

I am a financial adviser with 13 years experience, working with clients for whom we maintain ongoing advice relationships, and we provide holistic/comprehensive advice and service to. I work within a large licensee as an employed adviser.

1. Advice costs have been increasing based on:
  - a. Additional compliance obligations = more time required on each client = more staff required.
  - b. Numerous regulatory changes requiring changes to work practices, policies and procedures = time to develop, time to rollout/implement, time to learn.
  - c. Shrinking labour pool = wage escalation.
2. Important to highlight that ongoing financial advice is relational, not transactional. It is built on trust and an in-depth knowledge of the clients circumstances, needs, goals and preferences. It is about service, coaching, counselling, encouragement and strategic advice as much (if not more) as it is about product/investment advice.
3. Improving advice accessibility:
  - a. Talent pool: **Consideration of government initiatives (e.g. advertising, course-subsidies)** to raise the profile of the financial advice profession in Australia, to make it more attractive to students.
  - b. **Revise the definitions of advice and the relevant requirements/documentation.**  
Consider categories such as:
    - i. Advice:
      1. Strategic advice
      2. Product advice
    - ii. Information:
      1. Product information
      2. Strategic information

“Advice” would carry a significantly higher standard and requirement to “Information”. Information would essentially replace “General advice”. The term “General advice” is inappropriate as the information provided is not intended to be “advice”. Giving “General advice” requires that you do not take into account a person’s relevant circumstances. This creates a barrier to providing useful general information to people, for fear of being caught in the “Personal advice” framework. It should be possible to provide “Information” to people that is relevant to their circumstances (e.g. information about salary sacrifice to employees), without it being deemed “advice”. This would free up access to helpful information that can help people make informed decisions for themselves.

4. Improving advice affordability.
  - a. **Making advice fees (one-off and ongoing) tax deductible** reduces the net cost to the client. Therefore improving access to advice and better wealth creation for more Australians = potentially less reliance on future Gov support.
  - b. A lot of time is spent on ‘non-value add’ activities in relation to each client, as below. **Reducing these obligations**, would reduce the cost and time to serve each client. Making it more affordable for clients, and giving more time for advisers to help more people:
    - i. Preparing and reviewing overly-complex, long and detailed advice documents, with copious working papers and justifications.
    - ii. Exhaustive and extensive file notes, including detailed ‘scoping’ requirements (what’s in scope, what’s out of scope, what’s relevant, what’s not relevant, limitations etc), exacerbated by step 8 of the safe harbour provisions.
    - iii. Preparing and reviewing Client Service Agreements and fee consent forms where there is a considerable degree of overlap and duplication, exacerbated by different processes and forms for each product provider.

Matters related to point i) to iii) are detailed below:

- Product Obligations TMD's & PDSs:
  - If TMD's are to remain:
    - There should be a carve out for advised clients. Advisers' other professional obligations far outweigh the TMD requirements. It is currently a duplicated obligation serving no additional benefit to clients.
    - They could be retained just for 'direct to consumer' products.
  - However, ASIC should rethink TMD and DDO all together. What are they trying to achieve? If there are products or product features that ASIC are concerned about:
    - These should be either banned outright, or only available to certain persons, e.g. those who have received advice or wholesale/sophisticated investors.
  - TMD's are so broad and generic, as well as overly lengthy it is not clear what they achieve. If they are intended to enable consumers the ability to make a more informed decision about the suitability of a product for them – they should be less than half a page, and included at the start of a PDS – not a multi-page document that is in addition to a PDS.
- Advice scoping:
  - The complexity of this is too high (perhaps a licensee standards issue).
  - Step 2 of the safe harbour provisions is to: identify the subject matter of the advice sought by the client.
  - So we should simply be able to outline what is "in scope" – which is reasonably apparent and self evident from meeting files notes. Anything not listed is then "out of scope" by default – we shouldn't need to specifically list and itemise everything that could possibly be in scope, but isn't, and why. Of course, notes can be included where necessary for any specific exclusions/limitations imposed on the scope by the client or adviser.
- Advice documents:
  - Move away from the SoA vs RoA regime.
  - Both documents are overly complex in any case, and the RoA referring back to the SoA doesn't create an easy to navigate 'system' for clients.
  - There should simply be an authorised "Advice document" which includes the relevant matters for the advice being provided. These should be brief.
  - They should show only the cost of the recommended solution in the advice, and where relevant, the current costs being paid. Any other cost comparisons (alternative products, like for like etc) that might be necessary, should be in working papers, not the advice doc – otherwise it becomes too confusing for everyone.
  - There should be given a level of professional judgement as to what alternative cost comparisons are required.
  - Ongoing advice fees (fixed term or OFA) may not be required in the advice documents where there is a fixed term service agreement and fee consents in place that have already disclosed the costs. Taking it out of the advice document avoids another duplicated step.
  - There should be a materiality threshold and consideration of whether there is any product cost change when preparing cost disclosures –
    - e.g. if we recommend a \$1,000 super contribution to a client, we have to prepare a detailed cost comparison to show the additional product costs payable. However, they may have employer contributions going in that are incurring costs as well, but there is no disclosure obligation.
    - If the advice is purely to put in a contribution or make a withdrawal, and there are no changes to the underlying investments or way the fees are calculated, it should be sufficient to say that (and that the fees will either increase or reduce proportionally in line with the existing fees), rather than spend time calculating the actual \$ and % fee impact.

- Product comparisons – when it comes to ‘like for like’ comparisons, when comparing platforms/products, we should be able to rely on standard comparisons (this may be more of a licensee issue), and this could be on the basis of features **and/or** cost. If the product does not meet the features the client wants – why even include a detailed costing? The client isn’t interested and running a costing would just add time and cost to the advice process. If comparing platforms, and identical managed funds are available, why do a detailed cost comparison with all of the same investments in each? Just rely on a standard admin cost comparison – that’s the only fee that differs – much less time consuming.
- Fee Consent forms:
  - Legislation required this of super accounts, but product providers have imposed it for investment accounts as well – creating extra steps and requirements. **Is this necessary?**
  - **The process and the forms need to be standardised.** E.g. some require advisers to sign as well.
  - **The actual fee ‘consent’ should be able to be done separately from a ‘fee amendment/establishment’ form.** This would enable the standardisation of consent.
    - This would be to simply provide consent for payment of fees from the account.
    - **It should not need calculation of an estimate of the fee (for % based fees), given this is already done for the fixed term service agreement or OFA renewal and disclosed/explained to the client.** This would take out a duplicated step.
    - Where the consent relates to a fixed term agreement, it would just need to include a start and end date as well.
    - Therefore, if fees are not changing from year to year, there could be a box to say, carry over the fee arrangement from the prior period. Then, there is no need to re-complete all the fee details again (which introduces risk of error).
- Assisting efficient and accurate advice preparation
  - Advisers should be able to access client’s super details held via MyGov/ATO. E.g. total super balance, transfer balance cap etc.
  - This information is critical when preparing advice.