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Extra! Extra! Read all about it! – Transcript.

In a week where the news has been largely focussed on the news -or a lack of news – this week's podcast looks at the news to report from Federal Parliament

Hello and welcome to today's BT TechKnow podcast. My name is Bryan Ashenden, and I have the pleasure of leading the BT Technical Services team – a team of experts that are available to answer any technical advice strategy related queries you may have.

In a week where the news has been largely focussed on the news -or a lack of news - the news on the technical front is we have something new to report about Federal Parliament.

With Federal Parliament resuming at the beginning of this week for a two week period, even amidst the snap lockdown in Victoria, there was hope we would finally see some movement on important pieces of legislation.

The first, and perhaps most significant Bill before Parliament from a financial advice perspective, is the Bill which will introduce the annual consent measures recommended out of the Financial Services Royal Commission. During the course of this week, and despite some considerable debate, this Bill passed the House of Representative and has now been introduced into the Senate.

Despite the debate, passage through the lower house was always expected given the Government holds a majority of seats. The Senate however could pose a different issue. With the Government needing the support from minor parties to pass the Bill, it is possible that some amendments could be made to these measures (or to other unrelated measures contained in the same Bill), or the Bill could be referred off to a Committee for review.

There is still another week of sittings to occur, so we would expect some action to occur in the next week, but there is no certainty as to what that action will be. However, from an advice perspective, the question is whether advisers should wait, or start preparing now.

Across the financial services industry, several product and platform providers have commenced making changes, with some already requiring annual consent procedures now. This is not a surprise, due to a combination of factors. Some are systems related and using available opportunities to implement a solution ahead of the proposed 1 July 2021 start date. But perhaps more importantly, platform and product providers are custodians of a client's money. This automatically invokes certain fiduciary duties and obligations, both under legislation and common law.

The Financial Services Royal Commission put a spotlight on these obligations, heightening awareness of the best interests obligations that also apply to these providers to ensure that money is only paid out of a client's account in appropriate circumstances. Given this focus, and in the absence of finalised legislation, it really shouldn't be a surprise to see some providers already making changes.

The second major development in Parliament this week was the introduction of the "Your Super, Your Future" Bill into Parliament. This Bill, if passed, will give effect to some of the key announcements from the October 2020 Federal Budget, including:

1. The stapling of default superannuation accounts to individuals to limit the creation of multiple superannuation accounts for employees who do not choose a superannuation fund when they start a new job.
2. APRA's annual performance test for MySuper products from 1 July 2021 (and other 'trustee-directed products' a year later). Under this measure, a trustee providing such products will be required to give notice to its beneficiaries who hold a product that has failed the performance test.

Subsequently, where a product has failed the performance test in two consecutive years, the trustee is prohibited from accepting new beneficiaries into that product.

3. Requiring each trustee of a registrable superannuation entity and each trustee of a SMSF to perform the trustee's duties and exercise the trustee's powers in the best financial interests of the beneficiaries.

Unfortunately, there has still been no news on passage of the Bill extending the eligibility age for bring forward non concessional contributions to super to age 67. But with another sitting week still to come, hopefully next week we will be able to bring some new news on this, as it is certainly a case here that no news is not good news.

Remember if you have any technical advice strategy questions, you can call our BT Technical Services team on 1800 655 901 or send the team an email at technical@btfinancialgroup.com. .

And you can also join us for our fortnightly BT Academy webinars, with our next webinar scheduled for 24 February 2021 when I will ask the question of whether incremental changes can bring super opportunities. In that session, we will look at what impacts the confirmed indexation of the transfer balance cap and anticipated indexation of contribution thresholds has on super strategies. I'll give an update on the progress of legislation through Parliament at that time. To register, head to www.bt.com.au/professional and follow the link to the BT Academy webinars.

Until next time, bye for now!

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