JULY 2020
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The magazine for FINANCIAL PLANNING PROFESSIONALS

MONEY & LIFE

Breaking down barriers

SIR JOHN KIRWAN ON MENTAL HEALTH AND WELLBEING

ELDER FINANCIAL ABUSE
IDENTIFYING THE EARLY WARNING SIGNS

WORKPLACE WELLBEING
FINANCIAL WELLBEING PROGRAM

DIVISION 293 TAX
PART OF THE ADVICE PROCESS

FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

JULY 2020

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FOCUS

TIME TO RETHINK **AND REINVENT.**

> 2020 has been marked by intense disruption for most of us. Now as we slowly adapt to life post-COVID, it's important to continue to prioritise your personal wellbeing and health – physically, socially and emotionally.

For most financial planners, your role as a coach to your clients has also been heightened this year. You've found yourselves talking to clients about a broader-than-usual range of client anxieties, concerns and fears. Therefore, strategies and information to help your clients with their own wellbeing is important, too. We've dedicated this issue of *Money & Life* to this very topic.

AFFORDABLE ADVICE, SUSTAINABLE PROFESSION

We've received strong messages of support from FPA members, and sparked healthy debate and engagement from industry and government following the recent release of the FPA's five-year strategic roadmap and policy platform.

The 19 reforms outlined in the FPA policy platform support the FPA's three-pillar strategy focused on members, advocacy, and the benefits of financial planning to Australian consumers, which guides our work from 2020-2025. I encourage you to read the policy platform – *Affordable Advice, Sustainable Profession* – which you can download from the FPA website.

This month, we begin a series of articles that focus on the themes in the policy platform to provide you with further context and detail on the recommendations that focus on reducing regulatory duplication for FPA members, lowering the cost of advice and helping more Australians access it.

FPA CONGRESS GOES VIRTUAL

While the desire to return to 'business as usual' following the pandemic isn't surprising, we are also presented with a golden opportunity to rethink and reinvent ourselves and our practices to face the challenges and embrace the changes before us.

This theme of reinvention has inspired us to launch the FPA [Virtual] Congress. Head to page 6 to find out more.

This is the first time the FPA is offering our Congress format as a virtual event. It is designed to follow the program we offer at Congress, but spread over four months and experienced from your home or office.

Importantly, the FPA [Virtual] Congress has been designed by FPA members for FPA members, with a series of 16 masterclasses plus a keynote event. The FPA [Virtual] Congress offers up to half your CPD hours for the entire year, through facilitated member discussion and peer-to-peer learning across the areas you have told us matter the most.

Head to fpa.com.au/virtualcongress

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

STARTS THIS MONTH: THE FPA VIRTUAL CONGRESS

Although many members will be disappointed at missing out on our annual Congress event this year, we're very proud and excited to bring you a completely new concept in member support, education and networking – the FPA Virtual Congress 2020.

Kicking off in July, this is an event series designed to bring our community together to share insights, learn from experts and meet the majority of their CPD education commitments. But it's also an opportunity to celebrate and support our professional community as we move into a very challenging time of change for both financial planners and their clients.

"It's been a massive ten years for our profession," says Michelle Tate-Lovery CFP®, Chair for the FPA Congress in 2018 and 2019. "The events of 2020, first the bushfires and then COVID-19, have brought us to a watershed moment as the role for financial planners in the lives of our clients becomes more important now that it has ever been."

"We're very aware that members need support from both peers and subject-matter experts to be at their most effective in this pivotal role leading our economic recovery. While the decision to cancel our Congress event in November was very tough, we're really excited that we now have the chance to offer that support starting right now, when it's needed."

Instead of an event series held over a few days, the FPA Virtual Congress will run from July to October, offering members access to a weekly Master Class, with a focus on a particular theme each month.

FOUR REINVENTION MASTER CLASSES EVERY MONTH

	STREAM	DESCRIPTION	MONTH
1	The regulators – understanding your responsibilities	Ask your questions and hear exclusively from the regulators about financial planning matters, followed by a panel discussion.	July
2	Investment markets and portfolio design	A deep dive into the pandemic's impact on the economy and how to have compelling conversations with clients in volatile markets.	August
3	FASEA Code of Ethics in practice	Real life examples and practical application of the Code for financial planners.	September
4	Professional wellness and client care	Making sure both you and your clients are ok.	October

+ PLUS, THE UNMISSABLE FPA VIRTUAL KEYNOTE EVENT ON THE 3RD SEPTEMBER, WHAT IS THE VALUE OF FINANCIAL ADVICE? ***Facilitated by a high profile journalist.***

- Each 90-minute event will be hosted by a panel of experts and includes a facilitated discussion for all members attending.
- Topics are mapped to CPD requirements. Attending all events will give members more than half their CPD hours for the year.
- Built, delivered and designed for financial planners by financial planners – access quality, in-depth peer-to-peer learning and discussion.
- Missed an event? Registration gives you access to recorded master classes for the next 12 months.
- Cost $249 for members, $449 for non-members

For a price that's a fraction of a Congress ticket, members can access all 16 Master Classes, plus the keynote event What is the value of financial advice? Facilitated by a high-profile investigative journalist, this conversational forum is open to all stakeholders – including regulators, media, consumer groups – as well as all financial planners.

"The Master Classes are designed to equip financial planners' with enhanced skills and knowledge during unsettling times and help them implement ideas and solutions to serve clients better," says Michelle. "The keynote will highlight stories of the many ways financial planners have had a positive impact in people's lives. I think it will be a way of coming together that will give us all pride in our professional community and boost morale. We're all having a huge year, on top of a huge decade, and it's vital for members to have these opportunities to check in with each other through high-quality conversations and go forward with their work feeling better informed and more resilient as a result."

Visit www.fpa.com.au to register for the 2020 FPA Virtual Congress

Make a difference in your clients' lives

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

You can help us reduce this figure.

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

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

aiavitality.com.au

AIA Vitality

PUTTING YOUR WELLBEING FIRST

Many people think of reaching out for support for mental health as a last resort. By the time you seek help, you've probably reached a point where anxiety and depression are interfering with your work, relationships and family life.

Asking for help when you're in crisis takes courage and we can be reluctant to have a conversation about our situation and feelings.

This is one of many reasons why it's important to take action to look after your mental wellbeing long before you reach that crisis point.

With so many people in our profession feeling under pressure due to changes with work and lifestyle during the COVID-19 pandemic, there is no better time to explore some simple ways to keep the worst of stress and anxiety at bay.

Last year, the FPA partnered with Benestar to launch FPA Wellbeing, a free, confidential support program for practitioner members, CFP® professionals, AFP® and Associate members.

If you're ready to speak with someone about any aspect of your mental health, Benestar offer one-on-one sessions with a counsellor or psychologist, via a phone call or Live Chat.

Even when you feel positive about life and work most of the time, it can be helpful to be aware of feelings of fear, frustration or anxiety and know how to deal with them.

By signing up to the Benehub, you get access to a library of tools, blog posts, podcasts and learning modules curated to help you thrive in the modern world. You can access Benehub from your computer, tablet or smartphone. Topics include:

- Mind
- Health
- Work
- Family
- Wellbeing
- Life
- Money

Visit fpa.com.au/membership/fpa-wellbeing/ to find out more about Benehub and how to access personal confidential support from the Benestar team of psychologists and counsellors. You'll also find dedicated resources to help you navigate the challenges of the COVID-19 pandemic and the bushfire crisis.

THE STATE OF WELLNESS

1 IN 5 the ratio of Australians aged 45 and over who have chronic pain[1].

86% PASS FASEA EXAM

Seventy-nine per cent of the 470 candidates sitting the fifth FASEA Financial Advisers Exam in April have passed, bringing the total number of financial planners who have sat the five exams to date to 7,958. Of this number, 86 per cent of planners have passed, representing 30 per cent of financial planners on ASIC's Financial Adviser Register.

"FASEA congratulates successful candidates on completing an important component of their education requirements under the *Corporations Act* during the current extraordinary circumstances," said FASEA Chief Executive Officer, Stephen Glenfield.

Registrations for the next exam – August 2020 – are currently open until 24 July. The exam will take place on 13-18 August.

Glenfield confirmed that subject to COVID-19 restrictions, the August exam may be offered in physical locations, as well as by remote proctoring. Limitations may apply in exam centres due to COVID-19 social distancing requirements. Currently, over 1,200 financial planners have registered for the August exam.

The October exam will be held from 8-13 October, with registration from 6 July-18 September. The November exam will be held from 5-10 November, with registration dates to be advised.

The exam tests three domains of knowledge and skill:

- financial advice regulatory and legal obligations;
- professional reasoning and communication; and
- financial advice construction.

Candidates are required to demonstrate professional reasoning and apply knowledge acquired to financial advice scenarios at an AQF7 (Bachelor degree) level of reasoning.

To assist practitioner members prepare for the FASEA exam, the FPA has developed a range of resources and webinars that provide exam tips and practical insights. These resources explain how to effectively prepare for the exam, including what to expect, as well as provide practice exam questions to test your knowledge. For more, go to FPA Return to Learn at learn.fpa.com.au.

For more information on the FASEA Financial Advisers Exam, go to fasea.gov.au/examination.

66% the percentage of hospital admissions that were classified as potentially preventable[2].

10% of potentially preventable hospitalisations was chronic obstructive pulmonary disease[2].

51% of people engaged in physical activity are more likely to report improved mental wellbeing and decreased feelings of stress[3].

20% of people who are happy about their diets since the start of 2020[3].

156% the percentage increase in people reporting stress linked to social life or lack of social contact[3].

SOURCE:

1. *Australian Institute of Health and Welfare, Chronic pain in Australia, 2020.*
2. *Australian Institute of Health and Welfare, Disparities in potentially preventable hospitalisations across Australia 2012-13 to 2017-18.*
3. *AIA Vitality COVID-19 Insights members between the period February-April 2020.*

THEY SAY / YOU SAY

Money stress is seen by consumers and planners as one of the biggest risks to our health and wellbeing. They also agree that communication and planning can be vital in reducing anxiety about personal finances.

THEY SAY

While financial problems can lead to direct impacts on personal health for consumers - like cancelling gym memberships for example - it can also have a significant impact on their mental wellbeing. Many agree that positive feelings, and behaviours, about health and wealth go hand in hand.

What sort of impact do your finances have on your overall health and wellbeing?

“Significant. I make budgeting for the gym and healthcare a priority, however, facing debt or living without savings gives me a lot of anxiety.”

“It has a huge impact on mental health and the stress it causes. Money is a constant source of worry.”

“Stress is the biggest one. Anxiety and worry are killers and that is heightened.”

“Financial uncertainty causes anxiety, which has a major impact on mental health and personal relationships.”

“It has a significant impact, as you tend to give up more ‘me time’ when you are under stress, especially financial stress.”

“When finances are low, things like gym membership are cancelled due to cost.”

“Direct, as I can’t afford to pay my bills, so I feel insecure when I don’t have enough cash.”

Would you say your financial wellbeing is as important to you as your physical health?

“Yes. Financial insecurity weighs heavily on my mental health, and also makes me worry that if my physical health suffers while I am financially insecure, I will be in real trouble.”

“It’s extremely important and on par.”

“Health before wealth. It’s important but not as important. Without your health, your wealth is irrelevant. The more people start to realise that, the better society will be.”

“It allows freedom for me to participate in the physical activities that I enjoy. It allows travel (pre COVID-19). And it allows me to sleep well at night. I can seek any medical help required.”

“Not quite but it’s up there!”

“Absolutely. Financial wellbeing means you have one less thing to stress about, which improves your physical health. They are strongly related.”

“It is for me. If I am worried financially, I get distracted from looking after my physical health (sleep less, eat more, exercise less).”

What works well for you when it comes to managing stress about your finances?

“Talking to my partner and making a plan, then talking to a professional about how to manage and execute the plan.”

“Plan, plan, plan. In times of stress and worry, build a realistic budget. Cut out the fluff and bunker down. You’ll be surprised how little you need to be happy and survive.”

“Positive thinking, exercise.”

“Physical exercise and talking it through with a partner or friend.”

“Having a budget. Knowing what my income is, what bills are due when and being prepared.”

“Ensuring my partner and I are on the same wavelength! That’s very important!”

“Having a plan, including knowing how much I have allocated for spending in different areas.”

YOU SAY

Financial planners know that peace of mind about money can bring all sorts of benefits to a client's lifestyle, including more time for looking after their health. As a priority for quality of life, health may come first, but having confidence about future finances can definitely make a difference to mental and physical wellbeing.

Kathryn Creasy CFP®
Practice Principal
CAPITAL PARTNERS

Francois Leonardo Petitto CFP®
Senior Financial Adviser
PERPETUAL PRIVATE

Kelly Pillay CFP®
Director
KLI Group

What sort of impact do your finances have on your overall health and wellbeing?

KC "Unfortunately, thoughts about money can be all consuming and financial stress can have a large impact on mental health. This holds true for people of all wealth levels – whether you're worrying about not having enough, or not sure how to optimise what you have – time spent thinking about finances keeps people up at night, impacts relationships and decision making, and increases levels of anxiety and depression."

FP "Financial health is inexorably linked to mental health and wellbeing. Financial uncertainty can cause anxiety or stress and other mental health related issues which can then manifest into physical health issues such as lack of sleep or high blood pressure. Many studies into these links draw similar conclusions in that a healthy 'balance sheet' often means a health body and mind. For myself budgeting and knowing that I have enough not just to spend but also to save enables me to feel at ease and less anxious about what lies ahead."

KP "I think the state of your finances has a huge impact on your health and wellbeing. The physical effects that stress causes when you are under pressure is well documented. Not to mention the impact it has on mental health and your family relationships. There is a reason that financial pressures are one of the most cited reasons for relationship breakdowns and so forth."

Would you say that your financial wellbeing is as important to you as your physical health?

KC "They're both pretty important! Financial stress can have a big impact on your mental health, which plays a part in your physical wellbeing. So, the more in control of our finances that we can be, the more time and energy can be focused on all the other important things that give your life meaning and balance."

FP "I would say they are equally as important as each other. As the saying goes 'healthy body equals healthy mind' and it's with a healthy mind that I am able to focus on my financial wellbeing and ensure that the goals I am setting for myself are being met. My financial wellbeing also contributes to my physical health in that I can budget for things like the gym, the occasional massage and any other form of physical treatment."

KP "Physical health is definitely more important. However, I think people often overlook how much 'good finances' gives you the opportunity to better look after your physical self. Whether that's time out to exercise or the ability to spend more on groceries and fresh food."

What do you find works well for you when it comes to managing stress about your finances?

KC "I find planning works best! Making a plan is less stressful if it's done as a series of smaller steps – determine your goals, set a budget, decide how much you can save, and so forth. As you finish each step, the next one seems achievable and you have the momentum to keep going.

If it's too hard – ask for professional help. A financial planner can take the complications, distil them into a simple plan, and educate you along the way so that you feel empowered, in control – and have goals that are within your reach."

FP "Going back to basics always helps. Maintaining and keeping a budget. Being realistic about what my spending needs are. Being honest but fair with myself with regards to spending on non-essential items. Budgeting for reward items i.e. holidays , nice dinners always makes those occasions more enjoyable when you know that they are affordable. Having open discussions with a partner and ensuring that you're both on the same page with regards to both spending and saving."

KP "A good plan, and ongoing review – I do the same for myself, as I do for my clients. When you have a documented plan and you can see it will get you to your goals, it takes a lot of the ambiguity out of the, 'Will I have enough', question. Furthermore, I think as people, we fall into one of two categories: those who constantly overspend and subconsciously know they are going backwards, and those who won't enjoy life's luxuries because they constantly feel like they haven't done enough. Being able to compare your current position to the plan has helped on many occasions take the emotion away and in doing so, reduce the mental pressure."

STRESS-RESILIENCE, LEADERSHIP AND MENTAL FITNESS

With the added uncertainty we're all experiencing in the new world of COVID-19, business leaders have their work cut out for them. Aaron Williams, CEO and co-founder of Mindstar, reflects on what leaders need most to rise to the challenges facing financial planners.

There is an old saying in mental health – if you want to give someone an anxiety disorder, give them uncertainty. In our new, constantly changing, COVID-19 world, how much uncertainty do we now have – in every single area of our lives?

The COVID-19 crisis is very different to anything we have experienced before. Unlike the other recent major upheavals and crises, such as the Financial Services Royal Commission, drought, or the bushfires – that many of us were still struggling with, when coronavirus hit – COVID-19 has affected every single one of us at the same time. And the hardest part is that we don't know when it will end.

I am privileged to provide workplace wellbeing training and leadership support to organisations from the Department of the Prime Minister and Cabinet, to Woolworths Group, banks and the major life and health insurers, right through to construction companies, small businesses and not-for-profits. I can confidently say that every Australian industry is being knocked about.

But if we take a step back and look at all of the events over the last two years, no sector has had more challenges and uncertainty than the financial planning sector. As so many people have acknowledged, it has been something of a 'perfect storm'.

> *"But if we take a step back and look at all of the events over the last two years, no sector has had more challenges and uncertainty than the financial planning sector. As so many people have acknowledged, it has been something of a 'perfect storm'."*

For the last couple of years, I have been speaking about my belief that financial planners need to understand and step into their identity as 'leaders'. Planners play such an important role as leaders for their clients, employees, community, and for their own families and the people they love and care about.

To deal with a crisis like COVID-19, on top of all of the other crises and uncertainty of the past two years, what is required over the next 12 months are two things:

1. Self-leadership; and
2. Stress-resilient leadership – strong, positive leaders at all levels of our businesses.

1. SELF-LEADERSHIP

Self-Leadership includes key traits such as: stress-resilience, authenticity, vulnerability, empathy, self-discipline and psychological flexibility. It is self-leadership, and introducing a culture of self-leadership into your organisation, that provides us all with the self-awareness and skills to meet the unprecedented challenges – and opportunities – of a new, post-COVID-19 world.

Self-leadership provides tools for you to deal with uncertainty, anxiety and constant change, to bring you success, mental fitness and wellbeing.

There are four stages of COVID-19 that I speak to organisations about:

STAGE 1: INITIAL SHOCK & DENIAL – including feelings of stress, disbelief, anxiety and for some even panic! My mother-in-law still has the 32-pack of toilet rolls in the cupboard to prove it.

STAGE 2: RIDING THE WAVE – this is where we struggle with uncertainty and anxiety while we try and 'flatten the curve', and the daily and weekly changes to social isolation and travel guidelines. The challenge is that no-one is sure how long this stage will last.

STAGE 3: RECOVERY – yes, this stage will come! Importantly, we all need to remind ourselves of this. We also need to make sure we are all focused on recovery so we can be ready to inspire, re-energise and re-unite our teams as we emerge on the other side.

STAGE 4: NEW WORLD OF WELLBEING – this is where we get to choose the things we 'want to keep' from the crisis and integrate them into our post-COVID lives (e.g. more work-life balance; using technology to connect us; more flexibility in remote work-from-home guidelines).

Right now, we are all busy in 'Stage 2: Riding the wave' and some of us are having more success dealing with the stress and uncertainty than others. So, how do we all

> *It is self-leadership, and introducing a culture of self-leadership into your organisation, that provides us all with the self-awareness and skills to meet the unprecedented challenges – and opportunities – of a new, post-COVID-19 world."*

keep ourselves, and our teams, focused on the coming 'recovery', while there is so much that is outside of our control?

THE PERILS OF BRAIN CHATTER

The very first step in developing 'self-leadership' is understanding that while our human brains are a part of the solution, they are also a major part of the problem.

Every human being on the planet – regardless of age, ethnicity, their level of success or failure – shares one common attribute. Our brains are constantly telling us stories, chattering away to us all day, every day. We all have constant 'brain chatter'. The problem is, our brains don't always tell us positive stories. They often tell us negative stories. Particularly during times of crisis.

For those of us in the financial planning industry, the stories our brains tell us might include questions like:

- How long is this pandemic going to last?
- Will there be a second wave?
- What is the effect going to be on the economy?
- How badly will businesses and individuals be affected financially?
- What is the huge downturn in business going to mean for my organisation?
- What if I lose my job?
- Could I even retrain and find a different job in this environment?
- How would I pay the mortgage/rent?
- What about the kids' school fees?
- How would I make ends meet?

This constant negative brain chatter can lead to us feeling stressed, anxious, or always focusing on the worst case scenario. So, what can you do about it?

The first thing to do is to become aware of the unique story your brain tells you. Is it the 'I'm not good enough' story. Or the 'I'm going to fail' story?". Or is it the 'I need to worry about the future' story?

What is it that you find yourself catastrophising about? Write it down. Because once you identify the story that your brain is telling you, then you can be aware that this is simply your brain telling you a story. It's fake news!

We all have worries and concerns about how this pandemic is going to affect our life and work into the future. However, catastrophic thinking regarding future events – that may never actually happen – does not help. Instead, we can try and focus on what we can control, and what we can do today and tomorrow and the next day. And especially what we should be most grateful for, right now. Things like the people we love, the beautiful country we live in, and the bright future that we all share.

We all need to learn to 'train our brain'. Because the good news is that just like you can train your heart and lungs and muscles to improve your physical health, you can also train your brain to improve your wellbeing and mental fitness. And the benefit of brain training is additional levels of resilience, which allows you to quickly bounce back from adversity.

2. STRESS-RESILIENT LEADERSHIP

In times of stress, change and crisis strong, positive leadership is required, with a consistent message and philosophy across all levels of our business. However, we need to upskill our people. Often, we do not provide sufficient training for managers to manage themselves. Self-leadership and internal self-management are the source of both professional effectiveness and professional failure.

These key traits of contemporary leadership include:

- Stress-resilience;
- Authenticity;
- Vulnerability; and
- Empathy.

Strong leaders at all levels of the business are critical for sustaining positivity, trust and wellbeing. When our leaders display positive behaviours, we know that the wellbeing and productivity of the entire organisation increases.

My favourite definition of a leader is: if your actions inspire others to dream more, learn more, do more, and become more, you are a leader.

In the midst of change and crisis, there is tremendous benefit in focusing on concepts such as self-leadership and stress-resilient leadership.

When your people, or your business, experience the inevitable little dips on the rollercoaster, as individuals and as a team, these leadership characteristics can keep you from spiralling further downwards. Instead, you simply continue onwards and upwards, to the other side.

POLICY PLATFORM IN FOCUS: REGULATION OF FINANCIAL ADVICE

Last month we launched our new policy platform, Affordable Advice, Sustainable Profession. In the first of a five-part series, we look deeper into the context and recommendations for each part of our agenda for policy reform, starting with Regulation of Financial Advice.

Following a review of the feedback questionnaires for our FPA Together event series, it's clear that regulation continues to be the most important concern for our members. This qualitative finding is also backed up by the numbers from our 2019 member survey, with cost of regulation emerging as the number one challenge for members. So it's fitting that we kick-off this series of focus articles by further exploring our recommendations on Regulation of Financial Advice.

THE MANY COSTS OF COMPLEX REGULATION

In developing these recommendations for regulatory reform, it was important to unpack just how and why it is that costs of regulation have ballooned over the years. These costs fall into two broad categories: the upfront costs for mandatory fees, charges, industry levies and insurance premiums and the ongoing overhead financial planning businesses must meet to comply with regulation.

UPFRONT COSTS: PAY TO PLAY

The exact amount each financial planner must pay for upfront regulatory costs will depend on their business model. What is clear though, is that these costs have been increasing at a significant rate in recent years. To take one example, in 2018 the ASIC levy for financial planners increased 26 per cent over ASIC's estimate. Instead of an expected levy of $907 per planner, this rose to $1,142.

In addition to meeting costs for being an authorised AFSL representative, registering with the Tax Practitioners' Board (TPB) and the Financial Adviser Register, financial planners are likely to be paying additional cost recovery fees in the future to the new single disciplinary body and a compensation scheme of last resort which were both proposed by the Royal Commission and are currently under discussion by the Government, as well as an industry funding model for FASEA.

> "With reduced regulatory and compliance costs, financial planners would have greater flexibility to provide services at a scale and for a fee that matches individual needs."

The Government's practice of recovering the cost of regulation from the industry being regulated is to be expected. Introducing a single set of fees will go some way to ensuring these upfront fees and levies for financial planners are commensurate with the real cost of regulation. By making regulatory fees and levies more simple and transparent, our profession can also expect better decisions-making when it comes to fee increases.

THE COST OF REGULATORY COMPLIANCE

As well as satisfying ASIC guidance on compliance, financial planners must also meet the compliance demands of their AFSL. In response to ASIC Report 515 on how institutions oversee their advisers, released in 2017, many licensees have added long and expensive compliance reviews to their advice processes, on top of standards already required by the Corporations Act. There are also standards set by the TPB and FASEA that are different to the AFSL standards. For example, there are best interest duties laid out in all these standards but there is both inconsistency and overlap between them.

With the many reforms introduced by FASEA, there has been a shift in focus towards individual accountability for financial planners, in addition to their AFSL requirements. These include personal obligations to meet ethical and education standards. While personal obligations are a key part of professionalisation, this adds to the risk of duplicating compliance requirements. This increasingly complex web of regulations is significantly increasing the cost of compliance for financial planners.

AN AGENDA THAT AIMS HIGH

While recognising these costs are a significant burden for financial planners, it's also the case that strict and fit-for-purpose regulation is essential for avoiding misconduct and safeguarding clients. All the ideas put forward in the *Affordable Advice, Sustainable Profession Policy Platform* are intended to streamline the regulatory framework without in any

> *We actually want to reduce the number of organisations that can infiltrate and impose on a financial adviser's business, so they can get on with what they do best."*
>
> | SENATOR JANE HUME

way compromising the effectiveness of regulators or consumer protections.

Bringing together oversight, registration, fees and standards under a single entity would create many advantages for our profession and for Australians seeking high-quality affordable financial advice. Self-accountability to a regulator would also see professional financial planners only held responsible for what they do, not the conduct of other members of the industry as has often been the case.

With a more streamlined, straightforward and cost-effective regulatory framework to support best practice, ethical conduct and professional standards, financial planners and their clients would both reap the benefits. With reduced regulatory and compliance costs, financial planners would have greater flexibility to provide services at a scale and for a fee that matches individual needs.

THE PRACTICAL WAY FORWARD

While a single entity approach might be one the Government could take if they were starting from scratch, it seems unlikely that this will happen in the near future. However, recent comments from Senator Jane Hume, Assistant Minister for Superannuation, Financial Services and Financial Technology suggest that she recognises the extent of the regulatory burden financial planners are experiencing and is aligned with our view that a simpler way forward is necessary and important.

When addressing a Licensee Summit last month, Senator Hume said the government is working on a plan to "reduce the number of regulatory burdens on financial advisers." "How many regulators can go into a financial adviser's office and audit them in a one-year period is quite extraordinary," she said. "I am actually surprised some financial advisers don't spend their lives being audited. We actually want to reduce the number of organisations that can infiltrate and impose on a financial adviser's business so they can get on with what they do best."

Perhaps Senator Hume's comments give us cause for hope that the Government welcomes these new recommendations on regulation of financial advice, and that practical action will follow.

You can download the Policy Platform in full from the FPA website at fpa.com.au/advocacy/fpa-policy-platform. We welcome comments and conversations on this document from members on our FPA Community Portal community.fpa.com.au.

REGULATION OF ADVICE RECOMMENDATIONS – A SUMMARY

1.1 SINGLE DISCIPLINARY BODY

A single government body should be responsible for overseeing financial planners, including setting mandatory entry, professional standards, investigating breaches of mandatory professional standards and other legal requirements, and conducting disciplinary proceedings.

1.2 SINGLE REGISTRATION

A single register of financial planners should be established, based on the existing Financial Adviser Register, and should be maintained by the single disciplinary body.

1.3 SINGLE SET OF FEES

Fees paid by financial planners to the government should be consolidated into a single schedule administered by the single disciplinary body, which removes duplication of fees and is limited to recovering the cost of efficient and effective oversight.

1.4 SINGLE SET OF PROFESSIONAL STANDARDS

A single set of mandatory professional standards should apply to financial planners and these standards should be maintained and enforced by the single disciplinary body.


Mentemia
G. DARLEY

BREAKING DOWN BARRIERS TO MENTAL HEALTH

Ever since his own battle with depression more than 30 years ago, former All Black Sir John Kirwan has been a strong advocate of mental wellbeing. He talks to Miriam DeLacy about the key challenges and opportunities in supporting mental health, in the workplace and beyond.

For decades, being in the spotlight has been a part of life for Sir John Kirwan – known to his family, friends and colleagues as 'JK'. Long before he began speaking to audiences of 1,000+ people about mental health, he played rugby union in front of capacity crowds at sports stadiums throughout the world.

Following his debut in 1984, JK played for the New Zealand All Black rugby team for a decade, racking up a total of 63 test appearances and a record-breaking 35 tries. Fans who saw the inaugural World Cup in 1987 will remember his length of the field run to score a try against Italy in the pool stages. JK also helped his team to victory in the final with a try against France, bringing his total try tally for the tournament to six.

As an athlete performing at his peak for a winning team you might expect him to be elated by these experiences. But JK remembers all too clearly the feelings of doubt that dogged him as he left the field following that celebrated try against Italy. "I walked off thinking I was going to be dropped from the side," he says. "I had imposter syndrome and I thought 'when are the coaches going to realise I'm just lucky?' That's how low my confidence was."

BACK FROM THE BRINK

His anxious reaction to a sporting achievement most of us can only dream of speaks volumes about the problems JK was facing. At that time there was a significant stigma around speaking up about mental health. "I had no frame of reference to help me understand what I was going through," says JK. "My only experience of what it meant to be mentally unwell was watching *One Flew Over the Cuckoo's Nest*. I thought if I owned up to having problems that's what I would face, locked up and pumped full of drugs."

As an elite athlete, it was even harder for JK to ask for the help he so desperately needed. "Being an athlete was actually a hindrance when it came to owning up to my problems with mental health," he says. "It made it harder for me to accept that I was suffering from an illness. I thought of it as a weakness that I had to overcome and I told myself to just be stronger.

> *"Being an athlete was actually a hindrance when it came to owning up to my problems with mental health. It made it harder for me to accept that I was suffering from an illness. I thought of it as a weakness that I had to overcome and I told myself to just be stronger."*

"When you're an athlete, it's all about your body, your physical condition," he adds. "I'd have three massages a day and train to keep myself in the best condition but there was little attention paid to my state of mind. What was going on in my head couldn't matter as much as what I could put my body through."

Over time his condition became so serious that JK could no longer ignore the fact that he was very unwell. The turning point came on an international tour with the All Blacks when he found himself contemplating suicide.

"I was in a hotel room in Buenos Aires, thinking about throwing myself out the window because I simply couldn't bear it any longer," he says. "Then one of my team mates said to me out of nowhere 'you've got a big heart John.' His words literally saved my life. They made me stop and realise just what it was I was thinking of doing. So instead of ending it all, I decided it was time to get help.

"When I returned home, I went to see our team doctor. He'd been on that tour with us and I hadn't said a word to him about how bad I had been feeling for close to five years. From then on I started working with a psychiatrist to develop the habits and behaviours that I've built up on my journey to better mental health. When I let those things slip I notice the impact on how I'm feeling. I need to be disciplined and diligent about returning to those habits to get me back on an even keel."

BUILDING ON MENTAL HEALTH INSIGHTS

From that time forward, JK has been an advocate for mental health. He felt that if just one person could be helped by hearing about his experiences, then it would be worth speaking out and sharing the story of his mental illness and the behaviours, habits and tools he used to help him recover.

It's these very habits, that JK and a team of clinical experts have combined with other scientifically proven techniques to create an app designed to help people work on their mental health every single day. Called Mentemia – Italian for 'my mind' – the app was originally designed for workplaces to offer employees simple ways to bounce back from stress, manage anxiety, and experience more enjoyment in daily life.

But with the enormous stress COVID-19 is placing on so many people, the New Zealand government, together with Westpac and Kiwibank, have put their support behind the Mentemia app, making it available to all New Zealanders free of charge for the next six months. AIA Vitality have also stepped forward to enable Mentemia to provide the app to all Australians at no cost for a limited time.

"Mentemia has been designed to support people in making small changes to their everyday routines to help them stay aware of how they're feeling," says JK. "It also introduces simple steps that people can take to keep feelings of stress, anxiety and frustration from escalating. And it's also about learning techniques to help people feel more positive, more resilient, and better equipped to enjoy life, even when things are difficult.

"The app takes a personalised approach that seeks to meet you where you are by understanding your personality and your routine, so that you can use the Mentemia app and resources in a way that makes sense for you."

With its quick prompts and short videos, the app takes a nudge approach to behaviour change.

"There's already plenty of advice out there on looking after your mental health," says JK. "With Mentemia, we've brought it all together in one place and broken it down into these accessible, practical components. It's like having a mental health coach in your pocket."

A FOCUS ON PREVENTION

As a long-term campaigner for mental health support, JK can clearly see just how far we've come in removing the stigma around mental health and making support available to those in crisis. But with suicide numbers continuing to rise, it's equally clear that there is room for improvement in the type of support available and how it's delivered.

"Even though the stigma around mental illness is far less, the number of suicides is still going up," says JK. "As someone who had become a voice and face for mental health, I really took this on board and wanted to see what more could be done. I became very aware that we still have limited support available for people who aren't yet in crisis. There's plenty of funding for the ambulances at the bottom of the cliff and that's as it should be. But what about the fence we need at the top of the cliff to stop people from needing the ambulance? That's where we need more resources, more funding.

"I also realised that governments on their own simply don't have the funding to fill this need. So, the effort and resources have to come from businesses and communities. We need all these groups to put their focus on supporting people before they find themselves moving towards that cliff edge."

MENTAL HEALTH AT WORK

This is one of many reasons why the Mentemia team originally developed their app for workplaces. They saw the opportunity to put a tool in the hands of employees as a key element in a broader program to support organisation-wide change in mental health outcomes. However, JK acknowledges that the app alone is not enough to bring about the cultural shift that truly supports better mental health. It takes a genuine commitment from leaders for change.

"When business leaders genuinely care about creating a culture of better mental health and shifting the dial, they're the ones who are having success in supporting employees," says JK. "If it's just a box ticking exercise for them, they're not going to put in the resources, commitment and leadership that can make such a difference to their employees.

"I'm speaking to more business leaders who are seeing the figures for absenteeism and presenteeism rising. They see how often people are leaving their jobs and looking for another because they don't feel supported. It's those leaders who see the business case for supporting mental health in the workplace but also know it's the right thing to do. That's when you see leaders succeed in creating a culture that truly supports better mental health."

BACK TO WORK AFTER COVID-19

In 2020, mental health in every context has become even more important. Thanks to Australia and New Zealand's early success in slowing the spread of COVID-19, concerns about the mental health impact of the pandemic have come to the fore. While JK sees this as a chance for businesses to place a greater focus on mental wellbeing for their workforce, he also points out that there's no one-size fits all when it comes to supporting employees.

"If we look at the positives from the COVID-19 pandemic, we've been way more open about our mental health and talking about it more," says JK. "I had one business making time for 15-minute mental health chats before a meeting starts, so that people have the time to bring up any issues they need to talk about it. We need to take this opportunity to make sure talking about mental health continues to be an important thing in the workplace.

"As people start returning to work in their offices and spending more time face-to-face, we need to be prepared for all the different reactions people are going to be having," he adds. "We've just been through habitual change by force. People have changed their habits and some will want to stick with them and some won't. If you think about the introverts in this world, they've loved every minute of being at home and don't really want to go back to being out in in the world. Then you have the extroverts who've been suffering from having such limited contact with other people. What we're going to have in our companies is a group of those people all mixed up. We need to prepare for the awkwardness when one person comes back to work needing a hug and another person feels afraid to touch others.

"It's also important to know that how businesses cope with managing all this change and awkwardness isn't going to be perfect. Leaders are going to make mistakes but as long as they're open and honest about trying to do the right thing, everyone can be more understanding. My advice to anyone in a team, whether you're a leader or not, is to be kind to yourself, be accepting of your emotions and be kind to others."

The Mentemia app is free to download from the App Store or Google Play.

ANIMAL ANALOGIES:
MAKING MENTAL HEALTH ISSUES RELATABLE

"One of the things we wanted to do with Mentemia was change the dialogue. We need to communicate about mental health in language that's going to be heard and understood."

These are two examples of the 'animal stories' JK tells to make mental health challenges and tools for change more accessible to his audience.

SHARKS IN THE WATER

When I was working with my psychiatrist she taught me to self-hypnotise by using breathing techniques and imagining that I was surfing. When I went to do it at home I pictured myself putting my board shorts on, grabbing the longboard, running down the beach and into the waves, two to three-foot perfection – with five sharks circling me in the water.

When I reported this back to my psychiatrist, she told me I needed to take the teeth out of those sharks, make them smaller and eventually get them out of the water. One of my sharks was feeling inferior because I was always being told by teachers at school that I was dumb.

To take on this shark, I had to face up to this fear and I realised that education hadn't worked out for me because I was on the dyslexic scale. But not being educated doesn't make me dumb and when I made peace with that, my shark went away.

This is how I help people understand the psychological technique of externalising your problems so you can work on them. But if I were to use those words when talking to a room full of people they'd just get bored or not understand what I'm talking about. But after hearing the shark story, people come up to me and say 'JK, I've got a couple of sharks' and I say 'that's cool, if you know what they are then you can work on them.'

BOB THE MONKEY

If you can meditate you should, because it's an amazing thing for your wellbeing. But I can't do it. If I sit down and start meditating, Bob the Monkey grabs my thoughts and he's off.

So the way I get Bob the Monkey to calm down is to do something to relax, like cooking or reading. I've just taken up the guitar and when I start to practice, Bob grabs a banana and goes and sits in his cage. I don't expect to become brilliant at playing the guitar but it's a tool for helping me stay mentally well, by calming my mind and keeping Bob from running away with my thoughts.

There are lots of Eastern practices that many people find really helpful but you shouldn't feel like you've failed if they don't work for you. They didn't work for me, but trying these things out was how I discovered that I'm an active relaxer.

A NEW WORLD PARADIGM

The COVID-19 pandemic is impacting the behaviours of Australians in many ways. A recently released report is sharing valuable insights on these behaviours, enabling financial planners to better understand and respond to their clients' changing health and wellbeing. Jayson Forrest reports.

With just over 7,200 confirmed cases of COVID-19 in Australia at the beginning of June, with 6,619 people recovered and 103 deaths (according to the World Health Organisation), Australia is the envy of the world, as it bucks the trend of others countries, where cases of coronavirus continue to rise.

Through the Government's implementation of strict measures to combat this global pandemic over the last six months, the COVID-19 pandemic has undoubtedly changed the way Australians live, work and play - perhaps irrevocably.

However, as a nation, community and as individuals, we continue to face an extraordinary time, where these measures, like business lockdown and social isolation, have had an unintended consequence on the mental and physical health of Australians.

In acknowledging the impact the coronavirus crisis has had on the wellbeing of Australians, the Government has rolled out the *#InThisTogether* initiative – a national online campaign that provides Australians with practical tips to support their mental health and wellness during COVID-19.

Speaking of the campaign, the National Mental Health Commission's CEO, Christine Morgan, says: "We understand the impacts and consequences the virus is having on our lives, especially for those whose employment, financial, social and housing circumstances, and livelihoods, are impacted."

She adds that now more than ever, we need to better understand society's changed behaviours, as a result of lockdown and social isolation. This includes focusing on our mental health, while remaining socially and emotionally connected with family, friends and the wider community.

COVID-19 INSIGHTS

Supporting the National Mental Health Commission's call to encourage Australians to focus more on their changed behaviours during this crisis, AIA Australia has released two timely research reports – the *AIA Vitality COVID-19 Insights* report and the *AIA Wellbeing Index* – that validates the Government's *#InThisTogether* campaign, by unveiling key insights on how the coronavirus is affecting the mental health and wellbeing of Australians.

> *"Connection with each other is a part of who we are, it is at the core of our community and culture, and crucial to our mental health and wellness."*
>
> | LUCY BROGDEN

"When our world changed dramatically six months ago, we looked at our unique AIA Vitality data to see just how quickly the world has shifted and how the behaviours of people have changed," says Candice Smith, Head of Wellbeing at AIA Australia and New Zealand. "From this, we developed the *AIA Vitality COVID-19 Insights* report."

The research, which analysed data from 150,000 AIA Vitality members, revealed some interesting insights, including an increase in physical activity and better nutrition since the start of 2020. The data shows that Australians' eating behaviours are changing, with people eating healthier meals and their level of happiness about their diet increasing by 20 per cent from January to April.

There was also a substantial 32 per cent decline in the number of people eating at least one meal per week from a restaurant or takeaway.

And while gyms remained closed during the lockdown period, the AIA data showed that Australians' appetite for physical activity remained strong, with people using this opportunity to privately exercise more. Even the use of tech devices to track an individual's physical activity, increased by 23 per cent in April.

Candice wasn't surprised by these positive insights, saying the lockdown period had provided people with more time to engage in healthy activities and practises. However, the data also uncovered an alarming increase in the stress levels of Australians during COVID-19.

"There was a 156 per cent increase in stress linked to social life or lack of social contact, which was the highest of all stress indicators, followed by an increase in stress related to managing the home and looking after children at 76 per cent," says Candice. "So, while

CANDICE SMITH
HEAD OF WELLBEING
AIA AUSTRALIA & NEW ZEALAND

we have some positive behavioural findings, other insights around stress were quite dramatic."

In addressing the research findings, the Co-Director, Health and Policy at The University of Sydney's Brain and Mind Centre, Professor Ian Hickie, says tackling mental health challenges during times of crisis should be considered by utilising a mix of interventions, particularly those that encourage social connection.

"Predictive modelling of the economic and social impacts of COVID-19 indicate that we now face at least a 25 per cent increase in suicides each year for the next five years," he says.

"Putting an emphasis on physical activity, sleep patterns, healthy diet, reduced smoking, and increasing social connection (while still physically distancing) are all things every person can be doing now to help their mental wellbeing. They are not only likely to have direct benefits in reducing depression levels but importantly, should minimise the increased risk of premature death or disability due to cardiovascular disease."

THE STATE OF WELLBEING

Alongside the *AIA Vitality COVID-19 Insights* report, AIA Australia has also released its inaugural *AIA Vitality Wellbeing Index*, which ranks Australia's states and territories across six key categories that contribute to health and wellbeing.

"We undertook this research to increase awareness of modifiable behaviours of Australians based on the '4-4-90' model," says Candice. "We want to highlight how four risky behaviours – unhealthy diet, physical inactivity, smoking and excess alcohol consumption – can contribute to four diseases – cardiovascular disease, cancer, chronic respiratory disease and diabetes – which are responsible for 90 per cent of preventable deaths in Australia."

> *"Predictive modelling of the economic and social impacts of COVID-19 indicate that we now face at least a 25 per cent increase in suicides each year for the next five years."*
>
> | *PROFESSOR IAN HICKIE*

The *AIA Vitality Wellbeing Index* also uses case studies to highlight success stories, where individuals and communities have implemented programs to shift key behaviours.

Candice says by better understanding lifestyle behaviours that directly influence our health, particularly during the current pandemic, financial planners have an opportunity to raise greater awareness of these highly modifiable behaviours with their clients.

"The *AIA Vitality Wellbeing Index* allows us to take the research conversation away from academic journals and bring it into the living rooms of everyday Australians. The more we can get people talking about mental health and wellbeing at all levels of society, the better," she says.

In fact, AIA is using this research to adjust its AIA Vitality program – a proprietary behavioural economics-based wellbeing program. Candice says the AIA Vitality program exists to make a real impact on the behaviours of its members, while remaining relevant to members in order for them to maintain engagement with the program.

"But because of how dramatically and rapidly the world has changed during COVID-19, we had to adjust the program to ensure that not only were members able to still earn points for their healthy behaviours under these unprecedented times, but also that they were being rewarded in ways that were still appealing and accessible during lockdown."

As a consequence, enhancements to the mental wellbeing component of the program were made, including access to over 13 meditation sessions, with 25 AIA Vitality points available per session.

SHIFT THE NARRATIVE

According to the National Mental Health Commission's Chair, Lucy Brogden, the mental health and wellbeing of all Australians is central in responding to COVID-19.

And as the country emerges from the lockdown period, the focus will swing more to the financial wellbeing of people, as they adjust to lost work or income, as a result of the global coronavirus pandemic.

10 WAYS TO CULTIVATE YOUR MENTAL HEALTH

1. **BE ACTIVE:** Focus more on moving rather than exercise, as the idea of exercise can be off-putting for some people. Remember, when you are moving, you are exercising. Find an activity that you enjoy and make it part of your routine.
2. **CREATE A HEALTHY SLEEP ROUTINE:** Try sleeping 7-8 hours regularly, and avoid screens (such as phones, laptops and TVs) 30 minutes before bed and avoid coffee after 3pm.
3. **STOP SMOKING:** The health benefits are immediate, plus your hip pocket will thank you.
4. **EAT WELL:** Eat a healthy, well-balanced, nutritious diet and drink 2-2.5 litres of water a day.
5. **REDUCE YOUR SUGAR INTAKE:** Avoid sugary drinks and excessive processed foods.
6. **TAKE CARE OF YOUR MIND:** Mental health is just as important as physical health. So, take care of your mind, as you would your body.
7. **CONNECT WITH OTHERS:** Build meaningful relationships with your family, friends, colleagues and community. You could even try volunteering at a local charity or community organisation.
8. **PRACTICE MEDITATION OR MINDFULNESS TECHNIQUES:** Start with noticing your breathing for one minute and slowly work this up to 10-15 minutes a day. This is a great way of calming and re-focusing the brain.
9. **REST AND RELAX:** Allowing time to rest is critical. Spending as little as 10 minutes outside in nature can help you decrease stress.
10. **KEEP LEARNING:** Learning new skills builds confidence and will give you a sense of achievement.

SOURCE: ***AIA Vitality Wellbeing Index***

"The Government's commitment to mental health during this pandemic signals to all Australians the importance it holds for their mental health and wellbeing," Lucy says.

"Connection with each other is a part of who we are, it is at the core of our community and culture, and crucial to our mental health and wellness."

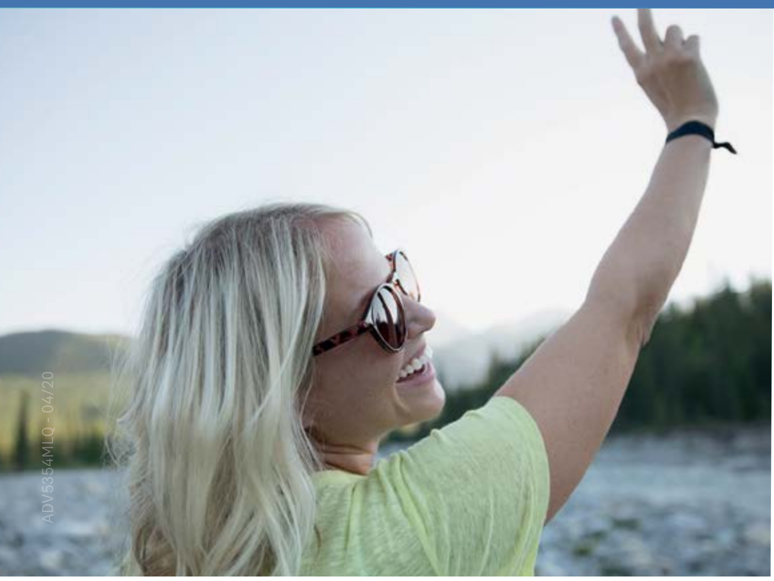
Industry research confirms that Aussies are doing it tough, with the latest NAB Australian Wellbeing Survey (Q4 2019) reporting that even before the outbreak of the coronavirus, more than one-in-three Australians were reporting feelings of 'high anxiety'. This has now increased to four-in-10 people saying they are 'highly anxious', making them particularly vulnerable to financial stress.

And with evidence linking financial stress to decreased mental wellbeing, Candice says this is an ideal opportunity for planners to re-connect with their clients, particularly in relation to financial decision-making. She believes research driven client conversations can be particularly powerful in re-engaging with clients.

"Planners can use independent research that links financial stress to mental health as a way of starting a difficult conversation with clients on their own wellbeing and changed behaviours. It allows planners to move from opinion or hearsay to quantifiable fact," she says.

"As we know, trust is the single most important factor in the client/planner relationship. If a client believes their planner is listening to them and adapting to their unique situation, then they will share a deeper relationship built on trust and understanding. There's no better time to build that trust than now, during these volatile and uncertain times."

She adds that by shifting the narrative to action rather than reaction, and prevention instead of treatment, clients will be better off – both mentally and physically.



"Planners need to focus more on their client's entire life journey, which means taking greater interest in their physical and mental wellbeing, as well as their financial wellness.

"By talking about beneficial behaviours around health and wellness, planners can help their clients enjoy their financial independence, while helping them to live healthier and more active lives."

However, she warns that any financial services business that isn't encouraging and supporting their clients to improve their health and wellness from the beginning of the advice journey, is missing out on an important value proposition.

"Financial planners need to understand their clients' needs and support them by developing plans that focus on healthy behaviours and practises throughout their various life stages, like physical activity and diet," Candice says. "This is absolutely critical if we are to shift the dismal health outlook that is linked to non-communicable diseases."

> *"We undertook this research to increase awareness of modifiable behaviours of Australians based on the '4-4-90' model. We want to highlight how four risky behaviours can contribute to four diseases which are responsible for 90 per cent of preventable deaths in Australia."*
>
> | CANDICE SMITH

GETTING THROUGH COVID-19 SAFELY

1. **PAUSE AND TAKE A BREAK:** Take regular breaks from work, news and family demands. The mind needs time to rest to reduce anxiety and stress. Taking in large amounts of negative news can also make you feel anxious. So, pause and take a break from the 'all day' news cycle.
2. **CREATE A NEW DAILY ROUTINE:** This includes time for exercise, time for healthy eating, time for sleep and time away from the screen. These can all help with improved mental health.
3. **GET SWEATY:** Even the smallest amount of exercise is great for your physical and mental health.
4. **TALK ABOUT FINANCIAL STRESS:** Financial stress will impact your mental health and wellbeing. Taking action can help you feel more in control.
5. **PLAY YOUR PART:** We can all make a difference. Continue to make decisions that safeguard and protect and care for your family, friends and community. Your actions matter.
6. **KEEP KIDS COMMUNICATING:** Let children know it's okay for them to be worried, and talk to them about their feelings. Set aside time every day for fun activities. Challenge yourself and your children to find COVID-free time in every single day.
7. **STAY CONNECTED:** It can feel lonely when we're at home, so get creative about staying connected. Hearing familiar voices and seeing faces help us to better cope during times of social stress and isolation.
8. **CHECK-IN AND BE KIND TO YOURSELF:** Many people are supporting others at the moment. Monitor how you are feeling and seek support when you need it.
9. **REACH OUT:** Connect and reach out to those individuals who may not have connections.
10. **SEEK SUPPORT:** It's okay not to feel okay.

SOURCE: ***mentalhealthcommission.gov.au/inthistogether***

LIVING THE GOOD LIFE

Tribeca Financial has developed a unique workplace Financial Wellbeing Program for employers. Ryan Watson talks to Jayson Forrest about this program, as well as Tribeca's approach to improving the wellbeing of its clients and staff.

RYAN WATSON

POSITION: CHIEF EXECUTIVE OFFICER

PRACTICE: TRIBECA FINANCIAL

ESTABLISHED: 2010

LICENSEE: MY DEDICATED ADVISORY

FPA PROFESSIONAL PRACTICE: OCTOBER 2018

You might be forgiven for thinking that Tribeca Financial is like any other high street advice business, providing a full service suite offering to clients. But what makes this Melbourne-based FPA Professional Practice stand out from the others is its approach to health and wellness, both for its team and clients.

"We're a financial advice firm that is not just about improving a client's finances. We help our clients build the life they want, by prioritising what's most important to them at each stage of their life and then putting together a financial roadmap to help them achieve their goals," says Tribeca Financial CEO, Ryan Watson.

Sitting at the heart of the business is its philosophy – 'My Good Life' – which incorporates health and wellness into the lives of individuals. For clients, it's about financial wellness, allowing them to live their lives free from financial stress, while for staff, it's about supporting them to live balanced lives, both personally and professionally.

According to Ryan, the 'My Good Life' approach to financial planning helps the practice understand the life goals and expectations of clients. From there, it's about designing a financial plan that will get clients from point A to point B, enabling them to "live their good life".

But isn't this approach just a catchphrase for goals-based advice? "Not so," says Ryan, who adds that the 'My Good Life' approach to business is part of the practice's DNA, applying not only to clients but also the Tribeca team.

LIVING THE GOOD LIFE

As part of enhancing the health and wellness of its team, the practice utilises the Wheel of Life tool to bring clarity to the Tribeca team's wellbeing, allowing individuals to visualise the important areas of their life and to better understand which of their life areas are flourishing and which ones need work on.

"This tool gives a bird's-eye view of our life. It is a visual representation of all areas in our life at one time," says Ryan. "There are about eight key 'spokes' in the Wheel of Life, which represents a facet of our life, such as health and wellbeing, finances, relationships, and fun and recreation. These 'spokes' help us to maintain our personal and professional balance.

"As a business, each team member uses this tool on a weekly basis to check-in on whether they're in balance or out of balance, and if the latter, we then work on what needs to be addressed to rectify that imbalance."

As part of this weekly check-in, individuals also conduct a 'cause and effect' rating, where they rate themselves out of 10 points - with 10 indicating an individual is firing on all cylinders, dropping down the scale to one, where the person is feeling highly stressed and is struggling.

"Each member submits this 'cause and effect' rating, and we share that as a team. We aim for seven out of 10 per person. For staff sitting on the lower end of the scale, we provide support to help them improve their rating. And for individuals at the higher end of the scale, we look to learn from them with respect to what they are doing, what their successes look like, and how we can replicate this across the business."

Ryan says the Wheel of Life tool and the 'cause and effect' self-analysation rating have become essential elements in the business, providing greater clarity to the overall health and wellbeing of the practice's employees.

FINANCIAL WELLBEING PROGRAM

As Ryan steers the business into its tenth year, he draws on his external leadership coaching, which he has undertaken for the past five years, to not only help others maintain their personal and workplace balance, but to also help him stay mentally and physically fit. Why? Because he believes that when it comes to health and wellbeing in business, it's vitally important that you practise what you preach – both for employees and clients.

"We take health and wellbeing very seriously. We know that we need to be leading examples of this for our clients. If we don't seek balance in our own lives, then we're not a great example for our clients. Therefore, why would they take our advice?

"Our purpose at Tribeca is unique. It's to be brave, to forget the status quo and to live your 'good life'. It's unique both from an employee perspective and for clients," he says.

So serious is Ryan's approach to health and wellbeing that it has also become a bespoke client value proposition for the business. Called the Financial Wellbeing Program, this service is available for workplace employers. The program encompasses everything a workplace team needs to know about how to improve their financial wellness, ranging from cashflow and mindset techniques to insurance and investing.

> *"Our purpose at Tribeca is unique. It's to be brave, to forget the status quo and to live your 'good life'. It's unique both from an employee perspective and for clients."*

Ryan concedes the catalyst for developing the Financial Wellbeing Program hinged on the low rate of financial literacy within the workplace.

"When it comes to helping clients, we want to inspire them, educate them and support them," he says. "We knew there was a low rate of financial literacy in Australia. Studies show that 46 per cent of workers spend at least three work hours each week thinking about their finances, while 53 per cent of workers say they feel stressed about their finances.

"And with nearly one-in-three employees admitting to being distracted in the workplace because of their finances, it was clearly evident that unfortunately, a lot of people struggle with their finances. This means they are not empowered to make the right decisions, which leads to high levels of stress."

As a business, Tribeca recognised the impact financial illiteracy was having in the workplace with employers and decreased productivity.

"So, we thought about how we could educate people en masse, while adding value to the employer. From this, the Financial Wellbeing Program was developed," Ryan says.

The program consists of four specialised financial wellbeing education components. They are:

1. **UNDERSTANDING FINANCIAL WELLBEING**
   An introduction to the concept of financial wellbeing and the impact poor financial wellness can have on a person's life.
2. **MIND OVER MONEY**
   Breaking down the stigma around talking about money and understanding mindset techniques that can help a person stick to and achieve their financial goals.
3. **MASTERING CASHFLOW**
   Cashflow is a key determinant to financial wellbeing. This session shows employees how to quickly save money, as well as what a good cashflow plan looks like.
4. **GROWING AND PROTECTING WEALTH**
   This session dives into the importance of insurance, as well as examining how to choose investment options based on an individual's lifestyle.

"We start with a goals-based session that we call '10-3-now'. Prior to the session, each participant privately completes a goals-setting document, which includes where they want to be in 10 years, where they want to be in three years, and what effective change is required now to reach those goals," Ryan says.

> *By providing financial education in the workplace, we get to improve people's sense of financial wellbeing, and for employers, they are getting a more engaged and productive workforce, which is a healthy by-product of the program."*

"We conduct an introduction to financial wellbeing. This includes introducing participants to a financial matrix and the key elements of security and freedom of choice. Then we run a goals-based session.

"We provide people with structures around cashflow and investment, as well as structures around contingency, which includes estate planning and insurance."

However, before an employer commits to the Financial Wellbeing Program, Ryan says the business is happy to walk employers through various strategies that provide more customised education for their requirements – one session at a time.

EMPLOYER FOCUS

To date, Tribeca has successfully rolled out the Financial Wellbeing Program to businesses including: TAL, Computershare, Retail Prodigy Group, Carsales and the Melbourne Football Club.

"We're seeing a lot of employee-centric businesses focusing on holistic wellbeing programs for their teams. Typically, they choose a health or spiritual component from a specialised wellbeing provider, while Tribeca provides the financial wellness part for their program."

Employers engage with Tribeca on a business-to-business basis, where they share their employee surveys and staff feedback in terms of the financial education their people require. From there, they engage with the Tribeca Financial Wellbeing Program on a 12-month basis.

"Generally, as part of this program, we will run four to six sessions a year with our employer clients, which gives us time to create trust with the employees, while running the workplace program.

"By providing financial education in the workplace, we get to improve people's sense of financial wellbeing, and for employers, they are getting a more engaged and productive workforce, which is a healthy by-product of the program."

Ryan is pleased with the uptake of the Financial Wellbeing Program by employers, saying the program usually engages up to 25 per cent of an employer's workforce. He also adds that another component of the program is one-on-one consultation with individuals.

"We do this because when it comes to financial matters, some people prefer to meet privately. We consult with these individuals in a 45-minute session where we discuss their problem, diagnose it and then provide the client with general advice," Ryan says.

And while Ryan is having success in converting some of these one-on-one consultations to clients, he adds that he is very conscious that the Financial Wellbeing Program is specifically about business-to-business education.

"There is a clear delineation between our services," Ryan says. "General advice is offered onsite at the employer's workplace with the staff, while individual personal-based advice is provided within the Tribeca office. So, if a person wants to engage with us on an individual basis, they would need to come into our office."

A PROGRAM OF WELLNESS

For advice businesses considering rolling out a similar financial wellness education program, Ryan offers the following advice.

Firstly, he says, a business needs to clearly understand why they are wanting to introduce a wellness program as part of its service offering. And secondly, a business needs to consider what value it can add by implementing such a program.

"Consider what's in it for the workplace employer to allow their employees to give up their time to participate in your program. Advice practices should be talking to companies that are employee-centric, because they are more focused on the needs of their staff," he says.

"Secondly, understand where the value is for the employee. Why would an employee want to take time out of their day to participate in the program?

"You need passion and commitment to do workplace financial wellness education. It's not the type of business-to-business offering that is suited to every practice or financial planner. However, with the challenges come the rewards and for us, that's all about improving financial literacy in the workplace."

***Tribeca Financial** is an FPA Professional Practice. An FPA Professional Practice is dedicated to the highest professional and ethical standards, through commitment to the FPA Code of Professional Practice and CFP® Certification.*

PROFESSIONAL PRACTICE
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PROTECTING THE WELLBEING OF OLDER AUSTRALIANS

Money stress and inheritance impatience are catalysts for elder financial abuse. Clifford Fram explores how financial planners can be alert to the signs and help protect their clients.

An unemployed son abuses his elderly father in an altercation over his pension money. A daughter brings her non-English speaking mother to Australia on a parental visa but withdraws her life savings from her bank account.

These are two extreme examples of elder financial abuse.

The fact is that mistreatment is typically more subtle. But it's common and, as in the examples above, it usually occurs in families.

Although Australian statistics are still being compiled, two to twelve per cent of older people in similar countries are abused, and the most common form of abuse is likely to be financial.

It may be associated with inheritance impatience, and it's usually an adult child taking advantage of their parents' assets, which contradicts the perception that elder abuse is most likely to happen in aged care facilities.

"Warning signs for financial planners are when older people say their child is suggesting they put money in their business or that they want them to sell their house and move in with them," says Russell Westacott, CEO of Seniors Rights Service and co-chair of Elder Abuse Action Australia.

The catalyst could be a well-meaning plan in which a parent sells their home to move into a granny flat at their child's home. It starts as a win-win. The parent uses their capital to help pay the child's mortgage, and the child's family provides care and companionship.

But these plans often go awry.

FINANCIAL STRESS

Russell fears the financial turmoil caused by the COVID-19 pandemic will be a catalyst for increased abuse.

"Lots of adult children have stresses on their businesses, or they may have lost their job and be struggling to pay their bills. Some may put pressure on mum or dad around access to the

WHAT IS ELDER ABUSE?

"Elder abuse is any act occurring within a relationship where there is an implication of trust, which results in harm to an older person."

| AUSTRALIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

Financial abuse is the misuse or theft of an older person's money or assets. It can include using money without permission, misusing an enduring power of attorney or transferring or selling property against the owner's wishes.

SOURCE: Council of Attorneys-General: National Plan to Respond to the Abuse of Older Australians (Elder Abuse) 2019-2023

10 RED FLAGS

1. Erratic or uncharacteristic financial activity.
2. Money lending without a reasonable explanation or written record.
3. Intention to sell their home to help support a child or invest in their business.
4. Signs of coercion.
5. Client prevented from speaking up for themselves at meetings.
6. Client appears fearful or withdrawn.
7. Lack of awareness about recent instructions.
8. Sudden registration for online transacting.
9. Unpaid bills without affordability issues.
10. Client fears being evicted or institutionalised if money is not given to their caregiver.

Source: AFCA

capital in their family house or their savings and investments."

He urges financial planners to think about the motivation of the adult child.

"It might be a good one, but then let's put in writing what is meant to occur and what has occurred. If the plan does not work out, then at least the older person can show how much money they put into the arrangement and claim some or all of it back," Russell says.

There's no denying that financial abuse is a complex problem to navigate, say the authors of the Council of Attorneys General's national response plan on elder abuse.

There is no single type of older person who is at risk, and no single type of person who may cause harm.

"It has been estimated that as many as 185,000 older people in Australia experience some form of abuse or neglect each year. Anecdotal evidence suggests that financial abuse is the most prevalent form, but it frequently co-occurs with one or more of the other recognised forms of abuse of older people," write the authors.

DIFFICULT TO DISTINGUISH

Financial planners are in a good position to spot signs of elder abuse, says the Financial Services Council.

In fact, they are obliged to be vigilant. But it can be a challenge to distinguish potential financial abuse from what is actually an informed decision free from improper influence.

"You want to know and understand your client," says Louise Biti, a Director at Aged Care Steps who has been training financial planners for more than 23 years.

"Clients can make their own decisions, even if they are bad decisions. But the financial planner needs to be able to question if there is undue influence or if it is something the client has thought about and genuinely wants to do."

Louise says triggers for suspicion include an adult child who suddenly starts to attend meetings. It's a big red flag if that child stands to gain from some of the decisions the client is making.

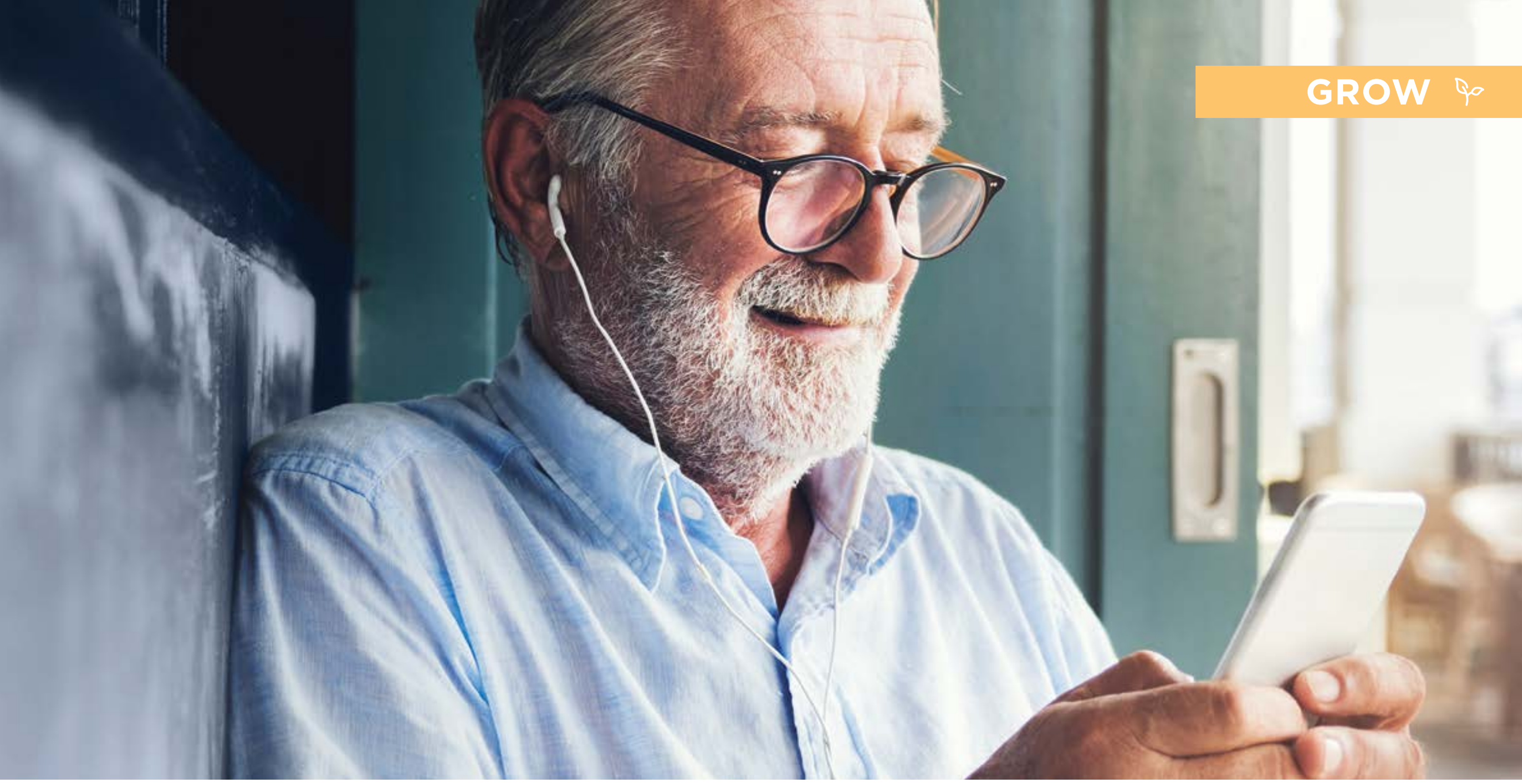
"It doesn't mean it's inappropriate, but it does mean it needs to be explored. If possible, the financial planner can follow up with the client when they are alone to ask if they are comfortable with the decision."

Another useful tactic is to call a family meeting with all the children present to discuss the decision in the context of the clients' entire retirement journey, including provisions for aged care.

THREE QUESTIONS

When considering complaints about elder abuse, the Australian Financial Complaints Authority (AFCA) asks financial providers the following three questions:

- Were there warning signs?
- Did the financial provider exercise their duty to take reasonable



care and skill and question the customer's authorisation of a transaction?

- Should the financial provider have delayed the transaction or taken other preventative action?

"Generally, a sense of entitlement by the abuser seems to be common. The abuser often does not recognise that the money is not theirs," says AFCA.

Elder financial abuse does not necessarily involve cash or transactions, notes Russell. "A common scenario is an adult child being out of work and moving back to their bedroom as a temporary solution."

But years later, they are still there against their parents' wishes and it can be difficult, emotionally and legally, to get rid of them.

Another subtle form of financial abuse involves a family member or a friendly neighbour offering to go to the shops for the older person but skimming off money each time, Russell says.

The groceries come back, but without change or a receipt. It could be a weekly or fortnightly event, and it adds up.

"We have people calling us to say for the last 12 months they have been giving this person $200 a week, but they only get $100 of groceries back."

Clients can mitigate this risk by formalising their shopping arrangements and other support with a service provider.

HOME CARE PLAN

"This is an area in which financial planners can make a positive impact. A little like estate planning, every financial plan should include a solution for aged care planning," says Louise.

"It doesn't mean every financial planner needs to be an expert, but every planner needs to have an awareness of what support mechanisms are out there and how to instigate a discussion with the client. For example, how home care works, the process for accessing it and how it helps protect the elder retiree client from abuse.

"There are both self-funded and government-subsidised solutions for people who still have a reasonable degree of independence, but need help with activities of daily living, such as shopping, cooking or getting out of bed, showering or cleaning the house.

"The first step towards funded care is through the My Aged Care online service centre."

Louise notes there may be long waiting periods. "So plan ahead instead of waiting until the crisis point. If the need is urgent, options for self-funding until the subsidy arrives can add to quality of life. It's all about planning expenditure patterns in retirement. Contingency planning and risk management."

FRAILTY PLAN

There are lessons for financial planners from the COVID-19 experience, Louise says. One parallel

> *Warning signs for financial planners are when older people say their child is suggesting they put money in their business or that they want them to sell their house and move in with them."*
>
> | RUSSELL WESTACOTT

A SEAT AT THE TABLE – ENDURING POWER OF ATTORNEY

The enduring power of attorney (EPoA) can be a problematic area for financial planners, says Aged Care Steps director, Louise Biti.

"The FASEA Code of Ethics for financial planners provides a good road map to follow. It helps you to focus on your best-interest duty to your client and not the person holding the EPoA.

"It is about questioning every single transaction and decision and being mindful about whether it is in the client's best interest. If it is not, it may trigger you to question whether you have the client's implicit permission to follow a specific course of action."

Louise believes financial planners should explain to people with a power of attorney that they have a fiduciary responsibility to the older person.

"Some financial planners are afraid to do that because they may lose the client. But if they don't do the right thing they could be in breach of the code of ethics, and they may be perpetuating elder abuse if they don't always act in the best interests of the client."

TOP TIP

Louise shares a tip from U.K. social worker, Jo Fox, who says financial planners can ask family members to bring in a large photograph of the older person to meetings and place it on the table if that person cannot be present.

"It helps remind everyone that the first duty is to the client and might reduce the risk of conflicts of interest."

is a taste of what it might be like to be frail and unable to get out and do the things people usually do. Another is that it is best not to be pressured into rushed decisions.

"If you translate that to an older person, most people don't plan for frailty. Then a crisis happens and people make very rushed and ill-informed decisions that might create a solution, but not necessarily the best solution. It can come at a very high cost around isolation or less desirable living arrangements."

Louise breaks retirement down into three phases:

- An active period;
- A quiet period; and
- A frailty period.

"Those will be different lengths for different people. However, the Australian Institute of Health and Welfare statistics show we should expect the frailty period to be 15 to 25 per cent of our retirement.

"Australia has a great aged care system. But if people want choice and they want to personalise their lifestyle, they are going to need their own resources. For most people, that requires financial planning. Cash flow is the key to funding these services."

She suggests that discussions about frailty are an essential part of retirement planning.

"With clients aged 40 and older, you can present that picture of retirement and explain the need for a plan that provides enough capital, enough cash flow and enough flexibility to provide for the phases."

Louise says children sometimes have a mindset that their older parents no longer need their money, but they do. Having a retirement plan that acknowledges a period of frailty may reduce the risk of an older client giving their money to an adult child without considering the consequences.

Often, the last line of defence is the financial planner – the voice of reason at the table, Louise says.

10 WAYS TO PROTECT AN ELDERLY CLIENT

1. Ask questions and listen carefully for signs of coercion or inconsistencies.
2. Speak to the client in private, possibly in a follow-up visit or phone call.
3. Request a family meeting. The meeting can be a teleconference or web-based if participants live out of town.
4. Consider delaying tactics to allow for follow-up and checking.
5. Be alert for signs of cognitive decline and incapacity and take appropriate action if necessary.
6. Where a Power of Attorney (POA) is acting for your client, check if there is another POA who can verify that a financial instruction is not to the detriment of the elderly person.
7. If a guardian has been appointed, do not act on an instruction until the guardian has confirmed it.
8. Escalate concerns to an appropriate senior person in your firm.
9. Have internal policies and procedures in place and follow them whenever there are warning signs.
10. Consider referral to a relevant support service or seek advice from a state guardianship tribunal.

SOURCES: Aged Care Steps, Seniors Rights Service, Financial Services Council.

BURNOUT: SPOT THE WARNING SIGNS

Michelle Gibbings provides five easy tips to help team leaders create mentally healthier workplaces.

Mental health in the workplace has never been more critical with workplaces struggling to adapt to new ways of working, and employees facing mounting pressure.

COVID-19 has brought new workplace challenges to the fore, while previous problems for employees of shrinking job stability, mounting workloads, and an 'always on' mentality is exacerbated.

In such an environment, leaders within businesses need to be vigilant and alert to the signs of burnout.

In May 2019, the World Health Organisation officially classified 'burnout' as a recognised illness, while a 2018 Gallup study found that of the 7,500 full-time employees surveyed, 23 per cent felt burned out at work very often or always, and an additional 44 per cent felt burned out sometimes.

Leaders need to not only balance the pressure in their working day but be ready to spot the warning signs for their team members and support them.

Here are five tips to help you better manage the mental health and wellbeing of your team, which is particularly important during challenging times like now.

1 FIND THE RIGHT LEVEL

Research reveals that a certain amount of pressure is good for us because it helps motivate us and keeps us focused. When we experience the right amount of challenge and interest in a task we are doing, the brain releases specific chemicals (noradrenaline and dopamine), making us more alert, motivated and ready to learn.

Researchers and educators often refer to this as the 'Goldilocks zone'. It's the zone of optimal performance where we are working on a task or learning something that is neither too hard, nor too easy.

Pressure is unhealthy when a person feels like they:

- Have no control or autonomy;
- Are making little or no progress;
- Have so much to do it feels overwhelming;
- Are going backwards; and
- Are ruminating about the same issues – again and again.

Over time, if not managed well, that pressure leads to ongoing stress, and potentially burnout.

> *"Creating a mentally healthy workplace isn't about the one thing you do. It requires awareness, patience and persistence, so that activities and support are always and consciously applied."*

“When we experience the right amount of challenge and interest in a task we are doing, the brain releases specific chemicals (noradrenaline and dopamine), making us more alert, motivated and ready to learn.”

2 START NOTICING

Be alert to the warning signs of burnout in yourself and others. These signs may include feeling ineffective and more cynical, having reduced energy, motivation and efficiency, and being more frustrated and irritable.

Notice if your team members are working excessively hard or doing lots of overtime and yet, their productivity is waning. Check-in on how they are feeling, and find ways to offer support.

3 BUILD THE FOUNDATION

Central to creating a healthy environment is the relationship the leader has with team members. As well, it's critical to establish a psychologically safe environment, where people are comfortable to share what is working or not working for them, and how they are feeling.

Be open with your team about your pressure points and what you do to manage stress and maintain a healthy lifestyle.

As part of this, encourage your team members to take care of their physical and mental health. It helps if you, as the leader, role model self-care behaviours, and create a safe space for your team to talk about their mental health and wellbeing.

4 SUPPORT HEALTHY PRACTICES

Encourage your team to take regular breaks during the day, and ideally, once a day to go outside the office. For example, consider holding walking meetings with your team, rather than doing your regular one-on-ones in an office or cafe.

The key is to get away from your desk because by shifting your environment, you alter your state, helping to reset your mindset and get a fresh perspective.

As a team, agree on the boundaries as to what's acceptable regarding requests for work outside standard working hours. This simple practice makes it easier for team members to have boundaries between work and home life, and to be okay with not responding to emails or phone calls in personal time.

5 CREATE CONNECTIONS

Relationships and connections are at the root of all human existence. When you have strong relationships at work, it provides a support network for you to talk through challenges and get advice.

As the team's leader, it's crucial to build supportive and trusting relationships with all team members. People want to feel like they belong to something, and this is hard if they feel out of the loop and disconnected from you or their colleagues.

Find out what brings out their best and how the team wants to connect and engage with each other. As well, ask each team member what they need from you to enable them to be their best each day at work.

AWARENESS, PATIENCE AND PERSISTENCE

Creating a mentally healthy workplace isn't about the one thing you do. It requires awareness, patience and persistence, so that activities and support are always and consciously applied.

Michelle Gibbings is an author and a workplace expert.

A VOICE FOR RURAL WOMEN

Country to Canberra is empowering young rural women to reach their leadership potential.

Craig Phillips AFP® is no stranger to the work of the Future2 Foundation. As a Future2 Ambassador and a regular participant in the annual Future2 Wheel Classic – having already cycled in seven rides – the managing director of Canberra-based Phillips Wealth Partners has been fortunate to see first-hand some of the inspiring work Future2 is doing with disadvantaged young Australians.

"Through my involvement with the Wheel Classic, I've had the opportunity on some of the previous rides to meet some grant recipients and see directly the great work they are doing in their communities," Craig says.

For the 2019 Future2 grants, Craig didn't need to look too far to endorse a grant nomination, with one of his clients, Dr Kim Vella, introducing him to the work she does as a business coach and mentor to women in Canberra and NSW at the not-for-profit organisation, Country to Canberra.

"I was discussing the 2019 Wheel Classic ride with a client, who turned out to be a mentor at Country to Canberra," Craig says. "She told me about the organisation and arranged a meeting with the CEO and Founder of Country to Canberra, Hannah Wandel. My involvement with this terrific organisation grew from there."

Founded in 2014, Country to Canberra is empowering young rural women to reach their leadership potential, by running nationwide programs that provide education, leadership and mentorship opportunities to teenage girls living in regional, rural and remote communities.

"We are a leading voice for young women, and are committed to strengthening rural communities," says Hannah, who was also named the 2019 ACT Young Australian of the Year.

"Distance, time and funding barriers can isolate young rural women and make their path to leadership, education and career opportunities more difficult. We are committed to strengthening rural communities, and providing assistance to girls from these communities to empower them and help them reach their goals and leadership potential."

PROJECT EMPOWER

Craig was delighted that Country to Canberra was successful in obtaining a $10,000 grant for Project Empower, which is a series of gender equality and leadership empowerment workshops.

"Project Empower really fits one of the key objectives of Future2, and that is to give young disadvantaged Australians a chance to grow and develop," says Craig. "For many remote teenagers, staying in school and connected to the world at large, is so important for their mental wellbeing and future lives.

"Through Project Empower, these young women get a turbo boost of mentorship, experiences, learnings and connections that help them stay in school and achieve the best results for them personally. I grew up in remote North Queensland and saw first-hand how much harder is for some sections of our community to achieve their best."

According to Hannah, Country to Canberra has already successfully completed Phase 1 of Project Empower, where the organisation travelled over 32,000km to talk to high school aged girls (between the ages of 13-18) about self-esteem, sexual harassment, respectful relationships, stereotypes, intersectionality, leadership, goal-setting, and their futures.

"Over 3.5 months, we visited 81 'bush communities', and reached over 3,500 students across every Australian state and territory. The workshop road trip had an incredible impact on the thousands of young women

future2
the Foundation of the Australian Financial Planning Association

GRANT RECIPIENT: COUNTRY TO CANBERRA

GRANT AMOUNT: $10,000

ENDORSED BY: CRAIG PHILLIPS AFP®

FPA CHAPTER: ACT

who we visited, with our evaluation indicating that girls now have 'a greater understanding of gender equality issues', 'feel more confident within themselves' and 'feel capable of being a leader'," says Hannah.

Following the success of Project Empower Phase 1, Country to Canberra is looking to expand Project Empower to Phase 2, with the money from the Future2 grant going to support this life-changing program.

> *Distance, time and funding barriers can isolate young rural women and make their path to leadership, education and career opportunities more difficult."*
>
> | HANNAH WANDEL

PROJECT EMPOWER: Helping young women reach their full potential.

"The Future2 grant will support Country to Canberra to deliver full day workshops to disadvantaged rural girls, allowing us to develop long-term relationships with schools and communities to ensure success," says Hannah.

"Our highly trained facilitators are dedicated to delivering workshops that help young women to overcome barriers and enhance their strengths, and empower them to seek success through their rural locations. Future2's support will enable Project Empower Phase 2 to make a difference in as many disadvantaged communities as possible."

She adds that Phase 2 will focus on low socio-economic regions, remote towns, and regions with high unemployment, substance misuse and high diversity.

"We will also focus on areas with students who identify as Aboriginal and Torres Strait Islander, and students who are culturally and linguistically diverse."

The three key objectives of Project Empower are:

1. To encourage more young women to enter leadership roles and to empower them to access education and career-enhancing opportunities.
2. To increase understanding of gender equality, feminism and a desire to create change.
3. To increase self-belief and self-esteem, enabling the program's participants them to achieve their goals.

A RIPPLE EFFECT

Project Empower is a unique program tailored specifically to young rural women. The program works with communities to deliver workshops that are relevant, accessible and culturally sensitive, in order to most effectively reach young women who are likely to experience greater disadvantage than their city counterparts.

"Every participant in a Project Empower workshop is valued and supported, and our carefully developed program tackles broad issues, such as gender equality and self-esteem, as well as helping girls to face issues they are passionate about in their own communities.

"We equip young rural women with the knowledge, skills and mindset to enact positive changes in their lives and communities."

A central part of Project Empower is evaluating the impact the program is having on the girls and their communities, both short-term and long-term. And once the workshop ends, the program continues to engage these young women through online alumni networks.

"When the young women we work with are empowered, there is a ripple effect from which the whole community benefits," Hannah says.

"The Future2 grant is having a significant impact on our ability as an organisation to widen our reach and deliver opportunities to even more young women across the nation.

"In doing so, we are continuing our work to build strong leaders who are confident in themselves, their abilities and their desire to make an impact on the world around them."

COMMUNITY SPIRIT

Craig's involvement with Country to Canberra extends further than just endorsing its Future2 grant nomination. He has also offered to provide financial literacy and financial planning workshops to rural female teenagers as part of Country to Canberra's 'Power Trip' program.

The Power Trip program is an all-expenses paid five-day trip to Canberra for approximately 15 young women, where they meet inspiring CEOs and politicians, attend exclusive events, tour Parliament House, receive leadership and public speaking training, and more.

"I have agreed to help deliver some workshops on managing money, budgeting, investing and other areas that teenagers should be aware of, like credit cards and superannuation," says Craig.

And not to be outdone, Craig's client who first introduced him to the work of Country to Canberra, Dr Kim Vella, has agreed to match the Future2 grant by offering leadership coaching and mentoring services of up to $10,000 to County to Canberra.

Now, that's community spirit!

UNDERSTANDING DIVISION 293 TAX

From 1 July 2012, an additional 15 per cent tax on taxable superannuation (super) contributions, known as Division 293 tax, was introduced. The purpose was to make taxation on super fairer by reducing tax concessions available to very high income earners.

Prior to this, an individual on the highest marginal tax rate of 45 per cent paid 15 per cent tax on their pre-tax super contributions, effectively receiving a concession of 30 per cent. The new tax meant those individuals with income of at least $300,000 were now taxed at 30 per cent on these super contributions, cutting their tax concession to 15 per cent. The income threshold was reduced to $250,000 from the 2017/18 financial year.

WHO DOES DIVISION 293 TAX APPLY TO?

A client is liable to pay Division 293 tax if they exceed the income threshold and have taxable contributions to super during a financial year.

To determine whether a client is liable for Division 293 tax, these three steps should be followed for the relevant financial year:

1. Determine 'income' which is based on the Australian Taxation Office (ATO) defined 'Income for Medicare levy surcharge purposes' but excluding reportable super contributions. Reportable super contributions are the total of any personal deductible contributions, plus any reportable contributions by the client's employer (including mandated employer contributions and any voluntary contributions, such as salary sacrifice);
2. Determine Division 293 super contributions;
3. Add these two numbers together.

If the total of the client's income plus Division 293 contributions is greater than the threshold (currently $250,000), tax is levied on the lessor of the Division 293 super contributions and the amount above the threshold for that financial year.

These three steps are outlined in more detail below.

BROOKE LOGAN
UniSuper Management

This article is worth **0.5 CPD HOURS**

ASIC knowledge area **TAX**

FASEA CPD areas **TECHNICAL COMPETENCE**

WHAT YOU WILL LEARN

- Who does Division 293 tax apply to?
- Paying Division 293 tax – Accumulation members
- Paying Division 293 tax – Defined benefit members
- Exemptions from Division 293 tax

STEP 1

DETERMINE INCOME FOR SURCHARGE PURPOSES (EXCLUDING REPORTABLE SUPER CONTRIBUTIONS)

ADD:

- Taxable income.*
- Reportable fringe benefits.
- Net financial investment loss.
- Net rental property loss.
- Net amount on which family trust distribution tax has been paid.

SUBTRACT:

- Taxable component of super lump sums paid within low rate cap ($215,000 in 2020/21 financial year) received by a client who has reached preservation age but is under age 60.
- Any assessable First Home Super Saver released amount included in taxable income.

REMEMBER:
Excess concessional contributions are added back into taxable income.

EXAMPLE 1

CONTRIBUTING TO ACCUMULATION FUND

Lincoln has 'income for surcharge purposes' (excluding reportable super contributions) of $245,000 and has made concessional contributions of $25,000 in the 2019/20 financial year to his accumulation account.

His combined income and Division 293 contributions total $270,000, which is $20,000 more than the $250,000 threshold applicable. As the Division 293 contributions (i.e. $25,000) are more than the excess of $20,000, the additional 15 per cent tax will apply to $20,000.

EXAMPLE 2

CONTRIBUTING TO CONSTITUTIONALLY PROTECTED FUND (CPF)

Milly is a member of a CPF and earned an annual salary of $320,000 in the 2019/20 financial year. Her employer makes contributions of 9.5 per cent ($30,400 per annum) to her CPF and she also salary sacrifices $100,000 of her annual salary to the CPF.

For the purpose of the concessional contribution cap, the total of Milly's pre-tax contributions to the CPF are assessed as equaling her concessional contribution cap of $25,000 and she has no excess contributions. For Division 293 tax purposes, she will pay an additional 15 per cent tax on contributions of $130,400.

STEP 2

DETERMINE DIVISION 293 SUPER CONTRIBUTIONS

This is the total concessional contributions minus excess concessional contributions, which includes:

- employer contributed amounts
- assessable foreign fund amounts
- other family/friend contributions
- personal contributions for which a deduction has been allowed
- defined benefit contributions.

For contributions to a Defined Benefit account, this is generally the non-grandfathered Notional Taxed Contribution (NTC).

For contributions to Constitutionally Protected Funds (CPFs), this is the sum of pre-tax contributions. This is regardless of the rule that when total concessional contributions to a CPF exceed the member's concessional contribution cap, this will not result in a breach of the concessional contribution cap.

STEP 3

IS THE TOTAL 'INCOME' AND DIVISION 293 SUPER CONTRIBUTIONS MORE THAN $250,000?

If yes, then Division 293 tax is payable on the lesser of:

- Division 293 contributions, and
- the amount over $250,000.

If no, the Division 293 tax is not payable.

DEFINED BENEFIT MEMBERS

There is a modification to the way Division 293 super contributions are calculated for defined benefit accounts.

Defined benefit contributions for the purpose of Division 293 tax are prescribed by a formula outlined in the Income Tax Assessment Regulations 97. In practise, this generally equals the notional taxed contributions for the financial year, as reported by the fund to the ATO. Certain defined benefit members who joined the fund before 12 May 2009 may be grandfathered and therefore, have their notional tax contribution limited to the concessional contribution cap. However, for the purpose of Division 293 tax, their defined benefit contributions are equal to the non-grandfathered notional taxed contribution.

To determine Division 293 super contributions for defined benefit members, any contributions made to an accumulation account are first reduced by any excess contributions. This is then added to the defined benefit contributions. If this amount is negative, there are no Division 293 contributions and the tax is not payable. This outcome would only occur if the level of excess contributions exceeded the total of non-excess contributions to accumulation plus all defined benefit contributions.

EXAMPLE 3

MEMBER WITH DEFINED BENEFIT AND ACCUMULATION ACCOUNT

Tess is a defined benefit member with an annual salary of $250,000 in the 2019/20 financial year. Her employer makes contributions of 14 per cent to her defined benefit and 3 per cent to an accumulation account. Tess also makes member contributions (pre-tax) of 8.25 per cent of her salary to the defined benefit.

Her notional taxed contribution to the defined benefit is calculated to be $36,000 in the 2019/20 financial year. However, as she has been a defined benefit member since 2000, she is eligible for grandfathering and therefore, her super fund advises the ATO she is a grandfathered member when reporting her notional taxed contribution. For concessional contribution cap purposes, her defined benefit contributions are viewed as being equal to her concessional contribution cap of $25,000 and she has excess contributions of $7,500 (being her employer 3 per cent contributions to her accumulation account).

The ATO determine her income for surcharge purposes (excluding reportable super contributions) is $260,000 and her Division 293 contributions are $36,000 ($7,500 - $7,500 + $36,000). She therefore pays Division 293 tax on $36,000.

AN UNEXPECTED DIVISION 293 TAX LIABILITY

While a client may not normally pay Division 293 tax, certain one off events may increase their income in a financial year, bringing them over the $250,000 income threshold and attracting the

additional 15 per cent contribution tax. Such events typically include:

- Receiving a redundancy payment, which may include an employment termination payment and payout of accrued leave.
- Realising a large capital gain.
- One off bonus.

EXAMPLE 4

Lily is 50 and realises a large capital gain in the 2019/20 financial year, bringing her taxable income to $290,000. As her total super balance was less than $500,000 at 30 June 2019, she utilised her unused concessional contribution cap of $10,000 from the 2018/19 financial year to make total concessional contributions of $35,000 in the current financial year. Her 'income for surcharge purposes excluding reportable super contributions' exceeds the $250,000 threshold. Lily will pay additional 15 per cent tax on her total non-excess concessional contributions of $35,000.

WHAT IF THE MEMBER HAS FOREIGN INCOME?

For tax purposes, clients who are an Australian resident are taxed on their worldwide income and therefore, must declare any foreign income in their income tax return.

Foreign income includes:

- foreign pensions and annuities;
- foreign employment income;
- foreign investment income;
- foreign business income; and
- capital gains on overseas assets.

Foreign income which is included in taxable income will therefore fall within 'income for surcharge purposes'.

Depending on the terms of Double Tax Agreement (DTA) with the foreign country, the client may receive a credit for any tax paid overseas to avoid double taxation.

For tax purposes, an individual who is not an Australian resident is only taxed on their Australian-sourced income.

PAYING DIVISION 293 TAX – ACCUMULATION MEMBERS

The ATO determines if an individual is liable for Division 293 tax based on their completed income tax return and contribution information reported by their super funds.

For clients who have contributed to accumulation accounts, the ATO will issue a Division 293 Notice of Assessment, with the tax due to be payable within 21 days. The client can either pay the tax personally or complete a release authority within 60 days of the issuance of the Division 293 Notice of Assessment, requesting the funds be released from their super account.

If the client does not complete the release authority and has not paid all the Division 293 tax debt by the 60th day after the issuance of the Notice, then the ATO may issue a release authority to the individual's super fund for any outstanding tax. Any funds released from super are non-assessable, non-exempt income. A client can choose to release funds from any of their accumulation accounts – not necessarily the same account the contributions were made to – or an income stream, such as an account-based pension.

PAYING DIVISION 293 TAX – DEFINED BENEFIT MEMBERS

For clients with a defined benefit, the ATO will defer Division 293 tax to a deferred debt account and issue a Division 293 Notice of Assessment outlining the deferred amount and any amounts due and payable within a specified timeframe. For individuals with more than one defined benefit account, the Division 293 tax is apportioned and separate debt accounts are maintained.

Interest accrues on the deferred debt that remains unpaid at 30 June. The interest is based on the average 10 year Treasury bond rate for that financial year (which was 2.2547 per cent in the 2018/19 financial year).

A statement of account is maintained for the debt account, which allows the client to track their deferred liability.

The client can voluntarily repay the deferred debt:

- out of their own pocket; or
- by using the release authority form, issued with the assessment, to pay the tax debt out of their accumulation account within 60 days of issuance of the Notice.

By voluntarily paying deferred Division 293 tax before 30 June each year, the client can avoid paying end of year interest.

If the client elects not to voluntarily repay their debt and instead accrue the Division 293 tax deferred debt, once the defined benefit interest becomes payable, the amount accrued in the debt account must be paid. The super fund will send the ATO an End Benefit Notice within 14 days of the earlier of the super benefit becoming payable

LEARN

TIPS AND TRAPS

- While the ATO has the discretion to disregard or reallocate excess contributions in certain circumstances, the same power does not apply to Division 293 tax.
- If a client successfully bids the ATO to reallocate or disregard excess contributions, they become Division 293 (i.e. non excess) contributions and need to be included back into the Division 293 calculation. For contributions reallocated to a previous financial year, they become Division 293 super contributions in the year which they are reallocated to.
- Where a person dies, the liability for any outstanding Division 293 debt will fall to the person's legal personal representative or the deceased estate.
- Former temporary residents are entitled to a refund of any Division 293 tax paid upon receiving a Departing Australia superannuation payment and applying to the Commissioner of Taxation in the approved form.

Understanding when and how a client needs to pay a Division 293 tax liability is an important part of the advice process.

and receiving a request to pay the super benefit. This notice advises the end benefit cap amount and expected date of payment of the super benefit. The end benefit cap amount is calculated by the super fund and equals 15 per cent of the employer-financed component of that part of the value of the super interest that accrued after 1 July 2012.

Upon receiving the End Benefit Notice, the ATO will issue the client a 'Debt account discharge liability' notice, which details the amount they need to pay. This amount is the lower of the balance in their debt account, and the end benefit cap amount. Payment of the debt is due 21 days after the day the benefit was paid.

The client can pay the debt personally or complete a release authority to be given to the super provider that holds the defined benefit interest relevant to the debt.

EXEMPTIONS FROM DIVISION 293 TAX

An individual who is a state higher level office holder for any part of the financial year and who makes contributions to a CPF is exempt from having Division 293 tax applied to these contributions, except where the contributions are made as part of a salary packaging arrangement. A salary package contribution occurs when the client agrees with their employer for contributions to be made in return for a reduction in remuneration. The list of state higher level office holders can be found in the Income Tax Assessment Regulations 1997 and includes:

- Minister of the government of a state;
- Member of the parliament of a state;
- Governor of a state; and
- Head of a department of the public service of a state.

A justice of the High Court, or justice or judge of a court created by the parliament, is exempt from Division 293 tax on all super contributions to a super fund established under the Judges' Pensions Act 1968.

Note that all contributions for both state higher level office holders and Commonwealth judges are still included when determining whether the $250,000 threshold has been exceeded.

Brooke Logan, Advice Technical Consultant, UniSuper Management.

QUESTIONS

1 James is a member of a Constitutionally Protected Fund (CPF) and in 2019/20, salary sacrifices $80,000 to the CPF, in addition to his employer mandated contributions of $25,000 made to the same fund. He also does some casual work with a second employer, who pays Super Guarantee to an accumulation fund for him and in 2019/20, this totalled $10,000. James' income is $400,000 in the 2019/20 financial year and he will pay Division 293 tax of:

a. $3,750.
b. $15,750.
c. $17,250.
d. $5,250.

2 Which of the following is not included in the definition of 'Income for surcharge purposes' for the purposes of determining liability for Division 293 tax?

a. Reportable fringe benefits.
b. Net investment loss.
c. Net amount on which family trust distribution tax has been paid.
d. Taxable component of super lump sums paid within low rate cap received by a client who has reached preservation age but is under age 60.

3 Mary is a defined benefit member and first became liable to pay Division 293 tax on her defined benefit contributions in the 2019/20 financial year. How does Mary pay this Division 293 tax?

a. The ATO will create a deferred Division 293 tax debt for Mary, to be paid once her defined benefit becomes payable. However, she can pay some or all of this debt earlier using her own funds or released funds from an accumulation account.
b. Upon receiving the Notice of Assessment, she has 21 days to pay the tax from her own monies or within 60 days elect to release the amount from her defined benefit account.
c. Upon receiving the Notice of Assessment, she has 21 days to pay the tax from her own monies or within 60 days elect to release the amount from an accumulation account.
d. The ATO will create a deferred Division 293 tax debt for Mary, which becomes payable once her defined benefit becomes payable. She cannot elect to pay any of the debt using funds in her accumulation account.

4 Interest on a deferred Division 293 defined benefit debt accrues at 30 June based on:

a. General interest charge.
b. Average 10 year Treasury bond rate.
c. 90 day bank accepted bill rate + 3 per cent.
d. Average Weekly Ordinary Time Earnings (AWOTE)

5 Wyatt is 58 and in the 2019/20 financial year has taxable income of $280,000, which included a taxable lump sum super withdrawal of $40,000, which was within his low rate cap. His Division 293 super contributions were $20,000. Assuming he had no other 'income', what Division 293 tax will he pay?

a. $3,000.
b. $10,000.
c. $0.
d. $1,500.

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

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