



YOUR BUSINESS

How to meet your new standards

Nigel Bowen sourced some expert tips on how advisers can best adapt to their incoming requirements.

In the next seven years, financial advisers are in for some major changes. While the Financial Adviser Standards and Ethics Authority is yet to clarify all the details, here's what's been legislated to occur:

- **From 2019** new financial planners will have to possess an approved degree (or equivalent) and complete a probationary professional year. Ongoing compulsory professional development requirements will be enhanced for all advisers from 2019.
- **From 2020** all advisers will be subject to the new code of ethics.
- **By 2021** all advisers will have to have pass the registration exam if they wish to keep practising.
- **By January 1, 2024** all advisers will need a degree (or equivalent).

Adapt or depart

Association of Financial Advisers general manager Nick Hakes and ANZ Wealth head of professional development Sandhya Maini are both sympathetic to the demands being placed on busy advisers, but argue now is the time advisers must commit to action.

“My advice to those who have to deal with these changes on top of running a business and raising a family is not to delay taking action. Advisers with a lot of demands on them are the ones who most need to plan out well in advance how they are going to check off all the new requirements, particularly the educational ones,” says Hakes.

“The government legislated the new arrangements because the industry lost the trust of consumers,” Maini says, adding that existing advisers have three current options:

1. do nothing and wait for FASEA to clarify requirements
2. plan their succession and potential retirement from the industry
3. find the time and energy required to meet the new standards and start now.

“The industry lobbied to have the changes brought in gradually rather than all at once in 2019. That means it’s now more realistic for an existing adviser, with work and family commitments, to go down any of the three paths.”

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Nick Hakes,
Association of
Financial Advisers

Back to school

Of all the reforms, it's the degree (or equivalent) one that's made existing advisers most apprehensive. That's unsurprising given the amount of study seemingly required.

"The new standards-setting authority, FASEA, is tasked with establishing what qualifies as 'degree equivalency'," Hakes says. "While awaiting the final word from FASEA, advisers could consider starting a postgraduate designation, such as the AFA's Fellow Chartered Financial Practitioner or a master of financial planning."

"To meet compliance, advisers may choose to undertake postgraduate qualifications, such as a graduate certification, graduate diploma or a master of financial planning. These are designed for students with a deep understanding of the content and are more manageable than a degree," Maini says.

Whatever the qualification is, advisers who've been out of the education system for a while will find the process user friendly. Distance education, involving virtual classrooms and online chat groups, makes it easy to learn at a convenient time from the comfort of your office or home office. Plus, ANZ will be engaging education providers to offer workshops at discount corporate rates, as well as helping arrange study groups."

"The AFA has always promoted peer-to-peer learning. I'd encourage advisers to form study groups with their colleagues regardless of what institution they've enrolled in," agrees Hakes. "You will learn quicker and find it easier to stay motivated."

More than just a box-ticking exercise

Hakes and Maini argue that even if it's not something advisers would have chosen to undertake, further education will yield real-world benefits.

"The legislation around tax, insurance and superannuation is constantly evolving. So, a refresher is always useful," Maini says. "Advisers who are more knowledgeable will have more well-informed conversations with clients. That should translate into greater business success."

"Experienced advisers can still find themselves facing new challenges," says Hakes. "They might find their clients are starting to ask them questions about how to provide for their parents, who are going into aged care. Or technological change could mean they need to learn about new ways to attract and communicate clients, especially younger ones. The AFA's education pathways are more than just theory for theory's sake. They are about acquiring practical knowledge that can then be used to grow demand for your professional services."

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