



Advice Technical Podcast #40 -19 March 2021 Transcript

The opportunity for more advice

Recent exam results from FASEA have shown there are a large number of advisers still to successfully pass the FASEA exam, but there is still time to make it. And given the current environment, the opportunities for providing advice are increasing.

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.

Another week of parliamentary sittings have come and gone – with not much movement on Bills related to financial advice matters. We are still waiting for debate to resume in the Senate on the proposed changes to the eligibility age for bring forward non-concessional contributions, which now will not be debated before the Budget parliamentary sittings in the second week of May. Whilst the House of Representatives still has another week of sitting next week, the Senate does not. For advisers who are waiting for legislation to pass to advise clients, consideration now needs to be given to at least making a single year contribution this year for those clients who will be ineligible next financial year due to their age.

Perhaps what is more important though are the latest exam results released by FASEA, being those for the January sittings. Overall, the results are down from the longer term averages. Of the 1,079 candidates who sat, 67% passed – down from the long-term average of 78%. Of those sitting the exam for the first time, the pass rate was 73%, and for those sitting for a second or subsequent time, the pass rate was 46%.

According to FASEA, over 12,000 advisers have sat and successfully passed the exam – representing 57% of those on ASIC's Financial Adviser register. This means 43%, or approximately 9,000 advisers are yet to complete the exam. Roughly one quarter of these are registered to sit in March.

While there are, no doubt, some advisers who have chosen to not sit the exam and retire at the end of 2021, for those still to sit, the important aspect is there is still time. Those who registered in March still have three opportunities to pass (in the March, July and November sittings), while those yet to register or not sitting in March still have two. The good news is there is more and more support being made available to assist advisers to pass. FASEA have now introduced pre-exam webinars to help advisers to understand what the exam environment will be like and recently released more practice exam questions. Additionally, for those who, unfortunately, are unsuccessful in an exam attempt, more personalised feedback will be provided on areas where the adviser underperformed.

All these actions are designed to assist advisers in successfully passing the exam, which is a positive as there are now more reasons and opportunities than ever to provide advice to Australians.

Just this week, the Assistant Treasurer and Minister responsible for Superannuation, Senator Jane Hume revealed that Australians still have nearly \$14 Billion in lost and unclaimed super. Whilst down from the

\$21 Billion a year earlier, this is still a significant level of retirement savings that is not sitting with Australians and forming part of their retirement planning considerations.

Add to this the usual debate that starts to ramp up in the weeks before the Federal Budget. What changes will be made? Has the Retirement Income Review opened up for discussion the question on whether super can be used for other objectives beyond retirement saving? If, as called out in the Retirement Income Review Report, homeowners are better off in retirement than non-homeowners, should super be available to help purchase a home? We have seen some industry bodies rally against this, with a view that super should be preserved for retirement use and that early access for housing may even have a negative impact on housing affordability, but we saw during the early release opportunities from COVID-19 during 2020, that given the opportunity to draw down earlier on their super, many Australians will. Where used for appropriate purposes, then it could be a justified approach. But what use is appropriate?

And unfortunately many Australians who did withdraw, and who were not advised, actually withdraw a substantial portion of their balance, meaning it didn't remain invested and wasn't able to capture benefits from the overall uplift we have seen from markets over recent months. These Australians will be in need of support to help grow their future retirement savings.

Advice is critical to many life decisions, and perhaps one of the best ways to make advice more accessible to more Australians is through scaled or limited advice. ASIC have been consulting on this very topic and received numerous submissions on the barriers to providing cost effective, limited advice. Further roundtable discussions are expected over coming months, hopefully leading to regulatory change that makes the provision of limited advice simpler, easier and ultimately more cost effective.

But it's not all up to ASIC. Some legislative change may be required. And we also need to see advisers being willing to provide advice in this manner, to have the confidence to operate in this space. To help consumers see the value in advice and to start their own journey to a better financial future.

Speaking of making things grow, our next fortnightly BT Academy Technical Webinar will be on 24 March 2021 when Matt Manning, a technical consultant from the BT Technical Services team will explore whether transition to retirement strategies are still worth it. To register, head to www.bt.com.au/professional and follow the links to the BT Academy webinar series. You can also view previous webinars where we dive in depth into various technical and regulatory matters. All of these webinars qualify for CPD points.

And 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.

Until next time, bye for now!

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