NOVEMBER 2020
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The magazine for FINANCIAL PLANNING PROFESSIONALS

MONEY & LIFE

Towards 2030

MICHAEL MCQUEEN ON THE FIVE TRENDS THAT WILL RESHAPE THE PROFESSION

SETTING UP FOR SUCCESS
HOW TO PREPARE YOUR BUSINESS FOR 2021

PANDEMIC PLANNING
THE SILVER LINING TO LOCKDOWN RESTRICTIONS

EMPLOYMENT TERMINATION
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FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

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Paper + Spark

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UNITED FOR A BRIGHTER FUTURE

> The past 12 months have been defined by the courage and commitment of FPA members to overcome significant adversity. The challenges we have shared have also brought us closer together.

I would like to take this opportunity to thank you for your support as a member this year. FPA members have remained resilient in the face of ongoing regulatory pressure, new education requirements, natural disasters, and the COVID-19 pandemic.

At the FPA, we have continued to advocate for financial planning during these difficult times. We unveiled a new strategic direction to support members and the growth of our profession – FPA's MAC strategy (Members, Advocacy and Consumers). Our three-pronged approach will help members to grow and thrive, increase the number of Australians accessing financial advice, and give a leading voice in public policy.

We have also embarked on our new five-year policy roadmap to secure the future of financial planning and ensure more Australians have access to financial advice.

We continue to stand by your side and have been working tirelessly to support you. As we look ahead to 2021, the FPA is more committed than ever to delivering you the support you need to build successful businesses that meet the ever-changing needs of your clients in these uncertain times.

GOING GREENER IN 2021

We are delighted that your FPA member magazine, Money & Life continues to rank as a highly valued member benefit. Your feedback in the annual FPA Membership Survey showed the printed magazine is still the most preferred way for you to enjoy your magazine but increasingly, members want us to go greener with almost a quarter now preferring to read it as an e-magazine. A large majority of members also voted in favour of bi-monthly issues (44.8 per cent), instead of monthly (18.6 per cent).

To respond to changing member needs, from February 2021, Money & Life magazine will be printed and mailed to you bi-monthly, rather than 10 times per year. We will also continue to offer the digital format, along with our fortnightly Money & Life Professionals e-newsletters.

GET MOVING FOR FUTURE2

The Future2 walking and cycling challenges are in full swing this month. Thank you to everyone who has signed up to challenge themselves to walk or cycle as far as you can during this month. Your participation and sign up donation goes directly to supporting young Australians facing social, financial or physical hardship. Head online to future2foundation.org.au if you'd like to donate.

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

VIRTUAL CONGRESS KICKS GOALS

FPA [virtual] CONGRESS 2020 – ONLINE

Nearly 1,000 FPA members and guests registered for this year's FPA [Virtual] Congress, which replaced the 2020 FPA Professionals Congress slated for November in Adelaide, due to the uncertainty and restrictions surrounding the COVID-19 pandemic.

The FPA [Virtual] Congress ran over four months, kicking off on 6 July and concluding on 19 October. The Congress covered four streams - The Regulators: Understanding your responsibilities; Investment markets and portfolio design; The FASEA Code of Ethics in practice; and Professional wellness and client care.

The streams accounted for 16 masterclass sessions, with one keynote event on 3 September – where industry experts, including CHOICE CEO Alan Kirkland, Paul Clitheroe and Dr Pamela Hanrahan, joined journalist Helen Dalley to discuss the topic of 'Uncovering the value of financial advice' – rounding out the virtual Congress program.
The keynote alone attracted over 2,000 registrations.

The concern by financial planners with the volatility of markets caused by the pandemic was evident in a number of sessions, with 454 live attendees watching the session, 'How to settle clients in an unsettled time' and 442 registering for 'What does a portfolio look like in times of recession?'.

By registering for the 2020 [Virtual] Congress, participants can also view the sessions on-demand for up to 12 months by accessing the recorded version. By doing so, FPA members can earn over half of their CPD hours for the year. To date, the FPA has received well over 500 on-demand views of the recordings.

FPA member feedback about the FPA [Virtual] Congress format has been overwhelmingly positive, with an average of 90 per cent rating each session as excellent or good.

Speaking of this year's virtual event, Congress Chair Michelle Tate-Lovery CFP® said the FPA had shown how quickly it could adapt to changing circumstances. "The FPA has shown in 2020 that it has been able to adapt quickly to a virtual delivery of a different type of Congress, not only by offering ongoing education mapped to the FASEA CPD Areas over four months, but to involve a deeper level of engagement for planners, with CPD tailored to their needs, to consolidate learning," Tate-Lovery said.

"As the virtual Congress sessions were mostly delivered at a regular time each week, some practices used this event as a team learning and bonding opportunity, whilst working remotely, to implement changes in their businesses.

"By promoting best practice, peer-to-peer learning and camaraderie, I hope the FPA [Virtual] Congress 2020 has served to motivate and inspire you."

To access the on-demand recordings of the sessions, go to fpa.com.au

FINANCIAL PLANNING WEEK 2020: KEY HIGHLIGHTS

Our Financial Planning Week activities from 5 –11 October 2020 proved to be very successful in generating media coverage about the importance of financial planning. Results from the first *Money & Life* Tracker survey: COVID edition attracted reporting and discussion on the personal and financial challenges Australians are facing and the help and support they are looking for to guide them to a more secure future.

According to the research, four in 10 Australians have lost income because of COVID-19 and are either struggling to make ends meet (11 per cent) or dipping into savings to get by (31 per cent). As a result, a quarter of Australians (23 per cent) are experiencing high levels of stress about their financial position, with roughly a third (30 per cent) 'feeling okay'.

In terms of regrets and changes to behaviour, it seems COVID-19 has been a wake-up call for Australians who haven't been saving or have debts to pay off. One in five said they could have put cash aside for a rainy day, 17 per cent think they could have controlled impulse buying and 11 per cent believe they could have focused more on paying down their debt.

Sharing the survey results and infographic with the media has secured strong uptake in radio, TV and print, with 154 pieces of coverage. Some highlights from mainstream media include:

- Featured in The Daily Telegraph's pull-out, SMARTdaily, on 5 October following the media exclusive with Sophie Elsworth. The article featured commentary from Dante De Gori CFP® and a consumer case study, and was syndicated across the News Corp network, with 37 online and five print articles secured.
- Featured by Effie Zahos in her dedicated section about 'Financial Planning' on The Today Show on 6 October. The story focused on the survey results syndicated widely throughout the Nine Network, with a total of 39 broadcast hits secured.

The FPA congratulates the following member who has been admitted as

A CERTIFIED FINANCIAL PLANNER® PRACTITIONER

QLD

Gabrielle Williams CFP®
LGIA Super

ONE SIZE WON'T FIT ALL: WHY RETIREMENT INVESTMENT SOLUTIONS MUST BE FLEXIBLE AND ADAPTABLE

| BY RICHARD DINHAM

Next year will mark 30 years since the introduction of the Superannuation Guarantee (SG) in Australia. While they may not have realised it at the time, that Budget in 1991 set Australians to have one of the best retirement systems in the world.

Thirty years down the road, many Australians are reaching retirement with substantial pots of savings to take them through the next phase of their lives. We have reached a crucial juncture where the bulk of superannuation assets sit in the hands of fund members aged over 50.

For many people, superannuation will be the single largest asset they will ever accumulate, not including their family home. Even so, there is understandable fear and trepidation among individuals as they near retirement about how long their savings will last, and whether they will be able to live the lifestyle they desire. Many approach retirement feeling ill-prepared.

There is an opportunity for financial planners to really show their value. Planners not only help individuals address the technical aspects of retirement (for example, maximising accumulation capacity, or navigating Centrelink issues), but they also help address the intangible aspects of retirement, such as peace of mind and confidence that life in retirement is going to be OK.

We should not underestimate the opportunity for financial planners to improve the lives and wellbeing of Australians as they move from the relative certainty of working life to the perceived uncertainty of retirement.

But we should also understand that while retirement for everyone may bear some superficial similarities, the experience is different for each individual. It is unlikely that any one retirement investment strategy will serve all clients equally well. There has been growing recognition that more thought needs to be given to strategies and investments specifically designed for post-retirement. Financial planners increasingly need to be adaptable and flexible in the solutions they offer.

Considerations will include how financial literate a client is, and how well they will grasp the strategies presented. Some clients need significant hand-holding and want frequent contact, while others are happy for a looser relationship and an annual check-up. Some may thrive on the financial elegance of a solution developed on their behalf, while others may shudder at the first hint of complexity.

Commonly used retirement investing strategies include maintaining the same strategy used by the client to accumulate retirement savings; transitioning to a more conservative investment strategy as retirement nears; income "bucketing" of varying degrees of sophistication; and income layering.

Fidelity's Building better retirement futures report will be published in November. Produced in conjunction with the FPA, the report covers a broad set of considerations for planners around the topic of retirement and helps illustrate the motivation and driving forces behind the behaviour of clients as they move through life from saving for retirement into their retirement decumulation phase. It analyses a range of potential retirement investment solutions, the degree of complexity associated with each, and how they address the key risks faced by investors in retirement.

In researching this report, we found that planners are using a variety of different approaches to investment advice for clients in retirement. Each approach has its own strengths and weaknesses. We hope that by setting out the different approaches used for retirement advice and we can provide helpful reference for financial planners who are working with clients on retirement investment strategies.

Richard Dinham is head of client solutions and retirement at Fidelity International

BY THE NUMBERS RETIREMENT TREPIDATION

55.0%

agree or strongly agree that they may need to work past their retirement age to fund their retirement.

53.5%

don't feel that they're on track to have enough money for a retirement they can be happy with.

52.6%

fear they may not be able to afford to live where they want to when they retire.

Source: Fidelity Value of Advice Report, February 2020

DIRECTORS STEP DOWN FROM FPA BOARD

As Delma Newton CFP® and Michelle Tate-Lovery CFP® prepare to step down from the FPA Board, they reflect on their time as Board directors.

Delma Newton CFP®

After two terms on the FPA Board, Delma Newton CFP® FFPA is stepping down, having chalked up a number of highlights during her six years.

A definite highlight for Delma was working on the FPA Professionals Congress for three years (2015-2017) as Congress Chair.

"I enjoyed putting my stamp on Congress. Working with a highly motivated team, helping them pull together something as massive as Congress, was incredibly rewarding," she says. "It was also satisfying to help raise the education standards, by lifting the ethics and critical thinking component of Congress."

More recently, in her capacity as Chair of the Regional Chapter Committee, Delma says it has been a highlight to work closely with the Chapter Chairs, seeing firsthand the wonderful things they are doing within their communities.

"In this capacity, I was able to listen to members and support them by channeling information up and down the line from the Board and management of the FPA to the Chapters. In 2019, the Chapters universally conveyed the distress practitioners were feeling, which allowed the FPA to respond quickly by implementing FPA Wellbeing. It was wonderful to support members with their emotional and mental wellbeing."

Delma says she steps down with no unfinished business. She has been pleased to witness the closer engagement the profession has had with Government and the regulators, as well as the improvement in two issues close to her heart – encouraging more women to join the profession and for planners to share their good news stories.

> *"Know that what you are doing is making a real difference in the lives of your clients, so be proud of the profession you belong to."*
>
> | DELMA NEWTON CFP®

She adds it has been a privilege to serve members and the profession during her time on the Board. As a parting comment to FPA members, Delma says it's important for all practitioners to work together to move the profession forward.

"Know that what you are doing is making a real difference in the lives of your clients, so be proud of the profession you belong to."

Commenting on Delma's departure, FPA Chair Marisa Broome CFP® recalls joining the FPA Board with Delma in November 2014.

"Delma's dedication with initially putting together the FPA Congress and then moving to work with all the Chapter Chairs and the Regional Chapter Chair Committee has ensured the Board has always been kept in touch with member needs and their feedback – both good and bad!"

"Delma has also served on the Audit and Risk Committee, which is key to ensuring the FPA is able to operate appropriately and prudently, the Steering Committee for Code Monitoring Australia and the recent CFP® Advertising Advisory Group. I sincerely thank Delma for her commitment and contribution," says Marisa.

Michelle Tate-Lovery CFP®

Also stepping down from the Board after a three year term is Michelle Tate-Lovery CFP®. Elected to the Board in November 2017, Michelle has Chaired the Congress Committee for the past three years, including this year's hugely successful Virtual Congress.

"In three short years, there has been some seismic shifts to navigate, including reviewing all aspects of the FASEA rollout to members, addressing the fallout from the Royal Commission, rebuilding trust with consumers and supporting practitioners to manage the layers of compliance, as we increased professional standards," Michelle says.

"In the last year or so, it has been immensely stimulating being involved with shaping the profession through the FPA Strategic Priorities 2025 (MAC – Members, Advocacy, Consumers) and the FPA's Policy Platform – Affordable Advice, Sustainable Profession."

Continued on p12

MAPLE-BROWN ABBOTT
INVESTMENT MANAGERS SINCE 1984

INVESTMENT INSIGHTS:

Looking for dividends? Consider Asia.

COVID-19 and the related financial market turmoil that followed during the 2020 year has caused headaches for many investors and their advisers. This has particularly been the case for those who invest with the specific aim of earning income on their assets.

While the hunt for yield has been an ongoing theme for investing over the past few years – with interest rates steadily decreasing, and market volatility ongoing - the situation has been exacerbated this year with the financial market fall out from COVID-19. In particular we have seen once reliable dividend payers such as the banks - slashing their distributions, which has had a marked impact on their shareholders' financial bottom lines.

For Australian investors, such as retirees, who rely on this income to live, it has been a particularly difficult time, and they have had to search hard for alternative income producing investments. For many of them, it has meant taking on higher levels of risk than they are strictly comfortable with, in order to generate sufficient income.

Investing in a shallow pool

There are other options. The Australian share market – although a popular option with investors, not least because of the opportunity to receive income as a tax paid dividend – represents only a very small proportion of share market investments globally. Those investors that focus all their investing attention locally, are missing out on some attractive options in other regions, in companies and sectors in growing industries that aren't well represented in Australia. As such, they are missing a whole host of good investment opportunities.

A compelling option for investors who do consider looking outside Australia for dividend-paying companies, is to look to Asian markets.

In the current environment, we see the Asia region offering investors better return prospects from higher earnings growth and increased dividend distributions, supported by rising free cash flows and strong balance sheets.

Historically, many Asian companies have maintained modest dividend payout ratios, preferring to hoard cash or fund expansion.

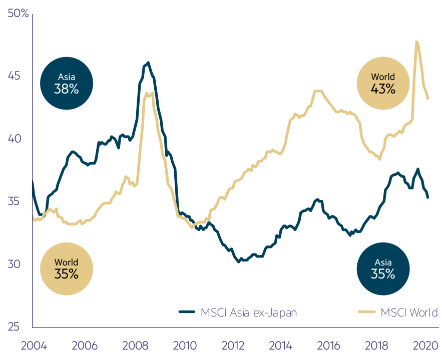
This situation has been changing however with a range of high profile corporates across the region becoming increasingly shareholder focussed, suggesting an increased awareness of the virtues of growing dividends as well as simply growing earnings. Increasingly we are seeing companies adopting more generous distribution policies, a move that has been welcomed by the market.

In this environment, Asia offers a somewhat unique opportunity for investors to benefit from the combination of growing earnings and an increase in dividends due to the regions inherently low gearing and modest payout ratios.

Asian markets outperformance

Indeed, it seems that the market has been rewarding those companies that have displayed an increasing dividend payout ratio, with a clear pattern of outperformance seen from these companies.

There continues to be strong scope for enhanced returns from growing dividends from a range of companies across a number of markets in Asia. The scope for payout ratios to rise from their current levels across Asia is greater than what we observe elsewhere in the world, as shown in the chart.



Asia has the strongest aggregate balance sheet position of any equity market region globally. There are more net cash companies found in Asia than anywhere else in the world. Similarly, the net debt to equity position for Asia is significantly stronger than anywhere else in the globe. As a consequence, strong balance sheets coupled with an improving outlook for earnings growth for many markets entering a recovery phase post COVID-19 is providing a favourable pre-condition for dividend growth.

The payout ratio for the Asia region is among the lowest globally at 38%. This compares to the World Index at 45% and Australia at 77%.[1] The scope for dividends to both be sustained and grow as a consequence of recovering earnings and an increased payout ratio is therefore considerably enhanced in Asia due to these factors.

At Maple-Brown Abbott, we have been investing in the Asian equity market since 2002 and we believe there is good potential to achieve attractive levels of yield by investing in stocks that are able to both sustain and grow their dividends relative to the market.

The power of compounding returns

Often described as the 'eighth wonder of the world', compound returns are an immutable force in creating long term wealth. The role and significance of dividend income is often overlooked by many pundits chasing ever higher returns. Our own research has shown that the long-term cumulative return from equities including dividend income can be more than double the return generated from the movement in price alone.

Free cash flow

Importantly, the level of free cash flow – an important bellwether of a company's ability to sustain and increase dividends has also shown a noticeable improvement across the Asian region in recent years.

Looking forward, we see significant scope for investors to benefit from an attractive and growing stream of dividend income supported by a recovery in earnings underpinned by robust balance sheets and healthy free cash flow in the wake of COVID-19.

1. Source: MBA FactSet 30 September 2020

Investment Insights:
Geoff Bazzan,
Head of Asia Pacific Equities
Maple-Brown Abbott

Continued from p10

And like Delma, Michelle has been involved with the FPA's move to address the under-representation of women in the profession.

"For diversity of perspective, we need to see more women join the profession and develop long-term careers. Through the FPA's Women in Financial Planning initiative, we are moving towards bridging the gender imbalance."

In her role as Congress Chair, Michelle has enjoyed curating relevant and timely content that has broadened perspectives and stimulated new ways of thinking. While she was responsible for delivering two physical Congress events, she was delighted that the FPA was able to adapt quickly to the COVID-19 environment by delivering a virtual Congress this year, spread over four months.

"It has been my great honour to have served members, during what has been a significant period in financial planning. It's been incredibly exhilarating, personally rewarding and quite intense.

"The FPA, led by Dante De Gori CFP®, chaired by Marisa Broome CFP® and supported by my fellow Board Directors and the wider FPA team, is a powerhouse of purpose and passion," Michelle says.

> *"For diversity of perspective, we need to see more women join the profession and develop long-term careers."*
>
> | MICHELLE TATE-LOVERY CFP®

In her responsibilities with the Board, including her role as Chair of the Congress Committee, Marisa says Michelle brought with her a level of enthusiasm that was contagious, a 'think outside the box' range of solutions, and has helped drive the FPA to become more agile in how it responds to members' needs.

"Her roadmap for ongoing learning that we are introducing for 2021, will be a lasting legacy," says Marisa.

"I have learned so much from Michelle and have loved working with her, especially this year as she led the creation of the FPA [Virtual] Congress, including the groundbreaking keynote.

"I know her support of the FPA will continue long after her term on the Board finishes."

COMPLAINTS AND DISCIPLINE
JULY – SEPTEMBER 2020

6	Complaints ongoing as at 1 July 2020
4	New complaints
2	Closed complaints
8	Complaints ongoing as at 30 September 2020
0	Members suspended
0	Members expelled (Conduct Review Commission)
0	Members terminated (Constitution)
0	Other sanctions
0	Referred to Professional Designations Committee for sanction

In the July to September quarter, the FPA received four new complaints, finalised two complaints, and have eight ongoing complaints.

Of those ongoing complaints, one is in the process of making preliminary enquiries, four are in the process of investigation where information has been requested from members and complainants, two are in the process of finalising the report for the Conduct Review Commission (CRC), and the final matter is currently with the CRC, where a disciplinary panel hearing is pending.

AUTOMATIC TERMINATIONS

No members were terminated during the quarter.

ACADEMIC MISCONDUCT

No Academic Misconduct complaints were raised in the July to September quarter.

ASSISTANCE AND ENQUIRIES

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

Alternatively, if you are facing an ethical conundrum that you would like to discuss with an independent expert, the Ethi-Call service with The Ethics Centre is available for members. Further information about this service can be accessed on the FPA website at fpa.com.au.

YOU SAY / THEY SAY

There's no doubt 2020 has been a year of tumultuous change. For both financial planners and consumers, this change has brought new challenges, habits and goals to focus on. But in spite of the upheaval, there is plenty of optimism about what 2021 has in store.

YOU SAY

Working from home and the digital transformation it brings has been a key focus for financial planners this year. Together with the growing need for advice, they're seeing recent changes as an opportunity to build a more scalable, profitable business model to meet this rise in demand.

What has been the biggest change to your working practises in 2020?

JB "The biggest change is having the whole team working from home since 16 March, to ensure our IT logistics were flexible and that the team were up and running from home in less than 24 hours, efficiently with minimal impact to clients. From an OH&S perspective, we met all our obligations as employers and kept the moral and 'fun' side of JBS going within the team, whilst all working from home and dealing with our own personal logistics. Introducing a second daily huddle, fun Friday afternoon games to keep connected, plus celebrating the wins, birthdays and maintaining the 'office communication vibe' have been at the forefront of our planning.

CY "There is no doubt the sudden onset of full remote working for all staff was a change, and one I imagine most advisory firms faced.

For our firm, however, we are very systematised and we aimed to keep the processes within our advisory firm consistent, and I think this helped us significantly.

The one area we did find challenging in the initial stages was the client education piece and the full adoption of digitised advice delivery. However, now even our most elderly clients are Zoom champions.

AG "Without doubt for our practice it has been the use of technology. We've always used the likes of Zoom/MS and GoTo Meetings, but compulsivity has forced our clients to do the same. Now, an online meeting and DocuSign are a normal part of our client relationships. In addition to client efficacy, our internal business meetings are shorter, focused, and have a rhythm and pulse. Finally, the necessity for staff to work from home has removed previous concerns around productivity and the perceived 'need' to be at the office. Our staff, like many others, have handled the interruptions and change in their stride. I am so proud of their achievements.

How do you plan to adapt your business to this changed environment to succeed in 2021?

JB "Being 100 per cent online and working remotely with no in person meetings, has shown us we can run an efficient and profitable business. We envisage that we will continue operating with the bulk of our client appointments virtually, at least in the short-term. It has made us re-think that what was the norm of an office pre-COVID is not necessarily going to be the same going forward. This means that our communication with both clients and team members is critical. We must ensure that we continue to work with our clients building the rapport that is easy within a boardroom, but a little more challenging online.

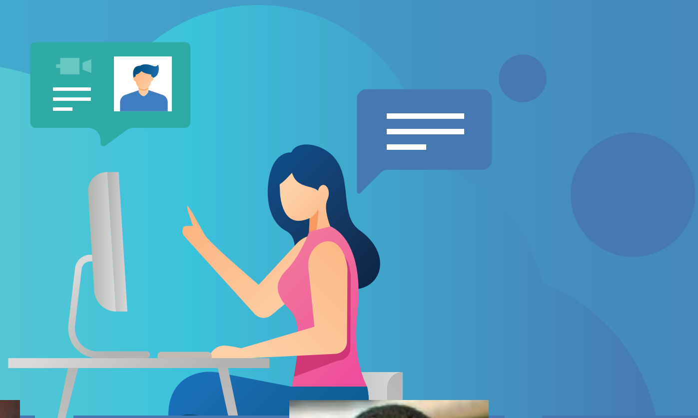
CY "Times like these are great for a re-frame of 'we've always done it that way'.

The increasing functionality and accessibility of client portals and various online delivery tools (think virtual SoAs) can not only speed up advice delivery and implementation but as importantly, create a far better and engaging client experience. Technology will be a clear and definite enabler.

The forced digitisation of doing business can prove to be a great enabler, helping to improve advisory firms' profitability.

AG "Continuing to build an integrated technology solution that is 'practice' NOT licensee focused, delivering efficient client-centric advice, engagement, information and communication service solely focused on clients' interests. 'Off the shelf' technology will include integrated online meeting, digital signature, webinar and video conferencing, QR codes and online portals.

I believe the most impacting and value accretive changes (for both clients and financial planners) will be the efficient delivery of scoped/limited/scaled



Jenny Brown CFP®

Founder and CEO

JBS Financial Strategists

Chris Yena CFP®

General Manager

Warringal Financial Services

Adam Goldstien CFP®

Director

Skeggs Goldstien

and piece-meal advice. It is what our clients are seeking yet our profession has yet to deliver. This will require the collaboration of all parties to achieve.

Where do you see the most room for growth in your business in 2021?

JB "Referrals from existing clients will continue to deliver the main source of growth in our business. We are finding over the past couple of months that prospective clients are keen to meet with us virtually, which wasn't the case when we initially moved to work from home. We have concentrated on improving efficiencies, which has in turn created capacity to bring on new clients. Our ideal clients are pre/post retirees, historically wanting to see us in person. However, by helping them connect with us via their computers/phones/tablets, we have been able to show them that they don't need to travel into our office or hassle with traffic and parking.

CY "If nothing else, this lockdown has cemented relationships – both professionally (clients) and personally (family) – and so we are seeing a far greater focus from both new and existing clients who are reaching out for more advice around their wealth and protection needs.

Specifically, a focus appears to be on looking after ageing parents. Those financial planners who have been extra proactive in their communications will reap the benefits, as clients will always remember how you made them feel during the darkest hours of market volatility. Being present in these past 6 months – more so than ever – has cemented our profession as the trusted adviser.

AG "In my view, COVID-19 is probably the least impacting driver of change in our profession at present, however, it has created an environment for review and contemplation. For practice growth in 2021, I believe the big hurdles will be reducing cost to serve, education and CPD but more specifically, regulation and compliance. For these reasons, I believe our business will continue organic growth focusing on a finite number of clients (circa 85/adviser), providing high touch, high value financial, accounting and business advisory services. At some stage, there may be opportunity for acquisition, but I don't think that time is now – we just don't have the efficacy or support to provide services to a large client base.

THEY SAY

With the lifestyle and economic changes COVID-19 has brought, consumers are more focused on controlling spending and making saving a bigger priority. After a year that has reminded us why we need to be prepared for the unexpected, many are looking to keep these habits going in 2021.

What has been the biggest change to your financial behaviour in 2020?

1. Increased focus on the share market.
2. More savings and less spending on discretionary items.
3. Not enough time to keep on top of everything.
4. More focused on savings, rather than 'when we can'.
5. Less spending on eating out and on petrol.
6. Spending only on the necessities, rather than the wants and extravagancies.

How do you plan to change your finances to feel more secure in the year ahead?

1. We are currently pretty secure.
2. Paying down debt and more strategic saving.
3. Consolidate assets.
4. More regular 'set and forget' savings for emergency funds.
5. I don't, we're already quite secure.
6. Removing the non-necessities, minimising eating out and shopping for things I actually need, not just want.

Where do you see the greatest opportunity to make positive changes in your life in 2021?

1. With the limit on travel, we will see more of our state and country. Home improvements too, making being at home more enjoyable.
2. More financial mindfulness.
3. Simplify.
4. Rejuvenate and relax to be more energetic in 2021.
5. More income from work, hopefully.
6. Opportunity to do simpler things with my kids and to teach them the importance of managing their finances.

STILL RUNNING: THE YEAR IN ADVICE

Following cues from the late, great Tom Petty, Jason Andriessen CFP® reflects on the year that was and what financial planners have to learn from the trials and triumphs of 2020.

The past year has been a difficult one for financial planners and their clients. From the bushfires, to COVID-19, and now economic recession, access to high quality advice is more important than ever. The good news is that most financial planners are focused on their long-term careers and tackling the current challenges head-on. And when we look back and take stock of the past year, the success drivers of the future become clearer.

THE SKY GREW DARK

The world was looking like a risky place in January. In Australia we were in the midst of the Black Summer, the costliest natural disaster in our history. The bushfires not only darkened our skies, they impacted most of us personally. When we include smoke inhalation statistics, more than 450 Australians died, and we lost around 3,500 homes. Around 18.5 million hectares were burned, an unknown number of endangered species have been driven to extinction, and the economic impact is now estimated to exceed $100 billion.

Just as the fires began to abate, a new threat emerged. A concerning outbreak of viral pneumonia started in Wuhan, China, and took just weeks to spread around the world as a global pandemic.

> *"The nature of demand for advice has changed during COVID-19, probably forever. The lockdowns have fast-tracked a long-term consumer trend towards digital services.*

THE RAIN WAS UNSTOPPABLE

The COVID-19 public health crisis soon turned into a market crisis. From an all-time high in mid-February, the ASX 200 fell 36 per cent and markets across the globe experienced similar declines. This quickly became a full-blown economic crisis as markets shut down. We are now experiencing the worst global recession since World War II, and global unemployment has reached its highest level in more than 50 years.

Understandably, all of this has impacted our clients as well, who are feeling more cautious and pessimistic than they have in years. According to CoreData's Investor Sentiment Index© of high-net-worth investors, the confidence of the rich in the September quarter was at its lowest level since 2012. Business confidence is low too. Over four in five think economic conditions will get worse before they start getting better.

WORKING ON A MYSTERY

The good news is that uncertainty fuels strategic demand for professional financial planning advice. And the broader financial services industry has proven comparatively robust during the crisis. But the nature of demand for advice has changed during COVID-19, probably forever. The lockdowns have fast-tracked a long-term consumer trend towards digital services. In particular, there has been increasing demand for an omni-channel service experience, where clients can interact face-to-face, over the phone, and digitally.

According to a McKinsey global survey of consumer sentiment during COVID-19, we have vaulted five years forward in business and consumer digital adoption in a matter of around eight weeks. The best financial planning practices responded immediately, changing their business models to digital in March as the country went into its first lockdown. They embraced video-conferencing, online forms and electronic workflows.

These businesses had the right mindset and acted decisively. They're not alone. Research undertaken by CoreData for Xero after the first wave of COVID-19 explored the characteristics required of small and medium enterprises in the new world. The research showed that across industries, it was the businesses that perceived COVID-19 as an enduring change event, rather than a short-term aberration, that responded best.

PICKING UP WHATEVER'S MINE

For financial planners, this pace of change is nothing new and COVID-19 has been just one more thing for financial planners to manage. While most are up for the challenge, there's evidence some are not. The number of financial planners leaving the industry far outweighs the number of new entrants. At the end of September, there were around 25 per cent fewer planners on ASIC's Financial Adviser Register than there were at the end of 2018.

Financial planners are leaving, and they're not being replaced. According to FASEA, there are currently only 180 new entrants completing their professional year right across the country.

Granted, the number of leavers is slowing, but there are clear indicators that the trend will continue until the end of 2025, when transitional arrangements for existing financial planners end. For example, many financial planners have been slow to sit the ASIC exam, potentially indicating they have no intention of doing so. After the August sitting of the FASEA exam, only about half of financial planners on the Financial Advice Register (FAR) had passed.

The advice industry is not just shrinking it is changing shape, too. Financial planners are leaving the institutional licensees and joining either the new mid-tier independent licensees, self-licensing or sharing a DIY licence with other like-minded professionals. The fast-growing mid-tier licensees are now significant businesses in their own rights. Capstone Financial Planning, Shaw and Partners, Findex Group and Fortnum Private Wealth each have more than 200 authorised representatives, and will no doubt attract regulatory scrutiny.

According to CoreData's Licensee Research for 2020, the economics of advice are becoming more challenging. As product subsidies disappear from the ecosystem, the cost of licensee services will continue to increase. Around three in five financial planners are paying more for licensee services than they paid last year, and the average cost of licensee services is approaching $40,000 per year per financial planner. The cost of professional indemnity insurance is also rising, with a similar proportion paying more than last year. The average annual premium for PI cover is now over $6,000.

RUNNING DOWN A DREAM

With rising costs of licensee services, financial planners are expecting more support on the things that matter – currently, compliance support and technology support. Around two in five financial planners would be willing to switch licensees if they could find one that delivers exceptional support in compliance or advice technology.

There are good reasons for financial planners needing more help with their advice technology. Most have built a hotchpotch of solutions over time and are now overwhelmed by the complexity. According to Netwealth's 2020 AdviceTech report, the average advice firm now has 13 software packages in its technology stack.

In the year ahead, the best practices will continue their push to digital. They will set aside a budget for technology and intentionally seek to support the new ways of working. These will require robust electronic workflows to support a dispersed workforce working remotely. The new omni-channel service models will need to be underpinned by industrial strength client relationship management systems and integrated technology stacks.

But it is not just about the functionality of the advice technology stack. The push to digital will require practices to focus on other technology requirements too. One of the biggest risks we face in the digital world is losing clients' data. So, financial planners should start by organising third-party system penetration testing and checking their business cover includes cyber-security insurance.

The best financial planning practices responded to the challenges of 2020 swiftly and decisively. They perceived the changes as enduring and made the required digital modifications to their business model. The next year will require them to bed down these changes, integrate them into their core businesses and drive down costs to serve.

CoreData estimates that more than four million Australians will require advice in the next 25 years during their retirement and as they age and eventually pass on almost $4 trillion dollars of wealth to the next generation. The rewards to financial planners for getting this right are enormous.

Jason Andriessen CFP® is the Managing Director of CoreData.

POLICY PLATFORM IN FOCUS: COST OF FINANCIAL ADVICE

In the final part of our series on the FPA Five Year Policy Platform, Affordable Advice, Sustainable Profession, we take a closer look at cost of advice issues and recommendations intended to move towards models for greater access to financial advice for a fair and affordable price.

Given the title of this policy platform document, it could be said that cost of financial advice is the most critical element of a sustainable profession. Enabling financial planners to offer affordable advice to more Australians can enable existing practices to thrive as well as attracting new entrants to our profession.

With our country now in its first recession in 30 years, it's also a very timely topic to focus on. It's been said that all ships rise when the economic tide is coming in. As it ebbs, more and more people can benefit from professional advice on their finances to keep them afloat and moving towards their goals, regardless of when the tide turns, as it eventually will.

LIMITING BARRIERS TO FINANCIAL ADVICE

From the consumer perspective, cost of advice is certainly a barrier to many who need professional advice to make the most of their finances at this challenging time. In its 2019 report, *Financial advice: what consumers really think*, ASIC found that cost of advice was the number one barrier to getting financial advice.

More recently, in the FPA's Money & Life Tracker: COVID Edition survey of 2,000 people, 20 per cent of unadvised Australians don't think they have enough assets or investments to engage a financial planner. This further highlights the importance of the third recommendation in this section of the Policy Platform on tax deductibility of advice. As things stand, the types of financial advice that attract a tax deduction are for advice relating to an asset generating taxable revenue. That means clients with enough wealth to invest can benefit from a tax deduction.

Many prospective clients who could benefit from a holistic approach to advice for the purpose of managing their finances to reach the point where they have wealth to invest do not benefit from a tax deduction. Introducing tax concessions for the whole spectrum of financial advice services will certainly lower the barrier of cost of advice.

> *"Introducing tax concessions for the whole spectrum of financial advice services will certainly lower the barrier of cost of advice. It may also go some way towards making it clearer to consumers that they can benefit from professional financial advice, regardless of their current wealth and asset position."*

It may also go some way towards making it clearer to consumers that they can benefit from professional financial advice, regardless of their current wealth and asset position.

FAIR FEES FOR ALL ADVICE NEEDS

For financial advice professionals to better serve their existing and future clients, they need the flexibility to deliver the services those clients need for a price that makes sense. Recommendation 5.1 is intended to support financial planners in giving consumers more options for how they engage with advice. A change in the law may not actually be required to allow for this flexibility. It's more the case that both licensees and financial planners are 'gun shy' on compliance breaches. By scaling their services and fees without clear guidance from the regulator, they are putting themselves at risk.

With this change in approach to advice comes significant changes to business models. Financial planners, practices and licensees need support and direction from the regulator to make progress on this, with confidence that their investment of time and resources won't land them in hot water. Uncertainty about how the code of ethics is applied to scaled advice is one example of what's holding them back.

It's interesting to note that a relatively low number of financial planners have taken up regulatory relief intended to broaden access to advice to consumers on the issue of early access to superannuation. This is both a reminder that affordable scaled advice can be in the public interest and that financial planners need more certainty in situations like these, so they can provide scaled advice within clear and appropriate guidelines.

Since the release of this Policy Platform document in July 2020, we have had a good response from ASIC and, more broadly, the Government on this issue. This is an important step towards the industry and the regulator reaching a shared understanding on this matter. These positive, productive engagements prepare the way for solutions that

will provide certainty on scaled advice delivery, whether that's developing a set of guidelines, a robust framework or something else altogether.

BRINGING THE BENEFITS OF ADVICE TO SUPER

Recommendation 5.2 on raising the threshold for small investment advice is a relatively simple amendment to financial advice with the potential to have a significant impact on investment outcomes for Australians. If this advice approach is extended to provision of advice on superannuation, this positive impact could include higher super balances and incomes for Australian retirees.

Given that many Australians have now withdrawn some funds from their super early to deal with the financial consequences of the COVID-19 pandemic, we would hope to see more people taking advantage of voluntary concessional contributions to catch-up on their super savings in the future. By raising the threshold to allow for small investment advice up to $50,000 per person in the meantime, consumers in a position to boost retirement savings can more easily access professional advice. This can help them make considered decisions as to how they invest these contributions to protect their income and quality of life in retirement.

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 at community.fpa.com.au.

COST OF ADVICE RECOMMENDATIONS - A SUMMARY

5.1 ABILITY TO BUY THE ADVICE YOU WANT

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

5.2 SMALL INVESTMENT ADVICE

The law establishing 'small investment advice' should be changed to increase the threshold and allow for the provision of advice on superannuation. At a minimum, the threshold should allow for advice up to $50,000 per person to cover voluntary concessional superannuation contributions and similar minor investments. A method of indexing the threshold may be appropriate to ensure it remains aligned with contemporary values.

5.3 TAX DEDUCTIBILITY OF ADVICE

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

5.4 FEES FROM SUPERANNUATION

A single set of rules should apply to all superannuation accounts that allow the payment of fees for financial advice with appropriate requirements for renewal notices, disclosure and authorisation of fees.

5.5 INSURANCE ADVICE FEES

The Life Insurance Framework should continue to allow consumers to choose how to pay for their life insurance advice.

Life insurance companies should provide consumers with flexibility in how financial advice is paid for by creating new fee collection options and new products that offer transparent and commission-free options.

Towards 2030

THE TRENDS TO WATCH

Trend forecaster, author and business strategist, Michael McQueen, reveals the five trends that will impact and reshape the financial planning profession over the next 10 years. He talks to Jayson Forrest.

In 2014, you may have heard Michael McQueen speak at the FPA Professionals Congress in Adelaide. Back then, he spoke about living in an age of unprecedented disruption, where once lucrative revenue models – like financial planning – were under siege. Shift and change was happening, with no organisation or business immune to it.

Fast-forward six years and even Michael, as one of the world's leading forecasters on trends, is surprised by the extent and rapidity of change, which he says has been particularly significant for the financial planning profession.

"The fact that we now use the term 'profession' as the standard to describe the vocation of financial planning is indicative of the change that has happened over the last six years," Michael says. "The profession has evolved quickly over the years, as consumer demand for professionalism has led to higher education and professional standards, as well as increased regulatory scrutiny and much more compliance."

And while Michael believes regulation remains significant for the profession, he suggests the issue around 'trust' has increasingly become important for planners over the last six years.

"The trust that people have for financial planners has taken a hit, but they're not the only ones. There are many different sectors, like aged care, that have had their trust eroded in the last few years."

Since the FPA Professionals Congress in Adelaide, Michael has also noticed a change in the way in which clients engage with financial services, with an increasing number of players entering the fintech space, squarely providing solutions aimed at financial, investment and wealth advice.

> *"Toyota's former global chairman, Hiroshi Okuda, said: 'The best time to reform a business is when business is good.' I think that's one of the most important things the financial planning profession can do."*

"With some of the technology platforms that are available now, you would have struggled back in 2014 to understand how pervasive these platforms, like Amazon's Alexa, would become. And yet, there are a number of banks in Europe and the U.S. that are using Alexa to provide their customers with investment advice. So, the way in which people are now looking to engage with financial services and advice has changed."

5 TRENDS TO WATCH

Jump forward six years, and while Michael might still be on the outside of the profession looking in, he believes the evolutionary transformation of the profession has only just begun. With a focus on the future, he identifies five major trends that he believes will irrevocably change the profession over the next 10 years.

1. RADICAL TRANSPARENCY

The first of these trends is what Michael terms, 'radical transparency', and is fundamental for re-establishing consumer trust in the profession.

"There's going to be an increased need for 'radical transparency' in everything planners do for their clients," he says. "We're already seeing a shift in thinking by planners around fee disclosure and remuneration."

He believes this 'radical transparency' will particularly gain momentum as practitioners engage with the next generation of financially and tech savvy consumers.

Michael explains: "If there is distrust with consumers already, one of the first things you have to do with a client is be upfront about how you get remunerated, and not rely on the FDS or PDS to convey that to clients. The reality is, consumers don't read those documents.

"A young person who has never dealt with a planner before is naturally wondering how they get paid. So, if you want to build trust from the outset with clients, be upfront and transparent with them about your remuneration and services. By being proactive, you can nip distrust in the bud and re-establish trust with potential new clients. That's going to be an important trend going forward."

2. GENERATIONAL TRANSITION

Michael identifies the second trend facing practitioners is the generational transfer of wealth and clients.

With Baby Boomers entering the retirement phase, it's their kids, the Millennials, who present a massive opportunity for planners.

"For the last 5-10 years, we've been talking about Millennials being the next big cohort of clients coming through. Many Millennials are now at a life stage where they are looking for advice because their financial situation has become more complicated as they deal with young families, their career, buying a house, and building their wealth. They are looking for advice and support."

However, Michael believes the generation of clients planners should be closely watching is Generation Z – people born between 1995-2012.

"Don't make the mistake of thinking this generation is too young to be serious about financial advice," Michael warns. "With many of them receiving financial education at school, they are both financially and tech savvy. They are reading books, like *The Barefoot Investor*, and are coming into adult life with far greater financial awareness than previous generations."

While Generation Z will require financial advice, Michael believes that due to their tech savviness, they won't be as reliant on third-party information to the same extent as previous generations, or consume that information in the same way other generational cohorts did.

"That's going to mean a shift for the profession in terms of how it adds value to clients and engages with them, particularly with Millennials and Gen Zs."

3. CONSOLIDATION OF FINANCIAL SERVICES

Michael's third trend has gained momentum since the Hayne Royal Commission, with increasing consolidation of the financial services industry, like IOOF's recent acquisition of MLC Wealth.

"We'll probably see some of the big banks move entirely out of the advice space, because it's just too risky for them. They don't quite understand it and are feeling exposed," he says.

"You can also expect to see the landscape from a licensee perspective continue to change over the next few years, as more licensees join forces. This provides licensees with the benefits of scale, while enabling them to remain independent and non-aligned."

4. PLANNER DIVERSITY

A trend Michael is seeing across other professions is the increasing diversity of people joining sectors they wouldn't have traditionally done, bringing with them complementary skills. It's a trend he sees accelerating in the financial advice space.

"If you want to recruit people for an advice business, then you need to consider the diversity of your clientele, which includes age, gender, ability, ethics and values. This means implementing different skillsets within your business."

Michael says what worked in the past, won't necessarily work in the future. While many advice firms were focused on hiring good sales people in the past, as the profession has evolved and become more focused on the needs and goals of the client, practices are more centred on embedding people-focused skills within the business.

> *"In business terms, friction is often the result of something being clunky, bureaucratic, burdensome, frustrating and confusing. If you ignore those friction points, then that will leave you vulnerable to disruption."*

"It's all about getting into the 'nuts and bolts' of what's really happening with a client beyond their financial circumstances, and knowing what they mean by how they are feeling, and not necessarily by what they are saying. It's about having insight, empathy and discernment to help clients shift their own beliefs and attitudes. That's going to become a key part of the overall financial planning process."

Michael adds that with more informed and savvy clients, the future of the profession will require it to reposition its offering from one that was focused on client education to one that is centred more on personalised service and client connection.

"This means we will see different skillsets come into the profession from different types of people and professions, who we may not have seen in the advice space previously," he says.

5. THE ROLE OF TECHNOLOGY

Michael reserves the perennial favourite, technology, as his fifth trend, with the current iteration of technology shaping up as a real game-changer for financial planners. One of these core technologies that Michael has been watching is 'Crystal Knows'.

Crystal Knows is a tool that uses 'personality AI' to identify the behavioural patterns of individuals by analysing their text, responses and other attributes on social media. By entering a person's name into this tool, Crystal Knows searches the internet for everything the person said, liked or followed in the public domain. This information is then analysed and delivered back to the user with a suggested game play to best target their communication or approach that will be most relevant to that specific individual.

"Crystal Knows can provide planners with information and insights on clients that perhaps you wouldn't know until after you've had your first or second meeting with them. So, this type of technology allows planners to go into a client meeting armed with those valuable insights, enabling the discussion to be as relevant and relatable to the client as possible."

Michael says the development of technology and tools, like Crystal Knows, are not only providing planners with valuable insights on their clients, but they are also enhancing the client-connectivity side of the business, and is a definite trend that warrants watching.

AHEAD OF THE CURVE

With the advice profession rapidly evolving and transforming, Michael concedes it can be challenging for planners to adapt to change and the emerging trends that are reshaping society and business. But his secret to managing change is to "stay ahead of the curve".

"My advice is don't wait until some of the changes hit. It may be too late by then," he says. "You need to adapt now, otherwise, you're operating out of survival, instead of strategy."

So, how do you stay ahead of the curve, before change leaves you with no other option? Michael offers three strategies.

PROACTIVE CHANGE

Michael points to Toyota as a great example of a business that has adapted to change well.

"Toyota's former global chairman, Hiroshi Okuda, said: 'The best time to reform a business is when business is good.'

"Okuda believed change shouldn't happen when things got difficult but instead, change should happen well before then. That's one of the most important things the financial planning profession can do," he says. "Make change before change is required."

Michael uses his first trend, 'radical transparency', as an example of how to stay ahead of the curve.

"With transparency, don't wait until regulation requires you to do things or behave in a certain way. Be upfront and honest with clients at all times," he says. "If it makes your clients feel comfortable, then do more than what's professionally required. That's what it means to be a professional."

FOCUS ON FRICTION

Michael's second strategy of staying ahead of the curve is to 'focus on friction'. "In business terms, friction is often the result of something being clunky, bureaucratic, burdensome, frustrating and confusing. If you ignore those friction points, then that will leave you vulnerable to disruption," he says.

"In the financial services space, we've seen fintechs come into the market with technology and apps that are removing a lot of friction points for consumers. So, if the incumbents take their clients for granted, other players will move in and remove the things that irritate clients. But by the time the incumbents realise that, the market has moved on and it's too late for them."

Michael uses 'industry jargon' as an example of friction.

"When you're in the industry, you're not even aware you're using jargon because it becomes second nature. But unfortunately, industry jargon makes consumers feel uncomfortable. That's because they are embarrassed to admit they don't understand the jargon you use," Michael says. "As a profession, this is a definite point of friction that we have to be mindful of."

REVOLUTION, NOT JUST EVOLUTION

Michael's third strategy of staying ahead of the curve is to think 'revolution, not just evolution'. He says this distinction is important because change is often thought as being an evolutionary process.

"What will be required over the next few years across many industries and professions is revolutionary thinking. We need to rethink the very foundations of what it is we do, including: the way the profession works; what clients are looking for; and the value we can provide to clients."

For Michael, revolution is not about continuously improving what you've always done, it's actually about looking at and doing things differently to what you've done before. He uses COVID-19 as an example of an event that has forced everybody to think revolutionary, by modifying their lifestyles, businesses and approach to work.

"How many practitioners are now having Zoom meetings with clients? It's an efficient, convenient and cost-effective way to have meetings. But this type of technology has been around for some time now, so why haven't we been using it before?," Michael asks.

"The reality is, COVID-19 has forced us to re-think how we run our businesses and do things differently. It's been a revolutionary change for the profession. That's precisely the type of revolutionary thinking that will keep you ahead of the curve."

TOWARDS 2030

As Michael looks ahead to the next decade, his advice for the profession remains unchanged from the 2014 FPA Professionals Congress, and that is to continually focus on the human element of financial planning.

"I believe that is the key point of differentiation for financial planning," he says. "This is a human and people business. The more we allow the requirements of compliance and regulation get in the way of the human relationship – building empathy, trust and connectivity – the more at risk the profession is to be disrupted.

"Technology can do a lot of things but what it can't do is 'care'. What a financial planner does for a client – providing them with support, peace of mind and financial wellbeing – is truly transformational. It is incredibly valuable and it's something the advice profession does so beautifully. That's your strength and it's something to build on over the next 10 years and beyond."

Michael McQueen is a trend forecaster, business strategist, author and speaker.

LOCKDOWN AND THE SILVER LINING

As the principal of Personal Financial Services, Angela Martyn CFP® is at the coal-face of COVID-19 restrictions in Melbourne. She talks to Jayson Forrest about how the pandemic has changed the way her boutique practice now operates, and reveals what the future looks like for small planning businesses on the other side of the coronavirus pandemic.

ANGELA MARTYN CFP®

POSITION: PRINCIPAL AND FOUNDING DIRECTOR

PRACTICE: PERSONAL FINANCIAL SERVICES

ESTABLISHED: 2001

LICENSEE: PERSONAL FINANCIAL SERVICES

FINANCIAL PLANNERS: 2

TOTAL STAFF: 3

FPA PROFESSIONAL PRACTICE: SINCE JUNE 2013

PROFESSIONAL PRACTICE
FINANCIAL PLANNING ASSOCIATION of AUSTRALIA

Nowhere has the effects of the coronavirus pandemic been felt as deeply as in Victoria, with Melbourne in particular facing the brunt of severe lockdown restrictions. Since March, Victorians have been under some form of COVID-19 restrictions, with the much tougher 'stage four' restrictions kicking in across metropolitan Melbourne in early August.

And while the Victorian premier, Daniel Andrews, has recently outlined the state Government's roadmap for exiting lockdown, the nine months of restrictions have exacted a heavy toll on the Victorian economy, including on many small businesses.

Just ask Angela Martyn CFP® – the principal and founding director of Melbourne-based Personal Financial Services – who has weathered the severe COVID-19 restrictions, while representing the needs and concerns of independent planning businesses in her role as President of the Boutique Financial Planning Principals Association (BFP).

"Running a business has been undeniably tough this year, particularly for many smaller practices," says Angela. "As a consequence of the restrictions in Victoria, like many businesses nationwide, we've had to rethink our business model and adjust to working remotely. This has presented small businesses, like mine, with challenges and opportunities."

An obvious consequence of working from home has been the loss of direct personal interaction with staff and clients, while there has also been the balancing act between working from home and family life to manage. This has created some unexpected issues, particularly for individuals who have children being home schooled.

"If there is no clear delineation between work and home, it can be a struggle for some people, particularly if there is no separate home office from which to work," Angela says. "But it's a situation that most of us have had to deal with at some time this year."

A SILVER LINING

However, despite these obvious challenges of working remotely, Angela believes that from a business perspective, there has been a silver lining to COVID-19, with a clear benefit being workplace flexibility.

"These prolonged restrictions in Victoria have encouraged business owners to focus on doing things differently, which has led to a number of opportunities, like providing staff with workplace flexibility," she says. "And while it's not our preferred option, we've proven in our business that we can work remotely and still be effective."

Surprisingly, Angela says the restrictions in Melbourne hasn't affected her practice's ability to service its clients, with clients accepting of some delays as a result of the restrictions.

"We have remained connected with our clients through our Zoom calls, which they have really enjoyed. This has been a definite upside for the business, because it takes our client relationships out of the corporate

office and into our own private homes, which seems to have made our conversations with clients more personal and relatable."

Another silver lining Angela is quick to talk about is the uptake and use of technology.

"The fact that we can effectively manage client meetings via Zoom, means that some clients, particularly our older clients, will most likely prefer to continue to do this type of online meeting post COVID, rather than battle traffic and travel into the city where our practice is located. Our clients have become quite relaxed and accepting of our Zoom calls, which has been transformative for our business.

"And it has also provided some staff, who weren't previously in client-facing roles, with the opportunity to step into more direct communication with clients. That's been terrific for improving their skills and confidence, and from a business perspective, it provides longer term client sharing capabilities."

As a business owner, Angela has noticed that her practice has become more savvy using technology solutions for managing client transactions, like using digital signatures and mFunds to avoid filling out lengthy documents.

"And because we conduct weekly social staff meetings over Zoom, I'm finding that we're able to have more in-depth conversations. These social chats promote great staff engagement and connectivity. It means staff aren't isolated, which means you can actively support those team members who may be struggling working from home," says Angela.

"We've fostered a real belief amongst our team and clients that we're all in this together. We have maintained this positive attitude right though this long period of COVID-19 restrictions, which as a business, has made us stronger."

Angela adds that another aspect to the pandemic that has benefited practices in Victoria has been the more flexible approach ASIC have taken to industry regulation. The regulator has acknowledged the difficulties the lockdown restrictions have caused for practitioners and clients in Victoria, by issuing no-action relief on fee disclosure statements and renewal documents.

"This was a welcome announcement," says Angela. "Australia Post had been very slow in delivering the fee disclosure statements and client service agreements that we would normally send out on 30 June. So, we've been increasingly using electronic means and digital signatures to get around these delays."

BOUTIQUE FINANCIAL PLANNING PRINCIPALS ASSOCIATION

Along with her responsibilities as a principal and business owner, Angela wears a second hat as the President of the Boutique Financial Planning Principals Association (BFP). The group, which was established in 2002, was formed to specifically represent the interests of boutique, independently-owned financial planning firms operating under their own AFSL.

> *"As a consequence of the restrictions in Victoria, like many businesses nationwide, we've had to rethink our business model and adjust to working remotely. This has presented small businesses, like mine, with challenges and opportunities."*

The term 'independent', says Angela, means that the AFSL business is privately-owned and not part of a financial institution, and 'boutique' refers to the small number of financial planners that members generally have working within their business.

It's in her capacity as President of the BFP that Angela has seen firsthand how the pandemic has affected small financial planning business owners nationwide. Thankfully, from what she is hearing, these businesses have been nimble enough to re-organise their remote working capabilities and implement changes to technology.

"As BFP is a collaborative group, our principal members have been actively sharing ideas on what they are doing, how they are doing it, and what technology they are using."

> *We've fostered a real belief amongst our team and clients that we're all in this together. We have maintained this positive attitude right though this long period of COVID-19 restrictions, which as a business, has made us stronger."*

However, while Angela concedes that some members have had issues with funding the infrastructure needs of their staff working from home, overall, she reports that small business principals are managing the business aspects of compliance, client advice and overseeing the delivery of services quite effectively.

She points to one of the benefits of belonging to the BFP, which are the discounted services offered to members through a range of third-party providers. Angela says by using the group's buying capacity, it is able to leverage some significant discounts for its members.

"These discounted services can be a considerable cost savings for members, particularly when they are just setting up their AFSL."

However, as a direct consequence of the coronavirus pandemic, Angela is pragmatic to accept that there will most likely be a drop in income for many small practice owners, as they focus on their existing client-base, rather than chase new clients.

"The focus for BFP's members has remained on existing clients and existing referral networks, rather than engaging with new clients," Angela says. "That's because it's harder to create a personal connection with potential new clients in this current virtual workplace environment. Unfortunately, that will probably have a flow-on effect with business income, which will fall at a time when costs are rising."

But despite the challenges of COVID-19, Angela is confident BFP's principal members are managing well and remaining positive. "Their ability to tap into the BFP network for support, such as through our Google groups communication tool, has been well received and keeps our members connected."

A POST COVID-19 WORLD

Angela doesn't shy away from the fact that fee pressure and spiralling business costs - including compliance, technology and PI insurance - is placing considerable stress on small advice businesses.

And while she admits that scale is becoming an issue for boutique practices, with more mergers and acquisitions happening within the sector, she is also seeing an increase in the number of partner-style business models emerging, which comprise of multiple owners of individual businesses operating as one firm.

"I am seeing more small businesses wanting to join with other like-minded businesses as a way of sharing resources and spreading the costs of doing business, like compliance and investing in technology."

It's a trend that Angela says is being propelled forward due to increased regulation and regulatory costs, and she expects to see more boutique planning practices emerge from the shadow of COVID-19, with more nimble, tailored and efficient business models.

"With many practices already working extremely effectively as remote businesses, small owner-operators are re-assessing their need to have a CBD or high street office. We're seeing practice principals using this time spent working from home to reappraise their businesses.

"They're looking at what improvements and efficiencies can be implemented back into the business to rein in costs, like outsourcing or automating functions. And with practices turning to remote and flexible business models, staff may become more geographically spread."

EVOLUTIONARY CHANGES

Considering the amount of regulatory changes the profession has had to adapt to over the last two years, including changes to education and professional standards, Angela is hopeful these changes will lead to improved consumer awareness of what financial planning is actually about.

But when pressed to describe what a financial planning business may look like in the next 5-10 years, she is adamant it will be entirely fee-for-service, with advice finally becoming tax-deductible.

Angela also envisages three different types of advice offerings emerging: comprehensive, topic/life stage specific, and robo-advice.

She explains: "Robo-advice will be targeted at those individuals who don't require comprehensive advice. This service will be more generic and centred around asset allocation and investment selection. However, despite the rise of automated advice offerings, I do believe comprehensive and topic/life stage specific advice will continue to be delivered by planners who have a trusted relationship with their clients.

"Comprehensive and topic/life stage advice will continue to be personally delivered by a practitioner, but enhanced by technology," Angela says, suggesting that fintech will play an important role in supporting the ongoing delivery of advice.

She also believes planning practices will emerge post COVID-19 with a much greater focus on understanding their business model and costs, enabling for a more appropriate setting of fees to ensure that the cost to deliver the advice and services is appropriately covered, while providing a reasonable profit to enable business growth and enhancement.

"The three different types of advice offerings – comprehensive, topic/life stage specific, and robo-advice – allow the fee to be set based on the client's advice needs and for firms to specialise based on their expertise and preferences. This specialisation will allow practitioners to complement their existing advice with services, such as estate planning and residential aged care advice," says Angela.

"And we may also see increased use of managed discretionary accounts and other solutions that provide greater efficiency of transactions and improved transparency for the client."

THE PATH TO INDEPENDENCE

With membership of the BFP increasing by about 35 per cent over the last 12 months, Angela says there is a definite rise in interest amongst planning businesses to become self-licensed. You only need to look back 12 months at last year's 2019 FPA Professionals Congress, where Angela spoke on becoming self-licensed to an audience that was standing room only.

But she warns that becoming self-licensed is not suited for every business, requiring careful consideration of your responsibilities and capabilities as an AFS Licensee. However, for practices wanting to get their own AFSL and travel down the independence route, she offers the following advice.

"It's vitally important you fully understand your responsibilities as a licensee," Angela says. "Then consider your capabilities and finances, and whether they are sufficient to fund the establishment and running of the business."

Her other tips include:

- Create a clear business and operational plan;
- Prepare and test your ideas by talking to people who are existing AFSL holders. Talk to them about their experiences and challenges;
- Develop your philosophy and client proposition; and
- Look to engage with specialist service firms to assist with both the application process and compliance procedures. Also consider what other specialist service firms, like human resources and technology, can be used to support your business.

"Most of all, learn from your peers," she says. "Develop a professional network, collaborate, share concerns and share ideas. And, of course, I'd recommend you join the Boutique Financial Planning Principals Association!"

Looking ahead, Angela remains excited about the future of financial planning and the important role it plays in improving the lives of all Australians.

"There are so many positives to running your own business, like creating a niche offering, controlling how you operate, deciding what you are delivering, and what services you use. But underpinning all of these, you first have to understand your responsibilities as a licensee and your capabilities. These are both paramount to your success."

It's wise counsel from a practitioner principal, who has walked this path.

Personal Financial Services 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.

FPA PROFESSIONAL PRACTICE PROGRAM

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

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

1. RECOGNITION

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

2. NEW CLIENT OPPORTUNITIES

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

3. PROFESSIONAL STANDARDS

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

4. PRACTICE MANAGEMENT SUPPORT

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

ELIGIBILITY CRITERIA

The FPA Professional Practice program is open to:

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

The eligibility to become an FPA Professional Practice is:

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

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

SETTING UP FOR SUCCESS IN 2021

With the year of change we've seen, many businesses are expecting more uncertainty in 2021. Business and leadership coaches – Isabelle Phillips, Wayne Condon and Stewart Bell – talk to Miriam DeLacy about what financial planners can be doing to prepare for success.

> *Now that a lot of advice practices are getting deeper engagement with their clients, it's the ideal time to be having a conversation with them about the work that goes into the advice process as well as highlighting the value they're getting from it."*
>
> | STEWART BELL

2020 has not been your average year. With a pandemic that's been as disruptive as any event in living memory for most of us, there have been changes in how we live on a massive scale. So it has become quite natural for conversations about the future to turn to when the new normal will arrive and what we can expect from it.

According to Mackerel Sky Consulting Founder, Leadership Expert and Researcher, Dr Isabelle Phillips, our minds will naturally try to make sense of the world by dismissing the events of 2020 as extreme and look for signs of stability returning. "We have evolved to have this very strong desire to make up stories that the world is a stable place," she says. "So our minds have a default way of trying to bracket events like the COVID-19 pandemic between periods of relative stability. But the reality is our entire existence is unstable and uncertain."

COVID-19 is just one of many changes we can expect to have widespread impact for years and decades to come. Global warming, aging populations, a growing shareholder focus on governance and tech led disruption are all changing the landscape for business owners.

"Leaders today need to be chameleons, always calibrating our response to the now, with precision and nuance," says Isabelle. "This takes real courage and an ability to put your ego aside to keep looking for what's changing and to respond. It's essential to communicate change to our team with skill so that we can build trust that we can succeed regardless of what the future may bring."

Isabelle adds that strong metaphors can be the best tools to help teams understand that the 'story' is changing for their organisation and what that means for the operating environment and their role within it.

"One of my clients is a multinational property group and the tough choices faced by that business have been extraordinary," she says. "The metaphor their leaders chose to describe their changing role was going from a general leading the troops to a triage nurse in Accident and Emergency, responding and prioritising from one moment to the next. COVID-19 has demanded big changes in staffing, roles and responsibilities for their business, but when you frame it as a lifesaving procedure for the whole company, people can see that it's necessary and get behind it."

Wayne Condon, Principal at Converge Consulting and Converge Business, agrees that leaders have a vital role to play in acknowledging what teams are going through without destroying morale and motivation in the process.

"All leaders should be conducting an honest and unambiguous assessment of their business," he says. "That means looking at the demands of their market and recognising that opportunities for success exist. But they must also be courageous enough to acknowledge that success won't come without a strong desire to adapt. If you look at Darwin's theories of evolution, it's not the strongest or smartest species that survive, it's the ones most adaptable to change.

"To navigate the current business environment successfully you need to communicate with your people

in a frank and robust manner that this is a difficult reality. At the same time, you need to offer empathy and inspire hope in what the future holds if you succeed. Only from that level of awareness can you put a plan in place that can be executed."

COMMUNICATION IMPERATIVES

At a time when change is so confronting, the importance of communication really comes to the fore. "Whether you're looking to lay those foundations of success with your clients or your team, communication is a critical factor," says Wayne. "When there is so much going on, it becomes even more vital to communicate about less things, more often.

"The financial advice profession is made up of very smart people. They have information and views on things that are critical in their role as investment managers – factors affecting markets and fiscal policies for example. But we need to be careful in making these our communication priorities, we need to stay in step with what teams and clients need to hear. For teams it's important to know how we're functioning together. For clients it's about staying relevant to their current needs, how are we delivering our daily activities to support core business practices."

As a business coach, Wayne is also very conscious of the part of communication that often gets overlooked – listening. "Remember LUNA and you can't go far wrong," he says. "It stands for Listen for Understanding Not Agreement. It's an approach that allows you to listen for the real issues that come up, not just the ones on your meeting agenda. Pay attention to the behaviours of your people. Look beyond the 'symptoms' and ask questions that will help people feel safe enough to open up about what they think and feel.

"This is one of the positives we've seen with COVID-19. People have become more likely to take a genuine interest in how other people feel and speak openly about their own feelings. We're more attuned to the experiences of others which makes it easier to take an interest in someone else's problems and put your own aside for a time. When you hear that 25 people in your city have just lost their lives, you worry less about whether you get a parking spot outside your office."

With her background in the neuroscience of leadership and communication, Isabelle shares some important lessons to help financial planners communicate to manage clients' heightened anxiety. "We're dealing with brains operating within a context of ongoing uncertainty," she says. "Without the right approach, this high alert response can really inhibit your ability to cultivate trust in your client base at a time when it couldn't be more important.

"A client's capacity to make sound decisions and continue to trust the quality of their choices and their relationship with their planner requires calm amidst the storm of change. To create calm minds capable of making quality decisions we need to increase the sense of certainty and choice. This is hard because you're not in control of investment markets and can't give them definite outcomes.

"

To navigate the current business environment successfully you need to communicate with your team in a frank and robust manner that this is a difficult reality. At the same time, you need to offer empathy and inspire hope in what the future holds if you succeed. Only from that level of awareness can you put a plan in place that can be executed."

| *WAYNE CONDON*

> *We're dealing with brains operating on the basis of a great deal of uncertainty. Without the right approach, this high alert response can really inhibit your ability to cultivate trust in your client base at a time when it couldn't be more important."*
>
> | ISABELLE PHILLIPS

"Instead, you need to focus on the certainty of your service offering and provide choice on how they work with you. Frequent and clear communication around what has just happened and what will happen next is best. This can be as simple as letting them know that you'll be assessing their risk profile during a meeting and why before taking them through questions. Then tell them how, together, you will use this information to take the next steps.

"By delivering certainty and choice you're calming down their brain, sending a clear signal that they can cope in a tumultuous time. Giving them certainty on the integrity of your services and lots of choices about how to communicate and when, will also set them up for feeling a sense of autonomy as they look forward to their meetings with you. This moves their brain into the best possible state for quality decision-making."

KNOW YOUR VALUE

One thing we can be sure of is that clients definitely want to be hearing more from their financial planner. According to Stewart Bell, Founder and Principal of Audere Coaching and Consulting, the idea that constant communication from financial planners is somehow unwelcome has been debunked since COVID-19. "More financial planners are realising their clients actually want to hear from them and they really value having a financial planner to turn to at this time," he says. "In fact one study from MLC that has shown financial planners are now the most trusted source of information on money matters.

"In the past many coaching clients might have questioned where a monthly email was too much communication. Now that doubt has gone and instead we're questioning the best way to engage – should it be a Vlog, email or Zoom call – instead of wondering how often we should be sharing information and checking in."

This additional communication load, and proof of the value clients see in financial advice, can lead financial planners to question how they're pricing their services.

"Who isn't investing more time, more money and basically taking longer to do the advice than they were five years ago?" asks Stewart. "And yet there is real concern about charging for time and these higher overheads. It's such an important thing that keeps coming up with clients that I'm working on a white paper to look into it in much more depth and share what I've learnt coaching businesses and looking at their pricing models.

"The problem becomes clear when you realise that for a lot of businesses up to 50 per cent of unprofitable clients – and sometimes more – are being subsidised by the more profitable ones. Now that a lot of advice practices are getting deeper engagement with their clients, it's the ideal time to be having a conversation with them about the work that goes into the advice process as well as highlighting the value they're getting from it."

KNOW YOUR CLIENTS

As well as seeking a fair price for value delivered, another way to drive more successful outcomes is to grow your client base. But this requires a good look at what clients expect and how to position your business to deliver. "With many of the larger players in the profession bowing out, there's an opportunity for smaller advice practices to pick up new clients," says Wayne. "But if a client has been with a private bank, they're going to insist on a higher level of service delivery.

"To seize this opportunity to grow your customer base, you must commit to deeply understanding what these clients need and expect. They are not a uniform commodity and you need to be clear on what your value proposition can offer each customer, what is the range of problems you can solve for them."

At a more granular level, it can also make sense for advice practices to identify a range of clients who, together, can secure a steady income over time. "There is an opportunity for financial planners to diversify their client base to inoculate them against future changes in the market," says Isabelle. "Government spending goes up when the economy is down, so look at what your practice could offer to clients working in the public sector.

"Do an analysis of your current client base to see where you are at risk of losing clients and where you could turn to access a share of the market that will need advice more. As the profession increases its credibility through education, there's going to be growth in uptake and you need to identify how you can best access that growth sustainably."

PLANNING AND ACTION

As professional coaches, Isabelle, Stewart and Wayne all engage their clients with goals that move them towards better outcomes, both for themselves personally and for the businesses they lead. While coaching is a very individual journey, each of our experts share insights on how they support leaders to focus on what's most important for their business, here and now.

Dr Isabelle Phillips
Mackerel Sky Consulting – Leadership Matters

"To plan effectively you need to be doing two types of thinking. The first type is more risk averse thinking where you look at the worst case scenario and the numbers and decide what you should be doing to navigate your path to success safely. Then there's optimistic thinking, where you visualise the future and allow yourself to get caught up in what's possible and all the great opportunities that are going to come your way.

Most of us tend to get trapped in one mode of thinking or the other, because that's what we've been rewarded for during our career. But you need time dedicated to both to come up with the goals and actions that will move your business towards success. So if you excel at optimistic thinking, pull in team members to do your risk thinking.

Based on the goals you come up with, make a business plan and make sure you're actioning both sides of the coin daily. To keep the bike upright, you need to keep moving. If you find yourself stalling, get a coach in to keep you accountable and driven to deliver."

Stewart Bell
Audere Coaching and Consulting

"At Audere we've built up a really comprehensive program of material to support financial advice businesses across many key areas of planning and operation. These include things like lead generation, marketing, how you engage your client, onboarding, what's in your service, how to price it, what your client experience looks like, your systems, how to manage your team, productivity etc.

But if you give someone access to all that in one go, it's like trying to drink water from a fire hydrant. So, I'll come in and do a session to work out the roadmap for a business based on the three things they need more of to move forward towards success. That could be profit, or clients or systems, for example. Then the business can draw on the training modules for support with the practical steps to achieve each of those three goals.

The secret to success is to do just one project at a time and do not stop. Do not move on to the next project until you finish the first one. Multitasking will dilute your energy and focus, and inhibit your progress."

Wayne Condon
Converge Consulting and Converge Business

"For your strategy to guide you toward success you need to be ruthless in delivering across four perspectives: your customer, team (including yourself), processes/ systems and financials.

Once you're clear on your objectives for each, put an action plan in place. Every action must be something that can be videotaped. If it can't be seen or measured, it's not an action.

Then you need to close the capability gaps that can block you from executing on your plan:

- Judge the capability of your team, including yourself, collectively. Make sure you have the right skills and trust your team to use those skills to deliver what the business needs.
- Simplify your activities. Look at everything you and your team are doing and ask if it's helping you deliver on your plan and your customer value proposition.
- Make change incremental. Knock over one pillar at a time and keep going.
- Measure your progress. Check in regularly on what is driving the results, not just the results themselves."

THE 6 PILLARS TO CURB CHANGE FATIGUE

Inspiring, leading and continuously adapting to change is no easy feat and can often lead to change fatigue. Ciara Lancaster shares her six pillars for turning change fatigue into change success.

Change fatigue no longer adequately describes the compounding levels of exhaustion, stress and rumination that accompanies business transformation and rapid workplace change.

When change fatigue is commonplace in your business or your team, then you need to shake yourself out of complacency and be on high alert. Change fatigue is a precursor to change overload and eventual burnout.

According to a Harvard Business Review article, which referenced a Harvard Medical School research study, '96 per cent of all senior leaders have experienced some degree of burnout, and one-third described their condition as extreme (severe burnout)'.

Do you think your business is going to be held responsible for your change fatigue and burnout? Think again. The pace of change is only going to speed up and the onus is on you to make sure you are resilient, ready and resourceful.

By conquering the following six pillars, you will increase your prosilience (how you intentionally prepare to deal with challenges); resilience (how you bounce back from adversity); and adaptiveness (how you pivot for greater effectiveness) for future change success.

1 REALISE YOUR REALITY

Your preferred human change state, of which there are eight, determines your individual experience of change. If you want to set yourself up for success, then you need to open eyes to the realisation of what is taking place, why it is taking place, and the negative impact for both organisations and human beings.

'Realise your reality' is about:

- Being aware that when change fatigue is left unaddressed, your individual change bandwidth will eventually reach a tipping point.
- Recognising that the onset of burnout starts with three lead indicators – you are drowning, disengaged and discouraged.
- Knowing that emotional contagion is a contributing factor to triggering and retriggering change fatigue and burnout in individuals and teams.

2 RESPOND VIA YOUR CAPABILITY

When you are overloaded, overwhelmed and over it, it is easy to default to the status quo, shirk additional responsibilities or give up on yourself. Too often, you tend to forget how change capable and resilient you really are! It's time to be accountable for your role in the change fatigue equation.

'Respond via your capability' is about:

- Reflecting on what behaviours are holding you back.
- Redirecting your energy for greater impact by going deep on self-awareness, self-accountability and self-mobilisation strategies.
- Committing to levelling up how you approach change by shifting from a 'change survivor' to a 'change optimiser' mindset.

3 RECLAIM YOUR BRAIN

When your brain is burned out and fried, the last thing you want is a lecture about stress management. What you need to know is how the brain responds in a constant state of overwhelm and how you can brace for further impact. The effects of transitioning from a hyper-alert, survival brain to a calmer, self-regulated brain underpins every other self-leadership pillar.

The good news is that learning about the brain doesn't have to be boring either. It can be relayed through metaphors, rather than through dense neuroscientific text books.

'Reclaim your brain' is about:

- Distinguishing between the experience of stress, overwhelm and homeostasis.
- Becoming curious about key-takeaways from advances in behavioural sciences.
- Arming yourself with new coping strategies aimed at diffusing anxiety.

> *The good news is that learning about the brain doesn't have to be boring either. It can be relayed through metaphors, rather than through dense neuroscientific text books."*

4 REGENERATE YOUR BODY

Examples of emotional trauma in the workplace include events where you may have felt unaware, unprepared or powerless to prevent the event. This includes organisational stressors, such as retrenchment, rapid business transformation and organisational change that impact your work identity, your job and how you are used to delivering your work. Trauma lives on inside our mind and body.

As distinguished scientist and author of The Polyvagal Theory, Dr. Stephen Porges, says: "Trauma compromises our ability to engage with others by replacing patterns of connection with patterns of protection."

'Regenerate your body' is about:

- Disarming the 'freeze nerves' and activating the 'ease nerves' by prioritising emotional safety and high-quality connections.
- Zoning in on self-care with a focus on sleep prioritisation and fear minimisation.
- Engaging in self-compassion through boundary setting and loving-kindness practises.

5 RECODE YOUR MIND

In a nutshell, the brain is like the hard drive of a computer and the mind is like the software, in that it is able to be updated or recoded. Unfortunately, most of us are living with the equivalent of an inherited virus, thanks to our pre-programmed limiting beliefs. Often, this is where the seed of resistance resides and what is negatively impacting your change potential.

'Recode your mind' is about:

- Spotlighting your personal blind spots in relation to your ego, biases, emotions and self-worth.
- Self-assessing whether you are intentionally choosing liberating, rather than limiting, change emotions.
- Self-acceleration through theta-hacking during pre-slumber and post-slumber brain wave states. Theta brain waves are the brain frequencies of the barely conscious states just before sleeping and just after awakening.

6 REIMAGINE YOUR CREATIVITY

Change capability is more than self-belief and optimism, it's about contribution, value exchange and being inspired by the process itself.

As the late Sir Ken Robinson said: "Human resources are like natural resources; they're often buried deep. You have to go looking for them, they're not just lying around on the surface. You have to create the circumstances where they show themselves."

'Reimagine your creativity' is about:

- Igniting your creative value, not only to survive but to thrive in the future of work.
- Leveraging mindset magnifiers, including: belief, energy, intention, imagination, creative thinking and design thinking.
- Knowing that regardless of your title or tenure, you are capable of making meaningful contributions through your unique voice, creative brilliance and collaborative spirit.

Inspiring, leading and continuously adapting to change is no easy feat. When coaching is absent from your workplace, you need to take back control. Personal transformation is the powerful precursor to business transformation.

Ciara Lancaster is a change fatigue and resilience specialist at Reimagine Change.

Ciara Lancaster

Reimagine Change.

A FIGHTING CHANCE

Fighting Chance Australia designs, builds and scales social enterprises that help young Australians with disability live full and productive lives.

GRANT RECIPIENT: FIGHTING CHANCE AUSTRALIA

GRANT AMOUNT: $9,000

ENDORSED BY: IAN WRIGHT CFP®

FPA CHAPTER: SYDNEY

Shane O'Reilly was a typical, knock-about intelligent young man who wanted to work and make a real contribution using his skills and talents. He also happened to have profound cerebral palsy.

In traditional 'day programs', Shane was often bored and left to complete menial tasks, watch videos or fall asleep in his wheelchair. No programs existed where he could build vocational skills, and be trained within a real business. Sadly, Shane's passion for IT and computer work was underutilised, and each evening he would return home, where he would run his own online business.

Shocked by the lack of opportunity Shane faced, and realising that thousands of other young people with profound disability must be in the same position, Shane, along with his brother and sister, decided to change the game. They began imagining a new future for disability.

That was back in 2009. Since then, the founders of Fighting Chance Australia, Laura and Jordan O'Reilly, have gone on to create two social businesses – Avenue and Jigsaw – which have been designed to address issues and challenges faced by people with disability and their families.

"Sadly, Shane passed away in 2011 and he never got to see the businesses that his life inspired. But his legacy is stronger than ever, and it drives us every day to ask 'What if?', and then to make it happen," says Alessandra Martines – grant and content writer at Fighting Chance Australia.

Today, Fighting Chance designs, builds and scales social enterprises that help young Australians with disability to live full and productive lives with meaning and purpose. The not-for-profit works with the community to identify the challenges, hurdles and barriers faced by people with disability in their everyday lives, and then design and build sustainable social enterprise businesses to bridge these gaps.

SOCIAL ENTERPRISES

To date, Fighting Chance has built two social enterprises – Jigsaw and Avenue.

Jigsaw is a digitisation business, providing document and data management to clients. This enterprise prepares individuals for work, through work, by providing a training pathway for people with disability to secure award wage employment.

The second social enterprise is Avenue, which is an accessible, professional and engaging co-working space that exists to reshape the way that adults with profound and severe disability are engaged in work and skill development. Participants are supported to work in the sharing economy, micro-enterprises, or on an individual's own business idea.

"At Fighting Chance, we stand upon a steadfast conviction that all people have a contribution to make to our society, and that no person should be excluded from using their talents in the economy, simply because of their disability," says Alessandra. "Our dream is to provide fulfilling employment for people with disability nationwide."

Ian Wright CFP® – a principal and financial adviser at WrightAdams Advisory – was first introduced to Fighting Chance through his wife, who works with the not-for-profit organisation. Through this introduction, he acquired a good understanding of the work Fighting Chance was doing in the community.

"The efforts Fighting Chance puts into helping and assisting young people feel they are part of the community, as well as a valued member of the community, cannot be overstated," Ian says. "I have attended some events and seen first-hand the interaction the organisation has with the participants and the great work it does. I strongly believe Fighting Chance provides a great service to the participants in an area that is extremely under-resourced. The more assistance it is able to receive, the better."

Ian adds that financial literacy is something that is often overlooked and not strongly considered when helping disadvantaged young Australians.

"Many of the participants have quite significant financial needs and if the financial literacy gap can be narrowed, it would be a huge benefit to them and their families. I believed this charity was worthy of a Future2 grant and it was an easy decision for me to endorse the work Fighting Chance does, and the value it adds to the wider community."

And the Future2 Grants Committee agreed, providing the not-for-profit with a $9,000 grant for its work experience program.

WORK EXPERIENCE PROGRAM

The Future2 grant will go towards fully funding six students with disability, who are in their final years of school or TAFE, or who have recently graduated, with placements within Jigsaw's work experience program.

"During the 10-week work experience placements, we provide each student with one day a week of training and work in our business, which is fully supported by disability support workers. The work experience program also showcases post-school options, and provides inspiring meetings with people with disability who are successful in their respective fields," says Alessandra.

"Our work experience students have peers who are securing their first weekend or holiday jobs, which are opportunities that set them up for employment later on in life by demonstrating their capabilities in a work environment. These opportunities are typically inaccessible to young people with disability," she says.

"The work experience placements at Jigsaw allow students to gain work skills in a fully supported environment, as well as introducing them to networks and organisations that can support their post-school development. That's why this program is so important for supporting young Australians with disability."

SETTING UP FOR SUCCESS

Adele is one of the students whose placement was supported by the Future2 grant. She attended Jigsaw Frenchs Forest (Sydney) for 10 weeks between February and April, which was about an 80km commute from her home in the Blue Mountains.

However, despite the distance, Adele was keen to take part in the program, as there is nothing similar to Jigsaw in her area that was able to provide practical work experience to people with disability without requiring NDIS funding.

"Adele worked on a number of employment skills at Jigsaw. She loved working within an office environment, as her ambition is to gain an administration based role, for which she did her training at TAFE," says Alessandra.

"After finishing up her work experience placement at Jigsaw, Adele has since applied to access NDIS funding, so she can return to Jigsaw on a full traineeship to continue developing her job readiness skills."

Adele's experience is the type of story Alessandra is proud to share, and the type of result that wouldn't be possible without the help of community fundraising initiatives like Future2.

future2 GRANT RECIPIENT

future2
the Foundation of the Australian Financial Planning Association

RIDING SOLO INTO THE FUTURE

In 2020, Darren Stevens CFP® will miss the camaraderie he's come to enjoy during the Future2 Wheel Classic cycling challenge. But he believes there's never been a more important time for financial planners to get involved in the event.

> *"With the Future2 Community Cycling and Walking Challenges, we have a chance to keep making a difference to these charities and the people they support, as they face even tougher conditions for the year ahead."*

A keen cyclist in his spare time, Darren Stevens CFP® of Sapphire Coast Financial Services has been taking part in the annual Future2 Wheel Classic Challenge for the last eight years. "I've done seven in total, missing just one in 2019 because I was taking my son to one of his races," he says. "He's been getting stronger and more confident as a rider and, much as I wanted to take part last year, it's important to give him his chance."

Riding more with his son has been one of the silver linings for Darren during the challenges of the COVID-19 pandemic. "Because of restrictions on social gatherings, I couldn't be going out with my usual riding companions," says Darren. "While I did miss them, it has been a great chance to spend more time with him, and trying to keep up with him has challenged my fitness too!"

DOUBLE TROUBLE

While the pandemic has certainly brought significant changes to the way of life for Darren and his community in Merimbula on the South Coast of NSW, it was the bushfires earlier in 2020 that hit them hardest.

"From a personal and professional perspective, our year of disruption began with the bushfires," he says. "The stress at the time of the fires was huge. To be living through days when it was pitch black at noon is something no-one should experience. And then with COVID, the community has suffered another setback. We've missed out on the two biggest periods of economic activity this year, with the bushfires in summer followed by COVID restrictions rolling in at Easter."

As an experienced financial planner and part of the Godfrey Pembroke network, Darren has clients all over Australia. Yet he has experienced limited impact on how he operates under restrictions. "Many of my clients live in different states, so we were already used to Zoom for our meetings," he says. "My other team member lives in Batemans Bay, so the two of us were already working in different locations. So, we've been 'COVID-ready' for about four years."

The fact that many in his local community were already facing financial problems due to the bushfires also prepared Darren for what to expect with clients when COVID arrived. "There has definitely been an uplift in what you need to deal with in your day-to-day conversations with clients," he says. "At this time, it's so important to be spending more time making sure clients are comfortable with how they're doing with their finances now, and how they're tracking with their goals for the future.

"The other challenge has been the low interest rate environment. Retired clients need money to live on from their investible assets and it's important to let them know what to expect when their interest income is limited and their dividends are less certain than they've been used to. At the moment, many clients aren't travelling overseas, so this compensates for their reduced income for now. But the longer these low interest rates persist, the more challenging it could be for people to make their money last through retirement."

STAYING CONNECTED

This is why Darren feels financial planners have such an important role to play in their communities at this difficult time. "By getting in front of more people who are concerned about

> "By getting in front of more people who are concerned about their money lasting, we can provide the advice to secure their income and bring them that reassurance."

their money lasting, we can provide the advice to secure their income and bring them that reassurance," he says. "There can be some very simple things that can help people. Without financial advice, people in retirement may be unaware that a fall in the value of their assets due to COVID could see them qualify for the Age Pension. That's an alternative source of income that could make a difference to their income and save them from having to draw down on their assets to meet living expenses."

As a professional in a position to help others in this way, Darren feels very proud to be working in his current role. "As financial planners, we're privileged in what we get to do," he says "That's why being involved in Future2 has been so important to me. Of course, I'm very passionate about cycling but I'm just as passionate about making a difference in our local communities. After a year or two of taking part, I was tapped on the shoulder to become one of the organisers and I've now had family join in, too. For the event in Tasmania, my Aunt and Uncle helped out in the support crew.

"That year we rode to the top of Mount Wellington. The weather was amazing and you could see for miles. The rewards you get from taking part don't just come from the fundraising and community support. You also get an extraordinary life experience seeing your country up close from the seat of a bike. Whether it's riding from Sydney to Brisbane or cycling around Perth, that sense of beauty and discovery is a key part of the experience."

A TOUGHER YEAR AHEAD

With border closures and social distancing restrictions, the 2020 Future2 Wheel Classic won't be giving Darren the opportunity to travel and enjoy discovering a new landscape. "It's definitely something I'll miss, along with the social gathering after the ride and the companionship of other cyclists on the route," he says. "Instead, I'll be reaching out to local riders to do some of the kilometres with me and logging it all on Strava to show other Future2 riders around the country how I'm going. It'll make for some healthy competition to keep us all going on our personal challenge and see it through.

"I'll also really miss seeing what the Future2 grants make possible. In our more recent events, we've included visits to grant recipients as part of the route, so we get to see the impact of the funds these events provide. We went to Armidale to visit BackTrack, who work with disadvantaged youth falling through the cracks in the system and ending up in detention and then gaol. They pair them up with dogs to look after, give them vocational training and the impact on school attendance and crime rates is remarkable. It's very rewarding to know that our events are making a difference in the lives of these young people and the communities where they live."

As the first recession for three decades takes hold in Australia, Darren is very concerned about the consequences for both his clients and the communities who benefit from Future2 funding. "Many of the real financial challenges of COVID aren't going to happen until 2021 when we're really going to see the impact on our economy and society," he says. "We're still operating on JobKeeper and higher JobSeeker payments.

"As financial planners, we need to build ourselves up to provide a high level of assistance to our clients in the coming year. With the Future2 Community Cycling and Walking Challenges, we have a chance to keep making a difference to these charities and the people they support, as they face even tougher conditions for the year ahead.

"And if financial planners couldn't take part before because they couldn't take the time away from their business, this is the perfect opportunity to step up to the challenge."

MLC is Gold partner of the 2020 Future2 Community Cycling & Walking Challenge.

CPD MONTHLY

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

ARTICLE 1

ROB SIMON
AMP

TERMINATION OF EMPLOYMENT: CENTRELINK ISSUES AND OTHER STRATEGIES

Employment can cease for various reasons, with redundancy, permanent incapacity, retirement and voluntary resignation being the most common.

This article outlines the main income support payments that may be available to someone following termination of employment, including an analysis of the Centrelink opportunities, potential access to superannuation benefits and strategies to maximise the ongoing amount of income support that may be available.

WHAT YOU WILL LEARN

- JobSeeker Payment
- Basic eligibility conditions
- Mutual obligation requirements
- Waiting periods

This article is worth **0.5 CPD HOURS**

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ARTICLE 2

WILLIAM TRUONG
IOOF TECHCONNECT

HOW NEGATIVE EARNINGS IN SUPER CAN HAVE FAR-REACHING IMPLICATIONS

The impact of the COVID-19 pandemic on investment markets means many Australians now face the prospect of having a smaller superannuation balance than they had at the beginning of 2020. Large negative losses not only impact a client's retirement savings, they can also impact a client's taxable and preservation components in super.

This article uses several case studies to explain the different ways in which negative earnings in super could affect clients. The article also includes information on how the various components of super are taxed differently, how rollovers to pension phase are treated, and the implications for clients who have multiple super accounts.

WHAT YOU WILL LEARN

- Calculating the taxable components in super
- Taxable and tax-free components in accumulation phase
- Positive and negative earnings affecting taxable and non-taxable components
- Negative earnings impacting preservation components

This article is worth **0.5 CPD HOURS**

ASIC knowledge area **SUPERANNUATION**

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