



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

AFFORDABLE ADVICE, SUSTAINABLE PROFESSION

FPA's Policy Platform

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Foreword

A little over six months ago, I asked FPA members to contribute their ideas and hopes for the future of our profession. The response was overwhelming and reflected the energy, optimism and diversity of views that characterise our membership. We have done our best to reflect those contributions and create a clear vision that will guide our advocacy over the next five years.

This document is more than just a wish list of reforms and regulatory changes. For the first time we have set out a statement of principles on the importance of financial advice in the Australian community. This provides important context for why we do what we do.

The FPA Board also took the opportunity to review our policy pillars which underpin all the work we as an association undertake and specifically provides our policy work with three overarching goals.

The FPA has always had a goal of advancing the interests of the financial planning profession and this remains the case. A second goal is to support all Australians to access high quality, meaningful financial advice and advance the interests of Australians as they seek to secure their financial future. Finally, we have a goal of continuing to set higher standards of professional conduct and supporting each other as we aspire to those standards.

We have naturally also made recommendations for specific reforms to advance these goals. Our recommendations cover a wide range of topics. They are both small and large, and include immediate opportunities as well as big-picture reforms for the future.

The FPA's last policy platform - our 10 point plan - was highly successful. Over the previous five years we achieved a lot and have had a significant impact on advancing the profession through a challenging period in its history. One of our biggest lessons during this time is that the way reforms are implemented is often as important as what they are. In setting this new policy platform we are not just committing to advocating for reform, but to working with the government to ensure reforms are implemented effectively.

I particularly wish to thank our policy team for their considered work in starting the conversation, engaging with not only our members but many of our stakeholders and collating the feedback that has resulted in this comprehensive policy platform.

I'm calling on all FPA members to help us make the new policy platform as successful as the last and to get behind our advocacy efforts. The strength of the FPA is in the dedication and professionalism of its members and it is your efforts that will transform this vision for the future of financial planning into a reality.

It is my pleasure to present the FPA's new policy platform – **Affordable Advice, Sustainable Profession.**

Warm regards,

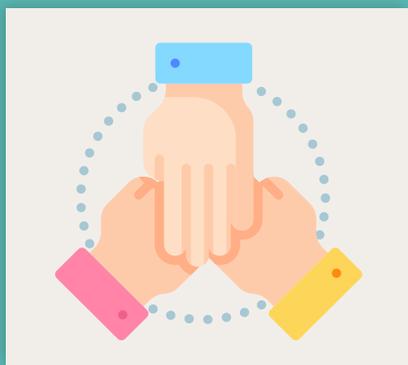


Marisa Broome CFP®

Chair, Financial Planning Association
April 2020

FPA Policy Pillars

The FPA's policy and advocacy work focuses on three pillars, which reflect the FPA's fundamental policy goals. Policy should be:



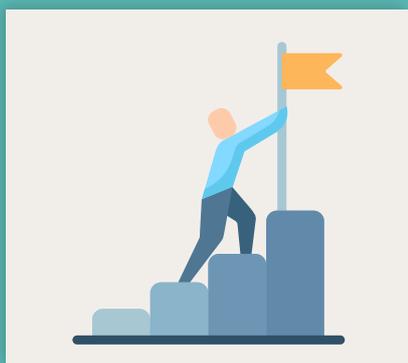
CONSUMER-FOCUSSED

It should support access by all Australians to affordable and professional financial advice and ensure consumers interests are advanced when accessing financial advice.



PROFESSIONAL

It should enhance the professionalism of financial planning and promote the health of the financial planning profession as a whole.



ASPIRATIONAL

It should reflect best practice and the aspiration of members of the Financial Planning Association of Australia to set and meet higher standards of professional competence and conduct.

Principles

In promoting financial planning in Australia, the Financial Planning Association of Australia subscribes to the following principles.

Financial advice has value for all Australians regardless of their level of wealth or the phase of life they are in. Financial advice can help people meet their financial goals, achieve financial security and enjoy a better quality of life.

Access to financial advice allows Australians to better understand financial matters, become more financially independent and reduce their burden on public funds, including in retirement.

Access to financial advice should be universal. Australians should not be excluded from accessing financial advice because it is unaffordable.

In regulating the provision of financial advice, the government should focus on providing an environment in which consumers' interests are protected and the financial planning profession is able to prosper.

There is a role for both the financial planning profession and the government in improving Australians' access to financial advice.

Regulation should be simple, clear, consistent, and easy to interpret and apply.

Australians should be able to access financial advice regardless of their background, where they live, what they look like and what they think or believe. Financial advice should be accessible regardless of a person's age, gender, sexual orientation, race or disability status.

The regulatory framework should minimise the number of responsible regulatory agencies, promote coordination and consistency between regulatory agencies, and ensure oversight of financial advice is delivered in the most cost-effective manner.

Financial advice should be delivered in a manner that reflects Australians' preferences, including through culturally and linguistically appropriate communication, use of contemporary communication channels, and documents that consider accessibility for people with a disability.

Financial advice should be consumer-focused. Financial advice should be provided by professional financial planners who have appropriate qualifications and competence to provide financial advice. Financial advice should be unbiased and delivered in the best interests of the consumer.

Consumers should have a clear understanding of their rights and confidence that their rights are protected.

Discussion

Financial planning in Australia is going through an unprecedented period of change. Financial planners are responding to a wide range of factors, including:

- changing market structures, with major licensees exiting or reducing their presence in the financial advice sector;
- significant new reforms that are changing the way financial advice is provided;
- rapid and exponential increases to regulatory costs;
- changes to how financial planners are remunerated for their services;
- clients with evolving expectations of how their financial planner interacts with them; and
- reduced public trust as a result of the Financial Services Royal Commission.

In its approach to regulating financial services, the government needs to consider the totality of these changes and how they are affecting the long-term viability of the financial planning profession.

Addressing misconduct and creating industry-wide ethical and educational standards is a necessary part of professionalisation. The FPA supports the regulators' work to achieve this and has long set higher standards for its members, called out misconduct and argued for higher standards to be universally applied to the profession. The Financial Services Royal Commission revealed practices which are inconsistent with a modern profession and these must change to restore trust in Australia's financial services sector.

However, new standards are being applied on top of an already complex regulatory framework that has evolved over several decades. In particular, rapid increases to the cost to practitioners of additional regulation are a serious risk for small and medium-sized financial planning businesses.

Major financial institutions, including Australia's big banks, are leaving the financial advice business or reducing their presence. Many practitioners are sole traders or work in small and medium-sized practices and their ability to absorb additional regulatory costs is extremely limited. Escalating regulatory costs will result in financial advice becoming more unaffordable and unavailable for many Australians.

While implementing its reform agenda in financial services, the government must have regard to the cost to practitioners and the impact this will have on Australians seeking financial advice. Unrestrained cost increases will force the closure of financial planning businesses, reduce employment in the sector and set back the development of the financial planning profession.

The government must investigate the recent increases to regulatory costs and carefully consider its reform agenda to ensure that, while it achieves its goals of enhancing the ability of consumers to access financial advice, promoting financial literacy and restoring trust in the financial services sector, it does not also damage the financial planning profession and make it more difficult for Australians to access qualified and independent financial advice.

1 REGULATION OF FINANCIAL ADVICE

The regulation of financial advice has evolved over the past two decades into a complex framework of laws, regulation and regulatory guidance. Multiple regulators are responsible for overseeing an industry that is structured with licensees and financial planners.

This complexity does not assist the government in achieving the goals of regulation, these being to protect consumers and support a healthy financial planning profession.

Complexity does not assist licensees and financial planners to comply with regulation. It does not assist government agencies in overseeing the provision of financial advice

and enforcing regulation. And it does not help consumers understand their rights and how to manage their relationship with their financial planner.

Regulation should be simplified so that its intent is clear and promotes compliance by licensees and financial planners. The regulatory framework should be streamlined to improve the effectiveness of regulators and ensure consumers have confidence that their rights are being protected.

The regulation of financial advice should continue to be reformed to pursue the following goals.

1.1 Single disciplinary body

The Government should establish a single disciplinary body to provide discipline and set standards for financial planning. The single disciplinary body should have primary responsibility for government oversight of the conduct of financial planners, setting mandatory professional standards, investigating potential breaches of mandatory standards and law, and applying discipline.

To the extent that these functions currently exist in other government agencies, including the Financial Adviser Standards and Ethics Authority ('FASEA'), Australian Securities and Investment Commission ('ASIC') and the Tax Practitioners Board ('TPB'), the single government body should assume these functions.

Financial planners should only have to register with one government body to oversee their professional services. It should set a single minimum entry requirement (education, experience and mentoring), a single mandatory code of ethics and other regulatory standards, and be the sole investigator of potential breaches of those standards.

This will have the benefit of being a single source of truth for the profession which will reduce red tape and regulatory cost, improve consumer outcomes, and create a single professional advice community.

A single government body should be responsible for overseeing financial planners, including setting mandatory entry, professional standards, investigating breaches of mandatory professional standards and other legal requirements, and conducting disciplinary proceedings.

1.2 Single registration

Financial planners should be registered on a single government register, with this register being managed by the single disciplinary body. Responsibility for maintaining registration and entry on the register should rest with the individual practitioner.

The existing Financial Adviser Register ('FAR') currently maintained by ASIC should form the foundation for the single register. Should the single disciplinary body be established outside of ASIC, the FAR should be transferred from ASIC to this body.

A single register of financial planners should be established, based on the existing Financial Adviser Register, and should be maintained by the single disciplinary body.

1.3 Single set of fees

Financial planners should be subject to a single set of government fees which reflect the cost of regulating financial planners through a single disciplinary body and registration on a single register.

While it is appropriate that the government recovers the cost of regulating financial advice through these fees, it is incumbent on the government to do this in the most cost effective manner possible and reduce duplication.

Fees paid by financial planners to the government should be consolidated into a single schedule administered by the single disciplinary body, which removes duplication of fees and is limited to recovering the cost of efficient and effective oversight.

1.4 Single set of professional standards

Financial planners should have a single, consolidated set of professional standards with which they must comply. In the short term, duplication between different standards should be removed, such as between those set by the Tax Practitioners Board, the Australian Securities and Investment Commissions and those set by the Financial Adviser Standards and Ethics Authority. The government's ultimate goal should be to provide a single set of professional standards for the provision of financial advice.

A single set of mandatory professional standards should apply to financial planners and these standards should be maintained and enforced by the single disciplinary body.

2 EFFECTIVE CONSUMER PROTECTION

The primary goal of the regulation of financial advice is to protect the interests of consumers and promote confidence in the financial planning profession. Many recent reforms have focused on addressing

consumer protection issues by layering additional regulation on top of the existing framework. However, there are significant improvements available through addressing known problems in the current law.

2.1 General advice

Evidence clearly shows that consumers are confused about the difference between personal advice and general advice and often misunderstand what they are receiving.

Multiple reports (including the Financial Systems Inquiry final report, the Joint Parliamentary Committee on Corporations and Financial Services inquiry into proposals to lift the professional, ethical and education standards in the financial services industry; and the Productivity Commission's Inquiry into Competition in the Australian Financial System) have recommended that the term "general advice" be changed to something that more accurately reflects what is being offered under this category - information that does not consider a consumer's specific circumstances.

ASIC has also reported on this problem (ASIC Report 614) and has started consulting on an alternative term to replace "general advice". The FPA strongly supports this work continuing and the term "general advice" being replaced.

Where general advice is given, the consumer must also be given a standard warning about the nature of that advice. In its current form, the warning has proven to be ineffective at protecting the consumer's interests. The warning should be amended to more specifically state that general advice does not consider personal circumstances and that the consumer might benefit from seeking advice that does consider their personal circumstances from a financial planner.

The law should be changed to rename the term 'general advice' to 'product information' and 'strategy information', which better reflects the definition and is less misleading to consumers. Any replacement must ensure that the term 'advice' can only be used in association with 'personal advice' — that is, advice that takes into consideration personal circumstances.

The general advice warning should be amended to include a statement that the recipient may benefit from advice which takes account of their personal circumstances and they should consider seeking advice from a financial planner.

At an appropriate point after renaming 'general advice' and amending the general advice warning, the Government should review the use of general advice to determine whether general advice is being provided in appropriate circumstances and if consumer interests are being protected.

2.2 Restricted and like terms protections

The government has created significant new consumer protections that apply to financial planners, including professional standards like a minimum education requirement, a professional exam and adherence to a Code of Ethics. While these standards will increase the quality of financial advice, they have also created an incentive for some people to pass themselves off as financial planners without complying with the relevant standards.

It is important that consumers are not misled about whether the professional they are seeking advice from is qualified to provide that advice and whether they comply with the FASEA standards.

The existing restrictions on using the terms 'financial planner', 'financial adviser' and like terms should be maintained. There is some evidence that incidence of people misusing these terms is increasing and the government should take action to ensure consumers can have confidence when they see those terms used.

ASIC should review the use of the terms 'financial planner', 'financial adviser' and like terms (including 'financial coach', 'financial mentor' and 'financial guru') to determine if restrictions on the use of these terms are effectively protecting consumers from unqualified financial advice.

2.3 Sophisticated investor

The current test to give a consumer the status of a "sophisticated investor" was set in 2001 at \$250,000 per year of gross income or net assets to the value of \$2.5 million. There is evidence to suggest that consumers are being classed as "sophisticated investors" as they meet these thresholds, despite having low financial literacy and little experience in investing.

FASEA has attempted to address this problem through its Code of Ethics and suggested that a financial planner cannot rely on the "sophisticated investor" test if they know that their client has limited financial capability. By laying this additional test on top of that which exists in the primary legislation, FASEA has created confusion and uncertainty about how the tests should operate.

While the FPA fundamentally agrees with FASEA's goal, it is more appropriate to fix the problem where it exists in the primary legislation.

The law should be changed to revise the test for a 'sophisticated investor' by increasing the dollar-value threshold to an appropriate and contemporary level, providing a method for indexation and introducing a financial capability measure.

2.4 Professional indemnity insurance

Professional indemnity insurance ('PII') provides an important protection for consumers and requirements for financial planners to hold PII should ensure that claims for loss caused by a breach of the law or professional standards can be paid. However, the operation of the PII market and the oversight and enforcement of PII requirements has undermined the effectiveness of this scheme.

Richard St John's 2012 report made a range of recommendations that would improve the operation of PII in financial services and ensure consumers could access compensation when required. The government has failed to implement these recommendations and the problems with PII identified by St John remain.

The recommendations of the St John report on 'Compensation arrangements for consumers of financial services' should be implemented in full to manage the cost, operation and effectiveness of professional indemnity insurance.

3 LICENSING OF INDIVIDUALS

Recent reforms to the regulation of financial advice have focussed on creating individual and professional obligations for financial planners. In particular, the government has imposed new standards for education, professional competence and ethics through FASEA that must be satisfied by every financial planner. These obligations are personal and move away from the historical practice of imparting regulatory obligations indirectly through a corporate licensee.

This is a welcome change. A focus on individual obligations promotes financial planners using their professional judgements and being held accountable for their own actions. However, this change in regulatory approach has also created duplication, inconsistency and, in places, conflicting duties. The government should address this problem by continuing to pursue registration, regulation and oversight at the individual level.

3.1 Professional registration

The government is establishing a single disciplinary body for financial planners that will require the registration of all financial planners. Responsibility for registering should rest with the individual financial planner and not their employer or licensee.

The registration of financial planners must include verification that they have complied with the professional standards for financial planners set by FASEA, including passing the professional exam, meeting the education standard and ongoing compliance with the ethical standards. This information should be provided by the individual financial planner and verified as correct by the single disciplinary body. In this manner, the register will become an authoritative source of information on each financial planner, including their qualifications, compliance with professional standards and disciplinary record.

By placing responsibility for registering on individual financial planners, the register will promote portability of qualifications between businesses and licensees, and promote financial planners taking responsibility for their qualifications and compliance with professional standards.

Additionally, registration can be more bespoke, based on the skill, education and experience of the individual providing the service, rather than their licensee.

Registering with the single disciplinary body and maintaining accurate information on the register should be the individual responsibility of each financial planner, not their employer or licensee.

Information on the register relating to a financial planner should be verified by the single disciplinary body and represent an authorised record of whether a financial planner has complied with their professional standards.

3.2 Separation of product and advice

The regulation of financial advice is currently tied to the recommendation of a financial product, reflecting a history in which a product recommendation was the core component of most financial advice. In a professionalised financial planning sector, this is no longer the case.

Contemporary financial planning is about a lot more than recommending financial products. There is a wide variety of topics that might be covered by financial advice and many may not include a product recommendation. Regulation of financial advice should reflect the variety of advice that can be provided, and not continue to be tied to financial product recommendations.

Existing requirements to deliver financial advice should be reviewed to ensure they apply effectively to financial advice that does not include a product recommendation. Future regulation of financial advice should focus on the broad nature of contemporary financial advice and not limit its focus to financial products.

The law should be changed to separate the regulation of financial products from the regulation of financial advice.

3.3 Future of licensees

The Australian Financial Services License ('AFSL') system plays an important role in regulating financial products and services. However, recent reforms have focused the regulation of financial advice at the individual practitioner level. This is an appropriate approach and acknowledges the relationship between a client and their financial planner is a personal relationship, not one between an AFSL and the client. Future reforms to the regulation of financial advice should occur through the professional standards framework and rely on individual registration of financial planners.

In this context, the continued use of the AFSL system to oversee the provision of financial advice duplicates regulation, creates significant additional regulatory cost and introduces potential conflicts between the views of the licensee and the professional judgement of the financial planner.

The AFSL system should be maintained to provide regulatory oversight of financial products and some services. The future regulation of financial advice should occur through individual registration and oversight, and not require an AFSL for a financial planner to provide financial advice.

The law should be changed to focus the AFSL system on the regulation of financial products and remove the requirement for an AFSL to cover the provision of financial advice.

3.4 Tax and Centrelink agent status

Clients often turn to their financial planner to help them interact with government agencies such as Centrelink and the Australian Taxation Office ('ATO'). Under current arrangements, financial planners can provide clients with advice on their rights and obligations with these agencies, but engaging with the agencies directly on behalf of the client can be difficult or practically impossible.

The ATO allows tax agents to access its online services portal and act on behalf of their clients, but financial planners are excluded from this arrangement. As only one tax agent is able to be registered per person and, as many people also have an accountant, the portal is also not able to recognise a financial planner as a client's second tax agent.

Centrelink maintains a Provider Digital Access portal. However, the Centrelink portal has limited functionality and financial planners often have to conduct business with Centrelink on behalf of their clients over the phone or at Centrelink offices. This arrangement results in significant delays and additional costs to clients.

Centrelink and ATO should develop their online services portals to ensure financial planners, and other relevant professionals, have access to a full range of functions and can act effectively on behalf of their clients. Improving online engagement with financial planners would reduce the administrative burden on Centrelink and the ATO as consumers would require less assistance from agency staff in completing their requests and would be operating with professional advice on what they need to provide to, or request from, those agencies.

The Australian Taxation Office and Centrelink should improve their online access arrangements to ensure financial planners are able to act on behalf of their clients with respect to their tax obligations and benefits administered by Centrelink.

4 TECHNOLOGY

4.1 Access to data

The introduction of the consumer data right (CDR) will improve the ability of consumers to access and manage their own financial data. As their own access is improving, consumers are also expecting their financial planner to access and analyse their financial data to improve the financial advice they are getting and better integrate the management of financial products.

To ensure that financial planners are able to satisfy their clients' needs and provide advice efficiently, the CDR should include accreditation arrangements for financial planners acting on behalf of their clients. Privacy and information security requirements should be designed in a manner that allows sole practitioners to become accredited.

The CDR should also be extended to cover superannuation products. As a compulsory investment, superannuation is an important financial product for all Australians and advice on superannuation and retirement is a critical component of most financial advice. Including superannuation in the CDR will improve the quality and efficiency of retirement advice available to consumers.

The consumer data right should be extended to superannuation products and be designed to allow financial planners who have been authorised by clients to act on their behalf by accessing their financial data.

4.2 Electronic disclosures and transactions

Electronic communication is changing how financial planners do business. It provides more flexibility for consumers in how they engage with financial advice and the ability for financial planners to provide better services to their clients. However, takeup of electronic methods of disclosure and transaction is inconsistent, with some industry participants continuing to rely on hardcopy documents and wet signatures.

For the financial services sector to take full advantage of the benefits of electronic disclosures and transactions, there needs to be better standardisation of forms and processes and acceptance of these standards throughout the sector. Standardised processes will promote efficiency and ensure consumers have confidence in electronic transactions. This is particularly important in consumer interactions with their superannuation, including providing authority to superannuation trustees in relation to their accounts.

The government should work with industry stakeholders to improve the takeup and effectiveness of electronic methods of disclosure, consent and transactions, including through standardised processes and forms and, where appropriate, by requiring industry participants to provide electronic options.

5 COST OF FINANCIAL ADVICE

5.1 Ability to receive the advice you want

The time to prepare and provide holistic financial advice that considers the full range of issues that might apply to a client is substantial.

Many Australians seeking financial advice require advice on a limited range of areas. In particular, younger Australians are more likely to seek advice on a limited set of issues - for example, on the selection of an appropriate superannuation fund - and would be prepared to pay a commensurate fee for that advice.

A key strategy in making advice more accessible for Australians should be enabling financial planners to provide a scope of advice that clients want to receive at a fee that reflects the value of that advice.

In the formal guidance for its Code of Ethics, FASEA has acknowledged that financial planners can provide advice on a limited scope engagement as agreed with the client. In doing this, financial planners cannot avoid their responsibility to act in the best interests of the client and must consider the client's need for advice overall. This is an important consideration as a limited scope engagement should not be used to abrogate a financial planner's professional judgement.

Due to the risks associated with providing advice on a limited scope engagement, many licensees do not allow their financial planners to provide advice in this manner. This significantly limits the ability for those financial planners to provide affordable advice on the topics needed by some consumers.

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

5.2 Small investment advice

The law currently allows for a financial planner to provide 'small investment advice' on investments of up to \$15,000, although this advice cannot relate to a superannuation investment. This provision is intended to allow consumers to access simple and affordable advice on small matters that do not warrant a full Statement of Advice process.

While this is a useful provision in the law, the threshold has not been updated since it was introduced in 2007 and it specifically excludes advice on superannuation investments. An increase in this threshold and removing the exclusion on superannuation advice would improve the ability of consumers to access simple and affordable advice.

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

5.3 Tax deductibility of advice

Tax treatments are applied to financial advice in a variety of ways depending on the nature of the advice and when it is provided. The Australian Taxation Office (‘ATO’) has declared that a fee for service arrangement for the preparation of an initial financial plan is not tax deductible. This is different to the treatment of an ongoing advice fee, which is deemed to be incurred in the course of gaining or producing assessable income, and therefore is tax deductible.

Treating the creation of an initial financial plan differently from ongoing advice is a disincentive for people to get financial advice to help them actively plan, save and secure their financial future. It acts as a barrier to entry for people who have not previously received financial advice.

The benefits of tax deductions available for ongoing financial advice predominantly fall to people who can already afford financial advice and have established investment portfolios. These are predominantly people on higher incomes and with higher net wealth.

Increasing access to financial advice for all Australians, including those on lower incomes, will result in a more financially capable community, with individuals more financially literate and better able to support themselves including in retirement. Access to financial advice also assists the government to fulfil its obligation to address the substantial issues of financial and social exclusion by helping consumers gain access to expertise to help them navigate the financial marketplace and learn how to better manage their finances.

While providing a tax deduction for fees associated with the preparation of an initial financial plan would involve some additional costs to the government, these costs should be balanced against the long-term benefits in supporting a more financially literate community. To control the budget impact, the government could include caps on either the size of the tax deduction or an income cap on those able to receive a deduction.

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

5.4 Fees from superannuation

Superannuation provides an opportunity for many Australians to receive and pay for financial advice on their superannuation investment and preparation for retirement. In many cases this opportunity would not be available from other sources. For example, superannuation provides a favourable tax treatment that can reduce the cost of financial advice by as much as 40 percent. In other cases, clients do not have alternative cash flow outside of superannuation from which they can pay for financial advice upfront.

Superannuation should remain an option for all Australians when seeking financial advice on their superannuation and preparation for retirement. The FPA supports a single set of rules for the payment of financial advice fees from superannuation. The rules should apply equally to all superannuation funds, accounts and investment choices.

A single set of rules would ensure that no incentive is created for people to hold a particular investment choice, account or fund simply as it allows access to financial advice.

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

5.5 Insurance advice fees

Australians want financial advice to help them when they select life, total permanent disability and income protection insurance. However, the cost of this advice is often an obstacle and insurance advice is often most needed at a time of life in which people do not have excess cash flow with which to pay for it.

The Life Insurance Framework ('LIF') provides an opportunity for consumers to pay for financial advice indirectly, through commissions paid to financial planners by insurers. Many Australians would not be able to afford to pay for financial advice on insurance by paying an upfront fee and LIF commissions provide the only option for these consumers to access financial advice.

As upfront and trail commission rates are closely regulated under the LIF, commissions no longer provide an incentive for a financial planner to recommend one insurance policy over another.

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

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



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