



Financial Group

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CORPORATE AUTHORISED REPRESENTATIVES

Bull Group Pty Ltd trading as
Bull Financial Group

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Advice and Investment Branch
Retirement, Advice and Investment Division
The Treasury
Langton Crescent
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Email: advicereview@treasury.gov.au

To the Advice Review Team,

I am an award-winning Financial Planner, who has been advising for over 36 years, I am a Certified Financial Planner (CFP®) and a SMSF specialist. I have always held an “A” compliance rating.

I am and have been an active part of the many Financial Planning organisations as I am passionate about Financial Planning and it being recognized as a valuable profession. I have been a FPA Wide-Bay Chapter chair, a Value of Advice winner and featured on the FPA website as a good example of what a financial planner could do for you. Most recently, I have been part of an International organisation called Million Dollar Round Table (MDRT) and Top of the Table (TOT) and have spoken at several of their conferences. In October 2019 I was invited to their headquarters in Chicago to contribute to a World Best Practices Forum.

I am recognised as an innovator in the industry for being the first to charge a fee for the first appointment as far back as 1996 and have been asked to speak on this here in Australia and overseas.

I have built a highly successful boutique financial planning practice called Bull Financial Group that is based on a model of service, rather than just a yearly review with my clients. I am extremely proud of the business that I have created and developed since the introduction of FSR in 2001, that enabled me to provide advice and service for my clients, depending on their financial circumstances, their stage of life, and their preferences.

I have a very loyal client base with retention nearing 100% and enjoy constant referrals from my clients, that unfortunately, I now need to turn away because of the over-regulation and lack of time to assist more clients.

I need more client time to help more of their families and friends, not more time out for additional unnecessary study, distractions and more regulations that discourage us from taking on the risk and responsibility in giving advice to more Australian's who are in desperate need and prepared to pay for it themselves.

I love what I do, and **I definitely love the people I do it for**, and I firmly believe (along with my clients) about the power of financial advice because I have seen firsthand the difference that the right advice makes to people's lives.

My business has grown on average by 15% a year, the number of staff I employ has grown from 6 to 18 over the last 10 years, and the number of clients has increased.

I have always worked long hours but working long hours to achieve great outcomes for clients is motivating and rewarding, working long hours to meet unnecessary compliance standards that add no value to anything is demoralising and demotivating. It makes me feel like joining my clients in retirement.

From a client's perspective, the key theme that resonates out of our numerous surveys over the years is that they are happy with our services because having access to our services gives them peace of mind.

What value do you put on peace of mind? It is priceless, but as a financial planner, it is my job to ensure a better financial outcome for them, not just peace of mind.

It is incredibly stressful for my team and myself to uphold a high level of service to clients and meet all the regulatory requirements, which means we are working an enormous amount of hours to complete the same amount of work for my clients and meet all the extra compliance requirements.

The disappointing thing is that no one looks at what we already have in place, and what is the effect when they throw out one reform for another or layer changes on the top of reforms, for a one size fits all change. It is also disappointing when Australians no longer have a choice in determining their level of service to suit their needs.

There is so much that needs to be changed, however, to begin with the following summaries (explained in more detail later) the three things that would make the biggest difference for us:

1. [Adapting the regulatory model for different business models](#)

My business is a holistic financial planning model that provides service and has different offerings and fees for clients. We believe clients should have the right to choose how they engage with our business. It is heartbreaking to think that I need to tell my client base that I cannot provide them a service anymore, or that I need to significantly increase their fees in order to provide them with additional services that they don't want just because legislation or the licensees risk appetite associated with compliance indicates that they must.

Clients should have a choice in the service level that they want and flexibility to cater for the many disruptions that can occur in life, to continue our services if that is what they choose in order to give them the peace of mind they strive for.

A significant portion of the current legislation focuses on new clients, as a long term financial adviser, about 90% of our clients have been with us for over 10 years. The legislation needs to provide some concessions for clients who are not new to the financial planning process.

2. [Over Regulation](#)

We have included many examples (later in this document) of where legislation has overregulated the advice process beyond any sensibility.

More scrutiny and more administration; I have lost count of the number of times that I have heard that this is a silver lining and a chance for the industry to reinvent itself. However, in the current environment, all this has done has doubled up requirements and caused extra administration.

At a time when professional financial advice has never been more important or more needed, it is becoming unaffordable, compound this with there simply are not enough practitioners and trained capable staff.

3. Experience should count

Not everyone, for many reasons has the time or desire to restudy again.

I constantly study and read to keep up to date to ensure that I have what I need to for my clients, and to meet my CFP requirements but I do not want to study again just to get another piece of paper.

I have taken the time to not only do 1-8 twice and to get all of these specialist accreditations to set me above the pack but have also spent numerous hours ensuring that my business is recognised as a CERTIFIED QUALITY ADVICE PRACTICE awarded to the top 5% of Advisers and FPA PROFESSIONAL PRACTICE.

Over the years I have willingly added numerous accreditations' to my name to let my clients know that I stand well above the average Adviser but as I head into the twilight years of my career and see out the twilight years as a holistic Financial Planner I would be happy to have to put "Experienced but not Degree Qualified".

I want extensive study present or past to be recognised regardless of its classification. I should be judged on my ability to do the job, not the year I did my study, if I have adequately ensured that I have maintained the skills and have a clean compliance record.

Not all financial planners, are the same. I understand some may need extra study, but why take experienced financial planners back to study when there is such a need for quality advice and nowhere near enough advisors to deliver it. Refer to Appendix 1. Below for further details.

I believe that we need to take steps immediately to limit the risk of losing more experienced 'A' compliance rated planners and steps to ensure that experienced planners will be available to assist in the growth of the profession which from the number of calls we receive is desperately required by our community. More regulation and more study for study sakes only weighs down those aiming to do the right thing; it does not make the dishonest honest.

What many other advisors and I are asking for is that the requirements need to consider the best interest of the people who choose to pay for our services.

I believe that we need to take steps immediately to limit the risk of losing more experienced 'A' compliance rated planners, to ensure that experienced planners will be available to assist in the growth of the profession, which from the number of calls we receive is desperately required by our community.

Prior to the coronavirus, I meet with Bert van Manen Federal Member for Forde and Senator Amanda Stoker to highlight the incredible unrealistic workload thrust upon us with the reforms and how difficult it would be in the event of another major disaster such as the 2013 floods in Bundaberg or we now know in the event of coronavirus to be able to meet the needs of our clients and people reaching out for help.

I explained that last floods we turned away dozens of requests for financial advice by Bundaberg residents and that we were currently turning away family members and friends of our clients because of over-regulation consuming the time it took to service our existing clients.

The coronavirus, magnified the problem, we were and have been inundated with an extraordinary volume of calls and emails not only from clients as they dealt with both the emotional and financial consequences of coronavirus. Our clients are fine, they have saved for a rainy day, have access to quality advice but it has been extra busy to ensure that their financial plans are altered to suit changes in Centrelink, Income, markets, etc. and that they continue to be well looked after and communicated with during those extraordinary times.

Our clients are everyday Australians that voluntarily pay for our service because they value it. They are not complaining about our fees. Many have said that they would go without many things before they would give up access to our advice; however, continual increases of our fees to meet over-regulation is not the right solution. **Australians should be entitled to have access to affordable financial advice that is not out of their reach or that results in them going without other necessities.**

We should not have to turn away the many family members and friends of our clients who were in desperate need of advice pre coronavirus, now and in the future. Rainmaker Financial Adviser Report has revealed almost **9,000 advisers have exited** the industry since 2018, approximately a 30 per cent decline while a meagre few hundred new authorised representatives joined the industry.

People will not stop seeking advice, they will just turn to unlicensed and unscrupulous advisers.

The cost of advice has tripled over the past three years to cover the compliance regime, with a significant amount of that being paperwork duplication, file note duplication, work paper duplication, training duplication and other costs that advisors must pass on to clients.

An article that I feel is very relevant is titled '[Dismantling reforms may be the only option](#)'. I have attached a copy (Attachment 2) for your reference, which reinforces my experience of trying to retrofit ill-fitting regulations, that have holes and overlaps.

Our industry is under threat, **75%-85% of my time is strategic advice**, and I am sure that other good quality advisors would be the same. Our problem is that the **regulator is focusing on financial product advice** and a narrow introspective focus around review dates.

Before any more regulation or threat of regulation is thrown on top of many years of regulation, I thank the Government for undertaking a review of financial services looking through the lens of a perfectly imperfect world. We need to back test the real impact of reform that has failed when it was needed most in the context of ensuring a strong viable financial services industry and affordable advice to all Australians.

I firmly believe the Government must give back to individuals who electively pay for our service a choice as to how to engage with Qualified professional planners in an affordable and practical manner befit to their circumstances and with the flexibility to move easily between the choices of engagement. It should be about quality advice not quantity.

To hear a testimonial from one of our clients please refer to the attached <http://bullfinancial.com.au/about-us/testimonials>.

What many other advisors and I are asking for is, that any legislation needs to consider the best interest of the people who choose to pay for our services, our clients.

I appreciate you taking the time to understand my concerns. We have attached more detail below. I am available at any time to talk through the points I have raised in more detail, and optimistically, I look forward to getting back to the thing that I love the most, which is helping our clients.

Yours sincerely



Leanne Bull CFP®
Authorised Representative
Charter Financial Planning Limited

1. Adapting the regulatory model for different business models.

a. Existing Service and Business Model considerations

It is understandable for the Government to respond assertively to something as important as the Banking Royal Commission to provide transparency, clarity, control, and choice for consumers.

It was of utmost importance that any solutions were measured, adequately analysed, and consulted with the industry. Unfortunately, what we have now is a one size fits all approach that is strangling the industry with regulation and removing choice from our clients about how to engage our services.

The unintended consequence of the proposed reforms is that lower-income clients have been priced out of the advice market. Decisions regarding retirement outcomes are complex, and most individuals lack the financial expertise required to self-govern their retirement savings.

As Australia's population ages the need for quality advice will only increase, with fewer advisors, the Government should consider the impact this will have on our social security.

Over Twenty years ago, we created our current Service offer in response to the Financial Services Reform Act of 2001, known as FSR.

Every Ongoing Fee-paying client,

- Has an active file so we can guarantee them an appointment if they have a significant change in circumstances, or if legislation requirements result in opportunities for them, or changes to be made so that they are not adversely affected.
- Is given the opportunity to choose their service level and adjust it according to their changing needs.

We have a CVP based on segmenting our clients for what service they need and can afford to pay. My business model ensures that everyone gets service as approximately 15 years ago I removed clients that were just policy holders and who did not want to engage with our active service level.

Being a Ongoing Fee-paying client provides our clients with peace of mind, in knowing that they are guaranteed an appointment if they have a change in circumstances or if legislation requirements result in opportunities for them or changes need to be made so that they are not adversely affected.

In many cases our Bronze clients are children of our clients who want to have the benefit of a financial plan like their parents or our long-term clients who are now older retirees. Many of our older retirees saved for their retirement as they did not have access to employer-sponsored Superannuation, so they don't have a lot, neither of the options of refusing service or increasing fees is palatable as many of my older retirees have been with me for over 20 years and have put in the hard work to get where they are today.

Our reviews are a full review, they analyse what the client has achieved since their last review, as well as set up all the administrative actions that need to take place to move them closer to their goals or ensure that they stay on track.

Every Ongoing Fee-paying client has an annual review of their asset allocation and depending on their stage of life a review of other matters such as Cashflow, Superannuation contributions, Insurance, Tax and Centrelink.

Additional compliance has made it unprofitable to service a bronze client.

We do not want a handout to provide service, we just need a fair and reasonable approach that enables people to electively and affordably pay for our services.

b. Annual Fee Arrangements & Flexibility

I believe that greater thought into the practical implications of Fixed Fee Agreements often referred to as annual advice arrangements needs to be incorporated into the regulations and how ASIC is interpreting them. Having the client experience at the forefront of design is critical for their control and choice.

I have many examples where the current inflexibility does not consider the needs and wants of the clients, and service would be delayed but put really simply Life Happens.

A few examples follow:

<p>Bundaberg Floods in 2013</p>	<p>These floods were a devastating event for Bundaberg and region, not only did we have 40 clients flooded, but half our staff lived over North Bundaberg and could not get to work. There was no power for 2 weeks. With a skeleton staff, we worked around the clock, and we prioritised clients affected by the floods, which delayed annual reviews with other clients with their consent because they understood the wider community implications. The practical implication of the new legislation would be that some of these fees would be turned off, which would then put our firm under financial distress in order to give the right advice to these clients whose lives were turned upside down by the flood. Alternatively, we would have to prioritise people because of a date, not a need. Remember, most of our clients have referred their family and friends, and all were happy for us to prioritise someone in need, knowing if they were in need, they would be prioritised regardless of their review date.</p>
<p>Brett is under financial distress.</p>	<p>Brett has a handicap but works in a low paid job. Brett was an over spender; when his parents referred him to us, he had \$30,000 spread over seven different credit cards with an average rate of 20%, i.e. \$6,000 of his \$40,000 salary after tax was going to service his credit cards. In addition to that, he had a home loan payment. We agreed with Brett what disciplines needed to be put in place. We lost money on our service to Brett initially to enable him to get started and to have our time without restriction to help him change. The change is remarkable; he now spends less than he earns, puts extra away to enable him to achieve goals like home renovations, overseas holidays, and a more comfortable retirement, and he now pays us for our bronze service. The current environment means getting rid of clients like Brett as he is again under current over regulation no longer a profitable client and not assisting more people like Brett. This is not a good outcome for Brett or his parents who referred him.</p>
<p>Trauma - Appointment is set, Mitchell has a heart attack and is in hospital</p>	<p>Mitchell and Sue were due to meet for an appointment, Mitchell suffered a major heart attack, and was rushed to Brisbane, and the scheduled meeting is missed. Rather than focusing on assisting them with insurance claims and other practical matters, we will have to prioritise a fee agreement. What if all the money is in Mitchell's name and Mitchell can't sign. His fees will need to be turned off when Sue needs us the most. This would be ok if it is what the client wants, but we do not believe any Government has the right to override a person's choices when that choice does not harm anyone. This is a time when service is required. At a minimum any Fixed Service agreements need to allow for continuation if a client is unable to sign.</p>
<p>Frank & Jill ongoing health issues required large stays in hospital</p>	<p>Jill has ongoing health issues, which require operations and rehabilitation lasting up to 3 months in Brisbane. If her appointment falls in this time and she chooses to concentrate on her recovery, the fees will need to be turned off if the review appointment isn't held within the 12 month period, regardless of whether this is what the client wants or not. The client should have the choice to determine when fees and, ultimately service, is ceased. Especially when they are suffering from health issues. Most clients choose to pay a Financial Planner to give them peace of mind. Ceasing the services, they have chosen to pay just because a review can't be held at a time when they and often their family need peace of mind more than ever is severe.</p>

2. Over Regulation Examples

a. Fees reported – Duplication - Past / Current & Future

Flexibility is required in meeting ongoing fee arrangements, it needs to be simple, transparent, fair, and deliver on the services agreed to advisors should be required to periodically review and renew ongoing fee

arrangements, document them, and seek the consent of their clients for any fees to be charged.

At the moment, we have so many obligations to report our fees, which leads to client confusion and dissatisfaction about the duplicative paperwork with no additional client benefit.

Putting more forms in front of the client to sign does not lead to an enhanced understanding of the fees.

The following table extracted below is the client experience of the current arrangements.

Client Experience:

Step	Item	Step	Fee Disclosure	Signatures
1	More than yearly FSG	They meet you and get disclosed how you will be paid both upfront and in your FSG	1	0
2	Yearly LOE or TOE	They want to do business with you, so they then sign a letter of engagement to prepare a SOA where you disclose your fee and they sign (TOE is required by TPB)	1	1
3	SOA	The then get presented a SOA where you disclose your initial fee and ongoing fee and sign an authority to Proceed	1	1
4	Product Provider authorisation application form	You set up an application form with a provider where they get disclosed the fee in the application again and they then sign a consent and direction form for the product provider to deduct the fee for the year ahead. Product providers may provide their own forms and ASIC is delegated to instruct what information may be required on the consent form.	1	>1
5	Investment Reports and Statements	Which fully disclose actual fees deducted over the 12 month period	1	0
6	Yearly Fixed Service Agreement or AAA	Arrangement or AAA to disclose the estimated fees for the year.	1	1
7	Yearly Trustee Fee Consent	This needs to be signed and given to the trustee for each superannuation and income stream product	1	1
Total			7	>5

Charter Advisors must do an Yearly Fixed Service Agreement or Annual Advice Agreement (AAA).

The Annual Advice Agreement has so many compliance requirements to it, and restrictions on timing. Restricting the timing doesn't help a client who wants to be a client.

I help people make extremely complex decisions, and I need time to do this, not more requirements that limit the time I can see and help my clients.

I have been charging fees for 20 plus years. My clients are well and truly aware that we charge them a fee. The number of times we need to discuss fees with clients' needs to be reduced not increased.

From a business owner's perspective, we are fed up with ever more compliance and complexity on good advisors that hasn't stopped the bad. My client's responses to the practical position of extra fee disclosures are, "Leanne I don't need this you have told me what the fees are more than once" or "can you do this for me now" and I have to respond with first it is a legal requirement to provide you with the stuff you don't want and once I have done that I will then do the things you do want and voluntarily pay for.

Other than the odd thankyou over the last 5 years this is the only feedback we have received from a client when we email out their FDS

Hi BFG Team

This is not really necessary for me.

I am more than happy with the service you are providing.

Cheers Peter

Since we changed to AAA's we are yet to receive any feedback other than there is a lot to sign now.

I believe that the whole fee disclosure process needs to be simplified and that clients should be given a choice to opt-in or resign their Fixed Service Agreement yearly or three yearly.

Some will choose 3 yearly to limit the possibility that life's unexpected changes leave them without an Adviser when they need them the most. (Refer to examples later)

Furthermore Target Market Determination's should only be relevant where 10% of the clients funds are invested in sector specific fund or where 30% of funds are invested in diversified funds. Having to consider this in a well diversified portfolio is of no value and again just adding cost to a client review.

b. Statement of Advice (SOA) Required for no material change in circumstance

The amount of regulation needs to be relaxed to make the production of a SOA more cost effective, and the instances of when a SOA is required need to be reduced.

In our business to complete a workpaper, SOA and implementation schedule used to take between 1 and 3 days, yet it now takes between 2 and 6 days.

Our Licensee has become so risk-averse due to complete fear of upsetting ASIC that we need to provide an existing client a Statement of Advice when there is no change to their underlying investments and fees. Examples as follows,

i. Recommending one product to replace another

Where an advisor recommends that a client disposes of a particular product to replace it with another, additional obligations apply.

Section 947D(1) requires that a statement of advice include information as to the charges a client will or may incur with respect to that disposal, reduction, acquisition or increase, along with any pecuniary or other benefits that the client will or may lose as a result of acting on the recommendation, to the extent that the information is known or could reasonably found out by the advisor.

<https://www.compliancequarter.com.au/a-summary-of-regulatory-requirements-for-statements-of-advice/>

This has resulted in a SOA having to be produced to turn a **Deductible Allocated Pension** into a **Deemed Allocated Pension** because it is considered a change in product, even though nowadays this can all be done via in specie and without any change in underlying assets, administration systems, fees etc and no need for time out of the market. The only change is an increase in Centrelink. Often this needs to be done for our poorest clients to get them an increase in Centrelink but doesn't change anything else for the client.

A specific example was recently we altered Doris's Allocated Pension from a Deductible to a Deemed which resulted in approximately \$3,170 per annum more income from Centrelink which enabled us to reduce the drawdown on the Allocated Pension

There was no change to administration or investment fees, no change to Advisor Ongoing Service Fee, no change to the underlying assets, asset allocation, taxation, and the reversionary stayed the same. All investments were in specie transferred, which meant nothing sold, nothing brought. The change of product resulted in a change of cashflow only.

Yet a 12 page Working Paper and a 60-page SOA document needed to be produced to be compliant and a \$2,200 cost to the client. Refer to Attachment 4(a) & 4(b) for details of our extensive fact find and a recommended solution.

- ii. Altering super contributions from salary sacrifice to Personal Deductible or advising a early retiree who has decided to take on some extra work to put \$1,000 into Super to get Gov Co

We also have to provide a SOA to a client who we have previously recommended salary sacrifice if we want to utilise the new legislation that allows personal deductibles to be claimed even though the only change is the timing of the tax refund. Often this is done for clients whose employers are not forwarding to the super fund salary sacrifice monies promptly. Having to do an SOA makes it an expensive process.

The reason the licensee requires a SOA in these instances is that they deem this as a change of circumstances.

Yet there was no change to administration or Investment fees, no change to Advisor Ongoing Service Fee, no change to the underlying assets, asset allocation and the Binding Nomination stayed the same.

The change is simply the timing of the tax refund which results in a change of cashflow only.

Salary sacrifice provides an immediate tax benefit. Personal deductibles contributions to Super means waiting till your tax return is submitted to get your tax refund.

Again, our extensive Fact Find would determine which clients can wait for their tax refunds and which ones it is not suitable for.

There is no need for an 8-12 page Working Paper and a 40-60-page SOA to document this.

It is also ridiculous to have to provide a SOA when advising a early retiree who has decided to take on some extra work to put \$1,000 into Super to get \$540 Government Co-contribution. Small investment amounts to existing clients should not need a SOA.

c. Insurance

Australians should have the right to the peace of mind that comes with access to affordable, quality insurance. Providing Insurance advice in the current regulatory environment is one of the hardest things for my business to do. Everyday insurance that is in the best interests of my clients requires an exponential amount of time then the work that was required before.

It is also frustrating that when we finally get to see people who have often sat on our wait list for 6 or 12 months and to ensure they were covered in the meantime they have arrange cover themselves through one of the direct groups yet the policies that they have taken out have premiums 25% or more expensive than underwritten advised policies.

Because fewer advisers are writing insurance and less insurance is being recommended Insurance premiums for existing clients have increased by 300%. Refer to Attachment 5 that illustrates that even though the cover had not increased that the premiums for a local Bundaberg business to ensure themselves had risen from a total of \$12,085 in 2015 to \$36,731 in 2020.

This is not acceptable, the SOA requirements to write cover need to be reduced particularly when there is no cover in place, particularly if we are just ensuring 75% of a clients income to age 65 and say providing a sensible multiple of their salary in the event of death or disablement.

I was appalled to read in an article titled "Beware 'excuses' to roll back reforms, says FoFA father" that Former Labor MP turned fintech investor Bernie Ripoll acknowledged the affordability issue but said the industry's preoccupation with selling financial products is what causes a lot of the complexity that in turn pushes up costs and that his solution was to his words "use Automated technology to spit out a financial plan tailored to a consumer's personal circumstances and focused on helping them reduce debt and boost savings" and that even though his company Map My Plan was licensed to give personal financial advice,

that they made a strategic decision not to recommend any financial products such as superannuation or managed funds or life insurance.

Ignoring the full needs of a client and just doing the stuff that has less regulation and is the easiest is not acting in the clients "best interests". I know everyone of the 20 odd clients who we assist with making a claim each year are more than pleased that we don't just pick out the easy stuff to do, the stuff that is unspoilt by over regulation.

I am not saying there isn't a need for a service that spits out a financial plan to help them reduce debt and boost savings. It is probably all some people are interested in.

But for our clients and the hundreds that they want to refer to us they deserve to be able to get full holistic advice designed to meet all their needs at an affordable price and then have that backed up with the service that helps them achieve their goals. Australian's deserve choice in how they manage their finances and their lives.

Being able to give a cheque to a widow when all others can do is give a sympathy card; Being able to give a cheque to a person who has just been diagnosed with cancer when all others can do is send a get well card is extremely rewarding.

But with the industry losing billions each year and regulation deterring advisers from ensuring more Australians are reasonably covered their will be more cards and less dollars for Australian's when they need it the most.

d. File Noting

In our business we operate a high touch business model with next actions noted in our CRM system of Gold Mine which we have had in place since 2007, file noting everything adds an extra administrative burden, no consideration of the practicality of how good advisors do business is the regulation allowing for flexibility. File noting adds an extra administrative burden as we already had a system in place to note service.

A few examples are below,

i. Binding Nominations File Note

Binding Nominations are witnessed, file noting to say the witnesses were in the same room and present doesn't do anything more than create more work. It does not make honest people more honest and if someone is going to forge witnessing the Binding Nomination, why wouldn't they forge a file note?

ii. Advice Fee File Note

Even though the meeting date is in the Calendar, on the Fact Finder, in the File Note, Referred to in all next actions to be carried out as a result of the meeting, updated in our CRM as done and next actioned for the new one to be arranged we now have to have a Advice Fee File Note. Most of this information could be found it at least one and often multiple other places.

Example of an Advice Fee File Note

Meeting date: 30/04/2020

Attendees: Leanne Bull. Chris & Shelley B...

1. Annual agreement is appropriate because: We look after their financial needs **as outlined in the last SOA** including but not limited to a review of Asset Allocation, Investments, Optimising Superannuation, Income Streams, Insurance & Cashflow

2. Agreement covers the advice review that is being conducted today. **No**

3. Obligations of each party to the contract were discussed. **Yes**

4. Fees will be deducted monthly from products as detailed in the agreement. **Yes**

5. Approximate annual fee is: \$3,185

6. Clients agreed to sign agreement. **Yes**

7. Clients agreed for agreement to continue if one passes away. **Yes**

This file note process is often just a double up of many other areas that already cover the same information. [See my notes in green](#)

Meeting date: 30/04/2020 (This is our Calendar, Fact Finder, Review File Note which details the actions to be carried out as a result of the review and in our CMR.)

Attendees: Leanne Bull. Chris & Shelley B... (This could be added to the Fact Finder as it isn't recorded elsewhere)

1. Annual agreement is appropriate because: We look after their financial needs **as outlined in the last SOA** including but not limited to a review of Asset Allocation, Investments, Optimising Superannuation, Income Streams, Insurance & Cashflow (The SOA and Fact Finders clearly record this)
2. Agreement covers the advice review that is being conducted today. **No** (The date of the agreement and the date of the reviews would make this easy to determine)
3. Obligations of each party to the contract were discussed. **Yes** (This could be added to Fact Finder as it isn't recorded elsewhere)
4. Fees will be deducted monthly from products as detailed in the agreement. **Yes** (This is detailed in the agreement)
5. Approximate annual fee is: \$3,185 (This is detailed in the agreement)
6. Clients agreed to sign agreement. **Yes** (Why does this question need to be answered we can't deduct fees without a signed agreement. Isn't the signed agreement evidence enough that they agreed to sign the agreement what purpose does completing this question add to the process)
7. Clients agreed for agreement to continue if one passes away. **Yes** (Why isn't the fact they tick a box and sign the agreement enough what purpose does completing this question add to the process)

Likened to the analogy that as good citizens we used to stop at a red light, once the light had turned green, we looked left and right and then proceeded with caution, now we have to stop at the red light once it turns green look left and right, record who was in the car with us, who witnessed us stopping at the red light and then record what other actions that we could have taken except to proceed with caution, and how everyone felt about all the options, meanwhile the lights have changed several times.

e. Lookback Process

As part of the Charter group, the regulator required a lookback process be completed for nine years (2008-2018), overlaying rules and requirements that are currently in place. This process was extremely costly to our business both financially and the drain on available staff to continue meeting the every day needs of our clients. Through the lookback process approximately 3,000 instances were checked and only 4 instances required a refund from us resulting in less than \$8,000 returned to our clients

Who if their right mind would invest in a business that can have today's standards overlayed on the past? The lookback process cost our business in excess of \$150,000 and required 100's of man hours. This is a drain on my business and extremely stressful, but the real issue is that this hinders us from getting on and servicing our clients in times like this.

We have always accepted that if we didn't deliver the service our clients know they pay for, they are entitled to dispute it.

To keep the cost of the lookback process down AMP made the decision to refund fees back to clients automatically for clients with fees under \$400 per year with ASICs approval. This resulted in numerous clients who are getting good advice getting a refund of up to \$4,400. This will all appear in the statistics as fees for no service and has cost shareholders dearly. Yet most of these people have had access to good advice.

One of these clients in particular would have invested with Australian Capital Reserve and lost everything as it went into liquidation if it wasn't for me advising him to go into diversified portfolio. With advice he invested \$58,609 has withdrawn out \$46,137 on a half yearly basis to assist him with paying his rates and he still has \$40,454 with us after paying us about \$385 a year to manage his diversified portfolio. This client and many others should not have received their fees back he is more than extremely happy with his advice and the service we provide to him. He is 82, tripling his fees to meet the new requirements does not sit comfortably with me, yet I am sure he does not want to lose access to our services.

f. ATO Tax Access

Currently, the member's Transfer Balance Cap (TCB) and Total Super Balance (TSB) account information can only be obtained by the member accessing their MyGov account or on application by their personal tax agent. This does not encourage either efficiency or proactivity. What is required, at a minimum, is for the member to be able to grant authority to third parties, such as Financial Planners and SMSF administrators, to access this data. Even better would be the availability of data feeds to Platform administration software and SMSF.

Accountants now have access to this information yet accountants can't give advice on superannuation contributions and without easy access to this information Financial Planners who can give advice are always in dangerous territory especially with catch-up and various cap limits.

Access can be granted by the member to the Financial Planner, the Financial Planner can use the information to make recommendations which then have to be put in an SOA. As this process can often take months yet the planner needs to reinvolve the client again before administering the recommendations in case a current employer has unexpectedly paid a superannuation bonus.

Financial Planners need to be able to access member's Transfer Balance Cap (TCB) and Total Super Balance (TSB) account information easily to reduce the risk of errors and cost of reimbursing the client for errors made.

The other day we had one that exceeded the cap by one cent. We believe it will be fixed as it is clearly a rounding error by the ATO however the process to communicate with the client and apply to the ATO in order to get it fixed again wastes valuable time and adds to the cost of service.

g. Solicitor's Charging Unfairly

Not all professional service organisations are subject to the same oversight. I have many examples where I have seen clients overcharged by Solicitors, seemingly operating independently of the client's best interest.

One of the worst examples of this and an area I feel definitely needs to be addressed is:

A 42-year-old brain injured person was charged by a solicitor \$5,500 per policy plus \$6,000 for incidentals (photocopying, phone calls etc.) to fill out the paperwork to collect approximately \$250,000 of insurance from 3 different insurance companies.

This amounted to him paying a total of \$22,500 in fees to the solicitor to fill out the claim forms to collect on his three policies.

There was never any doubt that the insurance company would pay the brain injured person. If he was our client, this is something that we would have done as a complimentary service, and we have only charged an upfront fee of \$2,200 at the time to help him decide how best to use the money to assist himself and his family.

Unfortunately, I turned the client away in his request for assistance because I had closed my books to new clients.

Subsequently, he came back into our office a few months later to ask our advice on whether he should pay an extra bill from the solicitor for a further \$5,000 for the solicitor to send out a hurry up notice to one of the companies. He also told me what he had already paid and that is when I decided enough of this exploitation, I needed to help even though we were at full capacity.

We charged him \$2,200 to send out the hurry up letter and to help him decide how best to use the money to assist himself and his family including, putting a full SOA in place and implementation of the plan.

No one should be allowed to take nearly 10% of a brain injured persons insurance to fill out claim forms. This type of outrageous costs should be limited to when they need to battle with the insurance company.

3. Experience should count

Under new FASEA requirements, Financial advisors were required to complete an exam and undertake further study to achieve degree equivalence, meet new Continuing Professional Development standards, and comply with a new Code of Ethics.

Experience should count, for me and many in the industry, there needs to be a pathway for recognition for someone with my qualifications and specialised industry experience.

It is my understanding that I am required to do 5 subjects (approx. 1,000 hours) whilst running a business on top of my CPD (approx. 100-200 hours per year).

Experience should count.

To put it into perspective, I was studying accountancy in 1985 and 1986 when I ceased it to commence studies in Financial Planning.

Here is a summary of my Study and Recognition of Prior Learning:

Years to Compete	Study	Credits
2 years	1987-1989 LUA Advanced Financial Planning (units 1-8 covering Investment Fundamentals, Superannuation, Retirement Planning, Income Streams, Insurance, Taxation, Estate Planning and Centrelink and Veteran Affairs)	0
Coupled with motherhood and running a business full-time 6 years	1992-1998 Diploma of Financial Planning (units 1-8 a deeper dive into all the topics above)	2
	CFP® Qualified Financial Planner	0
1 year	SMSF Specialist Advisor (<i>designation completed in or after 2005</i>)	1
Numerous years	Further studies to be recognised as a Superannuation Specialist, Retirement Income Specialist, Direct Share Specialist, Debt Management Specialist, Salary Packaging Specialist, Insurance Specialist, Aged Care Specialist, Estate Planning Specialist.	0
36 years	36 Years of Experience	0
36 years	Annual CPD Requirements (100-200 hours pa in total excess of over 7,000 hours)	0
	Total	3
Coupled with the responsibility of running a business full-time likely to take 5 years	Gap – FASEA approved Graduate Diploma including: Ethics for Professional Advisors bridging course Financial Advice Regulatory & Legal Obligations bridging course Behavioural Finance: Client and Consumer behaviour, Engagement and Decision Making; and Two further FASEA approved courses	5
	Total Requirement	8

When I started advising, degrees in financial planning were not available. In 1985, I started an accounting degree which I ceased mid way through in order to do the 2-year 8 subject LUA Advanced Financial Planning course on how to be a holistic financial planner.

It was then decided that a Diploma was required, so I completed DFP 1 to 8 which covered the same subjects again and went on to become a CFP® qualified Financial Planner in 1997. I have also completed accreditation to be a SMSF Specialist.

I have 36 years of continuous experience, extensive ongoing CPD (100-200 hours pa) and to be precise in

excess of over 7,000 hours over 35 years in the areas of:

- Investments strategies (strategic asset allocation and goals-based investing)
- Budget and cash flow management
- Debt management (including borrowing for personal and investment purposes)
- Salary packaging
- Superannuation strategies and retirement planning
- Self-managed superannuation funds (SMSF)
- Personal insurance
- Taxation
- Estate planning
- Centrelink, Veteran Affairs and other government benefits
- Ongoing advice and services, including regular portfolio reviews
- Aged care
- Managed investments
- Deposit and payment products (for example term deposits, cash management accounts and non-cash payment products)
- Standard margin loans
- Retirement income streams, including pensions and annuities
- Personal and group Insurance (life cover, disability, income protection and trauma)
- Life investment products including whole of life, endowment and bonds
- Securities (including listed securities and debtsecurities)
- Exchange traded funds and Listed investment companies
- Arranging listed securities, shares and debentures to be bought and sold via a platform and broker.
- Various structured products, instalment warrants over managed funds and protected equity loans
- Investor directed portfolio services
- Investment guarantees

To take experienced financial planners back to study when there is such a need for quality advice and nowhere near enough advisors to deliver it does not make sense.

Do other professionals, who have been practicing for 20 years or more, have to go back and re-do their education because there have been changes in how they categorise the training since they started?

Our ongoing CPD already insures we stay abreast of any changes.

I employ a team of 18 to help me, help my clients, all who I have either assisted to learn Financial Planning from scratch or to take their skills to a superior level and **all who would provide written testimony that workplace experience and training was of greater value than formal learnings.**

I am currently supervising a new adviser whilst he undertakes a professional year and will be supervising another new adviser after that. This all takes time. I help accountants and solicitors work out solutions for complicated clients.

I could just retire with my clients in 2026 but who will look after them and lead my team. That is not what I want, **nor what my team want or what my clients want**, but I also don't want to do a degree that adds little value to what I can do for my clients. I have numerous staff who are studying or who

have recently completed their Degree. If there is anything out there that they think I don't know they bring it to my attention.

If clients still want to see me because of the excellent financial position I have put them or their family in over 3 decades after being informed that I am Experienced but not Degree Qualified, shouldn't they have a right. Isn't 'freedom of choice' or 'a fair go' part of our Australian values.

If I had only repeated my studies once I would have no qualms, but as an Adviser who wanted to be recognised as leading, I have repeated studies numerous times. It is now time for my weekends to be spent with family, friends and on ensuring I maintain my health.

If I am capable of doing the job, why should my career and business be taken from me. It is evident that even both sides of government can see this now and that the only thing stopping the recognition of retaining those that not only have the ability to do the job but are mentors to many in their training is the very groups that should be fighting for fairness for their members.

Extensive study present or past should be recognized regardless of its classification. Advisers should be judged on their ability to do the job, not the year that they did their study if they have adequately ensured that they have maintained the skills and have a clean compliance record. Anything else is discrimination.

Julie Matheson CFP makes some very good points when she says. "Australia has a skills shortage, not a people shortage. There's an unwillingness to change the way people think about retirement and retirees. The new degree education rules for financial planning is creating another skills shortage and headache for all. The taxpayer can't afford this plan for early retirement from some of our most experienced and knowledgeable financial planners, adding to the skills shortage and the age pension tax burden. Until the Government has a plan to find the people to replace experience with qualifications, the "degree qualification" we have to ensure we don't lose those not only capable of doing the job but a history of excelling.

Dr Mark Brimble, Co-Chair of the FPAF, Deputy Chair FPEC: Research and Academic, said: "In 2003 there were few degrees in financial planning. I certainly know that if I had a choice of a Degree rather than Diploma's in 1987 and 1992 when I started my Diploma and Diploma equivalent that I would have chosen the Degree Option.

We all agree 10 years is far too low for the level of credit under the existing proposal.

There has been a number of suggestions. Mine is to slightly amend the Government's proposal to bring it inline with the introduction of FSR as follows:

1. Existing advisers who are CFP qualified and registered since 26 June 2003 with a clean compliance record (based on FSCP conduct reviews) will only be required to complete the ethics bridging unit.
2. Existing advisers registered since 26 June 2003 with compliance issues (based on FSCP conduct reviews) will be required to complete the current education requirements (as previously set by FASEA).
3. Existing or new advisers not registered prior to 26 June 2003 will be required to complete the existing Bachelor's Degree, Graduate Diploma or Masters level education standards (as previously set by FASEA).

36 years of Experience and 36 years of annual CPD should count for something.

My CPD Requirements to ensure that I stay up to date are :

- Licensee Minimum 40 hours CPD **per calendar year**
- No more than 30 hours CPD from formal education
- No more than 4 hours professional reading
- Minimum 28 hours (70%) Licensee approved
- Minimum 5 hours in Technical Competence
- Minimum 5 hours in Client Care and Practice
- Minimum 5 hours in Regulatory compliance and consumer protection
- Minimum 9 hours in Professionalism and ethics
- CFP Minimum 28 hours (70%) FPA accredited
- CPD must align with ASIC Knowledge Requirements
- Ensure CPD is relevant to the product areas in advice is provided
- Ensure CPD activities accredited by the FPA are relevant to the industry and delivered by individuals of appropriate expertise;
- TPB Minimum 40 hours CPE (TPB accredited) **per calendar year**
- Minimum 5 hours Taxation Specific
- SMSF Minimum 25 hours CPD (relevant to SMSF) **per financial year**
- SMSF Minimum 90 hours CPD (relevant to SMSF) **per 3 years**

We need all CPD to align to the same period ie all to be based on say calendar year not some calendar and other financial year.

I have no problems with a minimum of 40 hours as I often do in excess of 100 hours a year but I do have a problem with 9 hours of Ethics. Once an adviser has completed the ethics unit of the Degree they should only have to do an hour or 2 at the most.