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MONEY & LIFE

The magazine for FINANCIAL PLANNING PROFESSIONALS

RegTech and advice efficiency

DEBORAH YOUNG ON REGTECH AND WHERE IT IS TAKING COMPLIANCE

CYBER CRIME: HOW SAFE ARE YOU REALLY?

READY INDEX TOOL | FUTURE OF THE SOA
BUSINESS TECHNOLOGIES | DIGITAL TRANSFORMATION
INNOVATIVE INCOME STREAMS | BUILDING SUPER STRATEGIES

FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

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INTEGRATING TECHNOLOGY WITH THE HUMAN TOUCH

New technology and innovation continues to unlock efficiencies for financial planners and the delivery of advice to clients.

| *DANTE DE GORI CFP®,CEO*

Increased compliance, higher education standards, and rapidly changing market dynamics are all challenges facing financial planners, practices and licensees.

The rising cost of business is undeniable. In the 2019 FPA Member Research, 61 per cent of FPA members said the cost of regulation was their biggest challenge right now.

But those who argue that these things will cripple our profession, also fail to recognise the work currently underway to ensure financial planning is a viable option for all Australians and a thriving profession for those of us who call it home.

New innovations and technologies are rapidly being adopted at a practice level by FPA members to streamline efficiencies within businesses and reduce compliance costs.

Some FPA members are also taking innovative approaches to tackling the affordability of advice, including subscription-based fees for service and helping younger generations with their savings and household budgets.

It is important to recognise the depth and breadth of the advice profession, one where different financial planners offer different levels of service depending on the needs of their clients.

The collective efforts of the FPA membership towards solutions are having a positive impact on the lives of Australians, as they navigate the complexities of their finances.

This issue of *Money & Life* magazine shares the experiences of financial planners and business owners who are harnessing fintech and innovation to achieve operational efficiencies, reduce costs and improve the advice delivery process.

FUTURE OF THE SOA

I encourage you to check out the FPA's interactive guide on the Future of the SOA, available on our website, which is designed to help you embrace digital and communications technology to make your advice more personalised and meaningful for clients.

It's about looking beyond the written, paper-based format of an SOA to make advice more engaging. The interactive guide gives you access to information, videos, podcasts and tools.

You can read more about the FPA's interactive guide on the Future of the SOA by going to p20.

MANAGING COVID-19

The COVID-19 (coronavirus) outbreak is escalating around the world, as well as here in Australia. The FPA will continue to closely follow the advice of the Australian Department of Health, particularly in relation to events such as the 2020 FPA National Roadshow. We will keep you informed of any developments.

Stay well and take care.

DANTE DE GORI CFP®,
CHIEF EXECUTIVE OFFICER

FOLLOW DANTE ON TWITTER
@DDEGORI10

PLANNERS TIME POOR, FINDS SURVEY

Our annual member survey, conducted by CoreData on behalf of the FPA, is more than a quick check in on trends and sentiments in the financial planning profession.

With more than 800 members surveyed, it's one of the FPA's biggest opportunities to understand what financial planners are concerned about and expect and need from the FPA.

THE CURRENT CHALLENGES

The latest survey revealed planners are feeling the pressure to step up to a number of challenges.

Cost of regulation (61.4 per cent) came out as the number one challenge, followed by negative press (49.3 per cent), and reducing the cost of providing advice (46.3 per cent).

Members were very clear that they are looking for more advocacy from the FPA, dealing with change and creating a more positive profile for the profession in the wider community.

As one member said: "Be proactive when representing members around legislation changes. Be proactive in showing the benefits of the planning industry and the good we do to others outside the industry."

TIME IS HARD TO FIND

Another important finding that emerged is how time-poor planners have become. As a result of juggling the competing demands of education, compliance and providing the highest quality service to clients, members are finding it hard to take advantage of support offered by the FPA. Almost two-thirds of members (65.1 per cent) are not seeking specific tools and resources from the FPA during this time of transition.

And more than 10 per cent of members claim they don't have enough time to use FPA Wellbeing – a wellbeing support program launched last year, providing members with a support line and resources for free, as well as confidential advice and counselling.

THE FPA RESPONSE

There was a marked shift from the previous year's survey when the biggest concern was the need for more resources to support business growth and get up to speed with FASEA's requirements.

In response, the FPA launched the FPA Return to Learn hub to help members navigate the new education pathways and to support their preparations for further study and exams. The FPA also released a new member booklet to help members implement the FASEA Code of Ethics.

More recently, the FPA launched the interactive guide on the Future of the SOA, sharing ways to incorporate a digital advice delivery to clients. You can read more about what you'll find in this new guide on p20-23.

With the results of the 2019 members' survey now available, the FPA can begin to see new ways to provide further support to financial planners, as they continue to adapt to the changing landscape of the profession.

"One of the things to stand out in this survey is that FPA members need clearer, more frequent communication in order to be fully aware of the scope of our activities and the support we offer," said FPA CEO, Dante De Gori CFP®.

"In response to the survey findings, we will be considering how we, as a professional body, can continue to support and represent our members' needs and interests.

"We will also be looking at new ways to demonstrate the value for our members in taking up the tools, resources and opportunities we have available to build more efficient, resilient financial planning businesses."

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GOVERNMENT UNVEILS ECONOMIC STIMULUS PACKAGE

With the coronovirus pandemic biting hard into the economy, the Federal Government has so far unveiled two separate financial stimulus packages.

The first, worth $17.6 billion, targeted small and medium size business as well as households. The second, worth $66 billion, also looked at easing conditions for small businesses, and extended relief to casual workers and sole traders.

The Government has already indicated that further stimulus packages to come to continue to ease the economic fallout from Covid-19.

The main tenants of the current stimulus activities include:

1 SUPPORTING BUSINESS INVESTMENT

The Government has set aside $700 million to increase the instant asset write off threshold from $30,000 to $150,000 for businesses with aggregated annual turnover of less than $500 million (up from $50 million) until 30 June 2020.

In addition, $3.2 billion will be provided to support business investment with a 15-month investment incentive (until 30 June 2021) by accelerating depreciation deductions. Businesses with a turnover of less than $500 million will be able to deduct an additional 50 per cent of the asset cost in the year of purchase.

2 SMALL AND MEDIUM-SIZED BUSINESS ASSISTANCE

Businesses with a turnover of less than $50 million and that have employed staff between 1 January 2020 and 30 June 2020 will be able to access a tax-free payment of $100,000 to help them keep on staff.

To support the jobs of around 120,000 apprentices and trainees, eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for up to nine months from 1 January 2020 to 30 September 2020.

3 ASSISTANCE FOR SEVERELY AFFECTED SECTORS, REGIONS AND COMMUNITIES

Sectors like tourism, agriculture and education likely to be adversely impacted by coronavirus have been allocated $1 billion.

4 HOUSEHOLD STIMULUS PAYMENTS

The Government has confirmed that deeming rates, previously 1 per cent for investments up to $43,100 and 3 per cent for investments over $43,100, will be reduced by 50 basis points to 0.5 per cent and 2.5 per cent respectively.

A tax-free one-off payment of $750 will be made to pensioners, social security, veterans and other income support recipients and eligible concession card holders.

A second $750 payment will be made, again to pensioners but extending to those receiving carers allowance or the family tax benefit.

Casuals and sole traders may be able to access a fortnightly $550 supplement for the next six months.

Similar the bushfires, there will be administrative relief for certain tax obligations, including deferring tax payments for up to four months, provided on a case-by-case basis.

"Australia is not immune to the global coronavirus challenge but we have already taken steps to prepare for this looming international economic crisis. We've balanced the budget and managed our economy, so we can now use this to protect the health, wellbeing and livelihoods of Australians.

"Our plan will back Australian households with a stimulus payment to boost growth, bolster domestic confidence and consumption, reduce cash flow pressures for businesses and support new investments to lift productivity," said Prime Minister, Scott Morrison MP.

The FPA congratulates the following members who have been admitted as

CERTIFIED FINANCIAL PLANNER® PRACTITIONERS

NSW

Danielle Brophy CFP®
WLS Wealth

VIC

Riccardo Daquino CFP®
MoneyPlan Australia

William Hume CFP®
First Financial

Stuart Matheson CFP®
Collins House

INTRODUCING THE FPA READY INDEX

The FPA is finalising its new online diagnostic tool to help FPA Professional Practices benchmark their businesses against other practices, and in doing so, help them become READY for the future of financial planning.

"The FPA READY Index is a diagnostic tool that provides a comprehensive assessment of the success of your business," said FPA Professional Partnerships Manager, Ken Whitton CFP®. "The tool will enable practices to benchmark their businesses against their peers, and evaluate how ready for the future their business really is."

According to Managing Director of CoreData, Jason Andriessen CFP®, through an independent online assessment, the FPA READY Index allows practice principals to clearly see the strengths and weaknesses of their business across a range of categories.

"This tool, which was developed in response to a need by practice principals to help them understand the success drivers of the future and to highlight how their business compared to that of their peers, shows what parts of their business are working well and what other parts may need attention," said Andriessen.

The FPA READY Index is part of the suite of services for FPA Professional Practices, and while the tool will be available exclusively for these practices, Whitton believed other practices would see the value in accessing this benchmarking tool.

"That's why the FPA will also soon offer a mini version of the FPA READY Index to the wider practitioner member base, providing them with a taste of what this tool can do. We envisage that more practices will recognise the value of the FPA READY Index and choose to join the FPA Professional Practice program to access this tool in its entirety."

CoreData is also currently working on adding a Client Feedback tool to the FPA READY Index, which will allow FPA Professional Practices to get feedback from their clients.

The FPA READY Index is due for release in April and will be available online through the FPA Member Centre.

| *KEN WHITTON CFP®*

FPA READY INDEX

The FPA READY Index benchmarks across five key areas that are important drivers of practice readiness – **R**isk and compliance, **E**fficiency and technology adoption, **A**spirations, **D**ifferentiation to meet client needs, and **Y**ield. These five elements make up the acronym for READY.

FRONTLINE PERSPECTIVE FOR CAMPAIGN

The next consumer advertising campaign will promote CFP® professionals as a trusted beacon showing the way forward, after a comprehensive campaign development process.

In preparing for the new campaign, the FPA wanted to consult broadly with CFP practitioners. The FPA invited CFP professionals to take part in a member survey, to enable the FPA to get to know more about them and their clients.

Members were also given the chance to express interest in becoming further involved in this year's campaign by joining an advisory panel of CFP professionals to provide input on consumer advertising.

ADVISORY GROUP

The newly created group of eight CFP professionals comprising:

Matthew Ross CFP®, Catherine Chivers CFP®, Julia Bull CFP®, John Tsihlis CFP®, Olivia Maragna CFP®, Delma Newton CFP®, Andrew Dunbar CFP® and **Antoinette Mullins CFP®** – worked together with the FPA to develop two creative concepts for the forthcoming 2020 campaign.

These concepts were then put to a vote with all CFP practitioner members and concept two came out as the winner.

CONSUMER AD STRATEGY

The winning concept is about CFP professionals having always been, and continue to be, a beacon shining a path towards a healthier, happier financial future for Australians. We want Australians to know why they should choose a CFP professional for financial advice – those who are committed to education, professionalism and the highest ethical standards globally. Consumers can connect with a CFP professional by using the Match My Planner service.

A STRONG MESSAGE

The panel members put in significant time, effort and commitment into their work on this important message, taking seriously their responsibility to build trust in the financial planning profession among consumers and demonstrate the value of the CFP designation.

"I was buoyed by the directness and passion shown by our group. The Royal Commission has been a massive kick in the guts, morale amongst planners isn't high and the CFP designation is still unknown to many consumers," said Matthew Ross CFP®.

"Our intention was to create a platform that can be built on in future years By involving a wide range of different professional minds in the think tank from the start, who have been ready to offer full, frank and fearless feedback, I think we have boosted our chances of delivering a campaign with a strong and enduring message."

The FPA will continue to work withthe advisory panel on the campaign development and provide all FPA members with regular updates.

FPA NATIONAL ROADSHOW TO KICK OFF

SAVE THE DATE

WEDNESDAY 29 APRIL
PORT MACQUARIE
NEW ENGLAND

THURSDAY 30 APRIL
COFFS HARBOUR
DUBBO

FRIDAY 1 MAY
ORANGE
SUNRAYSIA

WEDNESDAY 6 MAY
RIVERINA

THURSDAY 7 MAY
FAR NORTH COAST
GIPPSLAND
ALBURY WODONGA

FRIDAY 8 MAY
GOULBURN VALLEY
DARWIN

MONDAY 18 MAY
SYDNEY

TUESDAY 19 MAY
HOBART

WEDNESDAY 20 MAY
WIDE BAY
LAUNCESTON

THURSDAY 21 MAY
BRISBANE

FRIDAY 22 MAY
MACKAY
MELBOURNE

MONDAY 25 MAY
GEELONG
PERTH

TUESDAY 26 MAY
BALLARAT
ADELAIDE

WEDNESDAY 27 MAY
BENDIGO

THURSDAY 28 MAY
CANBERRA

FRIDAY 29 MAY
WOLLONGONG

TUESDAY 2 JUNE
NEWCASTLE

WEDNESDAY 3 JUNE
SOUTH EAST MELBOURNE

WEDNESDAY 10 JUNE
TOOWOOMBA
CAIRNS

THURSDAY 11 JUNE
TOWNSVILLE
GOLD COAST

FRIDAY 12 JUNE
SUNSHINE COAST

Breakfast or lunch is included. Registration is approximately 15 minutes before the start time.

To register, go to fpa.com.au/roadshow

The 2020 FPA National Roadshow will visit 33 locations from April to June, kicking off on 29 April at the Port Macquarie and New England Chapters, before finishing on 12 June at the Sunshine Coast Chapter.

As the dust and uncertainty settles for the profession, the FPA will use the roadshow's two hour session to:

- Discuss the tools and services available for members to manage change and the increasing costs of business, enabling practitioners to make the most of opportunities within the profession;
- Outline the important conversations the FPA is having with Government and the regulators, to ensure there is a strong, vibrant future for financial planning;
- Provide the latest updates on the Royal Commission and FASEA;
- Share the positive news stories about financial planning in the wider community; and
- Launch an updated FPA guide on life insurance advice.

The FPA has partnered with Zurich and OnePath for this year's event, where attendees will hear about how they can unlock their potential and provide value beyond advice to their clients via _Zone – a new program designed to guide planners through their professional development needs.

By attending, planners will earn CPD hours at this two hour event. To register, go to fpa.com.au/roadshow

Please be advised, while the FPA expects the National Roadshow to go ahead, it is closely monitoring the current COVID-19 (coronavirus) situation and the advice of the health and Government authorities. The health and safety of members is the FPA's top priority and because of this, it is currently evaluating alternative options in the event the FPA National Roadshow is unable to proceed in its current format.

The FPA would like to acknowledge the work done by its outgoing Chapter Chairs and welcomes the incoming Chairs at the FPA.

MID NORTH COAST (NSW) CHAPTER
Julie Berry CFP® is replaced by **Lucas Garside AFP®**

ACT CHAPTER
Lisa Weissel CFP® is replaced by **Andrew Saikal-Skea AFP®**

CAIRNS CHAPTER
Kris Robertson AFP® is replaced by **Lyle Filer AFP®**

OUT AND ABOUT

The FPA Brisbane Chapter recently hosted a lunchtime presentation on responsible investment and building sustainable portfolios, while other Chapters presented Future2 grants to worthy charitable organisations. Members of the FPA State Chapter Committee also recently met to discuss Chapter initiatives.

| SUSTAINABLE PORTFOLIOS IN BRISBANE

| FPA STATE CHAPTER COMMITTEE

We look forward to seeing members at their next local Chapter event.

For upcoming events, visit fpa.com.au/events

OPINION CORNER

YOU SAY/ THEY SAY

ADVICE TECH GOES MAINSTREAM

Whether you want to connect up on a video call, sign a document, or just balance your budget, there's tech out there to help. Money & Life asked planners and consumers what tech they are using and why.

PROFESSIONALS

Financial planners have been proactive in adopting new technologies into their practices, and as more tech comes on board, that has not slowed.

Planners are using technology to both organise the back-end of their business, as well as better interact with clients. And while it remains a test and learn approach, overall, technology is bringing positives for advice businesses and client interactions.

Money & Life asked planners about what technology they use and why:

What technologies do you use and which works best for you and why?

" We service predominantly Gen X and Millennials, so the client interactive tech has been amazing. Clients love Zoom and have no issues not meeting in person. We are constantly refining our Zoho Forms and Typeform documents we send out to clients that make them easy to complete (as opposed to the traditional 30-page paper fact find)."

" Zoom, Loom, Slack, Mailchimp, Dropbox, AdviserLogic. We trial a lot of new technologies and these are the ones that have passed our test of reliability and effectiveness."

" We have recently found that using WhatsApp is a great way for our team to interact with our clients, by keeping them in the loop with where things are at and for quick questions."

How does technology make it more efficient to provide financial advice?

" We're using Salesforce as the one source of truth using API technology to feed and distribute to the database attached to the other programs we use, including Midwinter's AdviceOS, Xero and Connective Aggregation's Mercury platform. The use of one source and distribution via API saves time and improves accuracy and measurability of the data."

" Technology helps give better record keeping, compliance and efficiency."

" It can make it easier for clients to understand key decisions."

" We conduct meetings via Zoom rather than in person, so clients don't have to travel and we can work around their schedules better. We get them to complete a 'mini fact find' prior to meetings via Zoho Forms and as much as possible, use e-signatures to ensure the process is quick and efficient. This allows us to provide a higher touch, affordable business to our target market."

TECH ADOPTERS MORE SUCCESSFUL

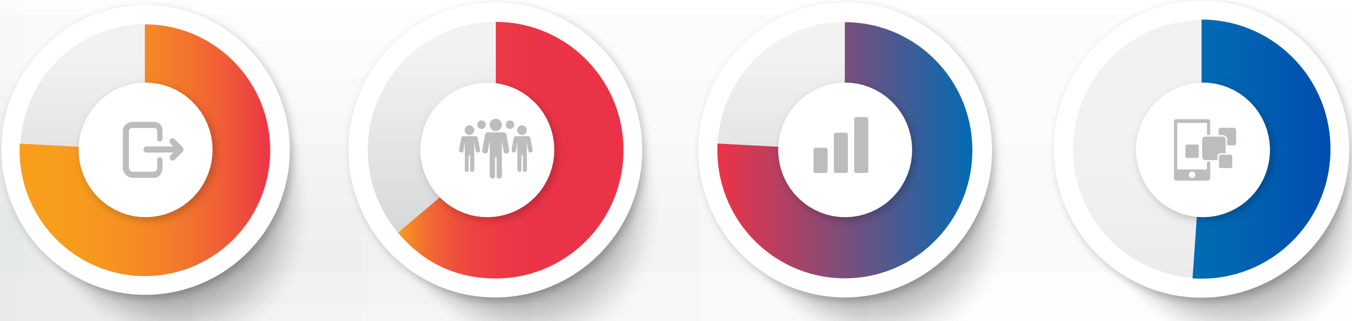
Businesses that are faster adopters of technology tend to have more revenue growth, are more likely to grow their client base in the next 12 months, and have clients with larger average portfolio balances (more than $500,000), according to the *Netwealth AdviceTech Research Report 2019*.

These businesses had a higher uptake of technology than the average advice business, and recognised the importance and benefits of running tools like virtual meetings. The majority of these businesses are managed by a Gen X or Gen Y individual, with an average age of 43, and operated under their own AFSL.

Anthony Zhang, a research analyst at CoreData, says the current situation with the coronavirus pandemic, could see a swift uptake of more technology by more financial planners.

"In a world of social distancing, technologies, like online meeting and digital signature tools, will become even more important to advice businesses. We may find that the current coronavirus pandemic could force advice businesses to implement more technology or speed up the implementation of tech solutions, which benefits the business and clients alike."

TECH FOR PLANNERS BY THE NUMBERS



76.1 %
learn about tech from a peer or other planner

63.4 %
are seeing an increase in demand for technology from clients

74.4%
said technology created greater efficiency

51.2 %
are using a virtual meeting tool like Zoom or Skype

SOURCE: Netwealth AdviceTech Research Report 2019

CONSUMERS

Like planners, consumers have been quick to embrace technology that helps them better manage their finances.

Of those surveyed, 100 per cent said it saved them time and that it was helping them to better track their finances.

However, what they defined as technology differed, with some saying they used apps like Pocketbook, others online banking, and even others classifying the use of an iPad as using technology to manage their finances.

Overall, apps were the most frequently used technology for managing finances, including banking and investment apps, and budgeting apps also proved popular.

WHAT THEY SAID

How is technology helping you engage more with your finances?

“ I can check balances and keep on top of daily spending. And I can quickly get a summary of my spending pattern.”

“ They help me get an overview of net worth and spending. I use quite complex calculations in my spreadsheet to work out the time until my financial independence. I don’t think I could do it any other way.”

“ They make it easier to organise my finances at a distance.”

What technology do you use to manage your finances?

“ TransferWise, currency apps, online banking, Apple Wallet and Canva to create circle diagrams of my spending.”

“ Spreadsheet – customised to give me the information I need – Pocketbook linked to Aussie bank accounts, so I can track spending. I’m also currently trialling YNAB and quite like the philosophy of it.”

WHICH APPS?

According to Canstar, the best budgeting apps are:

- Pocketbook
- MoneyBrilliant
- Goodbudget
- Splitwise
- YNAB (You Need A Budget)
- Banking apps

Consumers are also using apps for investing, including:

- Raiz (previously Acorn) which is aimed at Millennials and helps them invest in EFTs
- StockLight – the latest ASX stock news, and one of the most downloaded apps outside of the banks
- Sharesight Reader – helps you track the performance of your portfolio
- SelfWealth – a trading app
- Simply Wall St – similar to Stocklight, helps to sort the performance of shares

TECHNOLOGY: THE NEW FRONTIER

The quality and range of specialist technology solutions available now to planners, is allowing the implementation and integration of new technology to be done more seamlessly, limiting potential disruption to a business and its bottom line, writes Kevin Liao.

"The volume of these demands since the Royal Commission saw the advent of what is now known as Regtechs (or Regulatory Technology) and a wave of newer, more specialised technologies flooding the market, each solving a key gap for planners."

| KEVIN LIAO

In the new world order for financial planning, demonstrating value to clients is critical, the burden of proof is heavy, so who's got time to innovate? The trouble is it's not enough to just prioritise innovation – it's about knowing how to innovate.

The profession is going through seismic change and it would be almost impossible to emerge on the other side of this transformation without technology playing a central role.

Just as you can't expect a different result by doing the same thing, the need to do something different is even more urgent under the stern eyes of the regulator.

This has forced many groups to look beyond the main 'one-stop-shop' providers and consider specialist tech providers to augment and strengthen their technology position.

But with limited time and budget, where do you start?

ADVICE TECHNOLOGY TRENDS

Advice technology has evolved more quickly in recent years in response to so many industry challenges.

Let's face it, the financial planners of the past weren't as demanding of their technology providers and tended to put up with what they had been using for many years. When it came to advice technology, the most sought after capabilities were likely to be a suitable CRM, a modelling tool, SOA generation and portfolio management. Those who already have this set up can congratulate themselves on being among the early adopters.

When 'best interest' came along, the demand on technology to deliver greater efficiency and more automated compliance grew significantly. Operating scale became the war cry, and meaningful client engagement the driver for change.

The volume of these demands since the Royal Commission saw the advent of what is now known as Regtechs (or Regulatory Technology) and a wave of newer, more specialised technologies flooding the market, each solving a key gap for planners.

But while these Regtech products and specialised technologies offer planners more choice, the lack of meaningful integration across these choices can create inefficiencies. So, to prevent going back to square one, there has been a welcome wave of renewed collaboration and integration between tech providers, creating a new frontier for advice practices of the future.

DOES THIS COME AT A HIGH PRICE?

Surprisingly, stepping into this new frontier doesn't cost as much as you'd expect, and is easier to implement than you'd think.

Being on the forefront doesn't have to mean drastic changes or saying farewell to your entire financial planning software inventory. Often, it's about picking one critical component of your advice process and focusing change within that area.

Take the client data gathering process as an example.

Industry research indicates that one in two planners believe client acquisition is a burdensome task that is getting in the way of growing their business. A lot of this burden comes down to the time involved in gathering information about the client and those initial meetings to determine goals, objectives and the scope of advice. Solving this problem would therefore directly impact on the ability to scale up their business.

A potentially quick and cost-effective solution could be to implement the use of an engaging online fact-find tool that encourages the client to provide more accurate information upfront, or using a personal finance application to capture up-to-date financial information and track client spending patterns, leading to better advice.

There are now a number of solutions available that will allow you to connect your data across different software applications, thereby creating a more cohesive ecosystem. Ensuring any application or tool you choose can pass data to your main financial planning software will mean that implementing this change does not detract from overall efficiency, while adding tremendous value to your business.

In order to increase client acquisition, deliver quality advice and remain compliant, planners need to look beyond the usual suspects and source other tools that specifically target these problems.

Leading edge client engagement tools, SOA document generation tools and client presentation software are just some of the solutions available.

Furthermore, many of these specialist tech solutions, with the ability to connect into your existing system, often come at costs as low as $50 to $100 a month.

> *"The profession is going through seismic change and it would be almost impossible to emerge on the other side of this transformation without technology playing a central role."*
>
> | KEVIN LIAO

One thing we know for sure is that more changes are coming, and you will want to remain agile to adapt to these. With the vast variety of quality specialist tech solutions now available, adopting new technology can be done step-by-step, limiting disruption to your business and your bottom line.

Kevin Liao is CEO of YTML.

PRACTICAL TIPS

Here are some practical tips to help you with your choice of technology.

When assessing tech providers:

- Talk to peers and other planners on their experience with technology and what works well for them.
- Attend conferences and events to be exposed to new ideas.
- Read industry news, articles and research reports.
- Professional associations often provide in-depth research into solutions across the industry.

How to get support and advice on taking the next steps:

- Have a frank and open discussion with your dealer group, as it's important to be aware of their boundaries when it comes to technology solutions.
- Clearly articulate your current tech environment and critical gaps.
- Ask providers how they can address those gaps.
- Understand the initial and ongoing costs and potential return on investment in taking up any software solutions.
- Understand what the implementation looks like, from both a timeframe and change management perspective.

REGTECH: THE NEW FACE OF ADVICE

With its potential to restore consumer trust and support the delivery of advice-at-scale, RegTech has much to offer the financial planning profession. Deborah Young, founding CEO of The RegTech Association and members Samantha Clarke and Paul Carey, talk to Miriam Delacy about where RegTech could take compliance in the years to come.

> *"The potential for RegTech to restore trust and bring financial resilience was one of four key themes included in the recent RTA submission to the select committee."*
>
> | DEBORAH YOUNG

In the aftermath of the royal commission, the then newly appointed CEO of RegTech Deborah Young knew she had a big job ahead of her.

She was undaunted. With a career record of innovation and enablement, she was raring to be part of the frontline of change in the financial services industry. Regulatory technology, and the many opportunities it offered for the advice industry and clients, was particularly appealing.

Nearly three years later, Deborah and the not-for-profit RegTech Association (RTA) has got on with the job of bringing together the many regulatory technology (RegTech) players, corporates and businesses

The RegTech Association (RTA) purpose is to support the growth of the RegTech sector and accelerate adoption of technology solutions across all the regulated industry verticals.

Its vision is to be a global centre of excellence, facilitating the building of higher performing, ethical and compliant businesses through RegTech innovation and investment.

Under Deborah's leadership, the march towards that vision has begun. The RTA has grown its membership from 10 to more than 140 members in three years. It has the ear of the highest levels in Australian business and it's become a leading advocate for the RegTech industry globally.

"Getting more businesses on board with RegTech will send a clear message to the Australian community that a positive transformation of financial services is well underway," says Deborah.

Even though she's used to working closely with board members and executive leaders in a wide range of industries, Deborah says addressing a Senate Select Committee on Fintech and RegTech in Canberra recently was an inspiring experience.

"It was such a great opportunity to see how far we've come in the last three years and get direction from policy makers on where to head next," she says. "The very fact that we were invited to make a submission to Government is a testament to the value and impact of the work the RTA and our members have been doing. But the questions we were asked by the committee highlight important areas and potential partnerships to explore in order to get even greater engagement and better outcomes."

CONTAINING COMPLIANCE COSTS

The time is certainly ripe for the RTA to be raising the profile of RegTech solutions among financial planners. According to the 2019 FPA member survey conducted by CoreData, the growing cost of regulation is the number one challenge facing financial planners today.

"Historically, 5 per cent of advice files would be sampled for compliance

review. That can now, cost effectively, be increased to 100 per cent," says Samantha Clarke, CEO and Founder of Advice RegTech, a product provider and RTA member.

"To meet new expectations of due diligence and monitoring advice for compliance and best interest, many planners and licensees are pre-vetting their advice using RegTech solutions before it's delivered to clients."

Paul Carey, COO of TIQK, another RegTech member, says financial planning businesses that don't take up technology are missing a big chance to contain their compliance costs.

"With the close and continuous monitoring ASIC is now looking for, it's just not possible to deliver on this with people as your only resource," he says. "Whether you're a licensee with five or 200 planners, you simply can't afford to have a team of people reviewing every piece of advice.

"Compliance is really complex and it requires professional judgement to determine if advice is compliant and meets the client's best interests. Technology can augment scaleable compliance models, taking on repetitive tasks to improve turnaround time and reduce costs.

"But it's no replacement for humans. Planners will ultimately want their advice to be judged by other people, not by technology. RegTech solutions are allowing the experts to apply their judgement where it's needed," he says.

THE SWEET SPOT FOR FINANCIAL PLANNING

Importantly, in the wake of the Royal Commission, RegTech also creates an opportunity to reassure consumers.

"RegTech is part of the solution to help restore confidence among Australians in the financial services sector," says Samantha.

"The financial planning community is raising the level of professionalism and restoring trust through that process. The majority of planners serve clients to a high standard and RegTech supports this. By assisting with the efficiency and effectiveness of compliance reviews across more advice files including SOAs, AFSLs and planners can reassure both clients and the regulator that they're serious about compliance and quality standards for every client."

Samantha also says that with research showing many Australians have unmet advice needs, RegTech can help advisors get back to doing what they do best.

> *"RegTech has an important role to play in freeing up more planners to focus on what consumers really need. Any solution that can help financial planning businesses get back to business is exciting for the profession and exciting for Australians who are seeking quality advice to support their financial wellbeing."*
>
> | DEBORAH YOUNG

HOW THE REGULATORS ARE USING REGTECH

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APRA has engaged Vizor, an Irish RegTech company, to supply its new data collection system.

ASIC is keen to engage with RegTech and runs a quarterly RegTech liaison forum. The RTA has a platform at those forums and product providers and financial services businesses can attend to hear about current RegTech priorities for ASIC.

ASIC has also designed a series of symposiums focusing on different aspects of RegTech across the financial services sector, including one on financial planning.

AUSTRAC delivers a very comprehensive program, including regular one-on-one sessions with RegTech software vendors, to share demonstrations of a wide range of software covering financial crime.

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"RegTech has an important role to play in freeing up more of planners' time to focus on clients' needs. Any solution that can help financial planning businesses get back to business is key for the profession and also for Australians who are seeking quality advice to support their financial wellbeing."

A BROAD AND COMPLEX CATEGORY

Deborah says the Senate Select Committee also gave the RTA an opportunity to draw attention to some of the challenges holding the RegTech industry back.

"We understand that, particularly after the Royal Commission, the strong focus on remediation in financial services is important," says Deborah. "But it is a key challenge for RegTech providers seeking to get traction with corporates or smaller businesses. In part, transformation relies on mitigation and preventing compliance breaches from happening. This is one of the most compelling reasons for the sector to invest in RegTech.

"It's a diverse area and includes any software that helps with the compliance or regulation process.

"If a business runs marketing campaigns promoting products and services that provide advice, there are compliance solutions out there to monitor compliance for campaign content.

"There are PDF-to-digital technologies that can help planners capture and audit content from thousands of PDF documents," says Deborah. "Products like these are well suited to vetting content and information, but there are also some very smart tools available for monitoring and measuring culture and conduct risk. Voice data analytics providers can record conversations to pick up on the nuances of customer interactions and get greater transparency in an aggregated form on the quality of those interactions.

"Add to these a whole host of technologies for knowing your customer, anti-money laundering and cyber security, and you get an idea of just how many solutions planners could be taking up to support the advice process."

TRANSPARENCY AND CULTURAL CHANGE

Business transformation doesn't happen overnight, and the same is true for embedding the benefits of new technology. By taking even small, simple steps into RegTech, financial planning businesses can add momentum and get meaningful results from changing their culture and work practices.

A move into RegTech is a positive step for conduct and culture, says Deborah, with the potential to bring rigour to the whole corporate governance process.

"RegTech solutions can bring trust at scale. It can bring transparency, create better control and put information in the hands of people who need it, when they need it.

"The benefits of this flow all the way through an organisation, from client-facing employees to compliance teams and line managers, the executive, through to boards and shareholders.

"Ultimately, consumers stand to benefit, too, with the whole organisation working on the basis of robust data and decision-making. And by moving away from all the grunt work traditionally required by compliance, businesses will have the time to be even more client-centric."

> *"Getting more businesses on board with RegTech will send a clear message to the Australian community that a positive transformation of financial services is well underway."*
>
> | DEBORAH YOUNG

WHAT REGTECH CAN OFFER FINANCIAL PLANNERS

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HOW CAN REGTECH HELP ME IN MY BUSINESS?

The escalating cost of compliance is a major concern for financial planners. In the FPA's 2019 members' survey conducted by CoreData, it was found to be the number one challenge they are facing.

RegTech solutions for financial planners are designed to support business with their many compliance requirements. They can automate some compliance processes and tasks to support faster and more cost-effective delivery of advice.

By using RegTech solutions as part of a robust and fit-for-purpose compliance framework, financial planning businesses can also demonstrate their commitment to providing a transparent service that meets quality and compliance standards. With consumer trust an issue, this can be an important point of difference for financial planning businesses and help build greater trust in the profession as a whole.

WHAT ARE THE CHALLENGES FACING PLANNERS REGARDING REGTECH?

Financial planners are under pressure from many changes in their professional landscape. Their time is scarce and exploring, selecting and implementing RegTech solutions is just one of many priorities for business transformation.

A growing number of RegTech providers are well aware of the challenges financial planners are facing. As a relatively young industry, they are nimble and keen to engage with all types of financial planning businesses, and understand planners need fast and effective integration of the solutions.

HOW CAN I FIND OUT MORE ABOUT REGTECH?

Contacting the RTA is one way to find out more about available RegTech solutions.

The FPA has also created an online Fin Tech knowledge hub for financial planners on their website at https://fpa.com.au/fintech/.

The FPA and RTA are also in discussion about how the two associations can work together to support financial planners in improving compliance capacity and efficiency through technology.

FOSOA: THE FUTURE OF SOAs

What if SOAs became a bit more visual or auditory, and a lot less text heavy? A new interactive guide from the FPA will help planners improve the SOA advice experience for clients. Janine Mace reports.

> *"Research shows only 8 per cent of consumers have a preference for the written, paper-based documents we produce today. The other 92 per cent of clients learn best by watching, listening, engaging and testing to come to their understanding of their financial plan."*
>
> | BEN MARSHAN CFP®

It's a cliché to say 'A picture is worth a thousand words', but images and sounds have real power.

Just ask the advertising industry about the best way to grab your audience. If you want to really communicate with someone, it needs to be a multisensory experience.

And yet, when it comes to providing something as important as financial advice to a client, the advice industry remains locked into weighty paper-based documents nobody wants to lift, let alone read.

So what if the SOA became a bit more visual or auditory, and a lot less text dense? Is it too big a leap, or just a sensible step given the way new technologies are being embraced by other industries?

REIMAGING THE SOA THROUGH TECHNOLOGY

These are the questions the FPA's Future of the Statement of Advice Working Group has been exploring in the FPA's new resource, *The Future of the SOA: An Interactive Guide*. This exciting new tool is designed to help financial planning businesses harness the benefits of multimedia technologies, after years of both financial planners and consumers struggling with lengthy, paper-based advice documents.

The working group drew on the expertise of FPA members, regulators, compliance experts, lawyers, licensees, content and digital media specialists, and advice technology experts in creating the interactive guide.

As Fraser Jack, head of client partnerships at Advice Intelligence, and a member of the working group, explains: "The FPA's new guide is all about setting out what's possible in the new digital world in terms of an SOA. It's also about using our knowledge of how the brain works and utilise that to help increase client understanding."

The new guide also embraces innovation and highlights the benefits technology can bring to a planning business, explains the managing director of CoreData, Jason Andriessen CFP®.

"It is a resource centre that creates a platform for planners to change their thinking about how they work and deal with clients and where their value rests," he says.

EMBRACING NEW WAYS TO DELIVER ADVICE

A key driver of the move to embrace digital SOAs is the recognition that technology can deliver advice in a smarter and more efficient way, according to FPA CEO, Dante De Gori CFP®.

"The future of financial advice delivery will be one where every client is given their own individual, tailored experience based on their unique communication and behavioural preferences," he says.

"It will harness the appropriate digital technology solutions to make the experience a meaningful and more engaging one for the client. It's about prioritising what's best for the client, rather than

simply ticking compliance and legal requirements."

The interactive guide represents an important thought leadership resource to help the advice industry meet this challenge. It also provides practical information about the role technology can play in streamlining and modernising advice delivery.

"This is a conversation that has to be had, as the industry is facing lots of headwinds and the FPA has stepped in to provide leadership in this area," Jason explains.

Unlike other industries that readily incorporate new technology to improve efficiency, customer engagement and profitability, the heavily regulated nature of the advice industry discourages this shift.

"The unfortunate thing is planners and other industry players have not been rewarded for innovation and trying new things. Post the Royal Commission, it has been difficult to innovate," he says.

CLIENTS' EXPECTATIONS HAVE CHANGED

Jason believes there has been a significant shift in the way clients view the advice process.

"The Royal Commission also changed expectations. People want to be involved, have their ideas distilled and to make decisions with assistance from a planner. They want to co-create their financial plan," he says.

The advice profession has also fallen behind in embracing new technology. "Advice clients and the community more broadly have changed how they buy. How they interact with professionals is also different. Clients live their life online now and they expect to be served that way," Jason adds.

Fraser agrees: "Consumer behaviour has come a long way, but financial planners have not moved, so there is a big technological gap. We need to catch up to our clients."

This technology gap also exists within the profession itself and may be key to the survival for some practices.

"Despite concerns about robo-advice, technology will not replace planners, but planners adopting and using technology will replace those who don't," he says.

DROWNING IN A SEA OF PAPER

Although many planners find the idea of a digital SOA confronting, surprisingly, there is nothing in the regulations actually requiring an SOA to be paper-based.

The *Corporations Act* is silent when it comes to the format of an SOA.

"It doesn't say anywhere it must be a written document. It's known as a statement of advice, so everyone assumes it has to be a document, but it doesn't need to be," explains Fraser.

"You can provide information to people without it being in a document – they can watch, read or listen. Planners are free to match how they present SOA information to the way the client prefers to

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The current way of working is just too inefficient and the cost of advice is increasing. That means planners need to get rid of duplication, improve their efficiency and reduce their costs."

| *JASON ANDRIESSEN CFP®*

consume it. For example, a client could choose to listen to their SOA while walking their dog."

Numerous consumer behavioural financial reports identify that long-form, text-heavy documents do not match the way a large majority of people best digest and understand complex information, explains Ben Marshan CFP®, FPA Head of Policy and Standards.

"Research shows only 8 per cent of consumers have a preference for the written, paper-based documents we produce today. The other 92 per cent of clients learn best by watching, listening, engaging and testing to come to their understanding of their financial plan."

Fraser agrees: "It should be about how the client will best understand the information, not just how it is disclosed to them."

USING TECHNOLOGY TO CREATE THE FUTURE

Although it's easy to 'talk the talk', the FPA's new guide actually 'walks the walk' by demonstrating how new communication technologies can educate and inform.

"The guide isn't paper-based. It has multiple components and they can be accessed via video, audio or text, so they allow the planner to consume the information the way they want," explains Jason.

> "*Consumer behaviour has come a long way, but financial planners have not moved, so there is a big technological gap. We need to catch up to our clients.*"
>
> | *FRASER JACK*

The interactive guide steps planners through the evolution of the SOA and considers the future potential of technologies, such as mobile apps and augmented reality.

It also showcases several examples of digital SOAs created by technology providers working in the space to demonstrate what is currently possible in terms of advice delivery.

"The material in the guide is designed to address the mind shift necessary for planners to use digital technologies to create an SOA. It's designed to be thought-provoking and to encourage planners to go forth and explore," says Fraser.

Jason agrees: "It's a great starting place for the really important conversations the advice industry needs to have."

BUSINESS BENEFITS FROM DIGITAL SOAS

From a business perspective, the new guide highlights how improved profitability can flow from more efficient advice delivery.

"With a digital SOA, you will achieve a lower cost of production, which will create greater efficiencies in an advice business," Jason says.

"The current way of working is just too inefficient and the cost of advice is increasing. That means planners need to get rid of duplication, improve their efficiency and reduce their costs."

Embracing technology can also improve client engagement and achieve better client outcomes. "A paper-based SOA is the culmination of the advice process. It's different with a digital SOA. It provides an opportunity for the SOA to become integral to the process," he says.

There are also compliance benefits with the digital approach, as it improves transparency in the advice process.

"It makes it easier to meet the FASEA ethical standards, as you are bringing the client along with you. Not in terms of disclosure, but by increasing the client's responsibility for, and understanding of, the advice provided," Jason explains.

"A digital SOA can also help prove your clients understand, engage and accept your recommendations. This leads to better decision-making."

A digital statement also responds to growing client expectations of more participation in the decision process.

"When we tested sample digital SOAs with existing advice clients, they saw it as a living document they could co-create with their planner. This matched their desire for involvement in the process. If planners don't change the way they do business to meet this demand, their future will be very difficult," he says.

FINDING THE TOOLS TO CHANGE

In addition to the new interactive guide, the FPA has a suite of complementary resources. These tools are designed to support practices transitioning into a more efficient and client-friendly tech-enabled business model.

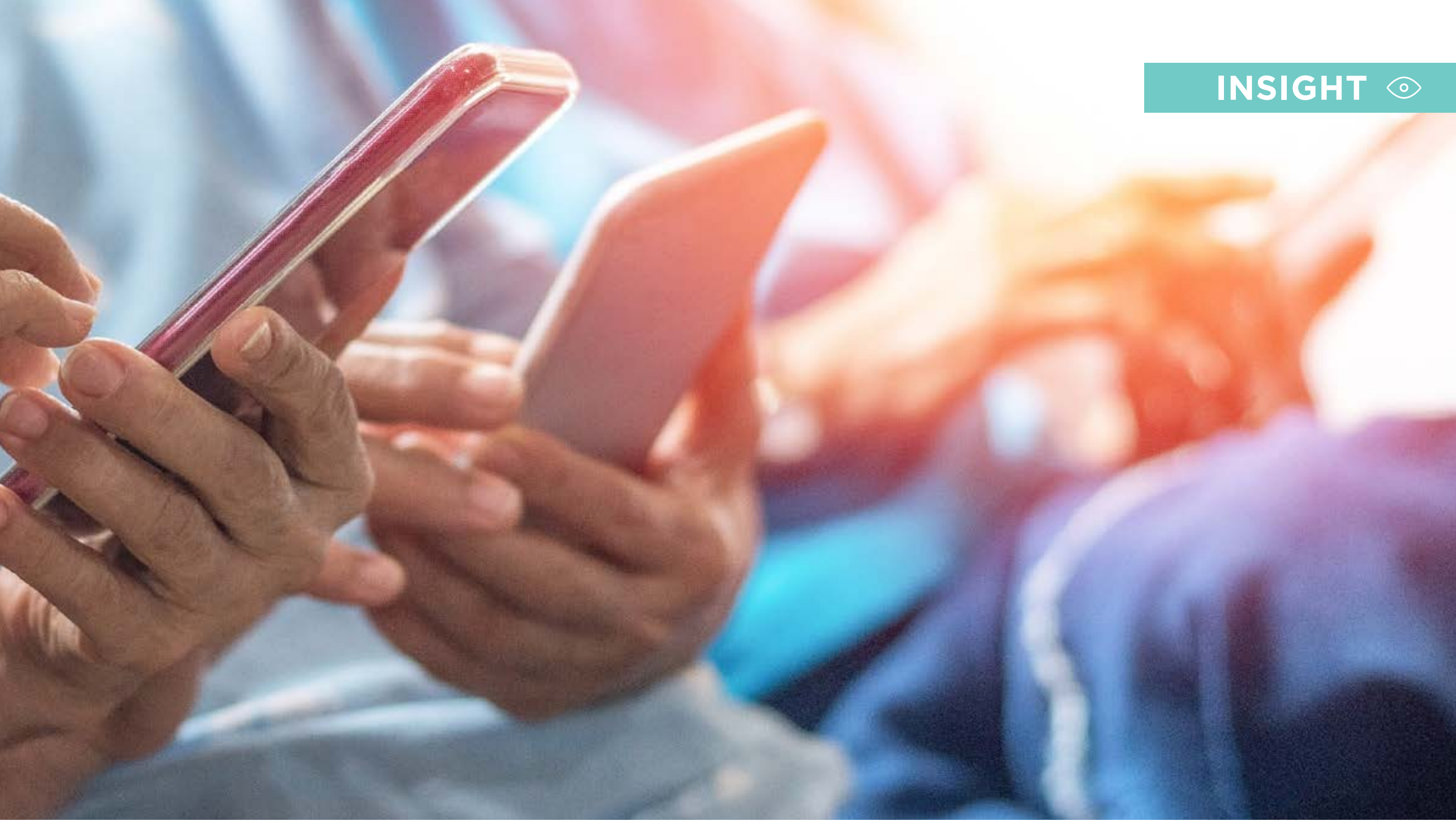
Available at fpa.com.au/fintech, the tools include a Technology Assessment Template, FPA Fintech Buyers Guide and Checklis*t* and the Financial Planning Process Mapping Tool. An overview report, Mapping Fintech to The Financial Planning Process, helps with identifying and matching fintech solutions to the financial planning advice process.

The FPA website also offers a range of detailed articles on issues, such as the fintech threat to advisers, the fintech universe and the quest for efficiency, meaning, relevance and value.

Jason believes the new interactive guide builds on these valuable foundation resources. "These tools are aimed at improving your practice management for greater efficiency and helping to future-proof your business."

Despite the challenges faces planning practices, he remains optimistic about the future of the profession.

"The demand for financial planning services is higher than ever and the future opportunities are extraordinary, as client demand for advice is very strong."



TIPS FOR USING THE NEW FPA INTERACTIVE GUIDE

- Visit the website (fpa.com.au/the-future-of-the-soa) and check out the topics covered in the 17 sections.
- Work your way through the guide in an order that makes sense to you.
- Select from the text, audio or video options in each section.
- Put on headphones to fully experience video and audio content.
- Work your way through all the buttons to experience drilling down into specific topics and switching between areas.
- Think about how watching, listening and reading content works as an interactive learning tool.
- Open your mind to using visual materials to improve client understanding.
- Get excited about the possibilities presented by new technologies.
- Consider how new technology could be incorporated into your practice.

SOA:
AN INTERACTIVE GUIDE

Content in the new guide can be accessed using text, video or audio. The guide includes:

1. Introduction.
2. Podcast – Interview on Goals Based Advice podcast discussing how you can make the move away from traditional paper-based SOAs.
3. Key objectives.
4. Evolution of the SOA.
5. What are the next stages in our evolution?
6. What happens when the technology evolves?
7. Aims of the example interactive SOA.
8. Design and layout of the interactive SOA.
9. The four main internal learning systems.
10. How can we help our clients digest information from an SOA? Part 1.
11. How can we help our clients digest information from an SOA? Part 2.
12. Personal advice, general strategy information and general product information.
13. Will my compliance team come on board?
14. The Australian Compliance Standard of an SOA.
15. Calling on the regulators.
16. Initial client feedback.
17. Next steps – Six videos recreating ASIC RG90 example SOA.

NOTHING VENTURED, NOTHING GAINED

To make the most of advances in technology, is it worth looking at more than fintech solutions? Felicity Cooper AFP® talks to Miriam DeLacy about her experience in taking up a whole range of apps and software to benefit her clients, team and business.

The team at Cooper Wealth Management may be relatively small – just five people, including founder and 2018 FPA Financial Planner of the Year, Felicity Cooper AFP®. But they definitely punch above their weight when it comes to being innovative and going the extra mile for their clients.

"Every Tuesday, anyone from the team can put forward a cool new idea," says Felicity. "It could be about improving one of our processes or adding value to the client experience. Every idea goes up on our Agile board and then once a quarter, we review all of these to come up with our quarterly project.

"For example, we might have a couple of ideas about reducing the time it takes to turnaround an SOA. So, we compare these ideas, or sometimes combine them, and agree on which will have the biggest impact. Or we might use those original ideas to trigger a group brainstorm about the whole SOA process and see if there are new and better ideas we can come up with.

> *"I definitely have more than my fair share of curiosity about technology. I can't resist trying something new and will jump on an introductory offer for a bright and shiny app that's just hit the market."*
>
> | FELICITY COOPER AFP®

"Of course, technology can often play a big role in bringing these ideas to life, especially when it comes to making efficiency gains."

MAKING LIFE EASIER FOR EVERYONE

All ideas from the team are welcome, as long as they support one of three key objectives – making things better for the client, for the team or the bottom line.

"Any idea we trial has to either make someone's life better or support a more sustainable business," says Felicity. "No one wants to be wasting time or do things they don't want to do, whether they're your clients or your team.

"So, with every new opportunity to trial a technology, we look at who this is meant to help. As a financial planning business, we're all about delivering solutions that can make people happier. That's the mission we're on and it's how the business operates, too."

What does it look like when the Cooper Wealth Management team get to work on an idea they're convinced can make a positive difference?

"Well, we're always asking clients what we could be doing better," says Felicity. "One thing we kept hearing was that people don't get around to thinking about seeing a financial planner until they have some down time – usually at the end of their working day or at the weekend. And they can't call up the office to schedule an appointment at these times."

In response to this insight, Felicity and the team introduced the Schedule Once app for clients, current and future, to make appointments online.

"Then we realised some clients prefer not to take time to travel to a meeting," she says. "So, we introduced Zoom for remote appointments. If clients choose to have a virtual meeting, Zoom is set-up to send the calendar invite and meeting link to both planner and client. It also automatically records the meeting, so both parties have a complete record of the discussion and next steps.

"Once we'd introduced this new benefit for clients, we then started to think how we can make things better on the back-end to save time for the team," says Felicity.

"So, we rolled out our ideas to streamline the whole appointments process. When a client makes an online booking now, they flag it as an initial appointment or a catch-up. If it's the former, that triggers an automated email with our fact find documentation, Financial Services Guide (FSG), a list of what to bring to the meeting and a map of how to get here.

"This automated process includes setting up the client record in Xplan, with a note on file that the FSG has been sent for compliance purposes."

> “*It’s very much a case of nothing ventured, nothing gained. If you never try to make things work better, you won’t get to see what impact these changes could have for your business.*”
>
> | FELICITY COOPER AFP®

AN APPETITE FOR EXPERIMENTS AND FAILURE

Felicity is the first to admit that trying her hand at a new app or software product is something she gets a kick out of.

“I definitely have more than my fair share of curiosity about technology. I can’t resist trying something new and will jump on an introductory offer for a bright and shiny app that’s just hit the market. So, we have a lot of software licences and app subscriptions, and we probably only end up using about 10 per cent of these in the business.

“About four times a year, I’ll go through the inventory and do a cull, so we’re not paying for technology we no longer need.”

While this might seem like a somewhat arbitrary approach, it’s all provided for in the Cooper Wealth Management test fund.

“We allocate a set percentage of revenue to trying out new apps,” says Felicity. “It’s very much a case of nothing ventured, nothing gained. If you never try to make things work better, you won’t get to see what impact these changes could have for your business.”

For anyone thinking of following Felicity’s experimental approach, she adds that being prepared for frequent failures to happen is essential.

“In my view, you need to stick with something for around six months to know if it’s going to work or not. I’m a firm believer in the 80/20 rule that says 80 per cent of your success comes from 20 per cent of your effort. So, it’s inevitable that at least half of your technology trials won’t lead anywhere.”

Sometimes, what appears to be a spectacular failure can actually bring about positive outcomes.

“When we first tried webinars, it was pretty disastrous,” Felicity concedes. “The first time, we got people to register at the wrong link and the second time, I forgot to turn the sound on. It took me a while to realise why everyone had left! So, we parked webinars for a while. But eventually, we came back to the idea and we’ve had some of our biggest new clients come on board off the back of our webinars.”

By keeping clients informed when they’re trying something new, Felicity and her team can limit any negative impact of these ‘failures’ on brand reputation and client relationships.

“We will tell clients when we’re trying something new and that it may take a while to get used to it,” she says. “After all, we’re financial planners, not IT people. And through all our trial and error, we’re also very clear that we’re making changes – and mistakes – for the right reasons. We only innovate because we want to keep evolving towards better outcomes for everyone.”

FIVE APPS 5

For a betterBusiness

GOCARDLESS:
For automated payments – gocardless.com/en-au

LUCIDCHART:
For mind mapping processes before coding these into Xplan – lucidchart.com

SCHEDULEONCE:
For online appointments – oncehub.com/scheduleonce

WISTIA:
For video production and hosting – wistia.com

ZOOM:
For remote meetings – zoom.us

TECH SPRINT TIPS

1 ONE AT A TIME

Although Felicity Cooper AFP® may have a big appetite for tech experiments in her business – Cooper Wealth Management – she's very strict with applying a 'don't try to eat the elephant in one bite' policy in working on tech projects. The business only works on one project at a time, so that her team – and clients – won't experience change fatigue.

"Behavioural science tells us we have a finite capacity for taking on new things and adapting to change. When our resources run dry, we can't be as effective in moving things forward. So, we choose where to make an impact and focus on that before moving on to the next priority."

2 SHORT AND SHARP

Tech sprints at Cooper Wealth Management last for 13 weeks, giving the team a goal of four new ideas to trial each year. If a project hasn't had the desired outcome or even been completed at the end of the quarter, it's time to move on to the next project.

"If a new technology has met its success target in that first quarter, it's a keeper. But if it's clear something hasn't worked, we will cut it fast. Sometimes projects get shelved and we'll revisit them again when the time is right or we have enough time and resources to get the result we're looking for."

3 BE PREPARED TO FAIL

Accepting that you'll fail often is a big part of taking an innovative approach to technology, and running a business in general. By keeping in mind tips one, two and four on this list, you won't be wasting much in the way of resources on an idea that's going nowhere. So, you can afford to try things out and then let them go if they're not working.

"I can't resist trying new things in the business, it's in my nature and it's always going to be part of the way we work at Cooper Wealth Management. But even if you have a more limited change agenda, it's important to remember that 80 per cent of your success is coming from 20 per cent of your effort. So, some degree of failure is to be expected."

> *"With every new opportunity to trial a technology, we look at who this is meant to help. As a financial planning business, we're all about delivering solutions that can make people happier. That's the mission we're on and it's how the business operates, too."*
>
> | FELICITY COOPER AFP®

4 SET TARGETS FOR SUCCESS

Knowing exactly what success looks like is vital. For introducing online appointments, for example, you might decide to set a target of having more than 50 per cent of clients make appointments online.

"Deciding whether a new process or app is working or not isn't based on a gut feeling or a discussion. We set objective goals for what we want from the change we're making, so we can make a quick decision about whether implementation of technology has been a success."

5 MAP THE JOURNEY

Seeing where you've come from and what you've achieved is an important part of the innovation process. It's easy to get stuck on the 80 per cent that isn't working for you, if you don't acknowledge the 20 per cent that has made a difference to you, the business and your stakeholders.

"It can sometimes feel like we're putting all this effort in and getting nowhere. So, we keep journals for all our projects as a reminder of how things used to be and what we've done to make a change happen. Three years ago, we were cranking out SOAs manually and today, we're using Xplan instead. Without the journaling process, we'd just be taking that very important change to our process for granted."

A BETTER CLIENT EXPERIENCE

When it comes to improving the overall client experience at Cooper Wealth Management, online bookings and remote meetings are just the tip of the iceberg. Video production is now playing an important role in client interactions, thanks to a suit of handy apps from the Wistia platform.

"Wistia is a bit like YouTube but it's more compliant," says Felicity. "We first started using it for our market updates, sending these out as a video summary instead of an email. Then we added captions, so people can follow along when they're in public and don't have access to headphones for listening to the commentary."

With the growing importance of video in client communication, the business has actually set up its own video studio on the premises, and team members are getting comfortable recording video on a more ad hoc basis to supplement other client communications.

"At the end of a first meeting with a client, we'll make and send a quick video clip to touch on highlights of the discussion, and to say how excited and positive we are about working with that person," says Felicity. "Videos like these will just be recorded at a desk using the Soapbox feature from Wistia."

Introducing direct debits has also been a win for taking the hassle out of invoicing and payments.

"Some clients are on a monthly schedule and were having to manually pay their invoice each month," Felicity says.

"Now we've set up GoCardless, which integrates with Xero to make direct debits easy to set up and manage. This might be something that larger firms have been doing for years, but technologies like these are making it possible for a smaller business, like ours, to offer more convenience to our clients."

ON THE RADAR

With new apps launching and client needs changing over time, Felicity and her team are unlikely to be running out of ideas to trial new technology anytime soon. If current and future projects are anything to go by, their journey up the technology learning curve is going to continue.

"We're currently putting together a 16-part online learning course for the Australian Shareholders' Association," she says. "Having the video studio for recording content has made it much easier to fit this project in around business as usual.

"We've also had a lot of false starts in social media marketing. We've been close to launching a series of ads, but when the time came to go live, we realised we were too busy to service new leads we expected to come from the campaign.

"But I'm sure a time will come when this project will come to the front of the queue, so it's good to know we already have at least some of the technology and knowledge up our sleeve to make it happen."

> *"In my view, you need to stick with something for around six months to know if it's going to work or not. I'm a firm believer in the 80/20 rule that says 80 per cent of your success comes from 20 per cent of your effort. So, it's inevitable that at least half of your technology trials won't lead anywhere."*
>
> | FELICITY COOPER AFP®

THE RIGHT MINDSET

Jason Harwood explains how Lifewealth Group's technology strategy reflects its business strategy, which includes partnering with a software provider to streamline its FOFA compliance requirements. Jayson Forrest reports.

| JASON HARWOOD

What do you do if you can't find the right type of software to fully manage your internal FOFA compliance requirements? Well, you either develop itself yourself or team up with a specialist software partner to provide the right fintech solution for your business.

And that's exactly what Lifewealth Group did last year, partnering with technology specialist, Dexterous Pro, to roll out a fintech solution called Ontoma.

"The objectives behind partnering with Dexterous was to use Ontoma to make compliance management simpler for our business, while also supporting improved communication and access to information for clients in real time and with greater transparency," says Lifewealth Group CEO, Jason Harwood.

Established in 1997, Lifewealth Group is an integrated business consisting of four seperate divisions – financial planning, accounting, business advisory and digital. However, what sets Lifewealth apart from other similar mid-sized businesses, is its approach to the delivery of services, with the Melbourne-based business increasingly turning to technology as a means of staying focused on the client relationship. It's an approach to business that Jason believes is a real point-of-difference for Lifewealth.

"The regulatory pressures and challenges facing businesses within our industry, particularly over the last five years and into the foreseeable future, is tough. Business costs are increasing, which is putting pressure on client-facing time. With all these pressures within a business, the first thing that often suffers is the time we spend with our clients," Jason says.

> *"Most digital technologies provide possibilities for efficiency gains and customer intimacy. But if a business lacks the right mindset to change and the current organisational practises are flawed, then digital transformation will simply magnify those flaws."*
>
> | JASON HARWOOD

However, for Lifewealth, it's bucking this trend by using technology to ensure it doesn't dilute its value-add and the overall client experience. In fact, Lifewealth is so serious about technology that this Lonsdale Innovation Practice of the Year has developed its own 'digital division' within the business, where it assists clients and other businesses with their practice management solutions.

LET'S GET INTEGRATED

But to understand Lifewealth's digital transformation, you need to go back five years.

Back then, when Jason first joined Lifewealth, he discovered that each part of the business – accounting, financial planning and business advisory – was using its own specific software, making it difficult to consolidate the different parts of the business.

"We didn't have a single source of truth for the business, and that was a real problem," he says. "We didn't have any integrated system around workflows, pipeline management, CRM, document management and storage.

"So, we wanted to improve our operating efficiency and drive down costs, while still being able to spend quality time with our clients."

This led Jason to scour the market for a best-of-breed technology solution that would enable the business to work more efficiently. It was a search that led to software provider, Dexterous Pro.

"About 3.5 years ago, we established a relationship with Dexterous. We were able to work with the company to create a solution for our business by using their technology, which has ultimately helped us to drive our efficiencies and better manage our FOFA obligations."

This solution was Ontoma, a module of the Dexterous practice management platform that covers compliance, file noting, centralised document storage, document management, client portals, a mobile app and more. According to Jason, this fintech solution does everything, "other than tax returns and writing the financial plans".

Ontoma has been designed with automated workflows to help meet compliance requirements, minimise human error, while driving efficiency and establishing best practice frameworks. By doing so, it enables licensees, dealer groups, individual practices and financial planners to manage their fee disclosure statement (FDS) obligations, such as the issuing of the FDS and opt-ins, through this software.

Ontoma can be used as a standalone practice management solution or integrated with the Dexterous framework, allowing the full Dexterous/Ontoma fintech suite to drive a fully integrated technology solution for businesses, while also integrating with existing advice technology platforms, like Xplan.

Ontoma's security and data is maintained onshore with Dexterous Pro, which is separately quarantined from other businesses on its server.

"Dexterous' firewalls and encryptions are very strong. If we wanted to, we could lock down Ontoma to just our office, so no one could access the software unless they were in the office. We have at least two factor authentication and there is 'brute force' lockout. We're really comfortable with the level of security Dexterous has in place," Jason says.

THE RIGHT PARTNER

Jason admits that finding the right technology partner that can deliver the types of fintech solutions a business is looking for, while being able to proactively work with that provider, is not easy. It not only requires the standard due diligence checks, including research and reference checking, but it also requires a business to be clear and uncompromising in what it wants from its technology provider.

"From the outset, we were clear in what we wanted," he says. "We started with the outcomes we wanted for our team and clients, and we just kept talking about those outcomes and how we envisaged they would look like. We continued to have conversations until we found a provider that we felt comfortable with, and a provider that was able to answer those questions with confidence.

"I also wanted to make sure we weren't stuck in a technology ecosystem that we couldn't get out of. I wanted our software to be nimble and able to connect into any new technology system that might come to market."

Another important criteria for Jason in choosing a technology partner is establishing a respectful relationship, which for him, is based on knowing you are in this together for the long-term.

"This is all about how we see the partnership evolving and how the values of both businesses align, because I want Lifewealth to enter into dynamic partnerships that will continue 10 years from now. And we don't mind paying extra for that long-term relationship, as long as we're able to grow together as businesses."

> *"About 3.5 years ago, we established a relationship with Dexterous. We were able to work with the company to create a solution for our business by using its technology, which has ultimately helped us to drive our efficiencies and better manage our FOFA obligations."*
>
> | JASON HARWOOD

KEY LEARNINGS

Jason concedes there are always learnings and teething issues that come from rolling our new technology, and it's been the same with Ontoma. One of his key learnings has actually been about the flexibility of the software itself.

"Whatever your problem is, this software can largely solve it," Jason says. "However, the downside of this flexibility is that because this software is so good at solving most of your problems from a business perspective, you can actually end up recreating the same processes you have today that are a problem for you.

> *"But it got me thinking. Just because we've done that in the past, doesn't mean we have to do it that way in the future. So, that's something we are constantly mindful of. Can we do things better by doing them differently?"*
>
> | JASON HARWOOD

"For example, every time we had a workshop about the software, team members would ask Dexterous: 'Can the software do X, or Y or Z?' Dexterous would respond yes to all the questions. This meant we ended up with a digital, accessible and agile version of the processes we were running on spreadsheets previously.

"But it got me thinking. Just because we've done that in the past, doesn't mean we have to do it that way in the future. So, that's something we are constantly mindful of. Can we do things better by doing them differently?," Jason says.

"So, instead of adding new elements and functionality to this software, we're probably stripping away more than we're adding. It's about being clear on your objectives and outcomes. You need to drill down and be clear about the outcome you are trying to achieve, and scoping everything out that isn't part of that outcome."

And a key part of being clear on the business outcome is having good communication with your technology partner. "Just like any supplier of partnership, it's about constantly working on your communication to make sure it flows both ways."

DON'T BE AFRAID TO INNOVATE

Jason believes the development and use of technology within Lifewealth is a real point-of-difference for the business, and it views technology so seriously that it has developed its own digital division – Lifewealth Digital.

Lifewealth Digital had its genesis in 2019 to further enhance the firm's digital consulting and practice management offering to both existing and new clients. This separate division of the Lifewealth Group provides web, software and app development, as well as branding and design, social media management, and email marketing.

"As a business, our mission is: Lifewealth exists to achieve peace of mind and happiness for its clients, people and communities, by understanding what matters most to them," Jason explains. "That mission rolled into our vision, which is: To create positive change for our clients' experience through our willingness to innovate.

"When clients find us, they find solutions that they tell their family and friends about. Lifewealth Digital is all about delivering positive digital change for our clients and not being afraid to innovate to deliver on that."

FUTURE INNOVATION

As for the future of advice, Jason believes the profession is facing a challenge in delivering advice and services to consumers in a cost-effective way. He adds that unless the profession can find a way to reduce the costs around advice, then the clients who need advice the most, will be priced out of the market.

"That's a real challenge for the profession, but I believe technology will be the key to driving down the cost of advice and providing greater efficiencies for advisory businesses."

However, one of the obvious challenges around this is working out how to get emerging fintech solutions to seamlessly integrate with incumbent technologies, such as investment platforms, Xplan or Midwinter.

"For Ontoma, it's all about the next iteration and technology integrations," Jason says. "We're now integrated with Xplan, and while that's exciting for us, we still need to do a bit of work to make sure it's a great solution for everyone, including Iress. We need to ensure we keep working with Dexterous to adapt Ontoma to all the regulatory changes as they occur."

And what of any tips for businesses considering rolling out their own software or technology solution? Jason offers the following two tips.

1. Technology has got be linked to your business strategy; and
2. Technology has to be a part of driving the delivery of your business to its vision.

So, why do some digital transformation efforts succeed, while others fail?

It's a good question, says Jason.

"Most digital technologies provide possibilities for efficiency gains and customer intimacy. But if a business lacks the right mindset to change and the current organisational practises are flawed, then digital transformation will simply magnify those flaws.

"So, as a starting point to succeed with any digital strategy or technology solution, you have to be very clear on those two tips outlined above. And then when looking at any technology, you need to ask yourself: Does it deliver on each of those three attributes? If it does, then you're half way there."

CYBER CRIME:
HOW SAFE ARE YOU REALLY?

A recent breach of Capital Partners' network was a wake up call for the business to step up its cyber security. Charmaine Lamprecht talks to Jayson Forrest about how the firm undertook this challenge.

'Cyber attack' – they're two words likely to strike fear in any business. We've all heard stories of somebody clicking on a seemingly innocuous link in an email or open an attachment, only to later find they have unknowingly allowed a cyber criminal to access their online network.

It was exactly this scenario that occurred for Capital Partners Private Wealth Advisers. A seemingly legitimate link in an email, turned out to be a case of phishing. The Perth-based practice's online systems had been breached.

The cyber criminals began monitoring a company email address. They intercepted communication between the company and a client, and made fraudulent requests to transfer money.

PRACTICE:
Capital Partners Private Wealth Advisers

ESTABLISHED: 1999

LICENSEE:
Capital Partners Private Wealth Advisers

NO. OF STAFF: 30

NO. OF PRACTITIONERS: 10

NO. OF CFP® PRACTITIONERS: 7

FPA PROFESSIONAL PRACTICE SINCE: 2011

However, due to Capital Partners existing processes and verification procedures, the business realised quickly this was not a legitimate request and was able to prevent the transfer of funds. It was, nonetheless, a wake up call for the firm, which highlighted just how easily cyber attacks can happen.

Today, global cyber threats continue to evolve at an astonishing pace, with an ever increasing number of data breaches reported each year. A report by Risk Based Security – a U.S. business involved in vulnerability intelligence, breach data and risk ratings – revealed that 7.9 billion records have been exposed to data breaches in the first nine months of 2019. This figure is more than double the number of records exposed in the same period in 2018.

And no business, sector or individual with an online footprint is immune from the threat of cyber attack, with the cost of cyber crime globally predicted to reach $6 trillion by 2021, costing worldwide spending on cyber security solutions by governments and businesses an estimated $229.2 billion by 2023, according to International Data Corporation.

It's a threat that Capital Partners takes very seriously, with the firm's founder and managing director, David Andrew AFP® warning that as the incidence of cyber threats increase, cyber security will progressively become a massive risk and issue for the financial planning profession.

As the Chief Operating Officer at Capital Partners responsible for rolling out the firm's current cyber security framework, Charmaine Lamprecht supports this view.

"Cyber security is challenging but it's absolutely crucial for all businesses operating in the financial services sector," Charmaine says. "We hold so much personal and financial information in the one place and therefore, we are a very large target for cyber criminals. Cyber attacks are a very real and constant risk to our business and to our clients."

IDENTIFYING THE PROBLEM

When it comes to an advisory business properly identifying if it has a cyber security problem, Charmaine believes it's not a case of 'if' but 'when', and strenuously advises businesses to accept that the threat of cyber attacks is a norm of conducting business today.

"I believe all businesses have a cyber security problem or risk. Being breached is the worst case scenario."

She believes businesses need to realise that cyber security is an issue now and they should properly plan for it. The best place to start is by adopting a security framework that is appropriate for your business.

Capital Partners uses the National Institute of Standards and Technology (NIST) framework, which covers five areas, including:

- How to identify risks;
- How to protect against these risks;
- How to detect risks;
- How to respond to these risks; and
- How to recover from an incident.

"By applying a framework to your business, it helps you better understand what your cyber security gaps are and where you need help," Charmaine says.

Other types of frameworks that advisory businesses might also consider using include the ISO security standard 27001, the PCI DSS standard (a security standard for organisations that handle branded

> *"Cyber security doesn't come cheaply, but what's the cost to the business and your clients if you don't invest in robust cyber security systems?"*
>
> | CHARMAINE LAMPRECHT

credit cards from the major card schemes), and APRA frameworks.

"The most important thing is to pick an appropriate framework, apply it to your business and conduct a regular assessment against this framework. This will give you a sense of what your priorities, in terms of development, should be," Charmaine says.

IT'S WORTH THE INVESTMENT

The phishing email that breached Capital Partners' internal systems was a game-changer for the business, prompting it to undertake an overhaul and significant reinvestment in its cyber security.

Within 24 hours it had conducted a detailed investigation of the breach, however, the questions Capital Partners was asking its IT company surrounding the breach, were questions the IT company couldn't answer. They simply didn't know how long Capital Partners had been breached and what information had been accessed. Clearly, the IT company wasn't the right partner for the firm's cyber security requirements.

"This really scared us as a business," Charmaine says. "We take seriously the responsibility of securing our clients' information, so when we realised we were at a much bigger risk to cyber attacks than we had thought, it became our number one priority."

Thankfully, because the business was able to detect the phishing attack almost immediately, it was able to mitigate all risks by taking the network offline, changing passwords, and seeking the help of a cyber security specialist.

> *"By applying a framework to your business, it helps you better understand what your cyber security gaps are and where you need help."*
>
> | CHARMAINE LAMPRECHT

"We engaged with a cyber security firm in Perth. They promptly did a vulnerability assessment of our network. They helped us understand the risks across our information flow within the business. Once we understood these risks, we were able to act on them."

Today, Capital Partners' entire network is monitored 24 hours a day by an external monitoring organisation based onshore. The firm's systems can only be logged into via a Capital Partners' device and within its secure network.

"As a result of this scare, we have now separated the cyber security and IT providers, and they work alongside each other. The cyber security company is hooked into our network and monitors all the traffic, both internally and externally," Charmaine explains.

However, she concedes that part of the problem of working within the Cloud environment is that while it's efficient, it comes with different risks and if a business doesn't mitigate these risks, it can be far less secure than an on-premise server.

"So, our cyber security partner monitors all our traffic. For example, we use Xplan for a lot of our client information, so our partner monitors all that data going between our network and Xplan's network.

"In addition, our cyber security partner is constantly looking at all of the cyber threats that are happening around the world and it then checks our network for these threats. It's also looking for what's happening within our network, like spam emails, and ensures these emails have not been actioned."

However, rolling out a cyber security framework doesn't come cheap. For a mid-sized company, like Capital Partners, it costs about $50,000 per annum for the managed cyber security service.

On top of this, Charmaine says there are always incidental costs, like network and software upgrades. For example, Capital Partners conducted a recent overhaul of its infrastructure, so that if there was a breach in one part of Capital Partners' network, that breach would be segmented, preventing access to any other part of the network. This upgrade came at an additional cost of $50,000.

"Cyber security doesn't come cheaply, but what's the cost to the business and your clients if you don't invest in robust cyber security systems?"

SELECTING THE RIGHT PARTNER

Charmaine speaks highly of the cyber security company Capital Partners works with, but choosing the right type of cyber security specialist for your business does require homework and due diligence.

When dealing with any new provider, Capital Partners conducts detailed due diligence. This means the third-party provider needs to measure up against rigorous standards, including how they store information, who has access to this information and what their privacy policy looks like.

"A recent problem I had with a third-party provider was it allowed many of its staff to work from home, but the provider had no understanding of how secure each staff member's individual internet connection was. The company had no control of these individual connections, so it didn't know if the data moving between its server and its staff was secure or if it was being intercepted.

"These questions are all about taking it to the 'nth degree'. Only by doing so, do you realise just how many links there are in the chain or how many risks there potentially are."

Other types of questions Charmaine recommends advisory businesses ask their cyber security partner include: what is their own approach to cyber security; what framework do they use or recommend; and what framework do they assess you by.

"With our cyber security, we would only go with a company that is ISO accredited with the global standard ISO 27001, and we wouldn't even consider engaging a company that isn't accredited with this standard. By complying with this global standard, companies have to meet and adhere to an extensive criteria, and they are regularly audited."

ASSESS, MANAGE AND MONITOR

However, Charmaine admits that having a cyber security partner doesn't mean you can take your 'eye off the ball' when it comes to the threat of cyber attacks.

Capital Partners meets with both its IT company and cyber security partner every month, where statistics and data are reviewed. This includes how many alerts were identified across the system and how many 'brute force' attempts occurred.

"We look at these statistics and work out where these attacks are coming from, if we were targeted specifically or if it was random, and if there is

CYBER SAFETY TIPS

The need for businesses and individuals to protect themselves from cyber threats has never been greater. Here are eight easy tips to improve your safety.

1 UPDATE YOUR SOFTWARE AND OPERATING SYSTEM

By doing so, you automatically benefit from the latest security patches.

2 USE ANTI-VIRUS SOFTWARE

Anti-virus software will detect and remove cyber threats. Keep your software updated for the best level of protection.

3 USE STRONG PASSWORDS AND A PASSWORD MANAGER

This ensures your passwords are not easily guessable and random.

4 USE MULTI-FACTOR AUTHENTICATION

Use two or more authentication factors, like passwords and fingerprints, for accessing emails, phones, apps or anything that involves the protection of client information. This is an excellent defence against phishing.

5 DATA ENCRYPTION

Enable encryption on all emails and devices. If devices are lost, data is still secure. Intercepted data cannot be read without the encryption key.

6 DO NOT OPEN EMAIL ATTACHMENTS FROM UNKNOWN SENDERS

These attachments could be infected with malware.

7 DO NOT CLICK ON LINKS IN EMAILS FROM UNKNOWN SENDERS OR UNFAMILIAR WEBSITES

This is also a common way that malware is spread.

8 AVOID USING UNSECURE WIFI NETWORKS IN PUBLIC PLACES

Unsecure networks leave you vulnerable to man-in-the-middle attacks.

CYBER CRIME IN AUSTRALIA 2019

$1 BILLION
The amount cyber crime is costing the Australian economy annually in direct costs

$1.9 MILLION
The average cost of a data breach

RANSOMWARE 18%
PHISHING 19%
MALWARE 18%

TOP 3
Cyber crimes affecting Australian businesses

74%
The percentage of consumers who would switch providers following a data breach

45%
Of Australian businesses have been hit by cyber crime

54%
Of businesses do not have an incident response process

SOURCE: STANFIELD IT

more we could be doing to protect our business from these attacks. We are constantly assessing the activity that's happening and we're also assessing what's changing within the business," Charmaine says.

"For example, are we putting in a new piece of software, do we have new team members starting, what level of knowledge do new team members have about cyber security, have we properly educated them, is anything changing within the business that we need to consider from a cyber security perspective."

GET IN THE CYBER SECURITY EXPERTS

If there is one tip Charmaine wants to impart on any advisory business looking to update or roll out their own cyber security program, it is – 'get in the experts'. She warns against falling into a sense of security that you can do-it-yourself.

"Cyber security is constantly evolving, so you need to be working with specialists that are across this. However, make sure they are separate from your IT company, but can work well with them. We have never come across an IT company that was specialised enough in cyber security."

But that doesn't mean there's nothing a business can't do itself to limit the threat of cyber attacks. Simple things like using multi-factor authentication that uses two or more authentication factors for verification, can be easily implemented. Multi-factor authentication can include passwords, fingerprints or even iris scans, for accessing emails, phones, apps or other digital devices that involves the protection of client information.

"It sounds simple but use strong passwords and a password manager, so team members never reuse the same passwords. Passwords need to be random, so you only ever need to remember one very complex password for your password app, and that should have really good two-factor authentication on it."

And is there anything Capital Partners would do differently with its cyber security?

"Absolutely," says Charmaine. "We would have done it earlier!

"We assess our business risks every year, like the risks to our premises, the risks to the market, the risks to the economy, but we weren't thinking enough about cyber security. It took this initial phishing scare and breach of our network, to realise how big a risk cyber attacks are.

"As the incidence of cyber attacks increase, cyber security will increasingly become a massive issue for the profession, particularly over the next 5-10 years. Advice businesses should not underestimate this risk."

Charmaine Lamprecht is Chief Operating Officer at Capital Partners Private Wealth Advisers. Capital Partners has been an FPA Professional Practice since 2011. Capital Partners was the FPA Professional Practice of the Year for 2017 and 2019.

PROFESSIONAL PRACTICE
FINANCIAL PLANNING ASSOCIATION of AUSTRALIA

SHIP SHAPE ON WINDEWARD BOUND

Windeward Bound is providing life changing 'under sail' adventure programs for young Australians in need.

Windeward Bound is a two masted brigantine-rigged ship based in Hobart. The ship, named after Lewis Winde – the builder of an 1848 Boston schooner on which Windeward Bound was modelled – uses sailing adventures to develop the self-confidence, life skills and community spirit in Australian youth, with an emphasis on those young people who are in need or at risk.

Over the last 15 years, Windeward Bound's Sail Training Program has provided life changing experiences to approximately 5,000 young people, with sail trainees participating in all aspects of the 24-hour operations of the ship.

"The rigours of these voyages significantly enhance personal responsibility, initiative and perseverance, leadership, communication and conflict resolution, tolerance and acceptance of others, as well as a willingness to have a go and take measured risks," says the director of Windeward Bound, Captain Sarah Parry.

Vijay Nandan AFP® has enjoyed a close professional relationship with both the Windward Bound Foundation and Sarah, having shared an office with them in Hobart with his previous employer, FM Financial. He was able to see firsthand the life changing 'under sail' programs Windeward Bound was providing to young Australians, which encouraged him to support the not-for-profit's application for a $10,000 Future2 grant.

"I believe Sarah and her crew are pre-eminent in the field of youth development sail training in Australia and given the history and longevity of Windeward Bound's programs, it was not hard to see why it needed to replace its wet weather safety gear for participants of the program," Vijay says.

> *"I am excited to know that Windeward Bound's programs are tailored towards young people, some of whom are at risk, while others are recent migrants to our nation. Some migrants who participate in the programs are having the opportunity to sail in open waters for the first time and experience social inclusiveness."*
>
> | VIJAY NANDAN AFP®

WET WEATHER SAFETY GEAR

Vijay's endorsement of Windeward Bound's application was successful, with the Future2 Grants Committee awarding the community organisation a $10,000 grant, which will go towards replacing the ship's wet weather gear. This wet weather gear typically has a life expectancy of 6-8 years, but is a vital safety component of Windeward Bound's sailing programs.

"We will be using the Future2 grant to replace the ship's existing foul weather gear," Sarah says. "The existing foul weather gear has reached the end of its expected useful life, and it has now begun leaking and breaking down."

Windeward Bound regularly provides programs for more than 20 participants per voyage, all with varying weights, heights and ages.

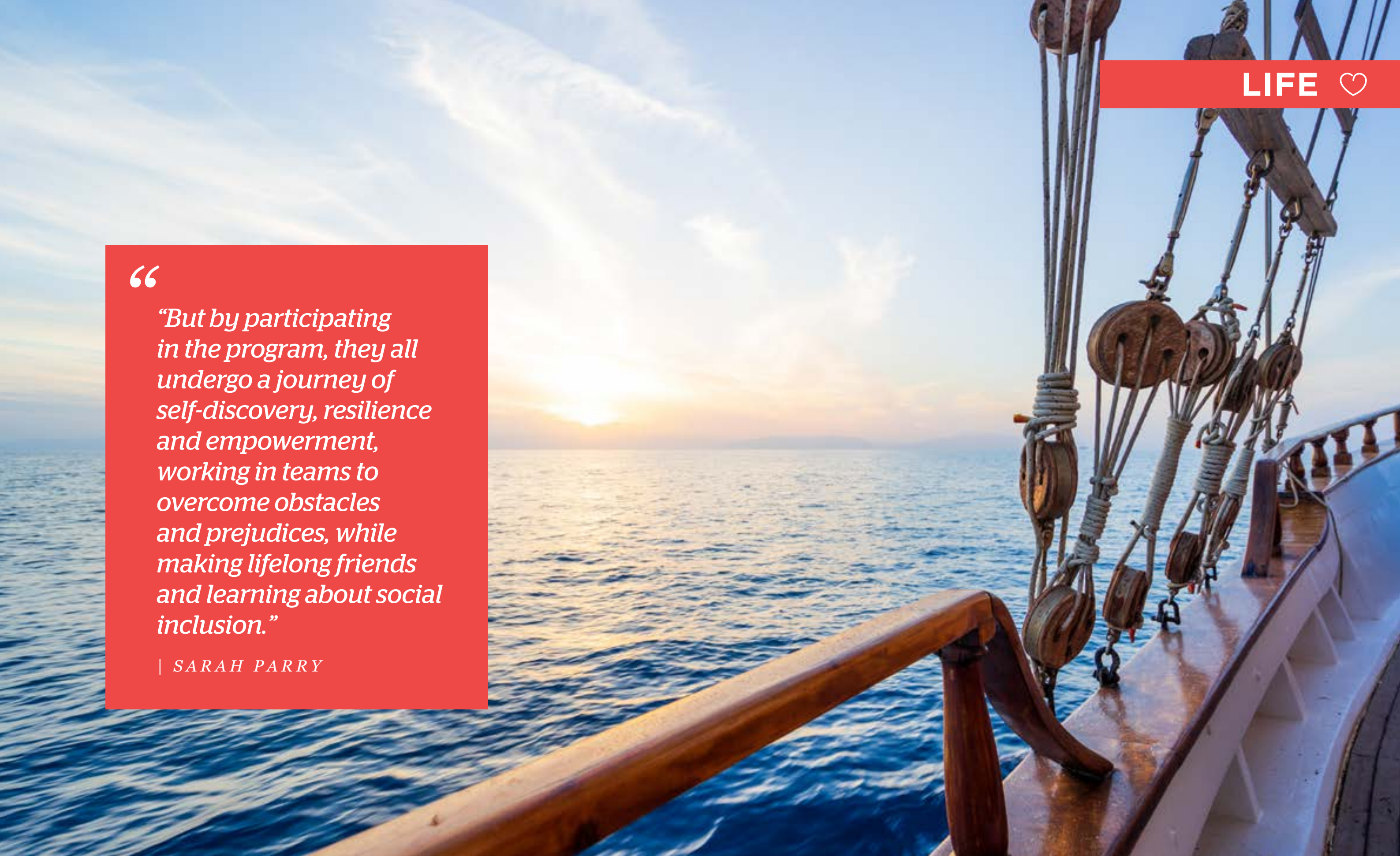
Therefore, to ensure adequate protection for all program participants, the Future2 grant money will go towards purchasing 29 full sets of high-quality Gill offshore foul weather gear in a variety of sizes, which will help mitigate the cold temperatures and rough conditions of the waters around Tasmania and the Southern Ocean.

"The Southern Ocean is unpredictable and often rough and cold, therefore, high quality Gill offshore jackets and pants are required, so participants can focus on the program's activities and not on the weather and adverse conditions," Sarah says.

LIFE CHANGING EXPERIENCE

Windeward Bound's youth development programs are aimed at young Australians, aged between 14 and 25, who come from a variety of backgrounds. According to Sarah, some are at risk, some disadvantaged and some come from refugee backgrounds.

"But by participating in the program, they all undergo a journey of self-discovery, resilience and empowerment, working in teams to overcome obstacles and prejudices, while making lifelong friends and



> "But by participating in the program, they all undergo a journey of self-discovery, resilience and empowerment, working in teams to overcome obstacles and prejudices, while making lifelong friends and learning about social inclusion."
>
> | SARAH PARRY

learning about social inclusion," says Sarah.

As a son of a migrant, Vijay was able to easily relate to Windeward Bound's objectives of engaging with young Australians.

"I am excited to know that Windeward Bound's programs are tailored towards young people, some of whom are at risk, while others are recent migrants to our nation," he says.

"Some migrants who participate in the program are having the opportunity to sail in open waters for the first time and experience social inclusiveness. This program is providing the opportunity for participants from any background to experience sailing in Tasmania."

Importantly, Windeward Bound is changing young lives for the better. Its youth development 'under sail' adventure programs have seen over 500 participants annually benefit from these voyages.

In fact, Windeward Bound is one of only three square-rigged tall ships in Australia to continuously provide youth development programs specifically tailored for young Australians.

"The rigours of these sailing voyages teach and enhance a variety of skills for all program participants, like perseverance, initiative, leadership and respect. Not only do these young Australians benefit from the experience, but the entire community benefits from these learned positive behaviours of our young program participants," says Sarah.

future2
the Foundation of the Australian Financial Planning Association

GRANT RECIPIENT: WINDEWARD BOUND FOUNDATION

GRANT AMOUNT: $10,000

ENDORSED BY: VIJAY NANDAN AFP®

FPA CHAPTER: HOBART

FPA Tasmania Chapter Chair, Todd Kennedy CFP® presenting the Future2 grant cheque to Captain Sarah Parry of Windeward Bound.

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

ARTICLE 1

MARK GLEESON CFP®
IOOF TECHCONNECT

SALARY SACRIFICE OR PERSONAL DEDUCTIBLE CONTRIBUTIONS

Following the changes to super guarantee contributions from 1 January 2020, this article explores the pros and cons of superannuation salary sacrificing and personal deductible contributions. The article seeks to answer the question about whether salary sacrifice or personal deductible contributions are best.

Through illustrative scenarios, planners will be able to better understand how the super rule changes affect their clients and their ability to either salary sacrifice or make personal deductible contributions as part of their investment strategy.

WHAT YOU WILL LEARN

- Super guarantee rule changes from 1 January 2020
- Salary sacrificing
- Employer contributions
- Personal deductible contributions

This article is worth **0.5 CPD HOURS**

ASIC knowledge area **SUPERANNUATION**

FASEA CPD areas **TECHNICAL COMPETENCE**

ARTICLE 2

ROB LAVERY
KNOWIT GROUP

INNOVATIVE INCOME STREAMS UNTANGLED

On July 1, 2019, innovative superannuation income streams became a viable offering for product providers, financial planners and clients. Such income streams, also referred to as Comprehensive Income Products for Retirement (CIPRs), were given a significant boost by social security law changes that provide them with means-testing concessions.

However, the rules governing these new income streams are complex. Determining what constitutes an innovative superannuation income stream, and then calculating how much of it qualifies for social security means testing concessions, requires a clear understanding of a number of new terms and concepts.

WHAT YOU WILL LEARN

- Definition of innovative income streams
- Social security means testing concessions
- Asset test concessions
- Surrender and death comparison values

This article is worth **0.5 CPD HOURS**

ASIC knowledge area **SUPERANNUATION**

FASEA CPD areas **TECHNICAL COMPETENCE**

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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