DECEMBER 2022 / JANUARY 2023 VOLUME 34 | ISSUE 06

The magazine for FINANCIAL PLANNING PROFESSIONALS

MONEY & LIFE

Advice with a difference

THABOJAN RASIAH CFP® ON THE CLIENT WEALTH JOURNEY

30 YEARS OF FPA

A RETROSPECTIVE OF THE FPA'S LAST 30 YEARS

NAVIGATING LRBAS

UNDERSTANDING LIMITED RECOURSE BORROWING ARRANGEMENTS

AN OVERSEAS MOVE

OPPORTUNITIES AND CONSIDERATIONS FOR FINANCIAL PLANNERS

FPA
FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

DECEMBER 2022 / JANUARY 2023

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Paper+ Spark

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A BRIGHT FUTURE FOR FINANCIAL PLANNING

2022 has been a critical year for our profession. After a long period of challenge and change, we are starting to see some green shoots come through: signs of positive change to come.

My optimism about the future is coming from many sources.

There's been much talk about adviser losses, but new entrants are joining too. 274 provisional advisers have been added to the register, and the FPA is proud to support over 700 student members on the path to becoming fully qualified financial planners.

Consumers really value what we do, and trust in financial planners is increasing. From a low point (35%) in the wake of the Royal Commission, trust in advisers has rebounded to be almost 50% now. Planners are more trusted now than lawyers, journalists, politicians, builders, childcare and aged care workers – and CEOs! Research shows that advised Australians are wealthier, happier, and feel more in control of their financial future. And advised Australians feel the cost of advice is worth every cent. Data is showing demand for advice is consistently growing and substantially outstrips supply at the moment.

We're also seeing real willingness among government and regulators to work with us to help solve the problems of past over-regulation. The government is consulting on ways to improve the exam, and bringing more flexibility to professional standards. The Quality of Advice Review initial proposals would help significantly reduce compliance costs (which are ultimately borne by consumers). And the ALRC is working on simplifying the maze that is the Corporations Act and associated regulations.

A UNITED VOICE

2022 also marks the 30th birthday of the FPA. In 1992, the FPA was formed by a merger of two associations – the Association of Independent Professional Advisors (AIPA), and the International Association of Financial Planning (IAFP).

It is interesting to reflect that this anniversary marks another merger milestone in our history, as we consult with members on merging with the AFA (Association of Financial Advisers).

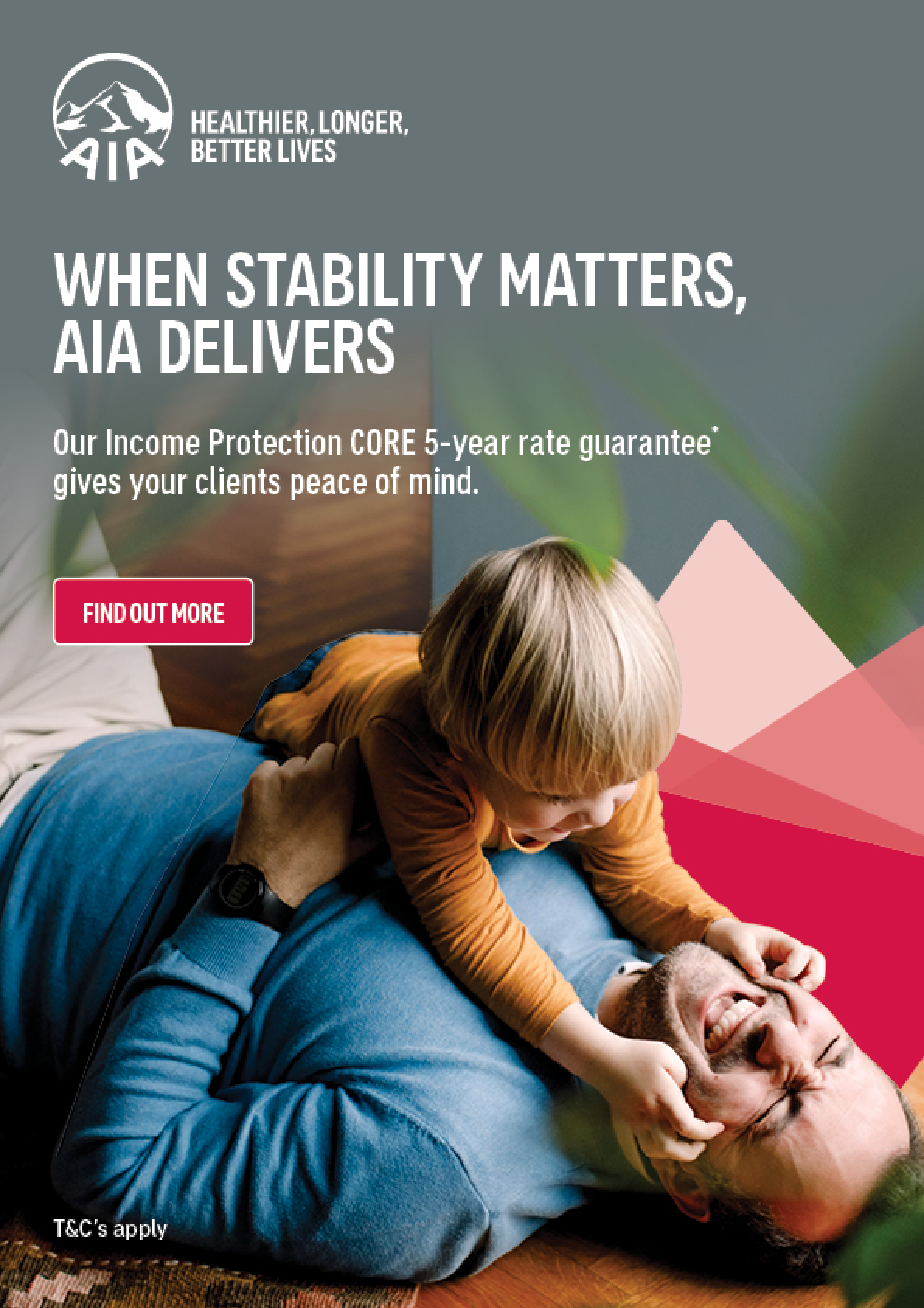
A merged association creates a united voice for the financial planning and advice profession, and brings greater resources and synergies to focus on delivering services to members. This proposal will go to a vote in late February 2023 – in the meantime, keep an eye out for the next phase of member consultation, opening in early December. You can find all the details on our website: https://fpa.com.au/afa-fpa-merger/

DIGITAL EVOLUTION

This print edition of Money & Life marks another change, as we evolve this publication to more of a digital offering in months to come. It's part of bringing an expanded digital offering to members and consumers next year – stay tuned for more!

I'm really looking forward to seeing members at Congress this year, as we celebrate our 30th birthday together, and 'reunite and reset,' in preparation for an exciting year ahead.

Sarah Abood
Chief Executive Officer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FPA CHAPTER UPDATE

The FPA Chapter network plays a vital role in providing support for our members at the local level. There are 30 FPA Chapters nationwide, providing an opportunity for our members to connect in person and as a community.

Each one of these local organisations is backed by a volunteer Chapter Chair (CFP® professional or Financial Planner AFP® member) and committee. The Chapters are co-ordinated by the Regional Chapter Committee (RCC). Each Chapter can benefit from input from the RCC and share ideas at regular State Chapter Chair meetings.

As a team of dedicated volunteers, each Chapter takes on responsibility for engaging with local members and helping peers in the profession connect with one another. They are also active in supporting the transition of financial planning into a universally respected profession.

Many of the FPA's key initiatives in the areas of member engagement, policy, education, professionalism, and marketing, are strengthened by the activities and hard work carried out by Chapter Committees.

The Chapters are also responsible for running a wide range of networking and education events for local members. Hearing from expert speakers on professional development topics, and supporting Future2's charitable initiatives, are just some of the types of events organised.

With the changes in COVID restrictions, many FPA Chapters were able to begin hosting events again in 2021/22. More than 1,150 members attended a total of 33 local events during the last year, as reported in the FPA's Annual Report for financial year 2021-22.

You can find out more about upcoming Chapter events at: fpa.com.au/events

CHAPTER LEADERS AND VOLUNTEERS

Elections for new Chapter Committee members were held in September and October 2022. Following the announcement of election results in November, we are delighted to be welcoming our new and re-elected Chapter Committee members for the 2022-2024 term, and look forward to working with them in the coming months.

We would also like to thank all our outgoing Committee members, and recognise their incredible dedication and commitment to supporting the FPA, and their fellow members over the 2020-2022 term in these volunteer roles.

Visit fpa.com.au/get-involved/fpa-chapters to find your local Chapter and for a full list of Chapter Committee members.

The Fidelity Global Future Leaders Fund doesn't dismiss promise before it's ready to perform. Our managers focus on finding, not what is, but what's next, to bring you innovation and growth wherever we find it.

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The FPA congratulates the following members who have been admitted as

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ACT

Mitchell Webster CFP®
Allegra Wealth

NSW

Tahir Adeel CFP®
Bridges Financial Services

Geoffrey Taylor CFP®
Majenda Financial

Luke Felsch CFP®
Aware Financial Services Australia

Melissa Rethati CFP®
Altus Financial

VIC

Sadiel Sheikh CFP®
CMLA Services

WA

Amber Dillon CFP®
Barns Financial Services

COMPLAINTS REPORT JULY TO SEPTEMBER 2022

Ongoing complaints as of 30 June 2022 (Period April to June 2022)	6
New complaints	3
Closed complaints	1
Ongoing Complaints as of 30 September 2022 (Period July to September 2022)	8
Member Suspensions	0
Member Terminations	0
Academic Misconduct	0

MEMBER SUSPENSIONS

No members were suspended during this period.

MEMBER TERMINATIONS

No members were terminated during this period.

ACADEMIC MISCONDUCT

No members were investigated during this period.

ASSISTANCE AND ENQUIRIES

If there is a specific area of compliance of ethics in financial planning that you would like explored, please contact the team by email at professionals.standards@fpa.com.au or the Ethi-Call service run by the Ethics Centre at www.ethic-call.com

COMPETITION AIMED AT FINANCIAL LITERACY

The teaching staff at The Ponds High School – located in the north-western Sydney suburb of The Ponds – and a local financial planning business, is raising awareness of financial literacy by encouraging students in years 9 to 12 to participate in a financial literacy essay competition.

The competition, which includes cash prizes, involves students answering a series of questions in a written submission of 1,500 to 2,000 words. The three questions students were required to answer were:

1. If you had $100,000 today, what would you invest in and why?
2. What sort of 'risks' exist with each type of investment?
3. If you invested $100,000 20 years ago, how would you modify your investment for the better?

The competition is the brainchild of FPA member Chandar Varadhan CFP® – a Financial Planner at Dimar Financial Services, and Director and Professional Standards Manager at Templeton (Aust) Financial Services.

Chandar has been working assiduously on rolling out a financial literacy initiative in his local community for some time, and finally succeeded this year with the support of the principal at The Ponds High School. According to Chandar, this was not an easy job. Both Chandar and Rob McCann – CEO of Templeton (Aust) Financial Services – met with the school principal, Jennifer Weal, to convince her about the benefits of this program.

"My motivation for this competition was twofold," says Chandar. "Firstly, I wanted to improve the financial literacy of school students before they graduated and joined the workforce. And secondly, I wanted to raise awareness of the importance of financial planning and encourage these students to pursue financial planning as a career."

This year's competition saw over 50 students participate, vying for cash prizes totalling $1,000, which were donated by Templeton. These cash prizes ranged from $300 for first place, through to $100 for fifth place. Significantly, as part of their prize, the winner also has an opportunity of working closely with Chandar or with other businesses that are part of Templeton.

"I wanted to make this competition meaningful and in a way that promoted excellence," says Chandar. "By providing a week's internship for the winning entry, it allows one student to get a firsthand look at how a financial planning business operates and the work that financial planners do. Perhaps this might even inspire the student to seek out a career in financial planning."

Another motivating factor for Chandar in developing this financial literacy initiative was as a means of addressing mental health wellbeing, which he says will continue to be an important issue for society over the coming years.

"I believe one of the best ways of dealing with this issue is by working on the financial health of all Australians. And that begins at school through financial literacy," says Chandar. "If we can improve the financial health and wellbeing of people, then that will have a flow-on effect in reducing the mental stress in people."

As part of his push to promote greater financial literacy and awareness of financial planning in secondary schools, Chandar – along with the help of The Ponds High School principal and Templeton's Rob McCann – plans to take this competition to about 50 local high schools in 2023, with the eventual goal of rolling it out statewide.

"By focusing on financial literacy, this initiative is all about helping the next generation. As a profession, it's important that we raise this awareness to help our young people better manage their finances and financial futures with confidence and knowledge," says Chandar.

The student winners of the financial literacy competition will receive their awards at a presentation ceremony at the end of the 2022 school year.

"I wanted to make this competition meaningful and in a way that promoted excellence. By providing a week's internship for the winning entry, it allows one student to get a firsthand look at how a financial planning business operates and the work that financial planners do. Perhaps this might even inspire the student to seek out a career in financial planning."

YOU SAY

As the FPA celebrates 30 years, we talk to some of our longest serving members about their perspectives of the profession – both past and future.

RAYMOND GRIFFIN CFP®
DIRECTOR
BAIOCCHI GRIFFIN PRIVATE WEALTH

What are the biggest challenges that you and the profession have faced over the past years?

" The biggest challenge for the profession as a whole is to earn – and retain – the trust of the Australian community. The Royal Commission exposed this in graphic detail when it unearthed a plethora of legislative breaches that were systemically prevalent across much of financial planning in Australia. Sales cultures overrode clients' interests, even after FoFA 2012 and the Best Interests Duty commencement. Twenty-three years ago, when I wrote my speech as the incoming FPA Chair, I embedded it with a theme of trust; that the biggest asset any of us have is the trust the community has – or not – in the industry that was striving to be recognised as a profession. Without the community's trust, collectively, we've got nothing.

In a post-Royal Commission environment, where breaches of trust and legislative requirements cast a very long shadow over Australian financial planning, in the minds of the community at large, we've still got a long way to go."

With so many financial planners leaving the profession, why did you choose to stay on in the profession?

" Having sold my business in 2009 after 20 years, and after an opportunity arose to buy it back with my business partner, Justin Baiocchi, in 2012, I chose to stay because, in part, of the pride I hold for the work we have done for our clients over 33 years. While I no longer practice, I enjoy seeing our business grow steadily over time, while still maintaining very high levels of services for our clients. I love what we do and take great pride that we have improved the lives of many people over more than three decades. That we still have clients with us who engaged us in early 1990 is deeply gratifying.

During 1990, we were one of the first financial planning businesses in Australia to move to a fee for service model – it just made perfect sense to me that, in time, it would mean the focus became one of looking after our existing clients as a priority, not the never-ending search for new clients.

As we head into 2023, what are you looking forward to both individually and for the profession?

" I'm looking forward to continuing to assist the University of New England with its degree programs and continuing my PhD with Griffith University, where I'm seeking to understand the efficacy of financial planning legislative reforms since the late 1980s. For financial planning, I'm going to enjoy watching the new generation of planners – the graduates – become an increasingly large cohort of the 'trust builders' in the profession. And while we're all in this together, the new generation is well educated, not focused on product sales, and are here for all the right reasons. I have great confidence in them taking the 'reins'.

What are your best tips for being a successful financial planner?

" My top five tips are: **A.** Take the time to set your clients' expectations very carefully – none of us can perform financial 'miracles'. Much of what we do is subject to the vagaries of economies here and around the world, and the resultant investment market reactions. If financial planners do well in terms of early investment returns, it won't be because the planner is a 'guru' – it will be because all the variables of economies, markets and legislation were blowing a tailwind. The reverse is also true – if the early returns disappoint, it won't necessarily reflect bad advice.

B. Communicate regularly with clients. This includes at least annual meetings (preferably six-monthly meetings), and quarterly newsletters that help to set the client's expectations about what might be coming down the pipeline of returns. Don't let your clients get surprises. Take the time to understand how your clients' investment environment might be changing in the medium-term outlook and communicate your view to them.

C. Say what you will do and not do, and do what you say. Also ensure your administration system is geared to delivering the services you promise to clients.

D. Ensure your every written and spoken word is aimed at building and maintaining the trust in you of clients and potential clients.

E. Finally, take your time. Building a business that survives takes time and dedication over many years. It's not a race. If we (Australian financial planners and licensees) focus on earning and retaining the trust of clients, the community will eventually trust the financial planning profession. Experienced planners know that the best way to grow a business is when clients recommend family and friends; they recommend the planner because they trust them.

SANDRA BOWLEY
CFP®
CERTIFIED FINANCIAL PLANNER®
SBFP

What are the biggest challenges that you and the profession have faced over the past years?

"The biggest challenge for the financial planning industry over the past few years has been the varying standards in the larger dealer groups, together with the badly written Ethics exam, leading to almost half of all financial planners being forced out of the industry. The impending degree requirement from 2026 has also seen many senior planners leaving the industry early.

I am a planner with over 30 years' experience without a degree and have helped with the drafting of the changes to the Quality of Advice Review and education requirements. I believe senior planners, like myself, could continue to operate with virtually no end date.

With so many financial planners leaving the profession, why did you choose to stay on in the profession?

"I love the role of a financial planner, as I specialise in aged care and Centrelink, and I receive a great deal of satisfaction helping people to navigate the complexities of this type of advice. This leads to an advice role, rather than selling products. You can choose your work hours, and it is financially rewarding.

I enjoy giving back to this industry that has helped me over many years, so I am on the Conduct Review Commission for the FPA, and a member of the FASIC committee for FINSIA. These bodies are an important part of our industry, and if we are to be perceived as a profession, we need to be active members.

As we head into 2023, what are you looking forward to both individually and for the profession?

"After negotiating the transfer from a large dealer group to a wonderful boutique dealer group (I'm now with Finchley & Kent), I believe the future will be in the small dealer groups with under 100 financial planners. The superior support given, and the technology offered, enables efficiency and productivity. We are made to feel important and valued, and in turn, can provide a higher level of service to our clients.

I believe 2023 and beyond holds will be an exciting time for financial planning, with demand outstripping supply. However, we need to find a way to encourage more students to follow a career path to financial planning, which does not always make a degree mandatory.

This is an industry with no age limit, and clients in the aged care space like dealing with a financial planner who understands what it's like to put a loved one into care.

Compliance needs to be automated as much as possible, so that more face-to-face client time is available. Statements of advice need to be streamlined, so that they are more client-focused and easy to understand.

What are your best tips for being a successful financial planner?

"My tips to being a successful financial planner are many, but the three top tips are:

- Find a good boutique dealer group;
- Ask existing clients and centres of influence for referrals, and say thank you when they are given; and
- Specialise in something you enjoy and let everyone know your speciality; listen to your clients; and be prepared to 'hold their hand' throughout their lives – during both the good and difficut times.

TONY GILLETT CFP®
DIRECTOR
RETIREWELL

What are the biggest challenges that you and the profession have faced over the past years?

“ The biggest collective challenge has been the enormous additional time we have had to spend in dealing with the tsunami of new legislative requirements and compliance obligations, which were introduced as part of the Government’s response to the 76 recommendations for change arising from the Hayne Royal Commission.

The ironic part of this was that almost all of these recommendations were made to fix the problems and malfeasant actions by the ‘Big End of Town’ – which subsequently couldn’t get out of the business of providing advice to retail clients quickly enough. The small, non-aligned AFSLs barely rated a mention during the Commission’s inquiry, yet we are the ones forced to bear the consequences, costs and penalties. Talk about closing the gate after the horse has bolted!

As a financial planner who has been providing advice to some of our clients for over 30 years, the new requirement for our clients to sign a new advice and fee agreement every year was baffling to many of our clients, and an expensive waste of our firm’s time. When will we be trusted as a true and honest professional and not treated as a suspected criminal?

With so many financial planners leaving the profession, why did you choose to stay on in the profession?

“ That’s easy; I love the business, I get huge personal satisfaction from helping my clients, and I wouldn’t know what to do with myself if I retired! I enjoy the challenges thrown up every day – and my work gives my life a purpose. Plus, I pride myself on being a survivor. I am absolutely determined that my business and I will survive and thrive, if for no other reason than to spite those who seem to be doing their best to drive me out of business. (Does that sound like a siege mentality?)

As we head into 2023, what are you looking forward to both individually and for the profession?

“ Given the almost halving in the numbers of licensed financial planners from 2019 until now (from almost 29,000, down to less than 16,000), it is plainly obvious that both sides of politics have completely stuffed up the task of managing an orderly transition of financial planning from an emerging profession, to a true profession. None of the many pieces of legislation that were heaped upon us, has been subjected to an impact assessment. Both sides of politics should absolutely hang their heads in shame at the disastrous results they have both presided over.

Both personally and from a professional viewpoint, I am greatly looking forward to Michelle Levy’s Quality of Advice Review recommendations, on December 16, as well as the final report of the Australian Law Reform Commission by the Honourable Justice Sarah Derrington, to be released in November next year.

Therein lies our great hope for the future of our profession! We live in hope that the recommendations will lift the yoke of unnecessary and costly compliance obligations attached to the provision of retail advice (via the QAR recommendations) and simplify the labyrinth of laws that govern our activities through Chapter 7 of the Corporations Act (via the ALRC recommendations).

What are your best tips for being a successful financial planner?

“ Always maintain an optimistic outlook on life and have faith in the future. Your clients will thank you for that. And remember the old Latin adage ‘illegitimi non carborundum’ (Don’t let the b**tards grind you down!).

DEBORAH KENT CFP®
FINANCIAL ADVISER & DIRECTOR
INTEGRA FINANCIAL SERVICES

What are the biggest challenges that you and the profession have faced over the past years?

“ Challenges for the advice profession have been the continued implementation of regulation that has taken the focus off the client and put it more on compliance. Unfortunately, this has been driven by poor advice scandals of the past and the outcomes of the Royal Commission.

The Government’s reaction has been to introduce more regulation to increase consumer protections. However, this has created frustration and more paperwork, which has done nothing but confuse consumers, rather than engage them. Personally, the cost of running an advice business has just been increasing over the years, which means we are unable to service all clients who we may want to.

With so many financial planners leaving the profession, why did you choose to stay on in the profession?

“ I have been in the advice profession for the past 35 years. I originally got into advice, as it was a career that allows me to help people, solve their problems, and put them into a great position financially to meet their goals and dreams. My enthusiasm around this has not changed.

Despite all the challenges, I still want to give advice that changes peoples lives and I have been prepared to step up and do what is necessary to stay around. This means I have finished my education and I am positioning my business for its next growth phase. I really believe the future of advice is very bright.

As we head into 2023, what are you looking forward to both individually and for the profession?

I have worked for a long time in the advice industry to help move us to a profession. As hard as Professional Standards legislation has been, we are now close enough to being recognised as a profession – the same as accountants and lawyers are. I feel this will open up many opportunities for the future of advice.

I believe more Australians will feel comfortable in seeking advice, as their perception of advice changes, from what they considered was product selling to the actual provision of good advice that is in their best interests. They will know that their financial planner is educated, and needs to adhere to a Code of Ethics and professional standards.

The Quality Advice Review could have the ability of relaxing some of the regulatory burden, which opens up the possibility for planners in being able to provide more advice to Australians, while giving us more time to service our clients

What are your best tips for being a successful financial planner?

Throughout my career, I have always tried to stay ahead of the wave of change by ensuring that our business continues to examine how we give advice, how we service our clients, and how we can constantly improve what we do for them.

We have not been afraid of surveying our clients. Even when we have volatile markets, and where you may get negative feedback, this feedback helps you consider whether you are meeting your clients' needs when servicing them. This helps to ensure you stay relevant – both as a busiess and a practitioner – for the future.

Be good at listening to your clients, understand who they are and what they want out of their lives, be prepared to ask the challenging questions, be prepared to give them answers that they don't want to hear, and be prepared to 'hand hold' them through their lives – during both good times and difficult times.

On a final note, change is always going to happen in financial advice, so you need to adapt and embrace it, rather than fight against it.

THE IMPORTANCE OF BEING EARNEST IN 2023

As we leave 2022 behind and head into 2023, what is on the horizon for financial planners and the profession? Jason Andriessen CFP® provides his thoughts.

The past year has been another challenging one for financial planners; the fourth in a row. As we turn our minds to next year, keeping our clients on course is our number one priority. In fact, our success next year will ultimately be measured by the number of clients who stay the course and stick with their financial plans, despite their fear and the temptation to capitulate.

> *"Start building into the lives of your clients earlier. The fact is, the sooner clients start planning, the better off they are. And every day Australians enjoy greater wellbeing benefits from advice than the rich."*

But that's not our only priority. There is an emerging threat to some practices. While we've been busy servicing our clients this year, there have been policy inroads designed to solve the advice gap. Overall, that's positive for consumers and financial planners, but it's not all good news. The mosaic of policies is potentially laying the foundations for the systemic disintermediation of financial planners, which may cut them off from servicing everyday Australians, especially at retirement.

A SERIES OF UNFORTUNATE EVENTS

In 2019, we contended with the drought, in 2020, a share market correction and lockdowns. And in 2021, more lockdowns. In 2022, we saw inflation skyrocket, rising interest rates, another share market correction, and a significant fall in house prices.

As we look forward to 2023, the risk is on the downside. The recovery from the pandemic has been more problematic than we had anticipated. Russia's invasion of Ukraine and China's shutdowns aren't helping. The Ukraine war is causing food shortages and an energy crisis, mostly in Europe.

When communities are cold and hungry, social unrest inevitably ensues. Negative real wages make things worse, and as central banks around the world seek to contain inflation by increasing interest rates, they are subduing economic growth and introducing risk of global recession.

Markets hate this level of uncertainty, so we should brace for further volatility. The good news? Periods of volatility provide the opportunity for financial planners to really demonstrate the value of their advice at a time when clients appreciate it most.

VALUE OF ADVICE

Since 1984, United States research firm, Dalbar Inc, has run an annual study quantifying the cost of imprudent investor behaviour. It's what Carl Richards calls the 'behaviour gap'. During periods of volatility, the behaviour gap widens because investors fall into the trap of trying to time the market or chase returns.

This year, the Dalbar study found that investment results are more dependent on investor behaviour than on fund performance. In fact, the behaviour gap was measured to be more than 10 per cent in 2021.

Closer to home, my research firm, MYMAVINS, studied 1,051 Australians over 40 to measure the value of advice for the FPA. We found that Australians with an active relationship with a financial planner are better off. They experience less financial stress, enjoy a higher quality of life, have more financial confidence, and are more satisfied with their wealth. Around four-in-five advised Australians believe that financial advice has made them tangibly financially better off.

Much of the value of advice equation can be attributed to behavioural changes, and in particular, avoiding making bad decisions. Simply making clients aware of the emotional biases they may be feeling, like loss aversion, can be helpful.

MESSAGES THAT RESONATE

How you communicate during periods of economic uncertainty and market turmoil matters. Cliches and well-worn platitudes like – 'it's time in, not timing' – are inflammatory and unhelpful at best.

The most important thing when communicating with clients during volatile periods is to be proactive. Don't wait for the client to calculate their losses; you'll be on the back foot from the start, defending your advice and service. It's better to actively reach out to the client and set the tone and pace of the conversation.

Try to keep your conversation or email message factual, while reminding them that volatility is a normal part of investment, and that you have planned for this together. Clarity and transparency are essential, so explain to them the reasons their investments have performed the way they have and what their investment managers are doing about it.

Your clients may be feeling overwhelmed and out of control. Empower them by reminding them of what they can control: spending and investment decisions. Give them options to explore, but present them with clear guidance.

In a recent study conducted by MYMAVINS for Fidelity International, we found that life satisfaction is driven by more than wealth and health; feeling in control, having spending confidence, and being able to envisage a positive future are all important drivers of emotional wellbeing and life satisfaction.

WISDOM OF DAVID MAISTER

The Harvard Business school professor, David Maister, put it best:

"What you do with your billable time determines your current income, but what you do with your nonbillable time determines your future."

At this stage, the Quality of Advice review proposals are just that, proposals. They must be agreed by Government, drafted into legislation, and pass through two Houses of Parliament before they are implemented. But if they go ahead unchanged, they may require us to reposition our practices for growth.

It's true that the Quality of Advice Review proposals present real opportunities for professional financial planners. But the super funds are potentially being given an even bigger opportunity. If they embrace it, the super funds will be emboldened to provide advice again, which, along with inroads achieved this year with the Retirement Income Covenant, provide a compelling value proposition that will resonate with everyday Australians.

OPPORTUNITY FOR SUPER FUNDS

If the restrictions on collective charging of fees are removed for super funds, it will allow advice capabilities to be funded by product fees spread across the entire membership. In this way, super funds can subsidise their advice fees with product fees, potentially covering the entire advice fee.

And under the proposals, if the member is not paying for advice, the super planner does not need to be a relevant provider. This means they are not subject to the professional standards for financial planners, and do not need to meet the education requirements, or abide by the Code of Ethics. Instead, they will have a legal duty to provide good advice.

And research shows that it will probably work. A consumer study of 401 Australians conducted in September by MYMAVINS, confirms that most intend to only access advice from their super fund. Almost two-in-three (64 per cent) respondents agreed to the comment: 'free advice from a super fund is all I need at retirement, rather than paid advice.'

Together with the new fit-for-purpose retirement products being introduced with the Retirement Income Covenant, the proposals will create a mechanism for a closed ecosystem, where super funds can retain FUM through retirement and into the retirement phase.

So, what can financial planners do to protect their practices from the potential dislocation of the market? Well, the answer lies in the Value of Advice research.

Start building into the lives of your clients earlier. The fact is, the sooner clients start planning, the better off they are. And every day Australians enjoy greater wellbeing benefits from advice than the rich.

So, by reaching out to your prospective clients earlier, when they're in their mid-40s, you can build a professional relationship over time.

That breeds the sort of intimacy super funds can only dream about.

Jason Andriessen CFP® is a consulting partner at research boutique MYMAVINS and Chair of Catalpa, a licensee enabling independent advice.

THE UNIVERSAL VALUE OF FINANCIAL ADVICE

In recent research commissioned from MYMAVINS, the value of financial advice is clearly demonstrated, regardless of the age or level of wealth of clients. According to the research, the lesson for financial planners is in how to align their offer and communication with the most valued benefits advice can deliver.

In October this year, the FPA launched a new research series to mark Financial Planning Week. The Value of Advice Index gives our members and profession important insights into the perceived value of advice, as well as the emotional, psychological and lifestyle benefits that financial advice clients enjoy.

> *"These findings can give financial planners even greater confidence that their advice is leaving people better off. The study also reveals that this is the case regardless of age or the level of wealth people have when they begin their financial planning journey. Young people are better off with advice, as are old people, along with everyone in between."*

By establishing an 'index' bringing together three of the most important outcomes of advice, this initial research and analysis provides a benchmark for tracking the perceived value of advice over time, including benchmarking the difference it makes among advised Australians compared to unadvised Australians.

THE VALUE OF ADVICE INDEX

As a simple comparison of advised and unadvised Australians, the Value of Advice Index looks at the average score for each group across their perceived quality of life, financial confidence, and financial satisfaction.

The recent survey reveals a marked difference or 'delta', with advised Australians scoring significantly higher across all three categories. This clearly measures how much better off advised Australians can expect to be, due to their more positive life experience and higher levels of financial wellbeing.

The largest difference between advised and unadvised Australians is in their financial satisfaction with a score of 62 and 44 respectively.

For financial confidence, the gap is slightly smaller with an 11 point difference, and this drops to a 9 point difference in scores for quality of life. Advised Australians record their quality of life at 68 on average while unadvised Australians had an average score of 59.

THE CFP® PREMIUM

While there is a notable gap between advised and unadvised Australians, the difference is even more marked for clients of CERTIFIED FINANCIAL PLANNER® professionals.

In the quality of life index category, CFP® clients experience a two point increase in their average score, compared with other financial advice clients. For the financial satisfaction and confidence scores, the gap is three points, making clients of CFP® professionals better off with scores 21 and 14 points higher respectively than their unadvised peers.

"The difference advice makes to clients is abundantly clear," says MYMAVINS Consulting Partner, Jason Andriessen. "For clients of CFP® professionals, the perceived delta is even more significant. Perceived and actual outcomes are better across the board. The Value of Advice research shows that they are living a better life because their life satisfaction and emotional experience is better. They also feel more confident, resilient, capable, and in control.

"These findings can give financial planners even greater confidence that their advice is leaving people better off.

"The study also reveals that this is the case regardless of age or the level of wealth people have when they begin their financial planning journey. Young people are better off with advice, as are old people, along with everyone in between."

ADVICE IS A GOOD FIT

The first part of the research findings delve deeper into the exact conditions that support better quality of life, financial confidence and satisfaction. In answers to questions about their mental health, concerns about money and more, advised Australians consistently report a more positive experience than the unadvised cohort.

In the second part of the research, MYMAVINS has explored the key benefits advised Australians experience, giving it a clear picture of just how financial advice delivers value.

The top three perceived benefits for Australians receiving advice are: greater confidence in having a comfortable retirement (47 per cent), improved financial wellbeing (40 per cent), and improved financial decision-making (37 per cent). Improved money management (33 per cent) comes in fourth, with improved wellbeing (physical and mental) and improved ability to achieve a desired standard of living both in a tie for fifth position (32 per cent).

It's interesting to note that these benefits are a very close match for the money concerns that preoccupy unadvised Australians. The top two unmet financial needs for this group are being able to achieve a desired standard of living (38 per cent) and reduced financial stress/greater peace of mind (32 per cent).

"The unmet needs of unadvised Australians are very similar to the benefits reported by advised Australians," says Jason. "Living the life they want to live and having less financial stress are the top two needs, and these both feature in the top five benefits experienced by advised Australians. This demonstrates real alignment between what financial advice clients need and what they are actually getting."

HIGHLIGHTING THE BENEFITS

While three of the four scores that make up the Value of Advice compare the experiences of advised and unadvised Australians, the fourth category is a measure of perceived value from financial advice. Sixty-seven is the average score for value, outcomes and satisfaction with financial advice for all clients, which rises to 70 for clients of CFP® practitioners.

Naturally, this measure can only take into account the experience of advised Australians. As Jason points out, considering this perceived value and the reported benefits of financial advice alongside the unmet needs of unadvised Australians, can highlight an opportunity for financial planning practices in communicating their value proposition to prospective clients.

"The financial advice market has a problem with information asymmetry," says Jason. "Back in 2001, George Akerlof, along with Michael Spence and Joseph Stiglitz, received the Nobel Prize for Economics for work on information asymmetry. They took the used car business as their example in their Market for Lemons thesis. When someone is selling a used car they have far more information about the condition of the car than potential buyers.

"There are parallels with the financial advice market, as financial planning is seen as a risky purchase with intangible benefits," he adds. "Advised Australians know that the advice experience and outcomes are worth every cent. When you ask someone who has yet to receive advice how much they're prepared to pay, the answer is generally in the mid hundreds because they're in the dark on what the financial planning narrative actually is.

"Finding ways to bring that service offer to life, means going beyond listing what a financial plan can cover from a functional perspective – investments, insurance, retirement planning, and so forth.

"In that first meeting, and in website and promotional content, it's important to show prospective clients how financial advice solves those unmet needs of living their desired lifestyle and having peace of mind, as well as securing protection from unforeseen costs, and saving them money on interest and unnecessary fees.

"By speaking to these outcomes very clearly at the earliest opportunity, financial planners can address this imbalance between what advised Australians know about financial advice and what unadvised Australians are missing out on."

CELEBRATING 30 YEARS OF THE FPA

As the FPA marks 30 years of supporting the financial planning profession, the organisation continues to adapt to better meet the needs of members. Chair David Sharpe CFP® speaks to Miriam Fine about the continuing journey of financial advice and the evolving role of the FPA as a professional association.

> *"If we can acknowledge that current standards are a strong enough foundation for trust and professional conduct, then a financial planner should be able to answer a simple question from their client about superannuation without having to deliver a full Statement of Advice."*

Since 1992, the FPA has worked to uphold the highest standards in financial advice. As a professional association, it is committed to representing the interests of members, giving them better opportunities to build thriving businesses, as well as being well equipped to support the financial wellbeing of all Australians.

During the last 30 years, financial advice has evolved from an industry to a profession. It has undergone a raft of changes in legislation, standards, compliance and conduct, from the FOFA reforms beginning in 2012 to the Hayne Royal Commission in 2018, and legislative changes resulting from the report's recommendations.

These are just some of the more significant amendments to the Corporations Act and the regulatory framework within which financial planners operate. Looking back on his time as a financial planner and FPA member, David Sharpe CFP®, Chair of the FPA Board, highlights an amendment he believes was a particular important moment in the development of financial planning as a respected and trusted profession.

"For me, the time when the terms 'financial adviser' and 'financial planner' were enshrined in law was a significant turning point," says David. "Up until then, there was little to stop individuals from promoting themselves as financial planners, regardless of their qualifications and experience. This change, which the FPA Board and management had been advocating for more than 10 years, was a critical step forward for financial advice."

This important change in financial planning legislation and regulation was accompanied by the introduction of standards for education and ethical conduct for financial planners. This took place around the time David joined the FPA Board as a director in 2016, but was a result of significant effort by incumbent and previous FPA Board and team members.

TRUSTED TO DELIVER

It wasn't long before the Royal Commission into Misconduct in Banking and Financial Services was announced, with hearings and submissions taking place in 2018.

Four years on from the inquiry, the Quality of Advice Review is now in the process of determining how these ongoing reforms have impacted the advice consumers now receive from financial planning professionals.

"This review was a recommendation that came out of the Royal Commission," says David. "Our policy and advocacy team have engaged extensively with the review committee and from the proposals we've seen so far, there seems to be consensus that the regulation for financial advice has been overcooked. The vast majority of financial planners who are seeing clients from day-to-day are well qualified, and acting on the basis of professional judgement and ethical conduct at all times. With a few exceptions, who must be held to account, financial planners can be trusted to act as professionals.

"The reforms have certainly contributed to this. We now have all the hallmarks of a profession in place – ethics, experience, education, and examination. But some of the other regulatory requirements are producing frustration on both sides – for financial planners and clients. In conversations

and documents, doing what the regulator requires us to do can really take away from the quality of advice a client will experience.

"If we can acknowledge that current standards are a strong foundation for trust and professional conduct, then a financial planner should be able to answer a simple question from their client about superannuation without having to deliver a full Statement of Advice. It's a bit like going to a GP about a sore knee and not getting a recommended treatment or referral until they've done all the bloodwork to screen for cancer."

A UNITED COMMUNITY

Becoming a highly qualified financial planner was David's initial motivation for joining the FPA almost 20 years ago. "I joined in 2003 because I wanted to undertake a course of study to become a Certified Financial Planner® professional. At the time, I saw the benefits of membership in terms of meeting my own needs. Joining a professional body was about taking my education and training as far as I could for the purpose of my own career."

In the years since, David has come to appreciate how much it means to be part of a community united by common goals for their clients and profession. "In 2011, our members voted to become an association of individuals, moving away from the corporate membership model. It was a landslide result, signalling that we are an association of individual members, and it's the needs and interests of those members that have been the focus for all our work in the last decade. And in 2020, we introduced our MAC strategy – members, advocacy and consumers – which has been guiding further development of our activities and programs and will do so right through to 2025."

One of the key goals of the MAC strategy and FPA policy platform is to see the rights and responsibilities of professional financial planners enshrined in law and legislation, with licensing for individuals. "This belief that individual practioners can be trusted to act as professionals must go beyond agreement and understanding, and be enacted in law," says David.

2020 was also a year when financial planners were forced to rethink their traditional face-to-face model for delivering advice, as well as how they connected with their professional community.

"The COVID pandemic introduced a step change in the financial advice world, as it did across many other professional services," says David. "Historically, we had a very strong focus on geopgraphic communities with our FPA Chapters. We are now adapting to serve our members through communities that share common interests, not just geography, finding new ways for them to share amongst each other and with the FPA. It's involved a lot of hard work, and there's still more to come to ensure we improve how we interact and engage with our members."

THE OUTLOOK FOR ADVICE

As COVID pushed the role of technology further up the financial advice agenda, there continues to be much discussion and work by the FPA in developing guidance and best practice on delivering digital advice. However, David suggests that the role of technology is to deliver more from advice, rather than replace the human element.

"We've had technology that's capable of flying planes for some time now, but that doesn't mean we're ready to replace pilots," he says. "People still want to sit in front of a financial planner and experience that human element of the advice process. What technology can potentially do is enable planners to deliver a complex, customised service to more people."

David also highlights the role of technology – and regulatory settings – in supporting business models that are capable of delivering the advice Australians need.

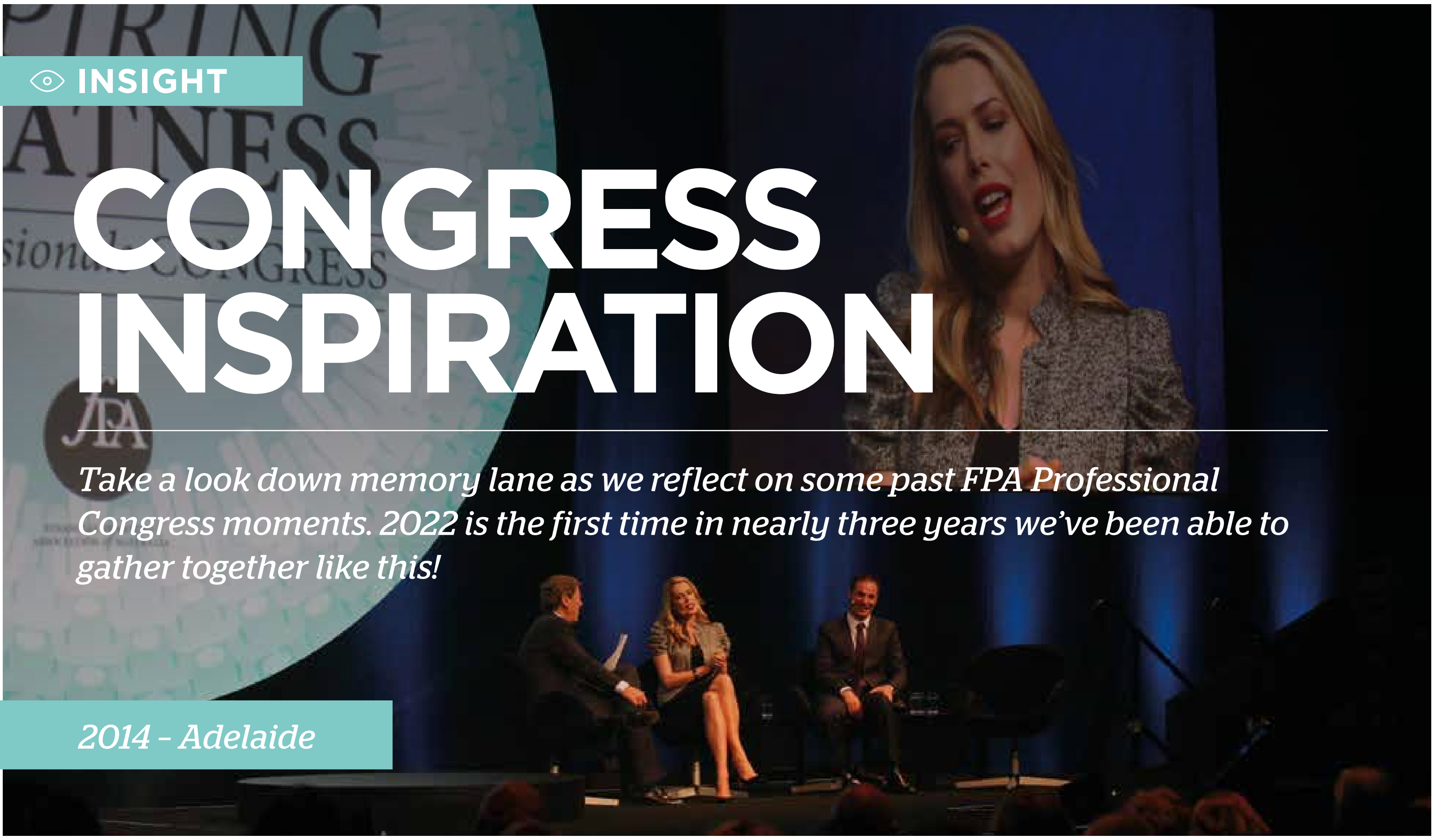
"Clients are not homogenous and nor are financial planners. Both technology and demand from clients are driving a plethora of business models, from small practices run by a few individuals to larger corporate-style businesses. And we need policy settings to support this choice for clients," he says.

"This is why the FPA needs to continue doing what we're doing to support the provision of professional, high-quality advice through flexible models that suit the needs of our market. We achieve this through robust advocacy in consultation with all stakeholders, including members, government and the regulators.

"Another critical element is in the delivery of appropriate tools and services that add value to our members. With resources, such as filenote toolkits and professional year toolkits, we are always finding new ways to be an enabler for our members and help them continue to service their clients to the highest standard."

CONGRESS INSPIRATION

Take a look down memory lane as we reflect on some past FPA Professional Congress moments. 2022 is the first time in nearly three years we've been able to gather together like this!



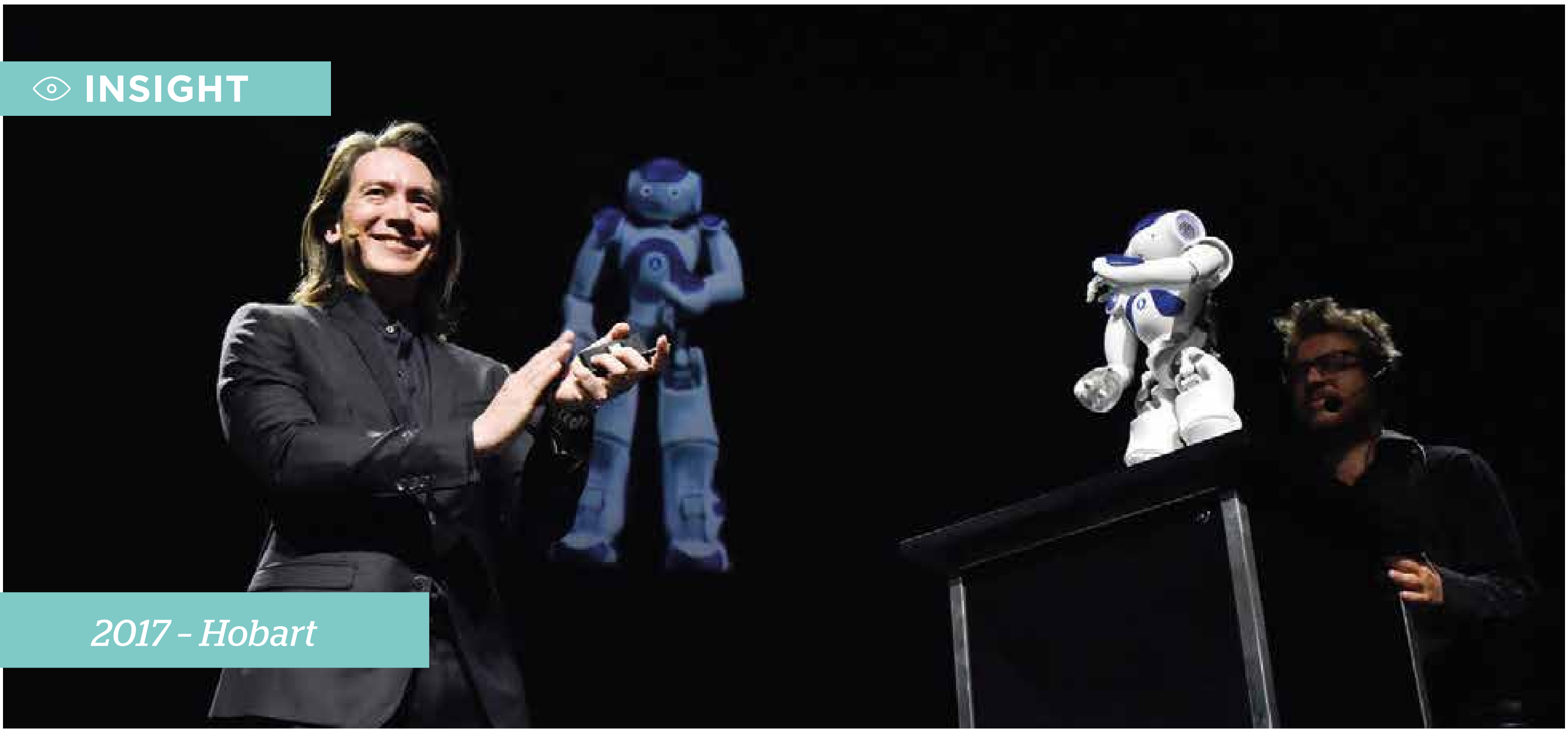
2014 – Adelaide

2015 – Brisbane


FINANCIAL PLANNING
ASSOCIATION of AUSTRALIA

2016 – Perth


RESERVED
RESERVED



2017 – Hobart

2018 – Sydney

2019 – Melbourne

FPA AWARDS

LINE UP OF FINALISTS REVEALED IN THE 2022 FPA AWARDS

The FPA has announced the finalists in the four categories of the 2022 FPA Awards.

Now in its 10th year, the FPA Awards recognise exceptional individuals and businesses across Australia who deliver the highest standard of professional and trusted advice to Australian consumers. The awards also highlight the outstanding university students who are the future of the financial planning profession.

Speaking of the finalists, FPA CEO Sarah Abood says these awards help to bring attention to the positive and life-changing impact that financial planners can have.

"The FPA Awards celebrate the commitment, talent and passion of outstanding financial planners and advice practices, and recognise the role they play in bettering the lives of Australians," she says. "The recently released Value of Advice research showed that 95 per cent of advised Australians identified additional benefits received beyond their finances, including things like mental health, family life and social life.

"In times of increasing external financial pressures, with inflation and interest rates rising globally, having financial confidence is a necessity, and we know this can be achieved with the support of a financial planner."

The finalists in the 2022 FPA Awards for each category are:

FPA CERTIFIED FINANCIAL PLANNER® PROFESSIONAL OF THE YEAR AWARD

Paul Benson CFP®
Guidance Financial Services (VIC)

Naomi Mee-Martino CFP®
Bastion Financial Group (WA)

Andrew Reynolds CFP®
EFS Advice (NSW)

FPA FINANCIAL PLANNER AFP® OF THE YEAR AWARD

Lili Hong AFP®
Future Gen Solutions (QLD)

Bill Savellis AFP®
Olive Grove Financial Advice (NSW)

FPA PROFESSIONAL PRACTICE OF THE YEAR AWARD

Alman Partners (QLD)

Boutique Advisers (WA)

VISIS Private Wealth (QLD)

FPA UNIVERSITY STUDENT OF THE YEAR AWARD

Georgia Camerlengo
University of South Australia

Matthew Kanizay
Deakin University

Joel Perryman
University of South Australia

"I'd like to congratulate all the finalists. The quality of the applications received has been outstanding," says Sarah. "All the finalists have consistently demonstrated great commitment and passion to their clients, community, and the profession. These financial planners and advice businesses have significantly impacted the lives of their clients and communities for the better."

The winners of the 2022 FPA Awards will be announced live at the FPA Professionals Congress, which is taking place in Sydney at the ICC on 23-24 November.

For more information about the 2022 FPA Awards, go to: fpa.com.au/get-involved/fpa-awards

"In times of increasing external financial pressures, with inflation and interest rates rising globally, having financial confidence is a necessity, and we know this can be achieved with the support of a financial planner."

SARAH ABOOD

FPA AWARDS 2022

ADVICE WITH A DIFFERENCE

At the heart of Rasiah Private Wealth Management's client value proposition sits four pillars that support its unique service model. Thabojan Rasiah CFP® talks to Jayson Forrest about how the business is delivering advice a little differently.

THABOJAN RASIAH CFP®

RASIAH PRIVATE WEALTH MANAGEMENT

POSITION: FOUNDER AND PRINCIPAL ADVISER

ESTABLISHED: 2017

LICENSEE: FYG PLANNERS

NO. OF FINANCIAL PLANNERS: 2

NO. OF STAFF: 7

'Advice with a difference' – it's a bold statement Rasiah Private Wealth Management makes when pitching its full service offering to clients, but it's a statement it stands behind with considerable conviction.

"We have a very clear culture within our business when working with clients to make the biggest possible impact in their lives. But in order to do that, we are selective in terms of which clients we take on," says Thabojan Rasiah CFP® – Founder and Principal Adviser at Rasiah Private Wealth Management.

In order to achieve that maximum impact with clients, Rasiah Private has designed its client value proposition and service model in a unique way. Called the 'Client Wealth Journey', it's based on the premise that financial planning is never-ending for clients. The Client Wealth Journey is built on four pillars – wealth, tax, investment, and risk – which are the key elements in the various life-stages of a client.

1. WEALTH PROGRESS

In February each year, Rasiah Private meets with every client. This is an opportunity to clarify and ensure that the business and clients are clear and aligned about the client's values, objectives, and purpose in life.

"This is an important part of our client value proposition," says Thabojan. "This pillar is a non-negotiable for us. We insist on having this discussion with all our clients, as it helps us to maximise the impact we can have in their lives. If people don't want to have these discussions, then we help them find another firm to work with, as it limits our ability to add value."

As part of this pillar, the business also engages in interactive cashflow modelling. This enables Thabojan and his team to build a picture of the client's financial life, which helps clients to better understand where they are, what they're doing, and where they're heading. "The purpose of the cashflow modelling is to enable clients to answer the question: 'Am I going to be okay financially?'," says Thabojan.

Another important component of this pillar is the ability for the business to re-engage with its clients. This allows the firm to explain to clients what they are paying for, while reconfirming the value they are receiving as a client. "This is an important step in re-establishing our client's relationship with us."

2. TAX PROGRESS

This pillar of the Client Wealth Journey is conducted with every client in May by the firm's other Senior Planner, Simone Murray CPA, who is also a technical and tax specialist.

"This is an area that adds significant value to clients," says Thabojan. "We're proud to have a tax specialist who looks at every client's tax affairs with the aim of finding opportunities every single year."

3. INVESTMENT PROGRESS

Again, every client is engaged with this pillar in August, where a client's investment portfolio is reviewed and adjustments are made where required.

4. RISK PROGRESS

This pillar revolves around estate planning, personal risk insurance, and asset protection, which is discussed each November with every client.

"We meet and engage with our clients separately four times a year according to these four pillars, which each focus on four specific areas that we need to ensure we address for all of our clients," says Thabojan.

"We believe these four pillars enable us to provide 'advice with a difference', because sitting at the heart of these pillars is our client value proposition, which is to help clients achieve everything that's important to them, with a focus on their values and their purpose.

"At Rasiah Private, we don't do stock standard reviews, whether it's annual, bi-annual or quarterly. Instead, the four pillars that we cover off on with clients as part of the Client Wealth Journey at specific times of the year, is our framework to ensure that our clients do what they need to do, in order to get to where they want to."

LEANING FROM EXPERIENCE

But to properly understand Thabojan's unique approach to financial planning, you first need to wind back the clock 20 years.

After gaining early experience in small suburban practices, Thabojan sought out some of the most talented planners in the industry to learn from. He was fortunate to have the opportunity to work with Kevin Bailey, founder of The Money Managers, and who is now on the Rasiah Private Advisory Board.

Thabojan was offered equity partnership after a short time at The Money Managers. In 2008, The Money Managers joined with some other boutique practices to form Shadforth Financial Group. Eventually, the success of this business attracted the attention of IOOF, which eventually acquired Shadforth in 2014.

However, according to Thabojan, the experience gained by working with some of the best minds in financial advice, as well as working in a business that transitioned from a successful boutique practice to a larger thriving entity, has been invaluable. It provided him with a sound understanding of how a true professional services firm should function, and was the inspiration behind him going it alone by opening up Rasiah Private Wealth Management in 2017.

"Today, we are a firm owned and controlled by financial planners who are able to put clients first without any interference from institutions or banks. Rather than worrying about short-term profits to external shareholders, we can deliver professional, ethical advice that benefits both clients and the wider community."

A TRACK RECORD OF SUCCESS

Since entering the financial advice profession over 20 years ago, Thabojan has enjoyed considerable success and notoriety, having being recognised as one of the Top 50 Advisers in Australia by Wealth Professional and the AFR's Smart Investor Masterclass. He also appears on 3AW and ABC talk-back radio as a finance expert, contributes columns in The Age and Sydney Morning Herald newspapers, and has also written a monthly finance column for the national senior's newspaper, 50Plus News.

But despite his achievements, Thabojan believes there is no one measure of success. Instead, he believes success is defined differently for each person and each

> *"At Rasiah Private, we don't do stock standard reviews, whether it's annual, bi-annual or quarterly. Instead, the four pillars that we cover off on with clients as part of the Client Wealth Journey at specific times of the year, is our framework to ensure that our clients do what they need to do, in order to get to where they want to."*

business. The way in which Rasiah Private measures its success is by determining whether it is delivering the maximum value and impact for its clients, team, and the wider community. And you don't have to spend too much time with Thabojan to understand just how important his work with clients and the community is.

> *"Regardless of any profession, there will always be challenges. We need to be ready to adapt and pivot, as regulations, technology, and client expectations evolve. Change is certain, so if we're not prepared to adapt, that's where the profession can get stuck."*

As an FPA member for over two decades, he learnt early on his career about the importance of being involved in the future direction of the profession.

"As financial planners, part of our role is giving back to the broader community from which we make our livelihoods," he says. "And a significant part of that is helping out clients and consumers live their best lives, not just though financial advice, but through financial literacy, education, and pro-bono work that many in the profession are actively engaged in."

When it comes to professional engagement, Thabojan walks the talk. He is currently a member of the FPA's Policy and Regulations Committee. He concedes the work of the committee is "fairly heavy and not for the faint-hearted", and acknowledges the tireless work done on the policy front by the FPA's Ben Marshan CFP® and Heather McEvoy.

In addition, Thabojan has also previously spent a stint on the FPA's Professional Designations Committee, as well as working on the Board of Professionalism Committee.

"I've never liked the idea of just sitting on the sidelines and letting other people worry about the challenges and problems facing us," he says. "So, the best way I could make a difference to my profession was by rolling up my sleeves and becoming actively involved with it. Working on an FPA committee isn't easy, but knowing that I'm contributing to making our profession stronger and more respected is very rewarding."

A FRAMEWORK OF ACCOUNTABILITY

With the looming threat of recession, continuing market volatility, and rising cost of living pressures, Thabojan is acutely aware that as a financial planner, there is always something to worry about with his clients. Yet, despite market uncertainty, both he and his clients remain very grounded, which he attributes to Rasiah Private's four pillars framework.

"The reality is, with financial planning, there is always something to worry about. At the moment that's the risk of recession, geopolitical issues, and the cost of living. What we very deliberately do through using our four pillars approach in delivering the Client Wealth Journey, is to always bring things back to the client's value and purpose in life. We spend up to 90 minutes with clients in our first paid engagement with them just talking about their values and what they believe in, and really identifying the most important things to them in their life," he says.

"By focusing and starting with that, and then designing advice around their values and purpose in life, we're able to deliver advice with a laser focus to help clients achieve their aims and objectives, while helping them to ride our market volatility. We're able to do this by really knowing our clients, which enables us to deliver a highly personalised advice solution for them."

Rasiah Private's approach to the Client Wealth Journey is underpinned by the firm's ability to

contextualise all the things that clients worry about on a day-to-day basis. It does this by bringing the conversation back to how these concerns impact their values and the type of life they want to live.

"This approach provides our clients with a very strong framework and accountability mechanism to make investment changes when they need to, but to also avoid making unnecessary changes that are not aligned to their values and purpose in life. It's a framework that keeps us and our clients very grounded."

A NEW NORM

Similar to other business owners, Thabojan acknowledges that the COVID pandemic didn't come without its challenges for his practice. However, the lessons learnt during the COVID lockdown have helped Rasiah Private emerge as a more nimble and robust business, with a refined client value proposition.

"One of the lessons from COVID was the importance of having a trusted team, where we can provide the flexibility to enable team members to perform at their best, so we can be at our best," he says. "That has meant embracing remote working, particularly if that means team members are more productive working that way. Technology has been a real enabler for us."

He believes that by being flexible and accepting new ways of doing business, like video conference calls and digital authorisation, is making Rasiah Private a more adaptive business.

"Many of our clients like the convenience of meeting online, rather than travelling to our Melbourne CBD office. They have the option of meeting with us in person or online, so it really depends on them and their level of comfort, as well as their stage of the relationship with us."

Thabojan admits to being surprised by the number of clients who are comfortable meeting online, and who still prefer to meet this way post-COVID.

"Clients are now very familiar with using technology and interacting online, and they realise just how convenient and effective it is to engage with us this way. They're more comfortable using technology, which is just one of the new norms of working in a post-COVID world."

BUSINESS PLANNING

At a time of the year when advice businesses are well advanced in planning ahead for the next 12 months and beyond, Thabojan admits that as a young advice practice of five years, Rasiah Private has changed a lot over that time. This means the way it now approaches its business planning has also changed.

"At Rasiah Private, we do business plans every six months. This gives us an opportunity to look at our culture and purpose, as well as our mission and vision," he says. "We workshop that with external consultants, as well as have offsite team planning days. This is particularly important to ensure the whole team knows where we're going as a business and have buy-in with that. It's all part of future-proofing our practice."

Thabojan adds that Rasiah Private has always invested heavily into the business to ensure it's got the capacity to sustain the type of growth it's been enjoying.

"So, our business planning has always been very proactive," he says. "It's not just quantitative planning around the financials but it's also qualitative in terms of our team and clients, which is important with how we set ourselves up to ensure we can continue to deliver the maximum value and impact in the lives of our clients."

LOOK TO THE OPPORTUNITIES

When looking ahead to the next 5-10 years, Thabojan prefers to take a 'glass half full' outlook, believing there are more opportunities for the profession than challenges.

"Regardless of any profession, there will always be challenges," he says. "So, planners need to be prepared for change. We need to be ready to adapt and pivot, as regulations, technology, and client expectations evolve. Change is certain, so if we're not prepared to adapt, that's where the profession can get stuck."

However, Thabojan is enthused by the "incredible opportunities" for financial planners, as the advice industry gradually transitions to become a true profession.

"As financial planners, we're very fortunate in our role of being able to beneficially impact and transform the lives of our clients, and the wider community. And the biggest opportunity we have is to do that incredibly well," he says. "So, we need to avoid the risk of running advice businesses that are superficial and focused on pushing product or growing revenue at the expense of clients.

"Instead, as a profession, we can have a massive impact in the lives of people by focusing on their values and purpose in life. For me, that has always been my motivation as a financial planner and which has driven me for over 20 years in my career. There are just so many people who need the help of a financial planner, and this demand is only growing, which is a huge opportunity for the profession that cannot be underestimated.

"If we constantly challenge ourselves to deliver the most value we can for our clients - and there are so many ways in which we can do that - then clients will pay for that. Focusing on value delivery will enable you to run a highly successful and profitable business. It's our approach at Rasiah Private, and it works!"

"*If we constantly challenge ourselves to deliver the most value we can for our clients, then clients will pay for that. Focusing on value delivery will enable you to run a highly successful and profitable business.*"

OPPORTUNITIES AND VALUE ON OFFER

Despite persistent fears of a recession and continuing market volatility, global small/mid caps still present investors with attractive opportunities. Three investment professionals share their views on this asset class, including the challenges of managing portfolios in an inflationary environment. Jayson Forrest reports.

Global equities are one of the mainstays of driving returns for investment portfolios, but at a time when global indices are down around 20 per cent year-to-date, managing this part of the portfolio is challenging, particularly in an inflationary environment.

However, for Co-Portfolio Manager of the Fidelity Global Future Leaders Fund and Analyst, Maroun Younes, a challenging market environment doesn't mean you abandon your investment philosophy.

> *"For us, it's about picking really good active managers with a proven track record, while also being mindful that small/mid caps can be more volatile. That's because they're not mature companies with reliable dividends or earnings. It's also important to buy at fair value when stocks are reasonably priced."*
>
> SIMON WOTHERSPOON CFP®

"Regardless of market conditions, we focus on what we've always done," says Maroun. "Our process is quality orientated. With rising inflation and fears of a recession driving market volatility, we believe that if you have a quality-focused approach, with an emphasis on valuations, then that can help you navigate volatile markets."

According to Maroun, if a portfolio comprises of high quality companies that are mission-critical for their end customers and dominate their industries, then that can help recession-proof a portfolio. Likewise, if a company is mission-critical and is a dominant supplier for its customers, it has pricing power, which enables the company to pass on price increases to protect its profits in an inflationary environment.

This is the approach Fidelity uses in its Global Future Leaders Fund – a diversified portfolio of 40-70 small/mid-cap global companies.

"We use a rigorous bottom-up stock selection process that focuses on finding attractively valued companies with strong competitive positioning and sound company management. There is a strong emphasis on building a diversified and balanced portfolio that aims to deliver more consistent returns through different market cycles," says Maroun.

"Having that quality and valuation discipline as a core pillar of our process helps us to navigate these challenging environments quite well. It allows us to outperform in market drawdowns. This means in the current market environment, there really has been no change to what we do from a portfolio construction perspective."

It's a similar view shared by Sarah Gonzales AFP® – Chief Investment Officer at Apt Wealth – who adds that Apt Wealth is definitely more cautious when making portfolio changes in times of volatility.

"Along with our investment philosophy, which is focused on protecting capital growth, we have a structured and highly repeatable investment process that allows us to use this process across different market cycles," says Sarah.

As it waits out market uncertainty, Adelaide-based Perks Private Wealth has increased its exposure to cash in its portfolios. According to Simon Wotherspoon CFP® – Director at Perks Private Wealth – around September last year, the business identified that markets were expensive, due to low rates and monetary stimulus.

"So, we increased our exposure to cash, went shorter duration on bonds, and more defensive in our equity allocations," says Simon.

And while Simon confirms that Perks hasn't adjusted its portfolios dramatically, it has changed a couple of managers and reallocated to more quality defensive investments. "Now, it's about riding through what's happening in the market, having a sense of where things might go, and being poised to use that excess cash to buy back into the market and take advantage of opportunities as they arise," he says.

DIVERSIFICATION IS KEY

With market volatility and global indicies significantly down, what does that mean for asset classes like global small/mid caps? Is now a good time

for financial planners to be thinking about small/mid caps as part of their asset allocation?

"Absolutely," says Maroun, who believes planners should be looking closely at the opportunities and value available in this asset class.

"Unfortunately, most investors act in a cyclical fashion, where they tend to add more to asset classes that have been doing well. Instead, if they were to look at mean reversion - where asset prices and historical returns eventually revert to their long-term mean - they would recognise the capacity for global small/mid caps to deliver good risk-adjusted returns," says Maroun.

Ideally, he believes planners should be doing their homework on investments when an asset class is going through a tough period. By doing so, when the cycle eventually turns, they're in a better position to quickly take advantage of opportunities.

"Historically, when the cycle turns, small/mid caps tend to outperform their larger cap peers on the way up, making now the perfect time for planners to be doing their analysis, instead of waiting for the end of the bear market," says Maroun.

"Also, if you look at historical valuation ratios between the small/mid cap segment and large caps, the valuation discounts right now for small/mid caps are at record levels. We haven't seen these levels for over 20 years," he says. "And given the recent dominance of large and mega caps over the last decade, small/mid caps have actually outperformed large caps over much longer periods, while delivering a superior Sharpe ratio. It certainly makes a compelling case for this particular asset class."

While Maroun concedes that global small/mid caps do tend to have a slightly higher level of beta and are more sensitive to economic variables, compared to large caps, this is more than compensated for by the extra return investors can receive by investing in them.

"This is an under-researched part of the market, which does provide planners with plenty of opportunities to generate some significant risk-adjusted returns," he says.

Sarah agrees, adding that small/mid caps provide significant diversification benefits for a portfolio. "Diversification is key for any portfolio, particularly in terms of industry, sector, and geography. But in small/mid caps, you're also diversifying away from large and mega cap stocks. So, having a small/mid cap exposure complements an investor's larger cap exposures."

It's a view supported by Simon: "The reason for global small/mid caps in a portfolio is about creating greater sector diversification and investment opportunities. And ultimately, better performance."

While Perks currently does not have any exposure to global small/mid caps in its portfolios, it is closely monitoring this asset class, with the possibility of gaining some exposure to this sector over the coming months.

"Small/mid caps tend to get beaten up quite heavily when markets are coming down, but equally, when markets are through the worst and are forward-looking, small/mid caps have the potential to recover quite strongly," says Simon. "It's at that point, you can capitalise on getting those higher returns from a low base, which should provide investors with good opportunities and value over the coming six months."

IMPORTANT CONSIDERATIONS

When allocating to global small/mid caps, Maroun believes it is essential that planners consider the style of management – active or passive – that a manager uses for its fund. He recommends active management.

"Remember, this is an under-researched segment of the market, so there are a lot more opportunities to use research to identify opportunities."

He concedes that in small/mid caps there is a higher prevalence of 'junk' IPOs and highly speculative concept stocks, which performed strongly during the post-COVID rebound but have subsequently dropped-off significantly in the recent correction, leaving investors with a passive exposure to this index exposed to junk names.

> *In the current environment, you need to be going after quality - strong earnings share growth, company stability, balance sheet strength, and low leverage. That's what you need to be considering when allocating to a small/mid caps manager."*
>
> | SARAH GONZALES AFP®

"So, you need to be selective in this space. Active management really allows you to get exposure to the high-quality end of town, avoiding exposure to the lower end, in a way that passive management can't do."

Sarah agrees, adding there aren't many passive strategies available in the global small/mid caps space. She also prefers active management, even though these assets might be a little less liquid than your large and mega cap investments.

Simon believes that in the current environment, as cycles begin to normalise, active managers are more likely to generate outperformance. He says in the case of small/mid caps, that has certainly proven to be the case previously, where there has been more scope to outperform the market, compared to simply hugging the index.

"So, for us, it's about picking really good active managers with a proven track record, while also being mindful that small/mid caps can be more volatile. That's because they're not mature companies with reliable dividends or earnings," he says. "It's also important to buy at fair value when stocks are reasonably priced."

When it comes to style biases, Sarah confirms that Apt Wealth has no particular bias to either value or growth. "Where we have a spot to allocate to a global manager, we look at the prevailing environment - like rising interest rates and inflation. The style we've been focusing on in this environment has been quality. That's because growth is being impacted by rising interest rates, which is affecting valuations, while value has underperformed for quite some time," she says.

"So, in the current environment, you need to be going after quality - strong earnings share growth, company stability, balance sheet strength, and low leverage. That's what you need to be considering when allocating to a small/mid caps manager," says Sarah.

Maroun adds that planners also need a disciplined process, without being biased either to a value or growth style of investing.

"If you are going to have targeted exposure to global small/mid caps, I would recommend planners stay away from managers or products that have an extreme style of investing. Instead, from a style perspective, go for something that is more balanced - like quality and value - which will provide you with a smoother return profile."

EMERGING MARKETS

One of the challenges for planners when allocating to global small/mid caps is knowing whether the manager is purely weighted to developed markets or has some allocation to emerging markets. This is particularly important for small/mid caps, as the invested companies might be at a different point in the business cycle compared to large caps.

"Therefore, you need to ensure you conduct your analysis and due diligence on the stock, or if you are partnering with a manager, that they are doing this analysis correctly. This includes considering governance issues and geopolitical risks that might impact particular parts of the market you're looking to invest in," says Sarah.

Apt Wealth does not invest directly in emerging markets, preferring instead to gain its exposure by partnering with a manager who has expertise in this part of the market.

Perks also uses an allocation of emerging market equities in its portfolios, which is done through a dedicated manager. Although the business remains underweight with emerging markets, Simon acknowledges the value he is currently seeing in emerging markets.

Fidelity does not have a huge amount of emerging markets exposure in its Global Future Leaders Fund, instead preferring to take a selective approach when it comes to emerging markets. That's because emerging markets can be quite volatile and some companies in this space may struggle in periods of global recession and downturns.

"We aim to capture a select handful of really good emerging market businesses that dominate their field. And this is particularly the case for businesses in economies like China and India that have a long growth runway ahead of them. We look for high quality names that we believe will provide strong structural growth to the portfolio over a long period of time, while limiting potential investment volatility," says Maroun.

MARKET OPPORTUNITIES

When looking at global small/mid caps compared to the MSCI World Large Cap Growth Index, small/mid caps are trading at a discount from a price earnings (P/E) perspective, which means there definitely is value to be found in the small/mid caps space.

This is one of the reasons why Maroun remains bullish on this asset class. "While it's a volatile market, this gives us the opportunity to find quality companies at reasonable valuations. History shows that over the long-term, investors can expect higher risk-adjusted returns by investing in global small/mid caps. By including small/mid caps in a portfolio, it helps to diversify a portfolio and can provide an overall superior portfolio outcome."

Presently, Simon admits to being less excited by global small/mid caps, suggesting there is still some downside left in the market before it bottoms out. However, once markets have bottomed out, he believes this will create very good opportunities and value for investors in small/mid caps.

"When markets finally bottom out, we'll be more bullish on global small/mid caps, but we're not quite there yet. It's about finding the right sectors and cyclical stocks, which should bounce back strongly when markets normalise and interest rates start to come down. At that point, small/mid caps, emerging markets, and cyclical stocks should do very well, and that's when we're prepared to be bullish."

According to Sarah, global small/mid caps is probably one of the few areas in equities where fundamentals and valuations aren't too far apart. "While we don't have any direct small/mid cap holdings, by partnering with managers who have a similar investment philosophy as Apt Wealth, it enables us to have some exposure to this part of the market."

When it comes to investor opportunities, Fidelity particularly likes the energy and insurance sectors. It holds a position with Cheniere Energy – a Texas-based producer and exporter of liquefied natural gas.

"Cheniere has very sticky revenue and consistently generates high returns," says Maroun. "It's currently doing a lot to help Europe with its energy issues, as many European countries seek to reduce their dependency on Russia for gas."

Fidelity also likes the insurance sector. As Maroun explains, insurance is critical and touches all parts of society, and is not something that is skimped on in a recession. One company Fidelity likes in this space is Arthur J Gallagher (AJG) – a U.S. insurance brokerage, risk management and consulting firm that operates in over 60 countries.

"This is another sticky business that generates a lot of free cash at very high returns, and it uses a lot of its excess cash to buy and acquire smaller operators in this sector. AJG sits in the mid-market space below the larger players. This allows AJG to make deals that the bigger companies simply can't make, because the deals are too small for them. This makes AJG a very attractive holding for us."

LOOKING AHEAD

Although Sarah concedes that it's impossible to predict with certainty how any asset class will perform over the next 12 months, she accepts that if we do move into a recession, equities will be impacted. However, she maintains that for the small/mid caps space, there hasn't been a big dislocation between valuations and fundamentals, and they're trading at a much lower P/E than large cap indices, which will continue to provide investors with opportunities.

"In 2023, there will definitely be opportunities in the small/mid cap space, particularly if you are focusing on quality," she says. "If we do have persistent inflation, coupled with rising interest rates, and a slowdown in global growth – by focusing on quality in the small/mid caps space, it will enable investors to take advantage of companies with low leverage, and strong and stable earnings."

Simon anticipates markets may bottom out in the first half of 2023. However, he remains unsure that markets will bounce back like they did in 2020, when the COVID stimulus packages and rate cuts kicked in.

"It might be a slower and grinding recovery this time," says Simon. "At this point in time, our view is that 2023 will be challenging, but with really good value for global small/mid caps if you're taking a longer term view."

It's a similar view shared by Maroun. However, he cautions that the risk of recession depends on whether central banks are able to tackle inflation by pulling off a soft landing, although he concedes, this is increasingly looking unlikely.

"We're in a vulnerable window over the next six months. If we're able to bring inflation under control without tipping the economy into a recession, and if we continue to get good earnings growth coming through next year, then that will set up equity markets for quite a good year," he says.

However, even if the economy does slip into recession in the first half of 2023, Maroun remains confident that investors can probably still expect to see a solid second half from equity markets.

"Markets tend to bottom out and start to pick-up well before a recession is officially over, as they anticipate and price in the recovery," he says. "But irrespective of what happens between now and June next year, coming out the back-end of 2023, I believe that overall, equity markets – and particularly small/mid caps – will be looking better, and providing investors with plenty of opportunities and value."

10 INGREDIENTS TO SUCCESSFUL CHANGE

Successful change is not about systems, processes or business models – it is about people. No-one changes because they are told to; we only change if we want to. Campbell Macpherson provides 10 tips to enable leaders to implement successful change within their business.

> *"Leadership today is all about leading change. If you are not leading change, you are not leading anything. You are just managing the status quo – and if 2020 taught us anything, it was that the status quo no longer exists."*

Change is inevitable. Successful change isn't. Eighty-eight per cent of change initiatives fail to deliver what they set out to achieve[1]. The same is true for business strategies, mergers and acquisitions: seven out of eight fail to live up to expectations. And the over-riding reason is leadership.

Leadership today is all about leading change. If you are not leading change, you are not leading anything. You are just managing the status quo – and if 2020 taught us anything, it was that the status quo no longer exists. Therefore, the question on every leader's lips should be: 'How do I make sure that my next change initiative or strategy is the one-in-eight that succeeds?'

To answer that question, here are my 10 essential ingredients to successful change – taken directly from the 'Leading Change' workshops and webinars I run for Henley Business School and clients worldwide, approved by The Institute of Leadership & Management.

1. **Clarity of what you are trying to achieve – and why.** If you are not crystal clear about the outcomes you require, nothing will be delivered. But you can't only opt for numbers; numbers are easy. If you want your change to succeed, you must also provide your people with a credible and motivational narrative that describes what success will both look and feel like. Just as importantly, they will need to know why this change needs to be done – both the logical reasons and the emotional reasons why they should embrace and deliver the change you desire.

2. **Identify the magic, the sacred cows, and the elephants.** This is a critical step that too many change leaders forget. Engage with your team to define the current 'magic' you wish to retain after the change is in place; to identify the 'sacred cows', those things that appear to be set in stone that no-one dares question; and to call out the 'elephants in the room', the questions no-one dares ask.

3. **Understand the implications of the change.** Every decision, every change, has consequences. The moment you announce the change to your people, their heads will be swarming with concerns, challenges, potential obstacles, and implications. You must get all of these out in the open – and engage them on how you will all collectively address and overcome these implications.

4. **Genuine engagement and communications.** Most change leaders rely far too much on 'broadcast communications'. This is woefully inadequate. Genuine engagement involves active listening (i.e. listening to understand, not just to reply) and acting upon the insight you receive.

5. **Find the emotional triggers.** Emotion is four times more powerful than logic when it comes to change. You must appeal to your people emotionally if you wish to succeed.

6. **Laser-like focus on the outcomes.** 'The operation was a complete success. Unfortunately, the patient died.' Process is important but it is just an enabler. It is the achievement of the business

outcomes that is paramount. Never lose sight of them.

7. **Set your people up to succeed.** Give your people the clear decision-making processes, project governance, and support they need to succeed. Make sure accountabilities and responsibilities are crystal clear to everyone.

8. **Pause for reflection.** Large change projects inevitably develop a momentum all of their own and it can become politically impossible to stop or re-direct them – even when everyone knows that is precisely what should happen. Save yourself countless hours and enormous sums of money by building in formal pauses to assess what has changed, what is working, what isn't, and whether the original outcomes are still valid – without blame or consequences.

9. **A strong, committed, aligned and unwavering leadership team.** Successful change demands leaders who genuinely and actively embrace the change – and are seen to do so. It requires a leadership team whose members are completely aligned and working together to achieve the desired outcomes; outcomes that every one of them genuinely cares about delivering. It requires leaders who will 'stay the course' in the face of future obstructions and challenges.

10. **Establish a change-ready culture.** If your people aren't ready, willing and able to embrace change, no-one will succeed. The creation of a culture that embraces, encourages and rewards change is our final key ingredient for success. But your people will need help if they are to willingly embrace change. They need help to deal with their emotions, to overcome their fears and concerns. To enable this on an organisation-wide scale requires the establishment of an environment where people eagerly look for improvements in the way things are done, are allowed to question the status quo, are encouraged to learn from failure, and are open to new ways of working.

EMBRACING CHANGE

The ability to embrace change is also the key life skill that every one of your people needs – for their personal wellbeing and mental health. It is the single best skill for combating anxiety and coping with uncertainty. And of course, no-one works well when they are anxious or worried about the future.

Successful change is not about systems, processes or business models; it is about people. Too many times leaders forget they are dealing with a collection of messy, irrational individuals who need to be motivated to embrace change. No-one changes because they are told to; we only change if we want to. As a leader, it is your job to help your people to want to change.

Campbell Macpherson is a speaker, author and international business adviser on leadership, strategy and change. He is also Executive Fellow of Henley Business School. For more information, go to: changeandstrategy.com

FOOTNOTE

1. 'The What, Who and How of Delivering Results', a survey of 250 large companies by Bain & Co published February 2016.

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FOUR WAYS TO GET MORE DONE IN LESS TIME

Working more hours is unlikely to make you more successful or productive. Lisa Stephenson provides four strategies to help you sleep better, work better and have more time to do the things that matter most to you.

"There are no short-cuts or life hacks when it comes to managing time. There are 24 hours in the day today, tomorrow and beyond. We can't actually manage time. It's what we consciously choose to do with our hours that's important."

We live in a world where being 'busy' is rewarded, and having a full diary is linked with high performance. Skipping lunch is a reflection of how in demand your time is, and late-night emails reflect your commitment. How did this happen?

There is a general consensus in the corporate world that we've got this wrong, but still, there's little momentum around changing this ongoing challenge. Terms like 'work-life balance' and 'time poor' get thrown around daily, without the proper attention being paid to the consequences of us always trying to get more done, with longer working hours often the result.

We seem consumed with the desire to be fast paced in all that we do. Organisations have models for efficiency and effectiveness, and individuals have multiple strategies to manage what they squeeze into their day.

It's well documented that most of us can only be truly focused for 90-minute sessions, and that to return to our optimum performance, we need to stop and rejuvenate for 30 minutes. So, why do we ignore what our bodies and brains tell us? Rest and disconnecting from everything for short periods is what we need and, by doing so, we can be more effective and sometimes work less.

There are no short-cuts or life hacks when it comes to managing time. There are 24 hours in the day today, tomorrow and beyond. We can't actually manage time. It's what we consciously choose to do with our hours that's important. So, scrap the time management workshops and change how you think about where you're investing your energy and focus during your day.

FOUR STRATEGIES TO HELP YOU

Here is the good news. The following four strategies could help you sleep better and have more time for things that matter to you. If you are one of those people who works really hard all day and feels like you don't know where your time went, this might change everything.

1. THE BOTTOM LINE IS THIS: THE SECRET IS IN GETTING MORE DONE, IN LESS TIME

Mostly I find my clients think that when they are under pressure, they need to work harder and longer. However, the opposite is true. Work in a focused manner, be strategic and deliberate in how you map your day.

As Dan Pink – author of When: The Scientific Secrets of Perfect Timing – puts it: by structuring tasks around your natural daily physiological rhythms, you can do the right work at the right time, which boosts both productivity and creativity. I told you there was good news!

2. FOR EVERYTHING YOU SAY 'YES' TO, YOU ARE SAYING 'NO' TO SOMETHING ELSE

In the coaching world, we talk about the opportunity cost. Every commitment you make has a financial,

emotional, social, physical and/or time cost attached to it.

For example, when you say yes to a meeting, it's going to cost you 60 minutes of your time, which means you are saying no to getting home to dinner with your family or finishing that report.

Sometimes, we just need to do what's required, but whenever you can manage it, say yes to what will help you get more done according to what is high priority for you.

Are you consciously saying yes to the right tasks and invitations?

3. RUN AND THEN REST

Your body and brain need periods of time to disconnect, with studies showing that mental breaks alone can boost productivity, replenish attention and motivation stores, solidify memories, and encourage creativity. Go hard for a 90-minute session and then disconnect.

However, do not confuse this with multi-tasking. Don't go from one task straight onto another or work hard on multiple things within the 90-minute block. When your brain is focused on a task and then has to switch to another, it has to slow down to process all the different requests you are making of it.

The following 'rest' period can be as simple as walking a lap of the office floor and making a cup of tea. You will find that if, rather than resting, you go straight into email, you won't have the opportunity to reset and rejuvenate.

For years, athletes have shown us the importance of resting after high performance activity. Plan out your day following this thinking and see what's different.

4. MAKE YOURSELF YOUR MOST IMPORTANT PROJECT

Investing in you is the most important investment you will ever make. You will never have today again.

Successful people think strategically about how they are living, working, and getting things done. They set deadlines and consult experts who will support their success. They identify blockers and review their progress.

Working more hours is unlikely to make you more successful or productive. Do an audit on what is and isn't working for you now in terms of your daily productivity. Pay attention to what's consuming most of your time and head space. Seek out a mentor who can provide you with some wisdom on 'getting there' without compromising your wellbeing.

So, here's to you setting your pace and having a hugely productive week, month, and year.

Lisa Stephenson, founder of The Coach Place Global, is a globally recognised high-impact coach, consultant, keynote speaker and author. For more information, go to: thecoachplace.com

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A HOME AWAY FROM HOME

The Girls and Boys Brigade is developing youth programs that allow disadvantaged young Australians to be heard, find their independence, and stay at school.

For over 140 years, The Girls and Boys Brigade (GBB) has provided a safe refuge for vulnerable youth. Established in 1882 as The Boys Brigade, the Brigade was set-up for vulnerable inner city boys who were primarily employed on the streets of Sydney selling newspapers.

Living conditions were poor for these paperboys, who spent their nights sleeping under wharfs or in back alleys. The congested, industrial areas of inner Sydney provided little educational or recreational opportunities for these boys, who were often at high risk of causing trouble or getting involved in gang-related activities.

By establishing The Boys Brigade, the goal was to fill the hours between school and bedtime for these boys. This social and educational club kept boys occupied with beneficial activities. The boys met nightly to study, learn useful crafts, and access entertainment. Educational workshops were also held, teaching practical skills, like carpentry and bookbinding, that would help these boys to earn a living once they were old enough.

Although The Boys Brigade officially changed its name to The Girls and Boys Brigade in 2003, the mission of this not-for-profit has remained the same – to support inner Sydney children and youth (aged 5-18) whose families live with significant financial, social, educational, and housing disadvantages, by providing education and recreation that build life skills as a foundation for a brighter future.

"It is our belief that all children, no matter what their circumstances or challenges, deserve a bright future. GBB programs provide educational and recreational opportunities for young people, empowering them to learn new skills, explore their passions, and experience childhood to the fullest," says Roslyn Miller – Fundraising Manager at The Girls and Boys Brigade.

"Through early intervention and practical support, we help children, youth, and their carers build self-reliance and create bright futures for themselves."

YOUTH AFTER-SCHOOL DROP-IN PROGRAM

Today, the GBB runs a range of programs for children, youth and families, that aligns with its mission. Its Youth Program works closely with young people aged 11-18, with the aim of empowering them to confidently navigate their high school years.

"Our youth support workers engage closely with youth, their families, schools and community organisations, to help the program's participants navigate challenges, stay motivated at school, and build life and vocational skills," says Roslyn.

"Through a combination of educational support, art, sport, excursions and mentoring, we help young people to become confident, independent and resilient young adults. This helps our youth develop bright aspirations for future study and employment."

One of GBB's youth programs is the Youth After-School Drop-in Program. The primary objective of the Youth After-School Drop-in Program is to provide youth with the support and opportunities they need to navigate the challenges of growing up, avoid crisis and develop a positive view of the future. It does this by providing a friendly and inclusive environment, where youth can go to after school to relax, find respite, access resources, and participate in activities.

As a mum of two primary school aged children, Jasmine Theophile CFP® – a financial planner at Strategic Wealth Management Financial Planning – says she can't begin to understand the trials and challenges that some of the kids in this program struggle with.

"At our recent annual conference, we were liaising with GBB volunteers and learned that small donations are not always able to help them reach their goals throughout the whole year. They are under-resourced and underfunded, but are filled with commitment and passion to make a difference in the lives of 11-18 year old inner Sydney kids who face educational, financial and social challenges," says Jasmine.

That was enough to motivate Jasmine to endorse GBB's application for a $10,000 Future2 grant. She says she remains "hopeful" and "positive" that every small action by a member of the community can make a difference to the lives of others.

A HOME AWAY FROM HOME

According to Roslyn, the Youth After-School Drop-in Program is a core

THE GIRLS AND BOYS BRIGADE

GRANT AMOUNT: $10,00

ENDORSED BY: JASMINE THEOPHILE CFP®

FPA CHAPTER: SYDNEY

The Girls and Boys Brigade is developing programs that help disadvantaged young people build self-reliance and create bright futures for themselves.

component of the GBB Youth Program, and has been specifically designed to help young people stay engaged at school and ensure they don't fall behind their peers. It does this by providing assistance from volunteers and staff, as well as by providing access to technological resources to enable program participants to complete their homework and assignments.

"The program also encourages youth to explore their hobbies and interests by participating in a range of structured and unstructured activities. These activities aim to expose these young people to new experiences, allowing them to develop brighter aspirations for their future," says Roslyn.

The Youth After-School Drop-In Program involves several subprograms designed to support youth aged 12-18. This includes:

- **Youth After-School Program:** This program operates as a drop-in service for young people, four afternoons a week. The youth room offers a friendly, welcoming, and inclusive environment, where young people can complete homework, access support (crisis or preventative), socialise, play sports or video games, work on creative projects, and participate in planned activities.
- **Youth Dinner Nights/Sports Nights:** Youth dinner nights and sports nights happen on a weekly basis, offering participants an opportunity to come to the centre and connect over a meal or friendly competition. These programs work together to teach youth life skills, including fitness, nutrition, and cooking skills.
- **Year 6 Integration Program:** This provides Year 6 students in GBB's Children's Programs the opportunity to experience the Youth Program as they make the often challenging transition to high school. The aim is for Year 6 students to gain independence in a supportive environment, further develop their resilience and connections, whilst participating in a range of activities that they can then continue to access once in high school.
- **Vocational Excursions and Workshops:** For youth who face social and educational disadvantage, accessing extra-curricular activities that provide the inspiration and encouragement towards various career pathways is often financially unviable. By providing vocational excursions and workshops, GBB provides them with the opportunity to keep up with their peers and find the spark that might ignite their passion for a career.

"Youth can participate in the After-School Drop-in Program for their entire high school years, providing them with long-term support, as they navigate high school and the challenges of becoming a young adult," says Rosyln. "The program is free of charge, and is designed to help young people build a strong support network."

She adds that young people often refer to the GBB as their 'home away from home', with program participants saying the GBB allows them to be heard, find their independence and most importantly, feel included.

"Because of this, our staff are able to identify challenges that youth might be facing and deliver tailored, early intervention to ensure that youth stay engaged with school, their families and society," says Roslyn.

"As a result of the positive relationships built between youth and staff, our team is seen as trusted advisers who can provide mentoring or support on a range of topics, including home, school, employment relationships, the youth justice system, and mental and physical health."

Roslyn adds that high school is a formative time for in the lives of young people. It is during these years that youth make decisions about the effort they will devote to their studies, friendships/relationships, extracurricular activities, and vocational goals.

"The actions we take to empower youth now will shape our future communities," says Roslyn.

"We are deeply grateful to Future2 for its support of this program, which will continue to positively impact those who have experienced the effects of this funding for many years to come."

CPD MONTHLY

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

ARTICLE 1

ANNIE DAWSON CFP®
HEFFRON

NAVIGATING LIMITED RECOURSE BORROWING ARRANGEMENTS

Despite their complexity, SMSF trustees are still utilising limited recourse borrowing arrangements (LRBAs) to invest. LRBAs are complex, especially as the legislation governing these arrangements has changed substantially over time (in July 2010 and again in July 2018).

Whilst not exhaustive, this article explores LRBAs and some of the common issues for advisers to consider, if they are giving advice to clients who hold these types of structures or are considering them. When advising on LRBAs, it's important that financial planners proceed with caution when commencing, maintaining, and ending these arrangements.

WHAT YOU WILL LEARN

- Establishing an SMSF or rolling in super benefits
- Arm's length terms and conditions
- Impact on a member's total superannuation balance
- What happens when the LRBA loan is repaid

This article is worth **0.5 CPD HOURS**

ASIC Knowledge Area **SMSF**

Legislated CPD Area **TECHNICAL COMPETENCE**

ARTICLE 2

MARK GLEESON CFP®
INSIGNIA FINANCIAL

PLANNING FOR AN OVERSEAS MOVE

When clients who are Australian citizens or permanent residents move overseas, there are many financial planning opportunities and considerations for financial planners.

If the client becomes a non-resident for tax purposes, there may be an opportunity to acquire and dispose of certain assets without capital gains tax. Investing back into Australia can be particularly tax-effective with relatively low withholding tax rates.

Financial planners also need to consider the superannuation strategies that can be implemented whilst overseas and watch the traps with self-managed super funds. Comprehensive planning should also include personal insurance, social security, and estate planning.

WHAT YOU WILL LEARN

- Tax planning
- Superannuation opportunities
- Insurance planning
- Social security planning

This article is worth **0.5 CPD HOURS**

ASIC Knowledge Areas **SUPERANNUATION** **TAX**

Legislated CPD Area **TECHNICAL COMPETENCE**

To read these articles in full and answer the questions for CPD hours, go to the Learn tab at moneyandlife.com.au/professionals

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Vacant

*Chapter Chairs as at October 2022. The 2022-2024 Chapter Chairs to be announced.

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