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MANDATE FOR CHANGE

It is not every day that you witness the birth of a profession.

Our Extraordinary General Meeting on 7 April saw us take delivery of not just a vote of confidence for our strategic direction but an overwhelming mandate for change. Being in the room as they read out the vote count was an experience I won't easily forget.

As you know, over 94 per cent of votes were returned in favour of our new three-year strategic plan that aims to elevate financial planning to a universally respected profession. This resounding 'yes' vote means that you don't just want us to become a truly professional association for individual practitioners, you also demand we act in the interest of all Australians who entrust their financial future to a practitioner member of the FPA.

— You also demand we act in the interest of Australians who entrust their financial future to a practitioner member of the FPA.

Over the next six months you will start to see some of the changes take effect. These range from the cosmetic (rebranding of our website) to the more significant (see below).

From 1 July:

- The category of Principal member ceases to exist, to be replaced by the category of Professional Partner (no voting rights or use of the FPA brand).
- Only individual practitioner members will have the right to vote.
- Individual practitioners will receive the Code of Professional Practice, including the new FPA logo and guidelines for its use.
- A new category of Professional Practices commences and those who register and are approved will be licensed to use the new Professional Practices logo.

You will also begin hearing more about the new consumer PR and advertising campaign to be launched in the second half of this year.

ASIC proposes new training and assessment framework for financial planners

The FPA supports the overarching principles of the proposed new assessment and training framework as the requirement for an entry examination for new financial planners, along with a one-year supervision requirement, as it is consistent with our current practices. However we are concerned about the ramifications of the proposals on existing qualified professionals.

ASIC is proposing a three-stage assessment and professional development framework.

Stage 1 – National Certification exam
A financial planner must pass this exam before being allowed to provide personal or general advice to clients on Tier 1 products.

Stage 2 – Monitoring and supervision
A 12-month supervision requirement for new financial planners.

Stage 3 – Knowledge update review
The current CPD regime is retained, however a financial planner must undertake an online update review within two years of passing the certification exam and then every three years after that.

As usual, there is a proposed transition period for these changes which starts from 1 July 2012.

There is strength in numbers and we believe on this issue every voice counts. We encourage all members to review the consultation paper and provide your feedback and comments directly to ASIC.

Please make sure you also send us a copy, as we will incorporate your feedback into our submission.

Please email your feedback to ASIC: Helen.Caroll@asic.gov.au.
Please copy in or email your feedback to FPA: Policy@fpa.asn.au.
Final submissions are due 1 June 2011.

Tax agent services update

In late April, Minister Bill Shorten MP announced the latest stage in the regulation of financial planners who provide tax advice. The FPA is heavily involved in the consultation process and has been working closely with the Minister, Treasury, ASIC, the Tax Practitioners Board and the accounting bodies to avoid duplication of regulation and red tape, reduce unnecessary burden and costs as well as ensure appropriate competencies and strengthen consumer protection.

What we have achieved so far has been confirmed in the Minister's announcement:

- The current exemption is to be extended to 30 June 2012.
- There will be three levels of registration through ASIC that financial planners can operate within:
  1. Only provide general factual information (no tax advice);
  2. Become registered through ASIC to be able to provide tax advice within the context of financial planning advice (note: this level will apply to the majority of members); or
  3. Full tax agent services registration with the Tax Practitioners Board (TPB).
- Further consultation will be carried out regarding competencies and the proposed level of additional qualification requirements, which could be equivalent to a Diploma.
- A transitional framework will operate from 1 July 2012 to enable financial planners (existing and new) to be eligible for registration, prior to satisfying competencies, for a period of three years expiring on 30 June 2015.

The next steps include the development of:

- Competencies and qualifications to be included in a release of an exposure draft paper for comment; and
- Guidance material to clearly explain to financial planners the types of tax advice that can be provided under each level of registration.

We will continue to support FPA financial planning professionals with government and regulators, and we will continue to advocate for you as we manage the reform agenda.

Mark Rantall CFP®
Chief Executive Officer

FPA calls on Minister Shorten to recognise financial planning profession under law

The Financial Planning Association (FPA) has called upon Assistant Treasurer and Minister for Financial Services and Superannuation, Bill Shorten, to consider a proposal that would restrict the use of the term 'financial planner' under law.

"The title of financial planner should be restricted under law for use by members of an approved professional association, governed by the highest ethical, educational and professional standards," FPA chair Matthew Rowe CFP® told an FPA luncheon attended by Minister Shorten.

"The FPA believes this to be a fundamental public confidence issue. Consumers deserve the right to differentiate between a qualified, professional financial planner and anyone who happens to hang out a shingle calling themselves a financial planner.

"Similar professions that deal with matters of public interest, such as tax agents and stockbrokers, have the force of legislation behind them and we believe financial planning should be no different."

Currently, under the Corporations Act 2001, there is no constraint on individuals calling themselves financial planners irrespective of their training, competence, and even licensing.

> *— "The FPA believes this to be a fundamental public confidence issue."*
>
> **Matthew Rowe CFP**

The FPA believes this puts consumers at risk of receiving poor advice from incompetent providers and creates confusion as to the difference between financial planners, professional advisers, and others.

"There is a high level of confusion in the market – within industry, media, government and consumers – about the definitions and roles of financial planners, advisers, and those that sell financial products," FPA CEO Mark Rantall CFP said.

"Some incorrectly use the term financial planner, seemingly unaware of the specific competency, training, licence, professional standing and services provided."

FPA chair
Matthew Rowe CFP

The FPA said the purpose of the recommendation was:

- To restrict the ability for individuals to call themselves a financial planner if they are only selling a product. The term financial planner is increasingly being used by persons who provide non-traditional ancillary services in marketing and promotional material (attracts customers for realtors, stockbrokers, and mortgage brokers).
- To require financial planners to adhere to professional obligations by requiring planners to be members of an approved professional association.
- To improve consumer protection by capturing only true financial planners (that is, excluding those not providing financial planning advice).

Defining financial planning can either use a functional approach (state methods of practice), a holding out definition (those who hold themselves out to provide financial planning services), or a combination of both.

Market volatility not the only risk for investors

Ongoing concerns by investors about market volatility may mean they are ignoring other critical investment risks which can have a major impact on their retirement income, according to Cameron Dickman, head of retail at Australian Unity Investments.

He said this has resulted in investors making risk minimisation their priority, rather than ensuring their retirement incomes would last.

"Even now, when volatility has largely returned to pre-GFC levels, many investors are still keeping a significant proportion of their retirement savings in cash options such as term deposits, in the belief that this is the least risky strategy," Dickman said.

However he said this approach exposes investors to other types of risks, including inflation risk, income risk and opportunity risk.

With capital locked in a non-growth asset in an environment of rising inflation, investors risk losing value on both the principal and returns, while opportunities for better returns and capital growth may also be missed. However Dickman said perhaps the biggest issue for investors is income risk.

"Investors who took their money out of other investments to put into cash when the government introduced the bank guarantee have most likely sacrificed income. Term deposits may seem a safe haven now, but people probably don't realise that this choice means they have introduced future income risk into their portfolio," Dickman said.

By instead taking a balanced approach through a diversified portfolio, investors can obtain a balance of high liquidity, high returns and low risk.

On average, the advisers who earn the most have one thing in common.

For the third year in a row, independent research has found financial advisers working with MLC licensees (including Godfrey Pembroke, Garvan, Apogee and MLC FP) earn more on average than advisers in other major non-salaried dealer groups.

The findings were part of Comparator's annual benchmarking study into advisers in Australia's leading licensees and the revenue they earn.

It takes into account all volume rebates, fees and dealer splits paid.

MLC licensees support a fee for advice model and provide licensee services on a flat-fee basis, with no dealer splits or volume rebates.

The findings show that fees for advice on investments are good for the adviser and the investor.

If you want to be part of this, please call 1800 552 049 or email **business.growth@mlc.com.au**

MLC
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COIN launches mortgage module

With a 2010 survey of financial planning practices showing that nearly three out of four had providing mortgage broking or referral services to their clients on their agenda, COIN software has launched a mortgage module as part of its COIN Office package to support planners looking to diversify their businesses.

Macquarie Adviser Services head of product and technology for COIN and web, Robert McCabe, said the survey results indicated a need to provide a solution that would provide support to both advisers and brokers as they diversified their business streams.

"Through the launch of COIN Mortgage we believe we are responding to the evolution of the financial advice industry and delivering a solution that meets the needs of advisers in this changing environment," McCabe said.

Robert McCabe, Macquarie Adviser Services

A loan product research and comparison solution, COIN Mortgage provides financial planners with the tools to integrate mortgage advice in their business. It includes in-built features to help them meet the new National Consumer Credit Protection (NCCP) requirements.

ASIC releases updated guidance for AFSL holders

The Australian Securities and Investments Commission (ASIC) has released updated versions of a number of regulatory guides for Australian financial services licence (AFSL) holders, to remove outdated information and incorporate references to regulations released in recent months, including those affecting issuers of standard margin lending facilities, simple managed investment schemes and certain superannuation products.

The following guides have been updated:

- Regulatory Guide 36 – *Licensing: Financial product advice and dealing* (RG 36)
- Regulatory Guide 121 – *Doing financial services business in Australia* (RG 121)
- Regulatory Guide 170 – *Prospective financial information* (RG 170)
- Regulatory Guide 175 – *Licensing: Financial product advisers – conduct and disclosure* (RG 175)

Key changes included in the new guidance in RG 170 relate to requirements for how issuers of standard margin lending facilities, simple managed investment schemes and certain superannuation products should disclose prospective financial information, in accordance with the new shorter PDS requirements, while RG 175 has been amended to clarify obligations relating to the provisions of financial advice via an intermediary.

Agreement on resources tax secures super increase

With agreement reached on the Australian resource taxation regime, Assistant Treasurer and Minister for Financial Services, Bill Shorten, claimed a victory for the superannuation of Australians.

"The government's Stronger, Fairer, Simpler reforms will deliver substantial improvements in retirement savings and a fairer distribution of taxation concessions, ensuring more Australians can enjoy a comfortable retirement," Shorten said.

"The revenue from the Mining Rent Resource Tax (MRRT) will help offset the loss of taxation revenue from increasing incentives to save through superannuation."

The reforms include increasing the Superannuation Guarantee to 12 per cent from 1 July 2013, with the Guarantee age limit also rising from 70 to 75. The government will also contribute to the super savings of low income earners from 1 July 2012, with a contribution of up to $500 annually for individuals on adjusted taxable incomes of up to $37,000.

Workers aged 50 and over with superannuation balances below $500,000 will be able to make up to $50,000 in annual, concessional superannuation contributions.

Assistant Treasurer and Minister for Financial Services, Bill Shorten

SMSFs without strategy risk compliance

Many self-managed super funds (SMSFs) are risking their complying status by not having an updated and appropriate investment strategy, according to NAB Private Wealth general manager David Pourre.

By law, all SMSFs must state an investment strategy and invest accordingly. "Lack of a clear investment strategy often leads to a portfolio that fails to meet the needs of members and can also lead to hefty fines from the Australian Taxation Office if the fund loses its complying status," Pourre said.

He said clients often want to change or diversify their portfolio without considering their current strategy, and recommends trustees seek advice from a CFP® professional on how to document and review the required investment strategy.

NAB Private Wealth senior wealth adviser Hayden Mortimore said not only do SMSF trustees who fail to seek advice not properly understand their legal responsibilities, many funds also suffer from a lack of diversification resulting in poor retirement income streams for members.

Pourre said SMSF trustees should be encouraged to review their strategy at least once a year.

One in two Australian retirees regret not saving more

If they could start their working life again, 46 per cent of retirees said they would make extra super contributions, start saving earlier, or save more consistently, according to new research from Investment Trends.

Based on an online survey of 974 retirees and pre-retirees late last year, the Investment Trends 2010 Retirement Incomes Report revealed a considerable mismatch between Australians' expectations before retirement and the reality of life for many retirees. Key findings include:

- Before retirement, Australians expect on average that they will need $56,000 a year to lead the retirement lifestyle they are looking for. But retirees spend an average of just $39,000 a year once they retire, with spending declining to an average of $32,000 a year after 10 years in retirement.
- Those in their 40s and 50s underestimate their life expectancy, and thus the amount of retirement savings they will need. However, retirees currently in their 80s expect to live to 95 on average, with only one in eight saying they are in poor health. That gives them an average of 31 years of retirement.

> *— "Around one in four expect to earn 10 per cent a year on their retirement savings."*
>
> **Tim Cobb**

Tim Cobb, chief operating officer, Investment Trends, said many Australians seem to be unprepared for retirement, and have unrealistic expectations for their retirement savings.

"Among those yet to retire, around one in four expect to earn 10 per cent a year on their retirement savings, considerably more than recent returns," he said. "Similarly, almost half expect to receive the Age Pension, whereas only 31 per cent of current retirees are in fact entitled to a full or part-pension," Cobb said,

"At the same time, the report shows that retirees adjust rapidly to their reduced incomes, with actual spending among retirees considerably lower than the amounts that those in the workforce anticipate they will need.

"While around 47 per cent say that living in retirement is cheaper than expected, it also seems likely that many retirees are adjusting their lifestyle to fit their means," said Cobb. "More than half have been negatively affected by the GFC, with 35 per cent saying that they have somewhat less income than before, and 14 per cent saying that they have substantially less income."

Asked what they thought was most important in a retirement income product, both retirees and pre-retirees preferred transparency and stability to high returns. The five features they rated most highly were tax effectiveness (rated as essential, very important or important by 91 per cent of participants); easy access to money (87 per cent); easy to understand (86 per cent); protection against market falls (77 per cent), and stable returns (86 per cent).

AMP and AXA merger becomes official

Following the recent acquisition of AXA Asia Pacific by AMP, *Financial Planning* caught up with AMP chief executive officer ***Craig Dunn*** and AMP Financial Services managing director ***Craig Meller*** to discuss the direction of the two businesses.

By anyone's account, AMP played a shrewd hand in campaigning for the hearts and minds of the Australian Securities and Investments Commission (ASIC), the media and consumers in its bid to acquire AXA Asia Pacific. Offers by NAB to acquire AXA were refuted on the grounds of industry monopolisation, and consolidation of products, distribution and services by one of the 'big four'. They were effective arguments that finally won the day for AMP.

So what now for AMP? The merger has brought under its umbrella some highly reputable dealer groups, it has achieved incredible scale quite quickly, it now has its own branded platforms, thanks to AXA's Summit and North, and a breadth and diversity that comes with bringing AXA into the fold.

Dealer group consolidation

In speaking to *Financial Planning*, AMP Financial Services managing director Craig Meller was quick to scotch any suggestions that the merger would result in any changes to the licence conditions of AXA-aligned financial planners.

"This merger will deliver better value propositions for all stakeholders and clients," Meller said. "The merger will provide a multi-brand advice model that will be very attractive to the market."

Meller said there would be no change to the Genesys Wealth Advisers and Charter Financial Planning models as part of the merger, but conceded that within two years, AMP would have to drop the AXA Financial Planning brand when its agreement with the French parent of the brand, AXA SA, expired.

Although the AMP/AXA merger will deliver an integrated entity of approximately 3000 financial planners, making AMP the largest licensee in the country, Meller confirmed the probability that AMP would lose some planners due to differences that come with a cultural realignment of the business.

> *—"This merger will deliver better value propositions for all stakeholders and clients."*
>
> Craig Meller

AMP chief executive officer Craig Dunn agreed there would be redundancies across the broader business where duplication existed between the two organisations, and hoped this could be achieved through natural attrition and voluntary redundancies. The integration of the two brands is expected to take two years.

Value of advice

Dunn said the industry still had some work to do when it came to talking about the value of advice.

"Advice is undervalued," he said. "This requires a frank discussion around fees and charges, and the value that professional advice brings to clients.

"With so many Australians disconnected from financial advice, we can help drive people to practices by improving the professionalism of the industry, and by making it more affordable and accessible for them."

Meller agreed and said the move by the FPA to restrict membership to individual practitioners only would help raise the professional profile of financial planners with consumers.

"I think it's something the FPA should be congratulated on," Meller said. "It's important that the profession has a strong, vibrant association, where it can focus on the needs of its members. You only need to look at what other professional practitioner associations have done, like the Institute of Chartered Accountants, which has delivered real benefits to its members."

Meller added that making advice more affordable to consumers was an ongoing issue, which will only be exacerbated by 'opt-in'.

"Our view is that opt-in is unnecessary and will add cost and bureaucracy to the industry," Meller said. "That's AMP's stand to government – there's no reason to have an opt-in."

Acquisitions

Following the successful takeover, what is next for AMP?

Dunn was a little circumspect, but refused to rule out any future acquisitions.

"The GFC saw an opportunity for consolidation, and that's what happened in the marketplace," he said. "AMP is always looking to grow and develop business, so we're always exploring opportunities for further acquisitions. However, we're unlikely to see anything of a similar scale to what has just happened with AXA."

Dunn conceded that Asia offered better opportunities for AMP, at least in the short-term, and that was where the company had already made some "small acquisitions".

WHAT THE 'YES' VOTE MEANS FOR YOU

On 7 April, FPA members made an historic vote to usher in a new era of professionalism, overwhelmingly endorsing plans to adopt true professional status. This is what you can expect over the coming months as a result.

The Extraordinary General Meeting, held in Melbourne, delivered 94 per cent of votes in favour of a new three-year strategic plan that aims to elevate financial planning as a universally respected profession.

To be passed, the proposition required 75 per cent of the voters to vote 'yes' and support the mandate of becoming a professional association for individual practitioners.

Something that should not be overlooked is that the vote also required 75 per cent of the licensee community (Principal members) to see past the immediate business and advocacy opportunities and put their support behind financial planning as a profession of individuals.

The fact that 87 per cent voted for the change shows the Australian financial planning licensee community is prepared to sign up to supporting our individual members to practice in accordance with good professional practice.

According to FPA chair Matthew Rowe CFP®, the resounding 'yes' vote for individuals and principals is not only a landmark decision in the history of the FPA. It also hands the FPA a mandate to aggressively pursue its vision of becoming a true professional association. Individual financial planners will be at the centre of its focus, acting in the interest of all Australians who entrust their financial future to an FPA member.

"This is more than just a vote about membership. It's the start of a journey for us all to rebuild trust in our community and communicate the importance of professional financial planning that demonstrates how FPA members are the ones who stand up and commit to taking utmost responsibility for delivering on the core promise of professional and ethical behaviour," said Rowe.

"This requires all FPA members to not only act in the public interest, but be seen to do so. It also means we as a professional body will continue to set the pace for the profession and support its growth through awareness campaigns, a commitment to higher standards and our expectations of members adhering to a strict code of professional practice."

Change of this scale also means changes for the FPA as an organisation. Members will begin to see immediate changes to the association rolled out over the next six months, as well as longer-term changes to service and member offerings.

Changes now afoot

The FPA will remove the Principal membership category from the 2012 financial year. Licensees can continue to support the advancement of professional financial planning by participating as non-member Professional Partners.

Only individual financial planning professionals will have the right to vote going forward, and they will receive the Code of Professional Practice, including the new FPA logo and guidelines for its use.

The new category of Professional Practices will also commence, and those who register and are approved will be licensed to use the new Professional Practices logo.

The changes will be introduced from 1 July, for the 2011-2012 membership year.

Continued on p12

The New FPA will be supported with a $15 million brand and national consumer advertising campaign over five years to position FPA members as trusted professionals, scheduled to start in the second half of 2011.

Committee structure to be overhauled

Other initiatives will include a transformation of the FPA's committee structures, to ensure the correct mix of expertise and an opportunity for all interested professional practitioners to engage.

This will include a streamlining of Board Committees, and the development of a new range of Management Committees, aligned with the FPA's strategic goals.

Membership of the Management Committees will be open to practitioners who wish to contribute. By the time this edition is released, the FPA will have written to all members encouraging nominations for committee participation in the area of their expertise and enthusiasm.

The proposed committee areas are:

- Membership;
- Communications and Marketing;

> *— "This is more than just a vote about membership."*
>
> **Matthew Rowe CFP**

- Conference and Events;
- Education and Services;
- Professional Conduct;
- Policy and Government Regulations;
- Professional Designations;
- Small Licensee Committee; and
- Professional Partner Committee.

Information about the purpose of each committee can be found on the FPA website, and the FPA encourages all professional members to apply.

Nominations can be made via the website or by sending an email to newFPA@fpa.asn.au by 29 May. Members should identify one (and at a maximum, three) committees they would be interested in participating in, giving reasons as to why their expertise and/or qualifications are best suited to that committee.

The final decision on the membership of each committee will be made by the CEO, in adherence with the Board-approved policy on committee membership, with CFP professionals being given priority.

Financial Planning Education Council initiated

The inaugural meeting of the Financial Planning Education Council has also been held, beginning the development of a harmonised national university curriculum for financial planning.

Over the next 12 months, the Council will develop a strategy to achieve this aim, as well as the creation of a formalised accreditation system for programs and institutions, providing all universities with an opportunity to align the delivery of their programs to the global standards for financial planning professional practice.

It is hoped that within three years, there will be substantially more educational pathways and offerings to suit members in the achievement of university qualifications.

QUARTERLY COMPLAINTS AND DISCIPLINE REPORT – JANUARY TO MARCH 2011

The FPA's March complaints and disciplinary report highlights the risks in communicating complex products.

The Financial Planning Association (FPA) is committed to informing members and the community of the trends and outcomes of complaints and disciplinary action in the financial planning profession.

Communicating professional disciplinary outcomes shows the profession takes a strong position on breaches of its professional expectations. Doing so helps build community trust and confidence in the financial planning profession. It also confirms member standing in the community by acknowledging that only FPA professionals agree to be held accountable to high standards of professional and ethical conduct.

Communicating the activities of professional accountability is protective of members who adhere to high standards. By assisting members to appreciate the types of complaints received and encouraging members to consider their own practices, we aim to provide guidance for complaint prevention and contribute to a confident professional community, knowledgeable and comfortable within the FPA professional framework.

Disciplinary activity summary

In the March quarter (January to March 2011), the FPA received 12 new complaints, finalised 16 investigations, expelled three members and currently has 52 ongoing investigations. Of those ongoing investigations, 12 are continuing matters that have been referred to the FPA's Conduct Review Commission (CRC) as being potential breaches of the FPA's professional expectations.

— Correctly using the professional designations and your FPA membership helps to differentiate you as a financial planning professional.

Some of these complaints have raised the following issues:

- Communicating risks to clients about more complex products;
- Understanding and communicating complex products to clients;
- Issues communicating structured product risks; and
- Members making inaccurate promotional statements.

Communicating risks to clients about more complex products

Complaints following the failure of complex products have been occupying our attention this quarter. Recommending complex products can pose some special challenges for financial planners due to the challenges the planner may face in understanding product characteristics, key features and risks, and then communicating these elements effectively to the client.

Good research and good client communication are important elements in mitigating the risk of client complaints when these products fail or don't perform as expected.

The starting point for good practice in recommending complex products is that the financial planner must understand the product being recommended. Rule 4.6 of the FPA Rules of Professional Conduct states that:

"A Member must not recommend a product or a service unless the Member understands its characteristics, risks and key features."

Understanding and communicating complex products to clients

For simple investment products, a competent and experienced financial planner might rely on the Product Disclosure Statement (PDS) from the product issuer, short form research house report, and perhaps the product accreditation training provided through their licensee to develop their understanding of the particular product.

Continued on p14

— Effective disclosure of product risks may extend beyond merely conveying information about generic risks contained in the PDS.

Some internal licensee research teams provide an additional overlay of material to assist planners to assimilate product information and research, and place the planner in a better position to communicate this material to their clients.

It is reasonable to expect that a planner will need to gain deeper knowledge utilising detailed external research reports in relation to new types of products, or products with new features and risks, or where the product has more complex features. In these circumstances, the client is often placing heightened levels of trust and reliance upon their financial planner, and the robustness of the authorising licensee's process.

It is therefore incumbent upon the financial planner to develop a deeper understanding of those products before assessing their suitability and usage within a particular client's strategy or portfolio. This is not easy, and with uncertainty about the level of reliance and accountability of research house material, professional judgement is required to answer the questions, "Do I know enough about this product to recommend it to my client?" and "Can I effectively communicate the characteristics, risks and key features to my client?".

Effective disclosure of product risks may extend beyond merely conveying information about generic risks contained in the PDS and require the adviser to bring home to the client how these risks could impact each of the client's identified objectives and any financial planning strategy being recommended.

Issues communicating structured product risks

There are many varieties of structured products. Most invest in an underlying asset class but also have a capital guarantee feature designed to protect the invested capital at the expiry of the term of the product. Some also provide distributions to investors throughout the term of the product.

However, when the underlying asset fails to perform as expected, some structured products reduce or stop distributions.

The FPA has received complaints which involve clients borrowing to invest in structured products and relying on distributions to fund their repayments. In these complaints, the product has significantly cut its proposed distributions, placing the client in a position of having to make repayments on the borrowed funds with very little distributions to offset these repayments.

Some complainants allege they don't have the cashflow or funding capacity to make these repayments. Moreover, many products require the clients to remain in the product for its full term in order to access its capital guarantee. As some product terms can be as long as seven years, clients are forced to continue making interest repayments for many years on a non-performing investment.

FPA Rule 4.11 of the Code of Professional Practice outlines the FPA's rules about the type of information that should be provided to the client to assist them in making their investment decision. Rule 4.11 (d) states that the adviser should disclose: "the reasonably foreseeable risks and consequences of each recommendation".

The FPA encourages members to consider the potential impact of zero distribution on the client's cashflow and whether the client has sufficient cashflow to fund any shortfall in distributions. Further, members

Table 1: Complaints and disciplinary activity January – March 2011	
Ongoing investigations as at 1 January 2011	56
New investigations	12
Investigations closed	16
Investigations ongoing as at 31 March 2011	52
Members suspended	0
Members expelled	3
Member/s :	
• Gus Dalle Cort	
• ACN 003 636 968 Pty Ltd (formerly Total Financial Solutions Australia Pty Ltd)	
• Shaun Fitzgerald	
Other sanctions	0

need to consider the impact of the loss of distributions on the client's overall objectives.

Members making inaccurate promotional statements

Accurately representing who we are and what we do helps to raise the standing of our members in the community and ensures the professional marks and designations inspire community trust in the profession. Correctly using the professional designations and your FPA membership helps to differentiate you as a financial planning professional.

The success of our new brand strategy is encouraging many more members to revisit their market representation, and to look at that of their colleagues. As a result, we are receiving an increasing number of complaints against members regarding the manner in which they promote and advertise themselves.

We have reviewed instances on websites, disclosure documents and in some advertising material where members have stated they hold CFP® or Associate designations, yet they are General or non-members. In another instance, a member incorrectly claimed all its representatives were members of the FPA.

Such statements can mislead clients regarding the competence, experience and professionalism of the financial planner. More importantly, as we move to make the most of our exciting new brands, how we represent and differentiate our professional community will be subject to greater scrutiny.

As we go to press, the FPA is revising FPA Regulation 02/04 – Use of FPA Name, Logo, Membership Category Descriptions, Professional Designations and the CFP® Certification Marks. From July, the regulation will include the new brands and marks, and businesses will need to remove obsolete material. Full details of these changes will be available on the FPA website. Please take the time to review your market representation against these changes. Getting this right helps to align your business to the FPA's central message of professionalism.

Terminated members

On 25 February 2011, the FPA received notification from an Australian Financial Services Licensee (AFSL) that Mr Shaun Fitzgerald [member no. 23158] had his authorised representative status revoked due to reasons that amount to a breach of the FPA's Code of Professional Practice. Mr Fitzgerald was asked to respond to the allegations yet failed to do so. The termination of a member's authorised representative status by an Australian Financial Services Licensee (AFSL), due to breach of the Code, enacts clause 17.1(i) of the FPA Constitution – requiring the FPA to automatically terminate its membership.

On 2 March 2011, the FPA became aware that ACN 003 636 968 Pty Ltd (formerly known as Total Financial Solutions Australia Pty Ltd) [member no. 34440] ceased to be a holder of an AFSL. The FPA's Constitution requires a Principal member to hold an AFSL. If a Principal Member ceases to hold an AFSL, or has their AFSL revoked, their membership is automatically terminated, as per clause 17.1(e) of the FPA Constitution.

Disciplinary proceedings

On 21 March 2011, the FPA's Conduct Review Commission (CRC) disciplinary panel finalised one matter. The CRC disciplinary panel finalised a matter concerning the conduct of a former Storm Financial representative, being Mr Gus Dalle Cort [member no. 320817]. Mr Dalle Cort was found in breach of Rule 101 (misleading statements), Rule 110 (unsuitable advice), Rule 111 (failure to explain investment risks) and Code of Ethics Principle Six (Professionalism). He was sanctioned with expulsion and was directed to pay the FPA's costs. The disciplinary panel directed publication of the findings against the member.

Full CRC determinations and case studies are available on the FPA website at www.fpa.asn.au.

ARE ASSET-BASED FEES THE ENEMY?

Q Do you think asset-based fees create conflicts of interest and should therefore be banned as a form of remuneration for advice, or should consumers be given the right to choose whether they would prefer an asset-based or flat fee?

Justin Hooper CFP®
Managing Director and Financial Strategist,
Sentinel Wealth
(Licensee: Sentinel Wealth)

We need to remember in this debate that the purpose of a fee structure is to eliminate any conflicts of interest, and to ensure that the service provider is sustainable.

In addition, it should be an accepted principle that the client and service provider have the right to agree to any fee structure that suits them.

Having said that, it is not difficult to evaluate the alternative fee structures against this objective. For example, time-based fees are often proposed as the only way a professional would operate. In reality, time-based fees destroy relationships. A successful financial planning relationship is based on the planner being proactive. Time-based fees will both prevent a proactive relationship and will not eliminate a conflict. The fee risk lies entirely with the client.

The same type of analysis can be done with performance-based fees, transaction-based fees, asset-based and project-based.

The argument for asset-based fees is that they provide an incentive for the planner to better manage the assets and the argument against is that it creates not only a free ride, but also a conflict in some elements of advice.

However, what if a client wants the planner to have an incentive to increase the client's net worth and the fee is based on total net worth? In this case there is not a conflict. So the conflict may only arise where the fee is based on some assets and not the total.

There is no perfect fee structure. Asset-based fees (on limited assets) can definitely create a conflict. Equally however, time-based or fixed fees have their own potential conflicts. As long as the fee can be justified as being in line with the client's overall objectives, and the client and planner understand where the potential conflict exists, any structure can be acceptable.

Paul Little CFP®
Principal Wealth Adviser,
Landmark Financial
Management Pty Ltd
(Licensee: Apogee Financial
Management)

I would strongly argue that the level and structure of fees is an issue that should be agreed between clients and their professional advisers, and that percentage-based fees can be a very appropriate form of remuneration.

While some argue that there is potential for conflicted advice with percentage-based fees, there is the potential for conflict on any fee structure. For example, with hourly-based fees, there is an incentive to spend more time on an issue than it warrants in order to increase chargeable hours – and I have seen many examples of this by 'professionals' who charge by the hour.

Similarly, if I charge a flat dollar fee to provide a particular service (for example, administer a self-managed superannuation fund), it is not in my interest to suggest to the client an alternative approach – for instance, using a simple retail or industry superannuation fund if appropriate – and again, I have seen many examples where professionals who charge flat dollar fees have recommended services of arguable benefit to the client in order to secure their business.

No simple and transparent fee basis will ever be able to remove all potential conflicts. It is the job of professional planners to manage these conflicts through ethical behaviour, transparency and delivering value for the fees they charge.

Unfortunately one voice in this debate that is rarely heard is that of the clients themselves. We have on several occasions asked our clients whether they prefer time-based, flat dollar or percentage-based fees. The overwhelming response is that they prefer percentage-based fees as they view it as a better alignment of our services with their desired outcomes.

Put simply, if we help their wealth grow, we both benefit; if their wealth declines, we both suffer. While this is not a perfect alignment of interests (because many factors contribute to clients' overall financial success), it is a simple and transparent proxy for value and certainly a closer alignment to clients' desired outcomes than hourly-based or flat dollar fees.

Sue Viskovic
Managing Director, Elixir Consulting

Is there a potential for asset-based fees to create a conflict – or at least the perception of one? Yes. Should they be banned? Absolutely not.

While there is no denying that there are disadvantages to an asset-based model, this is clearly a situation where there is no perfect solution as a replacement. Many planners are implementing a flat fee model to price their advice, and yet that model is also not without some disadvantages.

Planners who choose asset-based fees as their pricing model are clear on their value proposition and their ideal client market. They only service clients with a minimum level of funds to invest and they position their value as including the management of investments. Clients without the minimum funds under management (FUM) are either referred elsewhere or find advice from a planner who charges flat fees.

Unfortunately, there are many planners who are switching from trail commission to asset-based fees without thoroughly reviewing alternative options. As a result, there may be those who will lose clients, as they have selected a pricing model that does not match their value proposition.

A legitimate option is a hybrid pricing model. In this model, a flat fee is charged that covers the services and strategic advice provided by the adviser, plus a small asset-based fee (in the vicinity of 0.2-0.3 per cent) is applied to FUM if the adviser manages investments for the client. This model goes a long way towards adequately compensating the planner for the advice they provide and the risk they take for asset management, as well as providing the client with the confidence that the advice was not influenced by a need for funds to be invested.

I know of more than one example where a planner has attempted to change their pricing model with an existing client from an asset-based model and the client has declined, and insisted they remain on an asset-based arrangement.

If it works for the client and the business, and the conflicts are mitigated, then the choice should be left in the hands of the business owner and client and not be restricted by heavy-handed government policy. Ultimately the responsible, professional business owner will assess the advantages and disadvantages of the models available to them and select the most appropriate for their particular style of advice offering.

James Gerrard CFP®
Financial Planner, PSK Financial Services
(Licensee: Charter Financial Planning Limited)

The Australian Securities and Investments Commission is concerned that asset-based fees are a cause of conflict of interest in that there may be a bias towards recommending larger amounts of money to invest.

If a flat or hourly fee is charged for financial advice, would a consumer expect that the flat or hourly fee on a $5000 portfolio be the same as the flat or hourly fee on a $5,000,000 portfolio? Obviously the answer is no, due to the likelihood that the larger portfolio would be more complex and require a greater level of advice. So isn't there also a conflict of interest in flat and hourly-based fees to invest more money to keep billable hours up or to justify the annual flat fee? If so, why should asset-based fees be outlawed if the other fee methods have the same potential for conflicts of interest?

In fact, conflicts of interest can occur in most professions, however the same level of scrutiny is not applied as with financial planning. Accountants have a vested interest in keeping their clients' affairs complex, lawyers have a vested interest in keeping legal matters open and mortgage brokers have a vested interest writing bigger loan sizes. The solution is that each one of these professions have a code of conduct to minimise conflicts of interests. The FPA also has its own Code of Ethics with Principle One being to "place the client's interests first".

Consumers should be given the right to choose how they want to pay their financial planner. If a consumer has made a balanced assessment that their financial planner has a pecuniary interest in seeing the value of their investable assets grow through an asset-based fee, there is no reason why this arrangement should not be allowed by the government. There is an alignment, rather than a conflict of interest in choosing an asset-based fee financial planner.

Charles Badenach CFP®
Private Client Adviser and Principal, Shadforth Financial Group
(Licensee: Shadforth Financial Group)

Asset-based fees have the potential to create conflicts of interest where an adviser is financially rewarded for using one particular product or structure over another. However with the impending changes outlined in the Future of Financial Advice (FOFA) reforms such as the ban on conflicted renumeration structures (that is, volume-based payments), the potential for a conflict will be significantly reduced.

In a free market economy, it is important that the consumer be given a choice as to how they wish to pay for financial advice. The consumer does, however, need to be made aware of the various fee options available and the impact which this could have on them going forward. There could, for example, be a separate one-page Financial Services Guide that needs to be provided to each client before any fee can be levied or the annual 'opt-in' for asset-based fees be levied.

In every professional relationship, the client is aware of what they are paying for and how this is calculated. If the client is not aware of this, the whole relationship and professional credibility of the industry is at risk. How can you receive professional advice if you are unaware as to how you are paying for the advice?

Every client's situation is different and in my view, it is not appropriate to have one regulated method of paying for financial advice in Australia. Different clients require different types of advice and a 'one size fits all' approach to how they pay for this advice is not practical.

Past practices have shown that there does need to be a strict regulatory framework within which planners would need to work to ensure that the levels of disclosure and transparency are sufficient for the average Australian to understand, and more importantly, comprehend what they pay and what they receive. In my view, the client should be offered the choice.

Greg Cook CFP®
Managing Director, Eureka Financial Group
(Licensee: Financial Wisdom)

What is the ideal form of remuneration for the financial planner/client relationship? What is the objective of this remuneration structure? For the client, I've found it is ease of understanding (including any potential conflicts of interest), and ease of calculation and payment – no surprises if you like.

Hourly-based fees is the mantra for our profession's reformists. The conflict here, of course, is the longer it takes to achieve the outcome, and the less experienced or competent the practitioner, the higher the fee. Over-servicing and contested invoices are certainly not uncommon in the medical, accounting and legal professions.

I don't think there actually is an ideal charging method – unfortunately each has potential for misuse. A professional financial planner should be able to offer a preferred method of fee calculation. It should be clear and readily understandable, and it should be re-stated to the client at least annually. Clients with different expectations and experiences may have a preference or take particular comfort with one method or another.

— I cannot imagine our friends in the industry fund 'movement' sending time-based invoices to members.

For simplicity and commerciality, a practice may wish to be quite prescriptive on the method(s) they wish to offer. A new or existing client should be fully informed via the Financial Services Guide and the discovery process with the practitioner, and is obviously then free to choose a practitioner that is suitable to them and of good value.

Within financial planning, the investment portfolio maintenance and advice component fits naturally with the asset-based percentage model. It is analogous to funds management, and I cannot imagine that industry or our friends in the industry fund 'movement' sending time-based invoices to their millions of members based on how long it is going to take to manage the member's share of the whole fund.

Often definable initial advice is best priced with a fixed time-based fee.

Whatever the scope of the planner's services, an asset-based remuneration structure should not be proscribed by law – as with any other profession, the professional body should set limitations (such as percentage-based fees on gearing strategies). The client should be otherwise at liberty to engage a planner in a mutually suitable arrangement.

Claire Mackay CFP®
Director, Quantum Wealth Advisors
(Licensee: Quantum Financial Services Australia)

Many planners charge clients an asset-based fee. In practice this means most planners need to convince clients to invest via a platform so they can automatically deduct their annual fees of around 1 per cent of clients' investments. The wealthier the client base, the more the planner is paid. The planner's licensee also benefits from the tangled web of volume kickbacks they receive from platforms under this fee model.

Australian consumers face critical financial decisions through their lives. Early on, many need to make decisions about investing in themselves (education) or in their business. Next key decisions can include investing tax effectively in the home and/or in an investment property. Then the focus shifts to mortgage reduction strategies, expanding the property portfolio or even acquiring business-related property. As they transition to retirement, the desire to hold more cash as a defensive strategy increases. Platform-based investing (upon which asset-based fees are determined) is but one part of a client's overall financial situation.

Holistic financial planning should encompass advice addressing all these issues. This is a duty that we as a profession owe to Australian consumers (and not just the wealthy ones). However, under the asset-based fee model, if planners advise clients to reduce their mortgage, invest in their business, invest in property or increase cash holdings, this can lead to a drop in platform-held assets and therefore in adviser fees. Advice that could clearly be in clients' best interests may not be in planners' best financial interests.

Consumers don't want choice over fees, they want certainty of knowing upfront how much they will pay for advice and the reassurance they are getting value for money. According to ASIC, "A 'flat dollar' fee is preferred over a 'percentage of assets' fee as you will know exactly what you are paying." From bitter, recent experiences, consumers today rightly demand that their advisers' interests are 100 per cent aligned with their own. The benefits to consumers of fixed cost advice are clear.

Would you like to join our panel of FPA members willing to give their opinion on topical issues? Email editor@financialplanningmagazine.com.au to register your interest.

OVER THE HEDGE

In recent years, the hedge fund market for Australian retail investors has been somewhat sluggish. But could that change as investors look for alternatives to market-linked exposures and ASIC moves to improve disclosure? ***Freya Purnell*** reports.

In a September 2010 report published by the Australian Trade Commission, the Australian hedge fund sector was estimated at $46.8 billion, with 64 per cent of investors in hedge funds and funds of hedge funds being retail and high-net-worth investors (including self-managed super funds).

There is an estimated 48,000 retail hedge fund investors in Australia, and while current hedge fund investors are more likely to have used a financial adviser (58 per cent), research indicates that investors who are considering, but are not currently invested in a hedge fund, are more likely to invest without advice (57 per cent).

Kim Ivey, president of the Alternative Investment Management Association (AIMA), said particularly since 2008, aside from the enormous retail inflows into Platinum Asset Management's funds, Australian retail investors have not placed significant money in hedge funds, which he attributes to the returns provided by market-linked investments.

He said the evidence shows that financial planners on the whole haven't been big writers of business into hedge funds, for various reasons.

"I know some shy away from recommending hedge funds because they do not understand the strategies being deployed. Some had recommended investing in one or two hedge fund managers in the past, based mostly on pre-GFC returns, and were disappointed post-GFC," Ivey said.

"Conversely, we are seeing more interest from high-net-worth investors and some private bankers because they are have the resources to understand hedge fund

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strategies and are taking advantage of the diversification benefits that are being offered from proven managers."

Access to hedge funds has been one of the issues for Australian retail investors up until now, said Daniel Liptak, head of alternative research at Zenith Investment Partners, but things are starting to change, especially as hedge funds are now being listed on platforms.

"There are some incredibly good funds that are becoming available for retail clients," Liptak said, adding that hedge funds which are steady return drivers and are still open to investors have been highly sought-after.

While the GFC saw many funds drop out of the market, he believes there are some good options for alternative investment still standing, providing low risk and good alpha, with more globally distributed funds from solid managers expected to be become available to the Australian retail market in coming months.

Dan Abbink, head of distribution for alternatives manager Blue Sky Funds Management, said they are seeing an increase in interest in alternatives, with some investors who haven't ventured into this space before dipping a toe in the water now, looking for income streams independent of stocks and bonds.

Importantly, given the structural constraints of the industry, the major research houses are also now showing their support for alternatives.

"In terms of compliance, having well-researched funds is helping to contribute to that growth," Abbink said.

However there has been a shift in the type of hedge funds that are being marketed.

"In the lead-up to the GFC in the hedge fund space, there were a lot of black box products," Abbink said. "Advisers and clients are now looking for more transparency and liquidity."

Daniel Liptak, Zenith Investment Partners

> *— "Advisers and clients are now looking for more transparency and liquidity."*
>
> **Dan Abbink**

Playing the downside game

Not surprisingly, demand for hedge funds stems from the high-net-worth market and more flexible, sophisticated dealer groups, as appetite for risk increases again.

"There is a global trend back into risk assets and we're seeing that in the Australian retail market. This is a trend mirrored globally, with large inflows in Asia in March," said Liptak.

He said the pendulum has swung so far in some sectors that some of this enthusiasm for risk requires tempering. "We are almost going back into the scary days, and we have to advise investors not to put too much in one manager."

Global uncertainty in some ways plays into the hands of hedge fund managers.

"From a thematic perspective, we are bullish on the re-inflation story, which will be very good for fundamental stock-pickers and global macro funds," Liptak said.

Abbink agrees: "People entering the space are looking at global macro strategies, where they are able to take advantage of the fund manager's view of what is happening in the world. It gives some flexibility in volatile and uncertain times, and fund managers can take advantage of where things are changing."

Dave Hobart, managing director of the Blue Sky Apeiron (BSA) Global Macro Fund, which is a global absolute return fund with a broad mandate across equity, currency, interest rate and commodity markets, said given the fund looks to capitalise on mismatches between the psychology of the market and the economic fundamentals, the current global market with its significant imbalances provides a good environment for this strategy.

From the Australian perspective, some local funds have long track records matched only by a handful of large global hedge funds. They have continued to provide good news for their investors during the worst of the GFC, due to their structure and downside protection, according to Liptak. However some investors still eschew these funds on the basis of high fees.

"High cost investment opportunities tend to protect the downside. While it is true they do suffer losses, just as traditional asset classes do, they are not as deep and consequently investors receive the benefits of positive compounding," Liptak said.

"With hedge funds, you might pay for some insurance, and that insurance over a long period provides some outperformance. Then if you are lucky enough to identify some really great managers, you're able to participate in some alpha generation as well.

"The lack of downside volatility increases the likelihood that they will achieve their long-term aims by matching their assets and long-term objectives. By not doing that, you're risking your wealth, and that's a game many people can't afford to play."

While an average asset allocation to alternatives – for those investors who are going there at all – is around 10 per cent, institutional investors typically look to hold around 20 per cent in alternatives. Hobart said allocations of this magnitude can make a significant difference to risk-adjusted returns.

"Correlation analysis shows that it does

lower the volatility of returns and when asset markets are falling globally, it makes sense to have a proportion of your portfolio that is not asset-class correlated," Hobart said. "Having said that, each investment in the alternative space has to stand up on its own two feet regardless of the correlation."

While clearly some investors have overcome their post-GFC risk aversion, as Liptak has suggested, others are not so sure.

"Risk is a major concern to clients and advisers, as it should be, and we spend a lot of time talking about risk controls, which essentially means downside protection," Abbink said.

However, he believes that more education is required in the Australian investment market, to better understand the nature of these risks – which may lead to more investors embracing hedge funds, as has been the trend among high net worth investors offshore.

"We're helping people understand that you can't just say 'alternatives are risky'. More advisers are looking beyond that and doing the research, and when they do, they often find that those risks are not what they think they are," Abbink said.

Improving disclosure

The Australian Securities and Investments Commission (ASIC) has taken the view that more disclosure is required by hedge fund managers to ensure retail investors and their advisers are better informed about investing in hedge funds and the risks they carry.

In February, the regulator released Consultation Paper 147 – *Hedge funds: Improving Disclosure for retail investors* outlining proposals to achieve this aim.

On the paper, ASIC commissioner Greg Medcraft said, "Hedge funds, because of their diverse investment strategies, complex structures and use of leverage, short selling and derivatives can pose more diverse and complex risks for investors than traditional funds.

Greg Medcraft, ASIC

"Investors need the knowledge to assess factors such as how their money is to be invested, who makes key decisions for the fund, how the assets will be valued, and how investors can withdraw their money, as well as details relating to leveraging, derivatives and short selling."

Ivey said ASIC's move follows a directive for increased data gathering and heightened supervision of hedge funds that is part of a global push by international security commissions.

"ASIC is also seeking to improve disclosure for all forms of complex investment products, not just hedge funds, and AIMA has been working with ASIC on ensuring meaningful disclosure for complex investment offerings can be achieved," Ivey said.

As part of the proposed disclosure guidance, ASIC has identified characteristics that will help identify the type of strategy pursued, the complexity of the structure and the use of leverage, derivatives and short selling. ASIC is also seeking feedback on how the proposed guidance will interact with the tailored Product Disclosure Statement requirements for simple managed investment schemes.

A second stage of consultation will be undertaken in mid-2011, with a regulatory guide expected to be released towards the end of the year.

"This regulatory guide will no doubt improve the conveyance of important product information by hedge fund managers," Ivey said.

He believes that heightened disclosure, if performed correctly, will improve overall understanding of hedge fund investing.

"As investment markets, particularly commodity markets, reach extended levels, it is extremely important that individual investors have clear and detailed information on investment opportunities that can diversify their portfolios should markets again see significant weakness." ●

The FPA's March complaints and disciplinary report on page 13 highlights the risks in communicating complex products.

Other emerging alternatives

According to Zenith Investment Partners' Daniel Liptak, there are some interesting emerging alternative investments – though still very small players by any measure – which are non-market linked.

One of these is catastrophe (CAT) bonds. These are inflation-proof bonds which provide an exposure to catastrophes, without market-related exposures.

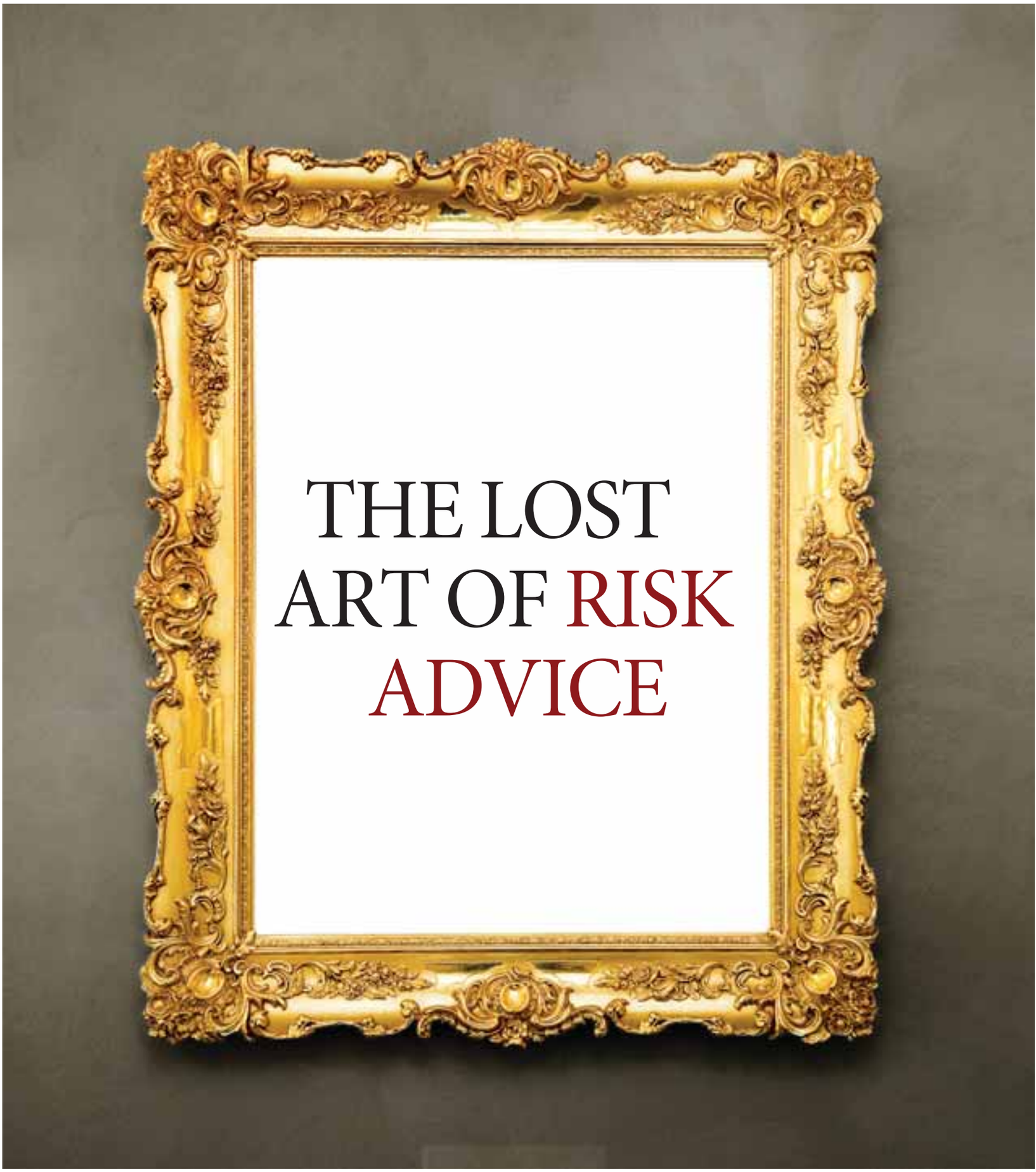
"Pricing is now very attractive after the recent series of natural disasters," Liptak said.

Another area of interest is direct investment in water funds.

"They're getting some interest from retail investors, who are looking for a yield play and some capital gains," Liptak said. "A lot of the water in Australia is being bought by US investors. It is a very pure play, as you are really only exposed to a manager and the underlying water rights."

While they're certainly not for everyone, they can provide some 'out of the box' options.

"Different planners and different investors have different appetites for that sort of investment, whereas others prefer to be purely index-driven."



THE LOST ART OF RISK ADVICE

Is the spectre of the sales-driven approach to risk insurance frightening financial planners away from important wealth protection conversations? ***Freya Purnell*** spoke to some specialists about how they tackle life risk.

While life risk insurance clearly forms a vital part of the wealth protection component of a financial planning strategy, it seems some planners are still struggling to articulate the life risk value proposition.

Perhaps given its origins in the days of the door-to-door life agent, some reticence to discuss it with clients is understandable, lest they be seen as 'spruiking'.

However Plan B Wealth Management insurance specialist Wayne Poland said with a new generation of advisers coming through the profession, this shouldn't be the case.

"Few under the age of 35 would have any personal memory of the salesman with the black briefcase," Poland said. "In my view, their reluctance to engage clients in conversations about insurance probably has far less to do with willingness than a lack of familiarity."

Roan Financial's Peter Roan CFP®, an accredited Life Risk Specialist, started out as one of those life agents 24 years ago. He believes that for all the bad press, what the life agency system did do was train advisers intensively in communication, relationship building, and yes – sales skills.

"The skills you learnt, which were quite simply how to talk to people, are not taught to planners these days," he said.

With the area of risk also becoming more complex, Poland said this can result in planners preferring to steer clear of the subject altogether.

"This is a great pity – because while an insurance portfolio may have less 'sizzle' than an investment portfolio, it does offer clients a far greater level of certainty. And in a volatile world, certainty is the one thing in which most of us, clients included, take great comfort," he said.

Why planners need to do it anyway

It took just one experience for Sally Curtis CFP, an accredited Life Risk Specialist from 360 Financial Vision (licensed by Count Wealth Accountants), to be convinced about the importance of not being put off by negative connotations.

"In my early days, I was more cautious about discussing insurance and what my clients would think," she said, recounting an experience when she was starting out as a planner. While the husband of a particular couple had already suffered a bout of cancer, Curtis had placed risk cover for his wife on the agenda for discussion at their next meeting. However, before she had a chance to raise the issue, they told her the wife had breast cancer.

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"You only have it happen to you once, where you didn't help someone before that event, and then you become passionate about it," Curtis said.

It is a key part of the financial planner's total responsibilities, in helping clients to build, protect and distribute their wealth, and explaining it to clients in these simple terms is often a good approach, in Curtis' view.

"I often ask the client to consider, 'What would happen to your wife or family if you had died or became disabled yesterday?' This approach helps them to think about their exposure to risk," she said. "If, after raising the issues, they don't perceive they are at risk or are not interested, then we move on."

Breaking the ice

Risk expert Sue Laing from The Risk Store believes that some of the issues with the life risk proposition come from not getting the right foundations in place from the outset.

"It's about how advisers are positioning themselves in the space – are they actually positioning themselves as risk managers? Just saying 'I'm an adviser' is not as clear a link for the client as saying that what you can do for them is manage their risk," Laing said.

She also believes that asking one key question at the outset – before discussing types of insurance or products – can also make all the difference with risk advice.

"One of the things advisers fail to do is say to the client, 'There are huge financial impacts if you become ill, or injured, or die. Are those financial impacts an acceptable risk for you to take, or an unacceptable risk to take?'," Laing said.

"Once the client says, 'I'm not prepared to take that risk', that opens the door then for the planner to provide advice on how they can then manage the risk through insurance."

— Laing believes all clients can benefit from their planners de-jargonising.

Sue Laing, The Risk Store

Poland also believes the focus with risk insurance has moved away from what clients might lose if the worst should happen, to what options can be provided if they face a major threat to their lifestyle – through illness, death or disability.

"For example, a high-flying husband may be able to continue in his job while his wife undergoes major surgery and/or treatment. But most husbands would much prefer to spend time with their wives if they are ill – decisions that also need to be factored into the equation," Poland said. "Our firm focus needs to be on providing options that enable our clients to continue to enjoy their current lifestyles, even when disaster strikes."

Having the conversation

That means being able, through questioning, to place clients in a position where they have to think about the outcomes of an adverse event, and can make a decision about how they will manage those.

"I see my job as a financial planner to empower people to make decisions for their own wellbeing that they otherwise wouldn't make," Roan said.

While some people possess these skills innately, for others, it will require practice, perhaps some training, and making an honest assessment of situations where they haven't been able to convince the client of the value of the advice.

"Some people are probably always going to struggle with it, and are going to have to push themselves to acquire those skills," Roan said. "A good adviser always has to ask the question, even if they are frightened about getting a no."

Particularly when handling objections about whether insurance is required, or the type or amount needed, Roan said asking the client follow-up questions is critical.

"That's not hard to do, because it's every planner's duty of care to follow up. At that point, the challenge is not to be too clinical about it. It's about genuinely having an interest in and empathy for the client situation from a 'what if' point of view, and then offering a solution."

Poland agrees that planners need to be strong in following through with these questions.

"One knee-jerk reaction sometimes encountered is, 'We can always sell the investment property or share portfolio if we run into trouble'. Again, it is up to the planner to challenge these assumptions," Poland said. "Selling part of the share portfolio may have been a realistic option in 2007, but what about in 2011?"

Tailoring the conversation

Clearly those in different life stages and of different ages will be exposed to varying risks, and planners must adjust the way they approach life risk insurance based on the identified risks.

"For instance, I have a number of clients who are female, single and in their 50s. In addition to needing income protection and trauma, often their greatest exposure is TPD, because if they become totally and permanently disabled, who is going to look after

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them for the rest of their life?" Curtis said.

Similarly, a younger client may be more open to a conversation about trauma than life insurance, given the improved survival rates for heart disease, cancer and other serious illnesses. Again, it is the task of the planner to help clients get a sense of the realities they may be confronted with one day.

"A 30-something executive, considering the impact of being diagnosed with a serious but treatable cancer, may honestly believe he would be willing to continue at work while being treated. But if he was to come into contact with someone in exactly that position, he would feel very differently," Poland said. "It is up to us, as planners, to hold the mirror up to the faces of our clients, to help them recognise the truth of how they'd react, and to plan accordingly."

It's not just the product focus that needs to be adapted to the client – the language the planner uses should also be adjusted, according to Roan.

Laing believes all clients can benefit from their planners de-jargonising.

"I use a term like the 'Don't Worry' package – yes, you have to include all the details of the recommended products in the Statement of Advice (SOA) for compliance purposes, but by giving it a simple name, and referring to it that way in your interactions with clients, it makes it simpler for them to understand," Laing said.

The importance of education

While no-one expects financial planners to be medical specialists, a working knowledge of medical terminology can be extremely beneficial in both understanding how clients' pre-existing conditions may impact their assessment by insurers, and in improving planners' confidence levels.

Curtis found the medical information relating to life risk benefits, features and medical events the most valuable part of the Life Risk Specialist accreditation course.

Poland agrees that this is particularly important when providing advice to people aged 45 to 60.

"A high proportion of applications can be rejected first time round unless you are aware of the subtle policy differences between one company and another," Poland said. "The diagnosis of sleep apnoea, or the CIN level of a pap smear result, may seem obscure subjects – but they are of very great significance in determining which insurer to approach on behalf of a client."

Peter Roan CFP,
Roan Financial

Overall, embracing risk advice and acquiring the necessary skills will help planners revive this lost art – for the benefit of their clients.

"The more training and learning that planners have in this vast subject, the more they'll develop and the more confident they will be in speaking about it," Curtis said.

Mental health disclosures increase

A recent poll by AMP found that 71 per cent of financial planners surveyed had seen an increase in the number of clients who disclose a personal history of mental illness.

AMP director of wealth protection products Michael Paff said, "With one in five Australian adults experiencing a mental disorder in any year, and general awareness of mental illness increasing, planners and customers are acknowledging the significant impact it can have on people's lives.

"Financial planners need to be flexible in engaging with their clients during the process of completing a personal health statement. This includes being able to recognise how comfortable the client is with personally disclosing potentially sensitive health history, and looking at other options for the client where available."

ADDING ALPHA THROUGH INVESTMENT PERFORMANCE OR ADVICE?

Rather than trying to outperform the broad market, financial planners may achieve better outcomes by focusing on the value they add through the client relationship, according to ***Donald G. Bennyhoff*** and ***Francis M. Kinniry Jr.***

Outperforming the broad market has historically been very difficult, both in absolute terms and in tax- and risk-adjusted frameworks. Where adding value is the goal, advisers may be better served by changing their performance benchmark from the market's return to the returns that investors might achieve on their own, without professional guidance. A financial adviser has a greater probability of adding value, or alpha, through relationship-oriented services, such as providing cogent wealth management and financial planning strategies, discipline, and guidance, rather than by attempting to outperform the market.

Investment performance can be deconstructed into three parts: the portions of return attributable to the market (that is, beta), to market timing, and to stock selection. Historically, many investment advisers have sought to add value through the two active portions of return – market timing and security selection – despite the mounting data suggesting that these efforts will help neither their clients nor themselves in the long run. Over longer time horizons, active management often fails to outperform market benchmarks.

— Many investment advisers have sought to add value through the two active portions of return – market timing and stock selection.

In the past, the passive portion of investment performance – the beta return – was viewed by many as leading only to 'average' returns and requiring no investment skill. Today, ironically, the capturing of beta has become a cornerstone for leading financial advisers, who routinely incorporate index funds or exchange-traded funds (ETFs) in their recommended portfolios.

This transition has been facilitated by at least two factors. First, the 'democratisation of indexing' via ETFs brought a plethora of index-oriented investment opportunities to anyone with a brokerage account. Second, a move toward fee-based, holistic investment guidance took hold among many planners. In our view, it is these disciplined advisers who are best positioned to add value to their client relationships.

Over the last 15 years, compensation in the investment industry has shifted markedly from commission-based, transaction-oriented sales toward fee-based asset management. From the client's perspective, asset-based fees largely remove concern about potential conflicts of interest in the adviser's recommendations, and in some cases, obligate the adviser to act as a fiduciary. From the adviser's perspective, asset-based compensation can promote stronger client relationships and more reliable income streams. The financial planner can spend more time with clients, knowing that compensation does not depend on whether or not a transaction occurs. This transition, however, has not been devoid of obstacles.

What is 'adviser's alpha'?

For some clients, paying fees regardless of whether transactions occur may seem like 'money for nothing'. This is viewing the adviser's value proposition through only one portion of the cost–benefit

lens. The benefit and wisdom of not allowing near-term market actions to result in the abandonment of a well-thought-out investment strategy can be underappreciated in the moment.

The confusion can grow if the adviser has based his or her value proposition on an ability to deliver better returns for the client, as many do. But better returns relative to what?

For many financial planners and clients, the answer would be "better than the market," but a more pragmatic answer for both parties might be "better than investors would likely do if they didn't work with a professional adviser". In this framework, an adviser's alpha (that is, their added value) is more aptly demonstrated by his or her ability to effectively act as a wealth manager, financial planner, and behavioural coach – providing discipline and reason to clients who are often undisciplined and emotional – than by efforts to beat the market.

Outperforming the market is difficult

The movement away from transaction-based compensation does not necessarily suggest that advisers are becoming more oriented toward passive management. In a Cerulli report from 2009, more than 51 per cent of advisers surveyed believed that top active managers could consistently outperform indexes, compared with 18 per cent who believed they couldn't.

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These results are surprising because they are contrary to historical evidence: while it is possible for active managers to outperform (particularly in the short run), underperformance tends to be more probable after all fees and trading costs are considered.

Consistent net outperformance is rare. This isn't necessarily due to a lack of management skill; rather, it is a consequence of the burden of higher costs. Time is an important consideration in this relative performance comparison, as advisers try to coach investors away from the distraction of short-term market actions, whether positive or negative. Over longer time frames, the added expense of active management often proves too much to overcome.

A value proposition based on outperforming the market places a financial planner at a meaningful disadvantage and – using history as a guide – is hard to fulfill consistently over time. Not only does success depend on factors outside of the adviser's control, such as the returns from individual securities or professionally managed funds, but the strategy also can promote a horse-race mentality among clients, leading them to depart if the promised outperformance does not materialise. Fortunately, the adviser's alpha model emphasises more reliable benefits of a professional relationship.

— A value proposition based on outperforming the market places a financial planner at a meaningful disadvantage.

Professional stewardship

Rather than investment capabilities, the adviser's alpha model relies on the experience and stewardship that the adviser can provide in the relationship. Left alone, investors often make choices that impair their returns and jeopardise their ability to fund their long-term objectives.

Many are influenced by capital market performance. This is often evident in market cashflows mirroring what appears to be an emotional response – fear or greed – rather than a rational one.

Investors also can be moved to act by fund advertisements that tout recent outperformance, as if the investor could somehow inherit those historical returns, despite disclaimers stating that past performance "is no guarantee of future results".

This performance-chasing behaviour is often injurious to returns. The returns that investors receive may be very different from those of the funds they invest in, since cashflows tend to be attracted by, rather than precede, higher returns. The adviser's alpha target, then, might be to improve upon this return shortfall by means that don't depend on market outperformance: asset allocation, rebalancing, tax-efficient investment strategies, cashflow management, and, when appropriate, coaching clients to change nothing at all.

Financial planners, as behavioural coaches, can act as emotional circuitbreakers in bull or bear markets by circumventing their clients' tendencies to chase returns or run for cover in emotionally charged markets.

Adding value through portfolio construction

Many financial planners use a 'top-down' approach that starts with analysing the client's goals and constraints, and then focuses on finding the most suitable asset allocation strategy. This process is extremely important, yet too many investors neglect it on their own, overlooking its contribution to their long-term investment success.

As a result, providing a well-considered investment strategy and asset allocation is an important way in which advisers add value. And the knowledge that the asset allocation was arrived at after careful consideration, rather than as a happenstance of buying funds with attractive returns (the investment equivalent of butterfly collecting), can serve as an important emotional anchor during those all-too-frequent uprisings of panic or greed in the markets.

The asset allocation process may be separated into two parts: determination and implementation. Within the overall framework of each client's goals and circumstances, the allocation is often determined based on the historical risk and reward relationships between asset classes. Although no forward-looking investment process is perfect, particularly one based on historical data, it is reasonable to think that some historical risk/reward relationships are likely to persist in the future. Future investors are as likely to demand compensation for bearing risk as investors in the past, and as a result, it is logical to expect assets with more return uncertainty (such as stocks or high-yield bonds) to outperform lower-risk assets over the long run.

Once an asset allocation has been

determined, financial planners can help their clients understand the important considerations regarding its implementation. However, many investors (and certainly some advisers) approach investing from the 'bottom up', focusing foremost on stock or fund selection, with emphasis on investments that have caught their eye via recent outperformance.

Addition by subtraction

Given the potential for higher tax rates on capital gains and income in the future, tax management is a further important way in which financial planners can demonstrate the value they add. If future returns turn out to be more modest while taxes on those returns are higher than they have been, as some professionals are forecasting, then total costs (management fees, expense ratios, frictional costs, taxes, and so on) will erode an investor's returns even further. Tax-conscious financial planning and tax-efficient portfolio construction will have proportionately larger benefits.

Determining the appropriate drawdown strategy often includes making some assumptions about future tax rates as well as estimating the client's future income levels. Meeting with the client to work through these assumptions can provide an excellent opportunity to discuss possible future scenarios, demonstrate that the guidance is personalised, and promote the client's confidence in the strategy and the adviser. A well-thought-out drawdown strategy can improve the likelihood that the client's assets will be able to support his or her financial goals through retirement and beyond, which is a significant – if hard to quantify – added value.

Conclusion

The compensation structure for financial planners is evolving from a commission and transaction-based system to a fee-based, asset management framework. In our view, this is a mutually beneficial transition for clients and advisers. However, the traditional value proposition for many planners has been based on their investment acumen and their prospects for delivering better returns than those of the markets. No matter how skilled the adviser, the path to better investment results may not lie with the ability to pick investments or strategies.

Instead, advisers should consider a new value proposition based on alternative skills and expertise: that is, they should

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act as wealth managers and behavioural coaches, providing discipline and experience to investors who need it. On their own, investors often lack both understanding and discipline, allowing themselves to be swayed by headlines and advertisements surrounding the 'investment du jour' – and thus often achieving wealth destruction rather than creation. In the adviser's alpha framework we've described, the adviser becomes an even more important factor in the client-adviser relationship, because the greatest obstacle to clients' long-term investment success is likely themselves. ●

Donald G. Bennyhoff is a senior investment analyst for Vanguard and Francis M. Kinniry Jr is a principal in Vanguard's Investment Strategy Group. This is an edited version of 'Advisor's Alpha', a research paper by Vanguard. To download the original paper, visit www.vanguard.com.au.

— On their own, investors often lack both understanding and discipline.

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OASIS IN THE DESERT

A four-day trip to Dubai turned into more than five years working in the United Arab Emirates (UAE). Financial planner Craig Holding tells ***Freya Purnell*** about life in Abu Dhabi, and why this developing market is ripe for the picking for planners willing to work hard.

Craig Holding gets friendly with a falcon in Abu Dhabi.

After beginning his career as a financial planner with Westpac in Perth, Craig Holding travelled to London via Dubai to work and play rugby. Attracted to the possibilities of the burgeoning UAE market, he began working as a planner in Dubai in 2005. He now works with Acuma Wealth Management, managing an office in Abu Dhabi and a team of 11 advisers who service a client base drawn from the 15,000 Australian expats based in the UAE.

FP: How did you come to work in the UAE?

CH: I was born in Bahrain, and my parents are Scottish, so I'm a bit of an international kid. I had been working in the Australian industry for four years, and I wanted to go overseas and play rugby. I got to the UK and realised it was cold and wet, and instead came back to Dubai to take up a financial planning opportunity here. I joined one firm but they weren't the right one for me, primarily because of licences. It's definitely not as regulated as it is back in Australia, and you need a firm which is going to be very regulated internally. So I stayed with them for a year and a half, and then put my feelers out, met with Acuma, and liked what they had to say. So I have been with Acuma for over four years.

I still managed to play some rugby, and as a rugby tour, it's still going. But now on an away trip, you get to play in Bahrain, Kuwait or Oman. Fortunately, rugby helped me get my very first contacts or deals, which actually got me up and running.

FP: What type of client base do you service?

CH: In the early days, it was anyone and everyone. When I came over I was 24 and dealing with guys from the rugby club, who were all the same age as me – 25 to about 30 – and basically they all had a good income and were looking at what to do with the surplus they were making. Once I got established, I started to work with the older people in the market. My business has changed from being regular savings plans to talking more about lump sums and repatriation strategies for people overseas who return home to Australia, and how to do that in a tax-effective manner.

In terms of the team, Acuma has 50 advisers from different backgrounds. My primary focus is the Australians right now, because I speak the same language and I understand where they are coming from. Basically the Australians have a plan to go home at some point and need to know that the investments they have made can be as tax-free as possible when they return home. So that means there are some strategies we can put in place around superannuation with self-managed super funds, they can own offshore assets if they want to, and that's something we work pretty closely with the trust structures back in Australia, but also the offshore providers. Primarily at the moment what we're talking about is the high Aussie dollar and what Aussies should do with it right now, and then obviously what they need to be careful of when returning home.

I plan to be here for another five years and then look to take my top 60 or 70 clients back with me to Australia, and hopefully operate from both the Australian and the international side of the fence under Acuma's

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licence. This is the advantage with the way we have structured the Acuma business, because if people actually want to make a real go of it, they don't have to stop doing the business they have built over the past five years and start from scratch again.

FP: How does the financial planning market in the UAE differ from Australia in terms of compliance and products?

CH: With compliance, it is up to the firms individually to lift themselves up to standard. There is a lot of unqualified advisers in the offshore market, primarily because while the Central Bank rules that they have here are based on the Australian Financial Services Act and the UK Financial Services Act, they don't really have any teeth at this stage. We expect that to change inside the UAE within the next two to three years, so that anyone who doesn't hold the Central Bank licence will not be able to practice as a financial adviser.

When that happens, we expect the regulator will look at who is doing the client fact-finds, the risk profiling and the Statements of Advice. With Acuma, we have all those aspects in place because our owners are British and they based the business on the British Financial Services Act. So in terms of compliance, we are pretty tight internally, but we don't have to be from an external point of view. As the associate director, I have to sign off on all my advisers' work, so there is more internal compliance, but at the end of the day we are confident that when the regulator does come in, they will see that we are doing the right thing, and we only hire qualified advisers from various jurisdictions.

FP: How did you start to build your client base when you first arrived?

CH: It is hard, I didn't get a paycheque for four months. You need enough cash to survive from the time you do your first deal until the commission comes through. When I started, there was no structure in place for referral systems, so I had to go and find them myself. At the moment I am the treasurer of the Australian Business Council of Dubai. It took me a few years to get there, but through networking, we now have a good reputation as an advice firm.

Overlooking the desert in Abu Dhabi.

These days, we also run seminars for Australian expats, and we have an accountant from Sydney who comes over three times a year, and basically does tax returns and financial planning including superannuation. I arrange the seminar, he speaks to the attendees, and then we follow up with the business afterwards.

There are 10,000 to 15,000 Australians based in the UAE, and there are about 10 Australian advisers here to service that market, with no Australian advisers at all in Bahrain, Doha and Saudi. We've been doing these seminars for four years, and we run them in Dubai, Abu Dhabi, Doha, Bahrain, Jeddah, Riyadh and Khobar.

Typically the people we are seeing here can save between $3000 and $4000 a month without missing it. So you can pick up professionals who are earning good money as clients here, and then continue to look after them when they are back in Australia. So that's the strategy we're working with here.

I also find that networking is pretty easy here compared to back home – there are loads of events, and you could network every night of the week if you wanted to. Every Aussie wants to have a chat to other Aussies. But you can also chat to an expat in the elevator in your apartment block and you never know, that person might become a client. Because as expats, you've all got the same issues and frustrations, so you have that commonality and can make friends pretty easily.

FP: What are the differences in terms of your earning potential as a financial planner in the UAE?

CH: Your income here is tax-free, and in the first year a planner, if they were diligent, could easily earn $100,000 tax-free. In the second year, $150,000 would be realistic, and after a couple of years, depending on how they go, half a million dollars wouldn't be out of the question, tax-free. That's if you're motivated and if you work on your contacts.

FP: How do you find the lifestyle there?

CH: The hardest part is probably the little things like getting your power connected, there is no postage system to your house or apartment, setting up a bank account or credit card – that is all incredibly frustrating. It can be done but it definitely takes some time.

It also can be a little expensive if you want a nice lifestyle, but then again, I am living in a place which is 2000 square feet, with a pool and gym, and 100 metres from the beach, and if you think about prices in Australia, it would be cheaper here.

A great part of living here that my wife and I take advantage of is that you can travel anywhere within a few hours, and it's not expensive. For example, we are going to Kilimanjaro at the end of the month, and we went to Sri Lanka for a long weekend last year.

FP: Did it take some time to adjust to the cultural differences?

CH: I think people have some misconceptions about what it is like here. If you are a bit of an idiot, and don't play by the rules, then yes, they are going to come down on you. But as long as you play by the rules, keep your nose clean, then there are no issues.

> *— "Typically the people we are seeing here can save between $3000 and $4000 a month without missing it."*
>
> Craig Holding

My wife has been here for the last four years, and she has never had any problems. Then again, we don't hold hands or kiss in public, but as long as you obey those rules, it is actually a very good place to live. I feel safer here than anywhere else in the world. The mosques are dotted around the place, and they do the call to prayer, so it is actually quite nice culturally if you get beyond the creek and experience a few things.

While you can't drink in public, you can go to some great hotel bars, and you can have a really wild, crazy lifestyle if you want to. This place is actually a bit like being back at university but everyone has a bit more cash.

FP: What are your plans for the future?

CH: Business is ticking along; I have worked hard to create an Australian business inside Acuma. At a personal level, obviously my wife doesn't want to stay over here forever, as she is a Perth girl as well. I am committed for another five years as a financial planner, but then it may be a case of looking at my client base and choose which 50 or 70 clients I want to look after from Perth, so I do have an exit strategy. But Acuma also has some plans for the Singapore and Hong Kong market, which is exciting, so there is also potential there.

In the meantime, we are looking for more advisers in the UAE – for people who are self-starters and willing to build their own business, there are plenty of opportunities, and it's an exciting place to be. ●

Craig Holding can be contacted at cholding@acuma.ae. *Our thanks to Joe Meade at Sterling Associates for his assistance with this article.*

[Ed note: Craig Holding is not a CFP® practitioner and there is currently no FPSB member affiliate in UAE. Foreign service providers may be subject to Australian Financial Services laws when providing financial services to Australian expats concerning Australian financial products. ASIC has an MOU with DFSA to facilitate regulatory cooperation.]

THE FUTURE FOR PRACTICE VALUATIONS

What does the future hold for the value of financial planning businesses? ***Bob Neill*** reflects on the post-FOFA world.

I would like a dollar for each time I have been asked this question over the past six months. It is clearly a topic very close to the hearts of business owners, particularly those who envisage a realisation of the value that they have created as a just reward for all of the hard work and sacrifice that has gone before. For many, it is a period of escalating concern and uncertainty without any real idea of who to rely on for advice.

An inevitable consequence of the attention directed toward the release of reports and findings from the spate of inquiries is that business owners want to understand the impact on the value of their most valuable asset – their business. It is unfortunate that clarity of outcome still seems almost as far away as it was when the reviews were announced. Most business owners can manage changing circumstances as they have proven over the past 20 years, but it is disconcerting when you are unsure just what is happening to the 'goalposts'.

Framework for change

I certainly see the period of change that we are about to go through as 'evolutionary' change, not 'revolutionary' change, and as a consequence I see the impact as permanent and pervasive. I think it will impel a drive to embed sound business fundamentals into the operation of practices, and the risk of not doing so will be to render the business less competitive and as a result, less valuable.

It is my view that in the short-term, the trend for values will be down across the board. It is important to understand that value is a measure at a point of time and it is based on a view of what is going to be delivered in the future. The more certain the outcome – in other words, the lower the risk – then the greater the price someone may be willing to pay for the future results. Inversely the less certain or greater the risk, then the less someone will pay. This is a fundamental that simply does not change and should be kept in mind when determining what the impacts of change are going to be.

— This creates a landscape which warrants great care in setting your business direction.

We are in a period of quite significant uncertainty about what the future holds for financial planning businesses. There is a raft of changes mooted – some will come to fruition, some will not, and almost certainly some new ones will emerge over the next couple of years. This creates a landscape which warrants great care in setting your business direction. It is expected that we will see more certainty emerge over time and this will influence values in the medium term, as potential acquirers will understand the landscape that they are entering.

Strong long-term prospects

That being said, I am highly positive about the long-term values of financial planning businesses with a couple of provisos:

- They will have to be businesses which are positioned to deal with change and have some fundamental business practices in place.
- They will need to have control over their revenue sources.
- They will need a robust client value proposition and engagement model.
- They will need a strong governance culture.
- They will require a clear avenue to market.
- Above all, they will need to be economically strong.

If this description sounds just like a good business, regardless of the industry or profession, you are right. They are sound business principles which when adopted, provide for a sustainable robust business which is able to prosper in good times and manage through difficult periods.

It is a disappointing fact that for some period of time, some business owners in our sector have ignored this basic premise and have chosen to be carried along on a groundswell that the booming industry sector delivered. I think these times are coming to an end, if in fact they have not already ended.

I think the pre-existing view that financial planning assets are worth much the same and that the acquirers do not necessarily distinguish based on qualitative factors will no longer be the case. We do see a polarisation of values with the 'strong' business as described above attracting good prices and having reasonable liquidity, while the 'poor' business that does not adopt this approach will see its value languish and suffer poor liquidity.

Some of the short-term decline in value will be driven in part by an outstripping of supply over demand – quite the reverse from what we have experienced over the past six or seven years. A large part of this supply will come from business owners choosing to put their business on the market, rather than go through the changes required to be effective in a new regime. It will also come from business owners looking to rationalise their client base and to sell off the section that does not fit their target client profile.

An immediate question that this raises is that if the majority of business owners are forming similar views then what is the future value of these 'less desirable assets'? Our view is that it is likely to be significantly less than experienced in the past.

What, then, should the financial planning business owner do over the next year or so to maximise value?

I think it is critical that time is invested in setting very clear and specific strategic plans with an implementation timetable. The successful business will be one that sets and executes its direction most effectively in a period of change. Running the business with adherence to sound business principles sounds straightforward, but it does not happen by chance, so the reporting and management regime must be robust and appropriate skills applied to its execution. Ensuring that the service is appropriate and effectively delivered will be crucial in an environment where clients are given a range of choices hitherto unseen in our industry.

Above all, maintain a focus on profitable growth, repeatable systems, and sound management. If you do this effectively, you will reap the maximum reward in what will be a vibrant industry for a long time.

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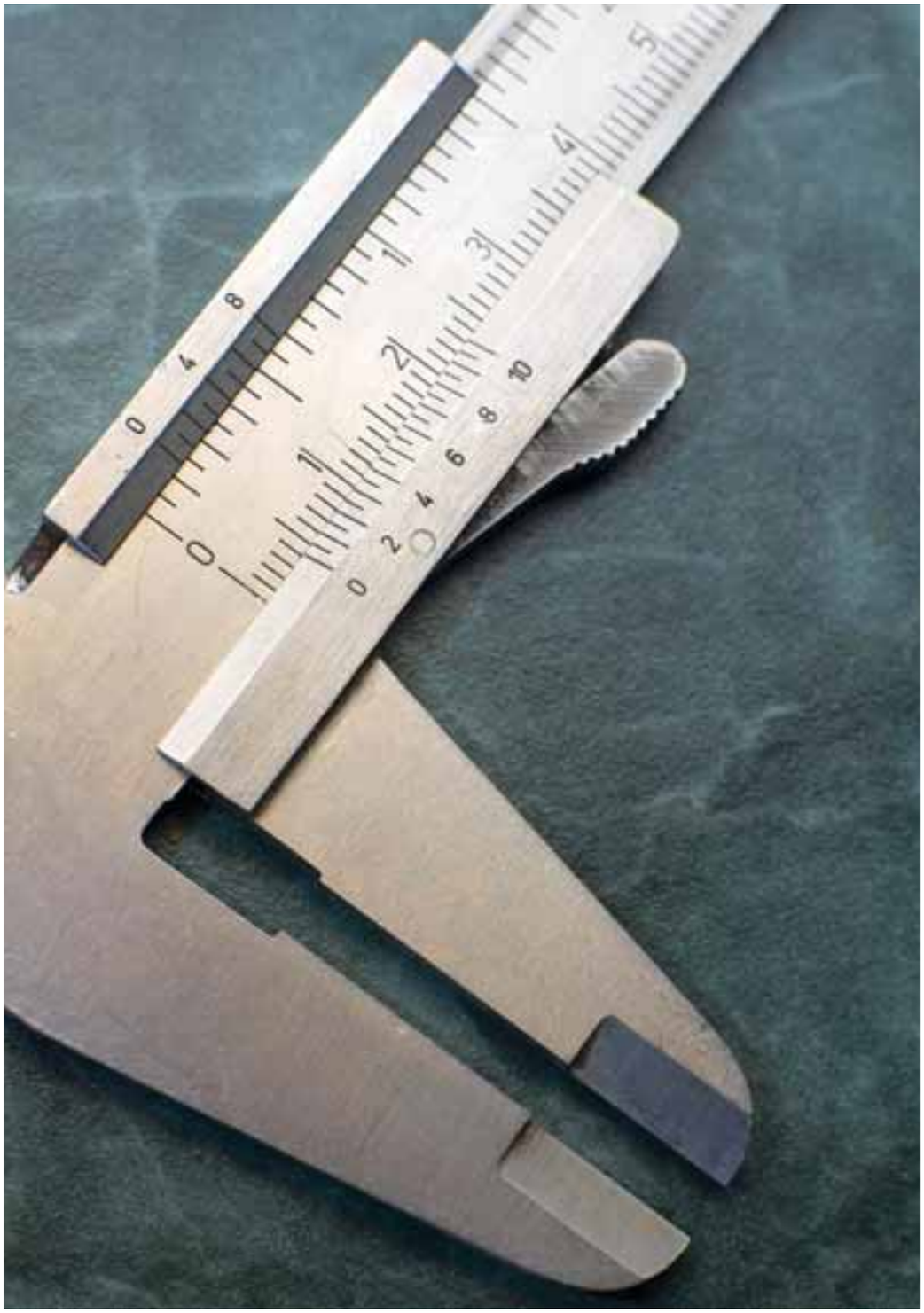

PLANNERS' TOP THREE TECHNICAL QUESTIONS

In a recent briefing, OnePath Australia's national technical manager, ***Graeme Colley***, provided answers to some of the questions most commonly asked by planners on superannuation, social security and aged care.

1. Excessive superannuation contributions

Colley said this is the number one question received from planners at present, with the number of excessive contributions assessments more than doubling to 66,000 for the 2008/2009 financial year.

These questions are generally around the one- and three-year contribution limits, excessive contributions penalty tax and contributions cap catches.

"We are seeing examples where a small excess contribution can have a catastrophic effect for the individual," Colley said.

While there are a number of strategies which can be used to deal with these excessive contributions, they must be employed in a timely manner, and generally before the Australian Taxation Office (ATO) makes its assessment.

Possible strategies include:

- Reclassifying contributions as non-concessional or concessional (where the contributor is self-employed);
- If a genuine mistake has been made (and the criteria around this is very strict), the trustee may repay contributions;
- For self-managed super funds (SMSFs), using reserves and reallocations; and
- As a last port of call, requesting that the ATO reallocate or disregard the contribution. However, this can only be done in 'special circumstances', as defined by the law.

Colley said a common mistake is that a super fund member will make several non-concessional contributions in successive years, but may also make contributions through their employer that they fail to mention to their financial planner, as in the example below. Even a couple of hundred dollars in excessive contributions can result in a penalty of many thousands.

Case study

Fiona receives a $600,000 windfall, and her planner recommends making two non-concessional contributions: $150,000 in June 2009, and $450,000 in July 2010.

However Fiona does not tell her planner about a post-tax salary deduction to the employer superannuation fund of $1000 in 2009, which she made to become eligible for a co-contribution.

The total non-concessional contributions for 2008/2009 are therefore $151,000.

This triggers the two-year non-concessional contribution bring forward rule, meaning that Fiona can only make non-concessional contributions of $299,000 for the next two income years. This results in an excessive non-concessional contribution of $151,000 in the 2009/2010 financial year, which when taxed at the rate of 46.5 per cent, results in a penalty of $70,215.

2. Shielding assets for Centrelink assets test purposes

This involves redistributing money which would otherwise be counted for assets test purposes by Centrelink, resulting in qualification or a higher level of entitlement for the Age Pension.

This can be achieved through spending, for example, on items such as:

> ***— Even a couple of hundred dollars in excessive contributions can result in a penalty of many thousands.***

- A more expensive main residence;
- Conducting repairs to or buying new furniture for the home;
- Funeral bonds (a maximum of two bonds at no more than $11,000 each);
- An overseas trip; or
- Other Centrelink-exempt assets.

Shielding of assets can also be achieved through superannuation strategies, as shown in these case studies.

Case study 1

Judi is aged 60 and Mick is 66. Because he is over Age Pension age, his total superannuation balance is counted for assets test purposes. Mick withdraws $450,000 of his superannuation balance and makes a spouse contribution of $450,000 to Judi's superannuation. Because Judi is under 65 and doesn't need to meet any work tests, she is able to make this as a non-concessional contribution. This then reduces the couple's assets for Centrelink purposes by $450,000, which could mean an increase in the amount of Age Pension that Mick receives.

Case study 2
Where one person is of Age Pension age, and account-based pensions are received by their partner, the account-based pension is treated as an asset for Centrelink purposes.

Steve is 65 and Cath is 62. Cath has $600,000 in a superannuation fund, and is drawing an account-based pension from the fund. When Steve seeks to qualify for the Age Pension, the balance of her fund is included for Centrelink assets test purposes. But if Cath returns her fund to the accumulation phase and stops the account-based pension, the fund balance will not be included for asset tests purposes. This strategy may allow Steve to qualify for the Age Pension, or receive a larger amount.

3. Selling the family home to fund aged care

With aged care now increasing in interest for financial planners, there are questions about the relative merits of selling or holding onto the family home when a family member goes into aged care.

Although sometimes there may be no option, Colley said that in many cases, selling the family home may not be the best strategy.

"The family home goes on being exempt once someone has moved into aged care accommodation for at least two years – and sometimes up to five years. Where one partner continues living there, it will remain exempt," he said.

It may also be better for the remaining partner to stay in the original home rather than moving to cheaper accommodation.

"By downsizing the family home, there are financial assets which are treated as an asset for Centrelink purposes, which means that person may not qualify for the Pension. The income-tested daily care fees for aged care might also be a bit higher than if they had retained the family home," Colley said.

When deciding whether to retain the family home, other considerations include capital gains tax (CGT) implications, expected rate of return on the family home against alternative investment options, and the cost of selling the property.

Case study
Ethel is single, aged 80, and a part-pensioner who is about to enter a nursing home.

Her assets include a home valued at $600,000, a bank account of $250,000 (generating interest of 5 per cent per annum), an exempt income stream of $14,000 ($8000 assessable for tax and Centrelink purposes), and personal assets of $10,000.

If Ethel was to keep the family home, her Centrelink assessable assets would be $260,000 – meaning she would be eligible for a part-pension.

If Ethel sold the family home, her assessable assets would be $845,000, so she would not be eligible for the Age Pension.

While accommodation bonds paid to an aged care facility are exempt from Centrelink assessable assets, this may still not lower the level of assets sufficiently to ensure Ethel is eligible for the Age Pension. A flow-on effect of this is that she would therefore be required to pay a much higher daily care fee.

"Financial planners need to make sure that clients receive at least a small amount of Age Pension so they can access a lower daily care fee from the aged care facility, " Colley said. ●

IMPROVEMENTS TO THE WORK BONUS

In the 2009 Budget, the Federal Government announced a number of reforms including the introduction of the Work Bonus. This will be enhanced from 1 July 2011 to provide a greater benefit to many pensioners (subject to the passage of legislation).

The Work Bonus is an incentive for pensioners over Age Pension age (except recipients of Parenting Payment Single) to participate in the workforce.

From 1 July 2011, the first $250 of employment income earned by pensioners over Age Pension age in a fortnight is excluded from assessment under the income test. If a customer does not earn $250 in a particular fortnight, that part of the Work Bonus that they do not use to reduce their wages to nil accrues in an employment income concession bank. Then, if in a later fortnight they do have employment income that exceeds $250, it will be further discounted by the amount in the concession balance. The balance cannot drop below zero or exceed $6500 at any time.

Only employment income in excess of the fortnightly Work Bonus and accrued concession balance is added to other income to calculate a rate of pension under the income test. The Work Bonus operates in addition to the Age Pension income free area.

The enhancements will provide a greater incentive to work for many pensioners. Those who earn less than $250 per fortnight will have no wages assessed. Those who earn more than $250 in a fortnight will have $250 discounted.

Also, pensioners who do not work and therefore build up a bank will then be able to take on work and earn this amount without it affecting their payment. The benefit of the Work Bonus depends on the amount earned and not whether the wages are constant, variable or sporadic.

— The benefit of the Work Bonus depends on the amount earned and not whether the wages are consistent, variable or sporadic.

Example of a pensioner with varying income

Melissa is 69 and receives Carer Payment as she cares for her partner. As at 11 October 2011, she has a current Work Bonus balance of $350.

In the first fortnight after this, she earns $200. Centrelink disregards all of it as it is less than $250, and increases her concession bank balance to $400 ($350 + ($250 – $200)).

In the second fortnight, Melissa earns $550. Centrelink first reduces this to $300 by deducting that fortnight's Work Bonus. Centrelink then further discounts the earnings, this time to nil, by reducing the balance of the bank to $100 ($400 less $300).

In the third fortnight, Melissa earns $600. Centrelink reduces this to $350 by deducting that fortnight's Work Bonus. Centrelink then further discounts the wages, this time to $250 ($350 – $100) by reducing the balance of the bank to nil ($100 less $100).

Example of a pensioner who works sporadically

Joe is an Age Pensioner who has not worked since December 2010. From July 2011 his Work Bonus balance increases by $250 each fortnight and by October 2011 is approximately $2100. He then works as a Santa earning $600 per fortnight. Each fortnight, his Work Bonus reduces these earnings by $250 to $350. Then his Work Bonus balance is reduced by $350 per fortnight so that no earnings are assessed. His opening balance was such that it would be six fortnights before the balance is fully depleted and wages are assessed. Once the work stops, the balance starts to increase again.

Transitional rate pensioners

Transitional rate pensioners will continue to have two rate calculations. The Work Bonus is not included in the transitional rate calculation but is for the new rate calculation. The pensioner will stay on the transitional rate only for as long as it is higher. Even while on the transitional rate, the Work Bonus concession balance will accrue and deplete for inclusion in later calculations.

For more information, please call 132 300 or visit www.centrelink.gov.au

CREDIT REFORM: RESPONSIBLE LENDING GUIDANCE UPDATED

In response to concerns about unnecessarily restrictive borrowing criteria, the Australian Securities and Investments Commission (ASIC) has updated its Regulatory Guide 209 – *Credit licensing: Responsible lending conduct* (RG 209).

The updated guidance provides further clarity for lenders when assessing borrowers' capacity to repay under the responsible lending requirements of the National Consumer Credit Protection Act 2009 (National Credit Act).

The responsible lending obligations in the National Credit Act were phased in from 1 July 2010. Businesses engaging in consumer credit activities (including banks, credit unions, finance companies, brokers, and pay-day lenders) were subject to the responsible lending obligations beginning from 1 January 2011.

On the regulations, ASIC commissioner Peter Boxall said, "We are concerned by reports of older borrowers whose employment will reduce, or cease, before the end of the loan term, being refused loans because some lenders are adopting an unnecessarily restrictive approach to meeting the responsible lending requirements. Undertaking the range of enquiries required by the legislation will often reveal other ways that they will be able to repay the loan."

The changes ASIC has made include:

- Clarifying that a conclusion of substantial hardship (where a borrower appears to have no obvious continued income stream for the full life of the credit contract) can often be rebutted with reasonable enquiries about the borrower's financial situation, requirements, and objectives.

- Providing further guidance on issues a lender should consider when assessing the relevance of income from a person – other than the borrower – in assessing the borrower's capacity to repay.

ASIC has also clarified that the use of sophisticated automated systems and tools for testing the reliability of information about income provided by an intending borrower may play a role in satisfying the requirements to take reasonable steps to verify such information, subject to some constraints, listed in RG 209.

"The new responsible lending requirements in the National Credit Act are an important protection for consumers, but they should not be an inflexible barrier to credit for any segment of the population, and should not prevent consumers obtaining credit that they can reasonably afford," Boxall said.

Commencement date extensions

ASIC has also extended the transition period for the commencement of certain credit disclosure obligations under the legislation, from 1 April 2011 to 1 August 2011.

The extension has been granted on:

Peter Boxall, ASIC

— "The new responsible lending requirements... should not be an inflexible barrier to credit."

- The obligation to provide a credit guide or credit proposal disclosure, provided that the licensee has given the consumer, in writing, contact details for the external dispute resolution scheme, or where this information has been provided within the previous 90 days.

- The obligation to give a consumer a quote for credit assistance, provided that before the licensee gives credit assistance to a consumer, it has entered into a written contract with the consumer setting out the maximum amount that the consumer must pay for the credit assistance or other services, or the lender does not impose a fee or charge for that service.

Where these conditions are not met, the original commencement of 1 January 2011 still applies.

For more information about the consumer credit regime, including relevant policy announcements and regulatory guidance, visit www.asic.gov.au/credit.

Some of the riders in the 2011 C4K rally, with (l-r, foreground) Inspire Foundation youth ambassador Kris Gesling, CREATE Foundation youth consultant Hayden Frost and C4K organiser Rob Swinton.

HITTING THE OPEN ROAD

The 2011 Corners for Kids (C4K) motorcycle rally saw over 30 financial services professionals, many from the financial planning community, swap their suits and ties for leathers and ride off into the sunset – all in the name of a good cause.

Originally established 12 years ago by Lynn Ralph, Brian Thomas and Ray Griffin, the event aims to raise money to support children's charities, particularly those without big-name sponsors behind them.

The four-day rally this year circumnavigated Sydney, according to Rob Swinton, one of the organisers of C4K, with an estimated 3000 corners rounded during the trip. The riders wound their way through NSW regional town centres such as Bathurst, Tumut, Narooma, and Braidwood on their 2200km journey.

The event raised around $40,000 for the Inspire Foundation, which works with young people to deal with depression and youth suicide, and the CREATE Foundation, which supports young people in out-of-home care, including foster, residential or kinship care.

Swinton, who has been on 11 of the 12 C4K rallies, said this year's event was "terrific".

"It's a great opportunity to do something for youth charities while enjoying ourselves too," he said. "You're able to network with your colleagues, contribute to the community and get out of the office and go for a ride."

PREPARATION BEGINS FOR BT FUTURE2 WHEEL CLASSIC

Keen cyclists with a penchant for a challenge should get into training. There are four months to get into shape for the 2011 BT Future2 Wheel Classic.

The Classic, inaugurated last year by two trustees of Future2 – the foundation of the financial planning profession – is a 1250-km, 10-day event through New South Wales, from Bourke to Sydney.

The decision by BT Financial to step up as Gold Partner has secured sufficient funds to underwrite expenses and to get fundraising off to a great start.

In 2010, Wheel Classic donations, sponsorship and related fundraising events raised $88,000, netting over $60,000 for Future2 grants to community projects that give a second chance to disadvantaged young Australians.

Ray Griffin, one of the Future2 trustees behind the event and an experienced amateur cyclist, said, "This year, of course, we'd like to think we can do even better, as it would say a lot about the financial planning profession's commitment to community giving.

"At the same time, it will give vital support to young kids whose lives have been blighted in one way or another – perhaps by a dislocated

FINANCIAL PLANNING WEEK 2011

Financial Planning Week, to be held 23-29 May this year, is a national initiative of the FPA, designed to raise consumer awareness of the value of financial planning for all Australians.

Recent consumer research conducted by the FPA revealed that many Australians would like a relationship with a financial planner, but they do not know how to reliably find one that they can trust. Financial Planning Week is an important opportunity to restore the community's confidence by helping them understand how to find a planner who has higher standards and accountability.

FPA members belong to a professional association that demands higher standards including a commitment to the FPA Code of Professional Practice, with a large majority holding the global CFP® designation. Financial Planning Week is about differentiating FPA members from others who also call themselves financial planners.

National media and public relations campaign

To help raise the community standing of FPA members and demonstrate the benefits of seeking advice from an FPA member, the FPA will be rolling out a media and public relations strategy around Financial Planning Week. A comprehensive media kit will be distributed to national and regional journalists.

Ask an Expert – your chance to get involved

Ask an Expert is an online service designed to give consumers an insight into the benefits of financial advice. The service will be launched during Financial Planning Week and run for six weeks until 1 July 2011. Australians can submit financial questions to FPA members via email, and receive advice free of charge.

— Ask an Expert is an online service designed to give consumers an insight into the benefits of financial advice.

Last year, 170 members volunteered to make themselves available to the Australian community through the Ask an Expert service. The service was also successful in achieving over 100 positive media mentions and over 420 questions from consumers. For many consumers who take part, this is their first experience with a financial planner. It is a very powerful way of promoting the difference a financial planner and FPA member can make in their lives.

Once again we are asking for AFP® and CFP professionals to volunteer to join the Ask an Expert program, answer online questions from consumers and have your profile featured on the FPA website. The deadline for volunteering in the Ask an Expert program is fast approaching, so visit www.fpa.asn.au for more information.

Some FPA Chapters will also be supporting Financial Planning Week with local events designed for consumers such as seminars and careers expos.

family life, health issues, addictive behaviour or social exclusion."

Future2 is looking to get other sponsors on board soon and plans fundraising events in Dubbo, Orange, Sydney and Wollongong with the support of FPA Chapters.

"We want to hear from financial planners who are keen cyclists and who would like to join us," Griffin said, adding that there's no need to do the full 10 days.

"If you can't spare the time or simply couldn't cycle from Bourke to Sydney – there are options to join us for just a few hours or for the second half of the route, including a competitive Prologue event before we hit the road."

— "We want to hear from financial planners who are keen cyclists."

Ray Griffin

Wheel Classic highlights

Sunday 4 September – Wheel Classic Prologue: Competitive time trials on a Sydney cycle track. Teams of four will have a lot of fun and raise money for Future2 while flying the flag for their companies.

Wednesday 7 – Friday 16 September – Bourke to Sydney: The whole hog! Only for the fittest and most determined cyclists (limited to 30).

Monday 12 September – Orange to Cowra executive stage (103 km): A great option for keen cyclists who lack the time or training to undertake the whole route or even half of it (limited to 50 riders).

Monday 12 – Friday 16 September – Orange to Sydney sector (503 km): A five-day ride through spectacular and challenging country, arriving in Sydney's Martin Place for the Finish Line reception (limited to 30 riders).

For more information or to express interest in joining the ride, email info@future2foundation.org.au.

REGIONAL ROUNDUP

The 2011 National Member Roadshow pulled in record numbers, with a staggering 2100 members across 36 locations registering to attend and hear the FPA senior management team present the New FPA vision strategy in the build-up to the Extraordinary General Meeting on 7 April.

Along the way, a small handful of members were recognised for their contribution to the community and the profession through the presentation of both Distinguished Service and FPA Fellow Member Awards.

As summer drew to a close, both the **South Australia** Chapter and the **Western Australia** Chapter held their annual golf days. The **Sydney** Chapter held a half-day seminar on the Central Coast, providing local members with both technical and practical learning on self-managed super fund advice, driving additional income streams, body language and multi-manager investment. The **Geelong** Chapter chose to focus on the impact of the Future of Financial Advice reforms on the advice model for its recent Chapter lunch.

The FPA Small Practice Conference took place on the Sunshine Coast from 24 to 25 March. Delegates enjoyed two days of networking and conferencing topics important to the small AFSL and practice principal. Highlights of this year's conference included a topical ethics session from the Hon. David Ashton-Lewis and a government reforms update from the FPA's Dante De Gori. Delegates also took away tactical advice from leading small business consultants.

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- Macquarie
- Paraplegic Benefit Fund
- Praemium
- Professional Investment Services
- Tower
- Van Eyk Research
- Vanguard Investments

Dubbo Roadshow: 1. (l-r) Peter Roan, Roan Financial and Grant Thompson, Hillross.
2. (l-r) Matthew Rowe presenting a Distinguished Service Award to Don Stephens.
3. (l-r) Phillip Barclay, Bridges, and John Cook, Investment and Planning Professionals.
Northern Territory Roadshow: 4. Dante De Gori (right) presented NT Chapter chair Glen Boath with an FPA Fellow Award.

Western Australia Golf Day
5. (l-r) Belinda Radalj, IOOF; Robert Barham; Jackie Oxenbury, IOOF; Mike Jones; Garry Booker; Peter Stevens; and Nathan Morgan, IOOF.
6. (l-r) Chapter committee representative and MC, Rob Pyne, and the winning team from Perpetual – Alistair Fink, Chris Bailie, Russell Fletcher and Sol Hart.

South Australia Golf Day
7. (l-r) The BT team: Neil Sparks, Scott Forbes, Rowan Fielke and Anthony Prior.
8. Stuart Devlin, ING Investment Management, and Garry Meggison.
9. (l-r) The MLC Team: Carl Wilkin, Richard Jackson, Tim Hudson and Matt Carlson.

Small Practice Conference
10. (l-r) David Heather, Investment Administration Services; Anthony Landahl, Principal Edge Financial Services; Alessandra Bertora, LaTrobe Financial; and Paul La Macchia, Investment Administration Services.
11. (l-r) Neil Kendall, Tupicoffs; Martin McIntosh, Planning Partners; and Dacian Moses, Waterfall Way Associates.
12. (l-r) Greg Tindall, Macquarie, and Nathan Frohloff, Frohloff Financial Services.
13. (l-r) Shane Kirsch and Daniel Lowinger, NAB Financial Planner Banking, and Sue Viskovic, Elixir Consulting.

EVENTS AND PROFESSIONAL DEVELOPMENT CALENDAR: MAY 2011

PROFESSIONAL DEVELOPMENT EVENTS

CPD LIVE & ONLINE

2011 Federal Budget: What it really means to you

17 May, 12:00-1:30pm

This year's Federal Budget is expected to kickstart the legislative process, spelling out the detail of broad policies previously announced, as well as lay the groundwork for further potential government reforms. In this CPD Live & Online session, Sue Merriman and Tim Wedd, renowned industry technical experts, will share their insights on what the Budget may mean for you and your clients in this interactive online Q&A environment.

For more information about Professional Development events and to register, visit www.fpa.asn.au.

FEATURED EVENT

Advanced Aged Care and the A-Z of Retirement Homes

WORKSHOP

23 May, 8:45am-5:00pm, Melbourne
25 May, 8:45am-5:00pm, Sydney
27 May, 8:45am-5:00pm, Brisbane

Presented by Louise Biti, Strategy Steps, and Richard Andrews, Find My Retirement Home. This comprehensive full-day program brings together two of our most popular sessions to help you to expand your advice proposition into aged care and take advantage of the ever-increasing demand for advice. Industry expert Louise Biti will provide technical strategies and practical steps on how to advise ageing clients, and Richard Andrews will focus on the legislative and contractual differences between retirement homes, and how to guide your clients and their families through the pitfalls of the villages and purchase negotiations.

Louise Biti, Strategy Steps

CHAPTER EVENTS

2 May
Geelong: Member Lunch

4 May
South East Melbourne: Member Breakfast

9 May
Riverina: Breakfast

10 May
Bendigo: Member Lunch
Gold Coast: Visual Marketing Seminar

17 May
Newcastle: Forum
ACT: Technical Workshop
Melbourne: CPD Breakfast
Darling Downs/Toowoomba: Campbell Newnham Seminar

18 May
Wollongong: Breakfast

19 May
Sydney: Young Planner Networking
Ballarat: Member Lunch
Brisbane: CPD Breakfast

21 May
Sunshine Coast: Mal Brough Seminar

23 May
Sydney: Western Sydney Breakfast

24 May
Sydney: Careers Expo 2011
Darling Downs/Toowoomba: Financial Planning Week Session

25 May
Sunraysia: Dr Chris Caton Seminar

26 May
Sydney: Advising 2020 & Beyond Seminar
Northern Territory: Federal Budget Breakfast

27 May
Mackay: Golf Day

For more information about Chapter events, contact:

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Brett Martin CFP®
Hillross Alliance

Mark Power CFP®
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