



## What advisers think of the new education standards



**O**n 9 February 2017 the Corporations Amendment (Professional Standards of Financial Advisers) Bill 2016 establishing a new education and professional standards framework for the financial advice industry was legislated.

Under the reforms all new financial advisers will be required to be degree-qualified, to undertake a professional year and to pass an exam.

All financial planners will be required to undertake Continuing Professional Development (by 1 January 2019), be subject to a code of ethics (from 1 January 2020) and pass an exam (by 1 January 2021).

Existing financial planners who need to undertake additional study to meet the new education requirements will have until 1 January 2024 to do so.

The Financial Adviser Standards and Ethics Authority Limited (FASEA) was established on 11 April charged with setting the education, training and ethical standards of financial advisers who pro-

vide personal advice on relevant financial products to retail clients.

At the same time, the FASEA board was named and four months later Deen Sanders was appointed as its inaugural chief executive.

As the body tasked with deciding what shape the 'equivalent' of a degree will take and the extent to which an adviser's past experience should be considered, FASEA is yet to formalise any determinations.

As such, despite the landmark amendments having passed some time ago and the level of industry support the reforms received, many of Australia's financial adviser network – particularly senior advisers - are in limbo; anxiety as to their future as a financial adviser remains dominant in their minds as they endure uncertainty around their need to undertake additional study.

In the lead up to the 2017 Association of Financial Advisers National Adviser Conference on the Gold Coast this month, *Financial Standard* spoke with finalists of the Adviser of the Year and Excellence in Education awards to gauge how industry leaders view the new standards and exactly how they think the final requirements should look.



**01:**  
**Jonathan Chong**  
Goodwin Financial  
Services, Excellence  
in Education Award  
finalist



**02:**  
**Helen Russo**  
Encompass Wealth,  
Excellence in  
Education Award  
finalist



**03:**  
**Glen James**  
Fortify Financial,  
Adviser of the Year  
Award finalist



**04:**  
**Michael Ward**  
Maxim Private  
Wealth, Excellence  
in Education Award  
finalist



**05:**  
**Julia  
Schortinghuis**  
Lighthouse Capital,  
Adviser of the Year  
finalist



**06:**  
**Brad Smith**  
Smith Wealth  
Partners,  
Excellence in  
Education Award  
finalist

## Q1. Do you believe the incoming education standards for existing advisers are fair?

**Jonathan Chong:** For new entrants to the industry, it is fantastic for clear professional standards to be established that is not dissimilar to other professions like accountants and lawyers. Unfortunately for existing advisers, the benchmark where all planners are required to attain a degree or equivalent by 2024 may seem unfair.

There will always be that adviser whose case was worse off than the average adviser. Transitional phases can always be handled better and we should support existing advisers as best as possible. On the other hand, seven years warning is a long time for people to plan for their personal and business requirements. Advisers must complete at least 40 hours of ongoing education per year, and with planning, this time and effort can be recognised and re-directed to completing a degree.

However, I would encourage existing advisers to embrace this change and become part of it. We all need to study to keep up and update our technical and soft skills. So if you need to, why not accomplish a degree as well.

**Helen Russo:** The increase in education standards will benefit the industry, advisers and consumers and it confirms the industry is well on the way to becoming a profession. We will see the elevation of financial planning and what it means to be a financial planner to the realm of true professional trusted party to Australians seeking financial direction and advice. The new standards will deliver this with a more than generous timeframe offered to the advice community to comply. Once the standards

have been established, each of us will have to make a personal choice about what we want out of our career and future. If you chose to be a professional in this industry, you will accept what is required.

**Glen James:** In short yes, there needs to be a line in the sand drawn at some point. We need to get on with it and lift our game as a profession. There are now no longer any excuses as time is on our side - if we act now.

**Michael Ward:** In short, yes. It's fair that if we want to stand shoulder to shoulder with our peer professions such as lawyers, accountants and doctors then we need to take a united step forward and increase our minimum education standards. It's fair to our community that if we want to be treated as professionals and gain the trust of more people, before we even meet with them, then we should commit to meeting the education standards.

**Julia Schortinghuis:** Given the degree of responsibility, complexity and increasingly regulated environment we are operating in, an increase in the minimum standard education requirements was inevitable in my view. In particular, I support the concept of a national exam which would capture prior knowledge and experience

**Brad Smith:** I do believe they are fair as long as consideration is given to experience and prior knowledge. One of the biggest frustrations to date has been the lack of clarity around prior learning and any exemptions applicable.



### The quote

*We should all support the new professional standards as it really seeks to set up our industry for the greater good of future financial advisers and their clients.*

**Jonathon Chong**



## Q2. Do you believe the new standards will contribute toward greater levels of consumer trust and confidence in financial advice and advisers?



### The quote

*This education requirement is bigger than individual advisers and bigger than individual practices. It is an unwavering commitment to be better and get more Australians using advice to reach their financial goals.*

**Michael Ward.**

**JC:** In the short term, these standards will have minimal positive impact on consumer trust for consumers of existing financial advisers. Surveys show that consumers of existing financial advisers already highly trust their advisers.

I believe these new standards will provide longer term benefits. As the standards get promoted and consumers become aware of the standards, consumer trust will increase as consumers understand that there is now a higher skill and education benchmark imposed on financial advisers.

Financial advice is complicated as it requires the adviser to be across so many different areas of expertise including general tax implication to legal implications associated with estate planning, complex superannuation rules, and increasing investment types and vehicles. The new standards will ensure financial advisers are suitably qualified to provide such advice, which in turn will provide confidence to consumers using financial advisers.

**HR:** Most definitely, the reform provides for a minimum of high quality education standard as a benchmark. A consumer has a right to an expectation of a standard of education when they engage with a financial planner. When a client sits in front of a financial planner they can take comfort in the knowledge that they are qualified and part of an industry with high professional standards, ethics and compliance providing consumer protection.

**GJ:** I believe over time, with the higher barriers to entry into the profession, the result will be higher levels of trust and confidence with consumers. Advice will move closer to what it should be about - advice. With product sales being the solution not a default position for some environments.

**MW:** While advisers are generally very good at building trust with the people sitting in front of us we still have a massive disconnect with the vast majority of the Australian public. I was an adviser for about eight years before I completed my degree and can confidently say that new clients saw me differently, treated me differently and trusted me sooner as a result of my degree. We have an opportunity to stand together and change the way that we are perceived by the bulk of the Australian public and engage with the people who are not in front of us.

**JS:** Yes, I believe that the new standards will contribute to greater levels of consumer trust in the same way consumers understand that lawyers; doctors and accountants have degree qualifications.

**BS:** I think it will create a positive step in that direction but a considerable amount of effort needs to be focused on the value and outcomes of advice as this will lead to greater consumer trust.

### Q3. What is your level of education and will you need to gain further qualifications?

**JC:** I attained a B Commerce/B Laws from the University of NSW in 1996 and have also completed various diplomas and post-graduate diplomas in the last 20 years. I am currently completing my final subject in the Fellow Chartered Financial Practitioner (FChFP) designation with the AFA. Thereafter, I won't require further qualifications.

**HR:** I have been a financial planner for 20 years and have progressively studied since entering the industry. I hold a Masters of Financial Planning, together with other specialist technical certifications in superannuation, retirement planning, home & aged care. I don't know if I will need to complete more study to satisfy the requirements but, if it is determined that I do, I will as I intend to stay in the industry for some time to come.

**GJ:** At present, I have an FChFP designation with the AFA. At present it seems the FChFP will be considered equivalent however if this is not the case, I will happily go and continue my study to obtain a degree - which I may do anyway for self-interest.

**MW:** I have a Masters of Financial Planning, am currently studying my CFP, have 10 years' experience as a licensed adviser and 15 years' industry experience. I also plan to tackle the CTA course as our financial services group has a mature tax business.

**JS:** I saw the writing on the wall a few years ago and went back to study after a 20 year break, completing my CFP last year. As a business owner and working mother it was a tough few years, but I have no doubt that I am a better practitioner as a result. I also hold a bachelor degree in commerce so I should meet the minimum requirements.

**BS:** I have both a Diploma and Advanced Diploma in Financial Services along with my FChFP designation. I will be required, as I understand it, to finally complete my Masters in Financial Planning to attain the current proposed level of qualification.



#### The quote

*I am passionate about the difference I can make for clients and I have always embraced further education. I have never looked upon study as a chore – I love learning so that I can improve myself for the benefit of clients I work with. I have always seen it as a great honour and privilege to work with clients and I felt it natural to be qualified to do so.*

**Helen Russo.**

### Q4. To what extent do you think experience should be considered?

**JC:** Experience is an important facet in determining an adviser's suitability. I believe that equally important is the adviser's educational standard, and industry and personal ethic. Experience is invaluable, but unless it is experience in contributing to raising education standards it cannot replace education standards which will always provide an objective and reasonable technical foundation for all graduates.

**HR:** There is merit in having both an educational standard as well as experience. I do understand the challenge with experience, it is variable, and there is differing levels and types of experience... I also fully appreciate that holding a technical degree alone does not guarantee competence. Overall, there are many exceptional advisers who have been part of our industry for years who don't meet the formal

standards required and who won't want to commence new study at this time in their lives. There needs to be recognition of the tremendous skills, knowledge and experience they hold.

**GJ:** I am not degree qualified though I have over 10 years' experience. I do certainly support experience being considered for existing advisers.

**MW:** I believe that we have an opportunity as an industry to take a massive step forward as a united profession. I will agree that for many mature advisers obtaining a relevant degree will not have a significant impact on those clients and their relationships with their existing advisers.

**BS:** I think it is vital to consider both an adviser's experience and other designations that could apply, especially around specialty advice such as aged care. **FS**