHAT YOU NEED TO KNOW

Deakin Financial Planning has fully integrated the CFP® Certification Program within its Master of Financial Planning. Discover what this means if you already work as a financial planner or are looking to study for a career in the profession.

FOR EXISTING FINANCIAL PLANNERS:

- All financial planners currently in practice need to comply with new FASEA tertiary education standards by 1 January 2024. This deadline may be extended by a further two years if Government proposals are passed. The education requirements and amount of study required for existing planners going forward will depend on which qualifications they already hold and any Recognition of Prior Learning that can be applied. For more information, go to: www.fasea.gov.au/education-requirements
- Financial planners who are thinking of studying for their CFP® designation can enrol into the Master of Financial Planning with Deakin and complete the education requirements of the CFP® Certification Program within the Masters course.
- For planners who have already achieved their CFP® designation, Deakin will recognise the CFP® Certification Program and provide a number of credits towards their Master of Financial Planning and Graduate Diploma in Financial Planning.

FOR NEW ENTRANTS:

- All new entrants to the financial planning profession need to comply with FASEA education standards introduced on 1 January 2019. They must complete a FASEA approved Bachelor, Graduate Diploma or Masters degree. Their chosen course of study must include embedded bridging knowledge areas.
- Students who complete the CFP C capstone exam as part of their Deakin University Master of Financial Planning will have completed all of the education requirements of the CFP® Certification Program. They will have their CFP® designation validated upon completing their appropriate experience requirements.

A PRACTICAL PATHWAY FOR NEW ENTRANTS

This new partnership also is advantageous to aspiring financial planners just starting to study for a new career. The knowledge, skills and professional attributes gained from completing both an academic qualification and a professional designation will significantly add to the employability of new entrants and demonstrate their commitment to becoming a true financial planning professional, says Marc.

"The more the profession is able to do to prepare new entrants with the capabilities and competence required of a financial planning professional, the greater success the industry will have in both attracting and retaining new planners into the profession."

Drawing on its long history with key professional associations, Deakin has designed the Master of Financial Planning course to include opportunities for new entrants to gain a number of practical skills and competencies required of a professional financial planner. These include:

- All financial planning units include work-based strategy papers/SOAs, where students are provided with professional competencies and opportunities to apply their knowledge in a work environment.
- New entrants can undertake an internship as part of their elective option, so they can use their practical knowledge and skills in a working environment.
- All students undertaking a Master of Financial Planning will use Xplan to complete assessment tasks throughout their course.
- By completing the CFP® Certification Unit, students will acquire advanced knowledge and practical skills required to transition into employment

FLEXIBLE AND HOLISTIC -

> *"As Chair of the Financial Planning Education Council (FPEC), I welcome this initiative, as I believe it will be beneficial for both students and universities. While Deakin University may be the first to offer this configuration, I am sure other universities will closely follow with a similar design."*
>
> | SHARON TAYLOR

THE FUTURE OF ADVICE

The modes of delivery for this program also provide students with a significant degree of flexibility in where, when and how they complete their studies.

"All units are offered in a rich online delivery mode, allowing students the flexibility to study at a pace and place that suits their requirements," Marc says.

"To fully support planners who have a preference for face-to-face delivery or are new to academic study, students are able to undertake FASEA's three bridging units (Ethics, Behavioural Finance and Financial Advice Regulations) in an intensive class-based delivery mode. This provides students with the ability to network with other planners, receive on-the-spot tuition from presenters, and have access to hands-on learning support to complement the extensive amount of online learning material provided."

He adds: "Deakin has a long history of working closely with key professional associations and organisations to provide flexible and innovative education pathways into further study. This industry partnership will provide both existing and emerging financial planners with a significant point of differentiation in this new era of financial planning in Australia."

THE ART OF LOW COST ACTIVE INVESTING

Money & Life asks a panel of industry professionals for their thoughts on low cost active investing, including how to better engage with clients about the possibility of outliving their retirement savings.

M&L: In a low return world, how are you generating yield for your clients, while limiting their risks and costs?

Aidan Geysen: I recommend advocating for a total return approach, and separating the decision between yield and capital. That's because if you are targeting a certain proportion of yield, given where bond yields and cash rates are at, the only way to really achieve that currently is to increase the risk in the portfolio.

It's much better to establish your goals and determine the return that is going to help meet those goals. So, if that's retirement, then what is a sustainable spending rate from the portfolio through retirement. And be prepared to spend from a mix of yield and capital. To try and preserve a specific level of yield in this low return environment means loading up on equities at a time when it's perhaps the worst time to do that.

Jason Andriessen: From a total return and whole of portfolio perspective, I agree with not focusing so much on the yield. However, consumers are frustrated that interest rates are so low and they are earning so little on their cash. They are investing in cash for various reasons, and not just for returns. They are parking their cash, waiting for opportunities; they are using it for liquidity and risk management, so there is more to it than just the yield.

Balaji Gopal: When someone is investing purely for yield, they tend to look at the world from a singular lens. It takes them away from being objective and they let their emotions take control. That is especially so for someone who is in retirement, and relying on this income. However, when they stop receiving that income, it means they often have to make a trade-off with their lifestyle, which most people are not willing to do.

The biggest risk for these clients is when their income starts depleting, they start looking to go up the risk curve, which might deplete their capital and actually, leads them to end up in a worse off position.

At Vanguard we believe there are four investment principles: having a plan and clear goals, keeping costs low, diversifying your portfolio, and maintain perspective and a long-term discipline.

> *"When Vanguard looks at retirement income and what the ideal retirement income solution could be, we think a great solution is a combination of product, advice and technology."*
>
> | BALAJI GOPAL

M&L: In the current low return environment, how do you get the right balance between low cost passive strategies and more active strategies?

Aidan Geysen: If we could all access the kind of outperformance potential that active investment holds, then we would do so and we would all be 100 per cent active. However, the world is not that simple.

Instead, if you are thinking about a combination of active and passive, there are some key elements that should be considered. Knowing that the outperformance from active is uncertain, the planner needs to do their research and due diligence when making their investment decisions.

Ultimately, planners need to be satisfied that those active managers they have selected have the skills and can deliver the types of returns you'd expect over time.

How much of the portfolio is skewed to active depends on the outperformance expectation and the confidence you have that the outperformance can be delivered. Of course, the cost that you're going to pay for that potential outperformance is quite critical.

But what's also critical to understand is the risk characteristics of any active strategy and what your clients' tolerance is for those risks, because ultimately, to get value from active does require patience.

Balaji Gopal: Trying to get the right balance when it comes to investing comes back to the core principles of linking it back to your goals, having the right balance of risk and returns, keep investment costs low, and to maintain perspective and long-term discipline. In this low yield and low return world, financial planners are faced with a predicament of unprecedented scenarios.

You could go down the risk profile and accept that your return is going to be lower, which is not ideal, or you could think about going into asset classes where you have niche active managers that are trying to find the 'diamond in the rough'. But there are no guarantees that this approach will always work.

It's about trying to really understand why you are investing in active, and whether it's about the gross returns that you expect from that portfolio above a benchmark and over fees. And if you feel you can get that based on a manager's long-term track record, and quality of the managers that could be availed at a

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low cost, then 'yes', there is a place for active in a portfolio.

But if a manager is coming at a very high cost, and doesn't really have the track record behind them, you should be examining why you would make that allocation to an active manager, instead of staying passive.

Jason Andriessen: But there is more to it than cost and outperformance. There is also the opportunity with active management to improve diversification and minimise the downside risk, and so, better manage volatility. And that's really important for retirees, particularly around those risky years on either side of retirement, when you're in that retirement risk zone and where clients really do want to minimise that downside risk.

M&L: What is your approach to investing, particularly in what is widely considered to be a late bull market?

Jason Andriessen: I don't think now is a great time to be in the retirement risk zone. It's very challenging for people approaching retirement. They need to be actively engaging with their decisions.

I think the first thing is to take a total portfolio perspective and then start to compartmentalise. By compartmentalising short to medium-term funds, while the yield will be low, the purpose is to minimise the downside, by investing the other money to roll with short-term volatility, with the intention of not being 'under water' when it comes time to rebalance for lifestyle goals.

Marisa Broome: Many people phone up planners saying: 'I'm retiring next year and I want to come in and see you.' But by then, it's almost too late. They needed help 10 years before that to make sure they were on track.

The Superannuation Guarantee has helped some people be more prepared for retirement, but questions around the whole sequencing risk issue – do they have enough to retire on, will they be able to accumulate enough in the last 12 months of working or will they have to work longer – are actually being left a little bit too late by too many people and we need to start engaging with people while they are much younger.

> *"Advice is about a relationship. It's about being in someone's corner helping them achieve their goals, even if they might not know what those goals are."*
>
> | MARISA BROOME CFP®

Balaji Gopal: Rather than trying to time the market, we at Vanguard think there is greater benefit for individuals to focus on things within their control. We think cost is a big aspect of that, but also things like saving more earlier, working longer and trying to make adjustments to a person's lifestyle if they have to, in order to reach their goals. Those things are a lot more important than trying to work out where the market is at and how the investment should be structured.

Again, it comes down to which end of the spectrum you're at – whether you're close to retiring or whether you have a longer investment horizon. The importance of an individual's own accountability in their approach to retirement, and the actions they are prepared to take on the things that they can control, cannot be overstated.

Sarah McDonald: Again, this all comes down to education. A lot of this education is talking about time. For example, for retirees, it's about where we are allocating these funds and why. You don't know when markets are going to turn, so you need to stay informed and educated about what's happening now. It all comes back to the fundamentals of why clients are invested where they are.

We are certainly looking at our model in relation to engaging with younger people, particularly encouraging them to seek advice much earlier within the financial planning process.

M&L: How actively managed should client portfolios be, particularly considering sequencing and longevity risk?

Aidan Geysen: I think sometimes people get caught up seeing both active management and downside protection as synonymous. But in order to achieve that it's really about understanding the strategy, and that's where strategy selection becomes very important.

From a sequencing perspective, one way of managing that sequencing risk could be incumbent on the role of active management and getting that right. When we look at the universe of active strategies, what we do find is that active management actually delivers wider dispersion than the index. So, if you're just investing in the average active strategy, then that's probably going to magnify sequencing risk.

But I think one of the most important things is just getting that growth/defensive mix right for where the investor is at their life stage.

Jason Andriessen: We're getting to the crux of planner alpha, which is the benefit of having an active relationship with a financial planner. Sequencing risk is really only realised if you sell down growth assets at depressed prices. But through an active relationship with a planner, you are at lower risk of selling down assets when you're 'under water'. So, through judicious rebalancing in a continuous planning environment, that's something you can control.

There are only a few things that planners and clients can control, so they don't run out of money, and the main levers are when you spend and how much you spend, and that can be planned for.

M&L: Is low cost active investing only achievable through the likes of ETFs?

Balaji Gopal: We think any sort of investing should be low cost. Even if you are going into an indexing strategy, you should try and pay a lower cost. Therefore, the importance of due diligence cannot be overstated.

ETFs are just another mechanism, which has seen a lot of growth in Australia. The ETF market is now about $60 billion in assets under management and if you look at the time when ETFs really took off, that was post the introduction of the FOFA reforms. ETFs acted as the perfect tailwind towards that fee-for-service model, as well as providing greater transparency and efficiency for both planner and client. They have generated fantastic outcomes for clients, as well as planners and their businesses. I think the low cost ethos has played true for ETFs.

But from our standpoint, we always think you should start off with your goals, then the strategy in terms of how you are splitting your assets – your style active and passive – and then it comes down to the structure. However, the structure itself should not drive what action you are going to take.

> *"If planners help their clients deal with their current stresses, then they will earn the right to discuss the long-term with them. And once they get the right to discuss the long-term with them, then they can have meaningful discussions around longevity risk and how to adequately address that."*
>
> | *JASON ANDRIESSEN CFP®*

M&L: How does the profession better engage with clients about the possibility of outliving their retirement savings, as part of a more active strategy towards income generation?

Jason Andriessen: When it come to money, people get cognitive dissonance – the state of having inconsistent thoughts, beliefs or attitudes, especially as relating to behavioural decisions and attitude change. It becomes too painful for people to think about their financial future. They can't stand the thought of what retirement might look like, so they don't set aside money for their retirement.

Therefore, it's about flipping the conversation to focus not so much on how much money they will need in retirement but instead, helping them deal with their current challenges.

If planners help their clients deal with their current stresses, then they will earn the right to discuss the long-term with them. And once they get the right to discuss the long-term with them, then they can have meaningful discussions around longevity risk and how to adequately address that.

Balaji Gopal: We have a world-class superannuation system in Australia, but people can often confuse the purpose of it. That's because our super system was not designed as a retirement income system per se.

Although there has been significant focus on reform to the accumulation phase of superannuation over the past two decades, the Murray Inquiry concluded that the retirement phase of Australia's superannuation system was underdeveloped and could better meet both the risk management needs of many retirees and the objective of the superannuation system, which is to provide income in retirement to substitute or supplement the Age Pension.

Maximising income, while managing other risks during retirement (such as inflation and longevity risk) is complex. Planners need to consider a number of factors to address these multiple objectives. Yet, currently, the overwhelming majority of pension assets are in account-based pensions,

> *"If we could all access the kind of outperformance potential that active investment holds, then we would do so and we would all be 100 per cent active. However, the world is not that simple."*
>
> | AIDAN GEYSEN

which provide flexibility to access a lump sum but have limited protection against longevity risk.

It appears to be the case that behavioural biases and the fear of running out of money leads the majority of individuals to drawdown their account-based pension at or near the Government-prescribed minimum drawdown rates, which means they face a lower standard of living than if their pension assets were managed in a way that more efficiently manages longevity risk.

When Vanguard looks at retirement income and what the ideal retirement income solution could be, we think a great solution is a combination of product, advice and technology.

From a planner's standpoint, if they are able to benefit from using technology to better coach and advise their clients, and if they have the right product they can link back to their clients' goals, with, while protecting their clients from their behavioural biases, then we think that's the best model going forward. But I cannot overstate the importance of advice.

Marisa Broome: Advice is absolutely critical. I don't believe advice is ever about product. Advice is about a relationship. It's about being in someone's corner helping them achieve their goals, even if they might not know what those goals are.

When I first started on the periphery of the broader industry, rather than the profession of financial planning, most people went to see a financial planner because they had a problem – it was a one-off transactional relationship.

We have slowly developed financial planning into a relationship, rather than a transaction. But there is actually a place for it to be transactional, not about product, but about answering questions on the way through a client's life journey, as each life stage happens. I think that is where our core is as a profession.

Aidan Geysen: I couldn't agree more about the value of advice. If you think about the accumulation phase, we've been in that mode now for several decades, and it really is all about generating returns.

But as soon as you get into the retirement phase, people's objectives become incredibly nuanced.However, we haven't been in this mode of thinking about how the spending strategy interacts with asset allocation.

Therefore, in order to deliver the right strategy for someone, you need to understand what the implications are of how they spend from their portfolio and how that interacts with asset allocation. So, being able to deliver the right solution to clients through advice is going to be absolutely critical, and the key to this is for planners to have these conversations much earlier with clients and not waiting until retirement.

When you can use technology to bring people to an advice relationship earlier, then that's going to generate better outcomes for people.

To read more insights from this roundtable on low cost active investing, go to moneyandlife.com.au/professionals

GET READY TO EMBRACE DISRUPTION

If you want to manage change and avoid disruption in 2020, step outside your current role and imagine the world from an external perspective.

When Andy Grove was president of Intel, the computer chip company, in the 1980s, the board and senior management were wrestling with its future direction. On one side were those in favour of continuing with memory chips, where Intel had established a strong market lead, but their market share was being whittled away by Japanese competitors. The other camp favoured abandoning memory chips and putting all their efforts into the smaller but fast-growing area of microprocessor chips.

One day, after yet another management debate that didn't achieve anything, Grove took his CEO, Gordon Moore, aside and asked him:

"If we got kicked out and the board brought in a new CEO, what do you think the CEO would do?"

Moore didn't hesitate: "He or she would get us out of the memory chip market."

Grove replied, "In that case, let's walk out the door, come back in, and do it ourselves!"

With this simple change of perspective, Grove broke the deadlock.

This was one example of what futurists do to tackle disruption: Step outside your current role and imagine the world from an external perspective. It helps you gain a higher perspective, avoid the trap of sunk costs, and take a more objective view.

We all know how the financial services industry has been hit by wave after unrelenting wave of disruption. It's not the only one, but it has three key factors that make it volatile: tight regulation, vulnerable consumers, and large amounts of money. So, don't expect the disruption to stop any time soon.

If you want to manage change and avoid disruption, think like a futurist. That doesn't mean reading tea leaves or looking into a crystal ball. It means avoiding the trap of basing future decisions only on your past experience.

Andy Grove gave you one way to do this. Here are three more.

1. KNOW WHAT PROBLEM YOU NEED TO SOLVE

You might be caught up in day-to-day work, trying to keep up with paperwork, compliance, FASEA, and all the other everyday challenges in your business. But, as important as these are to you, your clients really don't care! So, stop to take stock and ask the question: "What problem am I really solving?"

You might be shocked to discover how little time you spend on solving client problems. Conduct a time inventory over a week by recording your time in activity groups – for example, e-mail, client appointments, providing advice, meetings, forms and paperwork, and so on. Then rate them from 0-10 based on how much they really solve a client's problem: >

RATING	
9 - 10	Clients say this solves a real problem in their life.
7 - 9	This solves a team member's problem.
6 - 8	This is required by some external party (e.G. ATO, ASIC, licensee).
3 - 6	This solves some other stakeholder's problem.
1 - 2	This solves a problem for me (e.g.. Keeping my inbox empty).
0	This doesn't solve any problem at all!

Then, for anything that doesn't rate a 9 or a 10, decide how to improve, adapt, or eliminate it. The lower the rating, the more it's likely to be a candidate for the chopping block!

2. UNDERSTAND THE CLIENT'S JOURNEY

Netflix is now a world leader in streaming media, and has completely overwhelmed older technology, such as DVD, Blu-Ray and VHS cassettes. But it didn't start out as a streaming media company.

When it launched in 1988, Netflix was an online service for DVD rental, competing head-to-head with Blockbuster's video rental stores. A decade later, Netflix shifted to a subscription model, offering unlimited rentals for $20 a month. Then, as high-speed broadband made streaming video possible, Netflix launched its online streaming service.

Netflix succeeded because it has continued to transform itself – not just by randomly changing course, but by constantly understanding the customer's journey. As customers moved from VHS to DVD to streaming, Netflix followed them on that journey.

Are you doing the same for your own clients? In other words, where in a client's journey with money do you add value? Your clients interact with money many times a day, and wouldn't it be reasonable for somebody called a 'financial planner' to be offering advice about those interactions? Of course, most financial planners don't. A few do, as do fintech start-ups and other new entrants – and they will eventually dominate the market.

3. FIND A REVERSE MENTOR

With traditional mentoring, the more senior person is the mentor. In contrast, with reverse mentoring, the younger, more junior people in the business are the mentors for older, more senior staff.

The Hartford, a financial services group in the USA, leveraged the power of reverse mentoring to reach a new kind of client, understand the new workforce, and improve its bottom line. Across the organisation, 50 mentoring pairs participated in the program, and they achieved outstanding results:

- 97 per cent of the mentees (the senior people, remember) rated it extremely effective for their personal development.
- Just as importantly, 11 of the 12 mentors (the more junior people) in the project's first wave were promoted within a year.
- For bottom line results, the business implemented new business practices that saved time and money, increased social media engagement and boosted internal knowledge within teams.

In some areas, it's easy to see how your junior people have more expertise. For example, with social media, mobile apps and technology in general. But don't stop at those obvious areas. Consider how you can tap into their expertise in other areas as well. For example:

- Consumer behaviour: They know the way people of their generation buy.
- Recruitment: You can find new staff through their networks.
- Talent management: They value different things from a workplace.
- Money: They have different attitudes towards saving, wealth and retirement.

Reverse mentoring accelerates your learning curve, gives employees new opportunities, enhances morale, boosts productivity, and creates a closer team.

If you're a leader, engage a smart, savvy younger person to be your reverse mentor for the next three months. Listen to their insights, follow their advice, and resist the temptation to think you are smarter just because you're older and more experienced.

Then extend the concept of reverse mentoring to other parts of your business, so everybody has the opportunity to be involved in it.

ARE YOU REALLY THINKING LIKE A FUTURIST?

It can feel exhausting to operate in such a fast-changing world, especially in an industry that's constantly being forced to change. But it doesn't have to be a constant battle against an uncertain future.

Science fiction writer, William Gibson, famously said: "The future is already here – it's just not very evenly distributed."

There are plenty of clues to our future if you step outside your bubble of past expertise. Instead of pushing from the past, pull from the future.

Gihan Perera is a business futurist, speaker and author, who works with business leaders to help them lead and succeed in an uncertain but exciting future.

LIFE

FPA AWARDS 2019

RECOGNISING EXCELLENCE

ANDREW DUNBAR CFP®

THE GOOD WORD

As a strong advocate of the profession, Andrew Dunbar CFP® is spreading the message of good advice, as the 2019 FPA CERTIFIED FINANCIAL PLANNER® Professional of the Year Award winner.

FPA CERTIFIED FINANCIAL PLANNER® PROFESSIONAL OF THE YEAR AWARD

WINNER:
Andrew Dunbar CFP®
APT Wealth Partners

FINALIST:
Kearsten James CFP®
Cooper Wealth Management (QLD)

Andrew Dunbar CFP® confesses to being a little uncomfortable taking out the 2019 FPA CERTIFIED FINANCIAL PLANNER® Professional of the Year Award. Not that he is not honoured to receive the top gong, but instead, would have preferred for the recognition to have gone to the team at Apt Wealth Partners.

As a Director and Senior Financial Planner at APT Wealth Partners, Andrew says winning the 2019 FPA CERTIFIED FINANCIAL PLANNER® Professional of the Year Award is a huge result for the Apt Wealth team and recognises the organisation's work in delivering for its clients.

The 37-year-old is active in the local community, where he dedicates a sizeable amount of his time and skills to charitable and pro bono work. He is also a strong advocate for the profession, and he hopes that by winning this prestigious award, it will allow him to reach a wider audience when it comes to spreading the "good word" on advice.

In presenting Andrew with this coveted award, FPA CEO Dante De Gori CFP® praised Andrew for his commitment to the profession.

"Andrew is passionate about helping clients who are going through challenging times and are at their most vulnerable. He is an active participant in the FPA's Cancer Council Pro Bono Advice program and a range of other charities," Dante said.

DAVID ANDREW AFP®

COLLABORATE TO SUCCEED

With an advice process structured around client understanding and delivering on service promises, Capital Partners Private Wealth Advisers has taken out the 2019 FPA Professional Practice of the Year Award.

FPA PROFESSIONAL PRACTICE OF THE YEAR AWARD

WINNER:
Capital Partners Private Wealth Advisers (WA)

FINALISTS:
EJM Financial Services (VIC)
Tupicoffs (QLD)
VISIS Private Wealth (QLD)

They must be doing something right at Capital Partners Private Wealth Advisers, with the West Perth-based planning practice taking out the prestigious FPA Professional Practice of the Year Award for the second time in three years.

Having won this award in 2017, founder and managing director of Capital Partners Private Wealth Advisers, David Andrew AFP®, was only too keen to step up again for the 2019 FPA Awards, saying the business had made substantial progress over the past two years.

"We have responded to the cybersecurity threat in a significant way, and we have undertaken the first stage of our succession plan within the business, where our seven 'generation-two' owners will take up a further 20 per cent of the business in the next 12 months," he says.

In awarding Capital Partners with the 2019 FPA Professional Practice of the Year Award, the judges were impressed with the practice's advice process, which is structured around understanding clients and delivering on service promises. The judges also acknowledged Capital Partners' clear set of guiding principles that focus on the financial capacity and empowerment of its clients.

Money & Life reviews the winners and finalists of the 2019 FPA Awards

FPA AWARDS 2019

A WINNING HABIT

As the winner of the FPA Financial Planner AFP® of the Year Award, Crystal Bobir CFP® participates in industry awards as an opportunity to benchmark herself against her peers.

CRYSTAL BOBIR CFP®

Crystal Bobir CFP® is making a habit of winning awards. Having won the 2018 PlanPlus Global Financial Planning Awards, as well as being a finalist in the 2016 and 2018 Money Management Young Achiever of the Year Award, she has backed up by taking out the 2019 FPA Financial Planner AFP® of the Year Award.

It's not a bad record for this talented professional, who recently completed the CFP® Certification Program in November 2019, but was only eligible to stand for the FPA Financial Planner AFP® of the Year Award due to the closing date of entries for the awards.

The judges were clearly impressed with Crystal's client relationship skills and her ability to demonstrate how her advice was in the best interests of her client. According to the judges, Crystal has the skills that new financial planners aspire to have, as well as the natural ability to simplify complex matters for her clients.

As the winner of the 2019 FPA Financial Planner AFP® of the Year Award, Crystal's energy and enthusiasm for the profession is infectious. Having joined Brisbane-based Tupicoffs in 2012, she prides herself on providing exceptional advice and helping clients achieve their best outcome.

FPA FINANCIAL PLANNER AFP® OF THE YEAR AWARD

WINNER:
Crystal Bobir CFP®
Tupicoffs (QLD)

FINALISTS:
Leonie McKain AFP®
Bridges Financial Services (QLD)

Paul Turner AFP®
Wealthwise (WA)

BUILD YOUR KNOWLEDGE BASE

As the 2019 FPA Paraplanner of the Year Award winner, Lachlan Haigh believes in the importance of building your knowledge base.

LACHLAN HAIGH

It was a clean sweep in the FPA Paraplanner of the Year Award category for Brisbane-based planning practice, Tupicoffs, with three of its paraplanners making the short-list of finalists. And taking out the top spot for 2019 was Lachlan Haigh.

Lachlan's motivation to nominate for the 2019 FPA Awards stems back to a plan he wrote for a client earlier in the year. The plan ultimately made such a positive and meaningful difference to his client's life that Lachlan was keen to see how this plan stacked up against his peers.

And it was a decision that paid off for the 33-year-old, with the judges commenting that Lachlan's Statement of Advice submission clearly showed excellence in paraplanning, including a clear demonstration of how his work and research made significant improvements to his client's situation.

The judges also added that Lachlan's supporting documents showed that his research was thorough and well documented, showing that he put a lot of time and effort into ensuring that he went above and beyond to achieve a great outcome for the client.

Lachlan doesn't disguise the fact that winning the 2019 FPA Paraplanner of the Year Award means a lot to him, validating his decision to leave the family carpentry business to pursue a career in financial planning. "It means I'm heading in the right direction with my career."

FPA PARAPLANNER OF THE YEAR AWARD

WINNER:
Lachlan Haigh
Tupicoffs (QLD)

FINALISTS:
Andrew Mann CFP®
Tupicoffs (QLD)

Julian Stephenson
Tupicoffs (QLD)

To read more about these winners, go to moneyandlife.com.au/professionals

| LOUISE WEGNER-PARKER AFP®

BE YOUR BEST

Louise Wegner-Parker AFP® is the inaugural winner of the FPA Community Service Award presented by the Future2 Grants Committee, for her tireless work with formerly homeless people.

FPA COMMUNITY SERVICE AWARD BY FUTURE2

WINNERS:
Louise Wegner-Parker AFP®
Morgans Financial (QLD)

Zacary Leeson CFP®
HPH Solutions (WA)

FINALISTS:
Matthew Torney CFP®
Muirfield Financial Services (VIC)

Kevin McDonald CFP®
Future Focus Financial Planning (NSW)

Michael Stone CFP®
UniSuper Management (SA)

You could have knocked Louise Wegner-Parker AFP® over with a feather, because the last thing she was expecting was to take out the FPA Community Service Award presented by the Future2 Grants Committee for 2019.

The FPA Community Service Award presented by the Future2 Grants Committee is a new category in the FPA Awards. The award recognises the 'unsung heroes', who quietly go about making a difference to the lives of disadvantaged Australians.

For the past six years, Louise has been providing a financial counselling service for formerly homeless people in Brisbane, under the umbrella of Micah Projects – a charitable organisation dedicated to providing services and opportunities for communities in need.

Louise, who is National Manager – Specialist Advice at Morgans Financial, conducts afternoon drop-in sessions, once a week, where she helps people with their basic financial needs, like budgeting and negotiating their debts.

"It's the type of everyday skills that we tend to take for granted," Louise says. "However, these people struggle with their ongoing expenses, whether they're homeless or have come off the street into subsidised housing."

And while the Future2 Grants Committee was impressed with Louise's endorsement of Micah Projects' Future2 grants application, it was equally as impressed with her voluntary financial counselling program for formerly homeless people. So impressed, that it awarded her the 2019 FPA Community Service Award presented by the Future2 Grants Committee for her selfless charitable contribution.

| ZACARY LEESON CFP®

TAKE THE FIRST STEP

For a second consecutive year, Zacary Leeson CFP® has taken out the FPA Community Service Award supported by the Future2 Foundation, for his work with Leading Youth Forward.

What does it take to be a second year winner in the FPA Awards? Just ask Zacary Leeson CFP®, a planner at Perth-based HPH Solutions and volunteer at Leading Youth Forward.

"It takes a lot of work," Zac laughs. "The difference between this year and last year is I have stepped up and taken on a more strategic role, with greater responsibility within Leading Youth Forward. I'm spending more hours and doing more work with the charity, but I'm also receiving more personal reward for doing so."

The 29-year-old took out the 2019 FPA Community Service Award supported by the Future2 Foundation, for his work with Leading Youth Forward – a not-for-profit organisation he has enjoyed a six-year relationship with.

Leading Youth Forward supports and empowers disadvantaged Perth teenagers in Years 8-10 at high school, by providing them with positive experiences, mentors and role models. The charitable organisation also provides respite to family members and caregivers.

According to Zac, every teen at Leading Youth Forward is carefully matched with a volunteer mentor for the year, and together, they participate in a year long program of activities.

CAPPING OFF THE JOURNEY

Griffith University student, Graeme Morris was named winner of the FPA University Student of the Year Award.

GRAEME MORRIS

Graeme Morris chalks up his motivation for studying financial planning at Griffith University to a strong sense of wanting to help people, which he attributes to having grown up in a single parent household, along with four other siblings, where money and financial hardship was a constant struggle for his family.

"Managing the household budget and making ends meet has always been challenging for us. I also went into foster care for a while, but all these challenges helped build my character and my determination to help others who are also struggling to get by."

Armed with this real life experience, it is fitting that Graeme did change his degree studies to a Bachelor of Commerce, which he says will allow him to make a beneficial difference to the financial lives of others within the wider community.

It is also fitting that the 27-year-old Griffith University student, who is also a University Financial Planning scholarship recipient, has taken out the 2019 FPA University Student of the Year Award for his strong University Grade Point Average and his involvement in extra-curricular activities. These include his membership of the Griffith University Association of Commerce, his internship and part-time work in the profession, his relationship with his local FPA Chapter and for being an active member of the FPA Emerging Professionals Network.

Graeme is humbled to win the 2019 University Student of the Year Award, saying that it's a terrific way to cap of his journey within the tertiary space, while validating his decision to change his degree majors when he was so close to finishing his degree in physiotherapy.

FPA UNIVERSITY STUDENT OF THE YEAR AWARD

WINNER:
Graeme Morris
Griffith University (QLD)

FINALISTS:
Amanda Barrow-Scott
Griffith University (QLD)

Porsha Papas
Deakin University (NSW)

STAY THE COURSE

With 20 years' industry experience, Nicky Dwyer CFP® thought it was time to complete the CFP® Certification Program and in so doing, she has taken out the Gwen Fletcher Memorial Award.

NICKY DWYER CFP®

With a career in financial services spanning two decades, Nicky Dwyer CFP® never felt quite complete in her member education role with her previous employer, where she would actively engage with members in the workplace about their superannuation.

She knew that in order to truly help her clients achieve their lifestyle and financial goals, she would need to take the next step in her professional development, and that was becoming a CFP® professional.

"As a planner, you immediately see the recognition that CFP® Certification brings to you as a professional. The designation shows that you have reached the pinnacle of the profession, by adhering to the highest levels of education and ethics," Nicky says. "That's the type of professional I want to be, so undertaking and completing the CFP® Certification Program was a natural progression in my career."

And the decision paid off, with Nicky – who is a Private Client Adviser at UniSuper Advice – taking out the prestigious Gwen Fletcher Memorial Award for being the highest achieving student in Semester 2 of the CFP® Certification Unit for 2019.

To read more about these winners, go to moneyandlife.com.au/professionals

ARE YOU READY TO THRIVE?

The beginning of a new decade is the ideal time to reflect but also look forward. At a time when the whole wealth sector is being challenged to consolidate, innovate and transform, MLC CEO Geoff Lloyd shares his insights on the future of advice in Australia.

It's been a rollercoaster start to the century for our industry. Although the first 10 years brought a global money meltdown, the Australian financial sector came through relatively unscathed. But our financial institutions have been navigating an increasingly disrupted landscape ever since.

Reputational damage, technology and policy reform have all been powerful drivers of change in financial services. The pace of transformation is showing no sign of slowing in the decade to come.

As leaders in wealth management in Australia, MLC is squaring up to these challenges by offering next-level support to its community of clients and financial planners. With an 1,800 strong planner network, that's no small task. But CEO Geoff Lloyd is quick to point out the many positives in how their business is responding to these challenges.

"We are experiencing seismic change in our industry with a focus on regulation, client restoration, consolidation, and the charge towards professionalism – it's the biggest ever reset of the wealth sector," Geoff says.

"What is not changing though, is the enduring need for advice. This means new and different ways of engaging with and servicing clients, which creates opportunities across the many parts of our ecosystem."

Geoff also expects the introduction of new education standards and technologies to offer planners ways to differentiate and improve their service to clients.

"We anticipate greater competition as services and offers are refined, as advice becomes a profession, and technology plays a greater role in both back-office efficiencies and front-end client experience," he says. "We believe this will have lasting, positive impacts for clients and the advice profession as a whole."

> *"It's an appropriate time as an industry to take a fresh look at how we not only legislate to protect client needs and outcomes, but also build a sustainable and thriving advice profession."*
>
> | *GEOFF LLOYD*

OFFERING MORE TO CLIENTS ACROSS THE BOARD

However, Geoff is well aware of how far the profession still has to go, both in regaining the trust of Australian consumers and adapting services to meet the needs of a broader audience.

"We would like to see advice be made available to more Australians, including those with simple or point-in-time advice needs," he says.

"There is much discussion and structural consideration required for this to happen safely. It will require working together to analyse and find solutions to the challenges currently being faced, in the interest of Australians seeking advice, and of the future financial advice profession."

Embedding greater integrity and accountability is paramount in this evolution of advice. He says that only by putting the client's needs front and centre at every stage of the advice process can this be achieved.

"It's an appropriate time to take a fresh look as an industry at how we not only legislate to protect client needs and outcomes, but also build a sustainable and thriving advice profession," he says.

"The focus of the regulator is specifically on improved outcomes for retail customers. We support the regulator in its strong drive to improve client and member outcomes, and we think, as an organisation and an industry, we can and should do more.

"We must continue the transformation of advice to becoming a profession. We need to improve our systems, processes and technology to support the delivery of good service and better client experience. We should educate and train our people to put the customer at the heart of every action, interaction and decision to create lasting behavioural change. And the most important action for planners is to focus on delivering the best possible outcomes for their clients, each and every day."

| GEOFF LLOYD, CEO OF MLC

SUPPORT FOR PLANNERS TO ADAPT AND EXCEL

While planners may be on board with the principle of acting in each client's best interests, some may be challenged by the practical changes it takes to comply with new policies and standards. Which is why MLC has put in place substantial support for planners in bringing their training and practice up to date.

"At MLC, we have six streams of work focused on supporting planners through FASEA's Professional Standards framework," says Geoff. "These include: ASIC reporting, the Code of Ethics, a CPD program, Education pathways, a FASEA Financial Adviser Exam support program, and a Professional Year program with 100 hours of structured training, which kicked off in January this year.

"We also have an Adviser Education Helpline, which has so far been involved in more than 1,500 calls and thousands more emails to provide the opportunity for open dialogue with planners. We believe deeply in the benefits to the community, and to the nation, of professional financial advice and will continue to support planners and clients as they seek to prosper into the future."

THE VALUE OF GIVING BACK TO THE COMMUNITY

Being involved in a number of charity and grassroots initiatives is an important part of the MLC commitment to the wellbeing of the wider Australian community.

"As a large organisation, we believe it's important to support the communities in which we live and work. It's also something our people have told us they care deeply about," says Geoff.

"We're proud to have been involved in the two Future2 Challenges at the 2019 FPA Professionals Congress for a second consecutive year as the gold sponsor. The Future2 Challenges are about supporting disadvantaged Australians and about educating the community on how to create opportunity for those in need."

He adds: "We are fortunate to work in an industry where we have the capacity to give back, either financially or through volunteering, and sharing our skills and experiences with community-based organisations and charities. Whether you volunteer time or skills, or donate, you want that effort to have impact where it is needed.

"As an initiative of the FPA, and with a strong track record over the last 12 years, the industry has really rallied behind the Future2 Foundation to make a difference to disadvantaged Australians. In a time of industry challenge and fragmentation, it has been great to see so many coming together to support this great cause."

"We are fortunate to work in an industry where we have the capacity to give back, either financially or through volunteering, and sharing our skills and experiences with community-based organisations and charities."

| Geoff Lloyd

future2
the Foundation of the Australian Financial Planning Association

CPD MONTHLY

Each month, Money & Life publishes two CPD Monthly articles. The following are overviews of this month's two CPD accredited articles. To read the full versions of each article, and to receive your CPD hours, click on the Learn tab at moneyandlife.com.au/professionals

ROB LAVERY
KNOWIT GROUP

ARTICLE 1

THE FIRST HOME LOAN DEPOSIT SCHEME

OVERVIEW

Housing affordability continues to sit atop the list of hard-to-solve political issues in Australia. In late October 2019, the Government gave the first insight into the mechanics of the First Home Loan Deposit Scheme (FHLDS), which is its latest attempt to ease the struggle many young Australians face when looking to buy their first home.

The FHLDS kicked off in January 2020 and works in a different fashion to many of the other housing affordability policies previously explored by governments, such as the First Home Saver Accounts and First Home Super Saver scheme. Rather than providing a direct monetary injection or tax saving, the scheme provides eligible first home buyers with a guarantee that supplements their deposit.

This article outlines how the scheme works.

This article is worth 0.5 CPD HOURS

ASIC knowledge area FINANCIAL PLANNING

FASEA CPD areas TECHNICAL COMPETENCE

WHAT YOU WILL LEARN

- **First home buyer eligibility**
- **Price cap**
- **Issues with valuation**
- **Guarantee limit**

JULIE STEED
IOOF TECHCONNECT

ARTICLE 2

MANAGING THE TRANSFER BALANCE ACCOUNT UPON DEATH

OVERVIEW

Many self-managed super funds (SMSFs) will have a transaction to the transfer balance account following the death of a member. This article examines the issues that need to be considered and the most common problems that could arise.

The article also explores the practical issues with reversionary income streams, child income streams and the timing of lump sum death benefit payments.

Understanding how death benefit pensions interact with the transfer balance cap is an essential element of a client's estate plans and can assist practitioners in providing appropriate advice to clients.

This article is worth 0.5 CPD HOURS

ASIC knowledge area SUPERANNUATION

FASEA CPD areas TECHNICAL COMPETENCE

WHAT YOU WILL LEARN

- **Transfer balance cap**
- **Death benefit pensions**
- **Spouse death benefit pensions**
- **Child death benefit pensions**

To read these articles in full and answer the questions for CPD hours, go to the Learn tab at moneyandlife.com.au/professionals

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