MARCH 2020

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MONEY & LIFE

The magazine for FINANCIAL PLANNING PROFESSIONALS

Blazing a full life

PROFESSIONAL FIREFIGHTER, ADRIENNE CLARKE, IS LOOKING FORWARD TO A LIFE AFTER 60

LIFESTYLE PLANNING: CHANGING THE CONVERSATION

RETIREES AND TECHNOLOGY | RETIREMENT STRATEGIES | THE FIVE VALUES IN FASEA'S CODE OF ETHICS

FPA
FINANCIAL PLANNING ASSOCIATION of AUSTRALIA

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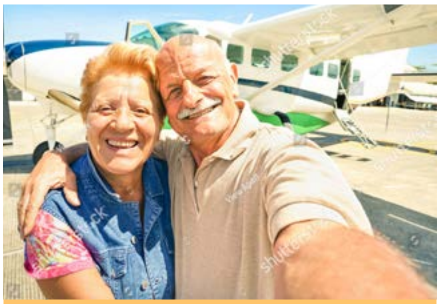
MARCH 2020



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RETIREMENT IS JUST A WORD

We are very proud to have South Australia's first professional female firefighter, Adrienne Clarke OAM, on the cover of this month's magazine.

Adrienne has dedicated her time to progressing firefighter's wellbeing and advancing the role of females in her profession. She shares with *Money & Life* her thoughts on planning for retirement (although she's far from ready to retire). Read her story on page 18.

FASEA EXTENSIONS UPDATE

Following significant advocacy by the FPA, alongside the AFA and you, our members, legislation to confirm the extension of time for the FASEA exam and education standard is now progressing through Parliament.

The FPA will continue to work with key stakeholders to ensure our members can continue their professional development within a flexible timeframe that respects the personal wellbeing of financial planners and their families.

A FOCUS ON RETIREMENT PLANNING

This month's magazine hones into retirement planning and the vital role financial planning advice plays.

The 2019 ASIC consumer report on financial advice ranked 'retirement income planning' as the second most common reason that Australians seek advice after 'investment advice'. This is closely followed by the desire to grow superannuation. There is no doubt retirement advice creates greater certainty for a client's future at a major transition point in life.

From a policy perspective, the FPA has just submitted to Government our response to the Retirement Income Review, and we had a very productive meeting with the review to talk about the importance of financial advice in preparing for and living in retirement.

The FPA has also made submissions on the draft legislation to implement 22 recommendations from the Financial Services Royal Commission.

In relation to retirement, the draft legislation has suggested a restriction on the ability for consumers to access and pay for advice within their superannuation fund.

NATIONAL ROADSHOW STARTS NEXT MONTH

We're gearing up to hit the road and host the FPA National Roadshow from April to June. Covering 33 locations across Australia, please join us for a two-hour session designed to help you stay on top of the changes in the financial planning profession. We'll unpack the latest Royal Commission and FASEA developments, cover best practice in life insurance advice, and share the latest member tools.

We're delighted to be partnering with Zurich for the 2020 FPA National Roadshow. To secure your seat, register at fpa.com.au/roadshow

Dante De Gori CFP®, CEO

FOLLOW DANTE ON TWITTER @DDEGORI10

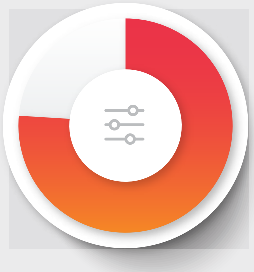
Introducing Future Safe

The early years of retirement are when your client's savings are most at risk of a sharemarket fall that might be hard to recover from. Future Safe is specifically designed to provide access to growth without the stress of the unknown. It's a peace of mind solution for today's retirees.

Find out more at allianzretireplus.com.au

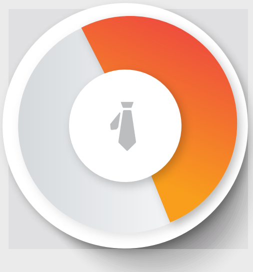
Allianz Retire+
POWERED BY PIMCO

FOCUS



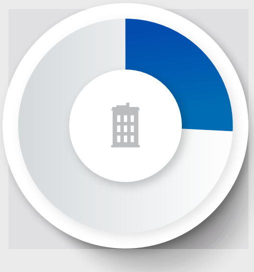
72%

Planners without a written succession/ buy sell plan



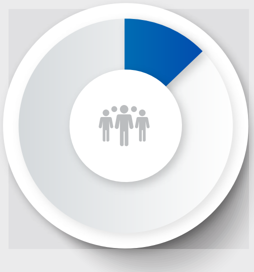
44%

Principals who meet regularly with a business adviser/ coach



26%

Practices expanding suite of services in the next 12 months



The average number of 'A' class clients per practice

FUTURE READY VIII SHEDS INSIGHTS INTO PROFESSION

With the financial planning profession facing strong regulatory headwinds, unless business owners can quickly develop a very clear plan to address key issues in their firm, sustained success remains uncertain.

This was one of the key findings from Business Health's Future Ready VIII report, which provides a detailed insight into the health of Australian financial planning practices and their preparations for the future.

According to Business Health owner, Terry Bell, the following are five key takeouts from this year's Future Ready VIII report:

1. CLIENT CENTRIC

When it comes to showing proof of their client centricity, many advice practices have a disconnect between what they say, what they offer and what they actually deliver. The report's findings revealed:

- Almost half (47 per cent) of the practices do not have a defined client value proposition and may struggle to clearly articulate the true value they deliver.
- Two-thirds (67 per cent) do not communicate with their best clients 10+ times per year.
- Only one-in-three (32 per cent) practices actually seek feedback from their clients.
- Over one-quarter (27 per cent) of the firms have not identified their best clients and offer them a differentiated level of service.
- Just 26 per cent of businesses are looking at expanding their suite of solutions/range of services in the coming 12 months to better cater for their clients' changing needs.

2. SUCCESSION PLANNING

Bell said the advisory world had been dramatically disrupted since Business Health produced its last analysis in 2017, with a number of major ramifications, like FASEA's education standards, set to play out over the next few years. However, the analysis revealed that planners were still unprepared with their succession planning and exit strategies, with 72 per cent of planners having no written succession/buy sell plan in place.

"Of those who do, 62 per cent have identified a successor, while 67 per cent have arranged funding. However, only one in 10 practices have an effective succession plan in place today," Bell said.

3. SCALE IS THE KEY

With the ever increasing costs of running a business, not surprisingly, the base level costs of running an advice practice continued to increase to the point where practices with gross revenue of less than $500,000 were struggling to deliver an acceptable return.

"The average notional profitability for these 'sub-scale' firms was just 10.1 per cent and raises the question: Is this level of return commensurate with the time and effort the owners are investing and the business risk being taken?," Bell said.

According to Bell, this presents the owners of practices with a lower level of revenue with a significant challenge – how to acquire scale.

"Organic growth through individual efforts won't be sufficient. For many, the answer must lie in buying, selling or merging. But finding the right 'fit' between businesses and being prepared to perhaps modify long held views, may prove a bridge too far for many," said Bell.

4. A SHIFT IN MINDSET

The report revealed that only 29 per cent of principals currently have a 3-5 year strategic plan, with an alarming 66 per cent of practices not having an operational business plan for the coming 12 months.

"Truly successful business owners look for someone to hold them accountable to implement their plans and to monitor their progress," Bell said.

However, the report found that only 44 per cent of practice owners have an external 'sounding board', who they regularly consult with for objective business advice.

5. UNINTENDED CONSEQUENCES

Perhaps the most significant finding from the Future Ready VIII analysis was the dramatic drop in the number of clients per practice.

Over the last two years, the average number of clients per financial planning practice has dropped from 715 to 530, with the average number of 'A' class clients per practice also decreasing from 105 to 79.

"Despite a 26 per cent reduction in client numbers, the overall 'notional' profitability for firms has increased slightly from 27.0 per cent to 28.2 per cent. It seems that advice firms are becoming clearer on who they can best serve and continue to build their businesses around these clients," Bell said.

The full Future Ready VIII report is available from Business Health.

Make a difference in your clients' lives

89% of deaths in Australia are caused by four preventable, lifestyle-associated conditions like diabetes and cardiovascular disease, which are due to lifestyle habits such as poor nutrition and lack of exercise.*

You can help us reduce this figure.

Help your clients improve their health and enjoy the rewards with AIA Vitality.

*Source: World Health Organisation – NCD Country Profiles, 2016

aiavitality.com.au

AIA Vitality

DRAFT LEGISLATION IMPACTS PLANNERS

The FPA has responded to the Federal Government's draft legislation released on 31 January 2020, which addresses 22 of the recommendations put forward last year by the Financial Services Royal Commission. However, the FPA has cautioned that the draft legislation will have significant and real impact for financial planners.

The FPA has been in close consultation with the Minister, Treasury and other associations to ensure the legislation reflects the best interests of FPA members and the financial planning profession.

The draft legislation closely aligns to the Recommendations outlined in the Royal Commission, but if implemented, the FPA warns it will further increase the time and the administration burden on planners helping their clients.

"The FPA continues to advocate strongly on behalf of members," said FPA CEO, Dante De Gori CFP®. "However, the most important thing for planners is to understand the impact this will have on their business and to start planning how they can efficiently and effectively operate their business in this new legislative environment," he said.

One specific proposed Recommendation in the draft legislation that the FPA continues to challenge, relates to the requirement for planners to renew client fee arrangements every 12 months, rather than the current two-year period.

"The FPA agrees financial planners should be required to periodically review and renew ongoing fee arrangements, document them and seek the consent of their clients for any fees to be charged," De Gori said.

"However, we believe requiring this to be conducted annually without any modification to the laws around when an ongoing fee arrangement can be renewed rather than reset, adds considerable time and cost pressures on financial planning practices. It is not practical and will be too much of an administrative burden for many planning practices."

STAMPING FEE EXEMPTION

The FPA has consulted with Treasury on the merits of the current stamping fee exemption in relation to listed investment entities and has made its position clear that it continues to support the removal of non-client directed fees in all financial advice services.

During the four week period between 29 January and 20 February 2020, Treasury undertook a targeted public consultation on the current stamping fee exemption in relation to listed investment entities, which comprise listed investment companies and trusts, including real estate investment trusts.

Stamping fees are an upfront one-off commission paid to financial services licensees for their role in capital raisings associated with the initial public offerings of shares.

In 2009, the FPA launched the FPA Code of Professional Practice and the FPA Remuneration Policy. The Code outlines the responsibilities of FPA members to act in the best interest of clients at all times and introduced the principle of client directed payments, which was replicated by the Government in the introduction of the Future of Advice reforms.

Currently in Australia, all other forms of product directed payments that a financial planner receives from clients, have been banned, leaving most planners only receiving fee-for-service payments.

According to FPA CEO, Dante De Gori CFP®, between 2009 and 2012, all FPA members transitioned away from these payments to ensure that clients were receiving unconflicted advice. As a result, FPA members currently receive on average around 8 per cent of their total revenue from investment commissions, with the majority of this being phased out by 1 January 2021 when grandfathered commissions will cease.

The FPA congratulates the following members who have been admitted as
CERTIFIED FINANCIAL PLANNER® PRACTITIONERS

ACT
Huimin Li CFP®
Findex Advice Services

NSW
Blake Wendt CFP®
Jacaranda Financial Planning

TAS
Jacqueline Hayes CFP®
Aged Care Steps

Ying He CFP®
Unica Wealth

VIC
Michael Kostos CFP®
Stellan Capital

WA
Stefani Wijaya CFP®
UniSuper Management

1 OCTOBER TO 31 DECEMBER 2019

COMPLAINTS AND DISCIPLINE REPORT

In the October to December 2019 quarter, the FPA received one new complaint, finalised 12 complaints, and have six ongoing complaints.

Of those ongoing complaints, one is in the process of investigation, where information has been requested from the complainant, four are in the process of finalising the report by the investigating officer to the Conduct Review Commission (CRC), and one matter is currently with the CRC for sanctioning following a breach determination in November 2019.

CRC SANCTIONS

During the quarter, two members were issued infringement notices in relation to minor instances of unsatisfactory conduct.

In the first instance, the CRC determined that the member had not acted diligently with respect to executing a binding death benefit nomination form for a client. While in the second instance, the CRC found the member to be in breach of the diligence and professionalism principles in relation to the member's formal communications with a client and then subsequently with the FPA.

AUTOMATIC TERMINATIONS

Three members were automatically terminated under the FPA Constitution. All three terminations resulted from banning and disqualification orders by ASIC.

ACADEMIC MISCONDUCT

No academic misconduct complaints were raised in the October to December 2019 quarter.

The Professional Accountability team will be conducting a webinar on 'Academic Misconduct' in March 2020. This will provide clarity on how misconduct in the CFP® Certification Program is identified and dealt with by the FPA and the Professional Designations Committee.

GUIDANCE AND REASSURANCE

Members may have noted the Professionalism section of the website has undergone a re-design in the last quarter.

To assist members in understanding the FPA Complaint and Disciplinary process, the CRC Reference Guide for FPA Members was published, providing an easy to understand overview of FPA policies.

Members are encouraged to regularly review the material produced by the FPA.

For assistance with any issues relating to the FPA Code or other policies, you can contact the team directly by email at professional.standards@fpa.com.au

17	COMPLAINTS ONGOING AS AT 1 OCTOBER 2019
1	NEW COMPLAINTS
12	CLOSED COMPLAINTS
6	COMPLAINTS ONGOING AS AT 31 DECEMBER 2019
0	MEMBERS SUSPENDED
0	MEMBERS EXPELLED (CRC)
3	MEMBERS TERMINATED (CONSTITUTION)
2	OTHER SANCTIONS
0	REFERRED TO PROFESSIONAL DESIGNATIONS COMMITTEE FOR SANCTION

THE BEST OF THE THE REST OF YOUR LIFE

David Williams believes it is time longevity planning took its place in holistic personal advice.

"With increasing longevity, 'the rest of my life' has become more significant. We can increasingly influence both our wellness and length of life. Whether and how we choose to do so, has consequences for our future health and funding."

| DAVID WILLIAMS

The most important journey we have is the 'rest of our life'. To make the best of it requires good planning. The best plans have a time frame. They also show when we expect important things to occur, why and what we will do about them. If things change, we can respond.

Ageing is a journey. It progresses just a day at a time but there can be sudden challenges. Without planning, we are prone to make hasty and inappropriate decisions.

Each of us is different and we tend to get more different over time. So, we need our own longevity plan to make the best of life and adapt as required. It underpins our other health, financial and estate plans.

TIME AND LONGEVITY

'Time' is the most commonly used noun in the English language. Most people understand and speak easily about time. It makes sense to plan using time concepts wherever possible.

However, when we come to discuss 'our time' – our lifespan – few of us are well informed. Most of us already know people are living longer but we don't know why and whether it applies to us. Ignorance can lead to fear, making us vulnerable to fear-based marketing, while media comments about old age, retirement, longevity risk and age discrimination all add to our anxiety.

Yet, we can address this ignorance by understanding more about longevity and applying this to create our own longevity plan. Easy 'time' conversations can enable us to share our thoughts with others.

WHY HAS COMMUNITY LONGEVITY INCREASED?

So, why are we living longer? Well, societies generally began to live longer over the last two centuries.

The industrial revolution enabled communities to develop and fund infrastructure (such as, sewers, fresh water, roads and bridges), broaden and deepen education, and promote specialist knowledge (as in medicine), evolve laws and standards, improve information sharing and so on.

As a result, lifespans in 'developed' countries, like Australia, have increased. Table 1 outlines four time periods.

Not surprisingly, the consequences of an ageing society, such as increasing costs

| TABLE 1 : INCREASING LIFESPANS

BY WHEN	CHANGES IN WHAT WE LEARNT ABOUT	AVERAGE LIFESPAN
Pre 1800	Lots of small things	40
1900	Causes of infections, diseases. Start of public health improvements	60
2000	Antibiotics, diet, treatments for cancers, heart disease, strokes, etc.	80
2020	Understanding the brain and genetics and how to manage longevity	83

PERCENTAGE OF DEATHS IN 5 YEARLY AGE GROUPS

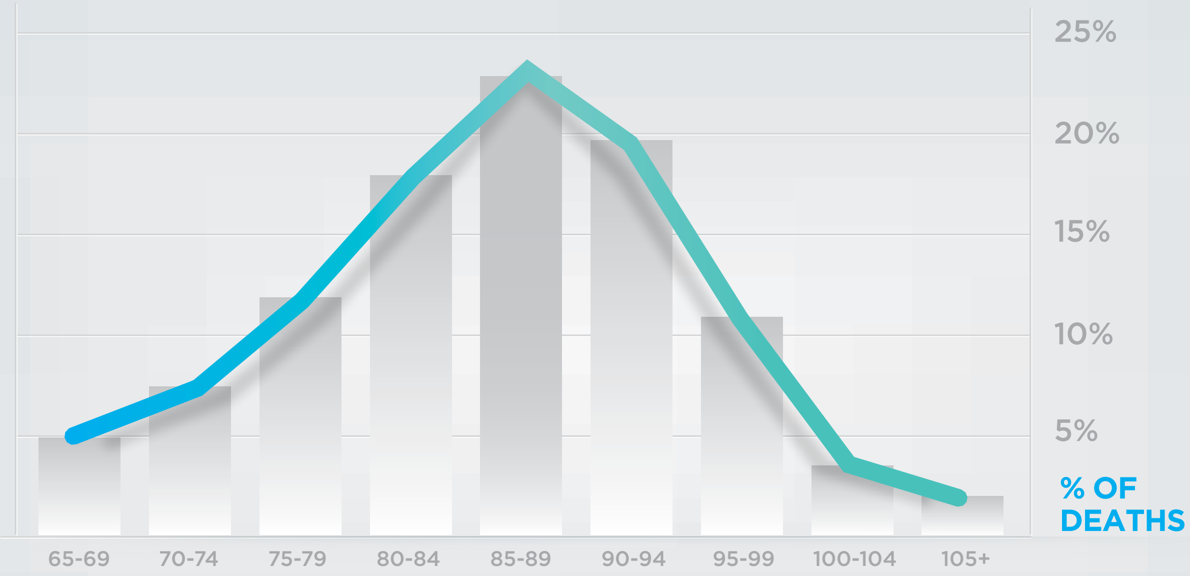


CHART 1 : PERCENTAGE OF DEATHS

and other implications of this change, are far-reaching. As a community, we are inadequately prepared for a wide range of social issues affecting the funding of age pensions and superannuation, health and aged care services, and lifestyle for older Australians.

This makes it important for us to be as informed as possible about our own potential timeframe, allowing us to better understand the things we can do to make the most of it and to integrate this knowledge into our other planning decisions.

IS COMMUNITY LONGEVITY STILL INCREASING?

Life expectancy has increased on average by about two years per decade over the past 200 years and is currently about 83 years.

However, since 2000, life expectancies in Australia have declined for people in their late 80s and beyond. We may be seeing the end of the 'easy' increases. Increases in obesity in early life may be one factor: also, as people survive longer, rising challenges to the brain and neural systems are difficult to understand and treat.

This will compound problems for aged care services and costs, already increasing and accompanied by quality challenges. The ethics of prolonging life is coming under close scrutiny, with choice of death supported by a majority of older people.

These are all issues that will influence the outcomes of personal plans.

BUT WHAT ABOUT ME?

Communities are living longer, but what about me? There are 'Life Tables' that tell us average lifespans for each age, but the problem is, most people aren't average.

The spread of deaths (in five year groups) from age 65 shows this. At age 65, less than one-quarter of people live to within three years of the average age of 86. The rest are short or long of the average. See Chart 1.

So, what about me? Am I likely to live longer or shorter than average? It's an interesting question.

There has been a huge rise in long-term studies establishing reliable links between life expectancies and a large number of behavioural, health, social and other factors. More clues came from the survival data of life insurance companies.

This enabled the development of assessments which give better indications for individuals. For example, the SHAPE Analyser is a free online tool that has been available since 2008, providing over 180,000 estimates.

We are no longer reliant on average data. We can reasonably answer 'what about me' and understand why we might be different from others. This is allowing us to make better and more informed decisions about how we respond to our own – and our clients' – longevity.

CAN I CHANGE MY LONGEVITY?

Can I really affect my longevity – the rest of my life? Or is it just a consequence of evolution?

Well, evolution plays out slowly and had little part in the doubling of lifespans over 200 years. The industrial revolution was the main change agent. Communities began to significantly influence the rest of their life, and so could individuals.

Time plays out differently at different ages. When we're young, shorter term decisions tend to dominate. By midlife, priorities are changing.

With increasing longevity, 'the rest of my life' has become more significant. We can increasingly influence both our wellness and length of life. Whether and how we choose to do so, has consequences for our future health and funding. And our parents are also living longer, however, we and they are often poorly prepared for this.

IT'S NOT JUST HOW LONG

The SHAPE Analyser provides a personal time frame. It also provides insights into what we could do to improve our wellness. Further information is available from the Australian Institute of Health and Welfare, which quantifies the average stages of 'the rest of life'. See Table 2.

For example, at age 65, on average there are typically 17 years of living independently and four dependent years. We can break down the independent years to 'able' and 'less able'

AGE NOW	AVERAGE LONGEVITY	ABLE YEARS	LESS ABLE YEARS	DEPENDENT YEARS	AVERAGE LIFE SPAN
65	21	10	7	4	86
75	13	5	4	4	88
85	7	2	2	3	92

TABLE 2: ABLE AND LESS ABLE YEARS

It's important to note:

- the same things that drive increasing longevity also drive how well we live;
- for many, there's time to remain well, productive and to get organised;
- we become more different from each other with age: personal decisions do matter;
- the longer we live, the longer we're likely to live – a survival bonus; and
- the survival bonus adds independent years and less dependency (i.e. needing support for core daily activities, and not necessarily for frailty or helplessness).

We can now prioritise our health plans and other important issues. We can plan better for potential changes to our longevity.

MORE ABOUT DEPENDENCY

Table 3 shows the average years of dependency at key ages. Dependency tends to reduce with increasing age, which for many people is unexpected. Women have almost twice as many dependent years as men.

However, the greater longevity of women means dependency typically begins later. Women are often younger than their male partners, who die after a shorter dependency before their partners enter their longer dependency. Unfortunately, women also have a higher likelihood of dementia.

These are important factors for financial planning, especially for aged care, guardianship, powers of attorney and end of life decisions.

LONGEVITY PLAN

We can now develop a realistic longevity plan that reflects how long we may live, why and what we will do about it, including:

- how we will engage with health advice and take preventative action;
- where we expect to live and why;
- who will manage things – and us – when we can't;
- who gets what, why (and why not), when and how; and
- our aged care preferences, dependency and end of life.

We can now plan for regular reviews.

BENEFITS OF A LONGEVITY PLAN

There are a number of benefits of having a longevity plan. These include:

- Each plan is unique for each person;
- It provides a lifetime framework that is easily adapted to changes;
- Immediate and longer term actions are prioritised, reflecting a client's life stages;

> *"Time underpins our major decisions as we age. In fact, a 'time' conversation can be easier to have with clients than a financial one, and it's the type of conversation that builds trust."*
>
> | DAVID WILLIAMS

- It builds relationships and commitment with supportive financial planners;
- It creates productive interactions with family members and others; and
- It provides a high value for clients.

AGE	65	75	85
MEN	3.4	3.0	2.3
WOMEN	5.6	5.1	4.1

TABLE 3: AVERAGE YEARS OF DEPENDENCY

A CONVERSATION THAT BUILDS TRUST

Most financial decisions have a time basis, such as how long will my money last. These decisions can be based on individual data from a personal longevity plan.

Time underpins our major decisions as we age. In fact, a 'time' conversation can be easier to have with clients than a financial one, and it's the type of conversation that builds trust.

By empowering clients to have an informed and stronger commitment to their life journey via their longevity plan, financial planners can take account of a client's longevity across all their key decisions, life stages and reviews. Longevity planning also integrates easily with the client value proposition.

So, isn't it time longevity planning took its place in holistic personal advice?

David Williams is the Founder of My Longevity.

BRIDGING THE DIGITAL DIVIDE

Recent research shows seniors are becoming more comfortable online and with social media. Miriam DeLacy talks to Cara Sloshberg CFP® and Chris Giaouris CFP® about how financial planners can build the confidence of their older clients when using digital technologies.

Even though many retirees may not have been using social media during their working lives, research shows this is no barrier to their enthusiasm for these communication channels. In its *2019 Senior Surfers* report, National Seniors Australia reported 40 per cent of members use Facebook daily and 68 per cent don't feel at all frustrated using technology.

In presenting the report, National Seniors CEO, Professor John McCallum says these findings are important in busting common myths about digital literacy among seniors.

"There are just too many blanket statements that are very negative about older people's skills, such as 'they're behind the times', 'they're digitally illiterate' or 'there is a digital divide between young and old," he said. "Our research shows that over half those aged 80 and over use an internet search engine everyday and more than 50 per cent of these people did online banking once a week, if not daily."

TRUSTING THE TECHNOLOGY

Based on her experience as Financial Planner and Relationship Manager with Equipsuper, Cara Sloshberg CFP® agrees most seniors are pretty comfortable connecting with friends and family on Facebook. But when it comes to transacting online, she's found that trust is still a significant issue for many of her older clients.

"Many are still not prepared to log into their account online," says Cara. "They still prefer a phone call, even to enquire about their super balance, and some won't be comfortable using BPAY for regular super contributions," she says. "And for a larger transaction, like a one-off non concessional contribution, they're quite likely to go into the bank to have a teller do the transaction for them or bring a cheque to our office."

While lack of trust can be the biggest obstacle in using digital technology to manage money, sticking to paper and face-to-face transactions can be a matter of habit for seniors, too.

"Some of my clients who've been successful in business, and who may not have moved through the workforce with computers and technology, find it more cumbersome to use technology in retirement," Cara says. "Clients who are used to queuing up at the post office to pay bills, will probably continue to do it as part of their routine, as it's what they feel comfortable with."

With any of her clients, Cara is more than happy to guide them through the Equipsuper app, which offers an easier option of doing some practical things, such as check their balances when required. In explaining the security measures used to confirm each member's identity, clients can feel reassured that their data and super balance won't be compromised.

"The two-factor authentication we use to confirm a transaction or enquiry is pretty standard practice for financial institutions," Cara says. "But some clients benefit from walking through it with me a couple of times to feel secure and confident in using the app."

> *"For people who still want to do their financial transactions face-to-face, it can take them much longer. It's the same with Centrelink, where it's now virtually impossible to see someone in person. If someone is not prepared to manage their Centrelink income declarations and other admin online, they're going to be spending hours on the phone."*
>
> | CARA SLOSHBERG CFP®

PRACTICAL SUPPORT FROM PLANNERS

For many other retired clients, it won't be the first time they've used apps like these to access information about their finances and make transactions. As Chris Giaouris CFP®, Partner and Principal Adviser at Chronos Private, observes, the world has changed a lot and people are having to adapt, regardless of their age.

"Society and all the other institutions have done the work to make this happen," says Chris. "In the last five to seven years, we've seen a lot of corporates and institutions going paperless, so people are getting used to receiving statements and bills via email or through an app. So, when we decided to stop sending statements in the post, the majority of clients didn't mind at all."

But Chris agrees that some older clients prefer to take things slowly and need support to get used to digital as a replacement for paper.

"We're completely comfortable with guiding clients through the new processes and ways of working that come with the technology," he says. "For years, we've been helping clients with form-filling in the traditional way, so we're just doing the same thing in a different format. And being guided

> *"Third-party adoption is going to be critical in where we can go in this space. When the big banks and super funds take bigger steps towards digitally integrated systems, finance professionals and consumers will all enjoy the benefits."*
>
> | CHRIS GIAOURIS CFP®

through it by someone they trust can help them overcome doubts about security and privacy.

"We usually find it takes clients only two or three times having their hand held to feel confident in doing it themselves. They adapt quickly and start using technology more in other areas of their lives, too."

But if clients prefer to keep doing things the same way, Chris doesn't push them into making a change.

"If someone has a system they trust and it's working for them, then we'll definitely support them in continuing with that," he says. "While it may be the way the world is moving, we won't force anyone to 'fix' something which, in their view, isn't broken. We never promote our practice as being really progressive in using new technologies because we know it isn't something everyone is comfortable with."

Having said this, Chris and the team at Chronos Private are eager to embrace the benefits of digital communication for both their business and clients.

"We have clients who are a couple in their 70s and used to struggle with downloading a bank statement and sending it to us via email," he says. "While they're still not very tech-savvy, they're committed to sustainable investing and have been sharing links to information about it to discuss with me at review meetings.

"For other clients, we might run a cash flow model in a meeting and access their accounts or investment platform in real time through their phone or laptop. This way, we can be working with the most up-to-date figures and get to the solution more quickly. These are just a couple of ways that client relationships and outcomes can benefit when we tap into the technology that's available."

PROS AND CONS OF THE PAPER TRAIL

Although many Chronos Private clients enjoy these advantages in managing their finances, others like to keep the paper trail going as a way of keeping tabs on their finances.

"When we stopped sending paper statements as a matter of routine, some clients asked to keep receiving them," says Chris. "Given the sheer volume of emails people are getting, something arriving in the post can be a much more effective prompt to take action than an email or app notification."

In Cara's experience, sending private information to clients via email instead of snail mail can also be a problem for some of their older members.

"Many documents we send include private information and have to be password protected," she says. "If they don't have the right version of the Adobe PDF reader installed, they can struggle to access their document. Of course, we try to help them with problems like these as best we can, but it can put people off and they end up asking for us to send out their paperwork in the post instead."

In other instances, it's the financial planner who has no option but to rely on paper copies signed in person by their client.

"For Equipsuper, we need many of our identification documents to be physical copies signed by the member," says Cara. "In transfers of larger sums of money, we might need hard copies to comply with anti-fraud and anti-money laundering legislation. And binding beneficiary nominations are still required to be a signed hard copy due to the legality of the document."

THE DIGITAL FRONTIER

This highlights the important role financial institutions and government play in pushing people towards digital transactions and interactions, and in holding them back.

"With many organisations now taking everything digital, this means fewer tellers at banks," says Cara. "For people who still want to do their financial transactions face-to-face, it can take them much longer. It's the same with Centrelink, where it's now virtually impossible to see someone in person. If someone is not prepared to manage their Centrelink income declarations and other admin online, they're going to be spending hours on the phone."

The speed and convenience of digital in sharing information can be an advantage less tech-savvy clients are missing out on. And the same can be true for accessing their money.

"While we'll never refuse to help clients with a paper copy form for a super withdrawal, I will remind them that it takes longer to process a transaction this way, especially if a public holiday comes into it," says Cara. "If they want their money faster, I'll suggest calling our helpline to get set up online to speed things up."

SENIOR SURFING HABITS

According to the 2019 report from National Seniors Australia, many retirees are using digital technology almost daily, but levels of comfort vary between different types of technology.

31.4%
SUPER SURFERS
Comfortable using digital technology in their everyday lives.

41.6%
SAVVY SURFERS
Very comfortable using digital services, but might not use them as often or have some areas with which they are not so comfortable.

21.8%
SOMETIMES SURFERS
Use digital technology as necessary, but are not always comfortable or proficient.

5.2%
SELDOM SURFERS
Use the internet and digital technology, but only rarely and likely prefer other methods of interaction.

Having taken up a cloud-based solution as their preferred method of storing client paper work, Chronos Private is making its move into digital. But Chris is looking forward to seeing progress from financial institutions that will enable the practice to streamline further.

"Third-party adoption is going to be critical in where we can go in this space," Chris says. "When the big banks and super funds take bigger steps towards digitally integrated systems, finance professionals and consumers will all enjoy the benefits.

"Take BT Panorama, for example. Westpac has invested a lot in a whole new platform that's completely digital-friendly. It's weird to sit down and go through so many tasks and functions, and there isn't a single thing for a client to sign. This makes things easier for the fund member, but we still need hard copies for compliance purposes. These compliance requirements could be something that regulators and licensees will be reviewing as these new digital solutions emerge, so they really can deliver greater efficiency to all stakeholders."

While getting older clients comfortable with a digital way of working can be a challenge, Chris, like many financial planners, is more than willing to put time in to support them.

"It's more efficient for our practice to work with less paper and more technology," he says. "Helping any of our clients get used to a new process or system is a service they've always valued. They can get so lost with their finances, even without the technology factor. But we'll always be led by their preferences and if someone would rather do things as they always have, we certainly don't see that as a burden or a problem for our business."

> *"For years, we've been helping clients with form-filling in the traditional way, so we're just doing the same thing in a different format. And being guided through it by someone they trust can help them overcome doubts about security and privacy."*
>
> | CHRIS GIAOURIS CFP®

INSIGHT

OPINION CORNER

YOU SAY/ THEY SAY

LIVING THE GOOD LIFE IN THE GOLDEN YEARS

PROFESSIONALS

Is how clients see retirement changing? Why? We asked financial planners what they think.

The results were unanimous. One hundred per cent of financial planners said that traditional ideas about retirement have changed.

And why? Because there are now higher expectations about quality of life and length of time in retirement. Paradoxically, the desire to live a good and long life has also created concerns about having enough money, or choosing to continue working after retirement.

Here are some responses from financial planners:

"Fifteen years ago, clients planned to settle into the quiet life, maybe play golf and lawn bowls. Nowadays, our retiree clients are actively involved with grandchildren, consulting part-time, and more likely to be trekking Eastern Europe and skiing in Japan. Retirees just seem to be enjoying the fruits of their hard work with much more active lifestyles than in the past."

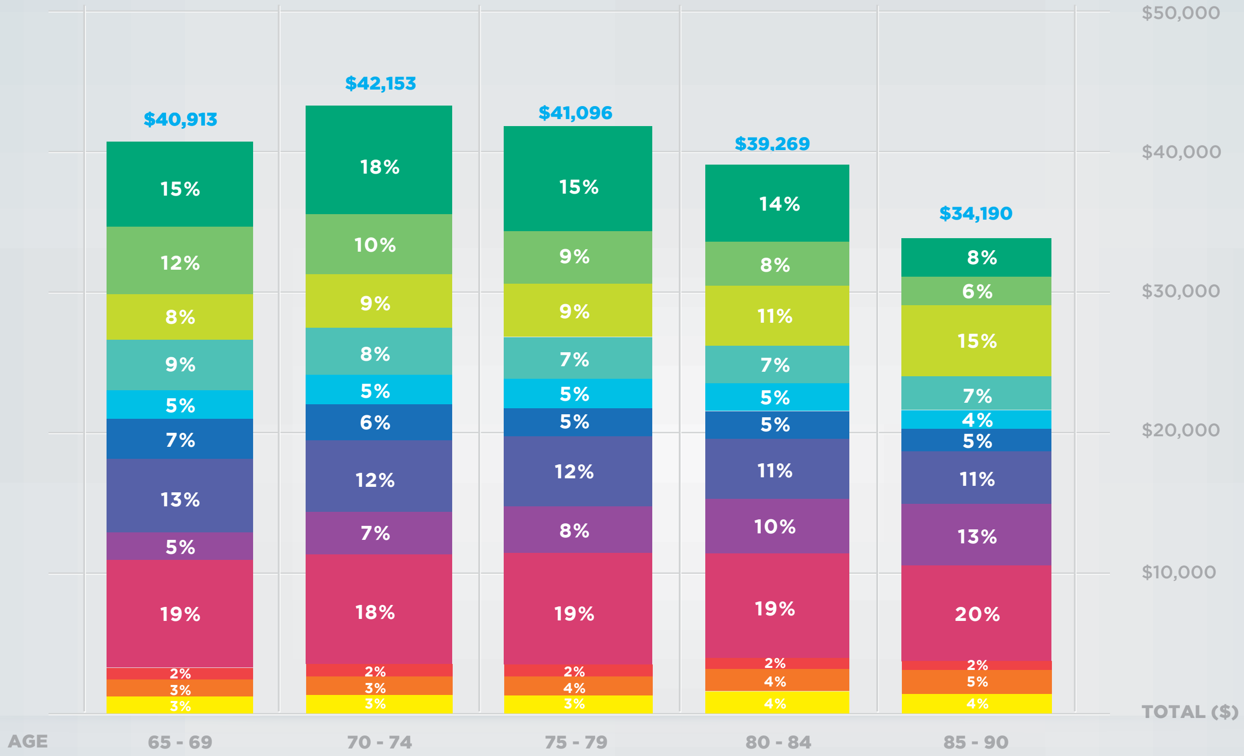
"Saving as much as you can, for as long as you can, so that one day, you'll have enough to stop work completely, is less common. Fewer people want (or can afford) a retirement of no work and all play. The significance of this change is that it might not take nearly as much to retire on as once thought."

"The idea of working to a certain age and stopping completely is fading. Retirement has become more fluid and flexible for many, with a combination of some work and some time out for travel and lifestyle."

"Retirement is no longer the end phase of people's lives but the next phase of their life, and presents many opportunities. Their financial plan needs to reflect this."

"Over the past year or two, I have spoken to many more pre-retirees that have said they may never fully retire. They'd like to have business interests beyond the traditional workplace, board positions, author, coach/mentor, and generally giving back to the community for as long as they can sustain it. The view has arisen in many cases because they understand that there is a high probability of living longer, and they'd like to be healthy, fit and active, including exercising the brain. Also, many more people have told me that they intend to continue to travel extensively and possibly reside offshore for more extended periods."

GREY NOMAD SPEND



CONSUMERS

We asked Money & Life consumers what they are looking forward to doing differently in retirement.

There was one word repeated in every response... travel.

“Being healthier, travelling more and volunteering more”

“Travelling, having time together, not feeling rushed, being able to stay in my pyjamas longer in the morning, and not having to stick to someone else’s timetable”

“Having a decent holiday to start with.”

The Milliman Retirement Expectations and Spending Profiles identifies the ‘grey nomad’ as a specific spending profile.

A grey nomad is categorised as a relatively healthy retiree who enjoys travelling. Their travel expenditure is in the 95th percentile of travel spend across Australia, and is their second biggest expenditure after food.

So, at least some of those retirees are making good on their travel dreams, although the amount reduces as they hit 75 years and older.

However, not all retirees are living the nomad dream. At least 5 per cent of retirees remain working part-time to help make ends meet, according to new research on the Cost of Living and Inequality from the University of Tasmania.

SOURCE: Milliman Retirement Expectations and Spending Profiles, 2019. Graph shows expenditure in real terms (adjusted for inflation expectations).

Key

- *Travel*
- *Transport*
- *Other*
- *Leisure*
- *Insurance*
- *Housing*
- *Household Goods & Services*
- *Health*
- *Food*
- *Clothing*
- *Energy*
- *Communications*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BLAZING A FULL LIFE

With her pioneering spirit and taste for adventure, South Australia's first female professional firefighter, Adrienne Clarke, is looking forward to a life after 60 that's full of new challenges. Miriam DeLacy reports.

Turning 60 is often a milestone for pausing to take stock of our lives. Although the dynamic lifestyle of professional firefighter, Adrienne Clarke doesn't give her much time for moments of reflection, she does feel enormously grateful for the many rewarding experiences of her 30+ year career.

"Working in the fire service, you're constantly aware that you're making a difference in people's lives," she says. "During the recent catastrophic fires on Kangaroo Island, people were experiencing tremendous losses. There is no doubt that for many, it was the worst day of their life. But when their house is left standing after the fire comes through because of what you've done, that's an amazing feeling.

"Making that tiny difference to what they're going through makes me feel so fortunate to be doing what I do."

> *"When I heard men in the service expressing views about what women are capable of, that really 'lit the fuse' for me and spurred me on to fight the system and get into the job... I'm extremely proud to be a firefighter."*
>
> | ADRIENNE CLARKE

BREAKING DOWN BARRIERS

With such an obvious passion for her work, you might guess that joining the fire service had always been a goal for Adrienne. But she actually started out as an academic and was working towards her PhD in psychology when she decided to apply to the South Australian Metropolitan Fire Service back in 1987.

"My father had been in the fire service, so I was quite familiar with the whole life that comes with it," she says. "But making this choice to join up was quite spontaneous. I had been doing my thesis in occupational stress in firefighters. One of the officers working with me on my research put the idea in my head and I decided it was exactly what I wanted to do."

When Adrienne realised just how much of a challenge it was to become South Australia's first female professional firefighter, she was even more determined to make it happen.

"I immediately hit some major roadblocks," she says. "When I heard men in the service expressing views about what women are capable of, that really 'lit the fuse' for me and spurred me on to fight the system and get into the job.

"It was a really difficult process to go through, but I'm grateful for it because it has really helped define the person I am. I'm extremely proud to be a firefighter."

COMMITTED TO MAKING A DIFFERENCE

For her longstanding commitment to the fire service and her 'compassion and community spirit', Adrienne was awarded the Australian Fire Service Medal in 2016. In 2019, she was recognised with an Order of Australia Medal for her service to the community and to women's affairs, thanks to being such a strong role model for women working in the fire service.

While these accolades certainly bring her a great sense of achievement, the role she plays in active service makes her feel very privileged and humble to be saving lives, and be present in the final moments when all efforts are sadly in vain.

"When you're with someone as they take their last breath, you're aware that their family members would give anything to be in your position, with their loved one to say goodbye," says Adrienne. "You'll always do your utmost to save them, so you can be 100 per cent confident in making your statement to the family that you did absolutely everything in your power to try and change what has happened."

This highlights the tremendous emotional burden our first responders take on in their working lives. Thanks to her earlier PhD work, and her own personal experience, Adrienne knows how important it is to take time to reflect on and process these life shattering moments. But in the extreme circumstances of events like the 2019/20 bushfire crisis, many firefighters have had little time or energy to reflect on what they've been through.

"In the Adelaide Hills there were fires burning all around us," she says. "We were constantly having to make decisions so quickly - which properties could we save, where are the greatest risks, how to manage when we were running out of water. The mental and physical load was extraordinary. By the end of my 18-hour shift, I was too tired to even drive home and had to sleep at the fire station."

While there's no doubt just how immense the impact of the recent bushfires has been on the lives of everyone involved in the crises, Adrienne has been impressed by the generosity and unity seen in the entire Australian community.

"There's been a scale to the devastation of these fires that's hard to get your head around," she says.

"Seeing family homes, entire farms and millions of animals lost, it's hard to comprehend how people will rebuild their lives. But I've been just as overwhelmed by the amount of money that's been donated and the numbers of people coming forward as volunteers. That's been amazing to see and it highlights how much good there is in people."

She adds: "Seeing communities come together to help each other out has been incredibly heart-warming. They're all coping with the same traumatic circumstances and feeling the same pain and loss. So, if they weren't connected to one another before, they can't help but feel a greater sense of belonging now.

"And when I saw the Australian Defence Force working alongside the farmers on Kangaroo Island rebuilding fences, it's an amazing image of a national community pulling together. We often think of our defence forces as having quite a different role, and here they were, on the ground, where they were needed. It's a great reminder of how much we can all rely on one other."

ANIMAL INTERESTS

As a farmer herself, Adrienne feels a strong empathy for those who lost livestock in the fires and her love for her alpaca herd is just as strong as her dedication to saving lives.

"When I first saw them back in 1992, alpacas were really new to Australia, with the first ones arriving back in 1988," she says.

"My interest in farming them was initially led by my heart – I was just so taken with how pretty they are. Chris, my partner at the time, didn't want to do it, telling me it was too much money to invest. But then I was posted to a new fire station with another officer who was farming alpacas, so I knew then we could make a go of it and we haven't looked back."

As a relatively new industry back in the '90s, Adrienne says breeding alpacas came with its own challenges but it has also brought with it numerous benefits, too.

"It's given us a reason to travel all over the world to countries like Norway, Finland and Denmark. The farm makes a steady income from fleece and meat sales, and alpaca products. Sometimes, the kids even pick up the alpaca poo and sell it out on the main road as fertiliser!"

FAMILY VALUES

Even more dear to Adrienne than her beloved alpacas are her three children, and three step-children from her marriage to Chris. "Most of them are young adults now, all living in South Australia," she says. "A few are following the snow around the world at the moment but they love to come back and hang out with us. We still do a lot together, even though most of them have left home."

The importance of family and was really brought home to Adrienne two years ago. Enjoying time out on the ocean, Adrienne and daughter Sarah were in their sea kayaks, with Chris and Adrienne's son in a dinghy nearby.

"A five metre white pointer shark went for Sarah's kayak and she was incredibly lucky not to have been caught up in the attack" says Adrienne.

"But she ended up in the water, completely vulnerable. Chris and my son managed to reach Sarah and get her out in time.

"An experience like that reminds you how at risk you and your loved ones are. You think you'll always have a tomorrow to look forward to, but it's actually really important not to waste your time or put up with the kind of life that isn't giving you the experiences and feelings you value."

THE RIGHT REWARDS

This focus on having the right priorities hasn't always been easy for Adrienne. As an articulate, dynamic community figure, she's in demand for everything from speaking engagements to charity events.

> *"An experience like that reminds you how at risk you and your loved ones are. You think you'll always have a tomorrow to look forward to, but it's actually really important not to waste your time or put up with the kind of life that isn't giving you the experiences and feelings you value."*
>
> | ADRIENNE CLARKE

"If you want something done, you give it to a busy person and I'm someone that has a pretty hectic schedule all the time," she says. "I wouldn't want it any other way, but I have learned to say no to people if I think there's little value for myself or others in what they're asking me to do. I've tried to keep myself in that life space where I'm getting a buzz from what I'm doing, as well as giving something back."

With this determination to enjoy all of her life's moments, Adrienne is resolved to continue working in the fire service for as long as she can.

"I really can't imagine retiring from active service," she says. "But on the other hand, getting promoted into a more senior role could be on the cards, which would also mean spending much more time away from active service.

"By taking a more senior role, I'd have a chance to pursue one of my other passions – supporting women's interests in the fire service. We don't have women in the firefighting ranks above my current Station Manager role, so it would mean a lot to be able to advocate for women at that level and be someone they feel comfortable bringing issues to."

So, giving up her work with the fire service is definitely off the cards for the foreseeable future. And even when Adrienne is ready to hang up her uniform, she's likely to keep working on the alpaca farm in some capacity. But she is keen to travel more and already has some pretty exotic destinations under her belt.

"Chris and I got married in Machu Picchu in Peru, which was a fitting location given our love of alpacas," she says. "And in 2019, we took part in the TV show, *The Amazing Race*. Doing reality TV was something very left of centre for Chris and I, but we loved it and travelled to amazing places.

"While Chris and I wouldn't make Australia's 'Top 100' rich list, in terms of life experience, we are very rich and doing better than most.

"Sometimes, we might think we should have more money to show for the amount of hard work we've put in, but what's more important is that we have enough. And with the success of the alpaca farm, we have an extra layer of financial security as we look forward to a new decade of adventures at home and overseas."

> *"Seeing communities come together to help each other out has been incredibly heart-warming. They're all coping with the same traumatic circumstances and feeling the same pain and loss. So, if they weren't connected to one another before, they can't help but feel a greater sense of belonging now."*
>
> | ADRIENNE CLARKE

AN APPETITE FOR KEEPING ACTIVE

Antarctica, Mount Kilimanjaro and Chile are just some of the journeys Adrienne has on her bucket list.

"I'm lucky enough to get a pretty reasonable holiday allocation from the fire service," she says. "So, I can keep working and travel for shorter trips. I wouldn't want to be gone for long anyway, as I want to stay connected to my kids back in South Australia, and the alpacas would miss me too much!"

With her zest for life and enormous reserves of energy, Adrienne doesn't strike people as your average senior citizen.

"I'm turning 60 this year and my peers find me exhausting," she says. "When I'm looking for companions for mountain climbing or obstacle course racing, I usually team up with my kids or nieces and nephews.

"I took part in the World Police and Fire Games a few years ago and came out as the overall gold medal winner in the Women's Ultimate Firefighter Competition. I was old enough to be the mother of every other person I was competing against, so it was a real achievement to win and acknowledgement that I'm not completely past it."

A new challenge in Adrienne's sights for 2020 is doing the Kokoda Trail.

"I want to be there to know what the soldiers experienced as they made that journey," she says.

It's a very fitting goal for a woman on the brink of her 60s who would like her eulogy to read: 'She had a busy life and had lots of fun.'

THROWING OUT THE RETIREMENT PLANNING RULEBOOK

A 'mix and match' approach to advice is replacing one-dimensional thinking around retirement income, writes Mark Story.

"The bigger part of the retirement income planning challenge is less about product selection, and more about managing the behaviour of clients, which could mean increasing or reducing exposure to markets."

| ANNE GRAHAM CFP®

Based on their attractive tax treatment, other than the Age Pension, account-based pensions (ABPs) remain a retirees' primary and often only source of retirement income. However, given that the likes of ABPs and term deposits are agnostic to the individual objectives of retirees, there is a growing appetite by financial planners and their clients for 'out-of-the-box' thinking on retirement income planning.

According to the 2015 Intergenerational Report, Australians now enjoy one of the world's longest life expectancies, and this should be a blessing. However, the current low interest rate environment, which is pushing clients up the risk curve, plus the downside risk from an over-heated equities market, is fuelling retiree dread of running out of money. This is typically referred to as longevity risk.

Unsurprisingly, the latest research from National Seniors Australia found that having a reliable source of income for life, is a key factor for worrying less. Based on research by retirement solutions provider, Allianz Retire+, 61 per cent of Australian retirees are more worried about outliving their finances than the fear of dying.

Despite these fears, income streams like ABPs and term deposits remain the predominant go-to products in the post-retirement space. As a result, retirees tend to manage their longevity risk by simply underspending, which is often unnecessary.

CHANGES TO RETIREMENT INCOME SOLUTIONS

While by no means regarded as a game-changer, the Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Bill 2018, which was passed in early 2019, is making the uptake of annuities a more attractive proposition.

For example, from 1 July 2019, means test rules for these products will see the income test assess 60 per cent of all product payments as income and the assets test would assess 60 per cent of the nominal purchase price until the person reaches the life expectancy of a 65-year-old male (currently age 84) – or a minimum of five years – and then 30 per cent of the purchase price thereafter for the rest of the person's life.

It's early days, but there is emerging evidence that the clawback is helping to boost the uptake of annuities. Under the recent changes, those on the full Age Pension receive no additional benefit. However, those receiving a partial Age Pension, who invest $100,000 into a lifetime annuity, will reduce their assessable assets by $40,000 and this could increase their Age Pension by $3,120 in the first year.

NON-TRADITIONAL STRATEGIES

It's the quality of new thinking around retirement solutions, says Caitriona Wortley, Head of Distribution at Allianz Retire+, that's doing more to offset client concerns around sequencing and longevity risk.

Caitriona urges the industry to do more to support financial planners to explore options, beyond one-dimensional retirement solutions, by providing more portfolio tools and frameworks to support the implementation of retirement advice.

"There's no doubt that planners need these tools to better combine the likes of ABPs and term deposits with retirement solutions, and other options to help overcome retirement risk," says Caitriona.

Given that they have the data at their fingertips, David Orford – the Managing Director at Optimum Pensions – agrees product providers should play a stronger role in equipping planners with the right tools. He cites retirement calculators as one example.

"People don't like to contemplate when they're going to die," he says. "So, it's better for financial planners to start talking about guaranteed income for life than trying to explain complex concepts like sequencing risk."

MODELLING FOR BETTER RETIREMENT OUTCOMES

Meantime, Challenger's Head of Technical Services, Andrew Lowe, has witnessed greater planner uptake of stochastic modelling tools to get more colour around a range of outcomes, based on different markets. By tweaking the income level to match the likely spending, planners are using these and other modelling tools to help address longevity risk.

"The confidence of spending more in retirement comes from solving longevity risk," says Andrew. "The broader uptake of annuities is less a response to a 'one-size-fits-all' approach, and more about an asset allocation strategy focused on buying a guaranteed level of income."

In the U.S., where there are considerably more retirement solutions available, Caitriona says it's not uncommon for financial planners to recommend up to a quarter of a (defensive) portfolio to be exposed to innovative annuity-style products.

"Based on our research into optimisation, in conjunction with Pimco, a 30 per cent exposure funded from the equities component of a balanced portfolio, into a Future Safe policy, reduces tail risk by up to 59 per cent. This is based on selection of a Future Safe zero per cent protected option (floor)," says Caitriona.

"There's no doubt that planners need these tools to better combine the likes of ABPs and term deposits with retirement solutions, and other options to help overcome retirement risk."

| *CAITRIONA WORTLEY*

WHAT'S NEW IN RETIREMENT PRODUCTS

With planners focusing more on longevity risk, David Orford is witnessing a corresponding uptick in lifetime annuities, which offer greater certainty and security than term annuities. Included within the handful of providers currently offering lifetime annuities are Challenger and CommInsure.

In addition, Optimum Pensions offers a white label lifetime pension, which gives people control over the investment options they can select, and change periodically. Orford expects to see greater diversity within the annuity product range going forward.

However to its credit, the retirement solutions market has responded with product solutions that overcome retiree fear that if they die tomorrow, they would risk losing their capital. It's this fear, adds Caitriona that has typically made annuities unattractive.

Then there's the Allianz Retire+ retirement solution, Future Safe, which plays in the middle ground between annuities (low risk, low return) and equities (high risk, high return) markets by removing the lingering uncertainty over bad outcomes. As a shares-based retirement solution, Future Safe lets retirees continue to grow their retirement savings, while enabling retirees to limit any potential share market losses to 0 per cent of their investment.

Since launching early in 2019, Caitriona says a lot of the interest in Future Safe is coming from planners whose clients haven't used annuities before. Given the current equities and interest rate environment, she suspects retirees see Future Safe as an innovative way to mitigate sequencing risk, offering peace of mind on the downside and the potential for good returns.

The starting point when creating Future Safe, says Caitriona, was to create a product that provides some of the key elements people liked in the old defined benefit scheme – security and certainty to offer retirees the confidence they crave. As a result, she says Future Safe is focused on certainty on the downside, while participating in growth, without taking on more risk.

"We've been encouraged by the interest in Future Safe from dealer groups that have been open to a unique ofering at a challenging time for advice," says Caitriona. "We regard Future Safe as appropriate for anyone approaching retirement, up to the age of 80."

A COMBO-APPROACH TO ADVICE SOLUTIONS

While it's impossible to imagine retirement solutions without ABPs, Wayne Leggett CFP® – Marketing Director and Client Adviser of Paramount Financial Solutions – says financial planners are now increasingly willing to take an 'ABP with combos' approach.

> *"We recommend using a combination of asset allocation and risk mitigation provisions that most of the better ABPs offer to minimise market risk. After all, the average retiree will see another two to four market cycles in their lifetime. So, providing they adequately manage sequencing risk, exposure to share markets should hold no great fear for them."*
>
> | *WAYNE LEGGETT CFP®*

Given that they exchange access to capital for reduced market risk, and enhance Centrelink entitlements, he says annuities represent a great option for those desiring either one (or both) of these outcomes.

"But by far, the most untapped, and easiest source of retirement income would be in the form of a reverse mortgage, yet very few people know about them or how they work," Wayne says.

He claims that annuities best apply to those whose assets put them in the realm of possibly obtaining some Age Pension. But if this is an unlikely scenario, at least in the early years, Wayne suggests retirees are better off attempting to maximise their assets within an ABP-based solution.

"We recommend using a combination of asset allocation and risk mitigation provisions that most of the better ABPs offer to minimise market risk," Wayne says. "After all, the average retiree will see another two to four market cycles in their lifetime. So, providing they adequately manage sequencing risk, exposure to share markets should hold no great fear for them."

Wayne says improved outcomes for both clients and an advice practice typically come from having the right conversations early around retirement income.

"However, most of my clients are in transition to retirement (TTR) mode and not looking at Centrelink," he says. "One of our planner's has a number of clients with annuities, but anything 'new' has been largely about improvements to the existing suite."

PRACTICAL ADVICE

Despite having looked at different approaches to retirement income planning over the years, Anne Graham CFP® – CEO and Senior Financial Planner with Story Wealth Management – typically finds herself gravitating back to more traditional solutions, which still deliver the right client outcomes. However, she says it's important for planners to regularly stand back from their advice, and question if it remains appropriate.

While ABPs are hard to ignore, Graham says it's important to remember they can be structured in different ways to deliver on stated outcomes. For example, she says there could be merit in a couple having an ABP each, particularly if one has a tax-free component, while the other partner might have a defined benefit scheme, a share portfolio, and/or Age Pension considerations.

"Generally, clients don't ask for annuities unless they need a guaranteed income, whereas some clients may be interested in investment bonds for estate planning purposes," Anne says. "The bigger part of the retirement income planning challenge is less about product selection, and more about managing the behaviour of clients, which could mean increasing or reducing exposure to markets."

CREATE UNIQUE CLIENT SOLUTIONS

Anne recommends all financial planners broach the retirement income planning journey with clients by tabling the problems they have to solve.

For starters, she suggests asking if the level of income is going to fund a client's life expectancy. Anne says there could be good reasons for a client having half their money in their own

name (i.e. outside super), rather than in an ABP or an annuity.

"The tipping point is the tax-free element and what other investments they may have," she says. "They could have exactly the same portfolio within a wrap, without a death benefits tax, or there could be valid reasons why a family trust might be another appropriate option."

While financial planners may indeed end up recommending ABPs to their clients, Anne says they can't afford to be in default mode. Assuming they know their clients well enough, she suspects most planners will know intuitively what's likely to work for them.

Anne suggests the trick for planners is to stress-test their own intuition by creating a few scenarios, then going through them before committing them to a statement of advice. For example, instead of drawing down a pension from an ABP, drawing down lump sums when needed could be a preferred option.

"While sequencing risk is more difficult for clients to get their head around, it's possible with an ABP to build a portfolio that helps manage longevity risk using a bucket approach."

RETIREMENT INCOME FRAMEWORK

Another potential game-changer for superannuation funds is the Government's recently introduced Retirement Income Framework. Accompanying the framework is a retirement income covenant.

This convent requires super trustees to help members reach their retirement income objectives by offering – under the Comprehensive Income Products for Retirement (CIPR) initiative – longevity products (like annuities and pooling products) within their portfolio. However, funds do not have to offer a CIPR until July 1, 2022.

Given that CIPR is yet to be bedded down, there's little incentive for super funds to team up with a life office or established providers to offer retirement products (including annuities) to comply with the CIPR.

WHAT'S PROPOSED UNDER CIPR

While the specifics on how the Comprehensive Income Products for Retirement (CIPR) initiative will be structured remain unclear, three minimum requirements for CIPRs proposed by the Government include:

1. **A minimum level of income that would generally exceed an equivalent amount invested fully in an ABP, drawn down at minimum rates, with recognition of the benefit of a guaranteed level of income where relevant.**
2. **Provide a stream of broadly constant real income for life.**
3. **Include a component to provide flexibility to access a lump sum and/or leave a bequest.**

LET'S REDEFINE RETIREMENT PLANNING

Janine Mace asks Peter White CFP® if it's time retirement planning changed to focus more on the lifestyle goals and objectives of clients?

> *"Lifestyle planning is about creating goals for the client and something to measure from, so they know where they are, where they want to be and how they are tracking in relation to those goals."*
>
> | PETER WHITE CFP®

With Australians living and working longer, and staying more active when they eventually retire, the days of a passive retirement spent at the local bowls or RSL club are a thing of the past.

A new generation of clients is gearing up for retirement and is busy redefining retirement planning and how they plan to spend their twilight years.

So, is it time for financial planners to embrace a new style of retirement planning for their clients?

TIME TO CHALLENGE TRADITIONAL RETIREMENT PLANS

For most planners, retirement planning for clients has always focused on the financial aspects of this life stage.

The main objective has been to ensure pre-retirement clients have saved enough money to get them through the years after they leave full-time work, explains Peter White CFP®, a financial adviser with FPA Professional Practice, Abound Financial & Lifestyle Planning.

"Traditionally, clients didn't think much about retirement planning until they paid off their home and got their kids through school. Then, when they were close to retirement, they would boost their super contributions, as they didn't have a lot in their super account," he says.

But all that is changing, with Australians now spending more than a quarter of their life in retirement.

In fact, Australians aged 65 have one of the highest life expectancies in the world, according to Australian Bureau of Statistics research. The latest Australian Life Tables show the average 65-year-old male can look forward to living another 19.9 years, while the average female is likely to enjoy 22.6 more years.

TIME FOR A FRESH APPROACH

The lifestyle expectations of Australians in their 50s and 60s are also changing.

"What has changed is that the generation before had to preserve money and waited to have their 'big holiday' at the end of their working life. These 'war babies' were risk averse and looking to build their wealth," says Peter.

"A big change occurred five to 10 years ago, when people wanted to bring lifestyle things forward. They want to do things now and know they are still going to be okay to retire."

The practice is now taking a much more holistic approach to retirement planning with clients. "We are now adding in holidays and lifestyle things and incorporating them into retirement planning."

Including current lifestyle aspirations is a new slant on the traditional approach to retirement planning.

"Clients want to ensure they have enough money for retirement, but also factor in their lifestyle now. With lifestyle planning, the financial and lifestyle aspects are much more entwined," Peter says.

LIFESTYLE PLANNING: GOALS NOT NUMBERS

So, what does lifestyle planning actually involve?

Traditionally, retirement planning has concentrated on financial assets and superannuation. For clients, this has meant focusing on numbers, such as the date of their planned retirement, the retirement income their superannuation savings will deliver, and the investment returns they need to achieve.

Lifestyle planning on the other hand, focuses on where the client is heading, the lifestyle they want for themselves and their partner, and what they need to change to achieve a different financial future.

"It's about building a roadmap for your whole life," explains Peter.

"Lifestyle planning is about creating goals for the client and something to measure from, so they know where they are, where they want to be and how they are tracking in relation to those goals."

This is a much more goals-driven approach to retirement.

"It is about asking questions around why, how and what-if. You are helping the client make a plan for their entire retirement, rather than just focusing on their finances."

Once the client's goals are identified, they are then overlapped with their current financial position.

"We look at their overall finances, super and investments, and talk about the trade-offs they may be willing to make. This might be whether they would work for longer if it meant more holidays now," explains Peter.

"From this, we build targets and goals. But these are not just financial goals like generating 'X dollars per year', they are also lifestyle goals. We work out things like the number of holidays each year, or how many days per week the client will work."

The approach helps clients design a desirable lifestyle and retirement within the parameters of their current position. With this clarity, clients can track their progress towards their lifestyle and retirement goals, enabling them to make better decisions.

DISCOVERING RETIREMENT GOALS

Uncovering a client's aspirations means drilling deeper into their expectations for retirement and current lifestyle during the discovery meeting.

This is done using 'what-if' scenarios and questions to help the client tease out their underlying objectives. It can also unearth a desire not to fully retire, but merely slow down with shorter hours, or move in a different direction.

"It is usually not a healthy transition to go from 100 to zero in one step. Many clients are interested in taking on a 'job of passion' instead," explains Peter.

"With one client, we found he had always wanted to drive a bus. So, that is his transition goal after a long professional career."

Even for clients looking to fully retire from the workforce, lifestyle planning involves helping them think about how they will fill their days and what their partner or family may want from their retirement.

"Who will they play golf with if everyone they know is still working? Is their partner happy to retire at the same time? Do they want to spend time with you every day, or do they already have an established lifestyle? These are all questions and issues that need to be worked through with the client," says Peter.

MOVING INTO THE LIFESTYLE APPROACH

Although many planners believe moving their clients towards lifestyle planning is challenging, White believes much of the groundwork has already been done. Popular money books such as The Barefoot Investor have already highlighted the importance of long-term financial goal-setting, making client conversations easier.

At Abound, White is finding younger clients are increasingly open to these types of discussions, once they have paid off their home and are looking at what to do with their surplus funds.

"There are a lot more options and conversations you can have with clients if you start discussing issues, such as retirement, legacy funds or even ways to improve their current lifestyle," he says.

On a practical level, the firm encourages new clients to complete and return the fact find prior to the first meeting, so the planner has time to identify their key focus areas.

"We include some prompter questions about non-financial goals covering areas like future holidays, working hours and support for their children, so we know what they are thinking," says Peter.

During annual reviews, the presentation includes a slide on the client's non-financial goal for the year, to check if they achieved it. "This is a trust building and personalisation tool we use, so clients can see we are not just interested in their finances, but also in their lifestyle."

> *"If you have a longer time span to retirement, there is less emphasis on contribution caps and investment returns. You can have really interesting conversations with younger clients about what they can do with their surplus funds."*
>
> | PETER WHITE CFP®

BUSINESS BUILDING OPPORTUNITIES

Although Abound Financial & Lifestyle Planning has been in business since 1993, 'lifestyle planning' was not introduced and incorporated as part of the practice's name until 2006.

"It's now part of what we do. Our clients are more engaged and they find the approach really helpful, as it adds real value," Peter says.

The lifestyle planning approach has also proved to be a sound business strategy, with Abound only needing to undertake limited marketing activities, as new business regularly comes from client referrals.

"We find if clients have a positive experience, they suggest us to potential new clients seeking that approach."

Lifestyle planning has also improved client retention and loyalty. "We barely lose a client, as they are not just a number for us. Clients see we are managing not just their finances, but also their lifestyle," Peter says.

This style of advice also tends to be ongoing, rather than one-off. "Even for existing clients who are moving to the stage of increasing frailty and immobility, we constantly take a lifestyle planning approach."

The practice charges clients on a fee-for-advice basis and finds it well suited to this type of approach to financial advice.

"Another benefit is it helps you understand the scope of advice you will be providing to the client."

White says there are still significant business opportunities to explore. "Aged care is a priority and is a growing advice area for us to build on."

Encouraging younger clients to embrace lifestyle planning is also a priority for the business, as it allows the conversation to move away from the technical and investment aspects of the planning process.

"If you have a longer time span to retirement, there is less emphasis on contribution caps and investment returns. You can have really interesting conversations with younger clients about what they can do with their surplus funds."

10 TIPS FOR INTRODUCING LIFESTYLE PLANNING TO CLIENTS

1. Undertake professional development courses to improve your interpersonal conversational skills.
2. Use 'what-if' scenarios to encourage a more in-depth conversation about retirement.
3. Don't take responses at face value, as the client may not have considered other alternatives.
4. Take more time to listen than to talk.
5. Keep asking questions to open up the conversation into new areas.
6. Check and clarify your assumptions about the client's retirement goals and desires.
7. Delve deeply into client responses and attempt to find out more about their goals and motivations using questions such as, "What else?".
8. Develop prompters to use in discovery meetings that encourage broader thinking and responses.
9. Give clients time to uncover what matters to them and to raise questions, concerns and feelings with you.
10. Don't rush to solve technical issues. Focus on unlocking resistance or procrastination.

HOW TO HAVE LIFESTYLE CONVERSATIONS WITH CLIENTS

Lifestyle retirement planning means really drilling down into a client's goals, aspirations and desires – something that often requires the conversation to head into sensitive territory.

So, it's important to ensure your interpersonal communication skills are top-notch and you know how to encourage clients to feel comfortable sharing personal information. Here are three tips to help with that process:

ASK OPEN-ENDED QUESTIONS

When it comes to retirement, it's easy to fall into the trap of asking questions that contain your own assumptions and beliefs, rather than being open-ended.

Simply asking, "When do you want to retire?", makes an assumption that the client does, in fact, want to retire. To dive deeper and open up the conversation, a better way to phrase the question could be to ask, "What do you want to do during your 60s, 70s and 80s?".

Try using questions like, "Describe a thriving life in retirement", as this style of question, because it does not assume the client's financial resources are the key to a high quality life in retirement. They also open up the possibility of other resources being used to meet the client's retirement goals and aspirations.

AVOID CLOSE-ENDED QUESTIONS

Asking questions that can be answered with a one-word response often shuts down conversation, instead of opening it up. Don't ask when the client would like to retire, as it assumes the client wants to retire, or must set a particular date. Often clients have not even considered that there may be other alternatives.

Similarly, asking "How much money do you want to spend in retirement?", is more close-ended than a question like, "What type of activities do you want to spend your time on in retirement?".

USE 'DOOR OPENERS'

Broad questions, or 'door openers', can help clients think about possibilities they may not have considered. For example, a question like, "Can you talk about what you picture when you think about retirement?", casts a wide net to gather both factual and emotional information from the client's perspective.

Based on Moving from Financial Planning to Financial Lifestyle Planning, TIAA-CREF Institute, 2009.

BRING YOUR CLIENT EXPERIENCE VISION TO LIFE

Karen Gately explores six essential ways that you can influence the client experience through your team.

> *"The simple reality is client experience is directly tied to the depth of talent your team offers and ultimately, how they choose to behave. No matter how capable your people are, if they behave badly, your clients are unlikely to return."*
>
> | KAREN GATELY

What's it like doing business with your team? Do your clients come away feeling confident in your organisation and happy with the service they received? Contemplate for a moment the extent to which certain members of your team influence the quality of those experiences.

The simple reality is client experience is directly tied to the depth of talent your team offers and ultimately, how they choose to behave. No matter how capable your people are, if they behave badly, your clients are unlikely to return.

Among the most important steps you can take to bring your client experience vision to life through the attitudes and behaviours of the people on your team, include the following six steps:

1 DEFINE WHAT SUCCESS LOOKS LIKE

Clearly articulate the behaviours needed to create the quality of client experience you want. Work with leaders across your business to build a clear view of what client service excellence means in your organisation and how the team can collectively deliver on those outcomes.

2 GET IT RIGHT FROM THE START

Take a planned, disciplined and somewhat uncompromising approach when looking for new members of your team.

All too often, leaders hire people for their technical strengths alone, with little priority placed on culture fit.

Look for people who bring values aligned to those of your organisation, irrespective of whether they are in a client-facing role or not.

3 BUILD AWARENESS

Don't assume everyone on your team understands how they impact on client experience and loyalty. While it may be plainly obvious for teams, such as client service or reception, others may find it harder to recognise the extent of the impact they can and do have.

Build understanding of the touch points between your clients and business, and the opportunities people have to make a positive difference. Create awareness of not only who your clients are, but also why they come to you and the expectations they hold.

4 ENABLE COLLABORATION

Help your people to understand the role they are expected to play, both directly, as well as in support of the rest of the team. Expect that they work in partnership to deliver on the total client experience you want.

Take deliberate steps to break down silos by bringing teams together to agree on areas of collective accountability for success. Focus on the interdependencies between roles and teams in the delivery of the best possible outcomes for your clients.

5 ASK FOR AND SHARE FEEDBACK

Listening to the voice of your client is essential to your ability to continuously improve and ultimately, achieve excellence. Don't wait for things to go spectacularly well or indeed, wrong, to find out what your clients feel about dealing with your team.

Encourage your team to ask for feedback at every opportunity and establish formal processes to regularly tap into the insights of your clients. Share feedback received with not only those directly involved but also with other people across your business who can benefit from the information gained.

6 ADDRESS ISSUES

It's unfortunately common for leaders to set behavioural expectations and yet do little to hold people accountable to them. Creating a client-centric culture demands that decisive steps be taken to address misalignment.

Put simply, if you observe behaviour that is a threat to client experience or relationships, you need to do something about it.

Engage in honest conversations that allow people to see how their mindset or actions have a flow through impact to what your clients experience. Be fair and respectful, but equally firm in delivering the feedback people need to hear.

Karen Gately is an author, speaker, adviser and educator in the fields of human performance, leadership and people management.

> *"Take a planned, disciplined and somewhat uncompromising approach when looking for new members of your team... Look for people who bring values aligned to those of your organisation, irrespective of whether they are in a client-facing role or not."*
>
> | KAREN GATELY

VISION 2025: REFRESHING THE DIRECTION

Hood Sweeney has an unwavering vision about how it operates, as it sets out its vision for the next five years. The firm's Director and Head of Financial, Tony Michaels and Director, Adrian Zoppa CFP®, talk to Money & Life about what it means to be an FPA Professional Practice.

Q: Hood Sweeney has a long track-record of being a successful financial planning business. What do you attribute your success to?

We do have a successful business here at Hood Sweeney Securities, which we can primarily attribute to the team. Over the years, we have worked closely together, and we continue to grow and develop as a team.

Hood Sweeney Securities has quadrupled in numbers during the past decade and that's testament to our growing client base and the focus we maintain on delivering value and a high level of engagement for our clients.

We also attribute our success to the level of commitment we have in financial planning, and across the entire Hood Sweeney business, to client service. Many businesses talk about being client first, but we really are, being 100 per cent focused on how we can best serve our clients. We get to know them as friends, peers and collaborators. We take a journey together through their lives, goals and financial milestones.

We also have a very clear, unwavering vision about how we operate – from the way we serve clients, to our investment processes and value propositions. We know where we are headed as an FPA Professional Practice, and how to lead our team and our clients on this shared journey.

Q: In what ways are you doing things differently at Hood Sweeney?

Hood Sweeney is a truly integrated business. Over four decades, Hood Sweeney has grown to provide support across seven diverse but connected service lines:

- Financial Planning;
- Accounting and Business Advisory
- Consulting and Performance Coaching;
- Technology Services;
- Finance
- Branding and Marketing; and
- People and Culture Consulting.

Complementing our service lines are our centres of excellence, or specialist areas across a variety of segments. These include: agribusiness, wine, food and hospitality, health and not-for-profit businesses. These align with the areas of focus for South Australia and for the State Government.

Certainly, in the area of financial planning, we've always attempted to be thought-leaders and innovators. We want to ensure we are at the forefront of providing value to our clients. That comes from all aspects of our business – from our strategic advice to clients, investment advice, through to the life-risk offering we provide.

We use the word 'holistic', and while this term can be overused, we do look to understand our clients' total position and provide advice based on that.

We get to know our clients and drill down into the true reason behind the money. What do they want to achieve? What's important to them? It's more than just 'how much is enough'. It's about knowing where they want to go and taking that journey with them.

Ongoing professional development is also paramount. We want our financial planning team to be externally focused and to develop a deep understanding of the market. We encourage staff to read widely and become involved with the FPA and other professional forums in their professional development, ensuring that both technical and soft skills are maintained and improved.

We have career plans in place for staff to develop, including mentoring and other professional programs, such as our internal Accelerate leadership program. We also host regular Masters of Investing events to expose clients and staff to other thought-leaders in the finance industry, and to provide education in areas that our clients and staff may not otherwise have access to.

PRACTICE:
Hood Sweeney Securities

ESTABLISHED:
1976 (the financial planning part of the business was established in 2001)

LICENSEE:
Hood Sweeney Securities

NO. OF STAFF: 134
(26 in Financial Planning)

NO. OF PRACTITIONERS: 10

NO. OF CFP® PRACTITIONERS: 7

PROFESSIONAL PRACTICE SINCE:
8 February, 2011

Q: How are you building an effective culture at Hood Sweeney for your staff and clients?

Hood Sweeney's philosophy is to build an environment and culture where teams can achieve their personal aspirations and goals. This is achieved through a multi-faceted employee value proposition that focuses on providing inspiring leadership and mentoring, clear career pathways, a positive workplace environment, recognition for effort and leading/best practice systems.

In line with this ethos, Hood Sweeney has built a 'People and Culture' framework to support and enable the business, and practitioners, to service their clients effectively. This framework has structured approaches for managing the entire employee life cycle – from recruitment, on-boarding, development and retention. We continually seek feedback from staff on how we can evolve and create a better workplace environment.

Our strong commitment to delivering quality services to clients is balanced with an equal determination to provide a fun and social environment, where team members feel connected to our vision and strategy.

We invest heavily in health and wellbeing, as well as social activities, to ensure that our team members feel supported and capable of managing the constant pressures of daily work and life.

We are committed to providing flexible workplace solutions, as long as the client experience can be maintained. We've found that by providing this flexibility to our team, it has increased productivity, as they feel better able to manage the competing demands of life and can focus on their work when they are in work mode.

Q: How are you delivering on your vision of enhancing the future of your clients, your team and your community through a shared journey?

It's a good question. We recently updated our vision to 2025, in line with our belief that we need to regularly review and refresh our direction, and grow in line with changing needs and expectations of our clients and the industry.

Our five-year vision is to be the pre-eminent integrated services firm for family businesses and professionals in our areas of industry specialisation.

With our integrated services offering and a commitment to technology, our aim is to work collaboratively across the firm, sharing expertise and skills to add value and provide exceptional service to every client.

We actively seek client feedback and build that into our strategic direction, and reflect that in our client value proposition.

Our focus in financial planning is on business owners and professionals, and understanding their journey and helping them to meet their goals.

Q: Why did you decide to become an FPA Professional Practice? What does this brand mean to you and your practice?

Hood Sweeney became an FPA Professional Practice in 2011. Being an FPA Professional Practice binds us to a set of guidelines and ethics to help manage our practice, which contributes to our overall

"Hood Sweeney Securities has quadrupled in numbers during the past decade and that's testament to our growing client base and the focus we maintain on delivering value and a high level of engagement for our clients."

| TONY MICHAELS

PROFESSIONAL PRACTICE
FINANCIAL PLANNING ASSOCIATION of AUSTRALIA

> "We also have a very clear, unwavering vision about how we operate – from the way we serve clients, to our investment and value propositions. We know where we are headed as a professional practice and lead our team and our clients on the journey."
>
> | ADRIAN ZOPPA CFP®

professionalism. It enables interaction with other professional practices in the FPA network, where we can collaborate and assist each other on shared issues.

For example, last year we hosted a workshop of other FPA Professional Practices, where we shared some common goals and issues facing our respective practices. This sort of professional transfer of experiences and networking is essential in keeping in touch with activity in our profession.

Q: Over the next 5-10 years, what do you see as being the three key challenges ahead for your business and the profession?

The three key challenges would have to be: regulation, technology and people. They're all ongoing challenges and opportunities.

1. **REGULATION:** Increasingly, the focus is going to be on delivering value and transparent service to clients, amid a more stringent and complex regulatory environment. We believe this will create opportunities for the right professional practices.

   We want to remain ahead of the regulation-curve, by being completely transparent with our clients around fees, guidelines and restrictions.

2. **TECHNOLOGY:** Advancing technology also presents a challenge and an opportunity. Our goal is to use technology, particularly new systems, to provide greater operational efficiency, so we can offer more cost-effective services to our clients.

   Improving the accessibility of information for clients and real-time data through technology, will also help improve the overall client experience and empower their decision-making.

3. **PEOPLE:** And finally, the challenge is to continue to nurture a team that is highly professional and highly skilled. That's an ongoing challenge because we believe that the strength of the team at Hood Sweeney Securities is our point of difference, so conversely, it becomes a weakness if it stops running well.

   Undoubtedly, navigating the changing workplace expectations of our team and marrying these with changing client expectations, should provide some grey hairs in the coming years!

Tony Michaels is Director and Head of Financial Planning at Hood Sweeney, and Adrian Zoppa CFP® is Co-director of Financial Planning at Hood Sweeney.

THE FPA PROFESSIONAL PRACTICE PROGRAM

The FPA Professional Practice program has been specifically designed to recognise financial planning practices that go above and beyond, by adhering to the highest professional standards to deliver best practice financial advice in the local community.

The benefits of becoming an FPA Professional Practice are many. They include:

1 RECOGNITION

As an FPA Professional Practice, your financial planning practice will become a role model, and employer of choice, within your local professional community. Your demonstration of the highest professional and ethical standards, through commitment to the FPA Code of Professional Practice and CFP® Certification, will bring your practice the recognition and respect it deserves. The use of FPA Professional Practice branding in your office, on your website and on your business stationery, will set your business apart

2 NEW CLIENT OPPORTUNITIES

As part of the FPA Professional Practice program, the FPA has implemented a series of national referral programs designed to connect Australians with your practice's financial planners.

3 PROFESSIONAL STANDARDS

By becoming an FPA Professional Practice, the quality of your business will be instantly recognisable. That's because at least 75 per cent of your practitioners are FPA members and a minimum of 50 per cent have achieved CFP® Professional status (or will become CFP® Professionals by 30 June 2024).

4 PRACTICE MANAGEMENT SUPPORT

FPA Professional Practices gain exclusive access to the FPA Connect, Share and Learn workshops with your peer business principals, as well as practice management tools and discounts.

ELIGIBILITY CRITERIA

The FPA Professional Practice program is open to:

- Self-licensed financial planning practices;
- local branches of employed financial planners; and
- practices under a dealer group AFSL that have been operating for at least one year.

The eligibility to become an FPA Professional Practice is:

- 75 per cent of your financial planners must be FPA members in the following categories: CFP® professional, Financial Planner AFP® or Associate.
- 50 per cent of your financial planners are already CFP® professionals (or will become CFP® Professionals by 30 June 2024). There must be at least one CFP® professional in the practice to be appointed the Relationship Manager.
- Your practice commits to upholding the FPA Code of Professional Practice.

For more information, go to: fpa.com.au/professional-practice or call 1300 337 301.

MENTOR, INSPIRE, ACHIEVE

Melbourne's Sudanese community has received some negative media coverage recently, but South Sudanese Australian Youth United is trying to change the narrative by engaging with young members of the Sudanese community who are at risk.

future2 GRANT RECIPIENT

GRANT RECIPIENT: SOUTH SUDANESE AUSTRALIAN YOUTH UNITED

GRANT AMOUNT: $10,000

ENDORSED BY: SCOTT BROUWER CFP®

FPA CHAPTER: SOUTH EAST MELBOURNE

> *"The negative press and focus created by a small number of local 'ratbags', has created unwarranted fear among the broader community, which is unfairly impacting the good people of Sudanese background."*
>
> | SCOTT BROUWER CFP®

future2 the Foundation of the Australian Financial Planning Association

Melbourne's South Sudanese community has loomed large in the media over recent years, but all for the wrong reasons. The criminal activities of a very small section of the Sudanese community has tainted its reputation, which the non-profit organisation, South Sudanese Australian Youth United (SSAYU), is working hard to redress.

SSAYU was set up to advocate for the empowerment of South Sudanese youth and young adults, by delivering programs that will assist them to live more meaningful lives.

SSAYU has a primary focus of empowering South Sudanese young people in the areas of education, employment, sport and social inclusion, while combating issues of alcoholism and high rates of incarceration.

"We strive towards this vision by collaborating with other organisations and institutions, and by developing programs that will appeal to young people and drive social change," says Deng Yong – the Vice President of SSAYU.

Having seen the great work of the Future2 Foundation and the difference a grant can make in supporting disadvantaged young Australians, it didn't take much convincing for Scott Brouwer CFP® – a director and financial planner at Prosperum Wealth – to endorse SSAYU's Future2 Make the Difference! Grant application for its Bounce Back program.

"The negative press and focus created by a small number of local 'ratbags', has created unwarranted fear among the broader community, which is unfairly impacting the good people of Sudanese background. The life these families have left behind in Sudan is unimaginable and they just need a little guidance to help them adapt and make the most of their new country and become proud Australians," Scott says.

"The Bounce Back program is a simple, yet powerful program using sport, particularly basketball, to engage at risk youth. Deng Yong is so passionate and committed to supporting the local youth in his community, it was not an option other than to support him and his team."

And Scott's support paid off, with the Future2 Grants Committee awarding SSAYU's Bounce Back program with a $10,000 Future2 grant.

BOUNCE BACK

Bounce Back is a mentoring program that was co-designed by SSAYU members and program participants with the aim of improving social inclusivity, youth empowerment and rehabilitation of young people who are striving to reconnect with their communities.

"As young people, we often have many dreams and aspirations of who we want to be and where we want to end up in life. Unfortunately, for some young people living in Victoria, their dreams never become a reality," says Deng.

"These young people usually come from disadvantaged homes where they lack the necessary support and guidance from their families, schools and peers. They almost always find themselves on the wrong side of the law, feeling marginalised and unwelcome from the wider community."

However, by providing leadership through mentoring, the Bounce Back program is bringing together young people from different African communities, who are at a high risk of becoming socially excluded, by providing them with with the opportunity to not only form new friendships, but to also learn many new skills. These skills include leadership, teamwork, discipline, goal setting and career planning.

According to Deng, the program utilises sports, such as basketball, as an engagement tool for the participants, then merges this with mentorship, which he says is a critical approach to learning. The program attracts up to 100 young people per week between the ages of 7-18.

The Bounce Back program is using sport to empower disadvantaged youth to live more meaningful lives.

"Every three weeks, we invite special guest speakers from different professional backgrounds to speak to the participants, giving them an insight into different kinds of professions and career opportunities. This encourages our young people to think long-term about their own career aspirations," Deng says.

He adds that the Bounce Back program, which has been operating for 3.5 years, is allowing young people to become positive role models and "adaptive leaders of tomorrow".

FUTURE2 GRANT

The funding from the $10,000 Future2 grant will go towards strengthening the Bounce Back program, as well as SSAYU's connection with the wider community.

"While we often expose our young people to normal activities, such as AFL games, NBL, beach programs with Life Saving Victoria, horse riding and so much more, we are usually limited by the number of people who can participate in the program due to lack of finances and consistent funding," Deng says. "However, we are sincerely grateful for this amazing grant and support by Future2, which will allow us to extend our program to more disadvantaged young people."

> *"As young people, we often have many dreams and aspirations of who we want to be and where we want to end up in life. Unfortunately, for some young people living in Victoria, their dreams never become a reality."*
>
> | DENG YONG

MENTOR, INSPIRE AND ACHIEVE

The Bounce Back program's mission is to 'mentor, inspire and achieve'. And although the program is actively engaged in teaching discipline, resilience and growth through its combination of sport and mentoring, it doesn't just stop there, although Deng concedes that's the element that is most visible to the wider community.

"The parents and the community acknowledge that through this program, our young people are becoming our future leaders," he says.

"These young people are already contributing to our society holistically, as they are able to hold part-time employment once they reach the age of 15 years through the program. This give them a sense of purpose, as they are actively contributing to society by not only working and paying taxes, but also developing personally.

"The Future2 Foundation's grant will make a massive impact this year to our program and we could not be any prouder of this amazing new relationship."

Speaking of the grant, Scott believes that a relatively small amount of money can go a long way in providing programs, like Bounce Back, with the necessary funding to help increase the self-confidence, discipline, team work and sense of belonging of young people at risk.

"Through sport, education and community engagement, SSAYU is helping not only local youths at risk, but just as importantly, helping local youth potentially achieve great success," Scott says.

Scott Brouwer CFP® is a director and financial planner at Prosperum Wealth.

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

TROY SMITH
IOOF TECHCONNECT

ARTICLE 1

UNDERSTANDING FASEA'S FIVE VALUES

Compliance with the Financial Adviser Standards and Ethics Authority's (FASEA) Code of Ethics (Code) is a requirement for all financial planners from 1 January 2020. The Code consists of 12 standards and five values. Its objective is to encourage higher standards of behaviour and professionalism in the financial services industry.

The five values in the Code are often overlooked. Yet, they are intended as paramount to the Code. In fact, FASEA requires planners to read the Code and apply it in a way that promotes the values.

The objective of this article is to explore the meaning of the values and provide illustrative scenarios that will help financial planners to better understand how they work in practice.

This article is worth **0.5 CPD HOURS**

ASIC knowledge area **SKILL REQUIREMENTS**

FASEA CPD areas **PROFESSIONALISM AND ETHICS**

WHAT YOU WILL LEARN

- FASEA Code of Ethics
- Five values of the Code
- Standards of behaviour and professionalism
- Best practice

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ARTICLE 2

SMALL BUSINESS CGT CONCESSIONS AND IN-SPECIE CONTRIBUTIONS

There are situations where a self-managed superannuation fund (SMSF) member, who is a small business owner, can contribute either the sales proceeds or the capital gains from the sale of their business premises into their SMSF and disregard some or all of the capital gains.

However, small business CGT concessions are complex and depend on a member's specific situation. SMSF members should ensure they are entitled to claim the relevant concession prior to making any contribution.

This article examines situations where small business owners can contribute either the sales proceeds or the capital gains from the sale of their business premises into their SMSF and disregard some or all of the capital gains, by using two main concessions: the 15-Year Exemption and the Retirement Exemption. These situations are explored in greater detail through case study examples.

This article is worth **0.5 CPD HOURS**

ASIC knowledge area **SUPERANNUATION**

FASEA CPD areas **TECHNICAL COMPETENCE**

WHAT YOU WILL LEARN

- CGT concessions
- 15-Year Exemption
- Retirement Exemption
- In-specie CGT cap contribution to an SMSF

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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