



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

29 June 2018

Dr Mark Brimble
Acting Managing Director
Financial Adviser Standards and Ethics Authority

Email: consultation@fasea.gov.au

Dear Dr Brimble

RE: Proposed guidance on education pathways for all advisers

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback in response to the Financial Adviser Standards and Ethics Authority's (FASEA) proposed guidance on education pathways for all advisers.

The FPA stands behind its long held position that education standards to provide financial advice must be increased from the minimum requirement set in ASIC Regulatory Guide RG 146.

However the implementation of the new requirements must be practical, workable, and take into account the impact on both the profession and the clients it serves. A feasible transition should also consider the availability of courses and appropriately trained academia with expertise in the delivery of financial advice.

The FPA undertook extensive member consultation to assist us in developing our response to FASEA's proposed education pathways for existing advisers. This included a survey on the proposed FASEA education pathways with the 3,393 members responses independently analysed by CoreData; face to face feedback through our National Roadshow (held at 32 locations); as well as in-depth discussions via our formal committee structures.

Our research shows that the FASEA proposed education pathways will likely result in a large number of departures from the profession resulting in an advice gap that will be to the detriment of consumers. A key responsibility in setting the new requirements must be to ensure the preservation of the financial planning profession for both those who have long served within it, and for the clients they serve.

The FPA presents enhancements to the FASEA education pathways compliant with the provisions in the legislation, that achieve the Government's stated policy intent to improve the minimum entry standards for financial advisers and eradicate the four day training courses, that acknowledges past education of existing advisers that is specific to the provision of financial advice.

The FPA would welcome the opportunity to discuss with the FASEA Board the issues raised in our submission.

If you have any questions, please contact FPA's Head of Policy, Ben Marshan (ben.marshan@fpa.com.au) or myself (dante.degori@fpa.com.au) on 02 9220 4500.

Yours sincerely

Dante De Gori
Chief Executive Officer
Financial Planning Association of Australia



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PROPOSED GUIDANCE ON EDUCATION PATHWAYS FOR ALL ADVISERS

**FPA submission to
Financial Adviser Standards and Ethics Authority**

29 June 2018



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Introduction

The Financial Planning Association of Australia¹ (FPA) has continued to lead the way in raising the bar of education and professional standards for financial advisers since it was established. In 1992 two separate entities, the Australian Society of Investment and Financial Advisers (ASIFA) merged with the International Association for Financial Planning Australia (IAFP) to form the FPA.

We developed and required members to complete a Diploma of Financial Planning (DFP 1-8) prior to the introduction of the Financial Services Reforms (FSR) Act (2001), when no education requirements existed in the law and before the introduction of the Interim Policy Statement 146 and the subsequent introduction of the ASIC Training Register. Our first courses defined financial planning in Australia and strongly influenced the direction of financial planning education.

In 2010, the FPA announced a requirement that all new members must hold an approved degree.

The FPA has been at the fore of setting appropriate and high standards and requirements specifically for the provision of financial advice to continuously raise the bar of professionalism and protect consumers. Our continuous drive to professionalism is soundly supported by our financial planning practitioner members.

The FPA has for many years called for an increase to the minimum education standards required to become a financial adviser, as the FPA and our members had been very concerned about the standard of training courses operating under the minimum education requirements set in Regulatory Guide RG146.

As the licensed provider of the Certified Financial Planner® (CFP®) designation in Australia, in 2011 the FPA established the Financial Planning Education Council (FPEC) for the purpose of addressing a gap in the availability of financial planning specific bachelor degree courses in Australia as a pathway for entry into the CFP Program. For the purpose of ensuring entry qualifications for the CFP program, FPEC developed a Curriculum and Accreditation Framework for financial planning degrees.

FPEC has worked tirelessly over the past seven years to improve the availability of financial planning bachelor degrees and to date 18 Australian Universities now have FPEC approved degrees in financial planning.

The FPA is pleased that FASEA has adopted the well-established FPEC Curriculum and Accreditation Framework for approved degrees, particularly in relation to new financial advisers. Due to the fact that FPEC was only created in 2011, FPA acknowledges there are many financial planning/advice degrees that have not been approved.

¹ The Financial Planning Association (FPA) has more than 14,000 members and affiliates of whom 11,000 are practising financial planners and 5,720 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first “policy pillar” is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Graham McDonald, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 26 member countries and the more than 175,570 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 18 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional bodies, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board.



The original policy intent or the legislation as articulated by the Minister, was to raise the minimum education standards of advisers and in particular to put an end to the ability to become a financial adviser after doing a four day course². The FPA has always supported this intent. It is vital that FASEA's pathways for existing advisers recognise the credible education available at the time, which for approximately 66%³ of the profession was prior to the establishment of FPEC.

We are concerned about the practicalities, complexity and cost (to Government, industry, and consumers) of implementing FASEA's proposed education pathways for existing advisers, when in many cases there will be no benefit to consumers. This includes education costs for advisers, but most importantly the availability and cost of advice for consumers. These are real and valid issues that warrant careful consideration in order to develop appropriate and workable education pathways in line with regulation best practice requirements.

The FPA surveyed our members to canvass their views on the FASEA proposed education pathways for existing advisers. This research, along with more extensive member consultation has informed the development of our submission. (See *Attachment 5 Executive Summary - FPA Member Research on FASEA.*)

The FPA strongly encourages FASEA to simplify its education pathways and recognise the availability of valid, quality advice-specific education of existing advisers, and future courses for new advisers.

² <http://kmo.ministers.treasury.gov.au/media-release/119-2017/>

³ Executive Summary - FPA Member Research On FASEA, CoreData Australia, June 2018, page 2.



Key principles

While the FPA supports the intent of the Government's policy, it is important that the implementation of the legislation by FASEA, as a National Standard Setting Body, does not unnecessarily create restrictions on competition, restrict consumer choice, or raise prices for consumers. These are requirements under the *COAG Best Practice Regulation - A Guide for Ministerial Councils and National Standard Setting Bodies*⁴.

As per The Office of Best Practice Regulation approach to the development of public policy, the FASEA education standards for financial advisers should "*achieve the objective in a cost-effective manner*".⁵

The FPA recommends the following key principles to guide the development of education standards for financial advisers. The education standards must be:

1. clear, simple, and practical for all stakeholders, including a clear and simple process for attainment
2. fair and equitable
3. justified
4. cost effective
5. achieve the intent of the legislation
6. appropriate and specific to the provision of professional financial advice
7. beneficial for consumers while minimising the disruption to the ability of the profession to provide services to clients
8. reassuring for consumers so they can be confident that all financial planners have the appropriate and specific skills and knowledge needed to provide quality financial advice
9. recognised as part of a package of reforms

These key principles are interrelated, complimentary to the intent of the legislation, and consistent with the principles and suggestions of the:

- OECD adopted Recommendations of the Council on Regulatory Policy and Governance⁶;
- OECD Best Practice Principles for Regulatory Policy – The Governance of Regulators⁷;
- the Council Of Australian Governments (COAG), Best Practice Regulation - A Guide For Ministerial Councils And National Standard Setting Bodies⁸; and
- The Office of Best Practice Regulation⁹.

⁴ October 2007

⁵ <https://www.pmc.gov.au/regulation/best-practice-regulation>

⁶ 2012

⁷ 2014

⁸ October 2007

⁹ <https://www.pmc.gov.au/regulation/best-practice-regulation>



Package of reforms

As stated by the Minister, the new professional standards for financial advisers as set out in the legislation are intended to work together as a package to raise professional and education standards.

*“The Government will introduce its legislation on the **reform package** into Parliament following final consultations with industry and consumer groups later this month.”¹⁰*

The package of reforms includes:

- compulsory education requirements for both new and existing financial advisers
- supervision requirements for new advisers (professional year)
- an exam that will represent a common benchmark across the industry
- continued professional development minimum (CPD) standards, and
- a code of ethics for the industry

This is important as it demonstrates that no single measure is intended to work as a standalone fix to raising the education and professionalism of financial advisers, including the education standards themselves.

The minimum education standards are intended as a starting point for entry into the profession. The learning outcomes of the formal education are tested through the national exam that will represent a common benchmark across the industry, and must be passed in order to satisfy the definition of a “relevant provider” (s 910A), be listed on the ASIC Financial Adviser Register (FAR) and be permitted to provide financial advice to retail clients. As indicated by the Minister, the Government included an exam requirement to act as a safety net and summative assessment to ensure the knowledge gained through formal education is adequate and appropriate for individuals to provide financial advice to consumers.¹¹

The knowledge and skills gained through this initial education and testing is then maintained and advanced through minimum ongoing Continuing Professional Development (CPD) requirements which must be met in order to remain on the FAR. New financial advisers must also meet experience requirements during a professional year.

This package of education and training requirements are supported by the mandatory adherence to a Code of Ethics.

With the education standards working as one component of this package, it gives scope to allow flexibility within each area, particularly the transition requirements for the education standards for existing advisers, to ensure the requirements are workable, reasonable, specific to the provision of financial advice, and reflective of the above key principles.

¹⁰ <http://kmo.ministers.treasury.gov.au/media-release/094-2016/>

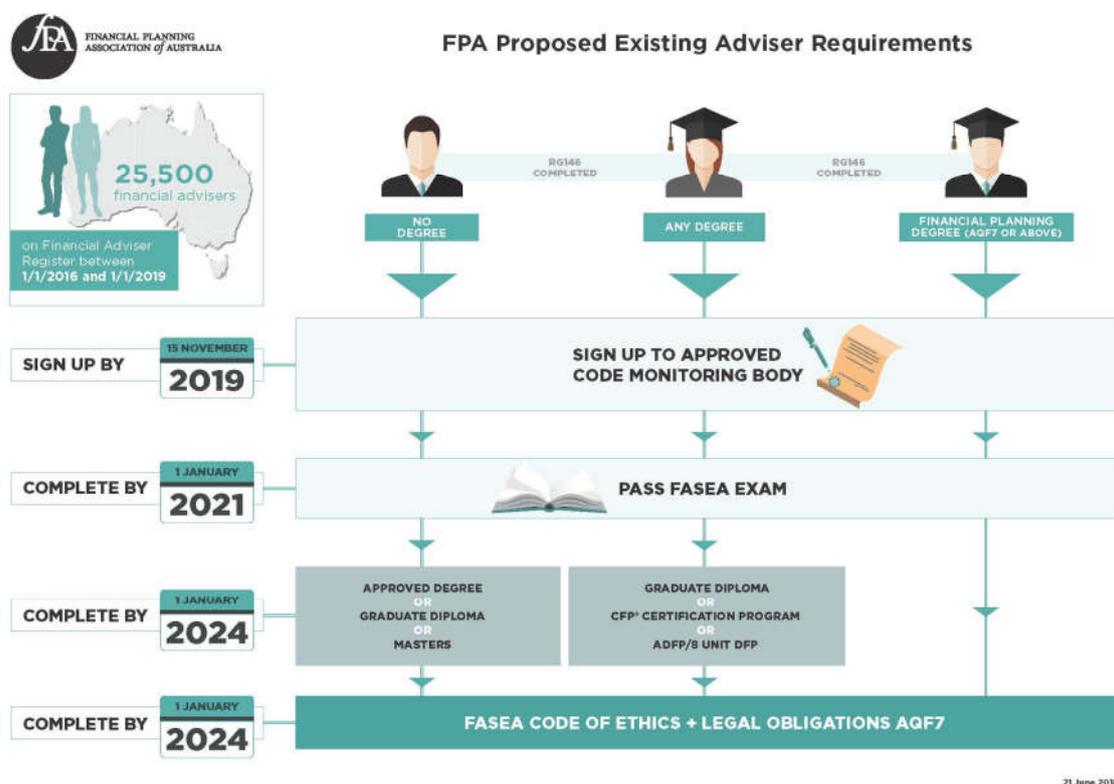
¹¹ <https://www.acuitymag.com/opinion/raising-standards-for-financial-advisers>



FPA recommended education pathways – Existing financial advisers

Based on the key principles explained above, the FPA proposes the following alternative education pathways that are fair, equitable, simple, cost effective and efficient in achieving the policy objective of raising the minimum education standard of financial advisers within the legislated timeframe.

The following infographic presents FPA’s proposed education pathways for existing advisers.



The FPA has taken a pragmatic approach to simplify the pathways for existing advisers proposed by FASEA, creating very clear categories of prior education based on the plethora of historic courses and valid career pathways into financial advice. It also recognises the flexibility and diversity of the education courses that have been available and presents an efficient, consistent and cost-effective solution to transition existing advisers to the new education standard.

In contrast to the FASEA draft guidance, the FPA proposes one category for existing financial advisers who hold a degree which is not in financial planning/advice. Under this category the existing adviser must have completed a Bachelor Degree plus either:

- A Graduate Diploma in Financial Planning / Advice, OR
- Certified Financial Planner Program, OR



- An Advanced Diploma in Financial Planning or 8 unit Diploma in Financial Planning¹².

In addition, all existing advisers must complete an approved course that covers both the FASEA Code of Ethics and the legal obligations for financial advice, at an AQF7 level.

Importantly, the FPA proposal requires a combination of:

- The key learning outcomes of a Bachelor Degree education (AQF7), plus
- Formal education specific to the provision of financial advice to retail clients.

The FPA proposal removes reliance on the definition of ‘related qualification’ which makes it more equitable, fair, and understandable for all stakeholders (see ‘*What is a Related Qualification*’ section below for further detail on this issue), and recognises the broader benefit of tertiary education.

Recognition of education with learning outcomes specific to the provision of financial advice, aligns with the legislative permission for FASEA to consider recognised prior learning (RPL) and the key principle of providing consumers with confidence that all financial advisers have the appropriate and specific skills and knowledge needed to provide quality financial advice.

The FPA proposal will be less costly and resource intensive for FASEA, advisers and licensees to administer. This will in turn minimise the impact that these changes may have on the availability and cost of advice for consumers. The clarity in the FPA proposal will also make it more transparent for consumers to understand.

In identifying appropriate alternative education pathways for existing advisers that adhere to the above principles, the FPA examined the following matters:

- The intent of the Government’s policy
- The intent of and requirements in the legislation
- Learning outcomes of formal education
- Quantitative and qualitative feedback from financial advisers
- Transitional education requirements in other professions.

Our analysis shows that the regulatory environment, through the legislation, supporting material and regulatory precedent, allows for the consideration and adoption of the FPA’s proposed education pathways for existing financial advisers.

Government’s policy intent:

The Government’s stated intent of the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 was to eradicate the ability to become a financial adviser after just four days of training.

“It is clear that the current framework lacks the incentives to encourage industry to go above and beyond the minimum. For example, under the current law, advisers can become qualified

¹² This could be an ADFP or an ADFS(FP); and DFP or DFS(FP)



to provide financial advice after just four days of training, and there are no specific ongoing training requirements beyond that.”¹³

“The previous education requirements, set out in ASIC guidance, allowed some financial advisers to become qualified to provide financial advice to retail consumers after only four days of training. Understandably, both the Financial System Inquiry and the Parliamentary Joint Committee on Corporations and Financial Services found that these requirements were not sufficient.”¹⁴

The FPA has always supported the Government’s intentions and has for decades opposed the reliance on such courses and the low standard set in ASIC’s RG146.

However the four day course was not the normal level of education undertaken by a significant percentage of existing financial planners. These individuals took the initiative and undertook further formal financial advice specific education that was far in excess of the required minimum in RG146. As discussed below, the legal parameters permit FASEA to recognise this additional financial advice specific voluntary study.

The FPA’s proposal presents an alternative solution to transition existing advisers in line with the Minister’s stated policy intent, the legislation and the AQF policy, in a consistent, efficient, cost effective manner during the transition period.

Learning outcomes from formal education

The Australian Qualifications Framework (AQF) expects graduates of a Bachelor Degree to achieve the following generic learning outcomes, or graduate attributes, which fall into four broad categories: fundamental skills; people skills; thinking skills; and personal skills¹⁵.

- cognitive skills to review critically, analyse, consolidate and synthesise knowledge
- cognitive and technical skills to demonstrate a broad understanding of knowledge with depth in some areas
- cognitive and creative skills to exercise critical thinking and judgement in identifying and solving problems with intellectual independence
- communication skills to present a clear, coherent and independent exposition of knowledge and ideas.

Graduates of a Bachelor Degree should also demonstrate the application of knowledge and skills:

- with initiative and judgement in planning, problem solving and decision making in professional practice and/or scholarship
- to adapt knowledge and skills in diverse contexts
- with responsibility and accountability for own learning and professional practice and in collaboration with others within broad parameters.

¹³ Minister’s second reading of the Bill in parliament, 23 November 2016 - <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F9b169b3b-768b-49e5-aabb-ed05f3ce0ebb%2F0005%22>

¹⁴ <http://kmo.ministers.treasury.gov.au/media-release/119-2017/>

¹⁵ Second Edition January 2013, pages 47 - 49



The FPA supports the need for existing financial advisers to have attained these Bachelor Degree learning outcomes. However as discussed in detail below, the FPA proposal to determining equivalent qualifications requires the learning outcomes from a Bachelor Degree combined with financial advice specific education, as an appropriate pathway for an existing financial adviser to meet the new education standard as an “equivalent qualification”.

Equivalent qualification

The Corporations Act requirements include:

- s921B(2)(a) The first standard is that the person has completed a bachelor or higher degree, or equivalent qualification, approved by the standards body under section 921U.
- s1546B(1)(b) An existing provider must have completed one or more courses determined by the standards body to give the provider qualifications equivalent to that standard.

These provisions permit FASEA to accept a combination of courses to meet the standard. It does not require both courses or qualifications to be at Bachelor Degree or higher level.

As stated in the AQF policy, the Bachelor Degree qualifies individuals who apply a broad and coherent body of knowledge in a range of contexts to undertake professional work and as a pathway for independent lifelong learning¹⁶. This foundation to lifelong learning acknowledges the value in additional education beyond that of an individual’s underlying Bachelor Degree. This supports the precedent set by the Tax Practitioners Board (TPB) and the appropriateness of a ‘mix and match’ approach for determining “equivalent qualifications” for the education pathway for existing advisers.

The FPA proposed pathway for existing advisers who do not hold an approved degree is based on equivalence being met via a combination of achieving the learning outcomes of a Bachelor Degree combined with the knowledge and skills gained from undertaking formal education specific to the provision of financial advice.

What is a ‘qualification’?

In order to determine what constitutes an “equivalent qualification”, it is important to first articulate what is a qualification.

Qualification is not a defined term within the law. However section 5 of the TEQSA Act defines "higher education award" as:

(a) a diploma, advanced diploma, associate degree, bachelor degree, graduate certificate, graduate diploma, masters degree or doctoral degree; or

(b) a qualification covered by level 5, 6, 7, 8, 9 or 10 of the Australian Qualifications Framework; or

(c) an award of a similar kind, or represented as being of a similar kind, to any of the above awards;

¹⁶ Second Edition January 2013, pages 47 - 49



other than an award offered or conferred for the completion of a vocational education and training course.

The lack of a legal definition of qualification gives FASEA permission to rely upon the definition of “higher education award” as a defined term in the TEQSA Act. Item (c) of the TEQSA Act definition clearly articulates the appropriateness and validity of education courses which are not covered by the AQF policy, such as professional designation programs.

There has been past debate about whether a professional designation is or is not a qualification. As qualification is not a legally defined term, importantly it can be demonstrated that a professional designation falls within the definition of “higher education award” under s5(c) of the TEQSA Act.

The 4 units of study undertaken to qualify for the Certified Financial Planner® (CFP®) Designation are granted advanced standing from units of study by the following (for example) TEQSA regulated higher education providers of FPEC accredited Graduate Diplomas, in line with the TEQSA RPL guidelines:

- Deakin University - 4 unit maximum exemption (50% of the course subjects)
- Charles Sturt University – 4 unit maximum exemption (50% of the course subjects)
- University of NSW –2 unit maximum exemption (UNSW have a policy of 33% maximum credits)

All of these providers are TEQSA “regulated higher education providers” offering exemptions to their TEQSA “regulated higher education awards” at both an AQF 8 and 9 level for the CFP units. This clearly demonstrates that education providers assess and value the study undertaken to qualify for the CFP designation as delivering learning outcomes equivalent to Graduate Diplomas and Masters courses regulated by TEQSA at AQF 8 and 9 levels.

It also shows that the CFP designation is “*an award of a similar kind, or represented as being of a similar kind, to any of the above awards*”.

Therefore, the CFP designation should be considered a “higher education award” under s5(c) of the TEQSA Act, permitting FASEA to consider the study undertaken to qualify for CFP status, as per the Explanatory Memorandum, as a qualification for the purposes of “equivalent qualification”.

Higher education provider

The FPA opposes FASEA’s draft proposal that qualifications and bridging course pathways can only be issued and offered by TEQSA approved higher education providers.

Section s921B(2)(a) and s921U(2)(a)(i) of the legislation clearly allows for FASEA to approve each qualification, however the law itself does not dictate any requirements as to the education provider:

s921B(2)(a) the person has completed a bachelor or higher degree, or equivalent qualification, approved by the standards body under section 921U

s921U(2)(a)(i) The standards body must, by legislative instrument, approve bachelor or higher degrees, or equivalent qualifications, for the purposes of paragraph 921B(2)(a).

The Explanatory Memorandum to the Bill states that:



“the person must complete a bachelor or higher degree, or equivalent qualification, approved by the body (which may include an international course or a course that is not delivered by a university provider)”¹⁷.

Some of the issues the standards body may need to consider include *“whether to approve some or all of the courses offered by providers other than universities”¹⁸.*

Importantly neither the legislation nor the Explanatory Memorandum specify that the education provider must be TEQSA regulated. Hence, FASEA is not obliged to limit its approval of qualifications and courses to TEQSA “regulated higher education providers” and TEQSA “regulated higher education awards”. The standard in subsection 921B(2) is that a person has *completed a bachelor or higher degree, or equivalent qualification, approved by the standards body....* – that is, FASEA approved, not TEQSA approved.

This provides FASEA with the legal parameters to develop appropriate criteria and to consider, assess, and approve courses offered by education providers who are not approved by TEQSA, particularly in relation to existing advisers.

This premise is further supported by the Minister who, in her second reading of the Bill to the Parliament, stated that:

“Professional associations are likely to offer training and education services to their members, to assist them to prepare and to meet the new standards”¹⁹.

The CFP Program is offered and issued by the FPA. While the FPA is not a university provider or a TEQSA regulated higher education provider, the FPA is specifically licensed to deliver the CFP Program in Australia by the global Financial Planning Standards Board (FPSB). *Attachment 1 - FPSB Financial Planning Curriculum Framework for the CFP Program* specifies the detailed knowledge categories, learning level descriptors and outcomes, and curriculum components the CFP Program must deliver.

Importantly, the entity licensed to issue the CFP Program must also meet the FPSB’s standards for excellence in education, examination, experience and ethics. As such the FPA must report against and show its ability to deliver, administer and enforce adherence to the FPSB requirements:

1. Education – candidate must complete courses in territory-specific topics in the body of knowledge for financial planning, at the upper division undergraduate or master’s degree level (or its equivalent). CFP professionals must maintain high levels of ongoing continued professional development (CPD), including a minimum level of ethics related CPD.
2. Examination – assesses the ability of a candidate for CFP certification to apply his or her knowledge, skills and abilities to real-life financial planning situations. A candidate for certification can sit for the CFP Certification Examination after having successfully fulfilled a FPSB Member's education requirement.

¹⁷ 2.14

¹⁸ Table 5.1: Issues for the body to consider, Explanatory Memorandum

¹⁹ <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F9b169b3b-768b-49e5-aabb-ed05f3ce0ebb%2F0005%22>



3. Experience – candidate must meet relevant work experience standards in the financial planning process prior to being awarded CFP certification to ensure they possess financial counselling skills in addition to financial planning knowledge.
4. Ethics – candidate must agree to abide by a strict Code of Ethics and Professional Responsibility that defines their ethical responsibilities to the public, clients and employers. CFP professionals must disclose any investigations or legal proceedings related to their professional or business conduct and agree to place the interest of clients first, act fairly, diligently and with integrity, and offer clients professional services that are objective and based on clients' needs. CFP professionals must disclose in writing to clients information about their sources of compensation and conflicts of interest.

While TEQSA serves a vital role in ensuring the quality of education provided in Australia, 'regulated higher education providers' are not required to meet requirements that are specific to the provision of financial advice. The FPA, as a licensed issuer of the CFP designation program, must ensure the graduates of its CFP education program continue to meet high ongoing education, professional and ethical standards. These requirements are specific to the provision of financial advice and are reflective of the intent of the Government package of reforms which include education, exam, CPD and a Code of Ethics.

For these reasons FPA encourage FASEA to change its position in relation to accepting courses being offered by non-TEQSA approved providers.

Recognition of Prior Learning

In its draft guidance on education pathways for existing advisers, FASEA has proposed that Recognition of Prior Learning (RPL) is a matter of individual policy for the higher education provider. The FPA opposes applying this approach to the transition requirements for existing financial advisers as it is not in line with the intent of the legislation.

Section 1546B(2) of the Act states:

"To avoid doubt, an existing provider may meet the education and training standard in subsection 921B(2), or complete one or more courses in accordance with paragraph (1)(b) of this section, before this section commences."

The Explanatory Memorandum also states:

"For the avoidance of doubt, the new law explicitly states that courses undertaken before the new law commences must be taken into consideration. The body may take into account diploma or degree courses, licensee training courses or CPD. [Schedule 1, Part 2, item 27, subsection 1546B(2)]"²⁰.

Hence, the legislation and supporting material clearly allow for FASEA to consider and include RPL within its education pathways for existing advisers.

²⁰ 6.9



The FPA supports reliance on the TEQSA policy for RPL for new advisers entering the profession and gaining entry into FASEA/FPEC approved education courses for new advisers.

However existing advisers have years of experience backed by valid advice specific education and continued professional development training, which have required the individual adviser to take the initiative and go well beyond the minimum standard at the time set in ASIC's RG146. These are not individuals entering a new profession.

In relation to transition requirements, FASEA should take control over the recognition of prior learning by building financial advice specific qualifications into the education pathways for existing advisers.

Qualifications specifically designed around knowledge areas key to the provision of financial advice, including those that do not fall within the Australian Quality Framework or may not be of a certain AQF level, have learning outcomes that are fundamentally aligned to the steps required to provide quality professional financial advice in the best interest of the client. These qualifications are also aligned to the core knowledge areas of the FPEC curriculum.

While the qualifications listed under FASEA's proposed 'related qualification definition' may be at AFQ7 level, the course content and learning outcomes are not necessarily synonymous with the knowledge pertinent to providing quality financial advice. (See the section below on *Reliance on definition of related qualification*, for a detailed discussion on this issue.)

This is why universities offering financial advice specific qualifications such as a Masters in Financial Planning, generally offer more exemptions for financial advice specific RPL than for a Masters of Law (for example).

The FPA's proposed pathway for existing financial planners acknowledges valid RPL by requiring both the learning outcomes of a Bachelor Degree and the completion of a qualification specific to the provision of financial advice. This approach is in line with the intent and requirements of the legislation.

Professional designations

Section 1546B(2) of the legislation states:

To avoid doubt, an existing provider may meet the education and training standard in subsection 921B(2), or complete one or more courses in accordance with paragraph (1)(b) of this section, before this section commences.

The Explanatory Memorandum states:

*"... the designation that an adviser holds is not relevant. Instead, the body must consider the courses that the adviser completed to **qualify** for the designation"²¹.*

²¹ 6.12



*“... the mere fact that Anastasia holds the Excellent Advisers Designation is not in itself relevant. Instead, the body must consider the courses that Anastasia undertook to **qualify** for the designation.”²²*

‘Qualify’ is not defined in the Corporations or TEQSA Act. Therefore FASEA is entitled to refer to the common usage of the word or dictionary meaning, which is: *“to become officially recognised as a practitioner of a particular profession or activity, typically by undertaking a course and passing examinations.”*²³

Importantly, feedback from education providers also indicates that ‘to qualify’ means to have successfully completed the courses necessary to be issued with and hold a higher education award.

This sets the legal parameters that enable FASEA to allow the underlying units of study of professional designations, such as the five units required to be issued with a CFP designation, to be relevant and assessed for the purposes of meeting the education standards for “equivalent qualifications”.

If it can be demonstrated that the units of study undertaken to attain a professional designation meet the intent of the legislation – that is to increase standards in the provision of financial advice - with learning outcomes specific to the provision of financial advice, that designation should be accepted and incorporated into the education pathways for existing advisers.

Certified Financial Planner® Program – AQF 8 Learning outcomes

Certain professional designations, such as the CFP Program, were specifically designed and built to increase the education and ethical standards of financial advisers.

The CFP Program is internationally recognised as the highest standard of excellence in financial planning, with over 175,573 CFP professionals across 26 countries²⁴. As previously stated, the CFP Program is set, approved and audited by the global standard setting Board, the Financial Planning Standards Board (FPSB).

As detailed in *Attachment 1 - FPSB Financial Planning Curriculum Framework for the CFP Program*, the FPSB developed learning outcomes and content for the CFP Program that relate to the abilities, skills and knowledge needed to practice financial planning, and enable students to develop thinking and capabilities that prepare them to practice as competent financial planning professionals. The FPSB requirements are linked to the FPSB’s Financial Planner Competency Profile.²⁵

The FPSB’s Financial Planning Curriculum Framework consists of:

- i. Financial Planning Body of Knowledge Topic Categories
- ii. Financial Planning Curriculum Learning Level Descriptors
- iii. Financial Planning Curriculum Components
- iv. Financial Planning Curriculum Learning Outcomes (by Curriculum Component)

²² Example 6.3: Appropriate bridging courses, page 76

²³ <https://en.oxforddictionaries.com/definition/qualify>

²⁴ <https://www.fpsb.org/news/financial-planning-standards-board-reports-record-number-certified-financial-planner-professionals-worldwide-2/>

²⁵ Financial Planning Curriculum Framework, Financial Planning Standards Board, 2008-2009



The FPA has mapped the CFP Program offered in Australia to the learning outcomes required at AQF level 8 (see *Attachment 2: Certified Financial Planner Program mapped to AQF level 8*). This mapping clearly demonstrates that the knowledge, skills and learning outcomes expected of a CFP Program graduate equate to those expected of students undertaking a Graduate Diploma course at AQF level 8. The individual's knowledge and skills gained from undertaking the CFP Program's units of study are rigorously assessed and tested to ensure the appropriate application, critical thinking and evaluation of complex ideas and advanced technical solutions specific to the provision of financial advice. This evidence is strongly supported by Australian universities who continue to grant advanced standing for CFP units of study for Graduate Diploma (AQF8) and Masters (AQF9) courses in financial planning.

The FPA's mapping of the CFP Program to the AQF policy learning outcomes is reflective of the assessment of the CFP units of study undertaken by TEQSA regulated higher education providers. As detailed in *Attachment 3: Credit Transfer and Recognition Assessment*, Deakin University provides specified credit for the 4 units of study and CFP Certification for the following courses:

- Deakin M640 Graduate Diploma of Financial Planning, and
- Deakin M770 Master of Financial Planning.

This means that Deakin University have mapped the learning outcomes of the CFP units specifically with the learning outcomes of their Graduate Diploma (AQF8) and Masters (AQF9) programs, which must meet the learning outcomes under the AQF policy. The granting of specified credit means Deakin University is satisfied that students who have completed the CFP Program, have already attained the learning outcomes required for their post-graduate financial planning courses.

The Deakin credit transfer and recognition assessments (see *Attachment 3*) clearly show that the University considers the learning outcomes gained through the education undertaken in CFP 1 FPA Professionalism, CFP 2 Applied Strategies 1, CFP 3 Applied Strategies 2, CFP 4 Investment Strategies, and assessed through CFP Certification, is of the appropriate standard and quality to ensure graduates have sufficiently met the learning outcomes of similar subjects in their own Graduate Diploma (AQF8) and Masters (AQF9) programs in financial planning.

As stated in these documents, "*students who have successfully completed the Certified Financial Planner (CFP) Certification Program and who have a minimum of 3 years relevant work experience will be eligible to receive up to 4 credit points into Deakin University M640 Graduate Diploma of Financial Planning*". This is fifty per cent of the 8 unit Graduate Diploma course and the maximum advance standing permitted under TEQSA Recognition of Prior Learning guidelines.

In our view, the Deakin credit transfer and recognition assessments clearly support the FPA's mapping of the CFP Program to the learning outcomes required by the AQF policy at level 8; and our call for greater recognition of financial advice specific education previously completed by existing financial advisers.

This mapping is also reflective of the experience of those who have completed the CFP Program:

"I researched what was required to commence the Certified Financial Planner designation, a highly regarded qualification that was recognised overseas and would be the equivalent of a Chartered Accountant - ie the highest qualification in my chosen field. The entry standards to



CFP had been changing over the years, and I wanted to complete the designation as soon as I was eligible, which was having completed three years as a practising planner, as well as my university degree and my advanced diploma of FP. Completing the CFP designation was the hardest study I have ever completed - the failure rate of the final exam had been 40% in the previous year and I was elated to have passed in November 2011. I believed that no matter what changes the industry continued to experience, that I was at the top of the game when it came to qualifications.” (Bachelor Commerce (Marketing), ADFS(FP), CFP®)

As discussed above, the CFP designation is recognised globally as the highest level of financial planning education and professional standards. The CFP designation is also different to the higher education awards offered by TEQSA regulated higher education providers as it is more than just a one-off course. Like the Government’s new professional standards, the CFP designation requires individuals to meet and maintain a package of requirements involving education, plus experience, plus an exam, plus an ongoing commitment to a code of ethics. CFP professionals must:

1. Complete units CFP 1 - 4 of the CFP program
2. Pass certification – assessment, experience and examination (CFP Certification)
3. Have a minimum of three years’ experience as an authorised (or employed) representative providing financial advice to retail clients
4. Maintain the highest level of CPD, including minimum ethics CPD – 120 hours/triennium with a minimum of 35 hours each year; and a minimum of 3 hours per triennium in the Professional Conduct Dimension specifically covering Ethics.
5. Comply with the FPA’s Code of Ethics and professional practice standards – a CFP professional must maintain FPA membership and adherence with our professional standards in order to continue to hold the CFP designation.

To ensure the delivery, governance, quality and outcomes of the CFP Program continue to meet the required standards, the CFP Program is formally audited by the FPSB every three years.

The legislation and supporting material provide FASEA with the scope to accept the units of study undertaken to attain the Certified Financial Planner designation, combined with the graduate outcomes of any Bachelor Degree, as an “equivalent qualification”.

Advice specific qualifications

The original policy intent as articulated by the Minister was to raise the education standards of advisers and in particular to put an end to the ability to become a financial adviser after doing a four day course²⁶. It was not to discredit all existing financial advice qualifications and quality past education.

Section 1546B(2) of the Act states:

²⁶ <http://kmo.ministers.treasury.gov.au/media-release/119-2017/>



“To avoid doubt, an existing provider may meet the education and training standard in subsection 921B(2), or complete one or more courses in accordance with paragraph (1)(b) of this section, before this section commences.”

The Explanatory Memorandum also states:

“For the avoidance of doubt, the new law explicitly states that courses undertaken before the new law commences must be taken into consideration. The body may take into account diploma or degree courses, licensee training courses or CPD. [Schedule 1, Part 2, item 27, subsection 1546B(2)]”²⁷.

The legislation and supporting material clearly allow for FASEA to consider past education within its education pathways for existing advisers. The FPA’s proposal is that any degree which is not in financial planning/advice plus one of the following courses specific to the provision of financial advice, should be accepted by FASEA as an “equivalent qualification”.

- A Graduate Diploma in Financial Planning / Advice, OR
- Certified Financial Planner Program, OR
- An Advanced Diploma in Financial Planning or 8 unit Diploma in Financial Planning²⁸ .

Examples of knowledge areas covered in courses specific to financial advice include:

Graduate Diploma in Financial Advice / Financial Planning²⁹	Advanced Diploma in Financial Planning³⁰ (Total number of = 11 training packages - 8 core training packages plus 3 elective training packages)	Diploma of Financial Planning³¹ (Total number of training packages = 15 - 9 core training packages plus 6 elective training packages)
<ul style="list-style-type: none"> • Financial Markets • Income Tax Law • Financial Planning Fundamentals • Personal Risk Management • Applied Financial Planning • Retirement and Estate Planning • Investments • Applied Taxation 	<p><u>Core training packages:</u></p> <ul style="list-style-type: none"> • Conduct complex financial planning research • Provide technical and professional guidance • Determine client requirements and expectations for clients with complex needs • Provide comprehensive monitoring and ongoing service • Develop complex and innovative financial planning strategies • Present and negotiate complex and innovative financial plans • Implement complex and innovative financial plan • Establish, supervise and monitor practice systems to conform with legislation and regulations <p><u>Elective training packages:</u></p> <ul style="list-style-type: none"> • Manage knowledge and information • Build and sustain an innovative work environment 	<p><u>Core training packages:</u></p> <ul style="list-style-type: none"> • Develop and use complex spreadsheets • Provide advice in financial planning • Comply with financial planning practice ethical and operational guidelines and regulations • Conduct financial planning analysis and research • Develop and prepare financial plan • Implement financial plan • Review financial plans and provide ongoing service • Determine client financial requirements and expectations • Apply principles of professional practice to work in the financial services industry <p><u>Elective training packages:</u></p> <ul style="list-style-type: none"> • Manage quality customer service • Implement workplace information system • Monitor and manage small business operations

²⁷ 6.9

²⁸ This could be an ADFP or an ADFS(FP); and DFP or DFS(FP)

²⁹ <https://degrees.griffith.edu.au/Program/4185/Courses/Domestic#course-list>

³⁰ <https://training.gov.au/training/details/FNS60410>

³¹ <https://training.gov.au/training/details/FNS50615>



	<ul style="list-style-type: none"> • Provide leadership across the organisation • Develop and implement a business plan • Monitor and manage small business operations • Develop workplace policy and procedures for sustainability • Provide advice in First Home Saver Market Linked Accounts • Provide advice in Margin Lending • Provide advice in Foreign Exchange • Provide advice in Managed Investments • Provide advice in Superannuation • Provide advice in Derivatives • Provide advice in Securities • Provide advice in Life Insurance • Provide advice in Insurance Broking • Determine client requirements and expectations • Record and implement client instructions • Analyse financial market products for client • Advise clients on financial risk • Provide appropriate services, advice and products to clients • Implement an agreed insurance program for a broking client • Monitor broking clients • Review broking client service performance • Implement changes to broking client's insurance program • Conduct product research to support recommendations • Improve the practice • Grow the practice 	<ul style="list-style-type: none"> • Develop workplace policy and procedures for sustainability • Establish client relationship and analyse needs • Develop, present and negotiate client solutions • Provide advice in first home saver market linked accounts • Provide advice in superannuation • Provide advice in life insurance • Provide advice in insurance broking • Develop and nurture relationships with clients, other professionals and third party referrers • Monitor client requirements • Review business performance • Determine client requirements and expectations • Record and implement client instructions • Provide financial planning advice • Conduct complex financial planning research • Provide appropriate services, advice and products to clients • Place client insurances with insurer and confirm insurance cover with clients • Deliver professional insurance broking services • Review service performance • Implement changes to broking client's insurance program • Prepare submission for new business • Monitor broking client requirements and establish loss control programs • Conduct product research to support recommendations • Identify situations requiring complex ethical decision making • Apply ethical frameworks and principles to make and act upon decisions
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These courses have been specifically developed around the knowledge and skills required to provide financial advice. However in its current proposal FASEA have not recognised existing advisers' past education that is specific to the provision of financial advice. The FPA oppose this approach and suggest it is not in line with the Government's policy intent or the provisions in the legislation and the clarification contained within the Explanatory Memorandum.

This view is reflected in feedback received from 3,393 FPA members in research conducted on the proposed FASEA education pathways. For example:

"... after 8 years, an estimated \$12,000 in study fees and many hours, days and weekends, studying would now be all behind me. I am 100% in support of the improvement of the education of all financial advisers and firmly believe that in order to be recognised as a professional you should have a university degree, as well as a professional designation. Hence all the work I have already put in over the years. But I am devastated, angry and confused how someone with a Commerce degree, an Advanced Diploma of Financial



Services (Financial Planning) and the Certified Financial Planner designation, would not be educated enough to be a qualified financial planner.”

“There is no clarity at all around the requirements or even which pathway I would fit into as there has been no clarification around how my existing qualifications are to be treated.” (CFP professional; 6 to 10 years in practice; FASEA Unrelated Degree.)

“Totally ignores my mathematics background which places me in a stronger position than financial planning graduates to understand investment product characteristics, financial markets history and portfolio construction at a theoretical level. Totally ignores my 38 years of advice experience. Totally ignores my licensee responsible manager status. Totally ignores my 27 years as a licensee responsible manager. Discriminates against the highest qualifications I was able to obtain in the earlier years of my career. Will effectively deem me incompetent on 1/1/2024 despite having been an extremely successful adviser for 38 years.” (CFP professional; 20+ years in practice; Existing adviser – FASEA Unrelated Degree.)

“I have been in the industry 30 years and have always studied and done the highest level of study that was available at the time. I’ve been awarded Financial Planner awards on three occasions and my business awarded Practice of the year three times.” (CFP professional; 20+ years in practice; Existing Adviser – FASEA Unrelated Degree.)

24.9% of survey respondents with an “unrelated degree” under the FASEA proposal, have been a financial adviser for over 20 years. As stated by Brimble and Murphy:

“University degree programs in Financial Planning in Australia began to emerge in the mid 1990s, however it was not until the mid 2000s that they appeared in number. Even today only half of the Australian universities have a degree program (or full major) in financial planning.”³²

Due to the lack of availability of degree courses, historically the quality education pathways to become a financial adviser commonly included a Bachelor Degree plus an 8 unit Diploma of Financial Planning³³, or Advanced Diploma of Financial Planning³⁴, or the CFP Program. As a member of the FPA, these financial advisers were required to have a minimum of a degree and would have continued their education throughout their career by meeting the FPA’s CPD requirements and their licensee’s training requirements.

However FASEA appears to have overlooked the issue of historic course availability in developing its proposed education pathways. This approach serves to discriminate against valid and valuable past education undertaken by existing advisers, particularly those who hold a Bachelor Degree plus an additional qualification specific to the provision of financial advice.

Attachment 4: Existing Advisers with unrelated degree under FASEA proposed pathways presents 10 examples of the qualifications held by existing financial advisers who do not meet the proposed FASEA standard because of its lack of recognition of financial advice specific qualifications. We have

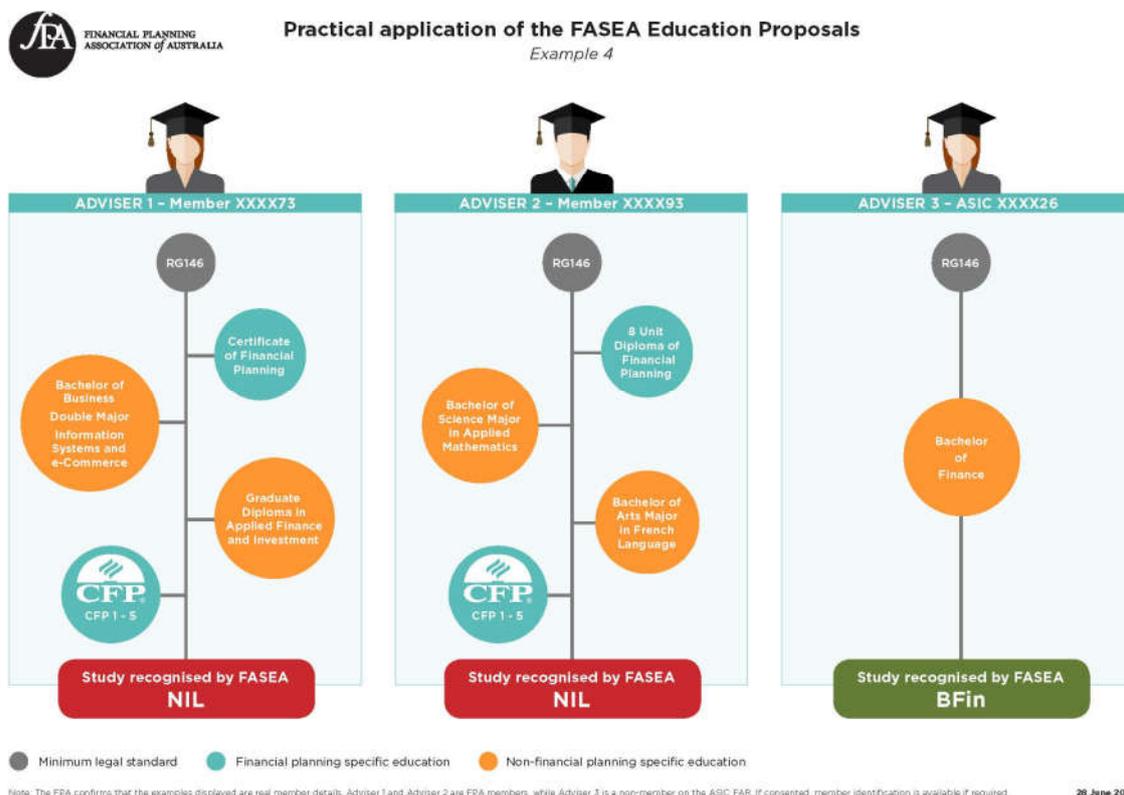
³² Brimble, Mark, Murphy, Brian, Past, Present and Future: The Role of the Tertiary Sector in Supporting the Development of the Financial Planning Profession, 2012 Neilson Journals Publishing.

³³ This was also offered as a Diploma in Financial Services (Financial Planning) – DFS(FP)

³⁴ This was also offered as a, Advanced Diploma in Financial Services (Financial Planning)



compared these with 5 examples of existing advisers who do meet the FASEA proposal for related degree. This is also illustrated in the following infographic.



FASEA is a National Standard Setting Body. When developing and setting standards, the COAG Best Practice Regulation - A Guide for Ministerial Councils and National Standard Setting Bodies³⁵ clearly shows consideration must be given to how the standards impact on the members of the regulated community the new standards cover. As discussed in detail in the section *Qualitative and quantitative financial adviser feedback* below, our survey results clearly demonstrate the impact of FASEA's proposed education pathways for existing advisers.

The FPA also surveyed attendees at our recent National Roadshow to seek their views on the FPA's proposed education pathways for existing advisers. Of the more than 3,240 total attendees at the National Roadshow and webinars, 79% supported FPA's alternative proposal for existing and new financial advisers.

The FPA's proposed pathway for existing financial advisers appropriately acknowledges past education by requiring both the learning outcomes of a Bachelor Degree and the completion of a qualification specific to the provision of financial advice. This approach is in line with the intent and requirements of the legislation.

³⁵ October 2007



Bridging course

The FPA's proposal includes the requirement for all existing advisers to complete one course at AQF7 level covering both the new FASEA Code of Ethics and financial adviser legal obligations. It is reasonable, valuable, and in the interest of clients for all financial advisers to undertake a course on the FASEA Code of Ethics, combined with the legal obligations for providing financial advice.

The legislation states:

s921B(2)(a) the person has completed a bachelor or higher degree, or equivalent qualification, approved by the standards body under section 921U

The FPA proposes that if all existing advisers hold at least a Bachelor degree (as per FPA's three proposed pathways), it is also appropriate for a bridging course on the FASEA Code of Ethics and legal obligations to also be required at the AQF7 level.

It must be acknowledged that as the FASEA Code of Ethics is still under development, there is no such course currently available.

Precedent

While the following example is not related to financial advice or financial services, it provides an insight into the issues Governments' consider when transitioning industries to a new degree qualification requirement.

The Health & Care Professions Council (HCPC) in the UK is a regulator responsible for setting standards for health care professionals and maintaining a register of individual professionals who meet their standards. This includes the setting of education standards and the approval of education programs.

The HCPC is in the process of bringing in a degree requirement for paramedics. To avoid the creation of a 'fallow year' in which there are insufficient numbers of registered paramedics, the HCPC has mandated transitional arrangements for existing and new paramedics which grandfather all new and existing paramedics who commence an approved two-year diploma course by 31 August 2021.

From 1 September 2021, the HCPC will only continue to approve paramedic programmes that are delivered at degree level.³⁶

In the Australian context, the accreditation standards for paramedics are expected to be developed and approved approximately 12-15 months after a new accreditation authority is appointed. It is then expected to take the accreditation authority two to three years to assess and accredit all the paramedicine programs.³⁷

³⁶ Approved programmes which are delivered below the new threshold level will be able to commence new cohorts up to 31 August 2021. These cohorts will be the last to graduate from these programmes with eligibility for registration. From 1 September 2021, we will withdraw approval from programmes delivered below the new threshold level. They will not be able to take on any new cohorts. From 1 September 2021, only programmes delivered at degree level or above will be approved to take on new cohorts.

³⁷ <http://www.paramedicineboard.gov.au/Registration>



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The approach of the HCPC shows the reality of the impact the introduction of new education standards can have on consumers who rely on the services of a profession, be it paramedics or financial advisers.



FPA response to the proposed FASEA education pathways – Existing financial advisers

The FPA supports the following elements of FASEA's proposed education pathways for existing advisers:

- Existing adviser with no degree – should be required to complete an Approved Graduate Diploma, or other approved qualification (Degree or Masters – AQF7 or above) by no later than January 1 2024.
- Existing adviser with an Approved Degree – FASEA Code of Ethics course. However this course should be completed at an AQF 7 level (not AQF 8) and should include financial adviser legal obligations.

The FPA opposes the creation of the following three categories for the cohort of existing advisers with a non-approved existing degree:

- Existing adviser with unrelated degree
- Existing adviser with related degree
- Existing adviser with related degree +related post graduate qualification

The FASEA/FPEC Standard for approved degree is based on the FPEC Curriculum and Accreditation Framework which was introduced just 7 years ago in 2011. FPA's survey shows 66% of FPA members have been providing financial advice for 11 years or more, and completed education available prior to the establishment of FPEC.

Recent research by UBS states *“the average adviser has 12 years of experience, implying advisers on average become licensed in their early 40s given the average adviser age is mid-50s, most likely reflecting time spent first as a para planner and the desire for advisers to have greater life experience given clients on average are also aged 55”*³⁸.

As discussed above, these individuals have a range of qualifications based on the best available education at the time (which may have been a combination of courses), combined with further study, professional CPD and licensee training; and in the case of 5,724 FPA members completing the requirements of the CFP Program.

Dividing the large cohort of advisers with a non-approved degree in this way creates a significant and unnecessary lack of clarity, and makes it very difficult for individual advisers and licensees to assess the relevance of completed education and training to determine the appropriate FASEA category for each adviser.

The issues raised in this submission demonstrate the need to accept that the course requirements in the FASEA/FPEC standard were not required prior to its establishment, and were not met by higher education providers through their course offerings. However a high percentage of existing financial advisers took the initiative and completed quality formal education that was higher than required

³⁸ UBS, Australian Wealth Management - School or beach?, June 2018



under RG146, and maintained CPD which also wasn't mandated in the law. These individuals should not now be penalised for this.

Reliance on definition of related qualification

The FPA is concerned about the reliance on a definition of related degree for transitioning existing advisers to the new education standard, as it is at risk of creating a system that is complicated, inefficient and costly to administer, and overlooks the evolution of financial planning education and the valid and advice specific past education of existing advisers.

There is a very high level of flexibility in the units of study within each degree program that renders the reliance on a definition of related degree unreliable, inequitable, and costly to implement. Students are able to pick and choose subjects across faculties and from different universities that can result in learning outcomes aligned with the FPEC curriculum. However these subject choices and learning outcomes are often not reflected in the name or major of the bachelor degree. Reliance on a definition of related degree may result in a large number of existing financial advisers seeking FASEA individual assessment of education transcripts which will be draining on FASEA resources and costly to administer.

For example, an individual studying a Bachelor of Agriculture/Bachelor of Business can include subject such as derivatives, financial instruments and markets, finance, accounting, macroeconomics, microeconomics, business ethics, strategic planning and management, managing people and organisations, and business analytics, as part of the undergraduate program. These relate to the key knowledge areas within the FPEC curriculum however such a degree would not be accepted under FASEA related degree and the adviser would likely submit transcripts to FASEA for assessment to determine which proposed FASEA 'category' they fall within, or have their degree rejected altogether.

Relevance could also be argued for a Bachelor of Teaching, for example. The core aims of a teaching degree is to build the knowledge and skills of how to educate other people, how to build people's confidence, and how to instill in people the discipline of learning. Research has shown that a primary consumer benefit of receiving financial advice is financial education and capability³⁹. A key benefit of financial advice is that it helps educate people to manage their financial affairs and have a better understanding of money. The role of financial advisers is to offer expert advice and assistance to consumers who do not have in-depth knowledge and expertise about financial matters. This involves coaching and supporting clients. The skills to understand, engage with and educate clients is vital to the provision of quality financial advice

Similarly, as illustrated by the following example, some of the disciplines proposed by FASEA as being 'related' qualifications (on their own) do not map to the FASEA/FPEC core knowledge areas and in some instances do not relate to the provision of financial advice as a standalone qualification. This highlights the challenge of determining a fair, equitable, and justifiable definition of 'related' degree.

³⁹ *FPA Value of Advice Research*, by Rice Warner Actuaries, February 2008



UNSW Bachelor of Law 2010:	UNSW Bachelor of Law 1995
<p>Compulsory Courses</p> <ul style="list-style-type: none"> • Criminal Law 1 • Criminal Law 2 • Foundations of Law • Torts • Contracts 1 • Contracts 2 • Public Law • Administrative Law • Law, Lawyers and Society • Business Associations 1 • Federal Constitutional Law • Litigation 1 • Legal Theory • Litigation 2 • Property, Equity & Trusts 1 • Property and Equity 2 • Advanced Legal Research • Law and Social Theory <p>Potentially relevant elective courses</p> <ul style="list-style-type: none"> • Commercial Law • Financial Economics and Law • Trade Practices • Trusts • Commercial Finance • Consumer Protection Law • Interests in Securities • Securities & Financ.Serv. Reg. • Elements of Income Tax Law 	<p>Compulsory courses</p> <ul style="list-style-type: none"> • Legal System Torts • Contracts • Public Law • Criminal Law • Administrative Law • Law, Lawyers and Society • Legal Research and Writing 1 Year 2 • Litigation • Property and Equity • Federal Constitutional Law • Law and Social Theory or Legal Theory • Legal Research and Writing 2 • Research Component Law • Electives from other programs.

The FPEC Curriculum and Accreditation Framework was approved in 2011. However the FASEA standard applies to all existing advisers, not just those who commenced after 2011, many of whom have been in practice for over 20 years. Therefore it is appropriate to consider the relevance of qualifications available prior to that time, such as the course requirements above for a Bachelor of Law at UNSW in 2010 and 1995.

It is interesting to note that, with the possible exception of courses on property, equity and trusts, and contracts law, the compulsory course requirements offer little relevance to the provision of financial advice. Importantly, the subjects which are more relevant to financial advice, were only considered as elective courses. To ensure an individual with a Bachelor of Law has undertaken any subjects relevant to the provision of financial advice, would require FASEA to assess the individual's transcripts.

The example of course content from the 2010 and 1995 Bachelor of Law courses also demonstrate how such 'related degrees' have changed over time.

This demonstrates another dimension of the complexity, inequity and inefficiency of relying on a definition of "related degree".

This is not to discredit the value of a law degree, on the contrary it serves to illustrate the randomness, equity and inefficiency in establishing transition standards for existing financial advisers based on a view of which degrees are considered to be related to the provision of financial advice and which degrees are not. The analysis of Bachelor programs that have existed, changed and evolved



over the past 20 plus years, to determine whether a course is related to the provision of financial advice in a manner that is fair, equitable and understandable, is an endless and costly task.

Of the 3,393 members who responded to our FASEA survey, 28.2% have been providing financial advice for over 20 years. The above examples demonstrate the continuous changes that have occurred in course content over the past 20 plus years, making reliance on a definition of 'related degree' even more problematic and requiring costly assessment of each individual's transcripts.

It is not the 'related degree' that has equipped existing financial advisers to provide financial advice. As discussed above, it gave them skills in critical thinking, research, and analysis, and some base knowledge. Traditionally, it was the financial advice specific studies that underpinned their degree that gave them the specific competencies necessary to provide financial advice.

FPA's proposal presents a simple, fair, easy to understand and assess transition requirement of any non-approved Bachelor Degree plus a financial advice specific qualification.

Proposed definition of related qualification

If FASEA decide to proceed with a definition of 'related qualification', we recommend this be changed to a definition of 'related study' or 'related higher education award'. This should include study that has financial planning/advice knowledge areas aligned to the AQF policy. This change would be in line with the legal requirements in both the Corporations Act and the TEQSA Act.

The Corporations Act states:

s921B(2)(a) the person has completed a bachelor or higher degree, or equivalent qualification, approved by the standards body under section 921U

1546B(2) To avoid doubt, an existing provider may meet the education and training standard in subsection 921B(2), or complete one or more courses in accordance with paragraph (1)(b) of this section, before this section commences.

The Explanatory Memorandum states:

*"... the designation that an adviser holds is not relevant. Instead, the body must consider the courses that the adviser completed to **qualify** for the designation"⁴⁰.*

*"... the mere fact that Anastasia holds the Excellent Advisers Designation is not in itself relevant. Instead, the body must consider the courses that Anastasia undertook to **qualify** for the designation."⁴¹*

Section 5 of the TEQSA Act defines "higher education award" as:

(a) a diploma, advanced diploma, associate degree, bachelor degree, graduate certificate, graduate diploma, masters degree or doctoral degree; or

(b) a qualification covered by level 5, 6, 7, 8, 9 or 10 of the Australian Qualifications Framework; or

⁴⁰ 6.12

⁴¹ Example 6.3: Appropriate bridging courses, page 76



(c) an award of a similar kind, or represented as being of a similar kind, to any of the above awards;

other than an award offered or conferred for the completion of a vocational education and training course.

Certified Financial Planner:

As discussed in detail above, the legislation and supporting material give FASEA the legal parameters to accept the study undertaken to attain a professional designation. The CFP Program is regulated by the global Financial Planning Standards Board, specifically maps to the requirements of the AQF policy at level 8, and continues to be granted advanced standing and specified credits by TEQSA regulated higher education providers for Graduate Diploma (AQF8) and Masters (AQF9) courses in financial planning. The CFP Program is also reflective of current best practice in the provision of financial advice. It ensures a graduate's knowledge and skills are rigorously assessed and tested to certify the appropriate application, critical thinking and evaluation of complex ideas and advanced technical solutions specific to the provision of financial advice; and requires individuals to meet and maintain a package of requirements involving education, plus experience, plus an exam, plus an ongoing commitment to a code of ethics and professional standards. These requirements are all specific to the provision of financial advice.

A definition of 'related study' or 'related higher education award' should include the Certified Financial Planner Program.

Other disciplines:

- Business
- Commerce
- Masters of Business Administration
- Clarification as to the inclusion of finance or applied finance discipline.

We understand that for both business and commerce degrees, there are broadly similar sets of 'compulsory' subjects that form the underlying core subjects of the degrees, with additional subjects being chosen by the student to major in a specialisation (e.g. accounting).

In a majority of business and commerce degrees, the 'specialisation' can often be chosen by completing between 4 to 6 subjects out of a 24 subject course. While these 4 – 6 subjects represents a minority of the total degree workload, it may lead to unintended consequences for students. Students may have completed a business or commerce degree but be deemed as having 'specialised' in an area that is not listed on the proposed FASEA 'related qualification'. This would result in their degree not being accepted as 'related' by FASEA, or the individual requesting FASEA individually assess the transcript of their course, which would come at some cost.

For example, a student who has completed a Bachelor of Business, majoring in Information Technology - even though the student has completed 'related' subjects that form the common core units of many business and commerce degrees, their qualification would be deemed ineligible by FASEA simply because the major/specialisation did not meet the definition of 'related qualification'. In effect, the student may have completed up to 16 common 'core' subjects of a 24 subject business or commerce degree (representing 67% of the degree) and for all intents and purposes has studied a



similar amount of 'related qualification' content as another student who has specialised in one of the listed majors/specialisations.

Further, we see a degree of inconsistency in the treatment of commerce/business when compared to FASEA's inclusion of the discipline of Law as a 'related qualification'. As demonstrated above, the majority of law subjects have little to do with the provision of financial advice (excepting Commercial Law and Taxation Law, *if taken*), yet under the current proposals, a financial adviser with a law degree (or specialisation in law) would be treated preferentially to a financial adviser with a commerce or business degree that specialised in an unrelated area such as 'Management' or 'Human Resources'. This approach favourably treats one cohort of financial advisers who have studied less 'related' subjects (i.e. law) above another cohort of financial advisers who have studied more 'related' subjects in a degree with a commerce or business major/specialisation.

This issue affects a significant percentage of financial advisers with a commerce or business degree or similar postgraduate qualification.

There is also an issue that some degrees historically did not include a major.

This issue is heightened by the lack of recognition of existing advisers' past education that is specific to financial advice, other than the FASEA/FPEC approved degree.

In order for consumers to have confidence in the financial planning profession they need to be reassured that study relevant to practising financial planning has been completed. The FPA believes that the CFP Program or the Advanced Diploma of Financial Planning better equip a financial adviser to deliver financial advice than a related qualification (ie. a non-financial planning degree).

Advice specific education

While accepting degrees that have little relevance to the provision of financial advice, the proposed FASEA education pathways also overlook existing advisers' past education that is specific to the provision of financial advice.

FASEA has accepted the FPEC curriculum as the FASEA/FPEC standard for approved degrees as it is based on the core knowledge areas vital and relevant to the provision of financial advice. However, in its proposed pathways for existing advisers with non-approved degrees, FASEA has not considered the relevance of advice specific education and how the content of such courses align with the FASEA/FPEC core knowledge areas, and the knowledge relevant to the provision of financial advice.

Table 5.1 f the Explanatory Memorandum states:

"Some of the issues that [FASEA] may need to consider - which courses are relevant to the provision of financial advice and should be approved".

This allows FASEA to consider advice specific courses outside of FPEC approved degrees.

This issue is discussed in detail above.



Course assessment

Dividing the large cohort of advisers with a non-FPEC-approved degree into three unclear categories based on a system reliant on a definition of what is considered to be a 'related qualification', will mean that advisers will require FASEA to undertake an assessment of their individual transcripts of past education. This will be very costly and draining on FASEA resources, and inefficient for all stakeholders in the given implementation timeframe of 1 January 2019. The FPA questions FASEA's capacity to undertake assessments of the education history of a large number of the 25,500 existing financial advisers.

Conducting an effective, thorough and qualified assessment of education transcripts is not a simple task. It is a specialised area of education expertise. The FPA does not believe licensees are appropriately equipped to undertake this task in an effective manner.

Course components change over time, both in content and quality. To determine if a degree met the 'related qualification' definition, would require a thorough assessment of each course content based on the course transcript.

Outsourcing education transcript assessment to the licensee is also at risk of repeating the experience of the same arrangements for assessing compliance with RG146. ASIC's outsourcing of the assessment of RG146 compliance resulted in licensees finding the cheapest and quickest RG146 providers to save money and time to ensure their representatives met the RG146 standards. This resulted in a significant lowering of education quality, and led to the emergence of the four day course the Government is trying to eradicate.

There is also a concern that licensees will interpret the standards differently, resulting in a situation that when an individual tries to move licensees they are told they do not meet the standard and need to go back to university, or worse, become a provisional provider again. This was also the experience with the implementation of the RG146 requirements.

It is also unclear as to the benchmark or standard that the 'related qualification' will be assessed against. It would be inappropriate to assess such courses against the FASEA/FPEC standard as these degrees are 'related' to but are not all specifically financial planning degrees. The FPEC curriculum was developed only in 2011 specifically for new financial planning degrees. Historic courses listed in the 'related qualification' definition would not meet the FPEC requirements.

Outsourcing the assessment of qualifications to licensees, based on a definition of 'related qualification' will impact the consistencies of how the new standards are implemented, and seems counter to the intent of the Government's policy and the legislation. The FPA's proposal would simplify this assessment and approval process.

Endorsing a standard for 'equivalent qualification' that includes any Bachelor Degree plus a higher education award specific to the provision of financial advice, will enable FASEA to put in place an efficient, effective, affordable and achievable structure for approving past higher education awards specific to the provision of financial advice. This should include:

- Graduate Diploma in Financial Planning / Financial Advice
- Certification Financial Planner Program



- Advanced Diploma in Financial Planning / 8 unit Diploma in Financial Planning⁴².

This satisfies the legal requirement under s921B(2) that requires “*the person has completed a bachelor or higher degree, or equivalent qualification, approved by the standards body under s921U*”.

Recognition of Prior Learning

In its draft guidance, FASEA has stated that:

“RPL is a matter of individual policy for the Higher Education provider.”

As discussed in detail above, the FPA opposes FASEA’s approach to RPL as it is not in line with the intent of the legislation in relation to transitioning existing advisers to the new standard.

Section 1546B(2) of the Act states:

“To avoid doubt, an existing provider may meet the education and training standard in subsection 921B(2), or complete one or more courses in accordance with paragraph (1)(b) of this section, before this section commences.”

The Explanatory Memorandum also states:

“For the avoidance of doubt, the new law explicitly states that courses undertaken before the new law commences must be taken into consideration. The body may take into account diploma or degree courses, licensee training courses or CPD. [Schedule 1, Part 2, item 27, subsection 1546B(2)]”⁴³.

The legislation and supporting material clearly allow for FASEA to consider past education within its education pathways for existing advisers.

(See the Recognition of Prior Learning section under FPA recommended education pathways – Existing financial advisers, above for detailed discussion.)

Bridging Course

FASEA proposal

FASEA proposes that all existing financial advisers complete a bridging course in the FASEA Code of Ethics at AQF8.

FASEA have also proposed that certain existing advisers must also undertake a bridging course at AQF8 in both:

- Corporations Act (emphasis on Chapter 7 – Financial Services and Markets)
- Behavioural finance: Client and consumer behaviour, engagement and decision making.

⁴² This could be an ADFP or an ADFS(FP); and DFP or DFS(FP)

⁴³ 6.9



FPA Proposal

We question the need for a requirement for three bridging courses for existing advisers who have a degree plus a Graduate Diploma, or CFP designation, or Advanced Diploma / 8 unit Diploma in Financial Planning.

The FPA proposes that all existing financial advisers should complete one bridging course that covers:

- FASEA Code of Ethics
- Legal obligations for financial advisers

This course should be offered at AQF7.

While existing financial planners have undertaken ethics studies both within past education and through ongoing CPD, the FASEA Code of Ethics is a new requirement which financial advisers must comply with under the law. It is in the best interest of consumers and financial advisers to ensure appropriate education on the new Code has been completed.

The proposed Code introduces new and specific requirements that financial planners will need to form an informed and in-depth understanding of, to ensure they can both meet the new standards when providing advice to clients, and understand the appropriate way to demonstrate that they have met such standards in providing advice to clients.

The most effective way to achieve this is through education on the FASEA Code of Ethics.

A course on the FASEA Code should also cover the legal obligations for providing financial advice.

Behavioural finance

The FPA understands the potential consumer benefits of financial advisers understanding behavioural finance. However we question the need to mandate this topic as a bridging course for existing advisers. Many existing advisers have undertaken past education, CPD, and on the job training in this area.

The FPA would support the inclusion of behavioural finance in the ongoing CPD requirements for existing financial advisers, and have it built into the approved degree programs for new financial advisers.

The FPA opposes the requirement for existing financial advisers who hold a degree plus a Graduate Diploma, CFP designation, or Advanced Diploma in Financial Planning / 8 unit Diploma of Financial Planning, to complete a bridging course in behavioural finance at AQF8.

Course availability

Our research shows that approximately 90% of the 3,393 FPA member survey respondents would be required to undertake further study of some form in order to continue their job, under FASEA's proposal. If this figure is representative of the entire industry, this could indicate that around 22,950 existing financial advisers would be required to undertake further study. This figure does not include new advisers.



This raises the question – with such a potential spike in demand for financial advice specific education, and such an increase in the number of courses needed to support these students, how are such education programs going to be staffed? The FPA is concerned about the standards, quality and expertise of university faculties, and the availability of appropriately qualified financial planning academia, to meet these demands in such a short timeframe.

Financial planning is a specific discipline. Commerce teachers, for example, may not be trained, experienced or equipped to teach financial advice subject areas. This would create a scenario where the students (ie existing financial advisers) are more knowledgeable than the teacher, making the value of such courses for both students and consumers redundant.

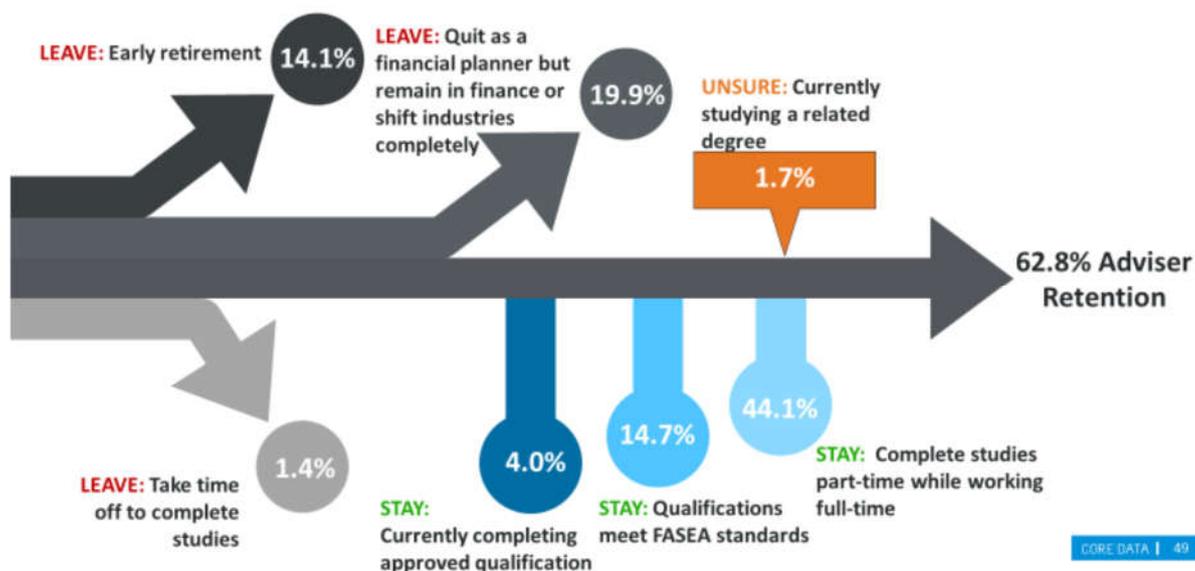
Recognition of Prior Learning in the education pathways for existing advisers, as permitted under the legislation and proposed by the FPA, will overcome this issue and ensure that any required education is meaningful and of a quality that will deliver benefits for consumers.

Qualitative and quantitative financial adviser feedback

FASEA is a National Standard Setting Body. When developing and setting standards, the COAG Best Practice Regulation - A Guide for Ministerial Councils and National Standard Setting Bodies⁴⁴ clearly shows consideration must be given to how the standards impact on the members of the regulated community the new standards cover.

The FPA conducted research on the proposed FASEA education pathways. 3,393 members responded to the survey. The survey data has been independently analysed by CoreData with the following high level findings (see Attachment 5: Executive Summary - FPA Member Research On FASEA for further findings):

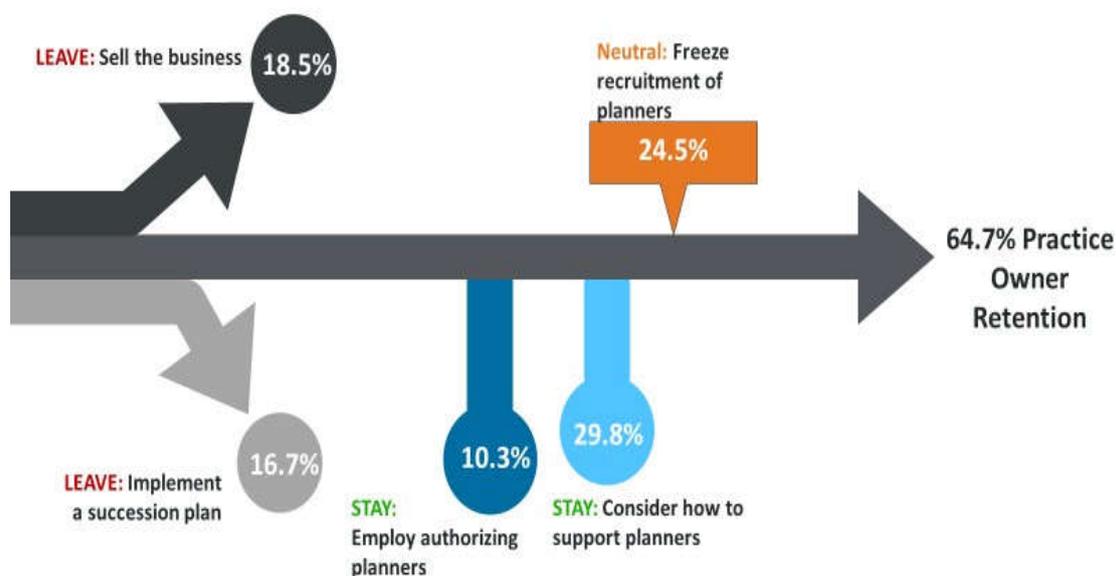
- 1. Overall adviser intentions based on the proposed FASEA education pathways:



⁴⁴ October 2007



2. Overall practice owner intentions based on the proposed FASEA education pathways



These survey findings are significant, particularly, as one respondent stated:

"As somebody who's in the early stages of their career and just finishing CFP now I have years of the fruits of my hard work ahead of me and so I have no choice now but to stay in the industry (unless all that hard work was for nothing). I will have to choose to remain in the industry even if further study is required because I can't justify throwing the last 12 years away and retraining in something else. I also do genuinely love what I do for a living. But I am concerned about the more senior advisers who don't have it all ahead of them leaving the industry. We rely on them to share their experience and train and develop us as we come up through the ranks and I'm genuinely concerned that these reforms will not only get rid of the cowboys (which is good) but will also get rid of some good talent in the older advisers who don't want to go back and study. It seems like a very blunt tool to use to raise the standards and I'm worried it will have some unintended casualties along the way. I fully support raising the standards, I just don't know that this is the right way to do it. CFP needs to be recognised at the very least." (Associate, 0 to 5 years in practice, Existing Adviser - RELATED DEGREE & RELATED POST-GRADUATE QUALIFICATION)

57.9% of respondents who stated their clear intention to retire or move on from the profession due to the proposed FASEA education pathways, have been providing financial advice to clients for 16 years or more. This presents a significant issue for the profession, for Government and FASEA, as this will directly restrict the availability of senior financial planners to perform supervisory and mentoring roles for new advisers during their Professional Year.

These statistics are supported by UBS whose research found: *"Whilst 25% attrition at face value may appear high, we believe risks are that adviser exits could be even higher considering the changing economies of advice [specifically] 14,724 advisers exited in the last five years. Over the five years to*



*Apr-18, almost 15,000 advisers exited the industry according to the ASIC registry. Whilst this includes retirements, our scenario for just over 6,000 exits due to enhanced educational standards appears realistic in relation to this.*⁴⁵

An overwhelming majority of advisers also stated that they found the FASEA proposal confusing and could not assess which pathway was relevant to their past education. Experienced advisers see the FASEA cutoffs as arbitrary and unfair.⁴⁶

Of most concern to respondents regarding the FASEA proposal is:

- Time – 86.4%
- Workload – 79.9%
- Cost – 65.8%

The most significant impact of the FASEA proposal is that the cost of advice for consumers will increase and the availability of professional financial advisers available to service their clients and meet consumer demand will drop.

⁴⁵ UBS, Australian Wealth Management - School or beach?, June 2018

⁴⁶ Executive Summary - FPA Member Research On FASEA, CoreData Australia, June 2018



FPA recommended education pathways – New financial advisers

Based on the key principles explained above, the FPA proposes enhancements to the FASEA education pathways for new advisers that are fair, equitable, simple, cost effective and efficient in achieving the policy objective of raising the education standards for new financial advisers.

The following infographic presents FPA’s proposed education pathways for new advisers.



*Disclaimer: This FPA Guidance is NOT an endorsement of the FASEA Proposed Educator Standards. Please note that these standards are subject to consultation.

The FPA proposes two education pathways for new advisers:

- An approved degree (AQF 7)
- A non-approved degree plus an approved Graduate Diploma in Financial Planning / Advice

In developing our proposal, the FPA considered the history of how people have entered the profession, the regulatory environment, the availability of courses, and consumer demand for financial advice.



Career changers

The legislation states:

s921B(2)(a) The first standard is that the person has completed a bachelor or higher degree, or equivalent qualification, approved by the standards body under section 921U.

The Participation, Job Search and Mobility, data findings released by the Australian Bureau of Statistics in August 2017 shows that of the 2.2 million job starters, 925,700 had changed their employer/business in the last 12 months. Of these 55% changed industry division.⁴⁷

Further, a recent Seek survey showed that 51% of respondents are considering a career change in the future⁴⁸.

Importantly, the FPA's proposed pathway of non-approved degree plus a Graduate Diploma in Financial Planning/Advice, still requires a minimum of a Bachelor Degree or higher, as per the legislated requirement.

Many financial planners have originated from industries with transferable skills applicable to the discipline and skills required for the financial advice process and consumer education more broadly. We believe this trend of career changes into financial advice, will continue.

Most career changers will already hold an undergraduate qualification (typically 'unrelated'). Hence it is important that this is recognised by ensuring an appropriate education pathway for entry into the profession. To ensure a level playing field, career changers with an unrelated qualification should be treated similar to existing advisers – that is they would be required to complete a Graduate Diploma in Financial Planning/ Advice. They would still be required to meet the same standards that apply to existing advisers (including the Exam, CPD and Code of Ethics requirements), however the timeframe and cost to enter the industry would be more manageable and would assist to facilitate appropriately skilled and qualified people to enter into the financial services industry, specifically financial advice.

Findings in our member survey on the FASEA proposal indicated that 14.1% of respondents would take early retirement, and nearly 20% additional financial advisers would leave the financial advice profession. This means of the 3,393 survey respondents approximately 1,157 respondents would leave financial advice. If this response is representative of the broader industry of 25,500 existing advisers listed on the FAR, this would mean nearly 8,700 experienced financial advisers would leave the profession due to FASEA's proposed education pathways for existing advisers.

These statistics show a clear need to ensure the FASEA standards do not create an inappropriate barrier to entry for new advisers that would potentially discourage new entrants with relevant skills gained in other industries, impacting on adviser supply. New advisers are needed to supplement the high percentage who have indicated they will leave the profession.

School students do not have any understanding of what financial advice is, which results in a very low level of enrolments in financial planning courses straight from school. Financial advice is usually a career people develop an understanding about and interest in, once they have either undertaken

⁴⁷ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6226.0>

⁴⁸ <https://www.seek.com.au/career-advice/the-low-down-on-career-change-in-australia>



undergraduate studies or started in the workforce. This is driving the numbers of people who change careers into financial advice.

The new standards for new financial advisers must cater for career changes.

The FPA proposes a new financial adviser must complete either:

- An approved degree, or
- A non-approved degree plus a Graduate Diploma in Financial Planning/Advice.

This position is in line with FASEA's original proposal for new advisers released in December 2017.

Course availability

There is currently no financial advice degree courses offered in many parts of Australia, in particular Western Australia (WA) and regional centres.

Historically, Curtin University was the only higher education provider in WA who offered relevant programs, including an FPEC approved Masters in Financial Planning (2004 – 2014) and FPEC approved degree courses (since 2003). However Curtin University ceased all new enrolments into their financial planning courses at any level in 2017. This leaves no undergraduate courses available in WA. While Graduate Diploma courses are not offered in WA, these courses can be studied by distance education.

The lack of availability of courses in WA and regional areas presents a significant risk for local financial planning practices and licensees as it will, and is already in WA, drive down the availability of new advisers in certain locations. The lack of new advisers significantly limits business growth, succession planning, and the ability for the industry to service consumer demand.

Including a non-approved degree plus a Graduate Diploma in Financial Planning / Advice as a valid career pathway for new financial planners will assist those wishing to enter the profession to access the necessary financial planning courses, regardless of the location of the student.

The FPA's proposal meets the legislative requirement to complete a Bachelor or higher degree, and is in line with Office of Best Practice guidelines for policy development.

Qualitative and quantitative financial adviser feedback

4.3% of survey respondents are currently not an existing adviser. However, 32.7% of this cohort suggested they would leave the profession as a result of the FASEA proposal.

One respondent stated:

"They provide only a rigid pathway for entry to the industry. This is immensely disappointing as diversity of background and experience contributes to the strength of organisations."
(Allied Professional; I am not a financial planner; New Entrant)



FPA response to the proposed FASEA education pathways – New financial advisers

The FPA supports the following elements of FASEA's proposed education pathways for new financial advisers:

- Education requirement - Approved degree

The FPA opposes the removal of a Graduate Diploma as a valid pathway for new advisers.

In its October Board Meeting Update, FASEA announced the following degree requirement pathway for new entrants, from January 2019, which included:

10. For career changers⁴⁹ - further pathways, at the post graduate level, covering the same fields.⁵⁰

However the current FASEA proposal for education pathways for new entrants, as disclosed in the March 2018 Proposed guidance on education pathways for existing advisers, excludes this pathway. No consultation paper was released by FASEA on the new adviser education pathways.

The FPA opposes this change and recommend FASEA reinstate its original new adviser pathway for career changes of approved Bachelor Degree or Graduate Diploma in Financial Planning/Advice.

⁴⁹ FASEA defined career changers as “those people entering the financial advice industry with experience gained from careers in another industry”, <https://fasea.gov.au/wp-content/uploads/2018/03/New-Entrant-Degree-Standards.pdf>.

⁵⁰ <https://fasea.gov.au/wp-content/uploads/2018/03/New-Entrant-Degree-Standards.pdf>



OTHER MATTERS

Commonwealth Supported Place

A Commonwealth Supported Place (CSP) is a subsidised higher education enrolment where the Australian government pays part of the student's tuition fees.

The new education standards have the potential to impact the income of existing advisers. Government support via the Commonwealth Supported Place (CSP) program would make a significant difference to the ability of new financial advisers to enter the profession, and existing financial advisers to continue in the profession, and meet the growing consumer demand and need for financial advice.

Recommendations:

FASEA support industry calls for approved courses in financial planning/advice for new and existing financial advisers to be included on the Government's Commonwealth Supported Place (CSP) program.



Financial Planning Curriculum Framework

MISSION STATEMENT

Financial Planning Standards Board Ltd. (FPSB) manages, develops and operates certification, education and related programs for financial planning organizations so they may benefit the global community by establishing, upholding and promoting worldwide professional standards in financial planning. FPSB's commitment to excellence is represented by the marks of professional distinction – CFP, CERTIFIED FINANCIAL PLANNER and .

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INTRODUCTION

Education and training programs for financial services qualifications and professional certifications increasingly rely on a competency-based approach, whereby a curriculum's learning outcomes and theoretical knowledge connect to appropriate practice outcomes or competencies for a given job function.

In any national education system, curriculum documents are written in broad terms that do not directly address the unique needs of individual institutions or specific groups of students. Consequently, educators need to translate curriculum frameworks into specific teaching programs of sufficient detail to guide day-to-day courses and activities.

In developing a global education standard for financial planning, FPSB developed learning outcomes and content for its Financial Planning Curriculum Framework that relate to the abilities, skills and knowledge needed to practice financial planning (as defined by FPSB's Financial Planner Competency Profile). By linking the Financial Planning Curriculum Framework directly to its Financial Planner Competency Profile, FPSB encourages educators to be directed by the actual practice of financial planning when developing financial planning curricula, so that students develop thinking and capabilities that prepare them to practice as competent financial planning professionals.

FPSB's Financial Planning Curriculum Framework provides an outline for structuring financial planning education modules and courses, and reinforces globally consistent learning outcomes and standards among these courses. The Curriculum Framework highlights the interrelationships among module, program and qualification/practice and among teaching, learning and assessment, and supports program comparison and student mobility within a territory and internationally.

FPSB's Financial Planning Curriculum Framework consists of:

- I. Financial Planning Body of Knowledge Topic Categories
- II. Financial Planning Curriculum Learning Level Descriptor
- III. Financial Planning Curriculum Components
- IV. Financial Planning Curriculum Learning Outcomes (by Curriculum Component)

I. Financial Planning Body of Knowledge Topic Categories

FPSB's 11-category, 39-topic Financial Planning Body of Knowledge identifies the knowledge a financial planning professional must be able to draw on to deliver financial planning to clients, or when interacting with colleagues or others in a professional capacity. Educators in a territory determine the territory-specific topics, and level of topic coverage, to include in each knowledge area to adequately prepare students to competently and ethically practice financial planning.

I. TAXATION

1. Assessment Rules
2. Personal Taxation
3. Corporate Taxation
4. Wealth Transfer
5. International Tax Issues

II. INSURANCE

1. Business Insurance
7. Life Insurance
8. Disability Insurance/Income Replacement
9. Health Insurance
10. Critical Illness Insurance (includes Dread Disease and Trauma)
11. . Property Insurance
12. Casualty Insurance

III. INVESTMENT

13. Investment Types
14. Investment Structures
15. Types of Investment Risk
16. Measurement of Investment Risk
17. Portfolio Management Techniques
18. Selling and Buying Techniques
19. Performance Measurement
20. Modern Portfolio Theory

IV. RETIREMENT, SAVINGS AND INCOME

PROGRAMS

21. Government Pension
22. Government Savings
23. Employer / Employee Programs
24. Personal Retirement
25. Personal Savings

V. LAW

26. Private Law
27. Corporate Law

VI. FINANCIAL ANALYSIS

28. Analysis of Financial Information
29. Personal Financial Ratios
30. Cash Management and Budgeting
31. Personal Financial Statements

VII. DEBT

32. Consumer Credit and Credit Management
33. Mortgages
34. Leases
35. Insolvency and Bankruptcy

VIII. ECONOMIC AND REGULATORY

ENVIRONMENT

36. Economic Environment
37. Regulatory Environment

IX. GOVERNMENT BENEFITS PLANS

X. BEHAVIORAL FINANCE

XI. ETHICS AND STANDARDS

38. Code of Ethics
39. Financial Planning Practice Standards

II. Financial Planning Curriculum Learning Level Descriptor

A curriculum learning level descriptor describes the demand placed on a learner by a qualification's education program. All qualification frameworks demonstrate progression in learning by using level descriptors to describe the level of abilities, skills and knowledge a student must master to be prepared for competent practice. While qualifications with the same level descriptor are broadly similar, the qualifications' education programs and curricula can differ in terms of content and duration.

FPSB's Financial Planning Curriculum Learning Level Descriptor establishes the overall level at which a financial planning education program should be delivered. While the level at which a specific module or subject within the program is delivered could fall below or exceed the recommended level, in aggregate, the student should master appropriate abilities, skills and knowledge at the recommended level to prepare him or her to competently and ethically practice financial planning. While knowledge, comprehension and application form part of the educational requirements of each module or subject, the student is expected to master and integrate the financial planning education program content at the analysis, synthesis and evaluation levels.

FPSB's Financial Planning Curriculum Learning Level Descriptor enables educators around the world to align the level of their financial planning education programs to FPSB's Financial Planning Curriculum Framework thereby creating greater national, regional and global consistency in the delivery of financial planning education and training and in the preparedness of students to competently and ethically practice financial planning.

Educators should deliver financial planning modules, courses or programs at a sufficient level of instruction that ensures the successful student is able to:

Knowledge

- Demonstrate advanced knowledge and understanding (including critical understanding of theories and principles) of the practice of financial planning, as described by FPSB's Financial Planner Competency Profile and Financial Planning Curriculum Framework;
- Apply advanced knowledge and understanding, and devise recommendations, sustain opinions and solve problems that indicate a professional approach to the practice of financial planning, as described by FPSB's Financial Planner Competency Profile and Financial Planning Curriculum Framework;
- Collect, analyze and synthesize appropriate data to develop strategies and make judgments and recommendations that take into consideration relevant social, scientific, legal or ethical issues;
- Communicate and present information, ideas, problems and solutions on financial planning matters to both specialist and non-specialist audiences; and
- Develop the learning skills necessary to continue further study with a high degree of autonomy.

Skills

- Apply advanced skills, demonstrating mastery and innovation, in solving complex and unpredictable problems in the field of financial planning.

Abilities

- Reflect the competence to demonstrate, in study and practice contexts, the Financial Planner Abilities described in FPSB's Financial Planner Competency Profile;
- Reflect the competence to manage complex technical or professional activities or projects in the field of financial planning, with responsibility for decision-making; and
- Reflect the competence to take responsibility for continuing professional development in the field of financial planning.

III. Financial Planning Curriculum Components

FPSB's Financial Planning Curriculum Framework consists of the following eight Curriculum Components:

1. Principles and Practices of Financial Planning
2. Financial Management
3. Asset Management
4. Risk Management
5. Tax Planning
6. Retirement Planning
7. Estate Planning
8. Integrated Financial Planning

The first seven Curriculum Components relate to the Fundamental Financial Planning Practices and Financial Planner Abilities described in FPSB's Financial Planner Competency Profile, while the Integrated Financial Planning Curriculum Component provides students the opportunity to gain the knowledge and practical skills needed to integrate financial planning abilities, skills and knowledge from the first seven Curriculum Components using real world client situations.

Educators can use the Financial Planning Curriculum Components to create financial planning educational modules/ courses that teach students to develop strategies and evaluate the advantages and disadvantages of each strategy; optimize strategies and make recommendations; and prioritize action steps to assist clients in implementing recommendations as part of the process of developing a financial plan. More than one component can form part of a module/subject as long as learning outcomes are covered at an appropriate level.

1. Principles and Practices of Financial Planning

The Principles and Practices of Financial Planning Component provides the student with an introduction to basic financial planning information and principles including: the financial planning process, client interactions and behavior, time value of money applications, ethical and practice standards for financial planning, compliance issues, economics, and the regulatory environment of the applicable jurisdiction.

2. Financial Management

The Financial Management Component prepares the student to develop strategies and use techniques to optimize short and mid-term cash flow, assets and liabilities, as well as to collect and synthesize information relating to personal financial statements, cash flow and debt, asset acquisition, liabilities, education planning and emergency fund provision.

3. Asset Management

The Asset Management Component prepares the student to develop strategies and use techniques to optimize returns on assets considering the client's requirements and constraints, as well as to understand: various types of securities traded in financial markets, investment theory and practice, portfolio construction and management, and investment strategies and tactics. (Note: The terms risk, risk exposure and risk tolerance refer to the risk of financial loss due to market circumstances.)

4. Risk Management

The Risk Management Component prepares the student to develop strategies and use techniques to manage financial exposure due to personal risk. (Note: The terms risk, risk exposure and risk tolerance refer to the risk of financial loss due to personal circumstances).

5. Tax Planning

The Tax Planning Component prepares the student to understand and broadly evaluate strategies and techniques to maximize the present value of the client's after-tax net worth and includes: the principles, current law and practice of taxation and their impact on the client's financial situation, and financial planning for individuals, couples and families in their roles as individual investors, employees and business owners.

6. Retirement Planning

The Retirement Planning Component prepares the student to develop strategies and use techniques for wealth accumulation and withdrawal during retirement years, taking into consideration the structure and impact of public and private retirement plans on the client's financial plan.

7. Estate Planning

The Estate Planning Component prepares the student to understand and broadly evaluate strategies and use techniques to handle the preservation and distribution of accumulated assets, and to understand the legal, tax, financial, and non-financial aspects of this process, to efficiently conserve and transfer wealth, consistent with the client's goals.

8. Integrated Financial Planning

The Integrated Financial Planning Component serves as a capstone course that allows the student to engage in critical thinking, make decisions and integrate among the Curriculum Components (Principles and Practices of Financial Planning, Financial Management, Asset Management, Risk Management, Tax Planning, Retirement Planning and Estate Planning) while developing strategies, recommendations and financial plans for clients using real world situations and facts.

IV. Financial Planning Curriculum Learning Outcomes (by Curriculum Component)

A learning outcome is a statement of what a learner is expected to know, understand and be able to do at the end of a period of learning. Learning outcomes are linked to a course's overall level descriptor and are written in terms of 'the learner will be able to do something...' or 'the learner is expected to be able to do something...'

FPSB's Financial Planning Curriculum Learning Outcomes specify the general areas of learning a student is expected to master to enable the student to competently perform. With the exception of the Integrated Financial Planning Component, all learning outcomes described in FPSB's Financial Planning Curriculum Framework relate to the Fundamental Financial Planning Practices and Financial Planner Abilities described in FPSB's Financial Planner Competency Profile.

1. Principles and Practices of Financial Planning Learning Outcomes

On successful completion of the Principles and Practices of Financial Planning Component, the student will be able to:

- 1.1 Apply the financial planning process in the practice of financial planning
- 1.2 Demonstrate ethical appreciation in dealings and relationships with clients and third parties
- 1.3 Discuss, explain and apply ethical principles, standards of practice and rules of conduct for the practice of financial planning, relevant to the jurisdiction
- 1.4 Demonstrate communication skills
- 1.5 Demonstrate presentation skills
- 1.6 Consider and discuss the impact of compliance issues on the practice of financial planning
- 1.7 Demonstrate knowledge of regulatory, economic and political environments
- 1.8 Demonstrate knowledge of practice management and other business aspects of financial planning
- 1.9 Discuss behavioral aspects of financial planning applicable to the financial planning engagement
- 1.10 Demonstrate the ability to understand and address client attitudes toward risk
- 1.11 Define and describe the process and the practice of financial planning

2. Financial Management Learning Outcomes

On successful completion of the Financial Management Component, the student will be able to:

Collect the quantitative and qualitative information required to develop a financial plan

- 2.1 Collect information regarding the client's assets and liabilities
- 2.2 Collect information regarding the client's cash flow, income and/or obligations
- 2.3 Collect information necessary to prepare a budget
- 2.4 Prepare statements of the client's net worth, cash flow and budget
- 2.5 Determine the client's propensity to save
- 2.6 Determine how the client makes spending decisions
- 2.7 Determine the client's attitudes towards debt

Consider potential opportunities and constraints and assess information to develop strategies

- 2.8 Determine whether the client is living within financial means
- 2.9 Determine the issues relevant to the client's assets and liabilities
- 2.10 Determine the client's emergency fund provision
- 2.11 Consider potential cash management strategies for the client
- 2.12 Assess whether the emergency fund is adequate
- 2.13 Assess the impact of potential changes in income and expenses
- 2.14 Identify conflicting demands on cash flow
- 2.15 Assess financing alternatives

Synthesize information to develop and evaluate strategies to create a financial plan

- 2.16 Develop financial management strategies
- 2.17 Evaluate advantages and disadvantages of each financial management strategy
- 2.18 Optimize strategies to make financial management recommendations
- 2.19 Prioritize action steps to assist the client in implementing financial management recommendations

3. Asset Management Learning Outcomes

On successful completion of the Asset Management Component, the student will be able to:

Collect the quantitative and qualitative information required to develop a financial plan

- 3.1 Collect information necessary to prepare detailed statement of investment holdings
- 3.2 Determine the client's current asset allocation
- 3.3 Identify cash flows available for investment
- 3.4 Determine the client's experience with, and attitudes and biases, towards investments
- 3.5 Determine the client's investment objectives
- 3.6 Determine the client's tolerance for investment risk
- 3.7 Identify the client's assumptions and return expectations
- 3.8 Identify the client's time horizon

Consider potential opportunities and constraints and assess information to develop strategies

- 3.9 Calculate required rate of return to reach the client's objectives
- 3.10 Determine the characteristics of investment holdings
- 3.11 Determine the implications of acquiring/disposing of assets
- 3.12 Consider potential investment strategies
- 3.13 Assess whether investment return expectations are consistent with the risk tolerance
- 3.14 Assess whether asset holdings are consistent with risk tolerance and required rate of return

Synthesize information to develop and evaluate strategies to create a financial plan

- 3.15 Develop asset management strategies
- 3.16 Evaluate advantages and disadvantages of each asset management strategy
- 3.17 Optimize strategies to make asset management recommendations
- 3.18 Prioritize action steps to assist the client in implementing asset management recommendations

4. Risk Management Learning Outcomes

On successful completion of the Risk Management Component, the student will be able to:

Collect the quantitative and qualitative information required to develop a financial plan

- 4.1 Collect details of the client's existing insurance coverage
- 4.2 Identify potential financial obligations of the client
- 4.3 Determine the client's risk management objectives
- 4.4 Determine the client's tolerance for risk exposure
- 4.5 Determine relevant lifestyle issues
- 4.6 Determine health issues
- 4.7 Determine the client's willingness to take active steps to manage financial risk

Consider potential opportunities and constraints and assess information to develop strategies

- 4.8 Determine characteristics of existing insurance coverage
- 4.9 Consider current and potential risk management strategies
- 4.10 Assess exposure to financial risk
- 4.11 Assess the client's risk exposure against current insurance coverage and risk management strategies
- 4.12 Assess the implications of changes to insurance coverage
- 4.13 Prioritize the client's risk management needs

Synthesize information to develop and evaluate strategies to create a financial plan

- 4.14 Develop risk management strategies
- 4.15 Evaluate advantages and disadvantages of each risk management strategy
- 4.16 Optimize strategies to make risk management recommendations
- 4.17 Prioritize action steps to assist the client in implementing risk management recommendations

5. Tax Planning Learning Outcomes

On successful completion of the Tax Planning Component, the student will be able to:

Collect the quantitative and qualitative information required to develop a financial plan

- 5.1 Collect the information necessary to establish the client's tax position
- 5.2 Identify taxable nature of assets and liabilities
- 5.3 Identify current, deferred and future tax liabilities
- 5.4 Identify parties relevant to the client's tax situation
- 5.5 Determine the client's attitudes towards taxation

Consider potential opportunities and constraints and assess information to develop strategies

- 5.6 Review relevant tax documents
- 5.7 Consider potential tax strategies and structures
- 5.8 Evaluate existing tax strategies and structures for suitability
- 5.9 Assess financial impact of tax planning alternatives

Synthesize information to develop and evaluate strategies to create a financial plan

- 5.10 Develop tax planning strategies
- 5.11 Evaluate advantages and disadvantages of each tax planning strategy
- 5.12 Optimize strategies to make tax planning recommendations
- 5.13 Prioritize action steps to assist the client in implementing tax planning recommendations

6. Retirement Planning Learning Outcomes

On successful completion of the Retirement Planning Component, the student will be able to:

Collect the quantitative and qualitative information required to develop a financial plan

- 6.1 Collect the details of potential sources of retirement income
- 6.2 Collect the details of estimated retirement expenses
- 6.3 Determine the client's retirement objectives
- 6.4 Determine the client's attitudes towards retirement
- 6.5 Determine the client's comfort with retirement planning assumptions

Consider potential opportunities and constraints and assess information to develop strategies

- 6.6 Develop financial projections based on current position
- 6.7 Determine if the client's retirement objectives are realistic
- 6.8 Consider potential retirement planning strategies
- 6.9 Assess financial requirements at retirement date
- 6.10 Assess the impact of changes in assumptions on financial projections
- 6.11 Assess trade-offs necessary to meet retirement objectives

Synthesize information to develop and evaluate strategies to create a financial plan

- 6.12 Develop retirement planning strategies
- 6.13 Evaluate advantages and disadvantages of each retirement planning strategy
- 6.14 Optimize strategies to make retirement planning recommendations
- 6.15 Prioritize action steps to assist the client in implementing retirement planning recommendations

7. Estate Planning Learning Outcomes

On successful completion of the Estate Planning Component, the student will be able to:

Collect the quantitative and qualitative information required to develop a financial plan

- 7.1 Collect legal agreements and documents that impact estate planning strategies
- 7.2 Identify the client's estate planning objectives
- 7.3 Identify family dynamics and business relationships that could impact on estate planning strategies

Consider potential opportunities and constraints and assess information to develop strategies

- 7.4 Project net worth at death
- 7.5 Consider constraints to meeting the client's estate planning objectives
- 7.6 Consider potential estate planning strategies
- 7.7 Calculate potential expenses and taxes owed at death
- 7.8 Assess the specific needs of beneficiaries
- 7.9 Assess the liquidity of the estate at death

Synthesize information to develop and evaluate strategies to create a financial plan

- 7.10 Develop estate planning strategies
- 7.11 Evaluate the advantages and disadvantages of each estate planning strategy
- 7.12 Optimize strategies to make estate planning recommendations
- 7.13 Prioritize action steps to assist the client in implementing estate planning recommendations

8. Integrated Financial Planning Learning Outcomes

On successful completion of the Integrated Financial Planning Component, the student will be able to:

Collect the quantitative and qualitative information required to develop a financial plan

- 8.1 Identify the client's objectives, needs and values that have financial implications
- 8.2 Identify the information for the financial plan
- 8.3 Identify the client's legal issues that affect the financial plan
- 8.4 Determine the client's attitudes and level of financial sophistication
- 8.5 Identify material changes in the client's personal and financial situation
- 8.6 Prepare information to enable analysis

Consider potential opportunities and constraints and assess information to develop strategies

- 8.7 Analyze the client's objectives, needs, values and information to prioritize the financial planning components
- 8.8 Consider inter-relationships among financial planning components
- 8.9 Consider opportunities and constraints and assesses collected information across financial planning components
- 8.10 Consider the impact of economic, political and regulatory environments
- 8.11 Measure the progress towards achievement of objectives of the financial plan

Synthesize information to develop and evaluate strategies to create a financial plan

- 8.12 Prioritize recommendations from the financial planning components to optimize the client's situation
- 8.13 Consolidate the recommendations and action steps into a financial plan
- 8.14 Determine the appropriate cycle of review for the financial plan



The global symbol
of achievement



The global symbol of excellence
in financial planning

CFP certification is the only globally recognised mark of professionalism for financial planners. When seeking objective, expert and trusted financial planning advice, you should always look for the CFP mark.

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Financial Planning Standards Board Ltd. owns the CFP, CERTIFIED FINANCIAL PLANNER and CFP Logo marks outside the U.S. and permits qualified individuals to use these marks to indicate that they have met FPSB's initial and ongoing certification requirements.



Attachment 2: CERTIFIED FINANCIAL PLANNER® Program mapped to AQF Level 8

	AQF Level 8 – Graduate Diploma	CFP Certification Program
Purpose	The Graduate Diploma qualifies individuals who apply a body of knowledge in a range of contexts to undertake professional/highly skilled work and as a pathway for further learning	<p>The CFP Program qualifies graduates as a Certified Financial Planner®, a globally recognised designation that represents the gold standard of professional financial planning.</p> <p>The CFP Program curriculum is designed to advance and develop a financial planning practitioner’s existing knowledge and expertise and equip them with modern, practical and thought-provoking strategies to help deliver leading-edge advice to financial planning clients.</p> <p>The CFP program curriculum consists of the following units:</p> <p style="padding-left: 40px;">CFP 1 – FPA Professionalism CFP 2 – Applied Strategies 1 CFP 3 – Applied Strategies 2 CFP 4 – Investment Strategies CFP Certification</p> <p>Graduates of the CFP program may receive up to 4 unit credits in a Graduate Diploma of Financial Planning or a Masters of Financial Planning with Deakin University. Similar recognition for prior learning arrangements also exist for other Financial Planning Education Council (FPEC) and FASEA accredited/approved AQF 8 and AQF 9 qualifications.</p>
Knowledge	Graduates of a Graduate Diploma will have advanced knowledge within a systematic and coherent body of knowledge that may include the acquisition and application of knowledge and skills in a new or existing discipline or professional area	<p>Graduates of the CFP program will have advanced knowledge and skills to provide expert client focused strategic advice within a context of ethical and professional practice, full compliance and sound business management.</p> <p>On successful completion of the learning outcomes of the CFP Program, graduates will have an in-depth understanding of:</p> <p>CFP 1 – FPA Professionalism (Ethics, professional standards and compliance)</p> <ul style="list-style-type: none"> • The dynamics of ethical decision making and judgment process. • The complex relationship between ethics, business and professional practice. • The significance of professional responsibility and professional accountability. • The inter-relationship between the law, professional standards, ethics and compliance. • The professional obligations for CFP practitioners. • The importance of upholding the public interest in the financial services sector.

		<p>CFP 2 – Applied Strategies 1 (strategy development incorporating business structures, risk and debt management and salary packaging)</p> <ul style="list-style-type: none"> • The complex thinking process involved in developing, selecting, presenting and reviewing client-focused, holistic strategies. • The main uses and inter-relationship of business and tax structures. • Tax effective salary packaging strategies for various complex client scenarios • The importance of appropriate risk and debt management strategies as part of any client recommendation. <p>CFP 3 – Applied Strategies 2 (strategy development incorporating leaving the workforce, superannuation, pensions, estate planning and expatriate strategies)</p> <ul style="list-style-type: none"> • Relevant issues and strategies for clients leaving the workforce due to retirement, redundancy or illness/accident. • Advanced superannuation issues and how they fit into a client’s strategy, including retail funds and SMSFs. • Applicable Centrelink rules and policies as part of client strategy. • Appropriate estate planning advice in recommendations for clients at all stages of life. • Complex issues that need to be considered when developing strategies for expatriates or inbound clients, including those involving foreign investments. <p>CFP 4 – Investment Strategies (portfolio construction and risk management)</p> <ul style="list-style-type: none"> • The detailed process involved in asset allocation and portfolio construction. • Relevant and current issues around new and existing products and platforms and how they affect client investment strategies. • Advanced decision making process using an appropriate mix of strategy driven product solutions. • Complex risk management strategies applicable to a wide range of client scenarios. <p>CFP Certification (Capstone unit)</p> <ul style="list-style-type: none"> • Professional construction of a comprehensive financial plan to comply with ASIC, Financial Planning Standards Board (FPSB) and FPA requirements. • Proficient oral and written skills to effectively and professionally communicate with clients and other stakeholders.
<p>Skills</p>	<p>Graduates of a Graduate Diploma will have:</p> <ul style="list-style-type: none"> • cognitive skills to review, analyse, consolidate and synthesise knowledge and identify and provide solutions to complex problems • cognitive skills to think critically and to 	<p>On successful completion of the CFP program’s learning outcomes, graduates will be able to :</p> <p>CFP 1 – FPA Professionalism</p> <ul style="list-style-type: none"> • Critically evaluate the influence of stakeholders in providing financial advice and assess how this impacts on the principle of placing the client’s interest first..

	<p>generate and evaluate complex ideas</p> <ul style="list-style-type: none"> • specialised technical and creative skills in a field of highly skilled and/or professional practice • communication skills to demonstrate an understanding of theoretical concepts • communication skills to transfer complex knowledge and ideas to a variety of audiences 	<ul style="list-style-type: none"> • Apply ethical decision making models to identify appropriate solutions to complex issues and to place the client's interest first. • Demonstrate professional understanding of the complex relationship between professional standards, ethics, compliance, business and professional practice. • Analyse, plan, design and evaluate advanced financial planning advice that complies with professional responsibilities and accountability to ensure that the advice is in the client's best interest. • Integrate relevant legislation, regulations and codes of practice and ethical behaviour, as well as competencies in the financial planning process to deliver advice that puts client's interest before other interests. • Critically evaluate and demonstrate specialist judgment in formulating responses to complex social, cultural and ethical issues in a range of organisational contexts. • Utilise specialist cognitive and communication skills and tools to communicate appropriately and persuasively with a range of stakeholders. • Apply well-developed creative thinking skills and critical judgment to diagnose and analyse complex business problems, and synthesise material from a range of sources to identify solutions. • Demonstrate a preparedness to engage in continuous learning and reflection to develop new insights into professional practice. • Critically analyse professional experience within financial planning as a dynamic discipline and share insights with colleagues and peers within a community of practice. • Draw upon a relevant body of theory and literature to influence one's own practice and the practice of others. <p>CFP 2 – Applied Strategies 1</p> <ul style="list-style-type: none"> • Critically evaluate and demonstrate specialist judgment in identifying potential strategic development issues arising from a client's complex circumstances. • Utilise specialised technical skills and knowledge to generate advanced strategies based on a client's goals and circumstances. • Identify critical aspects of the inter-relationship of business and tax structures and devise appropriate strategies to meet clients' goals and objectives. • Apply income taxation law knowledge to develop tax effective strategies that are in keeping with the anti-avoidance provisions of Part IVA of the ITAA 1936. • Apply well-developed creative thinking skills and critical judgment to assess client exposure to risk in complex situations and synthesise material from a range of sources to identify solutions. • Diagnose and analyse complex debt management issues and formulate advanced solutions to enhance wealth accumulation for clients with varying circumstances. • Critically evaluate the estate planning consequences of utilising debt in wealth accumulation strategies and apply specialist judgement to identify appropriate contingencies. • Demonstrate an understanding of fringe benefits tax by designing advanced tax effective salary packaging strategies for complex client scenarios. • Utilise specialist cognitive and communication skills and tools to communicate appropriately and persuasively with a range of stakeholders.
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		<ul style="list-style-type: none"> • Develop advanced solutions in a financial planning context using creative problem-solving, research and inquiry skills. • Demonstrate a preparedness to engage in continuous learning and reflection to develop new insights into professional practice. <p>CFP 3 – Applied Strategies 2</p> <ul style="list-style-type: none"> • Critically evaluate contemporary industry perceptions of retirees and their needs and utilise specialist judgement to identify the implications for strategies targeting retirement needs. • Utilise specialist technical knowledge to develop advanced strategies for clients facing retirement, redundancy or departure from the workforce due to illness or accident. • Apply specialised superannuation knowledge to identify and implement strategies appropriate to a client’s circumstances, both before and after retirement, to maximise income in their retirement years. • Demonstrate professional understanding of government pensions and benefits assistance by developing integrated financial strategies that suit the objectives and needs of clients who are, or likely to become, Department of Human Services and DVA benefit recipients. • Critically evaluate the potential financial and social security consequences of a variety of accommodation choices, including residential aged care accommodation and formulate advanced solutions to assist clients in meeting their goals and objectives. • Analyse the key taxation requirements and issues that may affect executors of wills, clients setting up discretionary trust strategies and deceased assets to develop advanced estate planning solutions to clients. • Apply specialised knowledge of estate planning to identify potential legal challenges to a client’s will and collaborate with legal professionals to develop advanced pre-emptive strategies. • Demonstrate professional understanding of the tax consequences of both leaving Australia and returning to or entering Australia by developing advanced tax effective strategies for inpatriates and expatriates. • Demonstrate a preparedness to engage in continuous learning and reflection to develop new insights into professional practice. <p>CFP 4 – Investment Strategies</p> <ul style="list-style-type: none"> • Demonstrate professional understanding of the key steps of and issues with portfolio construction to design a tailored portfolio for clients. • Critically evaluate a range of asset allocation methods and demonstrate specialist judgment in designing strategies to minimise or manage exposure to investment risk. • Critically analyse the different investment styles and investment products to develop advanced investment strategies for complex client scenarios. • Critically evaluate and apply professional judgement on the appropriateness of including alternative assets as part of a client’s portfolio given the client’s specific circumstances and objectives. • Utilise specialist cognitive and communication skills and tools to communicate appropriately and persuasively with a range of stakeholders.
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		<ul style="list-style-type: none"> • Apply well-developed creative thinking skills and critical judgment to diagnose and analyse complex portfolio construction problems, and synthesise material from a range of sources to identify solutions. • Formulate appropriate advanced solutions based on the comparison of complex investment portfolios and strategies for clients. • Leverage technology to analyse and present strategies to clients and other relevant stakeholders. • Develop advanced solutions in a financial planning context using creative problem-solving, research and inquiry skills. • Demonstrate a preparedness to engage in continuous learning and reflection to develop new insights into professional practice. • Critically analyse professional experience within financial planning as a dynamic discipline and share insights with colleagues and peers within a community of practice. <p>CFP Certification</p> <ul style="list-style-type: none"> • Integrate relevant legislation, regulations and codes of practice and ethical behaviour, as well as competencies in the financial planning process. • Utilise specialist cognitive and communication skills and tools to communicate appropriately and persuasively with a range of stakeholders. • Apply well-developed creative thinking skills and critical judgment to diagnose and analyse complex business problems, and synthesise material from a range of sources to identify solutions. • Formulate appropriate advanced solutions based on the comparison of complex investment portfolios and strategies for clients. • Identify critical aspects of the inter-relationship of business and tax structures and devise appropriate strategies to meet clients' goals and objectives. • Develop advanced solutions in a financial planning context using creative problem-solving, research and inquiry skills.
<p>Application of knowledge and skills</p>	<p>Graduates of a Graduate Diploma will demonstrate the application of knowledge and skills:</p> <ul style="list-style-type: none"> • to make high level, independent judgements in a range of technical or management functions in varied specialised contexts • to initiate, plan, implement and evaluate broad functions within varied specialised technical and/or creative contexts • with responsibility and accountability for personal outputs and all aspects of the work or function of others within broad parameters 	<p>Graduates of the CFP program will demonstrate their application of advanced knowledge and skills in the following assessment tasks:</p> <p>Self-assessment activities</p> <p>Practical opportunities for individual reflection on professional/legislative/regulatory obligations and responsibilities, contemporary financial planning issues and specialised technical strategies as well as a broader body of literature.</p> <p>Summative Assessments</p> <p><u>CFP1 - FPA Professionalism</u></p> <ul style="list-style-type: none"> • Assignment format – 6,500 words with Harvard referencing method • Assessment criteria consisting of practical client scenario based case studies designed to assess:

		<ul style="list-style-type: none"> (i) Critical thinking and evaluation of complex ideas on the inter-relationship between the law, professional standards, ethics and compliance; (ii) Effective application of ethical decision making models to generate solutions to complex ethical issues in financial planning; (iii) Synthesis and communication of ideas and solutions to a range of stakeholders; (iv) Accountability for one's own professional practice and advocacy of ethical behaviour. <p><u>CFP2 – Applied Strategies 1</u></p> <ul style="list-style-type: none"> • Assignment format – 5,000 words with Harvard referencing method • Exam format – short answer questions with 3 hour duration • Assessment criteria consisting of practical client scenario based case studies designed to assess: <ul style="list-style-type: none"> (i) Advanced technical solutions to complex and specialised issues pertaining to business structures, risk management, debt management and salary packaging; (ii) Critical evaluation of current and trending issues in financial planning; (iii) Synthesis and communication of ideas and solutions to a range of stakeholders in a variety of contexts. <p><u>CFP3 – Applied Strategies 2</u></p> <ul style="list-style-type: none"> • Assignment format – 5,000 words with Harvard referencing method • Exam format – short answer questions with 3 hour duration • Assessment criteria consisting of practical client scenario based case studies designed to assess: <ul style="list-style-type: none"> (i) Advanced technical solutions to complex and specialised issues pertaining to retirement planning, tax planning, superannuation, pensions, estate planning and expatriates; (ii) Critical evaluation of current and trending issues in financial planning; (iii) Synthesis and communication of ideas and solutions to a range of stakeholders in a variety of contexts. <p><u>CFP4 – Investment Strategies</u></p> <ul style="list-style-type: none"> • Assignment format – 5,500 words with Harvard referencing method • Assessment criteria consisting of practical client scenario based case studies designed to assess: <ul style="list-style-type: none"> (i) Advanced technical solutions to complex and specialised issues pertaining to investments, portfolio construction and risk management; (ii) Critical evaluation of current and trending issues in financial planning; (iii) Evaluation of relevant theory and literature and its applicability to a range of professional contexts. <p><u>CFP Certification</u></p> <ul style="list-style-type: none"> • Assignment format – 55 page statement of advice with Harvard referencing method • Exam format – multiple choice questions with 4 hour duration • Assessment criteria consisting of a practical client scenario based case study designed to assess:
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		<ul style="list-style-type: none"> (i) advanced technical solutions to complex issues; (ii) specialised knowledge of compliance requirements for a statement of advice; (iii) Effective communication, tailored to meet the needs of a specific client(s) and their unique context; (iv) Adherence to relevant codes, laws, regulations and frameworks. <p>CFP Certification observations and record of experience</p> <p>Observed and peer assessed by CFP Practitioner and/or Manager – integrate appropriate verbal and written communication skills to deliver financial planning advice and to develop and enhance client relationships.</p> <p>Designed to assess:</p> <ul style="list-style-type: none"> • Effective communication of complex concepts in a way that is accessible to the client • Professional and ethical behaviour that meets the expectations of the FPA Australia Code of Professional Practice and the global Financial Planning Standards Board Financial Planner Code of Ethics and Professional Responsibility.
Volume of learning	The volume of learning of a Graduate Diploma is typically 1 – 2 years	There are three program intake periods (semesters) each year, with each semester running for 12 weeks. Based on a single unit enrolment pathway per semester and a minimum of 10-12 hours of study per week, a candidate can complete the CFP program in 1-2 years.

Attachment 3: Credit Transfer and Recognition Assessment



30 April 2018

Re: Credit Transfer and Recognition Assessment - Deakin University Graduate Diploma of Financial Planning – Financial Planning Association of Australia (FPA) Certified Financial Planner (CFP) Certification Program

Please find the summary of credit transfer arrangements below between **Deakin M640 Graduate Diploma of Financial Planning** and **Financial Planning Association of Australia (FPA) Certified Financial Planner (CFP) Certification Program**.

Students successfully completing **Certified Financial Planner (CFP) Certification Program** and who have a minimum of 3 years relevant work experience will be eligible to receive up to **4** credit points into Deakin University **M640 Graduate Diploma of Financial Planning**.

Please note that applicants must also meet all the admission requirements for this course. Amount of credits

approved has been listed as follows:

Credit Type	Deakin Unit Code	Deakin Unit / Credit Point(s)	Financial Planning Association of Australia (FPA) Requirements
Specified Credit Point	MAA700 Estate Planning and Risk Management Strategies PLUS MAA719 Superannuation and Retirement Planning PLUS MAA728 Managing Client Relationships PLUS MAA745 Financial Planning Fundamentals	4 credit points	CFP 1 FPA Professionalism PLUS CFP 2 Applied Strategies 1 PLUS CFP 3 Applied Strategies 2 PLUS CFP 4 Investment Strategies PLUS CFP C Certification PLUS Minimum of 3 years relevant work experience
	Maximum CPL:	4 credit points	

This information should be used to serve as a guide only to prospective students considering an application for admission to Deakin University's award courses.



Deakin Business School (DBS) is accredited by the Association to Advance Collegiate Schools of Business (AACSB). A hallmark of excellence, AACSB accreditation is awarded to business schools that meet strict standards of quality, academic and professional excellence, and is known, worldwide, as the longest standing, most recognised form of professional accreditation an institution and its business programs can earn. Only five per cent of business programs worldwide are AACSB accredited and DBS is one of only three in Victoria.

This assessment is valid for a duration of two years and the reassessment of credit transfer determination by the Faculty might be required if-

- the content of units or the structure of **Certified Financial Planner (CFP) Certification Program** changes
or
- the content of Faculty units or the structure of the **Graduate Diploma of Financial Planning** changes

The Faculty will grant credits to students in accordance with the requirements of the Deakin University Credit for Prior Learning Policy at the time of admission. However if there are changes to the above programs this assessment must be reviewed.

This information will be made available to prospective students via the University's Credit for Prior Learning (Credit Transfer) website (<http://www.deakin.edu.au/courses/credit-for-prior-learning>).

If you have any further queries regarding this assessment please contact Penny Davidson, Co-Ordinator, Admissions and Credit Transfer, Curriculum and Governance Group.

Yours sincerely

A handwritten signature in black ink, appearing to read "Paul Turner".

Paul Turner

Chair, Credit for Prior Learning Committee

Faculty of Business & Law



30 April 2018

Re: Credit Transfer and Recognition Assessment - Deakin University Master of Financial Planning – Financial Planning Association of Australia (FPA) Certified Financial Planner (CFP) Certification Program

Please find the summary of credit transfer arrangements below between **Deakin M770 Master of Financial Planning** and **Financial Planning Association of Australia (FPA) Certified Financial Planner (CFP) Certification Program**.

Students successfully completing **Certified Financial Planner (CFP) Certification Program** and who have a minimum of 3 years relevant work experience will be eligible to receive up to **4** credit points into Deakin University **M770 Master of Financial Planning**.

Please note that applicants must also meet all the admission requirements for this course. Amount of credits approved has been listed as follows:

Credit Type	Deakin Unit Code	Deakin Unit / Credit Point(s)	Financial Planning Association of Australia (FPA) Requirement
Specified Credit Point	MAA700 Estate Planning and Risk Management Strategies PLUS MAA719 Superannuation and Retirement Planning PLUS MAA728 Managing Client Relationships PLUS MAA745 Financial Planning Fundamentals	4 credit points	CFP 1 FPA Professionalism PLUS CFP 2 Applied Strategies 1 PLUS CFP 3 Applied Strategies 2 PLUS CFP 4 Investment Strategies PLUS CFP C Certification PLUS Minimum of 3 years relevant work experience
	Maximum CPL:	4 credit points	

This information should be used to serve as a guide only to prospective students considering an application for admission to Deakin University's award courses.



Deakin Business School (DBS) is accredited by the Association to Advance Collegiate Schools of Business (AACSB). A hallmark of excellence, AACSB accreditation is awarded to business schools that meet strict standards of quality, academic and professional excellence, and is known, worldwide, as the longest standing, most recognised form of professional accreditation an institution and its business programs can earn. Only five per cent of business programs worldwide are AACSB accredited and DBS is one of only three in Victoria.

This assessment is valid for a duration of two years and the reassessment of credit transfer determination by the Faculty might be required if-

- the content of units or the structure of **Certified Financial Planner (CFP) Certification Program** changes
or
- the content of Faculty units or the structure of the **Master of Financial Planning** changes

The Faculty will grant credits to students in accordance with the requirements of the Deakin University Credit for Prior Learning Policy at the time of admission. However if there are changes to the above programs this assessment must be reviewed.

This information will be made available to prospective students via the University's Credit for Prior Learning (Credit Transfer) website (<http://www.deakin.edu.au/courses/credit-for-prior-learning>).

If you have any further queries regarding this assessment please contact Penny Davidson, Co-Ordinator, Admissions and Credit Transfer, Curriculum and Governance Group.

Yours sincerely

A handwritten signature in black ink, appearing to read "Paul Turner".

Paul Turner

Chair, Credit for Prior Learning Committee

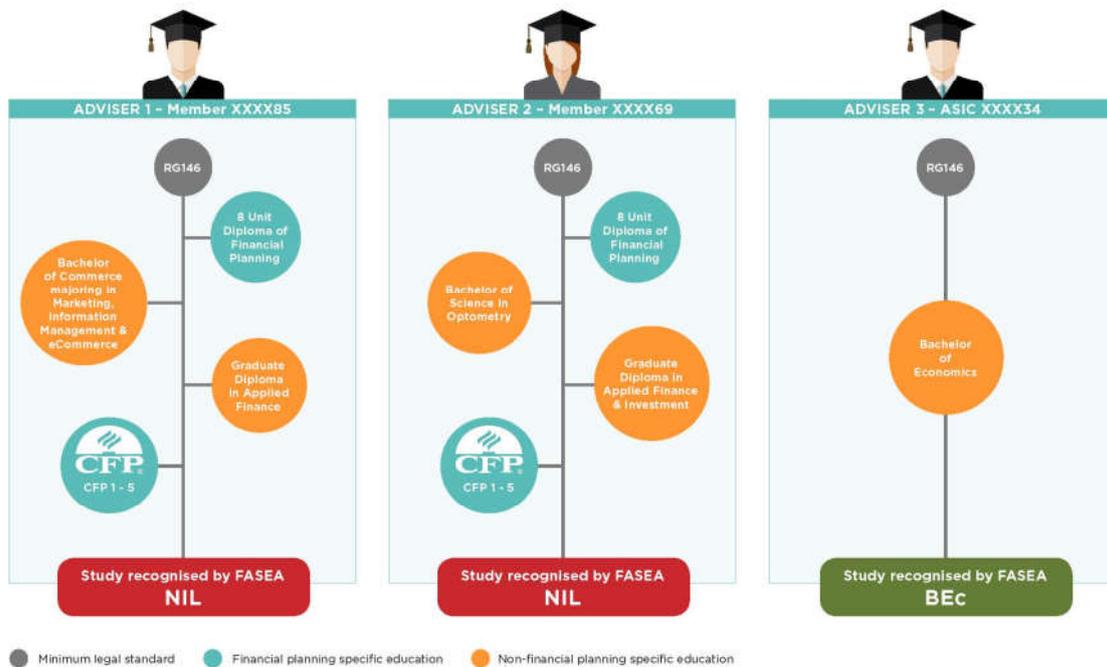
Faculty of Business & Law

Attachment 4: Existing Advisers with unrelated degree under FASEA proposed pathways



Practical application of the FASEA Education Proposals

Example 1



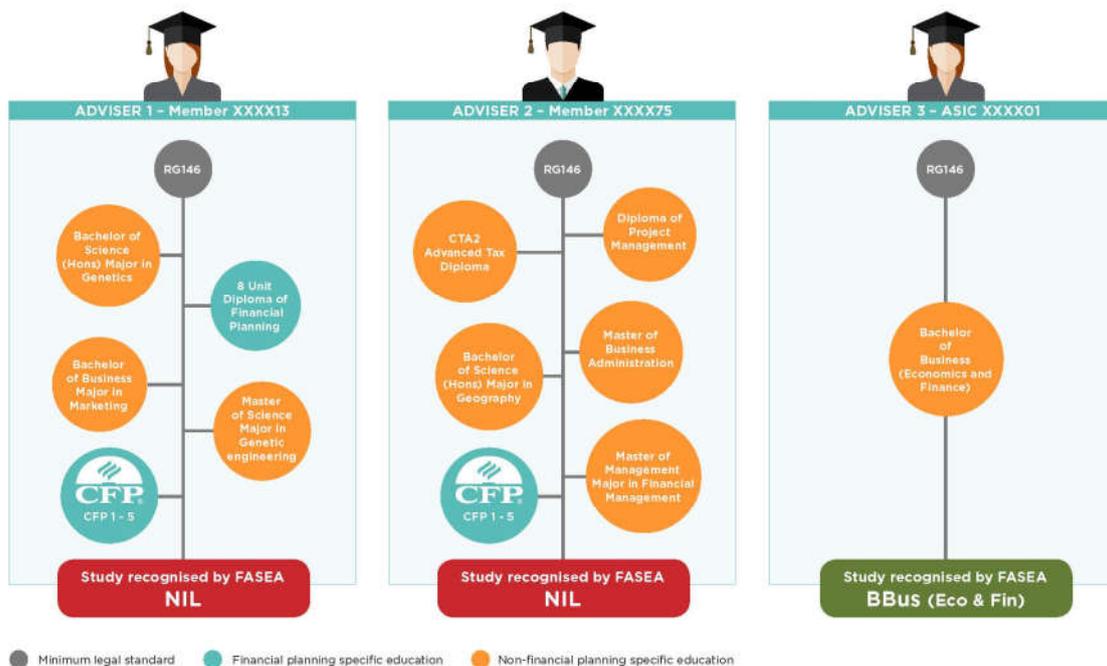
Note: The FPA confirms that the examples displayed are real member details. Adviser 1 and Adviser 2 are FPA members, while Adviser 3 is a non-member on the ASIC FAR. If consented, member identification is available if required.

20 June 2016



Practical application of the FASEA Education Proposals

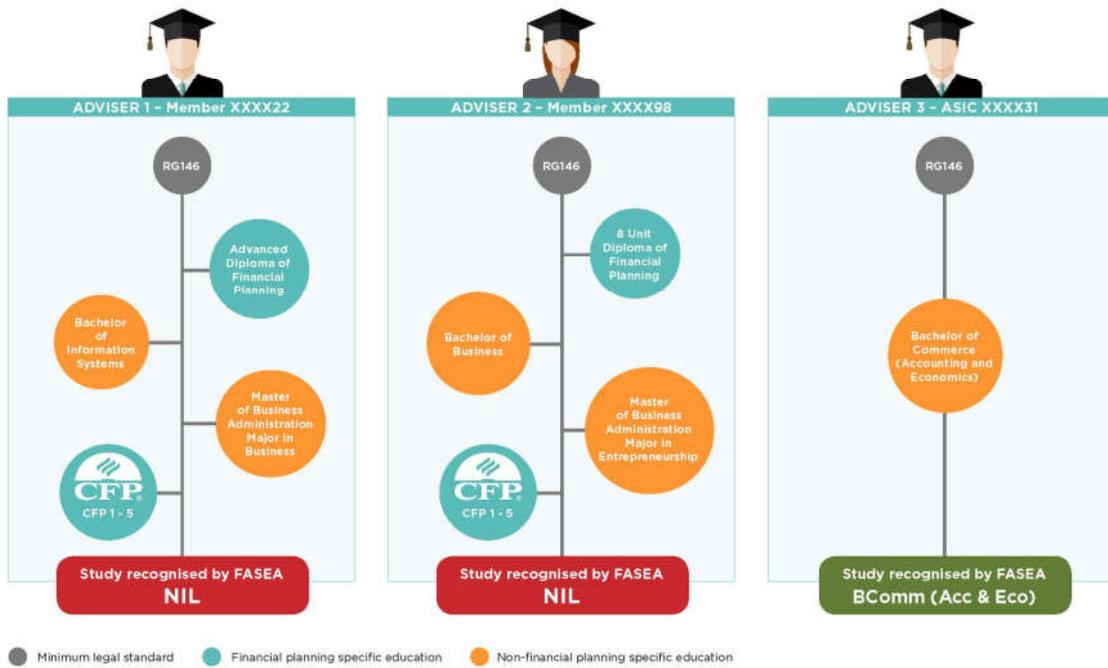
Example 2



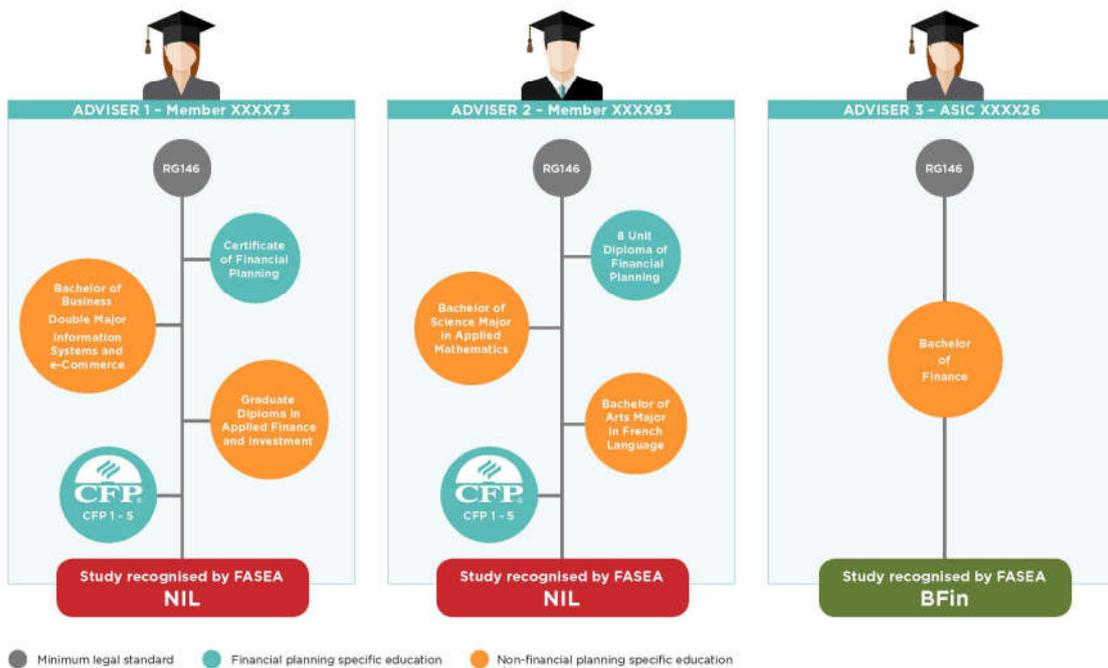
Note: The FPA confirms that the examples displayed are real member details. Adviser 1 and Adviser 2 are FPA members, while Adviser 3 is a non-member on the ASIC FAR. If consented, member identification is available if required.

20 June 2016

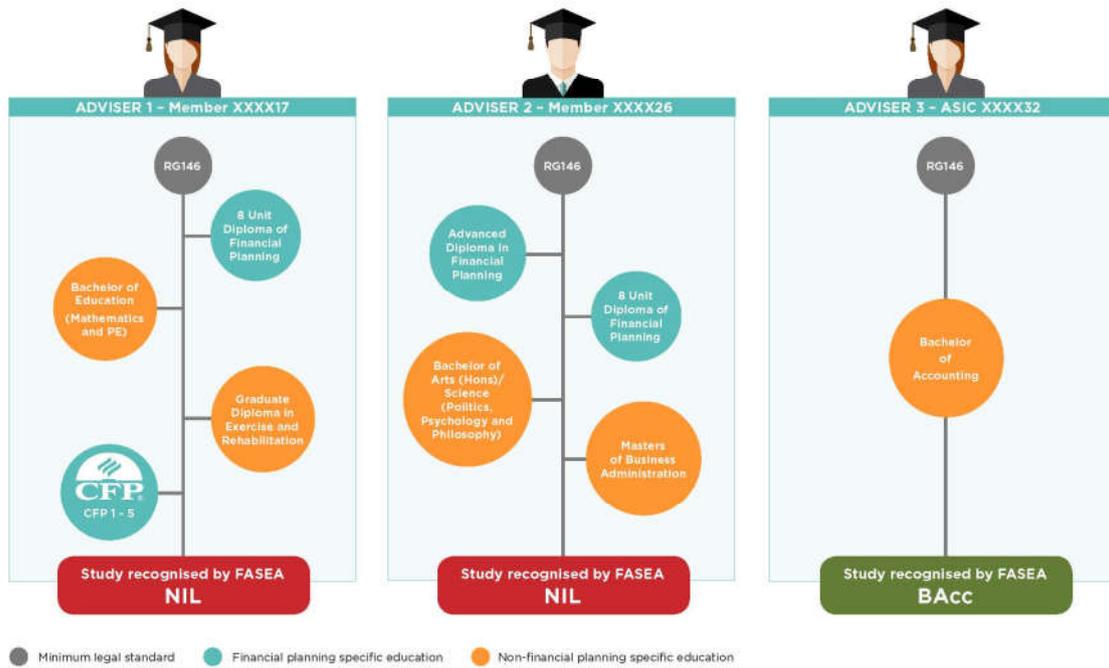
Practical application of the FASEA Education Proposals Example 3



Practical application of the FASEA Education Proposals Example 4



Practical application of the FASEA Education Proposals
Example 5



Note: The FPA confirms that the examples displayed are real member details. Adviser 1 and Adviser 2 are FPA members, while Adviser 3 is a non-member on the ASIC FAR. If consented, member identification is available if required.



Attachment 5:
FPA MEMBER RESEARCH ON FASEA
EXECUTIVE SUMMARY

CoreData Australia

June 2018

FPA members are highly educated

The most common form of education for financial planners is a Diploma of Financial Planning, held by 74.0% of all Financial Planning Association of Australia (FPA) members, 60.2% of all members hold the 8 Unit Diploma of Financial Planning. Nearly one-third (32.3%) of FPA Members hold an 8 Unit DFP in addition to an undergraduate or graduate degree (unrelated or related). Considering only related undergraduate and graduate degrees, over one fifth of planners 22.0% of planners hold a related degree as well as an 8 Unit DFP.

A majority of FPA members (64.0%) hold an undergraduate or post-graduate University Degree. To educate themselves further in areas that require supplementary education, many financial planners have chosen to study additional coursework. The most common form of continued education is the internationally recognised CFP® designation, held and maintained (through Continuing Professional Development) by 59.7% of FPA members. In addition to CFP® certification, nearly half of all members (49.3%) hold the SMSF Specialist Accreditation. The third most common concentration is the Aged Care Specialist standard, held by nearly one-quarter (24.2%) of all members. Furthermore 80.2% of FPA members are registered with the Tax Practitioners Board enabling them to act as Tax (Financial) Advisers or Tax Agents in Australia.

FPA members are highly experienced

The majority of members (66.4%) have been financial planners for more than 11 years. The most frequently occurring length of time a member has been practising is 20 or more years (28.2%), the average time is 15.5 years. A trend in the data is that with experience, comes CFP® certification, 39.2% of all CFP® professional members have over 20 years of experience.

The most experienced and educated (in financial planning) FPA members will need to do the most

Financial planners who have been practising for long periods of time have very low levels of FASEA approved accreditation. This is especially true for segments: 16-20 years of experience, and 20+ years of experience. These groups pass FPEC/FASEA proposals at a rate of just 12.4% and 6.0% respectively. Planners with 16+ years of experience make up 48.4% of the FPA membership.

Consequently, the most experienced are likely to leave

Planners with 20+ years of experience are not less educated. Most planners (58.3%) with 20 or more years of experience have a formal university education. A large majority (71.9%) of all planners with 20 or more years of experience hold an 8 Unit Diploma of Financial Planning. Planners with 20 years or more experience represent the highest proportion of those who hold CFP® certification when compared with all groups at 83.1%. The 20+ segment also makes up

nearly half (41.9%) of all practice owners, and when including 16+ segment, they make up 67.6% of practice owners. Equally expectedly and unfortunately, this group is extremely vulnerable to FASEA proposals and are the most likely to act negatively. Reforms will affect planners and practice owners equally. Unfortunately, 68.4% of all 20+ year veterans say they will retire or move on because of FASEA. This figure drops to 46.2% when considering the 16-20-year band. Bearing in mind the importance of business owners as mentor figures and providers of employment, overall, nearly half (48.8%) of owners say they will sell their business (25.7%), or implement a succession plan (23.2%). This represents a significant hit to employing businesses in the financial planning sector. When focusing just on planners with over 20 years of experience (who represent 41.9% of all practice owners), 71.4% of these planners will sell up or implement a succession plan for their practice. This represents a big loss of experienced leaders of financial planning businesses across the country.

Planners don't want to cover old ground, they want to grow

Planners appreciate the need for a universal standard to help make financial planning a profession that is respected and trusted, and many agree that there is a need to raise the standard of financial advice education. However, many believe very strongly that the FASEA proposals are simply a re-hashing, box-ticking exercise. These planners believe that completing a bridging course, or additional approved courses will not have the desired effect. Planners generally see the bar that has been set as unfair and arbitrary. There is a strong sentiment that 95% of planners have been thrown in with 5% of the cowboys. Instead of repeating coursework, planners have shown they have a desire to continue professional development and to specialise further through tertiary studies.

- *"I completed every piece of study that was considered best practice at the time. I have an Associate Diploma in Business (accounting) from TAFE (full time 2 years not correspondence), Bachelor of Commerce (graduating with merit), Diploma of Financial Planning (8 units), CFP (5 units), SMSF course (Kaplan) and I am Registered Tax Agent (registered at a time that was far stricter than it currently is right now). I consistently undertake 60+ hours CPD when I am required to do only 40 hours by my licensee. Apparently there are still question marks over my professional qualifications!" (CERTIFIED FINANCIAL PLANNER professional, 11 to 15 years in practice, Existing Adviser - RELATED DEGREE)*

FPA members have proven to be committed to professional growth

The majority of FPA members complete annual FPA required Continuing Professional Development (CPD) hours through online learning and FPA events. Over one-fifth (20.7%) of FPA members are currently developing their skills further by studying further education such as SMSF Specialisation and/or Aged Care Specialist Accreditation or additional university studies. The most common form of further education is the CFP® Certification Program, which 41.5% of students are taking. CFP® certification as a form of further education is nearly twice as popular as FPEC/FASEA approved degrees, which only 21% of all students are pursuing. The CFP® designation is very popular with less experienced planners, 60.6% of planners with 0-5 years of experience are currently working towards CFP® certification.

FPA members are confused and seek clarity

FPA members feel very uninformed in their path forwards towards 2024, with many planners waiting on degree accreditation from FASEA. These planners want a simple answer. A common frustration is that their degree is not accepted under the FASEA proposal. An even more common frustration is the lack of clarity and reasons as to why some degrees are accepted, and some are not.

- *“Totally ignores my mathematics background which places me in stronger position than financial planning graduates to understand investment product characteristics, financial markets history and portfolio construction at a theoretical level. Totally ignores my 38 years of advice experience. Totally ignores my licensee responsible manager status” -(CERTIFIED FINANCIAL PLANNER professional, 20+ years in practice, Existing Adviser - UNRELATED DEGREE)*
- *“The most important things are experience and professional development. I lectured in Financial Planning at Melbourne Uni for 10 years (Under Grad and Masters), lectured Grad Diplomas Financial Planning at FINSIA, member of advisory committees at FINSIA, RMIT, Victoria Uni, Melb Uni, CPA - AND MY DEGREE IS CONSIDERED WORTHLESS. PD is what is important. This is rubbish.” - (CERTIFIED FINANCIAL PLANNER professional, 16 to 20 years in practice, Existing Adviser - RELATED DEGREE & RELATED POST-GRADUATE QUALIFICATION)*

CFP® professionals are proud of their designation and committed to raising professional standards

Those who hold CFP® certification strongly believe the FPA is the organisation with the most merit and accountability, and the CFP® designation is the accreditation with most merit and accountability. The CFP® designation is recognised as the highest financial planning designation worldwide and is recognised in 26 nations. CoreData has found that the CFP® mark is a badge of trust for Australian financial advice consumers, a symbol that is relied upon for finding and recognising quality advice. CoreData has found that FPA members who hold this recognition feel that the requirements to gain the CFP® certification, as well as the CPD sufficiently fulfils the necessary prerequisites to achieve professionalism.

Methodology

The Financial Planning Association of Australia (FPA) surveyed 3,393 Australian FPA members in April 2018. Random sampling, along with the very large sample size, ensures responses are representative of FPA membership Australia-wide. The responses accurately describe the current sentiment and intention of planners regarding the proposed FASEA proposals. Striving to measure how the proposed FASEA standards will affect FPA members, results are interpreted through various demographic segments - revealing how intention and sentiment are dependent on member characteristics. The analysis makes use of charts from fixed answers and quotations from free-text answers. FPA members were very passionate and wrote nearly 0.5m words in free text fields of the survey.

Appendix

Figure 1. FASEA Proposed Education Pathways

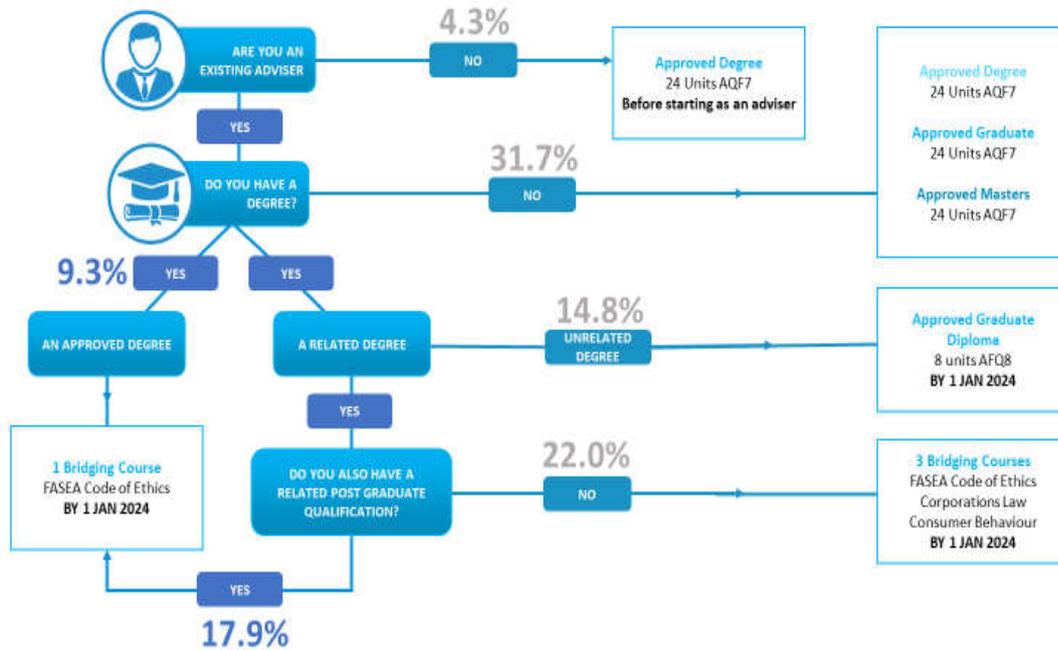


Figure 2. Retirement Rate; Age & Education

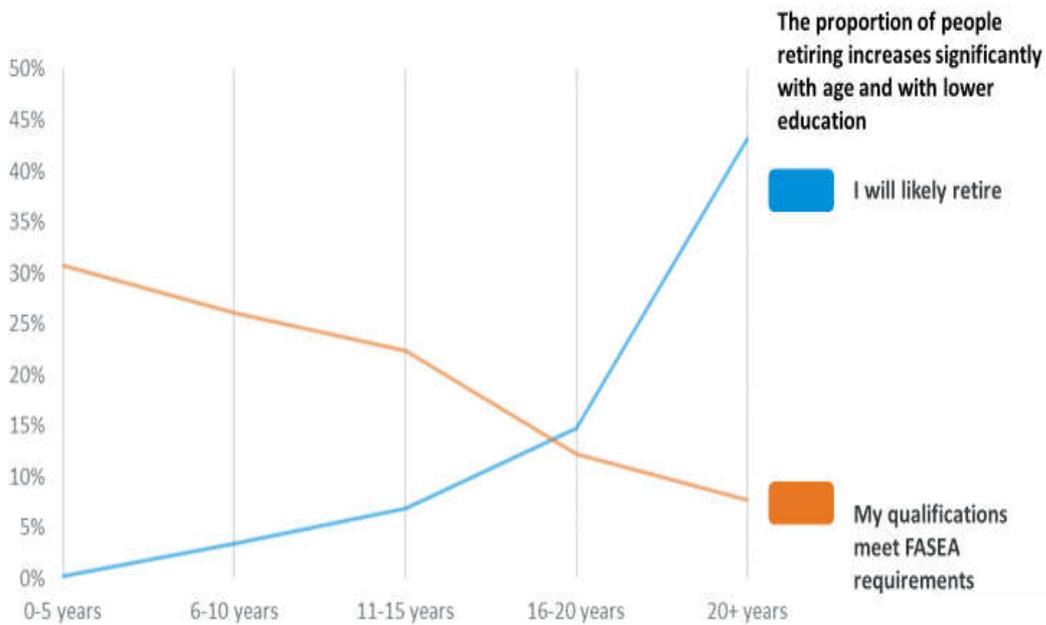


Figure 3. Overall Planner Intention

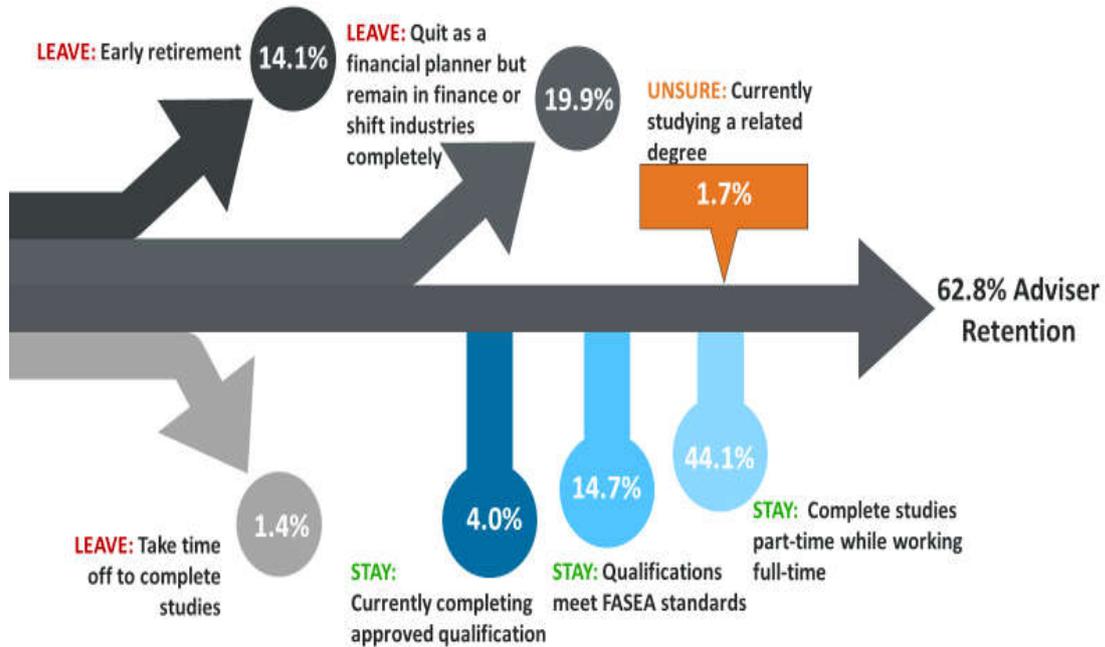


Figure 4. Practice Owner Intention

