JUNE 2020
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The magazine for FINANCIAL PLANNING PROFESSIONALS

MONEY & LIFE

Financial future

SENATOR JANE HUME ON BUILDING FINANCIAL CAPABILITY

ADVICE THAT EMPOWERS

WORKING WITH CLIENTS ON DECISION-MAKING

FRAMEWORK FOR SUCCESS

BUILDING A MORE REWARDING FUTURE

CHANGES TO INSURANCE

AGREED VALUE INCOME PROTECTION POLICIES

FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

JUNE 2020

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Paper + Spark is the custom publisher of Money & Life (www.moneyandlife.com.au) for the Financial Planning Association of Australia (FPA).

VISION FOR A SUSTAINABLE PROFESSION

> Updates on policy and regulatory reform have been coming in thick and fast over the past month.

ROYAL COMMISSION IMPLEMENTATION

In early May, the government announced a deferral of six months to the implementation of recommendations from the Royal Commission due to disruptions caused by COVID-19.

We welcomed the Government's clarity on the timings of these reforms which has enabled FPA members to focus on supporting their clients during this difficult time.

We will continue our advocacy with the Government to help ensure these reforms are implemented carefully and with a view to reducing red tape where possible.

FASEA EXTENSIONS

Throughout May we have been working with the government and the opposition to secure passage through Parliament of the extensions to the FASEA exam and education deadlines.

Many FPA members have expressed their concerns to me about the lack of certainty over the deadlines and the expectation that they will need to meet the exam and education requirements under difficult circumstances.

At the time of writing, the FASEA extensions are in the Senate and have been delayed while the Government and Opposition address a ban on stamping fees for listed investment companies and trusts. This issue has been resolved and we now expect the FASEA extensions to be considered by the Senate in the June sittings, where we are confident that they will pass with bipartisan support.

My advice remains that if you are in a position to sit the FASEA exam this year, I encourage you to do so. For those members who are not able to sit the exam at the moment, we will continue to work with the government and opposition to secure the extension to the exam and education deadlines.

LOOKING TO THE FUTURE

The unprecedented economic and health challenges we're experiencing, have forced many Australians to take a good hard look at their finances. The role of professional financial advice is very much in the spotlight.

To continue to evolve as a profession and ensure advice is accessible and affordable for Australians, the FPA has redefined our strategic priorities to ensure that everything we do on behalf of members and the public will lead towards this. Our new FPA MAC strategy – Members, Advocacy and Consumers – sets out the key pillars of this work ahead of us. Head to page 8 to learn more.

Also, as more and more Australians are searching for financial advice, it's important to set yourself apart. The CFP® designation is your opportunity to do this. Enrolments are open now until 2 July for the Semester 2 intake of the CFP® Certification Program.

Stay safe and keep well.

Dante De Gori CFP®
Chief Executive Officer

Follow Dante on Twitter
@ddegori10


In your clients' moment of need, we're here.
In 2019 alone, we paid $1.5 billion in claims.
Because we're here for your clients when they need it.
ADV5354MLF

RECORD NUMBER TUNE INTO **SENATOR HUME**

Last month, around 1,000 FPA members tuned in to an exclusive FPA webinar with the Assistant Minister for Superannuation, Financial Services and Financial Technology, Senator the Hon Jane Hume.

Making this one of the highest attended FPA webinars to date, members heard the Assistant Minister cover a range of topics, including the impact of COVID-19, the Government's response to the Financial Services Royal Commission, and the future of the financial planning profession.

The webinar complemented the May 1 launch of FPA Together - a series of free online events, where members were able to hear about the latest developments impacting the profession.

This initiative by the FPA enables members to stay connected to the wider FPA community during the uncertainty and isolation caused by the COVID-19 crisis.

Over 750 FPA members registered for the FPA Together series, which included 11 events that were live streamed. Over 90 per cent of members attending rated them as either 'excellent' or 'good'.

For more information about upcoming events visit the FPA website at: ***fpa.com.au/events***

Senator the Hon Jane Hume and FPA CEO Dante De Gori in conversation on 7 May 2020.

KEEP AN EYE OUT FOR OUR 2020 CFP® CAMPAIGN

In the last few issues of *Money & Life*, we've taken you on the journey of how our 2020 CFP® consumer campaign was developed and brought to life. Thanks to the collaborative work of our marketing and communications team, FPA board members, CFP® panel and partner agency Ikon, campaign advertising is now live through social media channels and Google search, as well as podcast and radio slots.

As a creative concept reminding Australians who they can turn to for advice on their financial dilemmas, the 2020 campaign content is very timely. Each message includes a addressing common COVID-19 topics on the minds of Australians. In each case, the answer is to 'Ask a CFP® professional'.

Examples from the campaign include:

- How do I create a solid financial plan to weather any storm? Ask a CFP® professional
- How will my retirement be affected by COVID-19? Ask a CFP® professional
- If I access my super early, how will it affect my retirement? Ask a CFP® professional
- How long will my money last? Ask a CFP® professional

Each ad links to a dedicated FPA webpage with further information about the topic, the role of a CFP® professional and prompts them to access Match My Planner to find a CFP® professional.

The FPA Board and marketing team would like to thank all members on the CFP® advisory panel who volunteered their time to consult on campaign.

- Julia Bull CFP®
- Catherine Chivers CFP®
- Andrew Dunbar CFP®
- Olivia Maragna CFP®
- Antoinette Mullins CFP®
- Delma Newton CFP®
- Matthew Ross CFP®
- John Tsihlis CFP®

We encourage all CFP® professional members to share the ads on your social media and other consumer outreach channels. The ads can be downloaded at: ***fpa.com.au/advertisinghq***. If you have any questions about the campaign, please email us at: ***communications@fpa.com.au***

The FPA congratulates the following members who have been admitted as

CERTIFIED FINANCIAL PLANNER® PRACTITIONERS

QLD

Cynthia Sercombe CFP® | Tupicoffs

VIC

Ryan Loveday CFP® | Shadforth Financial Group

WOMEN AT WORK

The theme for this issue of Money & Life is Women in Wealth.

Women's financial progress is at risk of slowing further in 2020 with the impact of COVID-19 starting to emerge.

We expect to see a decline in female employment relative to male, a rise in unpaid work, a widening of the gender pay gap and fewer female board appointments to the ASX 200.[4]

The consequences for women far outweigh those for men, especially with increased job losses providing uncertainty around their futures. When the economy recovers, they face the prospect of having to not only find work, but compete against more candidates for jobs.[5]

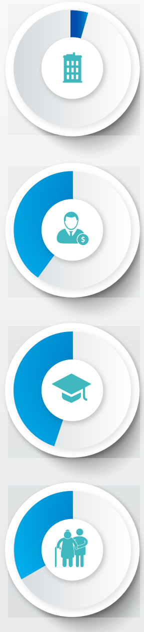
STATISTICS

17% The percentage of women in the workforce who are CEOs.[1]

34% of boards and governing bodies have no female directors, compared with 0.9% that have no male directors.[2]

45% of women aged 25-29 have achieved a bachelor's degree or above, compared with 32% of similarly aged men.[3]

31% The gap between average retirement savings for women compared with men.[4]



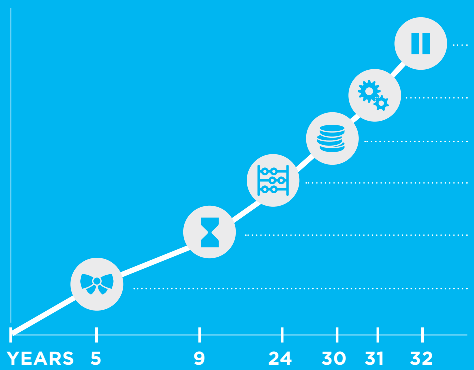
THE IMPACTS OF COVID-19

March and April 2020 has seen greater **job losses for women at 8.1%, compared to men at 6.2%.** However, men have experienced bigger pay cuts, 8.9% vs 7%.[5]

Full-time employment growth has declined for females, with men's full-time employment growth now close to 10x higher.[4]

With many women already doing **50% more unpaid work than men,** the COVID-19 crisis is likely to lead to a further increase. For women trying to combine their work with full-time parenting and teaching school-age kids, they may end up working much longer hours doing both paid and unpaid work.[4]

Growth in the Financial Women's Index has almost halved, slowing to a five year low of 1.9%, compared to 3% in March 2019. Based on this current rate of progress, the expectation is that it will take[4]:



Source:

1. Workplace Gender Equality Agency (2020), WGEA Data Explorer, Workforce composition.
2. Workplace Gender Equality Agency (2019), Australia's Gender Equality Scorecard 2018-19.
3. Australian Bureau of Statistics (2019), Gender Indicators, Australia, Nov 2019, 'Table 4.5: Attainment of a bachelor's degree or above by age, 2007 to 2017'.
4. Financy Women's Index Report, March 2020.
5. Australian Bureau of Statistics (2020), Weekly Payroll Jobs and Wages in Australia, May 2020.

INTRODUCING MAC

FINANCIAL PLANNING ASSOCIATION STRATEGIC PRIORITIES 2025

If you've joined the FPA Together events running during May, you'll already be familiar with MAC. An acronym for Members, Advocacy and Consumers, the MAC strategy summarises the three themes that will underpin all FPA activities over the next five years. These strategic pillars are the foundation for planning and execution of all the work done by the FPA to support our vision – through our members, we stand for a better financial future for Australians.

Each of these three focus areas has been broken down into three goals that will guide everything we do at the FPA and how we engage with our members, consumers, policymakers and the broader community.

These strategic priorities can be seen in action in a number of recent FPA initiatives. On Thursday 7 May, more than 1,000 members joined a live webinar with FPA Chief Executive Officer, Dante De Gori CFP® and the Assistant Minister for Financial Services, Superannuation and Financial Technology, Senator Jane Hume. This was a great opportunity for our members to engage with the Senator on the latest policy developments impacting our profession.

It was also a chance for Dante to promote the theme of our recently launched five-year policy platform – Affordable Advice, Sustainable Profession – and highlight several key policy reform proposals from the document. You can read about the policy platform in more detail on page 14.

This event was a good example of all three strategic priorities in action – giving members an opportunity to be directly involved with advocacy, as well as engaging our Government with the FPA's consumer-focused approach to policy reform.

The recently launched annual 2020 CFP® Consumer campaign also demonstrates our commitment to advancing goals under the Member and Consumer strategic priorities. In a series of simple, timely messages focused on how a CFP® professional can address the current financial concerns of everyday Australians, the campaign upholds the CFP® designation and increases consumer awareness of financial planning.

"In our previous strategic plan, improving awareness of financial planning was one of our key goals," says Dante. "We've certainly made some progress towards this goal, but now our challenge is to convert that awareness into action.

"We know through the ASIC studies that around 40 per cent of Australians want and need access to advice but only 20 per cent take it up. So there are a lot of barriers there we need to address."

FPA STRATEGIC PRIORITIES 2025

Members – FPA to be the professional body of choice for the financial planning profession

- **Lead the profession on the financial planning/planner model of the future.**
- **Uphold the CFP® designation as the number one choice for the profession.**
- **Expand our education, CPD and specialisation offers for members.**

Advocacy – FPA to be the voice of the profession

- **Lead the policy and reform debate for the financial planning profession.**
- **Implement a policy vision to ensure a growing and sustainable future for financial planning.**
- **Be the voice and professional body for the financial planning profession.**

Consumers – FPA to represent the public interest

- **Represent consumers in the development of public policy.**
- **Increase consumer awareness and use of financial planning.**
- **Elevate the financial planning profession's role and contribution to the community.**

MAKE THE DIFFERENCE!

future2 GRANTS OPEN

Applications for the 2020 Future2 Make the Difference! Grants program are now open for not-for-profit organisations that are operating programs to assist young Australians aged between 12 and 25, who are experiencing social, financial or physical hardship.

The types of charitable programs eligible for a grant include:

Education - including skills training and leadership development;

Engagement - including mentoring and juvenile justice programs;

Employment - including work experience and job readiness training;

Wellbeing - including remedial programs for drug and alcohol dependence; and

Independent - including living and social isolation.

The Future2 Make the Difference! Grant applications need to be supported by an FPA practitioner member, with applications closing at 9am on Monday 20 July, 2020. The winners will be announced in October.

For further information, go to the Future2 grants website at: ***future2foundation.org.au/grants***

COMPLAINTS AND DISCIPLINE

JANUARY – MARCH 2020

In the January to March 2020 quarter, the FPA received seven new complaints, finalised seven complaints, and have six ongoing complaints.

Of those ongoing complaints, one is in the process of preliminary enquiries to determine the nature of the allegations against the member, three are in the process of investigation where information has been requested from the member, one is in the process of finalising the report to the Conduct Review Commission (CRC), and the final matter is currently with the CRC for determination.

6	Complaints ongoing as at 1 January 2020
7	New complaints
7	Closed complaints
6	Complaints ongoing as at 31 March 2020
1	Members suspended
0	Members expelled (conduct review commission)
0	Members terminated (constitution)
1	Other sanctions
0	Referred to professional designations committee for sanction

CRC SANCTIONS

During the quarter, the CRC handed down a sanction in relation to a confirmed breach of the FPA Code. The member did not elect to have a review of the decision or the sanction, and the outcome of the matter is now published on the FPA website.

AUTOMATIC TERMINATIONS

No members were terminated during the quarter.

ACADEMIC MISCONDUCT

No Academic Misconduct complaints were raised in the January to March quarter.

WEBINARS

The Professionalism team presented a webinar during the quarter, and are in the process of preparing educational material on the area of ethics. The team will be drawing on real life scenarios that have been raised with the FPA over the last few months as the basis for the webinars.

If there is a specific area of compliance, or ethics in financial planning that you would like explored, please contact the team by email at: ***professional.standards@fpa.com.au***

THEY SAY / YOU SAY

Will the economic impact of COVID-19 have a greater impact on women compared with men? Financial planners and consumers expect their changed circumstances to offer both pros and cons, in the short and longer term.

THEY SAY

Many consumers expect women to be more vulnerable to job insecurity and loss of income during this economic crisis. This, in turn, could drive up the gender pay gap, with consequences for women's financial wellbeing, now and into the future.

What financial impact will the current COVID-19 pandemic have on women?

1. Unfortunately, I think that generally women will be worse off than men. They will continue to be the ones expected to sacrifice work and working hours to provide supervision for children home from school. Also, the many women who work part time will be the first to be cut if staff cuts are being made. Hopefully a longer term impact will be the increase the appreciation and visibility of professions like teaching and nursing, typically dominated by women. Hopefully the pandemic will help to increase pay rates for these jobs.
2. Regrettably, I have lost my job, so I am relying on my husband's wage.
3. If you look to industry and contract types. Women may hold more retail contracts and also be in more retails roles. These jobs are significantly impacted now and will be moving forward.
4. Women will emerge stronger than ever.
5. It's had a positive impact on me, as I'm an essential worker, so I am currently receiving free childcare.
6. I believe the pandemic is neutral in that is will impact everyone the same. I do believe it will give women more of an opportunity on an equal playing field because of the WFH status.
7. Same as men, a potential impact on super contributions. As women typically take responsibility for looking after children, they will be doubling up on home-schooling and WFH. In many cases, their productivity and work reputation will suffer.
8. Less super, potentially more likely to have their ability to work impacted by increased family responsibilities, for example, taking care of kids who aren't at school.

What would you say are the greatest financial challenges facing women right now?

1. Women are more likely to work part-time than men, if they have families and their employment may be less stable, they earn less generally due to the wage gap which will impact their long-term financial health.
2. Underemployment.
3. Understanding the available government payments and working out which ones they are eligible for.
4. Being financially independent while trying to raise families and care for elderly family member.
5. Ensuring they are prepared from a skills and experience perspective for the new roles.
6. Pay inequality, inability to borrowing money.
7. Salary parity with men, shortfall in superannuation.
8. At this moment in time, I don't believe any sex is more disadvantaged than the other, assuming we are on an equal playing field to begin with (sector and category dependant). The saying goes, we are all in this together.

YOU SAY

Financial planners speak to both the problems and opportunities the COVID-19 crisis presents to all Australians, and women in particular. These recent changes are challenging many households to do more with less, in terms of both time and finances

Dianne Charman CFP®

Practice Principal

JADE FINANCIAL GROUP

What financial impact will the current COVID-19 pandemic have on women?

“This depends on which industry you’re working in. The retail and services sectors depending on your service certainly seems to have been impacted the most. Although some women have told me they are, after the initial shock and reorganisation, enjoying the enforced break, it has come at a financial cost though and they will take a bit longer to rebuild.”

What would you say are the greatest financial challenges facing women right now?

“Not changed much, pay gap and retirement gap have not gone away, however the next challenge is the quick return to the before Covid-19 norm…. or perhaps we have an opportunity to restart our finances and put in place a plan to meet those challenges.”

Michael Abrahamsson CFP®

Director and Financial Planner

FLINDERS WEALTH

What financial impact will the current COVID-19 pandemic have on women?

“There are threats to both women and men, but there are also opportunities. Regardless of industry or home situation, we are all at risk. But there is also opportunity for people to focus inwards and revisit plans to secure futures. I would also encourage anybody participating in further studies to continue.”

What would you say are the greatest financial challenges facing women right now?

“Levelling superannuation balance. In my opinion, women are smarter savers and investors than men. If superannuation levels out, then those smart savers and investors who cut through complexities and confusion can look to a secure financial future.”

Peter Foley CFP®

Director and Financial Planner

THIRDVIEW

What financial impact will the current COVID-19 pandemic have on women?

“In Australia, close to half of women who work do so on a part time basis in order to fulfil the need for primary care of children (HILDA release 15.0). This part of the workforce can expect lower job security as the impacts of COVID-19 continue to hit the economy. Some of this evidence is already showing in job losses for women at 8.1 per cent compared to a 6.2 per cent slide for men. However men have lost more of their income than women, with their wage payments down 8.9 per cent compared to 7 per cent for females (ABS).”

What would you say are the greatest financial challenges facing women right now?

“Financial stability and independence are still top of the pops. However, that’s manifesting differently as women face job losses and their male partners have their incomes reduced. Side hustles are that bit tougher and opportunities in the gig economy have largely dried up. Many women I talk to are taking a look at their budgets again to assess whether they have enough family income to meet outgoings or money in their mortgages that can be redrawn if needed. Thankfully, a large portion of discretionary spending has dropped (beauty, gym fees and dining out), so most are finding ways to add money back to their bottom line.”

Antoinette Mullins CFP®

Director and Financial Planner

BEYOND TODAY FINANCIAL PLANNING

What financial impact will the current COVID-19 pandemic have on women?

“The ABS released some sobering data two weeks ago, which showed that not only were women more likely to have lost their job after the emergence of COVID-19, they had also lost more wages than men. Not earning an income of course puts huge financial stress on the family, but it also means no superannuation contributions to their super. There’s already a super gap of around 47 per cent between males and females at age 65, so this super gap may widen significantly as a result.”

What would you say are the greatest financial challenges facing women right now?

“Financial literacy for women, compared to men, is still much lower. I think now, more than ever, there should be a focus on increasing women’s awareness of the financial implications of this pandemic and the options open to them. Strategies, such as super contributions splitting is an ideal solution to help equalise retirement monies between couples, clever debt strategies that can help with the family’s debt situation – these are all viable options to alleviate stress and help with short, medium and long-term financial wellbeing. But it does require some knowledge and education. Of course, seeking advice from an adviser such as a CFP® professional could help with both the education and planning piece.”

SAFEGUARDING WEALTH AND WELLBEING FOR ALL AUSTRALIANS

With the COVID-19 crisis intensifying the economic ailments of young people and women, are politicians and businesses doing enough to address the problem? Founder and CEO of Zuper, Jessica Ellerm explores the issues and what it will take to tackle the wealth divide.

As millions of young Australian workers find themselves unemployed as a result of COVID-19, the much-discussed economic consequences of Australia's wealth divide have suddenly become a harsh reality.

When the pre-corona era economic machine was chugging away in the background, it was easy to sweep under the rug symptoms of the economic malaise plaguing the young. Now that cash flow has all but dried up, the effects of a mix of skyrocketing education costs, unaffordable housing, stagnant wages, casualised employment and easy to access debt have become clear. They have landed younger workers in the economic equivalent of the ICU, forced to queue up at Centrelink for welfare payments, or raid superannuation savings to pay rent.

Can older, more economically fortunate generations stand by and watch this take place? Generations that the young, it has been said, have been asked to sacrifice their futures for?

Don't get me wrong - young people have parents, grandparents, friends and colleagues who are all at risk during this pandemic. Young people have demonstrated they are in this with all of Australia - doing everything they can to ensure as many infections and deaths as possible are prevented.

However, with job losses amongst the young mounting, what this seismic shift in economic fortune means is that young people need older Australians more than ever. They need older Australians to advocate for them from their positions of wealth and political influence. This is especially true of those in the financial and business community, who must now act urgently and creatively to find ways to help the young people get back on their feet.

We must kill this economic virus as swiftly as we have acted to eliminate the real one.

WE ARE ALL IN THIS TOGETHER

Older and younger generations are economically dependent on each other, and must co-operate to solve this intergenerational wealth issue. Older generations rely on the tax payers of the future to continue their quality of life into their senior years. We all need productive workers in a productive economy to continue to raise our standards of living, fuel GDP growth and create a prosperous and stable nation.

Those born in the baby boomer generation still make up the vast majority of Australia's employers, executives and those in positions of influence in the financial planning sector. To create change we need these individuals to put their talents and economic influence to work when it comes to resetting our economy and tipping the wealth scales back towards the young, in a balanced and fair way.

There are many ways we can achieve this, but one principle remains true – those in positions of influence must put themselves in the shoes of young people, and ask, 'what works for them?'.

FLEXIBLE WORKING MUST BE THE NEW NORM

One such change that would have a direct financial impact would be a more consistent, enduring shift towards flexible working.

Despite the technology being available for a decade now, flexible working has been slow to take off in Australia. This has been to the disadvantage of working parents, or those pursing multiple careers. A focus on office culture and 'face time' has forced up rents and mortgages in inner cities, and drawn out commute times for those seeking more affordable housing in outer suburbs. It is a no-win scenario for those looking to save money early on in their career.

With job losses amongst the young mounting, what this seismic shift in economic fortune means is that young people need older Australians more than ever."

JESSICA ELLERM
ZUPER

Living in a city in order to earn a decent wage must be decoupled, and businesses need to embrace this concept and move to make flexible working accessible to employees. This will allow many young people to seek housing in more affordable areas and reduce the financial and emotional cost of long commutes. The natural flow-on effect of this workplace shift will be lower demand for inner city properties and therefore more affordable options for essential workers that must be located in urban areas.

For mothers, or prospective mothers, the opportunity to work remotely will have a huge positive impact on retention, keeping women in work and addressing the gender pay gap. In the era of COVID-19, and the pressures on families, it is likely women will bear more responsibility for home schooling children or being the 'available' parent as the de facto primary carer of children.

The March Financy Women's Index report shows early signs that growth in female employment is slowing. Any drop or slow-down in employment for women further compounds the 31% gap the report has highlighted women face when it comes to their retirement savings. COVID-19 risks putting women back decades when it comes to financial security improvements.

If you are an employer, now is the moment for a detailed and thorough review of your employment arrangements – from contracts all the way to where work is conducted. The silver lining for many workplaces that embrace flexible working is in the significant cost savings on rent and other office overheads. If employers prioritise making remote working a key part of their set-up going forward, those savings can be put back into growing the business, and employing more staff, or keeping on parents in part-time roles. This is one key way we can help the next generation rebuild their wealth and security.

FINANCIAL PLANNERS MUST REINVENT THEMSELVES AND THEIR CHARGING MODELS

The well-worn path of going to university, getting a degree, buying a property in inner Sydney, Melbourne or Brisbane and moving up the ranks at work is a path that is well and truly worn out. This is a problem for the financial planners who have built practices and client engagement models with this in mind. With many predicting that housing is set to take a slide over the next three years, we must help younger Australians get more inventive about how they will build wealth.

The COVID-19 crisis means financial planners now have an opportunity to use their skills to help younger Australians adopt a more entrepreneurial mindset when it comes to their career and wealth creation prospects. This could come in the form of helping younger workers understand how to read a P&L or balance sheet, or helping formulate strategies that allow younger workers to steadily build up multiple income streams, buffering themselves against future economic shocks, or becoming future employers in their own right.

Larger financial planning firms with the capital available should invest now in helping younger Australians bridge this knowledge gap. There are many innovative financial instruments that could be used that allow a client to delay their payback period in order to access the education and advice they need today from financial planners, in order to create wealth outside of property.

THE TIME TO ACT IS NOW

Technology will be crucial to making these new employee and client engagement models viable, plus many more future ideas that help us overcome this growing intergenerational wealth divide. The truth is, Australia should have been pursuing a youth-focused wealth agenda long before now. COVID-19 has forced our hand, and we must not waste this opportunity.

As an industry that truly has its clients' best interests at heart, I have no doubt that many more such ideas around innovative ways to build wealth could come from the financial planning sector.

If financial planners heed this call to advocacy, there is an amazing opportunity to shift the perception of the broader community that post the Hayne commission has seen the profession's brand and reputation tarnished. Young people need influential voices willing to go into bat for them and their financial future. Who better, or more well-placed and credible than Australia's financial planning sector?

AFFORDABLE ADVICE, SUSTAINABLE PROFESSION

As the need for advice among everyday Australians becomes even more urgent, the new policy platform from the FPA is a timely reminder of the guiding principles and support the profession needs to better address the economic realities of 2020 and beyond.

Wave after wave of regulatory reforms in the last decade have put the onus firmly on financial planning businesses to 'raise their game' in terms of ethical behaviour, due diligence and limiting risks. In the rush to keep up with these mandated changes, it can sometimes be hard to take a step back and consider what the profession should offer clients and how they can best achieve this consistently, and to a high standard.

BRINGING ABOUT MEANINGFUL CHANGE

Developing our new Policy Platform is an opportunity for the FPA to explore what is most important to the continued growth and evolution of our profession. We have, of course, come up recommendations for policies and reform we believe necessary to support this growth. But we have also laid out the principles that inform these recommendations and that drive a professional culture that seeks to serve the interests of all Australians, and uphold standards of conduct that can make all our members proud.

This is why we have chosen Affordable Advice, Sustainable Profession as the title for this five-year forward-looking view on policy. "This document is more than just a wish list of reforms and regulatory changes," says Marisa Broome CFP®, Chair of the FPA in her foreword to the Policy Platform. "For the first time we have set out a statement of principles on the importance of financial advice in the Australian community. This provides important context for why we do what we do."

BROAD CONSULTATION, SIMPLE FRAMEWORK

In order to ensure this document draws on the experiences and expectations of our profession, the FPA has consulted widely with members. Their input has been essential to developing a policy reform agenda that is both practical and aspirational.

"I asked FPA members to contribute their ideas and hopes for the future of our profession," says Marisa. "The response was overwhelming and reflected the energy, optimism and diversity of views that characterise our membership."

In the first instance, the document articulates three overarching goals for the FPA's policy agenda. "The FPA has always had a goal of advancing the interests of the financial planning profession and this remains the case," says Marisa. "A second goal is to support all Australians to access high quality, meaningful financial advice and advance the interests of Australians as they seek to secure their financial future. Finally, we have a goal of continuing to set higher standards of professional conduct and supporting each other as we aspire to those standards."

FPA POLICY PILLARS

Consumer-Focussed

Professional

Aspirational

These three policy pillars are the foundation from which we have developed specific recommendations laid out in the Policy Platform. These are grouped under five key policy areas:

1. **Regulation of advice**
2. **Effective consumer protection**
3. **Licensing of individuals**
4. **Technology**
5. **Cost of financial advice**

Here are a few summary highlights from the 19 individual recommendations put forward:

2.1 GENERAL ADVICE

Evidence clearly shows that consumers are confused about the difference between personal advice and general advice and often misunderstand what they are receiving.

The law should be changed to rename the term 'general advice' to 'product information' and 'strategy information', to better reflect the nature of advice provided. Any replacement must ensure the term 'advice' is only be used in association with advice that takes into consideration personal circumstances.

2.2 RESTRICTED AND LIKE TERMS PROTECTION

There is some evidence that incidence of people misusing terms like financial planner and financial adviser is increasing. It is important that consumers are not misled about whether the professional they are seeking advice from is qualified to provide that advice and whether they comply with the FASEA standards.

ASIC should review the use of the terms 'financial planner', 'financial adviser' and like terms (including 'financial coach', 'financial mentor' and 'financial guru') to determine if restrictions on the use of these terms are effectively protecting consumers from unqualified financial advice.

3.2 SEPARATION OF PRODUCT AND ADVICE

The regulation of financial advice is currently tied to the recommendation of a financial product, reflecting a history in which a product recommendation was the core component of most financial advice. In a professionalised financial planning sector, this is no longer the case.

Existing requirements to deliver financial advice should be reviewed to ensure they apply effectively to financial advice that does not include a product recommendation.

The law should be changed to separate the regulation of financial products from the regulation of financial advice.

3.3 FUTURE OF LICENSEES

The Australian Financial Services License ('AFSL') system plays an important role in regulating financial products and services. However, recent reforms have focused the regulation of financial advice at the individual practitioner level. This is an appropriate approach, acknowledging the relationship between a client and their financial planner is a personal relationship, not one between an AFSL and the client.

The future regulation of financial advice should occur through individual registration and oversight, and not require an AFSL for a financial planner to provide financial advice.

The law should be changed to focus the AFSL system on the regulation of financial products and remove the requirement for an AFSL to cover the provision of financial advice.

5.1 ABILITY TO BUY THE ADVICE YOU WANT

The cost of providing holistic financial advice that considers the full range of issues that might apply to a client is substantial. This cost is a major obstacle to many Australians seeking financial advice.

A key strategy in making advice more accessible for Australians should be enabling financial planners to provide a scope of advice that clients want to receive at a fee that reflects the value of that advice.

Regulatory guidance, including model SoAs, should be provided to clearly articulate the circumstances in which a financial planner can provide advice on a limited scope engagement, with the aim of providing consumers with more options for how they receive affordable financial advice.

5.3 TAX DEDUCTIBILITY OF ADVICE

The Australian Taxation Office ('ATO') has declared that a fee for service arrangement for the preparation of an initial financial plan is not tax deductible. This is different to the treatment of an ongoing advice fee, which is deemed to be incurred in the course of gaining or producing assessable income, and therefore is tax deductible.

While providing a tax deduction for fees associated with the preparation of an initial financial plan would involve some additional costs to the government, these costs should be balanced against the long-term benefits in supporting a more financially literate community. Increasing access to financial advice for all Australians, including those on lower incomes, will result in a more financially capable community, with individuals more financially literate and better able to support themselves, including in retirement.

All financial advice should have tax deductible status, regardless of what stage of the financial advice process it is provided and whether it directly relates to the creation of investment income.

You can download the Policy Platform in full from the FPA website from 2nd June 2020. We welcome comments and conversations on this document from members on our FPA Community portal: ***https://community.fpa.com.au.***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A CHAMPION FOR FINANCIAL CAPABILITY

As a leader in financial services, and now politics, Senator Jane Hume is a very influential figure in the sector. She talks to Miriam Delacy about her vision for building financial capability and the role of financial advice in achieving this important outcome for more Australians.

Like anyone working in government in the first half of 2020, Senator Hume has been busier than ever, responding to the health and economic impacts of the COVID-19 crisis. As Assistant Minister for Superannuation, Financial Services and Financial Technology, she has a vital role to play, both in leading the rollout of the Federal Government's economic stimulus package, and in communicating with the media on many of the measures announced.

"The economic stimulus package announced in response to the COVID-19 crisis has been equivalent to putting together three federal budgets in the space of just five weeks," says Senator Hume. "It's been an extraordinary challenge and it's not over yet. There is still much work to be done to implement these initiatives successfully and smoothly."

LESSONS FOR FUTURE LEADERS

And just like so many other Australian women, the Senator is also in the midst of balancing time spent on work responsibilities with homeschooling tasks. While it still falls to women to manage these competing priorities in many households, they are doing so successfully if the increasing presence of women in leadership positions is anything to go by. In considering how much has changed since she was working in financial services, the Senator applauds the many women who are making their mark in this traditionally male-dominated sector.

"I'm genuinely pleased to see that the industry has evolved enormously, certainly since I began my time working there," she says. "I think it's a wonderful reflection of where we are as women in society, but also a reflection of the many female leaders we've seen in the industry. If you look at Sally Loane at the Financial Services Council, Melinda Howes at BT, Debby Blakey at HESTA, Shemara Wikramanayake at Macquarie Bank and Michelle Jablko at ANZ, these are just some of the women who have been trailblazers in the sector."

> *"We know women will have better quality of life, better economic security and better retirement outcomes when they're invested in their financial wellbeing."*

"They've made such an invaluable contribution and paved the way for others to follow," she adds. "They remind me of the phrase, 'If you can't see it, you can't be it' and I think these women, in particular, are very visible and a real beacon for younger women in the industry to follow."

For any woman working in financial services who aspires to the same level of achievement as these role models, Senator Hume has some powerful words of advice and encouragement.

"Don't be afraid, don't get left behind, recognise your own value and get comfortable about having conversations about your worth, talent, capability, and ambitions," she says. "But I'd also say don't be too choosy. You need to take opportunities as they arise because you never know where they're going to lead. There's this marvellous quote from Sheryl Sandberg the Chief Operating Officer for Facebook, 'If someone offers you a seat on a rocketship don't ask which one'. So if I can say one thing to women, it's to have a go."

The Senator also recognises that while some career opportunities may not pay off, things that don't go well offer important lessons and chances to adapt our approach. "Not everything you do will be a success and that's OK," she says. "The trick is to learn from those failures and to not get bitter, but get better. Sometimes you've just got to learn, adjust your thinking and move forward again."

WHY FINANCIAL CAPABILITY MATTERS

Balancing the Senator's positive view on the emergence of strong female leaders, are her concerns about remuneration in financial services. "The financial services sector is still one of the outliers when it comes to the gender pay gap," she says. "On average women in financial services earn 22.2 per cent less than their male counterparts, and that's a pay gap well above the national average. Closing the gender pay gap is something that is happening incrementally, and this government has done a lot to reduce it, but there's still much more that can be done and everyone is responsible for doing their part.

The gender pay gap is just one of many contributors to Australian women being financially disadvantaged, both during their working lives and in retirement. From her leadership positions in both financial services and politics, the Senator is keenly aware of the difficult circumstances women are facing as they seek to create a more secure future.

"We do know that women face a very unique set of challenges," she says. "We have less time in the workforce and broken work patterns, which leads to income inequality. Divorce hits us much harder, we live longer and we tend to retire with less super. The financial services industry has a vital role to play in focussing on better financial outcomes for women."

"In particular there is a real opportunity for our industry to support women in their financial capability," she adds. "We have a role to play in encouraging women to be more invested in their financial future and more engaged with their financial wellbeing. Because we know women will have better quality of life, better economic security and better retirement outcomes when they're invested in their financial wellbeing. And sometimes that needs to be a slow burn. Confronting anyone with a plethora of decisions that they need to make and concepts they need to understand immediately, can be overwhelming. It needs to be a staged process to help women feel in control of their financial future."

The Senator sees the financial planning process as being key to building this financial capability and has been heartened to see women entering the profession in greater numbers during recent years. "When I started working in financial services, advice was a male-dominated profession and that seems to have changed over time," she says. "In the '90s and early 2000s there was a real niche needing to be filled for women seeking advice. And there are now many people, not just women, who are more comfortable with a female financial planner."

SPOTLIGHT ON FINANCIAL ADVICE

With the widespread economic impact of COVID-19, the importance of building financial capability among all Australians is growing. Planners are finding they are in demand and although the Senator would wish for this greater engagement with financial advice to come from better circumstances, she sees it as one of the positives to emerge from the crisis.

> *"The recent COVID-19 crisis has brought into sharp focus the need to develop better strategies to manage financial affairs and to meet life goals. Getting access to the right financial advice is an integral part of that."*

"It's vitally important that Australians receive quality financial advice all the time, but especially when they're under severe financial stress and need to make difficult decisions," says Senator Hume. "It's hard to find a silver-lining of the COVID-19 crisis, but if there is one, it's that people are taking a much greater interest in their financial affairs, they're looking for advice and that's very healthy."

"I think the best example of this has been in the early release of the superannuation program," she adds. "There has been so much misinformation out there about what taking $10,000 out of your super today means for an individual. People are confused so we've been sending as many people as possible to a financial planner in the hope that they will seek rational, professional and sensible advice on whether this is the right solution for them."

"I think that the COVID-19 crisis has created a new consciousness of financial wellbeing and the need for assistance to navigate a path to a better financial outcome that goes beyond just earning a wage. People are now looking at their superannuation, often for the first time, and saying where is it invested, how is it invested? But for many people it will raise more questions than it does answers and they will be looking for financial advice for guidance. This is why making sure financial advice is affordable and accessible is going to be so important and I know that's something the FPA have been very focussed on, as is the Government."

UNTANGLING THE REGULATORY KNOT

In considering the many barriers that still exist for Australians seeking advice, the Senator takes a historic view of how far the profession has come and how much work is still to be done in shaping a more streamlined and responsive advice offering. "This is an industry that has been through such significant change in the last 30 years," she says. "It started as a sales culture in the life insurance industry, it has grown up with the compulsory superannuation system and it has now become responsible for the direction for the financial wellbeing of so many Australians. Yet there is still only a small proportion that receive financial advice."

"Throughout that transition there have been numerous reforms, whether it be to conduct, education standards, ethical behaviours or the way that fees are charged and commissions earned," she adds. "Those changes have created dislocation throughout and particularly during the last 15 years. Because of that, we've tied ourselves up into a Gordian knot of regulation in the financial advice space and at some point we're going to have to untangle that knot and, from the Government's perspective, that's what we want to do."

"There are so many oversight bodies in financial advice now, it's ridiculous. Between FASEA, ASIC, industry bodies, licensees, and the Tax Practitioners Board – they all have different and often competing requirements of financial planners and that means they can't do what they do best, which is establishing a working relationship with an individual and helping them. We have tied ourselves up in regulatory obligation to a point

where we are driving customers away, potentially at a time when they need advice most. How we streamline that oversight obligation will be very important and that's something that we're working on right now."

Finding a way through complexity

In the context of COVID-19, many in the financial planning profession and Government have become even more aware of the extent to which regulatory complexity can interfere with delivery of timely advice. While frustrating, the current situation may create greater momentum and appetite for regulatory reform.

"The apparent need for expert guidance around early release of superannuation is a reminder that advice doesn't have to be holistic all the time and single issue advice is often what people need," says Senator Hume. "But we need to determine how to fit that into our regime of making sure that we know our client thoroughly, that we've mitigated as many risks as possible."

As an Assistant Minister with Financial Technology as part of her portfolio, the Senator is very encouraged to see the emergence of so many digital tools as part of the solution to this highly complex regulatory problem. "I genuinely think that financial technology is an important part of the puzzle here," she says. "It's very encouraging to see established and emerging FinTechs rolling out more tools to help financial planners do their jobs better and faster."

"The majority of the advice journey can be automated using technology that's already available," she adds. "From information gathering to the drafting of documents, all of these mechanisms can increase the accuracy and efficiency of financial planners' modelling. Over the last few months I've spoken to a number of FinTech software providers based right here in Australian creating their solutions for Australian conditions, from early stage start-ups to established incumbents. I've been really impressed by this world-leading capability that we've built here in Australia. Breaking down barriers to the use of FinTech solutions by planners is one of my priorities, so we can ensure that their billable time is spent doing what they do best and providing the greatest value to clients."

A CROSSROADS FOR THE PROFESSION

In highlighting the potential for FinTech solutions to support delivery of more affordable, effective financial advice, the Senator speaks to an issue that is central to the FPA's new policy platform document *Affordable Advice, Sustainable Profession.* This detailed, comprehensive policy agenda has been welcomed by the Senator as a timely contribution to the very important work of making advice more accessible to a greater number of Australians.

"The Government believes it's vital for consumers to be able to get quality advice at a lower cost," says Senator Hume. "We always welcome good ideas that can make better financial advice available to as many Australians as possible and now is a good time for that discussion to take place. The recent COVID-19 crisis has brought into sharp focus the need to develop better strategies to manage financial affairs and to meet life goals. Getting access to the right financial advice is an integral part of that."

"This is a profession at a crossroads," she adds. "With increased compliance requirements, higher educational standards, the rapid change in market dynamics with banks leaving the sector – all these changes will require adjustments from individual players, but also from Government and the way we think about what we want in a financial advice sector. The FPA has been working tirelessly to implement much needed change across the profession, and I've welcomed that. We have had a very productive working relationship in this first year and I look forward to more constructive discussions as we progress this profession to be all that it can be."

A BETTER FUTURE

The five core values at Lumix Wealth are providing women with the framework to build a more rewarding future. Joanna Ryan CFP® talks to Jayson Forrest.

JOANNA RYAN

CFP®

POSITION: MANAGING DIRECTOR AND FOUNDER

PRACTICE: LUMIX WEALTH

LICENSEE: LUMIX WEALTH

YEARS AS A PLANNER: 20 YEARS

> *"Female poverty is a very real issue in Australia. But by working with women, I know I can make a meaningful difference in helping them achieve their financial wellbeing."*

There's something a little bit special about Lumix Wealth. It's not that the financial advice business specialises in providing tailored advice to business professionals and entrepreneurs, nor is it the raft of awards the business's founder and managing director, Joanna Ryan CFP® has received over the years.

What sets this boutique Sydney-based practice apart from others is its sole focus on the financial wellbeing of women.

As Joanna says, it's about the business being involved across all its clients' money decisions - from building wealth and holding onto it, to empowering women to be in control and enjoying their financial journey, to assisting women create a lasting legacy through philanthropic giving or generational wealth transfer.

The staff of four, including two practitioners, currently oversee just over 100 client relationships, which Joanna says is ideal for the size of the business.

ADVICE SPECIALISATION

Although the clients of Lumix Wealth are successful and often highly educated professional women, Joanna cautions by saying that doesn't mean all these women are financially savvy.

"I work with a lot of accountants, lawyers, engineers and women in government, but when it comes to money matters, many of these women lack the knowledge and confidence to make informed long-term financial decisions.

"In fact, one of the big challenges when it comes to working with women is they are not giving enough thought to the long-term. Unlike men who are generally comfortable talking about their investments, these aren't the types of conversations women have," Joanna says.

"And that's because of the many roles women take on, like being the primary family caregiver, where they have more immediate needs to worry about. Unfortunately, all too often, this prevents them from thinking about their own future."

Understanding and empathising with the difficulties women face everyday in securing their own financial wellbeing was the motivation for Joanna to specialise in advice to women. It's a decision she does not regret.

"When I first started this business, it was the stories from women that resonated with me. Their needs are challenging and complex. They tend to be less confident with their finances, they take longer to make financial decisions, and it takes time for them to trust you."

What particularly touched Joanna was the fact that women already knew they were behind the eight ball in so many ways, like salary inequality and lower superannuation savings.

"Women are vulnerable. They've had interrupted careers, having to give up income and their capacity to save, in order to care for others, like their children or ageing parents," she says.

"Female poverty is a very real issue in Australia. But by working with women, I know I can make a meaningful difference in helping them achieve their financial wellbeing."

MONEY COACH

One of the ways Joanna improves the confidence of her clients and their journey with money, is by talking about their 'financial

wellbeing'. In fact, it's a term often used by the team at Lumix Wealth.

"We work closely with our clients on their attitude to money, their resilience to change, and their goals and aspirations," says Joanna. "We aim to set our clients up as best as possible, both financially and psychologically, to enable them to absorb short-term financial shocks, like the current COVID-19 pandemic, while setting them up for their long-term future."

And it's through this intimate relationship Lumix Wealth has with its clients that Joanna is at ease describing herself as a money coach, mentor and financial educator, just as she is with using the term financial planner.

"I actually see my role with clients as their money coach and mentor, where I help clients manage the money they have now, so they feel confident that the decisions they are making now and for the future, make sense," she says.

"Being a money coach and mentor allows me to work with my clients on their own unique financial journeys, because everybody's journey is different. As a coach and mentor, it's about giving women the permission to make this their own journey, and to be satisfied with the journey they have set up for themselves."

And as a coach, Joanna actively encourages her clients to talk about their experience with money – both good and bad – as part of empowering them with their own financial journeys and decision-making.

"Because women, as caregivers, often have to think beyond themselves, it's important to provide a safe environment in which they can openly talk about money without fear of judgement. That's why it's important to talk about everything with the client, with no topic off limits."

FIVE CORE VALUES

Joanna Ryan CFP® doesn't believe it's too hard to stand out from the crowd when you do something really well and importantly, you live by the values you espouse. Joanna has set the foundations of her business on five core values, which she believes go to the heart of addressing the financial inequality of women, and which defines Lumix Wealth. They are:

1 FOCUSING ON WOMEN, NOT JUST FINANCES

Women operate differently to men when it comes to money matters. By understanding their lifestyle, needs and goals, Lumix Wealth is able to help women build a blueprint for a better future, and support them every step of the way.

2 HELPING WOMEN BELIEVE THEY CAN DO IT, BECAUSE THEY CAN

The practice firmly believes in inspiring women and giving them the confidence they need to achieve their financial goals, now and in the future. As Joanna says: "If you believe you can do it, you're halfway there. We focus on instilling women with a sense of belief that they absolutely can succeed financially."

3 WHEN YOU KNOW BETTER, YOU DO BETTER

According to Joanna, unfortunately, women are often financially unprepared. They don't have confidence in their financial knowledge, don't devote time to their financial affairs and avoid involvement in money because they find it too complicated, confusing and sometimes even overwhelming. Therefore, the practice actively educates women, so their fears dissipate and they have a healthy relationship with money.

4 SUPPORTING WOMEN IN ACHIEVING THEIR GOALS

Financial planning is not just about gaining money, it's about opening the door of opportunity and giving women choices. "We guide women on their journey from uncertainty to independence."

5 WOMEN DEALING WITH WOMEN

"We understand women, because that's who we are," says Joanna. "We're a team of women, for women."

Joanna says that by embracing these five core values, it makes the business think more deeply about how things are done at Lumix Wealth.

"We're a very hands-on practice. Everything we do in the business is centred on these five values and how we help our clients feel more confident and enjoy the journey of money."

ADVICE PACKAGES

To help her clients achieve their journeys and financial wellbeing, Lumix Wealth offers three fixed fee packages for clients to choose from – Essentials, Classic and Premium. According to Joanna, these packages give clients the flexibility to choose how they wish to engage with the business.

The Essentials package is aimed at women who are focused on reaching their long-term goals and who are keen to ensure the choices they make are consistent with their goals and values. This service works on the client's cashflow and balance sheet to assist them in achieving their goals.

The Classic package is suitable for women who may have more complexity around their financial situation. These clients tend to have direct equity holdings, complex trust structures, self-managed super funds or are involved in charitable giving.

However, the Premium package is a higher touch service for women seeking closer involvement with their money, including meeting fund managers, attending investment briefings and being intricately involved with their decisions every step along the way.

And while Joanna concedes the Premium package does require a higher level of client servicing, it targets a specific niche of clients who want much closer involvement with the money management process.

Lumix Wealth is also committed to giving back to the community, which it does through its pro bono program. The program is available to Premium package clients, who nominate a candidate in difficult financial circumstances to receive access to the practice's professional services.

"We also want to make a difference in our local community and do so by supporting Mary's House – a shelter that supports women and their children who are victims of domestic violence," says Joanna.

MORE NEEDS TO BE DONE

While Joanna believes financial planning advice is important for everybody, she particularly believes it's important for women, because structurally, the system works against them. "Women often earn less, they have interrupted careers, they retire earlier, and they live longer."

So, to better help women with their financial needs and objectives, Joanna believes the profession needs to step up on two areas: more female practitioners and a fairer superannuation system for women.

She explains: "Women typically want to deal with other women. They feel more comfortable around other women. But women only represent about one-fifth of practitioners in the profession, so more needs to be done to encourage women to seek a career in financial planning."

> *"Relationships have changed. Society has changed. There are more people today who feel that the stereotypical 'happy couples' messaging on marketing brochures don't apply to them. They feel offended by that presumption, and so they should."*

Also on Joanna's wish list is greater reform of the Australian superannuation system.

"We all want women to be given equal chances in what they do. But women never realise the massive impact of taking time out of the workforce to raise a family will have on them, both financially and emotionally," Joanna says.

"So, we desperately need to make the superannuation system fairer for women. When people take career breaks to raise a family, which is a benefit to society, we need to ensure that women and men are not adversely affected financially by doing that.

"There is a ripple effect of taking time out of the workforce. When people have less money and when that money doesn't grow for a long time, people become disengaged with their finances. And when that happens, you've lost them."

ACCEPT THE OPPORTUNITY

For any practitioners considering specialising on the advice needs of women, Joanna has some simple advice: "You should definitely do it!

"Women are the most rewarding clients to work with, and everybody benefits from women being looked after financially."

With many businesses claiming to specialise in working with women, Joanna believes there is still plenty of room for other practices to focus on the financial needs and wellbeing of women. But she does concede it can be a slower journey for practitioners, as it generally takes women longer to feel confident about who they can trust to work with.

"Financial planners need to understand that women don't want to be rushed into making decisions. You need to be patient and work to their individual circumstances, and not provide a cookie-cutter approach to your advice offering.

"And you need to be non-judgemental. I have clients who are married, divorced, widowed and single. But they all share something in common; they're all going to have a financial future."

Joanna advises practitioners to steer away from stereotypes when dealing with women.

"Relationships have changed. Society has changed. There are more people today who feel that the stereotypical 'happy couples' messaging on marketing brochures don't apply to them. They feel offended by that presumption, and so they should."

She adds: "Consider your marketing material and messaging for women. Drop the stereotypes and be sensitive to women, because they really do need your help."

GETTING TO THE HEART OF ADVICE

Bringing feelings into the planning process is just one way that Dawn Thomas CFP® connects with clients. She talks to Miriam DeLacy about her approach to advice and how she empowers women, in particular, to take control of their financial future.

Having collected a number of awards in recent years, Dawn Thomas CFP® from Wealthwise in WA, is no stranger to success, both as a financial planner and a champion of women in the profession. In 2019 she won the AFA's Female Excellence in Advice award and joined the FPA Women in Wealth subcommittee in WA.

While being recognised and respected by peers, clients and community is very important to her, Dawn is not afraid to be exactly who she is in any context. In fact, she believes you can't reach your full potential in life unless you're willing to be authentic and acknowledge you are fallible.

"We can often fear being found out if we show our true selves," says Dawn. "I think imposter syndrome is something everyone has experienced at one time or another. But being prepared to show your true feelings and being honest about what you don't know is actually key to learning and making progress. By keeping part of you restrained, you're actually depriving yourself of the chance to be really successful."

"Being honest with clients about what I do and don't know is very important to putting them at ease so we can connect as equals," she adds.

"When I came into the financial advice profession I knew what it was like to not understand all these concepts I can take for granted now. If I put myself forward as the person with the answer for everything, I risk alienating my clients and make them afraid of asking a question that could make them look dumb. By making clients feel safe to ask any question, I'm going to have a much greater chance of getting them to talk about what they don't know and understand exactly how advice and education from me can help and empower them."

"By making clients feel safe to ask any question, I'm going to have a much greater chance of getting them to talk about what they don't know and understand exactly how advice and education from me can help and empower them."

DAWN THOMAS CFP®
WEALTHWISE WA

> *Being female, young and an immigrant can make it harder to be taken seriously at face value in many professions, including financial planning. The CFP® designation tells everyone that you're absolutely serious about what you're doing. Within our profession it's an achievement that carries a lot of weight."*

AN INCLUSIVE ADVICE APPROACH

Honesty and authenticity definitely come across in Dawn's communication style. There is an unmistakeable energy and passion to her words as she speaks about her role as a financial planner and why it's so important to develop equal, trusting relationships with clients.

"My motto is 'advice from the heart' and I tell my clients this right from the start," says Dawn. "In my meetings there are three outcomes I am working towards – inclusion, goal-setting and empowerment. Making everyone who takes part feel included is the very first goal of my financial advice process. I make it clear that my clients matter to me and that means we're going to focus on what's really important to them."

But Dawn knows that articulating this isn't always enough to make sure all clients are genuinely included.

"With couples, I am very conscious of equalising the power as I conduct conversations about life and money," she says. "There is almost always one person taking the lead. I use different ways of communicating financial concepts to include the people sitting in front of me. That can mean spending more time on spreadsheets if they're technical and detailed oriented, or going straight to the whiteboard if they're more comfortable exploring the big picture."

"When we get on to talking about shared goals, you want both people in a relationship to have a voice," she adds. "Sometimes it's the first time in a long time that a couple will have been drawn into thinking about their future in this way. Making that safe space for them to speak up with their thoughts and feelings is essential. Facilitating an equal exchange can really dial up the excitement as well as giving both partners a renewed sense of commitment to what they want from their future together."

When it comes to advising individual clients, particularly women, Dawn is still very alert to power imbalances and influences that come into the meeting. "The inclusion piece becomes even more important when you're working with a single woman," she says. "When a woman alone is seeking advice, she may still have someone in her life undermining her sense of competence, so that she questions her ability to take charge of her finances. It's just as important for me to create that sense of safety to build confidence, as well as excitement, about a better future."

CONNECTION AS A CAREER GOAL

Dawn's own sense of her importance and value in the world comes from a very secure and supportive family environment. "Dad always asked me to own my values and constantly reminded me that I am valuable to this world," she says. "It is critical that women see and hear this in childhood, both from their parents and society.

"Mum was the one who taught me to be financially independent," she adds. "She encouraged me early on to earn my own money, but also to look for a purpose in my work. That's been really important because financial advice definitely isn't an easy option, but I'm very energised by my work because I believe there is a real purpose to what I do. That purpose is to connect with people and it's something I've always looked for in my work."

To start with, Dawn sought to build those connections through journalism. But after completing her first degree in Media Studies, she found herself facing tough choices between career and family. "I was offered a journalism cadetship at Port Hedland but I also wanted to settle down with my new husband and start a family," says Dawn. "So I looked for an alternative to journalism for finding out people's stories and making those connections with them."

A MARK OF EXCELLENCE AND RESPECT

Just three years after graduating from Murdoch University, Dawn began her career and education as a financial planner. She completed her Masters in Applied Finance in 2014, going on to achieve her CFP® designation in 2016. "Long before the FASEA changes were introduced, I was determined to educate myself to the highest standard in the profession," she says.

Although this investment in education demonstrates her commitment to quality service for her clients, Dawn gives another reason for taking her qualifications to the next level.

"Being female, young and an immigrant can make it harder to be taken seriously at face value in many professions, including financial planning," she says. "I didn't want anyone to doubt me, regardless of my gender, age or background."

"For me, this is the value of the CFP® designation," she adds. "It tells everyone, your employers and peers, that you're absolutely serious about what you're doing. Within our profession it's an achievement that carries a lot of weight."

MENTORS AND HEROES

As well as investing in her formal education, Dawn has also put significant time and energy into building her network. "I've found that it's really incredible how much people around you can influence how you behave and what you seek," she says. "When you're in the right network, the right community, you feel lifted up and have an experience of growing together as you share knowledge and experiences."

While Dawn actively seeks input from many mentors in her financial advice community, she also looks to other heroes to inspire her to be ambitious and authentic. "I'm very inspired by Eleanor Dartnall and the way she advocated for the downsizer contribution as part of superannuation policy reforms," says Dawn. "When you see someone like Eleanor play such a critical role in making that happen, you know you have to be aiming high."

Another hero for Dawn, is RuPaul. A long time fan of the world's most popular drag queen, Dawn sees her as someone who recognises we are all equal as humans and can take control of who we are in the world. "According to Ru Paul, everyone is born naked and the rest is just drag," says Dawn. "I might dress in a different way when I'm in my financial planning role and when I'm relaxing at home with my family, but they're both me. It gives me that extra energy and confidence to wear an outfit that brings out the financial advice 'superhero' in me."

"When a woman alone is seeking advice, she may still have someone in her life, undermining her sense of competence, so that she questions her ability to take charge of her finances. It's just as important for me to create that sense of safety to build confidence, as well as excitement, about a better future."

Closer to home, it's Dawn's family, clients and her Wealthwise team who inspire and guide her.

"Taking on board what clients want from me is so important when I'm looking for guidance and inspiration. Collectively they're like a focus group that can guide me towards doing more of what works. And my husband and kids are very important in how they keep me grounded and care for me. I couldn't keep on setting new goals and achieving them without their support."

From the time she joined Wealthwise in 2017, Dawn has appreciated the supportive nature of her team. "They have values and systems in place that make me feel safe and supported," she says. "Just two days after starting there a senior planner offered to be my mentor. This is just one example of how I've benefited from my team members stepping up and offering help."

With the significant changes facing the entire country and financial planning profession, Dawn has also experienced the strength that comes from a team who co-operate and communicate effectively. "Not only are we adapting to the upheaval of COVID-19 and the stricter regulatory environment, we're also changing licensee and three of our senior planners have recently retired. We're all focussed on making our clients feel reassured at this challenging time and it takes a whole team to do that successfully."

CREATIVITY IN A CRISIS

On a personal level, Dawn has found herself at her most creative in response to the challenges of COVID-19.

"I become like the MacGyver TV character," she says. "I keep coming up with new ideas to make things more comfortable for clients and to connect with them at a time when it's more important than ever. All the time I'm thinking what else do I have in the tool box to 'MacGyver' this situation?"

One of these new tools is giving Dawn an opportunity to share wisdom on her favourite financial advice topic – superannuation.

"I'm quite used to doing presentations to 50 or 100 people, so to start with I was thinking of doing a webinar series on super," she says.

"But I think few people have the patience for that right now so delivering shorter, sharper content makes more sense. I've been working on a series of five short videos to cover a range of super questions and topics that people will get real value and insight from."

"I haven't felt so full of ideas since my days at university when my mind would be so open to each new thing," she adds. "Now I feel my brain opening up again, being switched on to how I can best connect with people at this time. Even though we're living with these restrictions, I've found myself feeling more free and creative than I have in a long time."

HOW TO PROTECT WOMEN FROM RETIREMENT WORRIES

After career-interruption and a lifetime of caring for others, many women have good reason to be concerned about how they will manage during retirement, but research shows early intervention from a financial planner can help build confidence about the future, writes Clifford Fram.

Australians tend to worry more about their retirement savings than their health and ageing, with only climate change a bigger concern, according to an ABC survey of more than 50,000 people of all ages.

This worry can be intense for older women, many of whom are burdened by a savings shortfall after a lifetime of career sacrifice and unpaid family labour.

A study published by National Seniors Australia and Challenger shows six out of ten women aged 50 and older worry about outliving their retirement income while most men are untroubled.

> *So many people impacted by COVID-19 are struggling with their finances. In talking with clients, I've realised that it's actually giving them a reason to think more about the first steps to a financial plan."*
>
> | DAWN THOMAS CFP®

"The outstanding issue addressed in this research is that Australian women are much more likely to have worries than men," write the authors of the study titled *Retirement Income Worry – Who worries and why?*

"This is less related to longer lifespans and more to roles throughout life, in particular a combination of fewer work opportunities, disadvantages in divorce, greater burdens of care and spending family money on male partners who die before them."

The authors say it is no surprise the study involving 3584 National Seniors members shows divorced and widowed women are among the most worried.

INTERVENTIONS

The authors suggest two areas of action:

- Preparation for retirement needs to start young and be sustained through life; and
- Australia must find a way to ensure no one is disadvantaged by taking on caring roles that prevent or limit the opportunity for accumulating retirement savings.

While the second point is a policy issue to be solved in Canberra, the first reaffirms the value of professional advice. The researchers write that financial planners can play a significant role in reassuring women about their finances, and the younger this starts, the better.

"There is an urgent need to deal with the high levels of worry about retirement income. Some financial issues cannot be easily fixed in later life, and need to be attended to along the life journeys. This is a message for people of all ages, not just older Australians.

"People were less likely to worry frequently if they had sought financial advice and when they thought the advice met their needs," write the authors.

It's important, however, that clients realise there is little benefit if they do not act on the advice they receive or if they ask for it too late. And it's heartening for financial planners that 86 per cent of people who received advice acted on it.

Dawn Thomas CFP®, a financial planner with Wealthwise in Perth, is outspoken about the savings gap. "It's telling us that it's okay to undervalue women in society, by paying them less and expecting them to put their career and income second to acting in a caring role for their family. All those things add up and leave a great many women with limited super savings to draw on in retirement."

PLANNING PASSION

Dawn is convinced financial planners can help compensate for society's shortcomings.

"This is something I am very passionate about, and I make sure that any women I am working with are aware of it. I know that how we value people in society is not going

SOURCES OF RETIREMENT INCOME ADVICE

Source: *National Seniors and Challenger, Retirement income worry: Who worries and why? 2020 page 20*

to change overnight, so I will also tell them not to wait for the change to come. And that makes it really important that we put the work in together on their retirement plan."

The National Seniors Australia researchers did a multivariate analysis of worry that shows the risk is:

- 68 per cent higher in those who do not already identify as retired;
- 65 per cent higher in those who have less than $500,000 in savings;
- 53 per cent higher in those who expect their primary source of income in retirement to be the Age Pension; and
- 47 per cent higher in women.

"It's unsurprising that women worry more than men about retirement funding as 69 per cent of women have savings of less than $500,000 compared with 53 per cent of men," write the authors.

The Women in Super advocacy group has published data that shows women on average retire with about half the super savings of men and that four in ten older single retired women live in poverty and experience economic insecurity.

Apart from the well-documented wage gap that still exists in 2020, reasons include the high proportion of women who work part-time and the average of five years women take out of paid employment to care for children or other family members.

Close to 45 per cent of women rely on their partner's income as the primary source of funds for retirement, according to Women in Super.

However, Dawn points to the Senate report – A husband is not your retirement plan. "This highlights the reality and dangers for women in retirement with little to no super. If their relationship should break down, they are left with only two choices – to be trapped in a home they don't want to be in or leave and risk living in poverty and being homeless."

COVID OPPORTUNITY

The COVID-19 pandemic is a new and unexpected threat to women's financial security.

The latest Financy Women's Index Report predicts physical distancing will exacerbate the gender pay gap, reduce retirement savings and increase the amount of unpaid family work women do.

"Women tend to be more highly represented in the most vulnerable sectors, such as retail, education and hospitality, which have been hardest hit by job losses and or reductions in hours and wages," the report says.

"Women are also more affected as they are more likely to be in casual work, and anyone working less than 12 months in casual work does not qualify for the JobKeeper payment."

But the pandemic can also be a financial planning opportunity for clients and a reason for financial planners to reach out to women.

"So many people impacted by COVID-19 are struggling with their finances. In talking with clients, I've realised that it's actually giving them a reason to think more about the first steps to a financial plan – sticking to a budget and having an emergency fund. These can be things that people have shied away from in the past because they think that a rainy day will never come.

"Now it's here, I think people are looking for ways to do more with their money, including their super savings. This is where financial planners have so much value to give to anyone who is facing the future and feeling more vulnerable in their financial position."

> *"This is less related to longer lifespans and more to roles throughout life, in particular a combination of fewer work opportunities, disadvantages in divorce, greater burdens of care."*
>
> | *RETIREMENT INCOME WORRY – WHO WORRIES AND WHY?*

A PASSION AND CALLING

Three practitioners talk to Jayson Forrest about the challenges and opportunities for women working in the financial planning profession.

MARISA BROOME CFP®

POSITION: PRINCIPAL
PRACTICE: WEALTHADVICE
YEARS AS A PLANNER: 23 YEARS

> *A profession is a 'calling', it's a 'passion'. This profession is one that needs you to be passionate about it, so you need to know that it's your calling."*
>
> | MARISA BROOME CFP®

With over two decades under her belt as a financial planner, the FPA Chair and principal of wealthadvice, Marisa Broome CFP®, remains as upbeat about financial planning, as when she first started.

And she has good reason to be upbeat, with the implementation of higher professional standards and the move by Government to make financial planning a recognised profession, encouraging more women to join the profession, including those making a career change.

"It's heartening to see so many women take up the calling to join the profession, particularly by structuring their studies at university to enable them to pursue a career as a financial planner," says Marisa. "They are driven by a desire to help people achieve their lifestyle goals and aspirations."

But it hasn't all been smooth sailing for the Chair of the FPA, who admits to facing her share of challenges over the years.

"From day one, the biggest challenge for me, which hasn't stopped, is regulatory change. Whether it's changes in licensing, standards, product regulation or superannuation – it has been constant," Marisa says.

But in her role as FPA Chair, Marisa is determined to be "bold and brave" and challenge the Government on legislation affecting the profession.

"We don't want band-aid solutions to legislation. Instead, we want to really look at what's broken and fix it."

MEANINGFUL ADVICE

Over the years, there have been plenty of challenges for Marisa, including setting up and running her own practice – wealthadvice – while also having to meet the new professional standards and maintaining her heavy involvement with the FPA.

And then there are the personal challenges along the way, including being a working parent, and more recently, having to care for ageing parents, which has become more difficult during the current COVID-19 crisis.

"But they are the types of challenges most of us juggle and deal with," Marisa says.

"And while I've had challenges, it's not because I'm a woman. It's been challenging because I'm a business owner and a professional, who is so proud of being able to give back to the profession through my work with the FPA."

THE GLASS IS HALF FULL

Marisa maintains a 'glass half full, not half empty' attitude to life and work, and admits to seeing opportunities in most things. She uses this upbeat approach to face-off even the most challenging of circumstances.

"I've had a few moments when I have questioned if I would continue as a financial planner," she reveals, specifically referring to a time when she was approached to sell her practice. "But it didn't take me long to realise why I absolutely love providing advice, so I have stayed the course, even during the tough times."

Marisa believes the profession offers "amazing opportunities" for anybody wanting to become a planner, with workplace flexibility and the satisfaction of helping people realise their financial and lifestyle goals, being top of the list.

"The profession has offered me an amazing amount of flexibility," she says. "I opened my first practice with Laura Menschik CFP® when my

second child was six-months-old and I was able to work part-time and unusual hours. In fact, I have often worked from home since the beginning of my financial planning career, which many women might find appealing if they are juggling a career and assume the primary carer role in their families."

An upside of COVID-19 has seen a significant increase in people working remotely from home, and Marisa is confident more businesses will embrace greater workplace flexibility post lockdown.

"The virtual office works. You can be just as effective working from home as from the city office. Technology, like Zoom, is allowing planners to maintain their face-to-face interaction with clients.

"I hope more businesses will get on board by providing staff with greater workplace flexibility when we're through this lockdown period."

ENOUGH SUPPORT

With more women graduating from university, Marisa believes the profession has a great pool of potential new financial planners in the pipeline. But she is mindful that these graduates are properly supported and encouraged when starting their career in financial planning.

"The FPA is actively promoting financial planning in many forums – from student events at universities for both undergraduate and postgraduate students, to our Women in Wealth events. We even have Women in Wealth champions across the country," Marisa says.

"Many of our more experienced practitioners are involved in mentoring and internship programs with new financial planners, and we have partnered with Financial Executive Women (FEW), which is a career advocacy program and forum for women in the financial services industry.

"We need to prove to women, who are often fearful of STEM (science, technology, engineering and mathematics) issues, that providing advice is more than maths and analysis, but has a very clear behavioural finance focus. Women are often more intuitive in this area than their male colleagues, making them ideal financial planners."

But one thing Marisa is not a fan of are gender quotas. And while gender quotas may be necessary for company boards or parliament, where there is a disproportionate representation of men than women, Marisa believes you don't need quotas for a profession.

"A profession is a 'calling', it's a 'passion'. This profession is one that needs you to be passionate about it, so you need to know that it's your calling. A quota doesn't take that passion into account," she says.

From a leadership perspective, the FPA and many planning practices are great examples of this.

"I am the FPA Chair and the board has eight directors, five of whom are women. The FPA leadership team, led by Dante De Gori CFP®, has six women as part of that team, so I believe women are leading the profession.

"Instead of quotas, we should really be talking about diversity – ethnic diversity, cultural diversity, disability diversity. As financial planners, we constantly deal with client diversity. But as a profession, we need to encourage greater diversity within our ranks, and we're beginning to see that happen through our student membership."

A DIFFERENT APPROACH

Marisa concedes that the financial planning needs of women do significantly differ to that of men, primarily because they are more likely to take on the major carer role within families.

"This means women may spend less time both in the workforce or working full-time, so their super suffers, let alone their ability to accrue wealth through other savings. In fact, women retiring now have on average 47 per cent less super than their male partners. That's shocking!"

However, Marisa dismisses the notion that women are more conservative and risk-averse when it comes to investing.

"You can't make that generalisation," she says. "Working with my female clients, who are at all life stages and with challenges of their own, I've found them to be confident decision-makers and they are not embarrassed to ask questions.

"The key is to empower women and encourage them to take control of their own financial futures. Women need to be heard."

Marisa adds: "My female clients are incredible. They are comfortable asking questions, being challenged and owning the decisions we make together.

"I also have a lot of younger couples as clients and I am finding that these women are asking more questions and taking more control of the money in their relationships. And that's something I encourage."

PATHWAY TO PROFESSIONALISM

JADE KHAO
CFP®

POSITION: PRACTICE MANAGER
PRACTICE: ANZ
YEARS AS A PLANNER: 15 YEARS

> *"We need to convey to women the 'what', 'why' and 'how' of financial planning. We also need to provide greater clarity to students about the variety of roles that are available in our profession, including what those roles entail and how they help to make a difference in the lives of people."*
>
> | JADE KHAO CFP®

As a practice manager responsible for nine other practitioners covering Western Sydney, don't let Jade Khao's youthful looks deceive you. This CFP® professional has racked up some serious experience over the past 15 years. But despite her track record, one of the challenges Jade still faces as a professional is the perception of unconscious bias.

"Even today, most clients still expect to deal with an older male planner, and certainly not a young looking Asian lady," Jade says. "Battling the stereotypical norm of what a financial planner should be has been a challenge for me over the years, but thankfully, that perception is changing."

MOTHER'S GUILT

However, as a working mum, perhaps the greatest challenge Jade feels is dealing with 'mother's guilt'.

"It's the type of guilt most working mothers feel at some point, when they juggle the dual responsibilities of being a family's caregiver and having a career," she says.

"Like many women, after I had my children, I went back to work earlier than I had planned. But because I had kids, I felt that I had to make the time at work count even more. I knew I had to work harder to get more done, so I could leave the office on time and get home to my kids."

But having dealt with the challenge of 'mother's guilt', Jade says she became very efficient with her time management skills. And with more women seeking a career as a financial planner, Jade is delighted to see the gender balance improving and the environment in which they are now working become more family-focused and inclusive.

A REWARDING CAREER

Jade welcomes the decision by more women to become financial planners, adding that it's a particularly rewarding career for women.

"Women are typically great at empathy and building relationships, and financial planning is all about relationships. By adding the behavioural finance aspects of planning to the natural empathy of women, this makes financial planning a rewarding and purpose driven profession for them," she says. "That's because you are actively contributing to someone's life and making a real difference, allowing you to build lifelong relationships with clients."

And while Jade is pleased to see more support for women in the profession, she adds there is always more that can be done.

"The narrative needs to continue," she says. "There still needs to be true meritocracy within the profession.

"As it stands, many women within the profession still struggle with the responsibilities of being the main caregiver and wanting to have a successful career. But too often, they feel that there has to be a trade-off between one or the other. We need to get to a position where there doesn't need to be this trade-off."

A CAREER PATHWAY

And while there has been a steady increase in women joining the profession, Jade believes the two keys to encouraging more women to financial planning are: mentorship and a clear pathway to professionalism.

"Now that we have a Bachelor degree and a professional year requirement for entry to the profession, we need to provide a clear pathway for people considering making financial planning their career," Jade says. "The profession is already closely working with universities in aligning its vision and purpose with what it means to be a financial planner.

"We need to convey to women the 'what', 'why' and 'how' of financial planning. We also need to provide greater clarity to students about the variety of roles that are available in our profession, including what those roles entail and how they help to make a difference in the lives of people," she says.

DARE TO DREAM

You can't take the country girl out of Naomi Alletson AFP®. Born and raised on the land, Naomi reckons she knows a thing or two about the challenges facing women living and working in regional and rural communities.

As the principal of Achieveit Financial Planning, located in the regional centre of Toowoomba, Naomi specialises in helping farming families and small business owners, as well as everyday mums and dads, with their financial planning needs.

Over the 17 years Naomi has been working as a practitioner, she has seen first-hand how the impact of droughts, floods and financial crises, and now the COVID-19 pandemic, is having on regional communities.

"Living on the land is a constant challenge," she says. "But we're a pretty resilient lot. We'll get through this by supporting each other."

FEAR FACTORS

The daughter of farmers, Naomi says she developed a relatively "thick skin" early on, which enabled her to withstand her own challenges of being the only woman working in a financial services business for 10 years, when she first started out almost two decades ago.

"Some of my clients were older farmers, who were very conservative and set in their ways. They were uncomfortable dealing with a young woman. But I was happy to take on this challenge," she recalls. "I actually liked getting the tough clients, like farmers, who would sit there with their arms folded and just stare at you.

"However, it helped that I had a rural background, so I could talk their language. This allowed me to more easily engage with them about their fears, like succession planning and who was going to take over the farm when they retired."

Naomi agrees that working with regional clients is much different from those living in cities, as their "fear factors" are quite different.

"Regional clients do tend to be more conservative, because they don't typically have experience with investments, like shares. And most don't have super. Selling the farm and the farming assets is their retirement plan," she says.

And what about the planning needs of regional women? How do they differ from that of their city cousins?

"The key difference is empowering regional women to make financial decisions," Naomi says. "Many of the women I deal with are great at cashflow and controlling the household budget. But what they have never been encouraged to do is sit at the table and make the big financial decisions.

"So, my greatest challenge working with women is to empower them to make those bigger financial decisions."

Financial literacy and education is a major part of Naomi's role as a planner, and particularly with women who are inexperienced with making important financial decisions.

"As part of the education process, I'm mindful not to make clients scared or feel inadequate about money. It's a non-judgemental approach I take with all my people."

And an important part of Naomi's engagement with her female clients is empowering them to 'dare to dream'.

"A lot of women are time-poor, juggling a job and the responsibilities of being the primary caregiver, so they put glass ceilings on their own goals," she says. "But as their kids grow up and leave home, my clients become more comfortable with 'daring to dream'. So, I challenge their thought process about what's stopping them from living their dreams. It's about taking baby steps with my clients until they feel more comfortable taking larger steps."

REGIONAL OPPORTUNITIES

Naomi encourages any female practitioner considering making a tree change to a regional community to do it, saying it's an attractive proposition with plenty of opportunities. Not only is there the country lifestyle and a less hectic pace of living, but there is a genuine feeling of community.

"As financial planners, women bring to the table a lot more empathy, which is particularly important when working with farming clients, and we tend to see things from a different perspective," she says. "Working in a regional community means everybody knows everybody, so the relationships you build with your clients are particularly important."

But as to whether enough is being done to support female practitioners working in regional communities, Naomi remains circumspect. While she is not a supporter of gender quotas, she does believe women need to do more to back themselves.

"We need to focus more on empowering women and supporting them in the workplace. This includes working on how we can better build their confidence as professionals."

Naomi believes programs that incorporate female role models and mentors will help attract more women to the profession.

"For a young woman joining the profession, it can be very intimidating. So, women need to back each other and be more supportive. It's great to see the profession implement initiatives that are helping to address this, but we still have a way to go."

NAOMI ALLETSON AFP®

POSITION: OWNER PRINCIPAL

PRACTICE: ACHIEVEIT FINANCIAL PLANNING

YEARS AS A PLANNER: 17 YEARS

BECOME A MONO-TASKER

Are you addicted to multi-tasking? Dr Amantha Imber provides three science-backed strategies to become a mono-tasker.

You're working hard on a report. It's due tomorrow. But it's hard work. And you're feeling stuck with what to write next. To relieve the discomfort, you do a 'just check' of your inbox.

After spending a couple of minutes feeling productive by deleting all the e-newsletters that always seem to return even after you have unsubscribed, you remember the report. You tab back to your Word document and keep writing, but only for a few minutes. And then you're stuck again.

This time, you do a 'just check' of Slack. You read a few threads, remember you are writing a report, and then get back to it. And so the pattern continues. Sounds familiar?

It can seem harmless at the time – the to-ing and fro-ing between tasks. But research by Professor David Meyer suggests that when we multi-task – or task switch – things take around 40 per cent longer.

Multi-tasking is addictive. For example, we crave the dopamine hit that email gives us – the feeling of a great news email arriving, and rapidly making your way through messages, feeling a sense of progress. But we all know this is false progress – no one ever got promoted by achieving inbox zero every evening.

Here are three ways to kick your multi-tasking addiction and get more work done in less time.

> *"Multi-tasking is addictive. For example, we crave the dopamine hit that email gives us – the feeling of a great news email arriving, and rapidly making your way through messages, feeling a sense of progress. But we all know this is false progress – no one ever got promoted by achieving inbox zero every evening."*

How multi-tasking and interruptions affect productivity

40% The drop in productivity caused by multi-tasking[1]

25MIN The time it takes to resume a task after being interrupted[3]

10% The drop in IQ multi-tasking causes[1]

50% The increased number of errors multi-taskers make[4]

2.5% Of the population who can actually multi-task[2]

50% How much longer it takes to accomplish a task once interrupted[4]

Sources:

1. Bergman, P. (2010, May 20). How (and why) to stop multitasking. Harvard Business Review
2. James Watson of the University of Utah
3. American Psychological Association
4. John Medina, Brain Rules

> *You set the timer for how long you want to focus on a task, and it grows a tree. But if you succumb to the temptation to do a 'just check' of your phone, you kill the tree! And who wants to do that?"*

Dr Amantha Imber is the Founder of behavioural science consultancy Inventium and the host of How I Work, a podcast about the habits and rituals of the world's most successful innovators.

1 BLOCK OUT TEMPTATION WITH FREEDOM

I used to erroneously try to kick my own multi-tasking habit through sheer brute and willpower. But that strategy only lasts so long, because willpower is a limited resource. And the less we can rely on it, the more successful we will be at building new habits.

To preserve your willpower, use Freedom.to.

Freedom literally locks you out of any website or software for a time period you chose.

This software was a game changer for me. I used it to create new working habits. Once they were formed and I was relatively effortlessly focusing on one thing at the one time and not succumbing to digital distractions, I no longer found I had the need to use Freedom.

2 GO ANALOGUE

I largely abandoned paper notebooks a long time ago, despite being someone who has an unhealthy love of stationery shops. However, when I was trying to kick my own multi-tasking habit, I went out and bought a Moleskin (and some pens, highlighters, pencils...).

Switching to paper for projects that involve writing, thinking or brainstorming, can be a very effective way to be a mono-tasker. It's impossible to switch applications when you are writing in a notepad.

As an added side effect, research from Princeton University and the University of California has shown that taking notes by hand in a notebook leads to better recall of the content compared to those typing notes on a laptop. So, not only will you reduce multi-tasking, you will also mentally process information much more effectively.

3 PLANT A (VIRTUAL) TREE

Our mobile phone can be a major cause of multi-tasking without us even being aware of our behaviour. The 'bings' and 'dings' of notifications constantly pull us away from the main task we are trying to get done.

Given the pull of the phone, one of my favourite app discoveries (ironically, a mobile app) last year was Forest. You set the timer for how long you want to focus on a task, and it grows a tree. But if you succumb to the temptation to do a 'just check' of your phone, you kill the tree! And who wants to do that?

So, stop relying on willpower to be a mono-tasker and instead, get a notepad, lock yourself out of digital temptations, and go grow a tree.

SHAPING LIVES CHANGING FUTURES

Through education, the Sammy D Foundation is empowering communities to help at risk young Australians make safe and positive life choices.

The Sammy D Foundation was established in 2008 in response to the tragic death of 17-year-old Sam Davis from an unprovoked one punch assault, with the sole purpose of educating young people about the impact of violence, and the consequences it has on victims, perpetrators, bystanders, friends, family and the broader community.

The Foundation's vision is 'Shaping Lives. Changing Futures.', and according to Brigid Koenig – the general manager of the Sammy D Foundation – its mission is to empower communities, through education, to help young Australians make safe and positive life choices.

"By educating young people about the consequences of bullying, violence and other antisocial behaviours, we hope that no other family or community will have to suffer the loss of a loved one due to violence," Brigid says.

Young people experiencing unstable home lives, a lack of parental support, homelessness, unemployment and social isolation are more at risk of experiencing violence. So, the focus at Sammy D is to provide these at risk young people with access to positive adult role models, and equip them with the skills and knowledge to make positive life choices.

Adelaide local, Darren Hocking CFP® – a practitioner at People's Choice Credit Union – has a good understanding of the work the Sammy D Foundation does with vulnerable youth, having personally known a board member of the not-for-profit organisation for about 20 years.

Darren knew about the tireless work this individual had contributed to the Foundation and the way in which Sammy D was positively "changing the lives of vulnerable youth".

SKILLS FOR LIFE PROGRAM

The Sammy D Foundation was successful in having its application approved by the Future2 Grants Committee, with the $10,000 grant going to two of its Skills for Life Programs in 2020, which will directly benefit 20 young people.

"The Skills for Life Program was developed to assist young people aged 16-24 who are navigating life but have limited support, to help them better understand their responsibilities and develop the necessary skills to make positive life choices. It covers aspects of healthy lifestyles, tenancy, respectful relationships, finance and debt, staying safe and employment," says Brigid.

The program provides a life skills toolkit through an interactive model of peer-led learning that encompasses quizzes, games and group discussions within a framework that can be integrated and adapted to a range of settings. It encourages frank discussion about challenges and helps young people to find new ways of thinking about their options and decisions.

"Talking about real world life skills with trained and trusted peers can really help young people build confidence and consider ways of doing things differently," says Brigid.

POSITIVE LIFE CHOICES

The Sammy D Foundation works from a model of primary prevention and early intervention.

"Our programs are not designed to be an ambulance at the bottom of the cliff, but instead, a guide at the top of the cliff, supporting young people walking precariously along the top, to develop the skills and knowledge to be able to identify and traverse safer paths," says Brigid.

The Skills for Life Program targets young people who are identified as being at risk of not achieving positive life outcomes due to a range of factors that include: living in a disruptive/unstable home or in home care, living in precarious accommodation, not learning or earning, limited access to positive adult role models, mental health issues, and social isolation.

According to Brigid, the Foundation receives referrals for its programs from a wide range of community services, as well as from concerned parents and guardians. Young adults, aged 18 and over, may also refer themselves to the program.

"Young people experiencing unstable home lives, a lack of parental support, homelessness, unemployment and social isolation are more at risk of experiencing violence. Our focus, therefore, is on providing these young people with access to positive adult role models, and the skills and knowledge that will help them make positive life choices," Brigid says.

MAKING A DIFFERENCE

The Future2 grant will make a difference to the lives of the program's participants, their families and the wider community, by helping to ensure that the goals of the Skills for Life Program provide long-term outcomes.

These outcomes include: reduced incidents of violence, alcohol and drug misuse; an increase in stable accommodation and employment; an increase in the health and wellbeing of participants; improved connections to the local community; and increased self-esteem.

"By providing these young Australians with a toolbox of basic life skills, we are ensuring these young people transition to adulthood on a more level playing field. They are able to make better informed decisions, establish connection with community supports, and lead productive, secure and happy lives," Brigid says.

COVID-19

However, like so many other organisations battling through the current COVID-19 pandemic, the Sammy D Foundation has not been unaffected. According to Brigid, 2020 is shaping up as a particularly challenging year for the charitable organisation.

"Our key stakeholders are those involved in school and sporting environments. However, since tighter restrictions have been implemented to stop the spread of the coronavirus, all of these education programs have been postponed," Brigid says.

"In addition, our fundraising activities have all been postponed and/or cancelled for 2020. This makes the Future2 grant even more important for us."

She adds: "Throughout these unprecedented times, we continue to proactively look at innovative ways to deliver our programs virtually and we will be here with a number of delivery options when the time is right for schools and sporting clubs.

"Through our programs, our aim is to keep young people connected and most importantly, supported during this time."

future2

the Foundation of the Australian Financial Planning Association

GRANT RECIPIENT: SAMMY D FOUNDATION

GRANT AMOUNT: $10,000

ENDORSED BY: DARREN HOCKING CFP®

FPA CHAPTER: SOUTH AUSTRALIA

NO MORE AGREED VALUE INCOME PROTECTION POLICIES

ROB LAVERY
KnowIt Group

This article is worth
0.5 CPD HOURS

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WHAT YOU WILL LEARN

- Agreed value income protection policies
- Unintended consequences
- The 75 per cent ceiling
- Limit on long benefit periods

In April, a major change hit the financial planning industry from a surprising source, which greatly alters one strategic option planners can recommend to their clients.

APRA's instruction to insurers to abandon agreed value income protection policies, as well as subsequent changes APRA wants implemented on July 1 2021, warrant a closer look to determine what they mean for consumers.

LETTERS AND NUMBERS

Last December, APRA wrote to all life insurers, obligating insurers to make major changes to new income protection policies from March 31, 2020. While a surprising and somewhat unprecedented move, APRA's concern over insurers wearing major losses on this type of insurance should not come as a shock.

In May 2019, APRA wrote to insurers requesting that they proactively move to prevent the large losses they had experienced on their income protection products. At the time, APRA identified $2.5 billion in losses on such policies industry-wide in the preceding five years. The lack of insurer response to this first letter gave rise to December's more prescriptive missive.

While it may seem counter-intuitive for a regulator to be concerned about insurers losing money on insurance (or, to look at it another way, consumers making money from insurance), the logic is sound. APRA has expressed concern that these losses will result in consumers receiving nasty shocks when premiums are reviewed (and dramatically increased).

On the more extreme end of the scale, the prospect of an insurer being unable to pay claims under the weight of income protection losses would be disastrous for consumers and the industry overall.

So, what has APRA requested insurers do?

AGREED VALUE DISMISSED

APRA stated that it expects insurers to no longer offer agreed value income protection policies from March 31, 2020. Any income protection claim on a new policy from that date will rely on income not older than 12 months before the date of claim.

What does this mean?

The days of a client proving their income at the time of underwriting and not having any burden of proof come claim time, are over (for new policies, at least). Some insurers accepted applications for agreed value policies right up to the cut-off date. Some even accepted paper applications after that date, provided they were dated and signed prior to April.

Clients with agreed value income protection policies put in place, or applied for, before April can maintain such policies, subject to contract provisions and insurer policy. Strategically, the change means grandfathered agreed value policies may become more valuable.

That said, such policyholders may find their premiums rise more steeply than expected. Insurers will have little incentive to keep the premiums competitive when the insured can no longer purchase a comparable product. Furthermore, if insurers are making the level of losses identified by APRA in their correspondence, insurers will need to lift their premiums on agreed value policies to shore up their bottom lines.

A SIMPLIFIED MARKETPLACE

The question of whether a currently uninsured client would be better suited to an agreed value or indemnity income protection policy will be gone. Issues around agreed value policies in super and whether they fully meet the temporary incapacity condition of release (and whether the premiums are fully deductible), will also slowly disappear, as grandfathered policies end and indemnity policies predominate.

Other pseudo-income protection insurance types may also be altered. Business expense insurance is usually issued as a monthly, income protection-style, benefit. Before April 2020, business expenses were often established at the time of underwriting only. Under APRA's new rules, such a policy could only be written if the business expenses were verified in the 12 months prior to the claim.

Similarly, living expense insurance, commonly used to insure against disabilities suffered by a non-employed member of a couple, could also only be issued if living expenses were verified in the 12 months prior to a claim. Prior to April, these policies were usually issued under an agreed value model.

For business expense and living expense cover, insurers are likely to find alternate solutions, such as providing lump sum benefits, and have already started to do so.

AN UNINTENDED CONSEQUENCE

The 12-month income verification period may cause some unintended consequences for the insured. For those with irregular income, a major bonus or income spike may come after the date of claim, and hence be excluded from the income verification period. This issue may capture a wide range of people, from farmers who have income spikes depending on seasons and markets, to members of a sales force who typically have the potential to receive large bonuses at set points in the year.

THE 75 PER CENT CEILING

APRA has also stated that it expects insurers to limit income protection benefit amounts from July 1, 2021. New policies written from that date will not be permitted to pay more than 100 per cent of earnings for the first six months of claim, and 75 per cent of earnings thereafter (up to a maximum of $30,000 per month).

What does this mean?

The limit for the first six months will likely not have a great impact. Few insurers would offer such a high percentage of income as a benefit – commonly, insurers have kept benefit amounts below 100 per cent to provide an incentive to the insured to go back to work. Whether one or more insurers see an opportunity to beat the market and offer a 100 per cent payment for the first six months in line with APRA's permissible amounts, is yet to be seen.

The 75 per cent limit, thereafter, would cause most insurers to reduce the insured amounts they offer on their income protection policies. Currently, benefits of over 80 per cent are available in the marketplace.

The wording of the APRA letter uses the term 'earnings' rather than 'income', which could be interpreted as including things like employer superannuation benefits and non-cash payments.

Many insurers offer add-on benefits, such as a superannuation guarantee benefit that pays an additional 9.5 per cent on top of the standard percentage. If limited to 75 per cent of earnings, such a benefit would need to be reduced or restructured.

EXAMPLE 1

Beryl earns $100,000, plus $10,000 in superannuation guarantee contributions from her employer, per annum in 2021/22. If her earnings, including super, are $110,000 (and APRA interprets earnings to include superannuation), the maximum 75 per cent income protection benefit would be $82,500 per annum.

Similarly, automatic benefit indexation during a claim could result in the 75 per cent rule being breached shortly after a claim commences. Insurers may need to remove such indexation from their terms on new policies, unless it is specifically allowed by APRA.

EXAMPLE 2

Carl earns $100,000 in the 12 months up to his temporary disablement. His income protection policy pays 75 per cent of his pre-disability income, with an annual indexation of benefit payment. For the first year of payment, Carl's benefits will not exceed APRA's 75 per cent limit. On the first anniversary of Carl's claim, his benefit will increase by CPI. This will result in his benefit payment exceeding APRA's limit of 75 per cent of pre-disability earnings.

Under APRA's new rules, Carl's insurer would not be allowed to issue such an indexed policy.

NO GUARANTEE OF RENEWAL

APRA will also require insurers to limit contract terms on income protection policies from July 1, 2021. Initial contract terms will be limited to five years, with those insured able to renew the contract for a period not exceeding a further five years on updated terms offered by the insurer.

What does this mean?

Currently, most insurers offer income protection policies on terms that allow the insurer to amend the premium each year, but allows the insured to accept that premium on the same contractual terms as the year before. This can be a good or a bad thing for both the insured and the insurer, depending on whether the updated terms used by the insurer are broader or more narrow (or a combination of both).

By removing this guaranteed renewability, APRA is making sure insurers don't have clients on a wide range of contracts. Every five years (at the maximum), the insured's contract will be brought into line with the insurer's most recent set of terms.

Maximum contract terms will require the client to reassess the contract critically at least every five years. Clients, as led by their planners, should be doing so anyway, to ensure their policy remains a suitable one for them, given the alternate market offerings.

It will be interesting to see how insurers manage this five-yearly review when paying commissions to planners. If the policy contract changes, current convention would say this triggers a new upfront commission for the planner. Insurers will need to decide whether to pay such upfront commissions if this change is obligated by APRA (and presuming upfront commissions are still payable in five years from 2021).

LIMIT ON LONG BENEFIT PERIODS

While less prescriptive, APRA also states in its letter that it expects insurers to put in place controls to limit long benefit periods on income protection policies from July 1, 2021.

What does this mean?

That is harder to say. The obvious target of this request are policies with benefit periods up to an age (be it 60, 65, 70 etc). How insurers interpret the request, and practically apply it to the policies they offer, is unknown. APRA seems to want insurers to employ definitions of disability that grow harder to meet, the longer the insured is on a claim, thus encouraging the claimant to return to work.

It is quite possible insurers will implement this request, as it could serve to limit their claim liabilities. That said, no insurer will want to be the first with a tougher disability definition. Based on prior experience of APRA asking for action in a non-specific fashion, it would come as no surprise if insurers did little until asked to do so in a more prescriptive manner that is enforceable industry-wide.

PLANNERS NEED TO KEEP UP-TO-DATE WITH INSURERS' TERMS

The only way to manage these reforms is for planners to stay up-to-date with insurers' changing contract terms. Planners need to re-familiarise themselves with insurers' contract terms, if they haven't done so since March 31, 2020. Similarly, they will need to go through this process again on July 31 next year.

One of the difficulties in managing this change is that APRA's letter is not legislation, nor is it currently in the form of a regulator policy, and detailed issues will need to be addressed by the regulator itself. How APRA communicates its opinion on these detailed issues will be key to informing clients and planners about the changes.

Rob Lavery *is Technical Manager at KnowIt Group.*

QUESTIONS

To answer the following questions, go to the Learn tab at *moneyandlife.com.au/professionals*

1. From which date will insurers no longer be permitted to offer agreed value income protection insurance policies?

a. January 1, 2020.

b. March 31, 2020.

c. July 1, 2021.

d. December 31, 2021.

2. Which other types of insurance may also be affected by APRA's ban on agreed value-style insurance policies?

a. Business expense insurance.

b. Living expense insurance.

c. Both a and b.

d. Neither a or b.

3. Erica is in sales for a drainpipe manufacturer. Erica becomes entitled to bonuses for her sales results on May 1 of each calendar year. Erica has an income protection policy that complies with APRA's new restrictions on agreed value policies. If Erica satisfies the definition of disability under the policy on April 4, 2021, which bonuses may be included in her income for the purposes of determining the benefit amount?

a. The bonus paid on May 1, 2019.

b. The bonus paid on May 1, 2020.

c. The bonus paid on May 1, 2021.

d. All of the above.

4. Fred owns an income protection policy on his life that complies with APRA's rules on maximum benefit payments that are to be in place from July 1, 2021. If Fred's earnings, as defined under the policy, are constantly $80,000 per annum, what is the maximum monthly benefit APRA will allow Fred to be paid in the first six months of claim?

a. $6,666.

b. $5,666.

c. $5,500.

d. $5,000.

5. APRA has requested insurers put in place controls to limit long benefit periods on their income protection policies. What does APRA mean by 'long benefit periods'?

a. Those to age 65.

b. Those in excess of 10 years.

c. Those in excess of 20 years.

d. It isn't clear at this point.

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