JUNE / JULY 2021

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The magazine for FINANCIAL PLANNING PROFESSIONALS

MONEY & LIFE

Closing in on diversity

LISA ANNESE ON WOMEN, WORKPLACE DIVERSITY AND INCLUSION

SAFEGUARDING WOMEN'S FINANCES

MEETING THE PERSONAL INSURANCE NEEDS OF WOMEN

SMALL BUSINESS CGT CONCESSIONS

IDENTIFYING COMMON HURDLES AND UNUSED OPPORTUNITIES

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JUNE / JULY 2021

CONTENTS

FOCUS

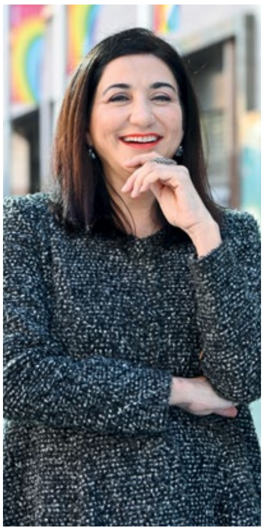
06 NEWS

FPA Policy Platform.

08 MEMBER RESEARCH

Key insights from the FPA 2020 Member Research report.

INSIGHT



16 CLOSING IN ON DIVERSITY

Lisa Annese explains how improvements to diversity and inclusion for women in the workplace can make a positive difference to all Australians.

20 DELIVERING A SAFE SPACE FOR ADVICE

Niche market segments, like the LGBTI community, present opportunities to tap into an under-advised segment of the market, says **Mark Clayton CFP®**.

GROW

32 RECRUITMENT EQUALITY

Managing diversity and equality in the workplace is still challenging for some businesses. **Judith Beck** provides five tips for achieving workplace balance.

LIFE

34 KNOWLEDGE AND GROWTH

Renato Manias CFP® has taken out the Gwen Fletcher Memorial Award for Semester 1 of the CFP® Certification Unit for 2021.

36 RAISING THE CURTAIN ON DISABILITY

Tracey Edwards CFP® supports the objectives of No Strings Attached Theatre of Disability, which is challenging traditional stereotypes.

LEARN

38 CGT CONCESSIONS

Mark Gleeson CFP® explores four common hurdles when using the small business CGT concessions, as well as some unused opportunities.

38 INCREASE IN THE TRANSFER BALANCE CAP

Rob Lavery explains that the increase in the transfer balance cap will unleash a number of complex rules that have lain dormant until now.

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FPA SELECTED TO MANAGE GOVERNMENT'S $1.5M WOMEN IN FINANCE SCHOLARSHIPS

I am proud to announce that the FPA has been selected to manage and deliver a $1.5 million scholarship program for women in finance and economics, as part of the Women's Leadership and Development Program.

This appointment is a significant coup for the FPA, reinforcing the strength of our profession and recognising the leadership of the FPA through our Women in Financial Planning program, which was established to create more networking, mentoring and professional development opportunities specifically for women.

Over the next two years, the FPA will play a key role in providing these scholarships to encourage and assist women, particularly from disadvantaged backgrounds, to enter, re-enter, upskill and achieve leadership roles across financial services.

We will be using this opportunity to further support, retain and attract women to financial planning, as well as the broader financial services industry.

Increasing the number of women in financial planning will not only grow the profession but also fill the unmet advice need in Australia which will help more consumers.

This announcement is a great responsibility and privilege, and we look forward to reviewing the applications once they open in the second half of the 2021 calendar year.

TOGETHER, WE'RE STRONGER

We're at the tail end of our 31-leg FPA National Roadshow series. It's been fantastic to see so many of you in person again.

It's also been an opportunity to update members on the progress of our policy work, as well as the conversations we're having with Government on key issues, such as the impact of the ASIC industry levy increase, the winding down of FASEA and the draft single disciplinary body legislation.

Working collaboratively with you, our members, means that together we are continuing to shape the future of our profession. We are the strong, collective voice for financial planning professionals. Thank you for being part of our community and for your continued support.

RICHNESS OF DIVERSITY

In an increasingly competitive business environment, diversity and inclusion has been proven to support sound business strategy and is essential to the wellbeing of any workforce. Many employees actively seek out companies that prioritise this. They want to feel represented and supported in their career development goals.

In this issue of the magazine, we hear from Lisa Annese, CEO of Diversity Council Australia, about how policies, workplaces and leaders can make a positive difference to all Australians. You can read more about this on page 17.

Enjoy this issue.

Dante De Gori CFP®
Chief Executive Officer

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FPA ROADSHOW ROUNDUP

Since March 2021, the FPA Roadshow – presented in partnership with Zurich and OnePath – has touched down in locations throughout the country. By the time our tour wraps up in June, we will have hosted 31 events in venues from Tasmania to the Northern Territory.

After taking all our events online in 2020, our team has been thrilled to kick off our 2021 event program by bringing financial planners together once again to learn and network. It's been fantastic to have so many members join us in person and everyone has been enjoying the opportunity to connect.

In each two-hour Roadshow session, members have been taking in all the latest information on the FPA policy and reform agenda, including our campaign against further increases to the ASIC Industry Funding Levy. There has also been much discussion around the release of draft Single Disciplinary Body legislation and other regulatory changes around Tax Practitioner's Board registration, and the transition of FASEA standards and responsibilities.

Our members have also been engaging with the FPA team to discuss key issues they're facing as business leaders and financial advice professionals.

Transforming their practice to keep pace with changes in regulations and professional standards is certainly top-of-mind for financial planners. There were also many members sharing experiences of guiding new and existing clients through the financial stress resulting from the COVID-19 pandemic.

The Roadshow was also an opportunity to launch a new guide from the FPA on Life Risk Advice, as well as our best practice guide on File Notes.

For final FPA Roadshow dates and venues in June, visit: fpa.com.au/roadshow

PROGRESS ON POLICY

The FPA Policy Platform was launched just one year ago, in June 2020. In the months since, we've seen major changes announced to the regulatory framework for financial planning, with more in the pipeline. Many of these reforms already in train are aligned with our recommendations and we're also making good progress on several other goals.

One measure we have seen pass into legislation is for financial advice fees to be collected through super, which was one of five recommendations on cost of advice. We're also achieving good engagement on tax deductibility of advice and working on insurance advice fees through the ASIC review of the Life Insurance Framework. These are two other recommendations central to our advocacy agenda on affordable advice.

With Treasury's consultation on the Single Disciplinary Body currently in progress, we also have the opportunity to engage with ASIC on this recommendation and a number of others from our Policy Platform. Single registration, professional registration, a single set of standards and protection of terms are all important changes that will simplify the regulatory framework and advice landscape for the benefit of financial advice professionals and clients.

Once this set of reforms has been established, we would also expect to see progress on our future of licensees and separation of product and advice recommendations. In preparing for the Australian Law Reform Commission Review of the Legislative Framework for Corporations and Financial Services Regulation, we will be looking to refine our position on these policy recommendations, as well as our case for changes to sophisticated investor definitions and small investment advice thresholds.

While our policy agenda announced last year was laid out with a five-year timeline in mind, it's encouraging to see our advocacy priorities gain traction with the Government and regulators. We expect to gain much more ground on many recommendations before the end of the year.

To download the full policy platform document, visit: fpa.com.au/advocacy/fpa-policy-platform/

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*Investment Trends May 2020 Planner Technology Report, based on a survey of 693 financial planners.

RESEARCH MAPS MEMBERS' SATISFACTION

ANDREW INWOOD

FOUNDER & PRINCIPAL
COREDATA

> *It's clear that the advice industry is going through the process of becoming an entrenched profession, but the pain of that sort of change requires close and skilled management. So, as the profession changes, the systems, economics and management skills also need to change."*

With a response of 18.2 per cent, Advocacy and Government/ Regulator Relations is the most valued service that members rate as part of their membership of the FPA. This was one of the key findings to emerge from the FPA 2020 Member Research.

The top ranked policy issues by FPA members were: a single set of professional and regulatory standards (14.1 per cent); the tax deductibility of advice (12 per cent); superannuation and retirement (8.3 per cent); and disclosure requirements – flexible SOA delivery options (7.5 per cent).

These findings were part of the FPA 2020 Member Research, which was conducted by CoreData on behalf of the FPA, to measure and understand the interactions the FPA has with its members, with the aim of identifying and prioritising its actions in 2021 that best serve members.

According to CoreData founder and principal, Andrew Inwood, one of the important outcomes of the research was how much members want the FPA to represent their interests in Canberra.

"In the eyes of members, in the wake of the Royal Commission and macro economic uncertainty, the critical things that the FPA can do for them is to prosecute the case for good advice," he says.

Of the members who are familiar with the FPA's new policy platform, 82.3 per cent agree with the recommendations in the policy platform, with 81 per cent saying that the new policy platform adequately covers all the important issues.

When it comes to running a business, the research found that only 37.5 per cent of practices have seen total revenue grow. This figure has been compounded by the fact that the majority of businesses have seen the cost of preparing an SOA increase (73.4 per cent), the cost to provide ongoing services increase (75.3 per cent) and compliance costs also increasing (68.5 per cent).

Other findings show that a large majority (73.1 per cent) of FPA members have a clearly articulated business plan for the next one, three and five years. And for the majority of practices that have business plans, they have these plans clearly documented (77 per cent) and shared within the business (76.4 per cent).

As for licensing, FPA practitioner members continue to go down the self-licensing path, with 55.7 per cent now being self-licensed – a 13.7 per cent increase from four years ago.

However, one area that members said would be appealing for them was if the FPA only charged them for services that were critical for them and their business, with other services being provided as an additional fee. Respondents cited this as a way of reducing their membership fees. This response was higher for CFP® practitioner members (70.6 per cent) compared to other members (52.6 per cent).

Inwood says the research reveals that the needs of financial planners are changing.

"It's clear that the advice industry is going through the process of becoming an entrenched profession, but the pain of that sort of change requires close and skilled management. So, as the profession changes, the systems, economics and management skills also need to change," he says.

"The biggest change that financial planners are facing is the squeeze of professionalism and learning how to run profitable, successful businesses in a fluid environment. The data on this is very clear, and while some practitioners and advice businesses are struggling, there are a great many doing very well."

The FPA 2020 Member Research was conducted by CoreData between February 2, 2021 to March 4, 2021. A total of 775 FPA members participated in the research.

LATEST RESEARCH ON ELDER FINANCIAL ABUSE

Any incidence of Elder Financial Abuse (EFA) that involves financial advice is a serious threat to the reputation of the profession, as well as the physical and mental wellbeing of the clients and their families involved.

In their new research report, academics from the Australian Centre for Health Law Research (ACHLR) at the Queensland University of Technology (QUT) have highlighted the importance of better guidelines, training and education for financial planners in preventing EFA. Their research was undertaken in order to better understand EFA in the financial planning context.

The full 44-page report on 'The role of financial planners in preventing, recognising and responding to elder financial abuse' includes a literature review, examination of case law and ASIC criminal prosecution investigation, as well as an AFCA complaints determination analysis. A number of case studies are included in the report, along with a detailed look at risk factors and circumstances that can lead to EFA.

An ACHLR fact sheet sharing key insights and recommendations from the report highlights the very important role financial planners have in protecting clients who may be vulnerable to EFA. Among the seven recommendations from the report is the proposal to amend the Code of Ethics to include an additional Client Care standard about vulnerable clients.

There are also several recommendations that relate to introducing training and education for financial planners to help them identify and respond appropriately to EFA. This would include identifying conflicts, vulnerability, decision-making capacity, and supported and substitute decision-making under Enduring Power of Attorney arrangements.

Raising awareness of EFA among consumers is also an important part of the prevention initiatives recommended in the report. Particularly vulnerable groups include older women and people from culturally and linguistically diverse backgrounds, including Indigenous Australians. Education targeting these groups should be a priority for campaigns on EFA.

The FPA congratulates the following members who have been admitted as

CERTIFIED FINANCIAL PLANNER® PROFESSIONALS

NSW

Theodore Holland CFP®
Invest Blue

Stuart West CFP®
Shadforth Financial Group

NSW

Katherine Spitzkowsky CFP®
Australian Unity

VIC

Darren Topps CFP®
Kearney Group Private Wealth

WA

Anthonie Bosch CFP®
Precept Financial Services

COMPLAINTS REPORT JANUARY – MARCH 2021

Ongoing complaints as at 1 January 2020	**8**
New complaints	**3**
Closed complaints	**1**
Complaints open as at 31 March 2021	**10**

In the January to March quarter, the FPA received three new complaints, closed one complaint and has 10 ongoing complaints.

Of those ongoing complaints, preliminary enquiries were being undertaken on three, four were at the drafting stage, two are at the investigation stage and one was being finalised prior to closure.

AUTOMATIC TERMINATIONS

No members were terminated during the quarter.

MEMBER SUSPENSIONS

One member was suspended by resolution of the FPA Board, and given notice to show cause within 21 days why their membership should not be deemed to have automatically terminated.

ACADEMIC MISCONDUCT

No academic misconduct complaints were raised in the January to March quarter.

CORRECTIONS

In the previous issue of the magazine (Issue 2), we incorrectly stated the number of open complaints as seven. The correct number was eight. Please accept our apologies for this error.

YOU SAY / THEY SAY

Superannuation has been in the spotlight recently with the early access to super scheme for people experiencing hardship as a result of COVID-19. We hear from financial planners about their strategies for helping clients boost super, while consumers share their thinking on super goals.

YOU SAY

Reforms for a fairer, inclusive super system could help more people get ahead with their super. But for clients, education and engagement can also make a big difference, according to our financial planners.

How are you engaging with your clients about building their superannuation?

MA "With building superannuation, we have found highlighting the benefits of starting early and having a plan is key. This allows clients to visualise the lifestyle it can provide them. By adding to super on a consistent and repeatable basis, allows clients to tap into the power of compounding, which works wonders over time. An investment compounded at 7 per cent per annum doubles every 10 years and triples every 16 years. We have never met a client who complained about having too much money in superannuation!

AG "Our conversations with clients are all about outcomes and as we specialise in helping people start the next chapter of their lives, superannuation has a big role to play. A strong motivation for clients wanting to build wealth is based on longevity – they don't want to outlive their money! When we talk about 'the 100-year life' and clients realise life doesn't end when work does, and in fact there may be many more decades ahead, saving and investing for the future becomes critical.

'What if' scenarios work well in making the theoretical become more tangible for our clients. If we can explain super simply, strip away the jargon and make it relevant to them, clients can see the positive difference taking control of their finances can make. Gaining confidence, understanding options and seeing the benefits of a super strategy, go a long way in helping clients become more engaged.

FH "At Nexia Perth, we engage our clients on three fronts – face-to-face, publications and education. Our client managers are empowered to ask every tax client about their superannuation fund and be curious about their plans for retirement. We overlay this with digital technology and publications to keep superannuation front-of-mind and easy to understand. The third approach is a series of financial education videos that empower our clients to improve their understanding of superannuation, as well as financial literacy. The series is segmented into four personas helping clients to identify themselves on the retirement journey.

What are your favourite superannuation strategies?

MA "The benefits of salary sacrifice are widely known, but we find after-tax contributions are increasingly useful, given the more generous contribution limits. We often utilise the bring-forward provisions to bolster superannuation when clients sell property, exercise stock options, or sell a business.

We see salary sacrifice as a risk-free strategy, as the tax savings are known from day-one. Repeat this process year in, year out and watch your superannuation grow. This provides a material benefit to clients in retirement. We explain the one downside, that you have to wait until you're 60 and retired to access the funds.

We like positioning pension portfolios to maximise the tax refunds from franking credits. Generally, this adds 1 per cent of additional income each year. Based on a $1 million balance that equates to an extra $10,000 each year, which is extremely helpful when funding retirement, a holiday or assisting children.

AG "I like to make things easy to understand and easy to implement where possible, so some of my favourite strategies are quite straightforward. Regular investing over time is the key to success, and salary sacrificing to super is a great way to start. Clients can begin by making small additional contributions, which can build up over time. Automating the process eliminates the risk of a strategy being derailed by emotion and personal biases, and starting small manages uncertainty.

Another favourite strategy is super splitting for couples. This can have numerous benefits, such as managing contribution caps, increasing social security benefits, and managing potential death benefits tax.

FH "My favourite superannuation strategy is one that is in the best interest of the client. For the 20-somethings saving a deposit for their first house, the First

Home Super Saver (FHSS) is gaining traction. To the 60-somethings where the bring-forward-rule (a contribution of up to three years of non-concessional caps) and the downsizer contribution are frequently adopted.

However, in my view, you can't go past salary sacrifice and topping up your super using the unused concessional caps, as a strategy for all ages. Remain faithful with the small, and the big will come.

How could the Australian superannuation system be more inclusive and fair?

MA "We would like to see more generous catch-up contribution limits for superannuation. This would be especially helpful to those who have had a career break or taken time out of the workforce to raise a family, to build their balances and take advantage of the generous tax concessions superannuation provides.

AG "Some recent changes to the super system, such as the concessional contributions carry-forward option are great, as it can assist people (usually women) who have had career breaks potentially catch-up on building funds for the future.

Several changes that could be introduced to improve the fairness of the system include removing the $450pm threshold when SG is paid, and paying SG paid parental leave payments. The impact of these changes might be small but would make a difference to lower income earners and women.

For the system to be more inclusive and fairer, however, people need to understand it and have confidence in it.

FH "Following the Government's response to the Financial System Inquiry on efficiency in superannuation in 2016, we are certainly seeing inroads to achieving efficiency and competitiveness in the superannuation system. Given the sheer size and compulsory nature of superannuation, accounting for 20 per cent of household assets, consumer-driven competition for new products is a way to put downward pressure on fees and make super more inclusive and fair. The introduction of MySuper and new funds, such as Spaceship Super – offering administration fees of sub-par 1 per cent – is a step in the right direction.

THEY SAY

With many people saving for a home or trying to clear debts, making super a priority can be a challenge. However, most have super savings on their radar as an important financial goal.

Do you think you have enough saved in super for your age and life stage?

- Yes.
- No.
- No, but I am only 25. In the future, I am hoping to turbo charge my contributions and set myself up for success later on.
- I am comfortable with where my super balance is currently at for my age.

Are extra contributions into super a priority for you right now?

- Yes, because the more I put in early, the more I'll have at retirement.
- No, I don't have the spare cash. I prefer to save for a rainy day.
- Yes, I'd like to add more.
- Not at this current moment, as I am saving for a few key things (wedding, house, IVF). But in future, yes.
- No, but in 10 years I would like to be able to put more into super.

What stops you from saving more money into super?

- Personal debt.
- Saving for a home.
- Home loan payments.
- Legal fees and child support.
- My salary only goes so far, and there are a lot of big things to save for in my life right now. I can only sacrifice so much of my salary and still maintain my lifestyle and money goals.
- I have no additional funds at this stage to allow for extra money to be put into super.

STEPS TOWARDS FINANCIAL INDEPENDENCE FOR WOMEN

Helen Baker AFP®, founder of On Your Own Two Feet Financial Planning, discusses the importance of making financial advice more accessible to women to improve outcomes for their security and wellbeing.

In the World Economic Forum Global Gender Gap Report 2017, Australia ranked 35th. Many would consider this an achievement at first glance – 35 out of 200+ countries looks good on paper. To put this in perspective, Ireland and New Zealand ranked eighth and ninth respectively. Meanwhile many developing nations also outperformed Australia, including Rwanda (fourth), Nicaragua (sixth) and The Philippines (10th). So why is Australia lagging in closing the gender gap?

BARRIERS TO FINANCIAL EQUALITY

The barriers to financial equality for women are many, making this issue complex to address. Most obvious is the gender pay gap, which in turn fuels the superannuation gap. Australian women in 2021 earn on average 13.4 per cent less than men – a difference of $242.20 per week for full-time employment.The superannuation savings gap is even larger, with women on average having less than half the super balance of men.

> *"LinkedIn's recent announcement of the introduction of 'stay-at-home parent' as an employment type is a step towards breaking down the misnomer of unpaid caregiving being a 'career gap'."*

Then there is what I call the career choice gap. Women often assume far greater unpaid caregiving responsibilities, both for children and elderly parents and in-laws. They are left with little time for paid employment, or forced to accept insecure, low-paid casual jobs outside of school hours. This results in all sorts of financial difficulties for women, including affordable housing, disposable income, super savings and more.

Social and cultural attitudes also play a role. Women have traditionally left financial matters to their male partner, leaving them exposed in the event of divorce or poor investment choices. Add to this simple biology – Aussie women on average live 4.2 years longer than men. Effectively, women are paying for a longer lifespan with fewer resources.

RISKS OF DOING NOTHING

Given these factors, it is sad yet unsurprising that women over 55 are becoming the new face of homelessness in Australia. For the majority, homelessness was thrust upon them suddenly following divorce or the death of their partner. Despite working their entire lives, these women cannot afford a permanent roof over their head. Moving somewhere more affordable is not a feasible option – isolating themselves from family and friends cuts off what limited support they have.

For other women, the only way to avoid homelessness is staying in an abusive relationship. The cost burden on welfare, healthcare and, in domestic violence cases, the justice system – is significant. Yet what of the productivity losses? With intelligent, skilled, and qualified women being forced into low-paid jobs – or out of the workforce entirely – their expertise goes underutilised. Government tax receipts are lower, as is spending at local businesses so the wider economy suffers.

PROGRESS TO DATE

Perhaps the fact I am writing this article is proof in itself that there is much progress yet to be made. Many parents – predominantly women – still find it unfeasible to return to work, simply because childcare costs leave them working for a net benefit of just a couple of dollars per day. Most employers still don't offer equal parental leave rights regardless of gender, entrenching the stereotype of women as primary caregivers.

There are, however, rays of hope. The gender pay gap has fallen to its lowest level in 20 years, and has steadily decreased since hitting a peak of 18.5 per cent in 2014. The federal government has pledged greater assistance to supercharge employment, including childcare support to support working parents back to full-time work.

LinkedIn's recent announcement of the introduction of 'stay-at-home parent' as an employment type is a step towards breaking down the misnomer of unpaid caregiving being a 'career gap'.

SUPPORTING OUR MOST VULNERABLE

Multi-faceted problems demand multi-pronged solutions. For younger women, our best hope of closing the gender gap is through empowerment. Providing opportunities to earn an income on par with male colleagues and build comparable retirement savings delivers greater financial security. Arguably a combination of regulatory and cultural change is required. Women with financial independence are also less reliant on toxic relationships, and are more likely to achieve career satisfaction.

I have long advocated for universally free or at least heavily subsidised childcare as a means of empowering working parents. Such measures, however, come too late for older women doing it tough. These women need immediate assistance, especially in housing. Social housing alternatives could help them achieve stability, which in turn enhances their employment prospects. A singles tax incentive could make up for the economies of scale benefitting couples.

Women (and men) of all ages who have been out of the workforce or underemployed could benefit from a back-to-work transitional grant, to cover the costs of clothes/dry cleaning and transport for job interviews.

Furthermore, support for victims of domestic violence must be expanded to address financial concerns. For instance, many women fleeing violence don't qualify for Legal Aid or other support programs due to the value of joint assets for which they often have no control particularly when companies are involved. Financial control by a partner is also a common element to domestic abuse, leaving vulnerable women without access to cash for even the most basic living costs.

A DIFFERENT APPROACH

Walking the same path simply delivers the same result. A different approach is needed to generate meaningful change on gender inequality and better assist women to take control over their finances. As financial planners, we play a crucial role in helping women achieve that independence.

At its most basic level, I believe our profession needs to be more accommodating and accessible to women. Many women still view financial planning as a 'boys' club' from which they are excluded, discouraging them from seeking advice. Breaking down this perception demands a dedicated approach, including a greater intake of female planners.

Those women who do seek advice are generally in a desperate position. By collectively beefing up education and public awareness among working women, we can demonstrate the benefits of seeking advice earlier to avert a crisis, not just help them manage the fallout.

In my experience, when couples divorce, the husband tends to focus on the monetary matters while the wife focuses on the legal matters. Again, greater education (the reason I wrote my divorce book) and support is needed for women going through a separation to help them realise the financial implications of their settlement before they sign.

At the same time, we need to continue advocating for regulatory change and government support on behalf of our current and future clients – especially women. Our work, by its very nature, affords us unique insights into our clients' financial matters – a powerful force for positive change when well-communicated to legislators, industry and other stakeholders. However, the cost of advice limits many women from access.

In so many ways, we are advisers on matters of life as well as finance, given their inextricable links. Understanding this point enables us to better meet the needs of women and support them towards financial independence.

Helen Baker AFP® is the author of two books: On Your Own Two Feet – Steady Steps to Women's Financial Independence and On Your Own Two Feet Divorce – Your Survive and Thrive Financial Guide. Proceeds from the books' sales are donated to charities supporting disadvantaged women.

NOTE this is general advice only and you should seek advice specific to your circumstances.

> *"Our work, by its very nature, affords us unique insights into our clients' financial matters – a powerful force for positive change when well-communicated to legislators, industry and other stakeholders."*

STRENGTH THROUGH DIVERSITY

Having chalked up 18 months on the FPA Board, William Johns CFP® continues to advocate strongly for the profession and consumers.

WILLIAM JOHNS CFP®

PRACTICE: HEALTH & FINANCE INTEGRATED

POSITION: MANAGING DIRECTOR AND FOUNDER

YEARS AS A PLANNER: 15 YEARS

ELECTED TO THE BOARD: NOVEMBER 2019

> *"In my practice, we have five religious groups and seven ethnicities. But my practice is not unique and this is a testament to living and working in a country as diverse as Australia is today."*

William Johns CFP® doesn't shy away from the fact that he has been a critic of regulation and the spiralling cost of advice. So, he knew he had two choices – stand on the sidelines and criticise, or roll us his sleeves and enter the fray, where he could help make change. And that's precisely what he did in November 2019, with members voting him to the Board of the FPA.

William's decision to stand for the FPA Board was also driven by a deep belief that financial planners had been wronged by the systematic failures of the finance, insurance and banking systems – as all Australians had been.

"As a profession, our interests align with the interests of our clients, and this is something that needs to be screamed from the rooftops. So, in 2019, I was asked by my colleagues to do that for them. I accepted their nomination and was duly voted to the FPA Board, where I have been strongly advocating for the profession ever since."

As the Managing Director and Founder of two Sydney-based businesses – Health & Finance Integrated (a specialised financial planning business for people with complex health conditions and disability) and ClaimRight (an insurance claims business for individuals with disabilities, illnesses and mental health conditions) – William views himself as an advocacy professional who is passionate about human outcomes.

"I see financial planners as critical to the maintenance of the dignity of Australians," he says. "Our role is key to ensuring that people better manage their finances and make smarter decisions, enabling them to become financially self-sufficient, which has huge personal and societal economic benefits."

NO TWO MONTHS THE SAME

Spend some time with William and you might be forgiving for thinking he is over-confident and a little too out spoken. But you would be wrong to think that. By his own admission, William instead sees himself as an introvert, preferring one-on-one social interactions, rather than large events.

That's why he believes his involvement on the FPA Board is ideal, as it allows him to make genuine change within a relatively small group of like-minded professionals, rather than being lost in the crowd.

And change he is making, having already chalked up well over 18 months on the Board. It's a position, he says, where – as Chair of the Professional Designations Committee and Marketing Committee – no two months are ever the same.

"It's a busy schedule. I liaise with FPA Chair Marisa Broome CFP® at least twice a month, while also looking after the Professionals Designations Committee, which oversees the quality of the CFP® Certification Program, reviews student performance in exams and any other special considerations."

He must have been doing a good job, because William was then asked to get involved in the Marketing Committee. However, he concedes that this particular role has been particularly time-consuming, as the committee has to be careful about how the member marketing levy is being used. This includes using the levy for a range of FPA marketing initiatives, such as promoting the CFP® Mark as the leading professional designation.

"In my capacity as Chair of these committees, I am involved in putting together the members of each committee, which involves sourcing the right people and persuading them

to join. It seems like I am constantly discussing matters with FPA CEO Dante De Gori CFP®, as well as Marisa and the FPA executive team," says William. "These committees take up a lot of time and thought, but I believe I'm making a difference."

In addition to the regular one day Board meetings that William attends, there are also Board documents and reports he is required to get through, as well as attend FPA strategy days every quarter.

"In my capacity as an FPA Director, I do have many members regularly call me to express their concerns or provide me with feedback," William says. "I enjoy maintaining an open line and open ears for all my colleagues, and I constantly provide their feedback to the Board."

THE COST OF ADVICE

William might be an FPA Director but first and foremost, he is a practising practitioner and a small business owner, which provides him a thorough understanding of the issues affecting the profession. And like many within the profession, he admits to lying awake at night concerned by the escalating costs of running an advice business.

"We all recognise that Professional Indemnity and regulatory costs are steadily increasing year-on-year and becoming too significant to absorb without affecting the quality of service we provide clients or increasing client fees," William says. "The FPA Board is very aware of this issue and the importance of making financial advice more affordable for Australians.

"There is a lot of work happening behind the scenes where the FPA is leading the conversation about the cost of advice and advocating for better outcomes, which I believe will help ensure the sustainability of our profession."

DIVERSE NEEDS OF AUSTRALIANS

Running two small business – Health & Finance Integrated and ClaimRight – that are focused on serving people with disabilities and complex health issues, William is only too aware of the importance of looking after the unique advice needs of Australians who have previously fallen off the advice radar.

And just as his business works closely with the disabled, he also believes the profession is changing and adapting to service the increasingly diverse needs of all Australians.

"I believe that as a profession, we are becoming more aware of diversity all around us and how hurtful discrimination is. These days, I walk into a financial planning office and I do see a diverse workplace, compared to 10 years ago," William says.

"In my practice, we have five religious groups and seven ethnicities. But my practice is not unique and this is a testament to living and working in a country as diverse as Australia is today. This means clients are increasingly engaging with practitioners and advice teams that have similar life experiences and backgrounds to them, which is a huge positive for the future of our profession, and something that we should all embrace and be proud of."

ADAPT AND CHANGE

William has a very clear vision in how he expects the profession will adapt and change over the next 10 years. One of the biggest trends he anticipates is the move by planners and advice firms to become self-licensed businesses, sharing resources with other independent businesses.

"I also believe (and hope) that the cost of advice will finally be tax-deductible. This is something the FPA has been working extremely hard on," he says.

Other changes William envisages includes developments in technology, which he expects will drive down the cost of advice, while possibly increasing the number of clients that planners can properly service.

"I also anticipate that advice specialisations will probably be a real driver for growth. We are already seeing more financial planners, like me, choosing to be great at one thing, rather than being average at doing multiple things," he says.

Something that William does take seriously is his mental health. And after a typically busy week of juggling his Board duties and running his own small businesses, he best likes to unwind with his wife and three-year-old son, Isaac.

"Seriously though, what is downtime," he laughs. "With an active three-year-old, my downtime is mostly spent listening to the Wiggles, attending three-year-old birthdays and watching PAW Patrol! Still, I wouldn't change that for the world."

"There is a lot of work happening behind the scenes where the FPA is leading the conversation about the cost of advice and advocating for better outcomes, which I believe will help ensure the sustainability of our profession."

Closing in on diversity

Improvements to diversity and inclusion in the workplace are essential for the financial wellbeing of women. Lisa Annese, CEO of Diversity Council Australia, talks to Miriam DeLacy about how policies, workplaces and leaders can make a positive difference to all Australians.

In 2021, events have shone a light on threats women continue to face – in the workplace, at home and in their wider community. As well as the dangers of family violence and workplace harassment, other systemic problems for women include an increased risk of poverty and homelessness as they grow older. With lack of financial security likely to impact living arrangements, social support and health, it can compromise their safety and wellbeing well into their retirement years.

As Chief Executive Officer for Diversity Council Australia (DCA), Lisa Annese knows well how prevalent and complex the challenges are that prevent women from securing enough income to thrive.

With a membership of more than 800 organisations of all sizes, across industries and the public, private and not-for-profit sectors, the scope of DCA activities and the support they offer, are designed to address many of the problems that can lead to working women having to make-do with less salary and super savings compared with men.

"We work across the whole labour market," says Lisa. "Our 800 members include ASX-listed companies, public and private sector and NGOs and we work with all of them on different priorities. Of course it's not just about gender diversity but given the national conversation we're now having about workplace harassment, it's clear we have a long way to go in this area."

SUPPORTING GENUINE PROGRESS

As a mixed bag of organisations, DCA members each have different priorities for advancing gender diversity. While these goals may vary, they broadly support several key agendas that are essential for all workplaces, regardless of their size or the industry where they operate.

"In traditionally male-dominated industries, such as construction, there may be a greater focus on getting women into leadership or creating more flexibility to attract women into roles," says Lisa. "But the ultimate outcome for all our members is to create more respectful workplaces. And the research shows that inclusion is what it takes to make everyone feel safer at work; both men and women.

"Recruitment and talent management are part of that but diversity and inclusion (D&I) is a culture change initiative," Lisa adds. "Like many other culture change projects, around 80 per cent of D&I initiatives have very limited effectiveness. At the DCA, we take an evidence-based approach in how we support members because they want to see real progress.

"By and large, we have yet to organise workplaces where there's enough flexibility to support the career interruptions that are often part of women's lives. It's in the interests of all employees to have the chance to work flexibly without impacting their career. Plus, it serves our whole economy and society to create a more agile and flexible workforce that is more future-ready, adaptive and innovative."

> *"Given the national conversation we're now having about workplace harassment, it's clear we have a long way to go in this area."*

EQUAL PAY IS ESSENTIAL

Broken work patterns are just one of many factors contributing to limited opportunities for women to achieve financial security throughout their lives.

"The changes we need to make to promote economic empowerment for women are many and complex," says Lisa. "Thirty-nine per cent of the gender pay gap is due to the combined impact of years not working due to interruptions women experience in their career to care for children or other family members, part-time employment and unpaid work. The earnings deficit they experience as result is then compounded by the fact they're also paid less when they are employed. The impact on their ability to build wealth and save for retirement is substantial."

The fact that women are more likely to take up insecure and casual roles to allow for their other commitments is also a major contributor to this financial inequality.

"During the COVID-19 pandemic, we saw that unemployment associated with the economic slowdown and social distancing restrictions disproportionately impacted industries employing women."

In the latest figures from the Workplace Gender Equality Agency (WGEA), financial services has once again performed poorly in the gender pay gap, with a 23.6 per cent gap for the industry. This compares with an overall national pay gap of 13.4 per cent in Australia for 2021. Yet, financial services also leads the way in best-practice for supporting gender equality in the workplace.

According to the Gender Equity Insights 2021 report published by the WGEA and Bankwest Curtin Economics Centre (BCEC), financial services scored the highest for gender equity good practice with a score of 61.6.

This is something of a paradox. As Lisa explains, it's important to understand why there is a pay gap in order to grasp how our industry can be making headway with gender inclusive practices and persist in paying women less than men.

"With the work we have done with WGEA and KPMG, we know what the gender pay gap is made up of," she says. "In addressing the career interruptions component, the big banks are generally doing well. Westpac, for example, was the first private company to offer paid maternity leave, as it was called then.

"Another 17 per cent of the gender pay gap is from occupational and industrial segregation, and occupational segregation is significant in financial services. A senior member of an HR team won't be paid as much as an equally senior member of an institutional banking team, and women and men are overrepresented in each of these occupations respectively."

Another important cause of the gender pay gap seen in an industry like financial services is discretionary rewards. In its Gender Segregation in Australia's Workforce report from 2019, the WGEA reported that performance pay and additional remuneration generally play a greater role in male-dominated industries and roles, leading to higher gender pay gaps for total remuneration.

"When bonuses are awarded and people promoted, men are generally rewarded for their potential and women for performance," says Lisa.

"Potential is, of course, limitless.

In addition, there is the real phenomenon known as the motherhood penalty and fatherhood reward. When these discretionary decisions about performance incentives are made, we see gender discrimination present. It can start from the very beginning of women's careers, as we see with graduate recruitment programs. Identically qualified individuals are entering an organisation straight from university, with women receiving lower salaries than men."

Examples like this point to a third major element of the gender pay gap – gender discrimination, some of which actually breaks the law.

> *"It's in the interests of all employees to have the chance to work flexibly without impacting their career. Plus, it serves our whole economy and society to create a more agile and flexible workforce that is more future-ready, adaptive and innovative."*

"It's unlawful to pay women less than men for the same work but it still happens," says Lisa.

FLEXIBILITY FOR ALL

Although there is room for improvement in many industries, the gender pay gap has been gradually shrinking. This is, in part, thanks to the vision and persistence of leaders who have introduced important changes in how employees can organise their working lives. Not only does this benefit women and their financial position, it also supports choice for all and a more successful, resilient organisation.

"When David Thodey, CEO for Telstra, announced in 2013 that all roles would be flexible, his visible support triggered an important cultural change across the organisation," says Lisa. "Declaring that all roles can be flexible puts the burden of proof on the manager who denies flexibility, instead of on the employee to prove their case for being able to fulfil their role and follow a flexible working pattern.

"For an organisation like Telstra that looks after telecommunications networks and has many retail outlets, this was really significant. In knowledge-based roles, flexible working is more accepted, but this was a vital step towards solving flexibility for organisations where employees need to have a visible presence when they're working."

Progress made in parental leave arrangements is also a very important measure of an organisation's commitment to equality for women in the workplace.

"We're now seeing most workplaces in Australia offering some paid leave and more of them are moving towards arrangements that support shared care by both parents," says Lisa "If women are the only partner in a heteronormative relationship able to access paid leave, this has long-term effects on their partner's involvement with raising their child.

"The more we have paid parental leave for both men and women, the less men will be excluded from the home environment. For many young men, this is no longer a desirable outcome. Just like women, more and more men want to be active parents and work flexibly so they can do that."

Flexible working is just one pillar of a more inclusive workplace and inclusion is fundamental to an organisation where respect is the norm.

"A workplace that accommodates lifestyle choices individuals make, regardless of their gender, is in everyone's interests," says Lisa. "At the DCA, we've created our Inclusion@ Work Index to measure inclusion across Australian organisations in an empirical way. Organisations that measure high in inclusion scores, also rank high on discretionary effort by employees, reduced absenteeism and employees who take less risk. Across many measures that contribute to better organisational performance and efficiency, we can prove that inclusion produces improvements.

"Seeing data on inclusion presented in this way, Australian organisations can take inclusion seriously. In doing so, they will make an important investment in winning the war for talent, being more innovative and creative and managing risk effectively. These are all essential for lifting economic output for each organisation and for our country as a whole."

SAFETY AND RESPECT

Supporting Australian organisations to be more competitive and successful is certainly an important goal. The Inclusion@Work initiative and many others are also designed to make organisations safer for the individuals who work there, so each can succeed in their own lives.

"Essentially, the DCA is a research organisation," says Lisa. "In supporting our members to enhance their capability in diversity and inclusion, we aim to create respectful workplaces where people connect with one another as equals and have opportunities for progress and advancement.

"We're now working in partnership with Our Watch to research and communicate the impacts of family violence and myths that stop it from being addressed in the workplace," says Lisa.

Our Watch is a national leader in the primary prevention of violence against women and their children in Australia. In her foreword to the DCA/Our Watch report Myth Busting Domestic and Family Violence at Work: Using Evidence to Debunk Common Myths and Assumptions, Our Watch CEO, Patty Kinnersly says: "Research tells us that by increasing gender equality in public and private life – including in workplaces – we can reduce violence against women."

Events in the early months of 2021 have moved problems of sexual harassment and violence at work further up the agenda for our media, organisations and society as a whole. The DCA is doubling down on its work in this area with the #IStandForRespect campaign.

"With the public allegations in the Brittany Higgins case, the conversation around respectful workplaces has become an important national debate," says Lisa. "The #IStandForRespect pledge asks our DCA members and all workplaces to take a zero tolerance stance on gendered harassment and violence in all its forms and commit to take action when these events happen at work."

So far, more than 200 CEOs from DCA member organisations have signed the pledge. This visible support for putting a stop to workplace harassment is significant, but leaders also need to identify effective processes and follow through in using them.

"A commitment to action is not enough," says Lisa. "This is why we run events for members to share best practice in how to take action based on what the research says – addressing gender equality will prevent a hostile work environment. We need leaders who have the courage to hold people to account and run proper investigations when employees report that they feel unsafe at work."

CULTURE CHANGE

With many years of experience before and during her time with the DCA in researching, advocating and co-designing initiatives to address gender equality, Lisa is aware that organisations, their boards and leadership teams cannot change culture and social norms in isolation.

"To drive accountability in workplaces, regulators have a big role to play," says Lisa. "The ASX making it mandatory for listed companies to disclose what they're doing on gender equality in their annual reports is a great example of the difference policies can make in raising standards and expectations across the board.

"With the WGEA now collecting information from all non-public sector organisations with more than 100 employees on what they're doing on a range of matters that impact a woman's experience of work, many more are making genuine effort to make progress on these markers of gender equality from one year to the next."

Two other policy areas where Lisa would welcome change to support better financial outcomes for women are childcare and education.

"Our childcare models have an indirect but significant impact on income for women. When heteronormative households are budgeting for childcare, this is always discussed in terms of the woman's earnings. But this is a family expense and shouldn't only be justified if it's a satisfactory trade-off between what a mother earns and what the family pays for childcare. There are serious implications for a woman's career trajectory and lifetime earnings if she stays disengaged from the workforce. It becomes a false choice when these economic factors aren't taken into account.

"We're seeing an increased investment in childcare but this is being made through tax reform. Instead, we need to see an absolute change in the way we provide childcare to Australian families, including a push towards socialised childcare – not distinguishing between early childhood education and other forms. Our society stands to benefit from children being educated properly, throughout their lives."

RAISING THE CAREER BAR

In terms of education for girls and women, Australia is doing well in levelling the playing field. But as Lisa points out, this isn't translating into better career outcomes.

"Australia ranks first in the OECD for educational attainment for women. But by the time girls come to choose a career, they're opting out of higher paying roles and industries," she says.

"There are a couple of ways to address this. One is to focus on rewarding professions where many women work, such as health services. But we can also make it a priority to dismantle the narrow gender bind that keeps individuals from choosing a profession where they can excel, regardless of their gender. There are very strong gender norms in Australian society and we need to socialise boys and girls to believe that nothing is off the table for them when it comes to their identity and career."

> *"In supporting our members to enhance their capability in diversity and inclusion, we aim to create respectful workplaces where people connect with one another as equals and have opportunities for progress and advancement."*

A SAFE SPACE FOR ADVICE

Niche market segments, like the LGBTI community, present practitioners with an opportunity to tap into an under-advised segment of the population. Mark Clayton CFP® enjoys advising to this exciting and diverse community. He talks to Jayson Forrest.

In 2012, former United Nations Secretary General, Ban Ki-Moon, opened up a Human Rights Council session with a speech that specifically addressed discrimination against the lesbian, gay, bisexual, transgender and intersex (LGBTI) communities:

"To those who are lesbian, gay, bisexual or transgender, let me say: You are not alone. Your struggle for an end to violence and discrimination is a shared struggle. Any attack on you is an attack on the universal values the United Nations and I have sworn to defend and uphold. Today, I stand with you, and I call upon all countries and people to stand with you, too."

> *"Once you really get to know and understand the community or sector you want to serve, you then need to develop a value proposition that meets their needs and objectives. Only then will you naturally start to build a client base in that specific market."*

Almost 10 years later, and today, equality and freedom from discrimination are fundamental human rights that affirm that all people are born free and equal, regardless of their sexuality or gender identity, with the same rights to be treated equally and fairly. And an integral part of the principle of equality is non-discrimination, as it ensures that no one is denied their rights because of gender, age, ethnicity, religion, disability, marital status, or who they love and how they identify.

A LONG ROAD TO HERE

It has been a long, hard road for Australia's LGBTI community to achieve equality under the law in Australia, but that's precisely what happened in August 2013, when the Sex Discrimination Act 1984 was amended to make it unlawful to discriminate on the basis of a person's sexual orientation, gender identity and intersex status.

Despite this being a significant legislative amendment, roll forward eight years and sadly, statistics from the Australian Human Rights Commission reveal that some LGBTI people – which make up approximately 11 per cent of the Australian population – may still experience discrimination, harassment and hostility in many parts of everyday life.

But thankfully, the tide is changing fast, as societal views and values become more accepting of the rights of the LGBTI community.

Just ask Mark Clayton CFP® – principal and financial adviser at Sydney-based Clayton Financial Planners – who has seen this amazing progress over the last 10 years. As a gay man himself, Mark is actively working with the LGBTI community to empower individuals to take control of their own financial wellbeing, although he does acknowledge that the historical pressure exerted on LGBTI people in having to deal with the prejudice of others within society, may make them more reluctant to get help with their financial planning.

"As a practitioner, it is important to acknowledge the LGBTI community may still have some apprehension, so we need to create a professional 'safe space' where clients can feel comfortable opening up about their financial goals and personal finances," says Mark.

CLAYTON FINANCIAL PLANNERS

Established in 1994 by John Clayton – Mark's father – today, Clayton Financial Planners is owned and operated by Mark. The boutique family-owned financial planning practice offers personalised financial advice to individuals, trusts and self-managed super funds. It also has a strong focus on education and financial literacy,

with clients able to access a 'Knowledge Centre' that contains a suite of resources, including articles, videos, tutorial modules, quizzes and calculators.

Since joining the business in 2015, Mark has focused on developing and serving a client base that increasingly comprises of LGBTI clients.

"My decision to move in this direction started as soon as I joined the practice six years ago," says Mark. "Back then, I began my involvement with the Sydney Gay and Lesbian Business Association (SGLBA), which is a not-for-profit organisation dedicated to the professional support and development of members of the LGBTI community throughout Sydney.

"From there I have built a profile in the LGBTI community as an openly gay self-employed financial adviser."

Mark must be doing something right, with his business gaining significant momentum within the LGBTI community, on the back of plenty of referrals from clients and friends.

"In recent years, I have found myself increasingly focused on the LGBTI community, due to the professional and deep personal satisfaction I get from working with this community," he says.

IN NEED OF ADVICE

This under-represented but significant part of the market can also be a potentially lucrative market to build a business in, with Australian Bureau of Statistics (ABS) data recording the LGBTI sector typically comprising of individuals who are well-educated, high income earners.

According to the 2016 ABS Census, people in same-sex couple relationships were more likely to have higher personal incomes than those in opposite-sex couple relationships. The data reveals that 23 per cent of men in same-sex couples earned $2,000 or more a week, compared with 18 per cent of men in opposite-sex couples. For women, the difference was greater. Women in same-sex couples were twice as likely to be earning $2,000 or more a week as women in opposite-sex couples (14 per cent compared with 6 per cent).

"This provides financial planners with a fantastic opportunity to work with a niche market that is in need of quality advice," says Mark.

HURDLES TO OVERCOME

For any client, starting the financial advice process can be a daunting task at first, and it's no different for LGBTI people.

"We all know that opening up about your income, finances, spending, sexual and medical history (for insurance applications) to a stranger can be confronting and uncomfortable. Add sexuality to this and it can be too much for someone to deal with and so they may avoid financial advice," says Mark.

Members of the LGBTI community may be more sensitive to opening up to a financial adviser due to some of the common problems faced by

MARK CLAYTON
CFP®

PRACTICE: CLAYTON FINANCIAL PLANNERS

ESTABLISHED: 1994

LICENSEE: AUSTRALIAN UNITY

NO. OF PRACTITIONERS: 1

NO. OF CFP® PRACTITIONERS: 1

> *"By focusing on creating an open, transparent and safe space for my clients, and then seeing how well that has worked in developing more constructive and productive advice relationships, has led me to concentrate more strongly on this approach when dealing with every client."*

INSIGHT

UP TO **11 IN 100** AUSTRALIANS MAY HAVE **A DIVERSE SEXUAL ORIENTATION**, SEX OR GENDER IDENTITY.[1]

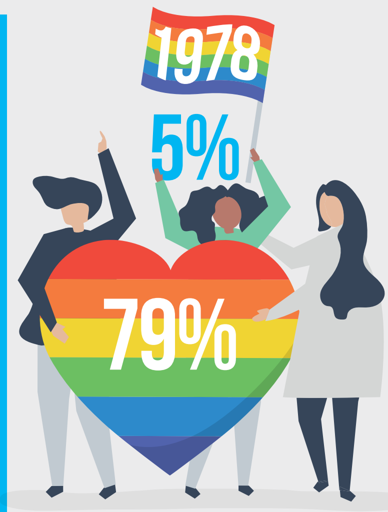
PERCENTAGE OF **LGBTI PEOPLE WHO HIDE THEIR SEXUALITY** OR GENDER IDENTITY AT CERTAIN EVENTS[1]

34%
ACCESSING **SERVICES**

42%
SOCIAL & COMMUNITY **EVENTS**

39%
WORK

> *"As a practitioner, it is important to acknowledge the LGBTI community may still have some apprehension, so we need to create a professional 'safe space' where clients can feel comfortable opening up about their financial goals and personal finances."*



1978 - THE YEAR THAT GILBERT BAKER CREATED THE FIRST RAINBOW FLAG, WHICH FIRST DEBUTED AT THE SAN FRANCISCO GAY AND LESBIAN FREEDOM DAY PARADE.[2]

5% – THE PROPORTION OF PEOPLE WORLDWIDE THAT SCIENTISTS ESTIMATE HAVE A HOMOSEXUAL ORIENTATION.[3]

79% OF AUSTRALIANS AGREE THAT HOMOSEXUALITY SHOULD BE ACCEPTED BY SOCIETY, MAKING IT THE FIFTH MOST SUPPORTIVE COUNTRY WORLDWIDE, BEHIND SPAIN (88%), GERMANY (87%), CANADA AND THE CZECH REPUBLIC (BOTH 80%).[4]

SOURCE:

1. *Australian Human Rights Commission.*
2. *Wikipedia; The Gay Almanac, The National Museum & Archive of Lesbian and Gay History, New York, NY, Berkeley Books.*
3. *Factretriever; Endersbe, Julie K. Homosexuality: What Does It Mean? Mankato, MN: Capstone Press.*
4. *The Global Divide on Homosexuality, Pew Research Center.*

many LGBTI people, which include: a lack of support from their biological families; varying levels of empathy, understanding and support when 'coming out'; and insecurity about talking about their sexuality or gender identity in public for fear of judgement, discrimination or even violence.

"So, one of the key challenges facing this community is having a safe space to be open about their life and finances. Regrettably, avoidance can often be the best strategy for LGBTI people in this situation and that's something I want to change."

MOVING IN THE RIGHT DIRECTION

So, how is the financial planning profession tracking in responding to the needs of LGBTI clients?

"The last 10 years have been sensational," says Mark, who confirms there has been a substantial increase in the number of people from the LGBTI community getting quality financial advice.

The amendment of the Marriage Act 1961 in December 2017 to recognise same-sex marriage, bridges the gap between same-sex and opposite-sex couples, while also becoming a new area of advice that practitioners need to deal with when working with same-sex couples, particularly in relation to superannuation and estate planning.

The 2016 ABS Census counted just under 46,800 same-sex couples living together in Australia, representing a 39 per cent increase on the 2011 Census.

IMPROVING THE ADVICE PROCESS

Mark admits that working with the LGBTI community has not only helped improve the way he operates Clayton Financial Planners but importantly, has also led to greater satisfaction as a professional.

"By focusing on creating an open, transparent and safe space for my clients, and then seeing how well that has worked in developing more constructive and productive advice relationships, has led me to concentrate more strongly on this approach when dealing with every client," he says.

"It's an approach that has definitely led to an overall improvement in my client engagement, client retention and the advice I provide across my entire client base."

WORKING WITH NICHE MARKETS

For practitioners and advice businesses looking to work more closely with niche market sectors, like the LGBTI community, Mark's best advice is to become actively involved in the community and learn from the ground up about what the specific needs and objectives are of the niche market they are looking to serve.

He also recommends joining specialist community or business groups – like the SGLBA, the Pride Business Network in Brisbane, or Melbourne's Gay and Lesbian Organisation of Business and Enterprise – that engage with members of the community.

"Once you really get to know and understand the community or sector you want to serve, you then need to develop a value proposition that meets their needs and objectives. Only then will you naturally start to build a client base in that specific market," says Mark.

> "
> *So, one of the key challenges facing this community is having a safe space to be open about their life and finances. Regrettably, avoidance can often be the best strategy for LGBTI people in this situation and that's something I want to change."*

SAFEGUARDING WOMEN'S FINANCES

Women remain one of the demographics underinsured or not insured at all. Maggie Johnson AFP® from Ausure Financial Group Victoria and Kristen Lennis-Harvey from AIA Australia Insurance speak to Miriam DeLacy on how the financial planning profession can better meet the personal insurance needs of women.

> *"Traditionally insurance, has been about protecting families against the risk of losing earned income. More often now planners are bringing awareness to families to help them consider the impact if a stay-at-home parent were to fall ill or become injured."*
>
> MAGGIE JOHNSON AFP®, AUSURE FINANCIAL GROUP, VICTORIA

The impact of the gender pay gap on the financial security of women is well-documented. An important conversation about the resulting disparity in superannuation savings for men and women is also coming to the fore.

In a key observation from their Retirement Income Review report, the panel members acknowledged that "many stakeholders pointed to inequitable retirement outcomes for various groups, such as women, Aboriginal and Torres Strait Islander people, those with disability and those not covered by the SG".

In addition to these potential obstacles to better financial outcomes, women are also experiencing a third 'gap' putting them at risk.

"We know that underinsurance is an issue in Australia and that women make up a significant portion of underinsured Australians," says Kristen Lennis-Harvey, General Manager, Retail Distribution – Client Development for AIA Australia.

"Much of the research points to a discrepancy between superannuation and the retirement gap when comparing men and women. Once you factor in the insurance gap, it's evident that there is a lot of work to do and this is something the industry is continually working on, regardless of whether you're an insurer, financial planner or regulatory body. The biggest challenge is how do we effectively communicate the message to women."

WHY WOMEN FOREGO INSURANCE

In order to address this challenge, it's important to acknowledge why women tend to miss out on personal insurance. According to Kristen, the insurance gap comes from a combination of economic and family factors.

"Many people take on a 'personal needs analysis' whereby they consider their situation from a financial point of view, work and family situation and other commitments," she says. "As a result, both women and men need to consider all contributions to a family dynamic, and not just the financial component.

"As we know, while more women are in the workforce than there used to be, many are on contracts or working on a part-time or casual employment basis, which from the financial side of things, may limit additional expenses that can be allowed."

Financial planner Maggie Johnson AFP® of Ausure Financial Group Victoria agrees the contribution women make to the family unit can be less obvious to clients in economic terms and presents as less of a risk to financial stability as a result.

"When a woman is the stay-at-home parent or works part-time, they're not in that breadwinner category," she says. "Traditionally, insurance has been about protecting families against the risk of losing earned income. More often now, planners

are bringing awareness to families to help them consider the impact if a stay-at-home parent were to fall ill or become injured."

In Maggie's view, a rise in the number of women in the financial advice profession is also bringing this financial risk to families into focus.

"In the past, many women would be reluctant to engage in the financial planning process on their own behalf," says Maggie. "With more women in the profession comes the opportunity for women clients to understand the benefits of insurance from the perspective of their female peers."

As can be the case for all financial planning clients, women sometimes assume their insurance cover in super is enough.

"This is an even riskier assumption for women to be making when they're taking a career break," says Maggie. "Income protection cover, when included in group insurance cover, is likely to be invalid if you're not working. But there are also some group insurance contracts where TPD cover can be compromised if you're not in paid work.

"While it's often better to have group insurance through super rather than no cover, it's also important to make sure you can actually claim if an insurable event were to occur. Otherwise, there's no point making these payments and taking away from valuable retirement savings."

COVER THAT COUNTS

This highlights the value of financial advice in guiding women in their personal insurance choices – this ranges from the risks of not being insured at all to selecting types of cover that are best for their particular needs. For women who are in and out of paid work, both Maggie and Kristen point to the value of trauma cover over income protection.

"Income Protection, especially if Indemnity based, may not be suitable if your client is not working or taking extended time off work," says Kristen. "This is where trauma cover, which pays a benefit regardless of your employment status, could be considered particularly if you are taking extended periods of time off work to care for parents or children."

Maggie agrees: "Trauma cover is particularly important for women, because of the high incidence of breast cancer in Australia.

"Five years ago, the Independent Financial Adviser were informing financial planners about the very

high number of trauma insurance claims (84 per cent) caused by cancer in women. This compares with just
over half of cancer-related claims for men under trauma insurance in the same period."

In comparing trauma cover, it's also important to understand the terms of cover with respect to partial payouts and having the ability to reinstate cover and claim on the same condition. This is particularly important for women who have a history of breast cancer in their family and may require earlier intervention when symptoms present or expect to undergo multiple treatment cycles.

"In 2020, AIA Australia launched its new trauma-based cover, Crisis Extension, which complements our traditional comprehensive trauma cover, Crisis Recovery," says Kristen. "We know that breast cancer is the most diagnosed cancer amongst women in Australia. Obviously, there are stages in cancer. And this is where the two Crisis products work together.

"For example, an early, non-life-threatening diagnosis can be claimed under Crisis Recovery. If a cancer diagnosis reaches stage three or four, then clients can claim under Crisis Extension or both depending on their claim history. This allows women to claim more often.

"And the beauty of Crisis Extension is that because it covers clients for higher severity cases, we have been able to reduce the premiums on offer, overall."

> *Once you factor in the insurance gap, it's evident that there is a lot of work to do and this is something the industry is continually working on, regardless of whether you're an insurer, financial planner or regulatory body."*
>
> KRISTEN LENNIS-HARVEY, AIA AUSTRALIA

When meeting with clients looking to start a family or have more children, Maggie will also discuss trauma inclusions that can protect their finances in the event of birth defects or medical conditions occurring during infancy.

"Some policies can include trauma cover for your child up to age two, when they'll be eligible for their own cover under a separate children's trauma policy," she says.

In Maggie's experience, child trauma cover is one type of insurance that can often been overlooked in the advice process, even though she considers this to be just as critical a risk to a family as parental trauma.

"Child trauma cover can be an essential for families, regardless of whether each parent is working or not," she says.

"For one of our clients who was a widowed single mother, we arranged a full suite of insurances for her – life, TPD and child trauma. When one of her children became ill, the family had to relocate to Melbourne for the course of treatment.

"In a situation like this for a couple, no parent would want to have to stay behind and work and not be available to support their child and family through a critical time."

BETTER EDUCATION AND COMMUNICATION

It's in sharing scenarios like these with clients that Maggie can guide them towards a greater awareness of their unmet insurance needs.

"I'll ask female clients about what things would look like for their family unit if they were ill or injured and weren't able to shop and run the kids to school," she says. "Would your spouse have to stop working or would you hire someone to assist?

"Some women will have family to rely on, but COVID-19 really tested this scenario with the travel restrictions and elevated health risk for older family members. Plus there are other circumstances that can limit access to family support.

"I advise many families in regional Victoria and they need to be aware of the possibility of needing to relocate to Melbourne for treatment, due to the limits on health provisions closer to home. Not only could this rule out family support, it also adds to the cost and makes it far less practical and desirable for a partner to continue working."

These direct conversations with clients are one approach that's needed to better communicate to women about the cover they need to be fully protected. Maggie would also like to see better education at a broader level to raise awareness.

"Most advertising you see is targeted to the main breadwinner in the family," she says. "The majority of the time, that's still a male partner and the advertising reflects this. This approach only addresses the risk to family units with children if the father is unable to work. It would be good to see a more inclusive view on personal insurance in advertising."

Kristen agrees that educating both genders on the benefits of insurance should be a higher priority.

"In many cases, and this lends itself to further education, not just for young women but for young men as well, there is lack of awareness with regards to protecting your future," she says.

"I believe the early introduction to the concept of life insurance will help improve future clients' knowledge of what they're applying for, and in return, will make the job of a financial planner less complicated, and maybe even a sought after career."

LIFE STAGE ADVICE

As with all financial planning clients, women's insurance needs can change over time. With women far more likely to take time off work, a life stage approach to personal insurance is even more important.

"If I'm seeing a couple with plans to start a family, it's a great opportunity to map their expectations of how they will navigate the change in circumstances if they do have children," says Maggie. "How many kids might they have, are both partners planning to work in some capacity, will there be a primary caregiver and who will that be? And what family support can they expect to benefit from in the event of one partner becoming injured or falling ill?"

Becoming a parent can trigger one of the biggest lifestyle transitions for a woman and, with it, an associated change in her insurance needs. Relationship breakdown is another trigger that can force women to reconsider the risks they face and the insurance solutions they need for protection.

"Going through a divorce will involve a multi-faceted discussion with women about estate planning, superannuation and retirement," says Maggie. "There are questions about whether they will have more or less responsibility, more or less income and it's vital to make sure their cover and sums insured reflect their current situation.

"It can be a time when women are changing their objectives and taking control of what they'd like to happen in the future. Perhaps they're more aware of the need to protect themselves, so they can have peace of mind that they and their children will be looked after if anything should happen."

For women who are taking sole responsibility for family income, whether single or in a relationship, certain types of cover can become more important.

"Income Protection and TPD insurance are covers that provide protection if a person was to become the sole 'bread winner', unexpectedly single, or unable to work," says Kristen. "Regardless of the relationship status, removing an income can put enormous financial pressure, at a time when the focus should be on recovery."

With more and more women entering the workforce and taking responsibility for caring roles for elderly parents, as well as children – sometimes well into adulthood – their mental health can be as much of a concern and a risk as cancer or some other type of trauma.

"With the increasing prevalence of mental health issues, we should all be mindful of the impacts that this may cause," says Kristen.

"This is where TPD plays a significant role. At AIA, we have, over the last year in particular, experienced higher rates of women claiming for mental health conditions under their TPD policies."

ROOM FOR IMPROVEMENT

With improvements in gender equality in the workplace, including more access to flexible working arrangements, women are finding better ways to combine a career with raising children.

In Maggie's view this creates great opportunities for insurance providers to introduce products suited to the way women's lives change and for financial planners to stay on top of their insurance needs.

"Women are likely to move through different life stages a lot more than their spouse," she says "They're in and out of the workforce and might open their own business to give them the flexibility at work they need if they can't make these arrangements with an employer. It's important for them to get advice at all these stages.

"Given these changes in how women live and work, there's a need for product providers to move with the times and think outside the box," she adds. "There are often barriers for women around getting income protection, particularly around the cost and the number of hours they work. So, it's much harder to get a high-quality policy."

The rising cost of income protection policies in general was the subject of a recent Australian Financial Review article, which reported figures from Finder on the gap in premiums paid by women and men for the same sum insured. A man earning $10,000 a month, for example, pays about $72 a month for monthly payouts of between $7,500 and $8,000. For a woman on the same income, the expected premium is $101.

Addressing these barriers to adequate income protection for women is something that AIA is doing with its new Income Protection product – IP Core.

"This product is designed to meet the new APRA guidelines, with pricing sustainability being a core component" says Kristen.

"The product design will be well suited to anyone who needs to stick to a budget. Women, and in particular low-income women, will find this product better suited to an annual budgeting process, where the income may only be increasing with CPI, whereas a traditional income protection product may be increasing with a higher multiple."

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FIND OUT MORE

THE HOLY GRAIL OF ADVICE

One of the challenges for financial planning businesses over the next 5-10 years is reducing the cost of advice for consumers. Are integrated CRM systems and end-to-end advice solutions the answer for making advice more affordable to Australians? Jayson Forrest reports.

The financial planning profession is currently riding out the ‘perfect storm’, as Professional Indemnity insurance and regulatory and compliance costs continue to steadily increase year-on-year. Such cost increases are becoming difficult for many advice practices to absorb without either affecting the quality of services provided or raising their client fees. It’s not surprising that these compounding costs are making advice less affordable for Australians.

Add to this the additional impositions placed on planners by the FASEA regime, resulting in the departure or early retirement of planners from the profession, placing further constraints on an already highly stressed market. In fact, findings from the Adviser Ratings ‘Australian Financial Landscape Report’ estimates that the drop in planner numbers over the last three years has seen a proportional increase in the average price of advice by about 23 per cent over the same period.

All these factors are conspiring to create the ‘perfect storm’, making the cost of advice arguably one of the greatest challenges facing advice businesses over the next 5-10 years. However, could integrated CRM systems and end-to-end advice solutions be the answer to reducing spiralling business costs and reducing the cost of advice for Australians?

> *“Currently, the biggest driver of our business is working out how we can improve our technology and improve our digital client experience, because not only will that help drive down the cost of advice, it’s also what clients expect.”*
>
> RHIANNON KANONIUK AFP®

THE COST OF BUSINESS

Technology has long been touted as the answer to lowering the cost of advice for consumers. But how realistic is this, particularly when considering that most advice businesses still take a piecemeal approach to technology, which can add significant additional operating costs for a business?

Ask Morningstar Australasia managing director, Jamie Wickham, and he is adamant that improvements in technology will allow financial planners to operate at a much broader scale than they do today, which he believes, will effectively drive down the cost and complexity of running a business. This, he says, will flow through to the cost of advice to consumers.

“Improvements in technology will drive gains in business efficiency. This includes automating many mundane but essential tasks that planners routinely deal with, such as fulfilling annual opt-in requirements,” says Jamie. “This will allow planners to drive down the cost of advice, enabling them to spend more time with existing clients, while potentially expanding the number of clients they can serve.”

Jamie believes integrated CRM systems and end-to-end advice solutions are definitely the answer for making advice more affordable to Australians. He adds that the key to achieving this resides in designing integrated processes that enable efficiency gains.

“It’s all about the ability to customise a CRM system, and for that CRM system to integrate across the different components of an end-to-end software solution. By achieving these efficiencies, you’d expect the cost of advice to drop, making it more affordable for consumers,” he says.

MOVING CLOSER TO INTEGRATION

At Melbourne-based advice practice, Pekada, the business’s co-founder and principal adviser, Rhiannon Kanoniuk AFP®, reveals that the business currently uses a couple of different software solutions to make up its tech stack.

“These solutions are aimed at elevating the digital experience of clients. We want to provide an advice experience for our clients that is on their terms, not ours,” says Rhiannon. “For example, we use Astute Wheel, which is great software for client engagement.”

She concedes that having a piecemeal approach to technology means the business has many third-party

providers it needs to deal with, which is not ideal. But still, the business is aiming to make the advice process as seamless and automated for clients as possible.

"As technology becomes more integrated across the profession, and data actually feeds through to the external third parties we deal with, that is where our cost to serve should come down. But we're not quite there yet," Rhiannon says. "So, while we're using our tech stack to provide a first-rate client experience, we need to tie all the technology elements together in the back-end in order to reduce the cost to serve."

However, Rhiannon is confident the profession is much closer than it was just five years ago to being able to roll out fully integrated advice solutions.

"Currently, the biggest driver of our business is working out how we can improve our technology and improve our digital client experience, because not only will that help drive down the cost of advice, it's also what clients expect," she says.

"As an advice business, you can't just keep comparing yourself to other advice practices. You need to compare yourself to other businesses that clients are interacting with on a daily basis, like Amazon. That's the type of digital experience they are going to compare your business to and expect to receive from you."

This desire to improve its digital client experience led Pekada to try a relatively new CRM system – Lumiant – which it hopes will bring financial conversations with clients, as well as file notes, to life throughout the entire advice journey.

"We've been using this solution since January this year and we've found it to be a game-changer for us in bringing to life the depth of conversations we're having with clients," she says. "When you think of your role as a planner in a client's life, the real value comes in the depth of the relationship planners can forge with their clients, including guiding them through all the complexities of life and their life stages.

"This particular CRM system has been great in getting the client to articulate what their core values and goals are. The system is a facilitated way of getting the client to really think about what matters to them. So, when you eventually do the core strategy for the client, you've got a 'North Star' to navigate by to help clients live their best lives."

Rhiannon believes when planners start to dig deep into what clients care about and explore their values in life,

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that's where they can really flesh out and develop the ideal financial strategy for clients. And a good CRM system can support planners in having these types of effective conversations with clients around their goals and values.

"There are many practitioners having amazing conversations with their clients. But a good CRM system can put these conversations into a systemised format," she says.

It's a view shared by FinFit Wealth Solutions' managing director and senior financial adviser, Phil Sgangarella CFP®.

"If a client knows that you have updated information and it's transparent, and you don't have to spend time as a planner making sure the information is correct, then you can actually spend more time dealing directly with the client," he says. "This improves efficiency, reduces business costs, and frees up a planner to spend more time with clients on the things that are really important to them, like achieving their goals."

THE HOLY GRAIL

Brisbane-based FinFit Wealth Solutions also shares a similar story to Pekada in its pursuit of an effective end-to-end solution for its business. Phil believes that one of the biggest demands on technology within an advice business is client data collection.

"This includes having automated CRM systems where clients can log in and update their details in a live environment, rather than using the traditional way of gathering client information in a face-to-face meeting," he says.

At FinFit Wealth Solutions, Phil is using his CRM system for mapping out his clients' goals and objectives, while also scoping advice.

"We use the 'myprosperity' client portal, which allows our clients to link all their information to a central repository. It provides a live feed for client information – like bank loans, cash accounts, investments and superannuation – which provides up-to-date information on the client's overall financial status," says Phil.

"This system saves us a lot of time from an information gathering perspective."

When it comes to technology, Phil is no luddite and is a firm believer that technology will be a considerable factor in driving down the cost of advice.

"You need only look at compliance," he says. "There are so many things planners have to do to be compliant, so you need a technology solution that can complete your compliance requirements as quickly and as efficiently as possible."

However, like Pekada, Phil's business currently has a piecemeal approach to technology, using up to four different systems

"I've yet to see one end-to-end solution for advice businesses that tick all the boxes," he says. "So, the major issue currently facing the profession is having a system that does enough, while also being able to seamlessly integrate with other systems.

"We use up to four different systems to manage our interaction with clients, whereas it would be ideal to have just one system that removes all the double-handling that happens when you use multiple systems – that's the Holy Grail."

For Phil, an ideal end-to-end solution begins at the the front-end of the advice process – the discovery, the onboarding, the data collection – and extends through to capturing that information into the CRM, to portfolio modelling, providing documentation and advice recommendations to the client, advice implementation, and then through to the review process on an ongoing basis. It's a complete solution.

And while Phil acknowledges that technology providers do understand the issues facing financial planners, and are developing systems that meet the needs of advice businesses, he believes it's unlikely these systems will ever deliver 100 per cent of what practitioners and clients need.

> *"We use up to four different systems to manage our interaction with clients, whereas it would be ideal to have just one system that removes all the double-handling that happens when you use multiple systems – that's the Holy Grail."*
>
> PHIL SGANGARELLA CFP®

"But even if we can get systems that provide 80 per cent of what we need, then that's still much better than having four systems giving you 25 per cent each of what you need," he says.

However, Jamie disagrees, saying that effective end-to-end solutions do exist.

"The key to delivering an effective end-to-end solution is 'integration'," says Jamie. "It's ensuring that all the applications in an end-to-end software solution are fully integrated, and the data is being shared efficiently from one application within the system to another. Quality data leads to quality advice, which provides quality outcomes for the client."

IDEAL EXPECTATIONS

As the head of Morningstar Australasia, Jamie is at the coalface of providing highly specialised services to planners. He acknowledges that practitioners are very direct in telling him what they want in a fully integrated CRM and end-to-end advice solution.

Top of the list is software integration, allowing the seamless sharing of data across systems for the efficient delivery of advice.

"Not every financial planning software solution can do absolutely everything for every client. Different financial planners have different needs, different systems that they want to use, and different ways of engaging with their clients," says Jamie. "So, the importance of the integration of other tools via application programming interface (API) is critical."

Ask Rhiannon what the ideal CRM system looks like for her business and from a client perspective it's a system that is seamless, cost-effective and easy to use, which brings to life a client's 'financial life'.

And what about from a business perspective?

"Then we're talking about a CRM system that is automated and administratively efficient, which can remove much of the human error than creeps into the financial planning process.

"We're also talking about a system that uses artificial intelligence to quickly and effectively answer complex financial questions, as well as all the other 'bells and whistles' that are involved in creating excellent advice."

Similar to Phil, Rhiannon is yet to find a system that provides a seamless end-to-end solution for her business. And while she is hopeful that Lumiant will be that solution, she doesn't believe the technology is quite there yet.

"If you can replicate the experience of a planner and move it across into an automated and digital environment, then as a planner, all you are then doing is managing the client relationship. And that's where I believe advice businesses can bring down the cost of advice and make it more affordable for consumers."

For Phil, an end-to-end technology solution is his definition of 'utopia'.

"The ideal system is fully automated and allows clients to update their information and have it stored in a central and easily accessible repository. The ideal system also provides live data feeds to other systems. It allows you to generate all relevant documents that are compliant, with the ability to customise those documents, while allowing you to manage the client on an ongoing basis," he says.

"Effectively, every time you have an interaction with a client, your CRM system needs to provide this functionality efficiently and as quickly as possible, which will absolutely help drive down the cost of advice."

WHAT TO CONSIDER

When it comes to implementing a CRM and end-to-end solution, Jamie says there are two key areas that advice professionals should be considering: the technology provider and the application itself.

"When choosing a technology solution, you need to do your due diligence on the technology provider and their product," he says. "Planners need to consider whether the provider is actually serious about financial advice, is committed to the profession, and is able to clearly demonstrate that commitment through its offering.

"Technology providers also need to have adequate financial backing and a long-term plan of where they see financial software going. This includes how they will support financial planners now and into the future with software development.

"This roadmap needs to align with the needs of the planner and the advice business over the short to medium-term. This includes ensuring that philosophically, the technology lines up with how the advice business is delivering advice and servicing clients."

For advice businesses thinking about implementing their own technology solution, the FPA provides a range of resources at fpa.com.au/fintech. These include tools, checklists, fintech providers, and technology assessment templates.

And what about Morningstar? How is this global research and investment management company helping advice businesses lower the cost of advice to clients, while improving business efficiency and profitability?

"As a business, Morningstar is committed to advice and the financial planning profession," says Jamie. "While we're best known for our research and investment solutions, and our capabilities around data management, we're also supporting planners in other ways. This includes through our financial planning CRM, AdviserLogic, and our acquisition of the risk profiling system, FinaMetrica.

"We believe this suite of services will help planners reduce their compliance risks, improve their efficiency and most importantly, deliver the right outcomes for clients."

And while Jamie believes Morningstar offers a compelling integrated service offering, he concedes that financial planners will always want additional services that sit outside its core offering.

"We certainly think there is more opportunity for us to leverage the knowledge we have of the end investor and our behavioural science expertise to better support users of AdviserLogic and the conversations they are having with clients," he says.

"So, right across Morningstar, we have plenty of capability and technology that can help reduce the cost of advice to investors. We are stitching all that together to deliver the Holy Grail to financial planners – a fully integrated end-to-end advice solution."

For more information on software selection and finding the right technology provider, go to fpa.com.au/fintech

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EFFECTIVE RECRUITMENT PRACTICES TO ENSURE EQUALITY

Managing diversity and equality in the workplace is still challenging for some businesses. Judith Beck provides five tips for achieving workplace balance.

"It is always important to have a fresh eye (ideally a manager from another area) who could sit in on the final interviews. They will be able to see things you don't."

Having run an executive search firm for 25 years, I noticed there were specific inefficiencies that stood out as to why companies were not getting a diverse workforce. Good intentions by the company to conduct a fair process was normally there, however, there were flaws in the process and their structures.

The company would always tell me to find the best person for the role. In addition, they would like a balance in their team because they had all males or all females. They would also express the desire for different age groups and cultures to ensure they were meeting their diversity targets.

So, why then is there still a problem with diversity and equality? The internet is full of how to recruit for diversity/equality and it all sounds so simple and obvious – but is it?

The following are five obvious but not obvious things that stood out for me that I felt would make a difference:

1. START WITH YOUR HUMAN RESOURCES TEAM

I noticed that a lot of human resources (HR) teams were mainly women and those teams were not diverse enough in culture or age. As an employer, make sure that the area representing your work force (HR) is equal in every way.

Break the stereotype that HR is a woman's job and don't send the message to the industry that we only hire a type. Have diversity in HR and that will filter to the rest of the organisation.

Make sure your HR areas are active in recruitment and that there is a structured process hiring managers need to follow. This will prevent managers hiring friends outside processes. Make sure HR is accountable with strict KPIs for diversity targets and salary equity throughout the company.

2. ENSURE THERE ARE TARGETS IN THE APPLICATION PROCESS

If you are a hiring manager and you want to make sure you are seeing a diverse range of candidates, then it is up to you to lead. I would see hiring managers give a weak brief to HR managers due to lack of time and not focusing on the importance of what they were doing.

As a manager, it is understandable that you want the best person for the role. How do you know you have the best person if you have not seen a diverse group from the market to compare? Take the time to brief your HR area on exactly what you want and insist that you see an equal number of male/female candidates, including candidates with diverse backgrounds and ages. If not, ask why not.

3. STOP SWIMMING IN THE SAME POOLS

One of the reasons people always hired in their image was because they were only looking in the areas they travelled in. Too many times employers rely on referrals from people they know (who are just like them) or use the same recruitment firm year after year without forming new relationships with other firms that may have different pools.

Companies would set requirements in the position description that would unintentionally eliminate certain candidates (mainly women) from applying. These candidates, both internal and external, would feel they didn't tick enough boxes.

For example, one time a client asked me to find them a female candidate who had over 10 years' experience in the executive role they were hiring for. I had to advise them that there was not one female in Australia at the time who had that background, because it was male dominated. They needed to change their experience level and focus on capabilities. Once they did that it increased their reach and opened up new pools to access.

4. DON'T LET ONE PERSON MAKE THE DECISION TO HIRE

If you are working in a mid to large organisation and want to get the best person for a role you are hiring for, make sure you have an interview panel. Most of the time people are too close to the process and start to form a bond with a candidate – and then miss obvious flaws that candidate may have.

It is always important to have a fresh eye (such as a manager from another area) who could sit in on the final interviews. They will be able to see things you don't. Ideally, you would have a panel of three to four individuals, of both genders with different backgrounds and ages if possible.

5. BE OPEN ABOUT EQUALITY AND DIVERSITY WITH ALL YOUR STAFF

When the conversation of equality and diversity came up, everyone thought they were doing everything they could to make sure they had a diverse workforce. What I noticed was there was not enough conversation down the line with staff on how they were going to achieve targets and why it was so important. These conversations are almost always at upper levels and not communicated enough down the line.

It is important to include all of your employees about the importance of diversity and equality, so there is an understanding and buy-in from everyone. This is not via online tutorials. Instead, face-to-face discussions with your staff and getting them involved is the only way to get real buy-in and make change. The whole team needs to see the importance.

> *"It is important to include all of your employees about the importance of diversity and equality, so there is an understanding and buy-in from everyone."*

KNOWLEDGE IS KEY TO GROWTH

Having experienced economic hardship firsthand, Renato Manias CFP® has forged a career built on a strong commitment to education. This commitment has seen him take out the Gwen Fletcher Memorial Award for Semester 1.

RENATO MANIAS CFP®

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YEARS AS A PARAPLANNER/ FINANCIAL PLANNER: 8 YEARS

> *"For me, the best leaders are those who aren't afraid to fail to succeed, and who are willing to help others grow as individuals. That's the type of leader I want to become."*

Renato Manias CFP® has known true financial hardship. Growing up in São Paulo – Brazil's largest city – he has clear memories of the hyperinflation that gripped Brazil in the 1990s. One of his strongest recollections of this time was seeing the desperation on his parents' faces when learning that the Government was going to freeze 80 per cent of every Brazilians financial assets.

"Brazil was going through a period of hyperinflation. The Government kept printing money, which meant goods and services were increasing by 2,000 per cent a year," Renato explains. "The Government thought that the way to tackle hyperinflation was to stop people from spending money. Everybody's personal assets were frozen for 18 months, which became a massive issue for all Brazilians, as they didn't have money to pay for even basic essentials."

This was a very confusing and challenging time for Renato and his family, which led them to relocate to Australia in 1999. But the memories of that financial hardship lingered with the formative 10-year-old and helped pave the way for his career as a financial planner.

Eventually, Renato went on to complete Bachelor of Economics and Commerce degrees in 2013, where he quickly realised that financial literacy was the key to improving the financial wellbeing of people. On graduation, this realisation led to his first job working in a financial planning firm, where he came to appreciate the unique role planners have in helping clients make informed financial decisions.

"I was particularly drawn to the coaching aspect of financial planning, which helped seal the deal for me to pursue a career in financial advice," he says. And it's a decision he has not looked back on.

A DESIRE TO ACHIEVE

Eight years later and today, Renato is an Associate Financial Planner working at Melbourne-based firm, Moneylab. He is also the recipient of the prestigious Gwen Fletcher Memorial Award for being the highest performing student in Semester 1 of the CFP® Certification Unit for 2021.

Renato's decision to take the next step with his professional qualifications and complete the CFP® Certification Program was his overwhelming desire to attain the highest designation within the profession.

"When I first started financial planning in 2013, it was at a time when the profession was being heavily criticised for its low entry level and the lack of relevant tertiary education of many planners," Renato recalls. "So, I was determined not to take any shortcuts with my professional development. I completed my Master of Financial Planning in 2019, which then led me to undertake the CFP® Certification Program in 2020."

Renato's commitment to learning and professional development – which also includes completing additional units of study in ethics, the Accredited Aged Care Professional™ program, and the SMSF Advice program – has taken him eight years of solid study.

PERSONAL COMMITMENT

Renato accepts that his strong commitment to learning and professional development hasn't come easily, having exacted considerable demands on his career and personal life. But the secret, he says, to juggling these demands is time management.

"The CFP® Certification Program isn't easy, particularly when you're working full-time. So, it's essential that you stick to a study schedule. By doing so, you're less likely to become

overwhelmed when assessments or exams are due."

A definite strength of Renato's approach to study was never leaving assignments or exam study to the last minute. Instead, he would immediately begin working on his assignments, while ensuring that he studied for no more than two hours each day over the period of each course.

The 32-year-old also acknowledges the support of his employers, work colleagues and partner throughout his CFP® Certification Program studies. This included being granted study days, which meant he didn't have to drawdown on his annual leave.

However, despite his approach to study and work, there is one aspect that Renato emphasises all practitioners should always prioritise, and that's looking after their own mental health.

"If you are struggling, you should not be afraid or embarrassed to say you're not okay and to seek help," he says.

And that's precisely what Renato did last year, when he admits to experiencing his own 'dark period'. However, he was able to get through this period with the support of his partner who encouraged the young professional to seek help.

"You definitely need to prioritise your mental health, because life is fleeting and it shouldn't just be about work. You need to live your life and enjoy it!"

VALIDATION OF WORK

Winning the Gwen Fletcher Memorial Award for being the highest performing student in Semester 1 of the CFP® Certification Unit for 2021 is something Renato is clearly excited about but humbled to receive.

"Gwen Fletcher AM was a lifelong campaigner of improving the financial literacy of all Australians. So, I am very humbled to receive this prestigious award," Renato says. "This award also validates all the effort that I have put into my financial planning studies over the last eight years.

"It's been a massive undertaking and journey for me. So, now I'm looking forward to getting my weekends back," he laughs.

In congratulating Renato for taking out the award, FPA CEO Dante De Gori CFP® acknowledged Renato's ongoing commitment to Gwen's legacy of improving the financial planning profession through education and higher professional standards.

There's no denying that through Renato's commitment to learning, he is a proud advocate of financial planning. And as an advocate, he aspires to lead other young practitioners in the profession. For Renato, the type of leader who inspires him are those leaders that lead by example and empower others to develop and grow.

He explains: "When I hear leaders speak in forums, the leaders I gravitate to are those who tell you about the mistakes they have made or the failures they have had, and how they have overcome them. For me, the best leaders are those who aren't afraid to fail to succeed, and who are willing to help others grow as individuals. That's the type of leader I want to become."

CHALLENGES AHEAD

With eight years under his belt as a practitioner, Renato is very optimistic about the future of the profession. But he tempers this optimism by conceding that the profession still has some challenges to overcome in the coming years. One such challenge is making advice more affordable to Australians.

"The provision of financial advice can be onerous, making the availability of advice unaffordable for many consumers," he says. "So, as a profession, we need to improve the overall efficiency of the delivery of advice, without compromising the integrity of that advice or the best interests of our clients. I believe that is the challenge we face as a profession."

It's a challenge Renato is up for.

THE GWEN FLETCHER MEMORIAL AWARD

The Gwen Fletcher Memorial Award was established in 2014 in memory of Gwen Fletcher AM, who was considered by many to be the 'first lady' of financial planning. The award honours the memory of Gwen Fletcher, and supports one of her key legacies in championing the vital role of education and its central importance in nurturing the financial planning profession.

Gwen Fletcher was not only a respected planner but also an educator and mentor, and helped shape the industry into an emerging profession. She was also responsible for bringing the CFP® Mark to Australia in 1990.

The Gwen Fletcher Memorial Award is presented each semester to the highest achieving student in the CFP® Certification Unit, which covers all three required assessments in the CFP® Certification Program.

As part of the award, recipients receive a certificate of recognition, a complimentary ticket for the FPA Professionals Congress and $1,000, which is funded by the FPA.

RAISING THE CURTAIN ON DISABILITY

By showcasing the power of diversity and acceptance, No Strings Attached Theatre of Disability is challenging traditional expectations and stereotypes surrounding disability.

Tracey Edwards CFP® – a director and financial adviser at FirstAdvice Solutions – is no stranger to community involvement. As a business, FirstAdvice Solutions participates in the Cancer Council's Australia's Biggest Morning Tea and its pro bono program, takes part in Dementia Australia's Memory Walk and Jog, and collects goods for the Hutt St Centre, which helps people facing homelessness to rebuild their lives.

Tracey was first introduced to No Strings Attached Theatre of Disability (No Strings) through the not-for-profit's Acting CEO, Kari Seeley, who Tracey has known for over 30 years.

The Adelaide-based No Strings is a world-class theatre company that works exclusively with performers living with disability. It produces award-winning productions with local, national and international tours that regularly tackle the barriers associated with disability.

> *"Participants are excited to develop skills that will enhance their opportunities for securing paid work in the Creative Arts sector - something that is incredibly difficult to achieve without appropriate training and skills development."*
>
> TRACEY EDWARDS CFP®

Established in 1994 by performer, writer and entrepreneur, Helen Flinter Leach, No String's mission is to lead the way in training, services and opportunities for disabled artists by creating world class theatre, and supporting members to develop career paths in the Performing Arts.

"We value entertainment and advocacy, individuality and community, unity and diversity," says Kari. "No Strings is leading the way to extend opportunities for people living with disability to access any role, at any level within the Performing Arts. We entertain while we empower, and we celebrate ability while being committed to excellence and innovation."

At the heart of No Strings' success in raising the curtain on disability is the organisation's belief that for any artistic endeavour to be successfully led by its own community, members of that community must be provided with the opportunities to identify their personal areas of interest within that art form, and build their skills and capacities in a supportive environment that sets them up for success.

"This includes building skills for roles beyond the stage," says Kari. "We uniquely co-design our programs with participants, so all aspects are tailored to their individual interests and capacities, allowing for the greatest form of engagement and expression."

To assist its performers, No Strings provides professional mentoring in a supportive environment, which helps artists to learn, grow, explore and reach their potential.

"Drama skills are life skills," says Kari. "As people find their voice and develop their craft, they grow in leadership and independence, which creates exciting new employment pathways both on and off the stage.

"By letting ability shine through, we challenge expectations and educate society, so as to achieve true inclusion for all. No Strings showcases the power of diversity and acceptance. We are redefining disability, by breaking down barriers, raising our voices, and showing the world what people with disability are capable of achieving."

FUTURE2 GRANT

Tracey recalls talking to Kari about a pilot project No Strings was working on. "Kari was concerned about the funding required for the pilot project, so I encouraged her to apply for a Future2 grant. I was excited to endorse the application and was thrilled when No Strings was awarded a $10,000 grant," says Tracey.

The pilot program will enable No Strings to adapt high quality accredited training and skills development for people living with disability who want to pursue a career in the Arts sector.

The program, which will be targeted at No Strings' participants aged 18 to 25, was developed and delivered in conjunction with Adelaide-based RTO, The Centre for People Development. The individually tailored program for up to five participants, consists of six

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No Strings is producing award-winning productions that regularly tackle the barriers associated with disability.

weekly two-hour sessions, with an additional one-on-one individual Job Ready coaching session.

"We have identified that many people who live with disability do not have adequate access to technology. We have therefore purchased a number of refurbished laptops to enable all participants to have access to a laptop and suitable software throughout the training program," says Kari.

Specific content covered in the program includes: learning how to build networks in the Performing Arts sector; how to develop a career plan; and how to develop a skills portfolio.

Two of the key outcomes the program is aiming for, include:

- the successful completion of one unit in nationally accredited training towards 'Certificate III in Community Dance, Theatre and Events'; and
- a Statement of Attainment for units as part of Certificate III, which recognises achievement of competencies, and evidence of skills and knowledge gained through professional development.

SKILLS DEVELOPMENT

According to Kari, the skills development program will benefit participants considerably. They will develop new transferable skills, which includes: collaborating well with others; improved communication, reading and writing skills; developing new networks across the Creative Arts sector; identifying potential career opportunities; and maintaining their skills portfolio.

"This project supports young Australians who are financially and socially disadvantaged, through a lived experience of disability, by providing tailored, nationally accredited training that will help them to develop new skills that will increase opportunities for them to secure employment and a career in the Creative Arts," says Kari.

"The dignity of paid productive work within their interest area – the Creative Arts – will provide sustainable financial independence and see them live productive, fulfilling lives in the community.

"The skills learnt through this individually-tailored skills training program will be easily transferrable to other areas of employment throughout their working life. This training will also help them develop leadership skills that they will bring to their broader disability community."

Tracey confirms that the No Strings performers are not only talented but are also very proud of their work, with several performers already having been cast in international and national films.

"Being able to get a formal qualification allows these artists to feel more included in society, while enabling them to further develop their skills and career," Tracey says.

CHALLENGING EXPECTATIONS

While this small-scale pilot program is reasonably labour-intensive, due to the process of tailoring all content to the individual needs and capacities of participants, Tracey is confident the program will challenge society's traditional expectations of people living with disability.

"All the participants in the program are interested in developing skills to advance their career in the Creative Arts industry, beyond 'just' on-stage performance," says Tracey. "Participants are excited to develop skills that will enhance their opportunities for securing paid work in the Creative Arts sector – something that is incredibly difficult to achieve without appropriate training and skills development."

Following the completion of this pilot program, No Strings will undertake a review of the program and its outcomes, with a view to providing future opportunities for other participants to undertake this tailored program.

Kari adds: "As successful participants complete the first pilot program and secure employment in the Creative Arts industry in due course, their success will encourage more No Strings performers to undertake similar individualised, nationally accredited training."

GRANT RECIPIENT:
NO STRINGS ATTACHED THEATRE OF DISABILITY

GRANT AMOUNT: $10,000

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

ARTICLE 1

MARK GLEESON CFP®
IOOF

COMMON HURDLES WHEN USING THE SMALL BUSINESS CGT CONCESSION

When a client sells a business or assets used in the business, the small business capital gains tax (CGT) concessions provide significant planning opportunities for clients who own a business and are seeking to sell their business in the future. However, the complexity of the concessions can sometimes deter financial planners from using these CGT concessions to assist their clients.

This article explores four common hurdles financial planners are likely to encounter when using the small business CGT concessions, and outlines some key unused opportunities when using these concessions.

WHAT YOU WILL LEARN

- 15-year exemption retirement rule
- 50 per cent active asset reduction opportunities
- Calculating CGT cap contributions
- Super contribution rules

This article is worth
0.5 CPD HOURS

ASIC knowledge areas
TAXATION
SUPERANNUATION

FASEA CPD area
TECHNICAL COMPETENCE

ARTICLE 2

ROB LAVERY
KNOWIT GROUP

TRANSFER BALANCE CAP INDEXATION UNLEASHES STRATEGY COMPLEXITY

The increase in the transfer balance cap from $1.6 million to $1.7 million represents the first increase in the cap since it was introduced in 2017/18.

The increase in the cap will unleash a number of complex rules that have lain dormant until now. Financial planners and their clients will need to understand these rules in detail to ensure they don't exceed, or fall unnecessarily short of, the client's transfer balance cap.

While the transfer balance cap rules have always been complex, financial planners need to prepare for the new, practical complexities that will come with the cap's first indexation in July and ensure their strategic approaches remain robust in the face of the changes.

WHAT YOU WILL LEARN

- Transfer balance cap
- Non-concessional contribution cap
- Co-contributions and spouse contribution tax offsets
- Tax on capped defined benefit income streams

This article is worth
0.5 CPD HOURS

ASIC knowledge area
SUPERANNUATION

FASEA CPD area
TECHNICAL COMPETENCE

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