



08 October 2013

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Australian Securities and Investments Commission  
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Email: [policy.submissions@asic.gov.au](mailto:policy.submissions@asic.gov.au)

Dear Ms Chew

**Re: Consultation Paper 212: Licensing: Training of financial product advisers – Update to RG146 (CP212); and Consultation Paper 215: Assessment and training courses for financial product advisers: Update to RG146 (CP215).**

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback to the Australian Securities and Investments Commission (ASIC) in relation to the consultation papers CP212 and CP215 to update the training requirements for financial product advisers.

The FPA supports the need for enhancing the training and competency of financial advice providers generally. The FPA is committed to achieving the highest values of professionalism in the financial planning industry in Australia. Key to this goal is the requirement for higher standards of education for financial planners.

However, improving the competency of financial planners can only be achieved under a collaborative and strategic framework for financial planner education which clearly shows how all the components work together, and considers and addresses all the challenges and barriers to ongoing successful implementation by all relevant stakeholders. The FPA's submission is based on this premise.

The FPA would welcome the opportunity to discuss ASIC's proposed training requirements further. If you have any questions, please do not hesitate to contact me on 02 9220 4500 or

Yours sincerely

**Dante De Gori**  
*General Manager Policy and Conduct*  
Financial Planning Association of Australia Limited



**Consultation Paper 212  
Licensing: Training of financial product  
advisers: Update to RG 146**

**And**

**Consultation Paper 215  
Assessment and approval of training  
courses for financial product advisers:  
Update to RG 146**

**FPA submission to:  
Australian Securities and Investments Commission (ASIC)**

**08 October 2013**

# CP212 & CP215: Update to RG146

FPA SUBMISSION TO ASIC | DATE: 08.10.2013

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# CP212 & CP215: Update to RG146

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## Introduction

The FPA has been involved in education of financial planners from the early 1990s, before 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. We became an RTO in 2002 to satisfy ASIC's requirements for initial education.

The FPA announced its degree requirement for the CERTIFIED FINANCIAL PLANNER® designation in 2003 and exited initial training in 2005, supporting the development of university education and focusing on delivering postgraduate courses that add to initial training.

In applying its prerequisite requirements for the CFP® Certification program, the FPA sees the qualifications of a wide range of financial planners and consequently assists many licensees in reviewing combinations of courses and qualifications as well as supporting individuals with interpreting the maze of disparate documentation which has emerged as a result of the multiple regimes. The key support here is the existing ASIC Training Register.

Through our work with the Financial Planning Education Council (FPEC), which released its curriculum requirements for financial planning in November 2012, the FPA is involved with many of Australia's universities, both those offering specific financial planning courses and those offering finance, commerce and economics degrees.

Consequently, we believe we are well placed to offer a broad perspective on the proposals in CP212 and CP215 and some expected difficulties.

When IPS146 was released, there was no ASIC Register. This was launched in response to the difficulty licensees were having in evaluating a course against IPS146.

The first iteration of the Register involved education providers identifying the areas of Appendix A which were covered. Education providers were able to register courses retrospectively to 1995. The Register mushroomed with courses ranging from a short exam to a full education course. The context was a world where a single DFP1 subject was required. Financial planners did not have to comply with the requirements until 2002. There was a time lag before universities registered their courses as there was no student understanding of the importance of PS/RG146.

The next iteration of the Register applied from 2003 and involved an evaluation of the education offering against both knowledge and skills by an independent reviewer appointed by ASIC. Those who had satisfied the requirements pre 2003 were said to have been deemed as meeting the requirements so that the new rules would not impact on those who had satisfied the requirements.



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An FAQ on ASIC's website in 2003 related to deeming said:

*I completed a course pre 2003 and it does not list skills but does cover generic knowledge and specialist knowledge. Am I compliant? Technically, yes. Pre 2003, skills were not a requirement of PS146. However it is expected that you maintain your skills and knowledge and, as such, you should have undertaken continuing professional development (CPD) since completing this course. We would recommend that as part of your CPD you complete an activity that addresses RG146 skills.*

Our experience is that compliance staff struggle when faced with financial planners who satisfied IPS146 or PS146 in the past and try to evaluate them through a 2012 (or 2013) lens. This occurs when there are changes in licensee through job change or structural change. The idea of a regular review of financial planners is fundamental to an appropriate workforce, but the result occurring is that instead of being asked to undertake an appropriate Continued Professional Development (CPD) activity, they are being asked to undertake a new initial training course. This is often happening when those advising are the education providers themselves.

Through our active and long-running history in financial planner education we have learnt that this is a highly complex and multifaceted area crossing a number of industries and regulators. As such we believe that increasing training requirements will improve the learning outcomes for financial planners and deliver quality of advice benefits for consumers, however this can only be achieved by all stakeholders working collaboratively together to address all the issues.



# CP212 & CP215: Update to RG146

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## Key recommendation

The FPA has one key recommendation in response to CP212 and CP215, to enable the Government, ASIC and industry to achieve the unified goal of improving the competency and training standards of individuals providing financial advice to consumers.

**The FPA recommends the immediate establishment of a Financial Planner Education Working Group (FPEWG) to develop a well considered, strategic and holistic financial planner education framework.**

The education framework must include all the following elements and give careful consideration to the essential role each part plays, and how all parts must work effectively together to deliver a complete education system to assist in the delivery of quality and affordable advice for consumers. The FPEWG should consider the following:

- RG146 Adviser Training (current and proposed in CP212)
- CP153 National Exam proposal
- Tax Agent Services regime proposed requirements (Treasury and the Tax Practitioners Board)
- Appropriate compliance mechanisms, which must be able to be applied consistently across the industry (and CP215).
- proposed Self Regulatory Organisation (SRO) to deal with advice providers training obligations.
- The role of regulators versus licensees versus professional bodies in relation to initial, specialisation, and ongoing education.
- The role of Continued Professional Development (CPD)
- The operation and regulation of the education sector
- Appropriate course requirements including knowledge areas, duration, and education level.
- Appropriate terminology which can be used consistently across multiple industries.

Importantly, the framework must also consider the detailed requirements within each of the above elements in order to identify and address all the practical implementation issues to ensure the framework is workable.



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The Financial Planner Education Working Group (FPEWG) membership should work openly and collaboratively together, and the membership should include (but not limited to):

- Treasury
- ASIC
- Tax Practitioners Board (TPB)
- the education regulators including curriculum regulators
- the education sector (both vocational and higher education)
- Professional bodies and associations
- Australian Financial Services Licensees
- other relevant stakeholders



# CP212 & CP215: Update to RG146

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## Key issues

### 1. Complex issue requires open and continuous consultation

The Financial Planning Association<sup>1</sup> whole-heartedly agrees that there is a need to increase the minimum education standards and requirements for those providing financial advice to consumers. A key tenet of the FPA's drive towards achieving the highest standards of professionalism is the requirement for higher levels of education for financial planners.

As demonstrated by the issues discussed in this submission, determining an appropriate framework for financial planner education is an extremely complex issue which crosses multiple regulators, multiple industries, and impacts on the availability, accessibility and affordability of advice for consumers. Such a framework must consider the practical implications for existing financial planners while not restricting new entrants into the profession, and ensuring consumer protection is enhanced while the accessibility and affordability of advice for consumers is maintained.

We do not believe this has been achieved in CP212 and CP215. For the reasons detailed in this submission, the FPA does not support the approach taken by ASIC in CP212 and CP215.

The FPA notes that ASIC representatives have stated on a number of occasions that the corporate watchdog is not an education regulator. However, because ASIC mandates minimum training requirements,, licensees and financial planners look to satisfy ASIC, not the education regulators, when determining whether a course meets the minimum standards, or whether a financial planner is trained and competent to provide advice to consumers. In the vocational education and training space, this drives the Regulator, the Australian Skills Quality Authority (ASQA), and Registered Training Organisations (RTOs) to ensure courses are RG146 compliant. So in practice, ASIC strongly influences and even dictates the course curriculum, and as such is acting in the education regulator space.

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The Financial Planning Association (FPA) represents more than 10,000 members and affiliates of whom 7,500 are practising financial planners and 5,500 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.
- We banned commissions and conflicted remuneration on investments and superannuation for our members in 2009 – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Professor Dimity Kingsford Smith, 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 24 member countries and the 150,000 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 17 Australian Universities for degrees in financial planning. As at the 1<sup>st</sup> July 2013 all new members of the FPA will be required to hold, 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.



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## Current environment

The enactment of the Tax Agent Services Act (TASA) Amendment Bill in June 2013 has created dual regulatory oversight and education requirements for financial planners. Under this dual system both regulators – ASIC and the TPB – are charged with setting education standards for the entities – advice providers. However, there appears (and this is the view of our members) to be minimal coordination between the regulators, or on their behalf through Treasury, in an effort to streamline the requirements to ensure complementary, consistent, and appropriate education requirements are developed.

This has resulted in the current situation of multiple consultations currently taking place on the same issue – financial planner education requirements:

- Tax Practitioners Board – TPB(PG) D04/2013
- Treasury – Proposed registration requirements for registered tax (financial) advisers discussion paper
- ASIC – Consultation Paper 212: Licensing: Training of financial product advisers – Updates to RG 146
- ASIC Consultation Paper 215: Assessment and approval of training courses for financial product advisers: Update to RG146
- Proposed Self Regulatory Organisation (SRO) to deal with advice providers training obligations.

Financial planners and licensees will need to consider and collate the requirements from various sources and assess, as best they can, whether they have undertaken adequate training to fulfill the education standards under each of the following requirements:

- ASIC Regulatory Guide 146 (current requirements and following the Regulator's review)
- National Exam (as proposed in CP153 – currently on hold)
- TASA Regulations (Treasury ) regarding training for Tax (financial) Advisers
- TPB Guidelines regarding training requirements for Tax (financial) Advisers
- The proposed SRO with a mandate to review the standards of competency for advice providers

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- specialist advice accreditations
- CPD requirements of ASIC, professional associations and the TPB
- Professional association requirements.
- Licensee requirements - individual Licensees often provide their own additional training to ensure their authorised representatives/representative are at a consistent level. This highlights the issues of the portability of financial planner training.

This issue will be further exacerbated by the permanent closure of the ASIC training register as proposed in CP215, which served as a guide to RG146 compliant courses for licensees and financial planners. The absence of the training register with no equivalent or viable replacement, and with the proposed National Exam (CP153) on hold, will make it extremely difficult, time consuming and costly for financial planners and licensees to determine and evidence compliance with RG146. This submission details the issues associated with the proposed increase in the education level ultimately to AQF7, particularly within the proposed timeframe.

The FPA suggests the former-Government's \$2,000 cap on work related education expenses, which are contained within the forward estimates and may still be legislated under the Coalition Government, should also be considered as it places further pressure on financial planners and licensees, and ultimately the cost of advice for consumers.

The lack of an overarching framework to financial planner education has led to this piece-meal approach which contains unworkable, incompatible and inappropriate requirements being proposed, as well as gaps in the holistic system needed to ensure an increase in planner competency is achieved. A holistic and coordinated framework must be developed by a forum of representatives from ASIC, the Tax Practitioners Board (TPB), financial planning profession, and education sector.

## Alignment of ASIC and TPB requirements

The FPA is concerned by the apparent lack of alignment of the proposed requirements for planner education, and the different approaches used by the two regulators ASIC and the TPB. For example:

Table 1.1

	TPB	ASIC
<b>Training register</b>	Approves appropriate training courses and maintains register of courses approved by the Board as meeting its requirements	Proposes to permanently close its training register
<b>Education level</b>	Proposes education level of AQF5 or equivalent	Proposes increasing the minimum education level to AQF7



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<b>Course duration</b>	Proposes a course duration of 100 to 130 hours or equivalent of one semester	Is silent on course duration.
<b>Assessment criteria</b>	Proposes a range of appropriate assessment tools; and to mandate independent supervision requirements	Is silent on assessment

While this is not a detailed analysis or extensive list of the requirements proposed by the TPB and ASIC, the above table serves to illustrate the differences in both the requirements and the approach to financial planner education being adopted by the regulators. This will only lead to confusion for financial planners, licensees and education providers. The lack of a consistent and streamlined approach to financial planner education will also increase training costs, which may lead to an increase in advice fees for consumers.

## Alignment of TPB / ASIC commencement dates

The proposed transition provisions for the application of the education requirements under TASA and the proposed changes in ASIC's CP212 are a further concern.

Key dates in the transition to increased education standards for financial planners as proposed by ASIC in CP212 are January 2015 – increasing the minimum standard to AQF6 (advanced diploma) level; and January 2019 – increasing the minimum education level to AQF7 (degree) level. As detailed in Figure 1 below, the three year transition period for financial planners to comply with the proposed TASA tax and commercial law course requirements and experience requirements, commence 1 July 2014 with varying compliance dates depending on when an entity registers with the TPB.

The proposed change to increase the minimum competency requirement to AQF6 under ASIC's CP212 commences 1 January 2015. Apart from training on the TPB Code, financial planners will not be required to meet the Tax Agent Services course requirements at AQF5 level until the commencement of the transitional phase of the transition period from 1 January 2016 at the earliest, one year after the increase in ASIC's financial planner competencies to AQF6.

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**Figure 1:**



The stated aim of bringing financial planners into the TASA regime is to increase the training standards of financial planners. However, this is unlikely to be achieved as the proposed additional TASA training requirements for financial planners will be outdated by ASIC's proposed changes to RG146, even prior to the TASA requirements applying to one single financial planner.

Government, Treasury, the TPB and ASIC should be aware of the inconsistencies in the timelines and the approaches used for the proposed changes to financial planner education and experience requirements, and work together with industry to address this issue and streamline financial planner education.

## Knowledge versus competencies

There is a fundamental difference in the approach used to set training standards by each regulator – ASIC sets training standards based on competencies, which are a combination of learned and assessed knowledge and skills; the TPB sets training standards based on knowledge alone, as evident in the education requirements for BAS and Tax Agents and the education requirements for tax (financial) advisers proposed by the TPB and Treasury.

The FPA believe it is appropriate for ASIC to set competencies which include the assessment of skills of individual financial planners to provide financial advice. However, we do not believe it would be appropriate for the TPB to set competency standards for financial planners primarily because tax is only one area of competency that is required in the advice process.

This is further evidence why the setting of education standards by the regulators must be streamlined, especially to provide education providers the realistic opportunity to incorporate TPB requirements into 'complete' financial planning education programs.



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## Proposed tax education requirements in CP212

ASIC is already responsible under the Corporations Act for financial planning related tax advice. Such tax advice is so interlinked and entrenched in the financial planning advice process that they can't be separated. ASIC is responsible for setting and regulating competency standards for financial planners.

The FPA is concerned that Treasury's discussion paper serves to impose education and experience requirements on financial planners, yet is silent on whether it aligns ASIC's requirements proposed in Consultation Paper 212 with a view to increasing education requirements for financial planners. For example:

CP212 proposes that a financial planner should meet the following tax training **in addition** to the requirements already imposed in the existing RG146:

- Generic knowledge – Financial structures and their taxation implications
- Specialist knowledge – taxation of securities markets
- Specialist knowledge – taxation of derivatives markets
- Specialist knowledge – taxation of managed funds
- Specialist knowledge – taxation of superannuation
- Core and Specialist knowledge – taxation of general and life insurance
- Specialist knowledge – taxation of foreign exchange
- Specialist knowledge – taxation of First Home Saver accounts
- Specialist knowledge – taxation of Emissions units

As previously stated, ASIC has also proposed increasing the education requirements from AQF5 level to AQF7 by 2019, exceeding the AQF level proposed in the TPB education requirements.

The FPA strongly believe the knowledge, skill and competencies financial planners gain by completing ASIC's training requirements under RG146, and particularly given the proposed changes in CP212, will deliver greater improvements in financial planner education. As such, the FPA recommends ASIC work together with Treasury and the TPB to put in place the required regulations and guidelines to formally recognise ASIC's training requirements for financial planners as satisfying TPB registration requirements and to ensure alignment of the TPB requirements with ASIC's requirements.



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## Key recommendation - Financial Planner Education Working Group (FPEWG)

The FPA strongly believe, as we have stated in previous submissions to Treasury and the TPB, a cooperative relationship and information exchange mechanism is needed between ASIC, the Tax Practitioner's Board, Treasury, the financial planning profession and the education sector. This cooperative relationship must commence now to ensure a coordinated approach to the development of education requirements for financial planners by both regulators and Treasury in regard to the TASA Regulations and ASIC regulatory guidance. The FPA notes in this regard, the following statements included in the Explanatory memorandum to the TASA Bill, and strongly encourages ASIC, Treasury and the TPB to act immediately in this regard, prior to finalising any education requirements for financial planners by either regulator or Treasury.

*1.21 A key objective of this new regulatory regime is to minimise compliance costs by avoiding regulatory overlap between the TPB and ASIC.*

*1.81 In determining its compliance processes, the TPB should ensure these processes are as efficient as possible to avoid any unnecessary duplication with ASIC's processes.*

*1.88 As noted in paragraphs 1.19 to 1.21, the administrative effectiveness of this new regulatory regime requires the TPB and ASIC to have a close and collaborative working relationship, particularly in relation to matters that may have regulatory consequences for entities under both the TASA 2009 and the Corporations Act. This requires both agencies to be able to share relevant information with the other.*

*1.89 The TPB and ASIC have advised that they are currently developing a memorandum of understanding (MOU) to underpin their future relationship, with a commitment to work closely together through an open and consultative approach and to provide each other with positive assistance wherever possible.*

This duplication and lack of a coordinated approach to changing financial planner education requirements will have a significant impact on the industry and in turn on consumers. It will result in competing levels of training requirements which will confuse both financial planners (existing and new) and education providers. This will significantly increase the cost to financial planners undertaking appropriate courses as education providers will be required to continually (and in a relatively short timeframe) update courses to maintain consistency with the minimum requirements of both regulators.

While they may operate under a license held by a large company, the majority of financial planners operate their own practices as small advice businesses. Though the FPA supports the need for increased training standards, the multiple education requirements will impose additional costs and training hours on these small businesses, impacting their ability to service their clients and the cost of and access to advice for consumers. A coordinated approach will assist in providing a more efficient and effective approach as well as minimising the impact of these costs on small business providers and consumers.



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Ensuring an efficient, effective and swift outcome to this issue is paramount to allow education providers, licensees and financial planners to prepare to meet any new training requirements. To achieve this, the FPA suggest Treasury and the regulators use a consultative approach to streamlining the education requirements for financial planners by establishing a Financial Planner Education Working Group (FPEWG) with industry, the education sector, and other stakeholders. Such a forum should operate in an open and consultative manner.

The need for a collaborative approach to ongoing and open consultation to address the complex issue of the minimum training requirements for financial advice providers can be demonstrated by the work of the Financial Planning Education Council (FPEC). FPEC was established by the FPA to bring together academics and financial planning practitioners to define a financial planning curriculum for degree qualifications. While National Guidelines have existed for some years for vocational qualifications in financial planning, university courses have varied immensely with little consistency in the content and shape of qualifications. FPEC has developed a national Accreditation and Curriculum Framework for financial planning degrees, establishing an agreed foundation for qualifications that encompasses and exceeds the regulatory requirement for financial planning education courses in Australia. The accreditation guidelines were developed by academics and practitioners and following extensive consultation with universities and other providers of degree-level education. (Please see Attachment 1: FPEC National Accreditation and Curriculum Framework.)

## Recommendation:

The FPA recommends

- Treasury, the TPB and ASIC establish a Financial Planner Education Working Group (FPEWG) with the financial services industry, education sector, and other stakeholders to develop an appropriate, considered and holistic framework for planner education.
- Treasury, the TPB and ASIC put in place the required regulations and guidelines to formally recognise ASIC's training requirements for financial planners as satisfying TPB registration requirements.
- The Financial Planner Education Working Group (FPEWG) consider the FPEC National Curriculum which has been developed to satisfy the proposed TPB taxation law (and commercial law) course requirements.



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## 2. Holistic framework for financial planner education

The FPA is concerned and unclear how the education requirements for tax (financial) advisers under the Tax Agent Services regime align with the Australian government's current national education framework; or how the proposals will impact the requirements of ASIC's regulatory expectations in Consultation Paper 212 and Consultation Paper 215; and the vital role that professional bodies and licensees play in underpinning financial planner education. The FPA suggests a more considered, holistic and strategic approach is needed to ensure regulatory efficiency, greater confidence in financial planner competence and a closer alignment to consumer protection.

While CP212 and CP215 make mention of some of the other financial planner education proposals currently being considered, it appears as though due consideration has not been given as to how all the elements work together under a holistic framework to financial planner education.

To aid in this exercise, the FPA has developed a proposed 'Architecture' for ASIC, Treasury, and the Tax Practitioner's Board (TPB) to consider and hopefully clarify the role of the Regulators (ASIC and the TPB), the Profession (professional associations) and the Regulated (licensees), in the education and development of future financial planners. Table 1.2 demonstrates a clear delineation of the roles and responsibilities of all stakeholders and how these roles must work together, including the role of the Regulators. If the roles are not clearly delineated and complementary, it will result in duplication, inefficiencies in the system and ineffective regulation, at significant resource cost to industry, government and consumers. Most importantly, it will impact on the quality of the education outcomes.

As represented in Table 1.2, there are three levels of education and assessment/testing all of which play a vital and distinct role in ensuring the development of competent financial planners:

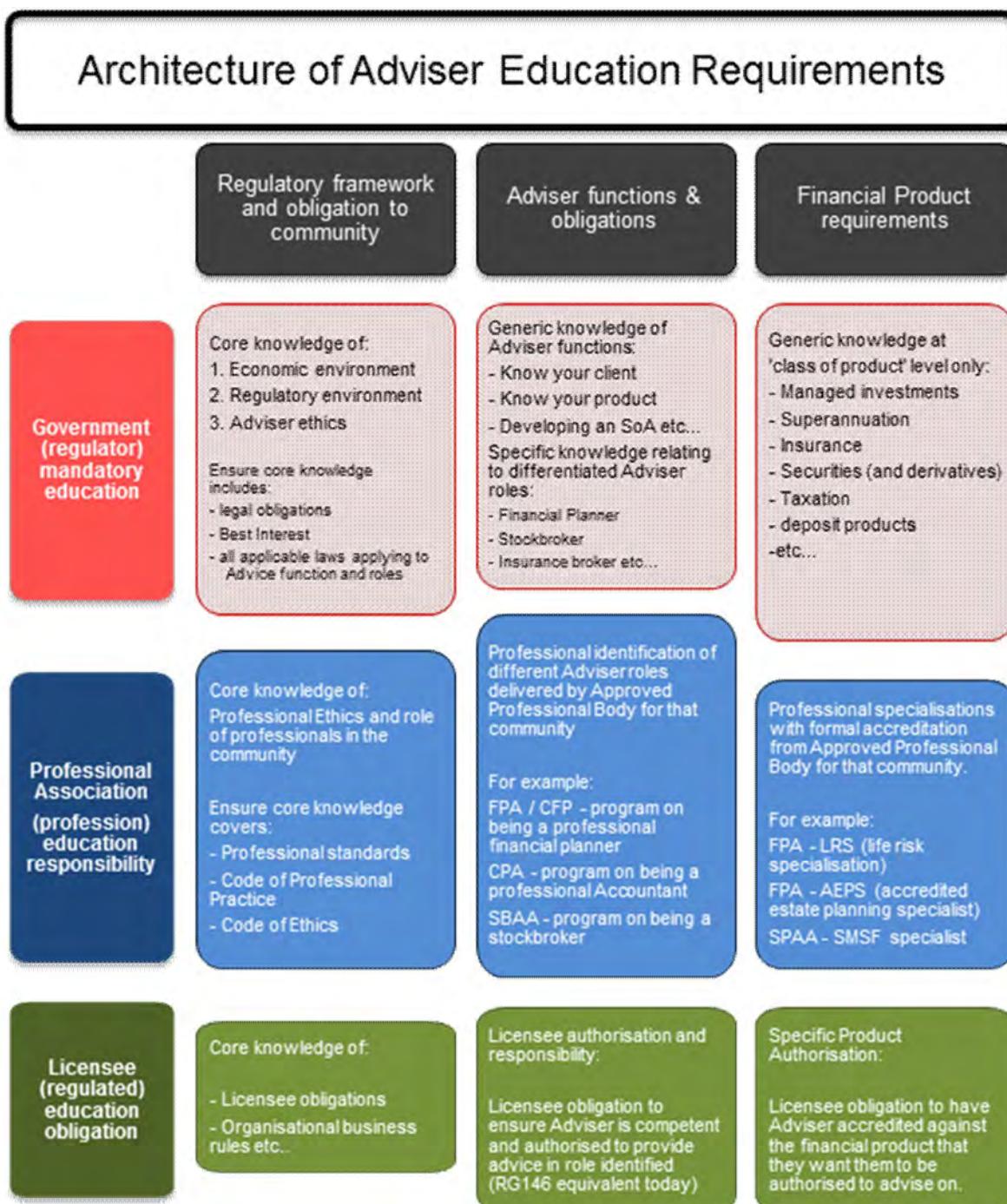
1. **Government (ASIC and the TPB)** – have a responsibility to impose mandatory education, including the knowledge and testing of the regulatory environment, planner obligations under the law, and basic core knowledge.
2. **Professional Bodies and Associations** – have a role to foster professionalisation and ensure financial planners are successful in their adherence to professional standards and ethics, professional identification, designations and having oversight of financial advice specialisation accreditations.
3. **Licensees** – have an obligation to ensure their financial planners (authorised representatives and employees) are competent to provide financial advice.

This model highlights the role of the Regulators and clarifies what roles within the industry and profession that the regulators are not required or needed to be involved in.

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Table 1.2





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The regulation of competencies and education standards should be a dynamic interaction between the government imposed legal requirements, the licensee business imposed rules and the expectation of professional participants as codified in professional obligations. The FPA “Architecture” model is built on the ‘best practice’ Accountable Governance approaches proposed by O’Brien (2010) and Sanders (2010) and also the Australian Government’s Office of Best Practice Regulation Handbook 2007, all of which emphasise the regulatory benefits of the separation of roles between the regulators, the regulated and the professional bodies.

## The Regulators (ASIC and the TPB)

The role of the regulators in the financial planner pathway should be targeted at the core knowledge requirements needed to provide financial advice at an entrance level, and based on the requirements under law.

We acknowledge that there is a core set of knowledge needed to provide financial advice. This set of knowledge is so fundamental to the provision of financial advice that it is transportable from advice role to advice role, and from licensee to licensee. It is not dependent on the licensee authorisation or the type of advice specialisation or product recommendations.

However, regulatory level education should not cover the range of industry specialisations, career advancement opportunities, licensee authorisation, product accreditations, or detailed professional standards.

## The Profession (Professional Bodies)

To inspire trust and confidence in the community and raise the professional standing of financial planners, the regulators must begin to recognise the role of professional bodies and associations in the development of a profession. Professional bodies develop and enforce professional standards, designations and certifications as well as financial advice specialisations. Professional bodies have a responsibility for establishing professional norms and behaviour, peer review and enforcement as well as the development of processes and controls. The FPA believes there are enormous opportunities to improve consumer, market and regulatory outcomes with an appropriate integration of professional obligations into financial services regulation – as outlined in our ‘Architecture’ model.

## The Regulated (Licensees)

The licensee obligations play a facilitation role and assist in ensuring there is differentiation between core knowledge at an entry level and gaining the in-depth knowledge necessary as they progress beyond the beginner level. RG146 and RG105 place the liability clearly with the licensee to ensure an individual financial planner’s knowledge, skills and competencies are developed prior to allowing them to provide certain types of financial advice (as per the licensee authorisation) to consumers. The FPA supports these obligations and the important role licensees play in developing and improving financial



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planner competencies. Routinely licensees require financial planner training to be above the minimum requirements due to the significant legislative and reputational risk licensees must manage

The FPA would like to highlight the inclusion of taxation in the entry-level knowledge product column. The FPA suggest understanding taxation is central to the provision of financial advice and overlaps into all product classes.

The FPA is concerned that the absence of a holistic framework to financial planner education will significantly undermine the ability to achieve the objective of increasing financial planner competency. In short, what is being proposed is:

- An increase to the education level ultimately to AQF7;
- Proposed changes to knowledge area requirements with no clear alignment to the regulation or operation of education providers at the AQF7 level;
- No set duration on courses, which could result in all knowledge areas being covered in one single semester subject (with the addition of two tax subjects for the TPB);
- Proposed national exam currently on hold;
- The permanent closure of the ASIC Training Register (with no viable replacement tabled) making it difficult for planners and licensees to determine the compliance of a course to RG146 requirements; and
- Additional and separate/non-aligned requirements for courses in Australian tax law and commercial law set by the TPB (yet to be finalised).

## Recommendation:

The FPA reiterates our key recommendation of the formation of a Financial Planner Education Working Group to develop a considered framework for financial planner education. The FPA's Architecture for financial planning education could assist such a forum and has guided the FPA's response to ASIC's CP212 and CP215.



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## 3. Structure of RG146

Concern that CP212 is based on amending RG146 under its original structure which was developed back in 1997. The FPA argues that this will create significant issues in the practical implementation of the proposed new requirements, particularly for education providers and licensees, which will impact on the success of the new higher training requirements ASIC may mandate.

Significant changes have occurred both at a regulatory and market level in the financial advice space, and within the education sector which warrant a complete revision of the structure of RG146, not just amendments to the Regulatory Guides requirements.

While the following points are discussed in detail within this submission, the FPA recommends the following issues for consideration in the structure of RG146:

- Must be part of a professional development framework, which includes CPD and TASA requirements. While specialisations and CPD should remain the responsibility of professional associations and licensees, it must be considered in the overall framework for financial planner education. The FPAs suggested Architecture could provide a starting place in this regard.
- It should result in portable accreditation so that on a change of activity/employer, the successful completion of initial training is recognised and accepted.
- Must not be ‘piecemeal’ where only small amounts of knowledge on key advice areas are required. For example, requiring basic knowledge of financial planning, investment, superannuation, insurance and tax. These are key advice areas which must be considered for nearly all clients. The topics within the key knowledge areas must be adequate.
- Must include knowledge area requirements appropriate to the mandated education level. For example, AQF7 courses provided by universities; and First Home Savers Account courses should not be mandated at AQF7 level.
- Should not be focused on financial products. Core elements must focus on the provision of financial planning advice, which should include certain key advice areas. Core knowledge requirements must include taxation law course requirements as required under the TASA regime. (and potentially a course in commercial law).
- Should be flexible to allow for additional ‘non-core’ knowledge areas to be added as new products enter the market and / or regulatory changes, which should not render initial competency obsolete when new products / classifications come to market.
- Must separate the training requirements for new entrants to the financial planning profession versus those for existing financial planners who completed their initial training under the current or earlier regime and maintained CPD.



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- Must separate requirements for personal advice on tier 1 products versus general advice on tier 2 products, but ensure career pathways are available to progress from general to personal advice.
- Provide training accreditation which is transferrable between licensees.
- Should be flexible to allow integrated learning programs to operate (ie combined study / work programs). The role of work experience in future AQF7 level courses must be considered.
- Must be compatible with the operations and regulations of education providers.
- Must use appropriate terminology that considers and is compatible with the use and interpretation of the terminology by the financial planning and education sector.
- Should ensure a mechanism is in place which allows a consistent approach to measuring compliance with education requirements, and facilitates the portability of training undertaken by financial planners.
- Must address any issues created by changes to RG146 and the education level requirements to ensure barriers to education and trade are not created, and any impacts on the affordability of and accessibility to advice for consumers are minimised.

## Recommendation:

As part of the work undertaken to develop a Financial Planner Education Framework, the FPA recommends the Financial Planner Education Working Group ensure RG146 is updated under a structure appropriate to the current and future regulatory and education requirements.

## Use of terminology

The FPA believes some of the terms used in CP212 are causing confusion in the industry and possible mis-interpretation of ASIC's proposals. In particular, the term "specialist knowledge" is being interpreted as someone who wants to become a specialist in a particular area of advice, such as a life risk specialist for example.

However, the inclusion of a "change of activity" definition implies that the ASIC proposed "specialist knowledge" areas are relevant under the following type of scenario, for example:

*Pippa has completed her initial RG146 training and gained work providing limited personal superannuation advice in a call centre. Her licensee has noticed her aptitude and recommends expanding her advice authorisation to include insurance advice. This is a change in the advice activity Pippa provides and as such she must undertake additional training.*

In this scenario, Pippa is not becoming a "specialist" in life risk advice, merely expanding the advice she provides to clients as authorised by her licensee. That is, she is "changing advice activity". A further example is the proposed requirement for someone providing advice on First Home Savers



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Accounts (FHSA). A financial planner does not become a FHSA “specialist”; they merely “change advice activity” and include FHSA as one part of the advice they provide clients.

There are financial planners who do choose to ‘specialise’ or gain greater knowledge/expertise in a particular advice area. As per the FPA’s Architecture of financial planner education, “specialisation” training requirements should be the responsibility of the licensee under RG105 obligations, and relevant professional bodies. This is supported by the Best Interests requirement for financial planners to ensure they are competent to provide advice or refer the client on.

The role of RG146 should be to set the minimum core knowledge areas to provide a solid grounding of knowledge for financial planners to provide advice. As per the above scenario, when a financial planner “changes advice activity” additional training may be required. However, the FPA believes RG146 should only include additional knowledge area training requirements for certain types of “changes in advice activity”. To avoid confusion, training requirements for “changes in advice activity” should not be called “specialist knowledge areas”. Given ASIC’s role to regulate financial product advice, the FPA recommends “Financial Product Knowledge Area” would be more appropriate.

The use of appropriate terminology that considers and is compatible with the use and interpretation of the terminology by the financial planning profession and the education industry is of particular importance if the financial planner education requirements are increased to AQF7 level which is predominately serviced by the university sector.

## Recommendation:

The FPA recommends ASIC change the following terminology to be more compatible with the language used in the education sector, and the common interpretation of such terms by the planning profession:

- ‘Financial Product Knowledge Area’ – should be used when referring to additional minimum training required to be undertaken when a representative has a change in the advice activity or a change in their advice authority by their licensee.
- ‘Specialisation’ / ‘specialist knowledge area’ – should only be used when referring to a person who is a specialist in a particular area of advice or a course which provides in-depth knowledge and experience of a particular advice area. For example, aged-care specialist or a life risk specialist.
- ‘Generic knowledge’ – could be replaced with the term ‘core knowledge’ area, which is more commonly used by education providers at the AQF7 level, particularly universities.



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## Clarification for existing financial planner ‘change of activity’ training requirements

There is concern that the consultation paper may be misinterpreted in relation to proposed requirements for an existing financial planner (providing Tier 1 personal advice) who changes advice activities after the proposed regime B or regime C are in effect. The FPA suggests this may lead to confusion as to whether an existing financial planner would be required to upgrade their entire initial qualification (from a diploma to a degree for example), or just complete further education in the new advice area at the relevant AQF level.

The FPA notes the following example on page 13 of CP212, which appears to demonstrate that it is only education on the new advice area that is required to be undertaken at the higher AQF level, and the initial qualifications of the existing financial planner are not needed to be upgraded.

### ***Example1: Adding a new area of specialisation when already trained in other products of the same tier***

An adviser completes their initial training to provide personal advice in financial planning and superannuation under Regime B (which are Tier 1 products).

On 4 July 2020 (i.e. after Regime C begins), the adviser decides that they want to start providing personal advice on securities (a Tier 1 product).

The adviser would need to complete a training course that meets the Regime C securities markets (specialist knowledge) requirements at the educational level required under Regime C (because they are adding a new area of specialisation but are already trained in other Tier 1 products).

However, paragraph 174 of CP212 and the accompanying Note, may cause some confusion in this regard.

*174. There are different educational levels under Regime A, Regime B and Regime C, as set out in Table A4.*

*Note: The increased educational level requirements also apply to advisers who completed their training under a previous regime (i.e. Regime A and/or Regime B) who decide to change their advice activities.*

Further, paragraph 154 states “*Advisers in Regime A who advise on Tier 1 products should meet the generic knowledge topic areas in Table A1 as relevant*”.

The FPA is concerned that this Note and paragraph 154 may be interpreted that existing financial planners must upgrade their entire initial entry qualification to the new level, not just undertake further education at the relevant AQF level on the new knowledge area being added to their advice activity.

For example, a financial planner who commenced their career with a Diploma in Financial Planning under Regime A wishes to add margin lending advice in 2020. The Note to paragraph 174 and paragraph 154 could be interpreted that this financial planner would need to upgrade their initial diploma to a degree and also complete margin lending training at the higher level.



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The FPA acknowledges, with appreciation, the clarification around this issue ASIC has already provided to the Association. ASIC has stated:

*"It is not our intention to propose that an existing planner (who is trained and providing Tier 1 personal advice in Regime A) who changes their advice activities in Regime B or Regime C would have to upgrade their entire initial qualification.*

*As set out in Example 1 on page 13 of CP 212 which you refer to in your letter, it is only the new area of specialisation which would need to be completed at the higher education level of either AQF 6 (during Regime B) or AQF 7 (during Regime C).*

*In other words, the planner would not have to upgrade their entire initial qualification (from a diploma to a degree using your example) if they have completed their initial training to provide Tier 1 personal advice under an earlier Regime and wish to add a new area of specialisation.<sup>2</sup>*

However, we suggest ASIC amend the proposed changes to RG146 to ensure the requirement for existing financial planners changing advice activity is clear and not open to misinterpretation.

## Recommendation:

The FPA recommends ASIC amend paragraph 154 and the Note to paragraph 174 in the proposed updated RG146 to ensure it is clear that an existing planner (who is trained and providing Tier 1 personal advice in Regime A) who changes their advice activities in Regime B or Regime C would not have to upgrade their entire initial qualification.

<sup>2</sup>

Nicole Chew, Lawyer, Financial Advisers, ASIC, 30 August 2013



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## 4. Proposed increase in education level

The FPA supports an increase to training standards and education requirements for financial planners, however the FPA does not believe it is appropriate to mandate an increase in the minimum education level in the absence of a solid framework for financial planner education which clearly shows how all the elements work together to improve financial planner competency. The FPA provides the following comments and in principle recommendations noting that these must be re-assessed following the development of a Financial Planner Education Framework by the Financial Planner Education Working Group, as per the FPA's key recommendation.

The FPA notes ASIC proposal to increase the education level of the minimum training requirements to provide financial advice in two stages from the current AQF5 level (Regime A) to AQF6 by January 2015 (Regime B), and AQF7 by January 2019 (Regime C). This will result in financial planners being trained and operating under a number of different regimes, creating compliance complexity.

Further, the updated RG146 is scheduled to be finalised in April 2014. This would provide existing education providers with eight months to rewrite courses to AQF6 level and have new entrants complete the course at this level, by the January 2015 commencement date. Education providers have indicated to the FPA that this would not be achievable within this timeframe. Importantly, RTOs have to use the competencies developed by the Skills Council, IBSA, and approved by the education regulator. This means that they cannot even start developing courses until they have the approved rules from the regulator which they must adhere to. (ASIC has previously had a LASA staff member as a representative on IBSA during updates of the Financial Services Training Package – ie. The competencies that RTOs can offer.)

Further, the FPA questions the value in increasing the education level to AQF6, which would come at a significant cost to industry and education providers, for a period of effectively one to two years.

An AQF7 level entry requirement for new entrants providing Tier 1 personal advice has the potential to increase the professionalism of the industry, enhance the community standing of the profession, and increase the demand and quality of university course in financial planning. However, raising the education level to AQF7, though supported, does create a number of significant implications for education providers, licensees, and financial planners. These are explained in detail in section 5. *Issues related to moving to AQF7 level.*

While the FPA would prefer a framework which mandates the same education level for both personal and general advice on Tier1 products as it is now at AQF5, we are concerned about the impact raising the education level to AQF7 for general advice on Tier1 products would have on the availability and accessibility of advice for consumers. This would run counter to one of the key elements of the FoFA reforms of "*Expanding the availability of low-cost 'simple advice' to improve access to and affordability of financial advice*". Therefore FPA suggests the education level for general advice on Tier1 products remain at AQF5 level, and general and personal advice on Tier 2 products should not be raised.



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The FPA acknowledges the challenges created by mandating separate training requirements for those providing personal and general advice on Tier1 products. This issue further highlights the complexity of financial planner education and the need to establish a Financial Planner Education Working Group to develop a considered Planner Education Framework.

In addition, the FPA believes there are a number of issues within RG146 and financial planner competencies which will not be fixed by simply raising the education level. Other issues within RG146 must be addressed to deliver enhanced and appropriate training relevant to the provision of quality financial advice. These issues are discussed throughout this submission.

## Recommendations:

The FPA does not support ASIC making a decision on increasing the education level in RG146 prior to the commencement of ongoing consultation via a Financial Planner Education Working Group or similar forum, and the development of a sound framework for financial planner education.

However, the FPA makes the following in-principle recommendations:

1. The FPA supports an increase to financial planner training requirements to enter the financial planning profession.
2. The FPA does not support a two staged approach to increasing the minimum training requirements to enter the financial planning profession.
3. The FPA does not support the proposal to increase the RG146 minimum level requirement to AQF6 in 2015
4. Depending on the outcome of the work of the Financial Planning Working Group, the FPA would support the proposal to increase the minimum training requirement for new entrants providing Tier1 personal advice, straight to AQF7 level – new entrants providing Tier1 personal advice should have a minimum of a degree.
5. RG146 should define a degree requirement for new entrants, not just state an AQF7 level requirement. (This would include a transition graduate course option, ie AQF8-9).
6. If RG146 specifies course requirements this must include quantum or course duration. The FPA recommends ASIC require AQF7 programs to cover its curriculum through a minimum of 8 subjects, with a major in financial planning.
7. There should be no increase to education levels for providers of Tier 2 advice and Tier 1 general advice. Tier 2 advice should remain at CERTIII; and Tier 1 general advice at AQF5 level.
8. Proposed ‘specialist knowledge’ areas should be called “Financial Product Knowledge Areas” and should be required at an appropriate AQF education level. AQF7 should not be applied to all core and Financial Product Knowledge Areas.



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## Commencement date of increased education level

ASIC has proposed to increase the education level to AQF7 by 1 January 2019. However, there are multiple complex issues associated with increasing the education level to AQF7 for new entrants providing Tier1 personal advice, many of which are outside ASIC's control and therefore will take time to address (see section 5. *Issues related with moving to AQF7 level*).

The FPA has an approved degree list of courses that currently meet RG146 at AQF7 or 8 and has total confidence that these could be modified by 2019 to address specific changes. The changes will not affect the university sector as much as the RTO sector that will need to investigate the possibility of changing sectors or creating new articulation arrangements of lower level qualifications as pathways to university qualifications.

However, CP212 states that "*for new advisers, the applicable regime is the one in which they start providing financial product advice*" (paragraph 124). This means that a 2019 start date is really a 2016 start date for full-time students, or for part-time students, as 2014 start date. This does not seem to be fair or reasonable.

If the commencement date was confirmed at January 2019, this would require courses to be available at the AQF7 level or AQF8 level (the AQF states AQF7 courses are commonly 3 to 4 year courses) from July 2016 at the latest. The FPA questions the ability of industry to be prepared to meet these changes within this timeframe (see section 5. *Issues related to moving to AQF7 level* for more detail). This must be considered when determining a commencement date for a one staged increase to AQF7.

### Recommendation:

The FPA recommends that the commencement date to increase to AQF7 education level for new entrants providing Tier1 personal advice should be reviewed by the Financial Planning Education Working Group (FPEWG) as recommended by the FPA



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## 5. Issues related to moving to AQF7 level

### Ensuring AQF7 courses consider RG146

ASIC proposes to increase the minimum training requirement to AQF7 level for initial training for new entrants, and for 'financial product knowledge areas' (specialist knowledge areas) for existing financial planners changing advice activity.

AQF7 level falls under the jurisdiction of the higher education sector who are regulated by the Tertiary Education Quality and Standards Agency (TEQSA). These are in the main universities. TEQSA does not regulate the curriculum (course content) higher education providers offer. Its oversight is limited to ensuring higher education providers put in place and adhere to appropriate processes.

ASIC requirements under RG146 are generally not considered by TEQSA when undertaking accreditation of education providers. Universities on FPA's approved degree list have all taken RG146 very seriously but there are other universities that offer introductory courses that do not adequately cover RG146 requirements.

Education providers have no guidelines as to the level of detail that they need to provide on financial advice knowledge areas that are covered RG146 beyond the items themselves. Terms like "understanding of" can be interpreted very broadly. The result is that a faculty can choose to state that a course covers multiple financial planning knowledge areas even when all knowledge areas are covered in just one subject rather than being more appropriately provided through a number of indepth units of study. There are currently very short courses on the ASIC Training Register in the absence of a defined requirement.

RTOs operate in the vocational education and training (VET) space under the course standards set by the regulator, the Australian Skills Quality Authority (ASQA) (with variations for Victoria and WA). ASQA approves the competencies for RTO course curriculum in financial advice as defined in the IBSA Training Package, which is based on RG146. However, there are no specifications from ASQA or IBSA of what constitutes a sufficient number of competencies in a course.

While RTOs currently develop courses to comply with RG146, RTOs are not permitted to provide courses at the AQF7 level, unless they are also registered with and regulated by TEQSA. However, this kind of dual-regulation is rare as it is not cost-effective.

Some universities would be expected to increase partnerships with articulation from diplomas / advanced diplomas, however, if ASIC ceases to recognise such qualifications it is likely that the RTOs would find it uneconomic to continue to offer such courses. The result of RTOs ceasing to offer these courses would be an absence of authorised assessors in the market as universities will not offer individual assessment.



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If the education level increases to AQF7 level, only universities (and some dual-regulated RTOs) will be able to offer courses for those interested in pursuing a career in financial planning. However, there is currently no process or requirement in place to ensure the courses provided by universities will be RG146 compliant.

We believe that some RTOs may seek to have qualifications defined at an AQF8 level, however this will take some time to achieve.

In the absence of the ASIC Training Register and no requirement for courses at AQF7 level to be RG146 compliant, the FPA questions how a licensee or financial planner will be able to assess whether a course satisfies ASIC's training requirements, or if an individual is appropriately trained. This will result in licensees requiring additional training being undertaken including an independent assessment probably by an RTO provider operating at an AQF8 level, which will increase the cost of provider advice to consumers.

## Recommendation:

The FPA recommends the Financial Planning Education Working Group:

- include representation from the education sector, including education providers, curriculum groups such as IBSA, and regulators.
- work with education providers and regulators to put in place appropriate arrangements to ensure TEQSA and universities develop and assess AQF7 level financial planning courses to meet the requirements of RG146 and the Tax Practitioners Board.

## Determining RG146 compliance at AQF7 level

CP215 proposes to permanently close the ASIC Training Register. Without the training register to provide certainty that a training course completed by a financial planner has been independently assessed as RG146 compliant,, licensees will not have any tools/mechanism by which to assess whether a financial planner competently meets the training requirements of RG146.

Further, universities will not complete any form of individual assessment or provide documentation showing compliance with RG146.

The FPA questions how a licensee can determine whether a financial planner is RG146 compliant without the ASIC Training Register or an individual document from the education provider.

This will more than likely result in licensees' requiring fully trained financial planners to unnecessarily undertake initial training again, at great expense to both the financial planner and licensee. This will impact on the cost of advice.



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This issue will be exacerbated if RG146 only stipulates that training must be undertaken at AQF7 level, and does not stipulate that a degree must be obtained.

Under ASICs proposals in CP212 and CP215, and the current regulation of the education sector, there will be no mechanism for licensees or individuals to tell whether a course will result in the individual meeting the minimum training requirements without having them independently reassessed or to redo training. This will come at great expense and will increase the cost of providing advice to consumers.

## Recommendation:

The FPA recommends the Financial Planner Education Working Group consider and identify an appropriate, streamlined, and transferrable compliance mechanism for inclusion in the Financial Planner Education Framework, to ensure licensee can determine whether a course and an individual is RG146 compliant.

The FPA recommends the Financial Planner Education Working Group consider whether the establishment of a National Financial Planner Register run by ASIC could appropriately fulfil this role and how such a register should operate, for example.

## Accessing ‘financial product knowledge areas’ (specialist knowledge) training for existing planners at AQF7 level

Universities do not offer ‘modular’ style study. There are restrictions on doing just one subject as would be required to undertake a ‘financial product knowledge area’ (specialist knowledge area) when an existing financial planner changes advice activity.

RTO’s are set up to provide a more modular style of learning. However, RTOs cannot operate in the AQF7 space unless they have dual-regulation status.

If an existing financial planner changes advice activity and therefore must undertake ‘financial product knowledge area’ training at the proposed AQF7 minimum level, it would be more likely that a single unit of study on the knowledge area would only be available through an RTO at the AQF8 level.

In addition, these types of roles do not currently require a Degree as a pre-requisite and hence are not benchmarked at this level. This would negatively impact recruitment as these mostly entry level positions would result in higher employment costs for business and have significantly increased barriers to entry for staff, not to mention cancelling out the current career pathways for those who wish to become an adviser.

At both AQF7 and AQF8 level, the minimum study unit would be a full subject. The FPA believes that some of the ‘financial product knowledge areas’ (specialist knowledge areas) proposed in CP212 would not warrant an entire stand alone subject at a degree or graduate level (such as First Home Saver for example). The FPA also does not believe all ‘financial product knowledge areas’ (specialist



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knowledge areas) should be mandated at the minimum AQF7 education level. (These issues are discussed in further detail in section 6. *Knowledge areas*.)

**Recommendation:**

The FPA recommends the Financial Planner Education Working Group consider appropriate and accessible modular style training is available to planners changing an advice activity.



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## 6. Knowledge areas

### Knowledge areas for providing tier 1 personal advice

CP212 details a number of proposed changes to the knowledge area requirements in RG146. ASIC also proposed changes to the education level, which the FPA has suggested (in-principle) could result in different requirements for Tier 1 personal and general advice. And as previously mentioned, the TPB and Treasury have both consulted on separate course requirements for financial planners.

The development of knowledge area requirements in RG146 cannot be done in isolation of these other proposals. For example, the course structure and type of learning is very different and has a greater content capacity at an AQF7 level compared to AQF5 level. Universities commonly take a holistic approach to a course, with subjects interrelated. The knowledge requirements must be developed to align with education approach of the relevant AQF level. This could therefore mean different knowledge areas for Tier 1 personal advice and Tier 1 general advice if different education levels apply.

However, there are often “grey” areas between personal and general advice which means financial planners can inadvertently cross the line between the two. Alignment of training requirements can serve to alleviate these grey areas.

Hypothetically, if the education was increased to AQF7, and the degrees offered covered all relevant and appropriate knowledge areas in an 8 to 12 subject study program, it could be assumed that a graduate of such a course would be trained and competent in all the knowledge areas within RG146, including both core knowledge areas and ‘financial product knowledge areas’ (specialist knowledge).

Once authorised and providing advice to consumers, this individual would be subject to CPD and ongoing licensee training requirements. This raises the question as to whether RG146 ‘financial product knowledge areas’ would be relevant for new entrants who have undertaken initial training at the AQF7 level and later ‘change advice activity’.

However, it may still be necessary and appropriate for RG146 to include ‘financial product knowledge areas’ for existing financial planners who had completed initial training under an earlier regime. This would also potentially create separate training requirements for this group of financial planners, adding to the complexity of compliance.

This highlights the complexity of this issue and the need to ensure the knowledge areas are developed by the Financial Planner Education Working Group under a considered framework for financial planner education.

In the absence of such a framework, the FPA therefore provides high level feedback only on the knowledge areas prosed in CP212.



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In summary, the FPA believes:

- ASIC should consider the terminology it uses in RG146. For knowledge areas, the FPA suggest 'core' and 'financial product knowledge areas' should be used.
- Financial planning should not be seen as a product or a separate piece of knowledge (as it is in CP212). Financial planning must be one of 6 (minimum) core knowledge areas. Individuals should not be permitted to be authorised to provide tier 1 personal advice without appropriately satisfying all 6 core knowledge areas. Financial planning itself must be a core knowledge area.
- RG146 must identify appropriate core knowledge areas essential to providing personal advice. These must be compulsory learning at degree level in order to provide personal advice and be called a financial planner / adviser.
- 'Financial product knowledge areas' (specialisation knowledge areas), or electives, must be developed to complement the core knowledge requirements and reflect the advice services financial planners provide to consumers.
- ASIC should not include extra knowledge areas 'shoe-horned' into RG146 without considering what is relevant and without removing out dated requirements. This results in vital elements being squeezed out.
- Some 'financial product knowledge areas' should be combined with other knowledge areas rather than stand alone. This would streamline record keeping and monitoring as well as creating a more appropriate learning design.
- A blanket approach to the education level should not be applied to all 'Financial product knowledge areas' (specialist knowledge areas). Each 'financial product knowledge areas' should be assessed on its complexity and the appropriate education level applied.

At a high level, the FPA provides the following example for consideration:

Knowledge Area	Core OR Financial product knowledge area (elective)	AQF level	Duration (min hours)
Economic environment and financial services regulation	Core	7	39hrs of contact time and 120 hrs of non contact time.
Financial Planning	Core	7	39hrs of contact time and 120 hrs of non contact time.
Deposit Products and FHSA	Core	Cert III	
Taxation	Core	7	39hrs of contact time and 120 hrs of non contact time.
Securities, managed investments and margin lending	Core	7	39hrs of contact time and 120 hrs of non contact time.



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Superannuation and retirement planning	Core	7	39hrs of contact time and 120 hrs of non contact time.
Insurance – general / life	Core	7	39hrs of contact time and 120 hrs of non contact time.
Derivatives	Elective	7	39hrs of contact time and 120 hrs of non contact time.
Foreign Exchange	Elective	5	39hrs of contact time and 120 hrs of non contact time.
Regulated emissions units	Elective	5	39hrs of contact time and 120 hrs of non contact time.

(Note: Commercial Law should also be considered as a core knowledge area if required by the TPB.)

However, the detailed FPEC National Curriculum provides an example of how this could be achieved at an AQF7 level which could be helpful for the development of a Financial Planner Education Framework by the Financial Planner Education Working Group. FPEC requires degree programs to cover its curriculum through a minimum of 8 subjects, with a major in financial planning. (Attachment 1 details the National Financial Planning Curriculum.) A number of universities across Australia have designed and are currently offering courses based on this curriculum.

## Recommendation:

The FPA recommends

- knowledge areas be developed by the Financial Planning Education Working Group as part of the development of a considered framework for financial planner education.
- the Financial Planner Education Working Group consider FPEC Higher Education Curriculum and Accreditation Framework in Financial Planning as part of the framework for planner education.

## Quantum / course duration

CP212 does not articulate the quantum, duration, or level of detail required for each knowledge area or for a training program that covers the requirements of RG146 at the proposed higher AQF levels. The quantum or duration of a course is vital in ascertaining the depth of knowledge the training must offer on each required topic area.



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Without an appropriate duration requirement set for each knowledge area, or group of knowledge areas, ASIC's objective of increasing financial planner competency will likely fail to be realised. The FPA notes ASIC's reluctance to set a duration in RG146 as the Regulator has advised the FPA that this is a role for the education regulators. As previously explained, by setting training standards and knowledge and skill requirements, ASIC is operating in this education regulator space. The FPA would also argue that ensuring adequate coverage of RG146 in a course can only be achieved by mandating duration against the knowledge areas in the regulatory guide that stipulates these training standards. This is a fundamental issue with the current structure of RG146 that undermines its effectiveness.

As the higher education regulator, TEQSA, does not regulate the course curriculum, any duration requirements set by TEQSA will be for the entire course and will not be linked to the knowledge areas in RG146. This creates a risk that RG146 knowledge requirements becoming course add-ons and not core course requirements.

The absence of a stated duration leaves it open to each education provider to determine the amount of teaching and learning time allocated to each, or all, of the RG146 required knowledge areas. For example, whether a one semester subject will be allocated to superannuation; or whether the provider will cover all the knowledge areas in one single subject.

The FPA notes that the Australian Qualifications Framework states that the volume of learning at the AQF7 level "is typically 3 to 4 years". However, this duration guide applies to the whole course and is not applied in anyway to the knowledge requirements of RG146. That is, the curriculum of a degree course may be designed to be taught over a four year period, however, the education provider may choose to cover all the RG146 knowledge areas in a one semester subject. This will impact on the quality of the learning outcomes in the RG146 knowledge areas.

As part of its National Accreditation and Curriculum Framework, FPEC developed duration requirements to deliver appropriate learning outcomes for a degree course in financial planning.

## Recommendation:

The FPA recommends the Financial Planner Education Working Group consider the duration requirements of the FPEC Higher Education Curriculum and Accreditation Framework in Financial Planning as part of the framework for planner education.

The FPEC Higher Education Curriculum and Accreditation Framework in Financial Planning recommends a minimum of eight subjects should be required to adequately address the core knowledge areas at AQF7 level, with the following course duration:

- Each core curriculum body of knowledge should be regarded as being *equivalent* to a typical university unit of study. They do not require that the curriculum is delivered as 8 discrete units of study, and each core body of knowledge may be integrated across a range of units within a program.
- However, each core body of knowledge should be delivered as the *equivalent* of



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approximately 39 hrs of contact time and 120 hrs of non contact time.

- It is expected that the total core curriculum would be over 300 hrs contact time and 960 hrs of non contact time.

## Change of advice activity

CP212 defines 'change of advice activity' as:

*A change in the type of financial product advice provided or the financial products advised upon which requires additional training*

Under this definition and in CP212 generally, it is unclear as to what the 'triggers' are that indicate a change in advice activity. For example, is it when advice touches on a new advice area? Or when a financial planner moves to a new licensee with different authorisations? Equally, if a financial planner has studied the specialisation in the past, but has not been authorised to provide advice in that area, does the financial planner have to undertake the training again?

The FPA seeks clarity in this regard and suggests examples may also be helpful.

### Recommendation:

The FPA recommends ASIC clearly identify the points at which a change in advice activity has occurred, and provide examples of such triggers.

## Integrated learning

Some universities currently offer financial planning Degree courses through an integrated learning program. This requires students to undertake 2 years of full-time study followed by one year of relevant work experience, then an additional year of full-time study.

Should the RG146 minimum training requirement be increased to an AQF7 or degree level, it is unclear as to whether RG146 would permit students to undertake work experience prior to completing a full degree. That is, would a student be permitted to undertake the appropriate work experience required by the university in the middle of a degree and therefore prior to becoming RG146 compliant?

This is also a concern when considering the proposed registration requirements of the TPB.

### Recommendation:

RG146 should be flexible to allow integrated learning programs to operate (ie combined study / work programs). The role of work experience in future AQF7 level courses must be considered.



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## CP153

CP212 states that if implemented, a national exam would be based on the amended training standards in the updated RG146, and that it may replace any obligation to do a training course for adviser of Tier 1 products. That is, that private study to pass the exam would be accepted.

The FPA does not support a national exam, especially one that will obviate the need to undertake a formal course of study to provide financial advice. Where an entry exam requirement exists, formal study to undertake an entry exam is a fundamental and common requirement for entry into professional life, such as the legal profession.

### Recommendation:

The Financial Planning Education Working Group (FPEWG) should consider the need or merit of a National Entry Exam as part of its consideration into a national framework for financial planner education.



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## 7. RG215 and its impact on CP212 proposals

The FPA welcomes the fact that ASIC has taken on board some of our recommendations in developing RG215 beyond the draft class order it proposed in January 2013. In particular, the assurance of the retention of the existing register does alleviate some concern about an immediate panic from licensees.

The challenge of CP215 is that it is in conflict with ASIC's CP212. Under these two consultation papers, ASIC is concurrently re-setting educational requirements (with far reaching implications) and assigning the regulation of those requirements to organisations that do not have the responsibility to enforce them.

As previously mentioned, there is no regulator with a mandate over the curriculum at the AQF7 level. TEQSA does not mandate the curriculum; it manages process. The vocational education regulators listed in CP215 also do not set the curriculum – it is the Industry Skills Council (in this case Innovation and Business Skills Australia) who sets the requirements of the curriculum. As IBSA regulates the curriculum in the VET space at AQF5, 6, and 8 level (not AQF7), it could create guidance for postgraduate VET training. However, currently only a tiny proportion of RTOs offer postgraduate qualifications of their own curriculum design.

In the absence of any curriculum accreditation, together with the absence of guidance on the volume of learning required, there will be a growing disparity between course providers. The result will be a growing vacuum of responsibility and hence confusion in the marketplace. There will also be fragmentation of information as to what courses are available.

When RG146 was implemented the impact was felt gradually. The impact of the loss of the register is only being felt as people discover that the register is out of date. Individuals do not discover the changes until after they have studied, which is often too late.

It is imperative that the impact of CP212 is considered with respect to CP215. CP212 has the potential to remove most of the education market in financial advice (ie the RTO market space). The consequence would be the removal of the majority of assessors of individuals as it is only RTOs that provide assessment of current competency.

### Who matches against ASIC's requirements in the absence of ASIC and the register?

The FPA notes ASIC's statements in item 23, that "we are not the regulator of training courses in Australia and that is not our role and function". ASIC lists the regulators of education without identifying that there is no regulation of the *curriculum* at the university sector and therefore no common test against RG146.

It is ASIC, through CP212 (and IPS146, PS146 and RG146) that has defined the curriculum and is seeking to modify it.



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At the university level, there can be one single introductory subject in wealth management that mentions all the requisite ASIC areas. At the other end of the spectrum, there can be a Masters degree that comprehensively covers a wide range of the ASIC areas.

At the vocational level, IBSA defines the competencies and qualifications. IBSA works to ensure that the ASIC requirements are integrated within its set competencies. At the university (TEQSA) level, there is NO mandated curriculum. The FPA, through the Financial Planning Education Council (FPEC) has defined a foundation body of knowledge and audits against this list. But this does not attempt to cover all the specialties listed in RG146.

This raises the question – Who will match against ASIC's requirements in the absence of ASIC and the ASIC Training Register? This again highlights the lack of a solid framework for financial planner education detailing all the essential components needed to work together to achieve ASIC's objective to improve financial planner training. One part cannot work without the other parts.

## What is the proposed written certification?

ASIC says it plans to provide guidance as to how authorised assessors will provide written certification to students of training courses.

At the vocational education (VET) end of the spectrum, the legal documents issued are the testamur (the qualification if completed) and a Statement of Attainment and/or Transcript of competencies that list the specific competencies that have been attained. Since 2003 there have been various ways that RTOs have tried to provide information relating to ASIC requirements which has been complicated where only parts of a competency are completed (for example, knowledge without skills to satisfy the requirements of general advice) there has been no standardised way to document this. As education regulators have tightened their requirements for documentation, there has been an increased use of a separate document that has no legal status.

ASIC has said that there are procedures in place for reissuing documentation, including for closures of RTOs. While recognising this, our experience as an ex-RTO has been that, having transferred the data to the education regulator for the period when we were an RTO, we have had to send this repeatedly as the regulator did not understand the ASIC requirements (and lost all the records twice). If we had left the industry, those past students would have been left with nowhere to turn to verify their studies or obtain the relevant documentation.

There is even less assurance of universities providing ASIC-specific data on courses. Universities provide transcripts and testamurs and can re-issue these as needed. Documentation relating to financial services requirements is never provided on an individual basis. At best, universities will provide a document that provides a table showing which subjects match to which ASIC requirements. This is much less likely to be available for discontinued courses.



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The key difference is scale. Most RTOs operate on a much smaller scale than a university. This means that RTOs would be able to provide whatever documentation is prescribed by ASIC while universities have processes at the documentation level that have to be consistent on a much grander scale.

While agreeing that universities currently have systems to issue and reissue testamurs and transcripts, we have serious concerns that the university sector will be unable and/or unwilling to issue specific certification relating to ASIC's specific requirements for compliance purposes.

## Who will provide assessment of current competency on an individual basis?

ASIC proposes that authorised assessors will be universities, RTO and professional associations. At the time of writing, there is no financial planning specific professional association that is an authorised assessor as the requirements currently exceed the requirements for an RTO or university. CP212 proposes moving all Tier 1 advice education to AQF7, effectively stopping the majority of RTOs from offering education. If an RTO is not able to offer courses, it will not have staff, let alone expertise, able to offer assessment of current competency. Universities do not offer assessment of current competency. The result will likely see a significant shortage and decline in the number of authorised assessors.

We welcome the fact that a professional association can, once again, become an authorised assessor but would seek clear guidance as to the application process and requirements. The existing requirements are more onerous than for the education providers, eg a requirement to assess current competency. This is not a requirement for a university department that assigns ASIC accreditation to a single part-time lecturer. However, even if a professional association took on this role, there is no single association that covers the full gamut of RG146.

In January, we noted that the number of authorised assessors would mushroom to include all universities. We are now very conscious that these will not do assessments of individuals and the potential closure of all VET courses at AQF5 and 6 will result in a massive diminution.

## Appeals process

ASIC would appear to be an advocate of an appeals process in any registration system.

CP215 leaves an individual who has completed a course of study in good faith with no appeal process if a university is unable to provide the appropriate documentation. The problem is more common at the university level as a person may complete a qualification that does cover ASIC's requirements and only decide to enter financial planning specifically at a later time. Even if a university has extra supplementary documentation available at the time of study relating to ASIC's needs, such extra documents are even less likely to be available a few years later.



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## Solutions to CP215

The above issues again serve to highlight the complexity of financial planner education and the need for a sound framework which considers and address all issues and brings all components together to deliver on ASIC's objective.

### Recommendation:

The FPA reiterates our key recommendation of the formation of a Financial Planner Education Working Group to develop a considered framework for financial planner education. This must include the assessment of courses against RG146 requirements, and ensure RG146 compliance mechanisms are available for individuals and licensees.

# CP212 & CP215: Response to Questions

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## FPA response to ASIC's list of proposals and questions – CP212

The FPA reiterates our key recommendation of the formation of a Financial Planner Education Working Group to develop a considered framework for financial planner education. All decisions regarding the requirements in RG146 should be put on hold until a framework is developed and RG146 can be considered in the context of the framework.

### Generic knowledge

Proposal	Feedback question	Response
B1 We propose to: (a) make all the generic knowledge topics in the draft updated Table A1 'Generic knowledge' in Appendix A mandatory for advisers undertaking training under Regime B and Regime C who provide general advice and personal advice on Tier 1 products, although the level of detail required will vary; and (b) introduce for Regime B and Regime C an additional sub-topic under the topic 'The economic	B1Q1 Do you agree that knowledge of all topics in generic knowledge should be mandatory for advisers undertaking training under Regime B and Regime C who provide general advice and personal advice on Tier 1 products? If not, why not?	<p>Broadening the level of study is applauded. However, the FPA believe the development of knowledge area requirements in RG146 cannot be done in isolation of other CP212 proposals, particularly the education level. The knowledge requirements must be developed to align with education approach of the relevant AQF level. This could therefore mean different knowledge areas for Tier1 personal advice and Tier1 general advice if different education levels apply.</p> <p>This issue is complex and the knowledge areas must be appropriately developed by the Financial Planner Education Working Group under a considered framework for financial planner education.</p> <p>The FPA believes the following must be considered core knowledge areas for those providing tier1 personal advice:</p> <ul style="list-style-type: none"><li>• Economic environment and financial services regulation</li><li>• Financial Planning</li><li>• Deposit Products and FHSA</li><li>• Taxation</li><li>• Securities, managed investments and margin lending</li><li>• Superannuation and retirement planning</li><li>• Insurance – general / life</li></ul> <p>Quantum or course duration must also be set in RG146 to ensure the knowledge areas are covered in</p>

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<p>environment' and introduce the following 12 new topics:</p> <ul style="list-style-type: none"><li>(i) 'Financial structures and their taxation implications';</li><li>(ii) 'Demographic trends and their impact on markets over the long term';</li><li>(iii) 'Concepts in behavioural economics';</li><li>(iv) 'Budgeting';</li><li>(v) 'Risk profiling/risk tolerance';</li><li>(vi) 'Life stages and their characteristics';</li><li>(vii) 'Life events and their characteristic'</li></ul>	<p>B1Q2 Do you agree with our proposed changes to the topics for generic knowledge? If not, why not?</p>	<p>appropriate depth.</p> <p>We are receiving contradictory forms of guidance in CP212 (echoing RG146). On the one hand, we are seeking to mandate new areas of learning such as in the generic area, while other areas appear to allow flexibility to limit learning to a very narrow range, such as in Managed Investments which does not mandate a range of different types of managed investment but rather gives examples of the type of coverage that should be done.</p> <p>This reflects the history of RG146 which was originally about ensuring the learning was relevant to the advice covered and which has moved to become the basis of formal qualifications and recognition that is transportable between roles.</p> <p>Please also see our comments above to question B1Q1.</p> <p>B1Q3 Do you think it is appropriate for 'financial structures and their taxation implications' and 'awareness of taxation' to be included as new topics, given that it is proposed that the Tax Agents Services Act 2009 and relevant regulations will apply to advisers who provide tax (financial) advice services?</p> <p>There must be documented a clear alignment of the TPB and ASIC course requirements.</p> <p>While noting ASIC's statements that the TPB requirements do not apply to all advisers, it would be more forward looking to have a joint specification. As the requirements are setting the curriculum basis for qualifications at the proposed AQF 6 or 7 levels, it is essential that these qualify people for entry into a range of roles with a solid foundation for a career.</p> <p>RG146 should clearly state that a course that meets these requirements will also meet the taxation course requirements set by the TPB. Also, the ASIC requirements should show that those who have covered the TPB requirements in this area have satisfied these RG146 elements.</p> <p>Alternatively, ASIC could consider mandating the education requirements of the TPB for all advisers of Tier 1 level advice, applicable from Regime C, for example.</p>
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<p>consequences';</p> <p>(viii) 'Awareness of taxation';</p> <p>(ix) 'Ethics';</p> <p>(x) 'High-level knowledge of social security regulations, provisions and legislation';</p> <p>(xi) 'High-level knowledge of the relevant legislation as it applies to trusts and self-managed superannuation funds'; and</p> <p>(xii) 'Complaint processes and agencies'.</p>	<p>B1Q4 Do you think knowledge of the additional topics in generic knowledge should only apply to advisers undertaking training under Regime B and Regime C who provide personal advice on Tier 1 products? (This would mean there would be no change to the generic knowledge requirements for advisers who only provide general advice in this area.) If yes, please provide reasons.</p>	<p>CP212 details a number of proposed changes to the knowledge area requirements in RG146. ASIC also proposed changes to the education level, which the FPA has suggested (in-principle) could result in different requirements for Tier1 personal and general advice. And as previously mentioned, the TPB and Treasury have both consulted on separate course requirements for financial planners.</p> <p>The development of knowledge area requirements in RG146 cannot be done in isolation of these other proposals. For example, the course structure and type of learning is very different and has a greater content capacity at an AQF7 level compared to AQF5 level. Universities commonly take a holistic approach to a course, with subjects interrelated. The knowledge requirements must be developed to align with education approach of the relevant AQF level. This could therefore mean different knowledge areas for Tier1 personal advice and Tier1 general advice if different education levels apply.</p> <p>This highlights the complexity of this issue and the need to ensure the knowledge areas are developed by the Financial Planner Education Working Group under a considered framework for financial planner education.</p>
	<p>B1Q5 Are there any additional generic knowledge topics we should include? If yes, please describe them.</p>	<p>This issue is complex and the knowledge areas must be appropriately developed by the Financial Planner Education Working Group under a considered framework for financial planner education.</p> <p>The FPA believes the following must be considered core knowledge areas for those providing tier1 personal advice:</p> <ul style="list-style-type: none"> <li>• Economic environment and financial services regulation</li> <li>• Financial Planning</li> <li>• Deposit Products and FHSA</li> <li>• Taxation</li> <li>• Securities, managed investments and margin lending</li> <li>• Superannuation and retirement planning</li> <li>• Insurance – general / life</li> </ul> <p>Quantum or course duration must also be set in RG146 to ensure the knowledge areas are covered in appropriate depth.</p>

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	<p>B1Q6 Do you anticipate any practical difficulties that would result from complying with the proposed additional generic knowledge requirements? If yes, please provide details.</p> <p>Yes. As long as the requirements for planner education are specified in a piecemeal approach, the tracking required for compliance purposes is monstrous, particular when the same planner is assessed against the initial requirements on multiple occasions, rather than being assessed once against the initial training requirement and then against the ongoing training requirements, as should be the case.</p> <p>It is difficult to address the change in generic requirements in isolation from the context of a course. CP212 is recommending changing the level of the course delivery (the AQF level) and it is this impact that provides the practical difficulties more so than the specifics of the changes. The issues associated with the proposed change in the education level are discussed in detail in section 5. <i>Issues related to moving to AQF7 level</i> of the FPA submission.</p> <p>Completion of generic knowledge on its own would not result in a Statement of Attainment or any level of compliance. Education providers do not necessarily deliver the generic knowledge requirements as a single learning module. It is normally integrated with other parts of the course being offered. While ASIC's topic list could be superficially covered quickly, it is more likely to be integrated across a wide range of units. Many of these topics would already exist in many courses.</p> <p>Consequently, the practical difficulties of changing the generic requirements are difficult to separate from the overall changes.</p> <p>From a course development perspective, it is important to recognise the <b>time</b> required to change courses. The current version of the curriculum that applies to Vocational Education (TAFE and RTOs) is the Financial Services Training Package FNS10. It did not change over on a single date. RTOs had a window of time when it changed and the qualification codes indicate which version applied to each individual. Even if a new version of the training package was released at April 2014, there would be a time delay before all courses were updated. This is particularly so if the level of the new course was increased to AQF6.</p> <p>It would be possible for education providers to update their courses within the existing training package but there would be no consistent way to identify which version was which.</p> <p>The biggest practical difficulty comes in the application to an individual adviser who has started, but not finished, a course prior to a changeover date. Quality education programs are not delivered neatly in discrete calendar years. Programs are delivered over a series of time periods and program deliverers "teach</p>
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	<p>out" students in one program.</p> <p>The requirements must apply to the course rather than the individual.</p> <p>However, if the education level were raised to AQF7 level, these practical difficulties would be exemplified (see section 5. Issues related to moving to AQF7 level for further details).</p>
B1Q7 Do you consider that the proposed changes to the topics for generic knowledge will affect the quality of advice consumers receive? If so, please provide details, both positive and negative.	<p>Simply adding a list of topics will not, in itself, affect the quality of advice. There is a need to identify the amount of learning that needs to apply. This is true particularly at the university level where we are aware of one or two subjects purporting to cover the whole of RG146. There must be a test of the quantity of study completed and would recommend that this is over a course.</p> <p>CP212 does not articulate the quantum, duration, or level of detail required for each knowledge area or for a training program that covers the requirements of RG146 at the proposed higher AQF levels. The quantum or duration of a course is vital in ascertaining the depth of knowledge the training must offer on each required topic area.</p> <p>The FPA notes that the Australian Qualifications Framework states that the volume of learning at the AQF7 level "is typically 3 to 4 years". However, this duration guide applies to the whole course and is not applied in anyway to the knowledge requirements of RG146. That is, the curriculum of a degree course may be designed to be taught over a four year period, however, the education provider may choose to cover all the RG146 knowledge areas in a one semester subject. This will impact on the quality of the learning outcomes in the RG146 knowledge areas.</p> <p>As the higher education regulator, TEQSA, does not regulate the course curriculum, any duration requirements set by TEQSA will be for the entire course and will not be linked to the knowledge areas in RG146. This creates a risk that RG146 knowledge requirements becoming course add-ons and not core course requirements.</p> <p>Without an appropriate duration requirement set for each knowledge area, or group of knowledge areas, ASIC's objective of increasing planner competency will not be realised. Ensuring adequate coverage of RG146 in a course can only be achieved by mandating duration against the knowledge areas in the</p>

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		<p>regulatory guide that stipulates these training standards. This is a fundamental issue with the current structure of RG146 that undermines its effectiveness.</p> <p>As part of its National Accreditation and Curriculum Framework, FPEC developed duration requirements to deliver appropriate learning outcomes for a degree course in financial planning.</p> <p>Quantum must be considered as a key principle to delivering long-term improvements, by the Financial Planner Education Working Group when developing a considered framework for financial planner education.</p>
	B1Q8 Do you consider that the proposed changes to the topics for generic knowledge will impose additional costs on advisers and AFS licensees? Please provide specific details.	

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## Specialist Knowledge Financial Planning

FPA recommends ASIC should consider the terminology it uses in RG146 and suggest 'core' and 'financial product knowledge areas' should be used.

Proposal	Feedback question	Response
B2 We propose to include the following additional topics in the financial planning specialist knowledge requirements for Regime B and Regime C:  (a) 'Detailed knowledge of social security'; and (b) 'Providing financial advice to older Australians'.  We propose that the additional topics will apply to both general and personal advice. See draft updated Table A2.1	B2Q1 Do you agree with these proposed additional topics? If not, why not?	<p>Financial planning should not be seen as a product or a separate piece of knowledge (as it is in CP212). Financial planning must be one of 6 (minimum) core knowledge areas. Individuals should not be permitted to be authorised to provide tier 1 personal advice without appropriately satisfying all 6 core knowledge areas. Financial planning itself must be a core knowledge area.</p> <p>These proposals do not go far enough to meet the consumer needs for financial planning. The concept that a person can be compliant to give financial planning advice without being able to give advice in superannuation, life insurance and managed investments is inappropriate.</p> <p>Table 4 after RG146.53 provides examples of knowledge and skill requirements. It suggests that a planner needs both financial planning and superannuation, with extra areas if they advise in those products. This should not be an example. It should be mandatory. Advising on superannuation without life insurance is unwise (and would suggest big risks with switching advice) and is also too limited if the investments held within superannuation cannot be discussed.</p> <p>This difficulty has existed from the first implementation of IPS146 when financial planning was treated as just another product. Financial planning is an umbrella skill that brings together a wide range of overlapping knowledge.</p> <p>Knowledge of social security and issues relating to older Australians are effectively inside the superannuation area now, though it would be fine to make them more explicit at that point.</p> <p>Further, the FPA believe the development of knowledge area requirements in RG146 cannot be done in isolation of other CP212 proposals, particularly the education level. The knowledge requirements must be developed to align with education approach of the relevant AQF level. This could therefore mean different knowledge areas for Tier1 personal advice and Tier1 general advice if different education levels apply.</p> <p>This issue is complex and the knowledge areas must be appropriately developed by the Financial Planner Education Working Group under a considered framework for financial planner education.</p>

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	<p>B2Q2 Do you think that the proposed additional topics should only apply to advisers undertaking training under Regime B and Regime C who provide personal advice in financial planning? (This would mean there would be no change to the financial planning specialist knowledge requirements for advisers who only provide general advice in this area.) If yes, please provide reasons.</p>	<p>CP212 details a number of proposed changes to the knowledge area requirements in RG146. ASIC also proposed changes to the education level, which the FPA has suggested (in-principle) could result in different requirements for Tier1 personal and general advice. And as previously mentioned, the TPB and Treasury have both consulted on separate course requirements for financial planners.</p> <p>The development of knowledge area requirements in RG146 cannot be done in isolation of these other proposals. For example, the course structure and type of learning is very different and has a greater content capacity at an AQF7 level compared to AQF5 level. Universities commonly take a holistic approach to a course, with subjects interrelated. The knowledge requirements must be developed to align with education approach of the relevant AQF level. This could therefore mean different knowledge areas for Tier1 personal advice and Tier1 general advice if different education levels apply.</p> <p>Further, financial planning should not be seen as a product or a separate piece of knowledge (as it is in CP212). Financial planning must be one of 6 (minimum) core knowledge areas. Financial planning itself must be a core knowledge area.</p> <p>This highlights the complexity of this issue and the need to ensure all the knowledge areas are developed by the Financial Planner Education Working Group under a considered framework for financial planner education.</p>
	<p>B2Q3 Do you consider that there are any practical difficulties with complying with these proposed additional requirements? If yes, please provide details.</p>	<p>There could be implementation issues depending on the commencement date.</p>
	<p>B2Q4 Are there any other topics we should include in 'Financial planning (specialist knowledge)'? If yes, please describe them.</p>	<p>Financial planning should not be seen as a product or a separate piece of knowledge (as it is in CP212). Financial planning must be one of 6 (minimum) core knowledge areas. Financial planning itself must be a core knowledge area. All the knowledge areas should be developed by the Financial Planner Education Working Group under a considered framework for financial planner education.</p>
	<p>B2Q5 Do you consider that the proposed changes to the financial planning specialist</p>	<p>Simply adding a list of topics will not, in itself, affect the quality of advice. There is a need to identify the amount of learning that needs to apply. This is true particularly at the university level where we are aware of one or two subjects purporting to cover the whole of RG146. There must be a test of the quantity of study</p>

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	<p>knowledge requirements will affect the quality of advice consumers receive? If so, please provide details, both positive and negative.</p>	<p>completed and would recommend that this is over a course.</p> <p>CP212 does not articulate the quantum, duration, or level of detail required for each knowledge area or for a training program that covers the requirements of RG146 at the proposed higher AQF levels. The quantum or duration of a course is vital in ascertaining the depth of knowledge the training must offer on each required topic area. This will impact on the quality of the learning outcomes in the RG146 knowledge areas.</p> <p>Without an appropriate duration requirement set for each knowledge area, or group of knowledge areas, ASIC's objective of increasing planner competency will not be realised. Ensuring adequate coverage of RG146 in a course can only be achieved by mandating duration against the knowledge areas in the regulatory guide that stipulates these training standards. This is a fundamental issue with the current structure of RG146 that undermines its effectiveness.</p> <p>Quantum must be considered as a key principle to delivering long-term improvements, by the Financial Planner Education Working Group when developing a considered framework for financial planner education.</p>
	<p>B2Q6 Do you consider that the proposed changes to the financial planning specialist knowledge requirements will impose additional costs on advisers and AFS licensees? Please provide specific details.</p>	

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## Specialist knowledge: Securities

Proposal	Feedback question	Response
B3 We propose to include the sub-topic 'Portfolio construction' under the topic 'Theories of investment, portfolio management, and management of investment and risk' in the securities markets specialist knowledge requirements for Regime B and Regime C.  We propose that the additional sub-topic will apply to both general and personal advice. See draft updated Table A2.2 'Securities markets (specialist knowledge)' in Appendix A.	B3Q1 Do you agree with this proposed additional sub-topic? If not, why not?  B3Q2 Do you think that the additional proposed sub-topic should only apply to advisers undertaking training under Regime B and Regime C who provide personal advice on securities?(This would mean there would be no change to the securities markets specialist knowledge requirements for advisers who only provide general advice in this area.) If yes, please provide reasons.	The importance of portfolio construction in the overall risk-return outcome for the client. However, due to the significant issues associated with the package of proposed changes in CP212, the FPA recommends all knowledge areas be considered and undergo further consultation following the developments of a financial planner education framework developed by the Financial Planner Education Working Group.  The development of knowledge area requirements in RG146 cannot be done in isolation of other proposals in CP212 and by the TPB. For example, the course structure and type of learning is very different and has a greater content capacity at an AQF7 level compared to AQF5 level. The knowledge requirements must be developed to align with education approach of the relevant AQF level. This could therefore mean different knowledge areas for Tier1 personal advice and Tier1 general advice if different education levels apply.  However, there is often a "grey" area between personal and general advice which means advisers can inadvertently cross the line between the two. Alignment of training requirements may alleviate the grey areas.  This highlights the complexity of this issue and the need to ensure all the knowledge areas are developed by the Financial Planner Education Working Group under a considered framework for financial planner education.

# CP212 & CP215: Response to Questions

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	<p>B3Q3 Do you consider that there are any practical difficulties with complying with this proposed additional requirement? If yes, please provide details.</p>	Provided the training programs available in the market place are updated accordingly and offered at cost effective prices, as otherwise planners may need to pass on additional costs to consumers which is an undesirable outcome. It is important however that 'gap training' is available which allows an individual, where appropriate, to update their qualifications/competencies in the area(s) they are deficient.
	<p>B3Q4 Are there any other topic areas we should include in 'Securities markets (specialist knowledge)'? If yes, please describe them.</p>	
	<p>B3Q5 Do you consider that the proposed changes to the securities market specialist knowledge requirements will affect the quality of advice consumers receive? If so, please provide details, both positive and negative.</p>	<p>Simply adding a list of topics will not, in itself, affect the quality of advice. There is a need to identify the amount of learning that needs to apply. This is true particularly at the university level where we are aware of one or two subjects purporting to cover the whole of RG146. There must be a test of the quantity of study completed and would recommend that this is over a course.</p> <p>This is a fundamental issue with the current structure of RG146 that undermines its effectiveness.</p> <p>Quantum must be considered as a key principle to delivering long-term improvements, by the Financial Planner Education Working Group when developing a considered framework for financial planner education.</p>
	<p>B3Q6 Do you consider that the proposed changes to the securities market specialist knowledge requirements will impose additional costs on advisers and AFS licensees? Please provide specific details.</p>	<p>This is dependent on the other proposals in CP212 and cannot be answered in isolation.</p>

# CP212 & CP215: Response to Questions

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## Specialist knowledge: Superannuation

Proposal	Feedback question	Response
B4 We propose to include the following additional sub-topics in the superannuation specialist knowledge requirements for Regime B and Regime C:(a) under the topic 'Operation and management of the superannuation industry', we propose to add the sub-topics 'Transition-to	B4Q1 Do you agree with these proposed additional sub-topics? If not, why not?	<p>We are concerned that CP212 proposes to add new topics with no apparent review as to whether existing topics are still relevant, common, and appropriate to be included. For example:</p> <ul style="list-style-type: none"><li>• defined contribution</li><li>• RBLs should be deleted</li><li>• In 2013, the question of super surcharge is very rare and should be removed.</li></ul> <p>It should also be noted that there are taxation issues for each of the items proposed which need to be explored within the 'taxation' component of this specialist area. There are also compliance related issues particularly with respect to the "structuring of superannuation" element.</p> <p>Again, the knowledge areas should be considered under a framework for planner education by the Financial Planner Education Working Group.</p>

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<p>retirement products', 'Structuring for superannuation' and 'Defined contribution and defined benefit funds/arrangements'; and (b) under the topic 'Legal environment—disclosure and compliance', we propose to add the sub-topic 'Benefits and risks of certain superannuation structures'. We propose that the additional sub-topics will apply to both general and personal advice.</p>	<p>B4Q2 Do you think that the proposed additional sub-topics should only apply to advisers undertaking training under Regime B and Regime C who provide personal advice on superannuation? (This would mean there would be no change to the superannuation specialist knowledge requirements for advisers who only provide general advice in this area.) If yes, please provide reasons.</p>	<p>Superannuation is a common area for the provision of general advice. However, advisers requiring this knowledge are likely to have gained it through independent or Licensee provided study and experience. The FPA also questions whether these topics should be contained within the core knowledge areas, however this would be dependent on the education level requirement. The development of knowledge area requirements in RG146 cannot be done in isolation of other proposals in CP212 and by the TPB. For example, the course structure and type of learning is very different and has a greater content capacity at an AQF7 level compared to AQF5 level. The knowledge requirements must be developed to align with education approach of the relevant AQF level. This could therefore mean different knowledge areas for Tier1 personal advice and Tier1 general advice if different education levels apply.</p> <p>However, there is often a "grey" area between personal and general advice which means advisers can inadvertently cross the line between the two. Alignment of training requirements may alleviate the grey areas.</p> <p>This highlights the complexity of this issue and the need to ensure all the knowledge areas are developed by the Financial Planner Education Working Group under a considered framework for financial planner education.</p>
	<p>B4Q3 Do you consider that there are any practical difficulties with complying with these proposed additional requirements? If yes, please provide details.</p>	<p>Compliance difficulties</p>

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	<p>B4Q4 Are there any additional topic areas we should include for 'Superannuation (specialist knowledge)'? If yes, please describe them.</p>	<p>The following topics could be considered under "types of superannuation product":</p> <ul style="list-style-type: none"><li>• Foreign Superannuation Funds (UK Pension Accounts). While not a foreign super fund, US 401(k) schemes could also be covered</li><li>• Constitutionally protected funds</li><li>• MySuper</li></ul> <p>However, the topics in the knowledge areas should be determined after the development of a framework, and following further consultation.</p>
	<p>B4Q5 Do you consider that the proposed changes to the superannuation specialist knowledge requirements will affect the quality of advice consumers receive? If so, please provide details, both positive and negative.</p>	<p>Simply adding a list of topics will not, in itself, affect the quality of advice. There is a need to identify the amount of learning that needs to apply. This is true particularly at the university level where we are aware of one or two subjects purporting to cover the whole of RG146. There must be a test of the quantity of study completed and would recommend that this is over a course.</p> <p>This is a fundamental issue with the current structure of RG146 that undermines its effectiveness.</p> <p>Quantum must be considered as a key principle to delivering long-term improvements, by the Financial Planner Education Working Group when developing a considered framework for financial planner education.</p>
	<p>B4Q6 Do you consider that the proposed changes to the superannuation specialist knowledge requirements will impose additional costs on advisers and AFS licensees? Please provide specific details.</p>	

# CP212 & CP215: Response to Questions

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## Other specialist knowledge requirements

Proposal	Feedback question	Response
B5 We propose to not make substantive amendments to the specialist knowledge requirements for derivatives, managed investments, insurance (general, life and broking), deposit products and non-cash payment products, foreign exchange, FHSAs, margin lending facilities or regulated emissions units because these were not the subject of our CTA research.	B5Q1 Do you think we should make substantive amendments to the specialist knowledge requirements for derivatives, managed investments, insurance (general, life and broking), deposit products and non-cash payment products, foreign exchange, FHSAs, margin lending facilities or regulated emissions units? If yes, please provide details.	<p>Again, the knowledge areas should be considered under a framework for planner education by the Financial Planner Education Working Group. The FPA also believes any changes to RG146 must be conducted all in one set, particularly when considering the significant changes proposed in CP212 such as the education level. The FPA believes if further changes were made following the completion of this current review, it would create uncertainty for the industry and significantly complicate the compliance monitoring as it would yet again bring in another regime (Regime D???)</p> <p>However, the FPA offers the following as comments only:</p> <p><u>Managed Investment</u></p> <ul style="list-style-type: none"> <li>• In Table A2.4, the requirements for managed investments state: "specialist knowledge of the range of products under managed investment schemes, or a specific product offered under a scheme – e.g. ....". This suggests that a person could complete a form of assessment with an assessor on a single product scheme. They would then be able to transfer their documentation of assessment for use in other contexts. The FPA support being specific in training courses going forward that add greater transferability to other roles with other licensees.</li> <li>• a sub-topic dealing with portfolio construction</li> </ul> <p><u>Insurance</u> – could include a sub-topic addressing the construction of an insurance strategy with a particular emphasis on how the different types of insurance can be combined to provide the optimal outcome for the client.</p> <p><u>'Margin Lending'</u> – this should be included in a course on investments, particularly if the education level is increased to AQF7.</p> <p><u>'Derivative'</u>, <u>'foreign exchange'</u> and <u>'regulated emission units'</u> are specialist areas on which advice is provided by very few advisers. 'Deposit products and non-cash payment' products which are relatively simple.</p>

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	B5Q2 Do you think that we should conduct CTA research for the other specialist knowledge requirements? If yes, please provide details.	The FPA reiterates the need for a holistic approach to planner education. This includes the need for consistency and for all changes to be made in one thorough review. An additional review based on these other knowledge areas would create uncertainty for industry and education providers, and potentially result in an additional Regime for compliance monitoring, which would be extremely problematic.  Again, the FPA believes the structure of RG146, and all its requirements, including all knowledge areas, should be considered by the Financial Planning Education Working Group after the development of a holistic framework to planner education has been developed.
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# CP212 & CP215: Response to Questions

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## Additional skill requirements

Proposal	Feedback question	Response
C1 We propose to make substantial changes to the majority of the skill requirements for Regime B and Regime C: see draft Table A3.2 in Appendix A.	C1Q1 Do you agree with our proposed changes? If not, why not?	<p>The FPA supports these additions/alterations as good advice practices.</p> <p>However they appear to be contrary to the proposed exam at item 40 of CP212. RG146.78 says: "We will recognise professional association designations where the qualification on which the designation was granted is listed on the ASIC Training Register." The FPA would suggest that the wording of this makes it unworkable in practice unless the designation is the same as the qualification. In the case of the CFP Certification, compliance with the ASIC requirements for RG146 in financial planning, superannuation, managed investments and life insurance is a prerequisite to enter a program that adds breadth and depth. The designation goes considerably beyond the minimum but the only way that the FPA can have its designation recognised is by having it assessed by an authorised assessor (ie an RTO that will measure it against the initial training requirements).</p> <p>Further the FPA would recommend that ASIC consider to provide clarification and guidance on risk profiling and ascertaining client's risk tolerance. Risk profiling is not defined in the Corporations Act. There are three main methods employed in the industry today: (1) Set of predetermined weighted questions, (2) Psychometric method and (3) Buckets or segmented portfolio approach. Option 2 is onerous and time consuming. It involves a set of skills that is not typically developed in financial planning/services training. Behavioural science is a complex discipline and elements included in finance/commerce studies are often introductory and directed at observations of the general population, not individuals. Options 3 is difficult to document and past history has shown that client may not fully appreciate the complexity (e.g. FOS case 225628, 2011). This leaves us with option 1 which is commonly used in the industry. The questions used by practitioners vary greatly in scope and direction and are often biased towards a certain outcome. It also does not adequately address or account for the behavioural element in the client assessment. Given the limitation and variability of use, we argue that monitoring and assessment of this skill may be difficult if it were to be introduced as mandatory; unless clear guidelines are provided by ASIC.</p>

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	C1Q2 Do you anticipate any practical difficulties with these proposed changes to the skill requirements? If yes, please provide details.	No
	C1Q3 Are there any other skill requirements that you think should be included? If yes, please describe them.	No
	C1Q4 Do you consider that the proposed changes to the skill requirements will affect the quality of advice consumers receive? If so, please provide details, both positive and negative.	We acknowledge that the proposed changes are a step in the right direction and will send a positive signal to consumers. However, we argue that most of the elements in the requirements are already covered in current training/studies. While financial planners are solely responsible for their actions, the issue of the well established culture of sales, high cost of providing advice due to red tape and constant changes and no clear distinction between strategic and product advice, must be discussed. The current environment poses several challenges that ought to be looked at.
	C1Q5 Do you consider that the proposed changes to the skill requirements will impose additional costs on advisers and AFS licensees? Please provide specific details.	It is difficult to quantify, however it would be expected that these changes would expect to increased costs.

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## Increasing the educational level requirements – Tier 1

Proposal	Feedback question	Response
D1 For Tier 1 products, we propose to increase the educational level requirements as follows:  (a) for Regime B (from 1 January 2015)—to AQF Level 6 Advanced Diploma; and  (b) for Regime C (from 1 January 2019)—to AQF Level 7 Bachelor Degree.	D1Q1 Do you agree with our proposal to increase the educational level requirements for Tier 1 products? If not, why not?	<p>The FPA supports an increase in education and training standards.</p> <p>However the FPA does recommend that this should be done in conjunction with a solid framework for financial planner education which clearly shows how all the elements work together to improve planner competency.</p> <p>The proposed two stage increase will result in planners being trained and operating under a number of different regimes, creating compliance complexity.</p> <p>An AQF7 level entry requirement for new entrants providing Tier 1 personal advice has the potential to increase the professionalism of the industry, enhance the community standing of the profession, and increase the demand and quality of university course in financial planning. However, raising the education level to AQF7 creates a number of significant issues for education providers, licensees, and planners that must be taken into consideration. These are explained in detail in section 5. <i>Issues related to moving to AQF7 level</i> of the FPA submission.</p>
	D1Q2 Do you anticipate any practical difficulties with our proposed educational level increases? If yes, please provide details.	Yes. These are explained in detail in section 5. <i>Issues related to moving to AQF7 level</i> of the FPA submission.
	D1Q3 Do you consider that the proposed changes will affect the quality of advice consumers receive? If so, please provide details, both positive and negative.	<p>In theory this should affect the quality of advice, however, there is a need to identify the amount of learning that needs to apply within the context of these changes. This is true particularly at the university level (AQF7) where we are aware of one or two subjects purporting to cover the whole of RG146. There must be a test of the quantity of study completed and would recommend that this is over a course.</p> <p>This is a fundamental issue with the current structure of RG146 that undermines its effectiveness.</p> <p>Quantum must be considered as a key principle to delivering long-term improvements, by the Financial</p>

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		Planner Education Working Group when developing a considered framework for financial planner education.
	D1Q4 Do you consider that the proposed changes will impose additional costs on advisers and AFS licensees? Please provide specific details.	<p>Definitely. Additional costs will be incurred by those wishing to enter the industry and those wishing to change advice activities.</p> <p>Licensees will also be required to upgrade and maintain more sophisticated record keeping systems to track and monitor the adviser's qualifications against the regime acquired and the date of any changes in advice activities.</p> <p>As universities will not complete any form of individual assessment or provide documentation showing compliance with RG146, licensees are also likely to experience increased costs associated with assessing an individual's competencies, with the closure of the ASIC Training Register and no viable replacement.</p>
	D1Q5 Do you agree that our proposal to increase the educational level requirements should apply to advisers who provide general advice only? If not, why not?	<p>This issue needs further consideration as it does create some interesting issues. Typically 'advisers' do not provide general advice only. If you are a financial planner / adviser then you are providing personal advice.</p> <p>This question seems to indicate a misunderstanding of the industry and what a financial planner actually does – further justification why a considered framework for financial planner education needs to happen and the recommendation to establish a financial planning education working group should be adopted.</p> <p>Though the FPA would prefer a framework which mandates the same education level for both personal and general advice on Tier 1 products as it is now at AQF5, we are concerned about the impact raising the education level to AQF7 for general advice on Tier 1 products would have on the availability and accessibility of advice for consumers. This would run counter to one of the key elements of the FoFA reforms of "<i>Expanding the availability of low-cost 'simple advice' to improve access to and affordability of financial advice</i>". Therefore FPA suggests the education level for general advice on Tier1 products remain at AQF5 level, and general and personal advice on Tier 2 products should not be raised.</p>

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## Increasing the educational level requirements – Tier 2

Proposal	Feedback question	Response
D2 For Tier 2 products, we propose to increase the educational level requirements as follows: (a) for Regime B (from 1 January 2015)—to AQF Level 4 Certificate IV; and (b) for Regime C (from 1 January 2019)—to AQF Level 5 Diploma. We propose that the increase in the educational level requirements will apply to both general and personal advice.	D2Q1 Do you agree with our proposal to increase the educational level requirements for Tier 2 products? If not, why not?	Typically tier 2 products and advice on Tier 2 products present a low level of risk.
	D2Q2 Do you anticipate any practical difficulties with our proposed educational level increase? If yes, please provide details.	The FPA would anticipate that this change in Tier 2 would create major delays in on-boarding new starters. In particular under Regime C, Banks would be facing a minimum 12 month delay from on-boarding a staff member before they could provide Tier 2 level advice.
	D2Q3 Do you consider that the proposed changes will affect the quality of advice consumers receive? If so, please provide details, both positive and negative.	Increasing the education level will not, in itself, affect the quality of advice.
	D2Q4 Do you consider that the proposed changes will impose additional costs on advisers and AFS licensees? Please provide specific details.	If approved these would place a major cost on employers of Tier 2 staff. A Diploma in Banking Services will cost between; \$1,200 - \$2,000.  If we assume a requirement of 700 new staff each year that require Tier 2 training. This equates to a minimum additional cost of: <b>\$1200 x 700 = \$840,000 per annum</b>  This is compared to Cert III which costs \$100. Which for 700 staff equates to <b>\$100 x 700 = \$7,000 per annum</b> .
	D2Q5 Do you agree that our proposal to increase the educational level	No, as above we do not agree with the increase in Tier 2 training requirements.

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	requirements should apply to advisers who provide general advice only? If not, why not?	
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## Timeframe for implementation of increased training standards

Proposal	Feedback question	Response
1 We propose the following implementation dates:  (a) the training standards for Regime B to begin on 1 January 2015; and  (b) the training standards for Regime C to begin on 1 January 2019	E1Q1 Do you agree with our proposed implementation in stages of the increased training standards? If not, why not?	<p>Any changes to training standards must be considered within the context of a holistic framework to planner education.</p> <p>The FPA does not support the proposed two staged increase in training standards. Any future increase must be implemented in one stage.</p> <p>CP212 states that "<i>for new advisers, the applicable regime is the one in which they start providing financial product advice</i>" (paragraph 124). This means that a 2019 start date is really a 2016 start date for full-time students, or for part-time students, as 2014 start date. This does not seem to be fair or reasonable.</p> <p>If the commencement date was confirmed at January 2019, this would require courses to be available at the AQF7 level or AQF8 level (the AQF states AQF7 courses are commonly 3 to 4 year courses) from July 2016 at the latest. The FPA questions the ability of industry to be prepared to meet these changes within this timeframe (see section 5. <i>Issues related to moving to AQF7 level</i> for more detail). This must be considered when determining a commencement date for a one staged increase to AQF7.</p> <p>Should the education level increase to AQF7, the new regime should not commence before January 2021.</p>
	E1Q2 Do you agree with the commencement date of 1 January 2015 for the increased training standards for Regime B? If not, why not?	No. The FPA does not support a two staged increase in training standards.
	E1Q3 Do you consider that there will be sufficient courses available before 1 January 2015 to cover the	No. The FPA does not support a two staged increase in training standards.

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	<p>proposed new knowledge requirements for Regime B? Please provide details.</p>	
	<p>E1Q4 Do you consider that there will be sufficient courses available before 1 January 2015 to cover the proposed new skill requirements for Regime B? Please provide details.</p>	<p>No. The FPA does not support a two staged increase in training standards.</p>
	<p>E1Q5 Do these transition periods provide sufficient time for training providers to develop new courses and for advisers to complete them before the commencement of Regime B and Regime C? Please give data about the length of time usually taken to develop new courses.</p>	<p>No</p> <p>CP212 states that "<i>for new advisers, the applicable regime is the one in which they start providing financial product advice</i>" (paragraph 124). This means that a 2019 start date is really a 2016 start date for full-time students, or for part-time students, as 2014 start date. This does not seem to be fair or reasonable.</p> <p>If the commencement date was confirmed at January 2019, this would require courses to be available at the AQF7 level or AQF8 level (the AQF states AQF7 courses are commonly 3 to 4 year courses) from July 2016 at the latest. The FPA questions the ability of industry to be prepared to meet these changes within this timeframe (see section 5. <i>Issues related to moving to AQF7 level</i> for more detail). This must be considered when determining a commencement date for a one staged increase to AQF7.</p> <p>Should the education level increase to AQF7, the new regime should not commence before January 2021.</p>
	<p>E1Q6 Do you agree that the proposed changes to an AQF Level 6 Advanced Diploma for Tier 1 advisers and an AQF Level 4 Certificate IV for</p>	<p>No. The FPA does not support a two staged increase in training standards.</p>

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	Tier 2 advisers should only apply to advisers who start providing financial product advice or change their advice activities on or after 1 January 2015? If not, why not?	
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# CP212 & CP215: Response to Questions

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## Personal sickness and accident insurance

Proposal	Feedback question	Response
Issue F1 We are seeking feedback on whether personal sickness and accident insurance should be a Tier 1 or Tier 2 product.	F1Q1 Do you consider that personal sickness and accident insurance should remain as a Tier 1 product or be reclassified as a Tier 2 product? What are the reasons for your suggested approach?	The FPA suggest that personal sickness and accident insurance should be reclassified as a Tier 2 product. These products are prescribed contracts, governed by part V of the ICA 1984 and fall under the same category as general insurance. They are renewed yearly and are subject to annual underwriting considerations. While they are sold by an intermediary, they are usually not negotiated individually. The argument that it constitutes to an overall assessment of personal insurance contract is not valid as these contracts are not guaranteed renewable and therefore cannot constitute to a strategic long-term solution for transference of risk.
	F1Q2 What business and consumer impacts would result from retaining the Tier 1 classification, or changing the classification to Tier 2?	The impact on changing the classification currently is low as the contracts are renewed annually, clients are not deemed to be locked in indefinitely. In addition, a refund is issued after pro rating for the amount of time the cover is in-force less an administrative charge and clients are then able to recontract a subsequent policy.

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## Consumer credit insurance

Proposal	Feedback question	Response
Issue F2 We are seeking feedback on whether consumer credit insurance should be a Tier 1 or Tier 2 product.	F2Q1 Do you consider that consumer credit insurance should remain as a Tier 2 product or be reclassified as a Tier 1 product? What are the reasons for your suggested approach?	We suggest that consumer credit insurance should remain as Tier 2 product as it is a prescribed contract, governed by part V of the ICA 1984 and falls under the same category as general insurance. Credit consumer insurance is only limited to a fixed amount (of the credit) and therefore do not represent a significant risk. There is no (or limited) underwriting involved, which most of the work is done for a Tier 1 product. As these contracts are part of prescribed contracts, the variation in terms are often stated clearly prior to the clients signing up. In addition, these products are delivered mainly through the mortgage broking channel. Reclassifying this to a Tier 1 would mean that a significant portion of the current participants may not be able to offer this product. This would increase the current underinsurance/under-protection of the market.
	F2Q2 What business and consumer impacts would result from retaining the Tier 2 classification, or changing the classification to Tier 1?	The impact of retaining the Tier 2 classification is very low. At present, clients who have underwriting issues would often take up this cover. Although it only covers the amount of the credit, it does offer some form of protection.
	F2Q3 Should like products (e.g. life insurance, sickness and accident insurance, consumer credit insurance) be classified together in the same tier? If not, why not? If so, is Tier 1 or Tier 2 more appropriate for these products? What rationale could be used to justify treating such like products differently?	Non prescribed contracts should remain in Tier 1 as careful assessment must be made on the client's unique situation to match the various policy conditions of the provider. Being guaranteed renewable, these contracts have long term implications and sum insured can be significantly high. Being non prescribed also allows the products to innovate and evolve more rapidly and hence requires additional scrutiny and investigation before applying.

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	<p>F2Q4 Is consumer credit insurance more often sold to consumers with or without financial product advice?</p>	<p>It is the FPA's understanding that consumer credit insurance is sold with product advice. However, as there is no (or limited) underwriting involved, the level of detail and assessment is unlike that of a personal life insurance product.</p>
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# CP212 & CP215: Response to Questions

FPA SUBMISSION TO ASIC | DATE: 08.10.2013

## FPA response to ASIC's list of proposals and questions – CP215

Proposal	Feedback question	FPA response
B1 We propose to:  (a) replace the ASIC Training Register with draft [CO 14/XX] to permit:  (i) RTOs and SAOs to self-assess their own courses as authorised assessors; and  (ii) RTOs, SAOs and professional or industry associations accredited by ASIC to assess courses delivered by other training course providers; and  (b) retain an archived ASIC Training Register as a reference tool for AFS licensees and advisers who have completed courses that were on the	B1Q1 Do you agree with our proposal to replace the ASIC Training Register with draft [CO 14/XX]? If not, why not?	<p>CO 14/XX does not give either a licensee or a potential representative with sufficient guidance as to how they can ascertain whether a training courses has met the standards for (4) a. A register of approved courses, even if it is an 'opt-in' list is critical.</p> <p>We are concerned that the option of being individually assessed by an authorized assessor will be available given that CP212 is, effectively, suggesting that there would be no courses available as bridging courses at AQF5 or 6 so there would be very few RTOs with individuals able to provide individual assessment. (Universities do not provide this service.</p>
	B1Q2 Do you agree that we should retain an archived ASIC Training Register as a reference tool? If not, why not?	<p>Yes. A reference tool is needed.</p> <p>We would go further and state that, even in the absence of any independent assessment, there should be a central, online list of accredited courses. Education providers would opt-in to this list with the names and codes of the subjects to provide a simple list akin to the TPB listing that does not provide detail.</p>
	B1Q3 Do you consider that the proposal to replace the ASIC Training Register with draft [CO 14/XX] will impose additional costs on advisers, AFS licensees, training course providers or others? Please provide specific details.	<p>The additional cost on advisers is likely to be a call for repeat study in the absence of relevant study not being recognized by a licensee due to inadequate documentation.</p> <p>AFS licensees will need to develop new systems to document the basis on which the qualifications are assessed.</p> <p>Training course providers will need to develop new forms of documentation to comply with the requirements</p>
	B1Q4 Do you consider that the proposal to replace the ASIC Training Register with draft [CO 14/XX] will result in benefits for consumers, training course providers or others? Please	<p>The only benefit in the current proposal (and the current interim) reality is a cost saving to ASIC.</p> <p>While we agree that the Register was not a quality guarantee and believe that shortfalls in guidance of volume of learning are seen in some existing courses on the register and will be ongoing. The changes make no attempt to address quality problems and just introduce more uncertainty.</p> <p>The new requirements adversely impact education providers offering new and improved courses as they are not</p>

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ASIC Training Register on 24 September 2012.	provide details.	shown on the ASIC Training Register and are not seen on any replacement.
B2 We propose to provide guidance in an updated RG 146 on our expectation that authorised assessors will provide written certification to students of their assessment of training courses against the training standards in RG 146.	B2Q1 Do you think that authorised assessors will provide this certification? If not, why not?	RTOs will definitely comply with any guidance as to certification. Existing RTO documentation at the VET level covers completed specialization via competencies with ASIC in the code so that they are straightforward for educators to read. There is currently no common way for an RTO to specify that a person has covered part of a competency such as being assessed on knowledge without skills. This is confusing when it is a Statement of Attainment that is the mandated documentation.  We believe that ASIC should work with the VET regulators to create a common format.  University documentation is a much more difficult proposition to change. We believe that universities and other higher education providers that have specific qualifications such as a Master of Financial Planning are more likely to be willing to produce some form of document (as compared with an area where ASIC compliance may be a minor element in a degree). We would suggest that this is unlikely to be in a format that states that an individual has ASIC compliance in X, Y, Z and more likely to be in the form of a matrix of subjects against which an

# CP212 & CP215: Response to Questions

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		individual transcript can be matched. The challenge would be in obtaining such a matrix at some point in the future. The number of university graduates requiring compliance is minuscule with the number of graduates that can claim a replacement degree testamur or transcript and the system is unlikely to change for those.
B2Q2 What are other means by which AFS licensees could verify that training courses have been assessed by authorised assessors as meeting the training standards?		Requiring authorized assessors to list their programs on a central list would be a simple solution. This would be an opt in listing with no external evaluation. It could be similar to the TPB list or could be a matrix showing the combinations of subjects for each specialty or groups of specialties.
B2Q3 Do you consider that written certification will impose additional costs on AFS licensees, training course providers, advisers or consumers? If yes, please provide specific details on how this is calculated.		If there is no central register of lists, licensees will require more staff time to evaluate qualifications.  There is currently a vast amount of resource spent verifying the initial training of advisers every time that there is a change of licensee.  It would be better if once a person has been assessed against the training standards, there was a central register of all representatives/authorized representatives.  The result would be better if ASIC's guidelines on ongoing training to add breadth and depth of knowledge were being implemented rather than a total emphasis on the initial education.
B2Q4 Do you consider that written certification will benefit AFS licensees, training course providers, advisers or consumers? Please provide details.		Everyone who has been assessed already has written certification. The problem is that there are multiple forms. CP215 does not offer a template.  Written certification will have no benefit for a consumer as a document breaking financial planning qualifications down to the levels of detail in RG146 would be meaningless. Consumers are more interested in seeing qualifications and authorization.  The main impact of 215 is removing all sense of a central list and putting the onus on the individuals to collect and maintain a non-standard piece of documentation.  We believe that authorized assessors should be able to list their offerings in a central repository to give a single point at which AFS licensees can check courses and potential students or consumers can look up a course. We

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		believe this is particularly important in a context of moving to an AQF 7 requirement.
B3 We propose to:  (a) remove the recognition of foreign qualifications, with the exception of our mutual recognition of New Zealand advisers, from an updated RG 146; and  (b) revise our policy in RG 146 to acknowledge that advisers who hold a foreign qualification may apply for:  (i) recognition of prior learning in relation to Australian training courses for up to 50% of the course requirements; or  (ii) an exemption that permits an adviser who holds a foreign qualification to undergo an individual assessment without	B3Q1 Do you agree with our proposal to remove the recognition of foreign qualifications from RG 146? If not, why not?	The existing requirements are for a person with foreign qualifications to satisfy a course in Australian tax and Australian legislation/regulations. (That normally specifically encompasses superannuation.) This is a more targeted requirement and more so in the context of the TPB requirements.  A compromise could be that where a person has foreign qualifications at an AQF 7 level or above, they just needed to satisfy the Australian tax and legislation requirements.
	B3Q2 Do you agree with our proposed policy change on foreign qualifications in proposal B3(b) to permit advisers to apply for recognition of prior learning or for an exemption from the experience requirement? If not, why not?	The recommendation to allow 50% exemptions in relation to the course requirements is too vague given that ASIC has not defined a volume of learning and an AQF 7 requirement is on the table. How do you compare 50% of a Masters degree versus 50% of a single subject identified by a university?  An exemption policy at a university will not normally allow 50%. An exemption policy is different to RPL.  It is more appropriate to define what are the missing pieces that ASIC requires and even to register a foreign qualifications solution.  We support (b) (ii) to remove the 5 in 8 rule for RPL but draw ASIC's attention to our concern that the removal of

# CP212 & CP215: Response to Questions

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necessarily holding the requisite five of the past eight years experience outlined in RG 146.	B3Q3 Do you currently rely on the recognition of foreign qualifications in RG 146? If you are an AFS licensee, please provide details of the number of advisers who rely on this policy.	AQF5 and 6 could reduce the number of education providers offering an individual assessment to one or two.  CERTIFIED FINANCIAL PLANNER® professionals from overseas are currently required to achieve RG146 compliance with an RTO but also have to sit the Certification exam and our CFP1 subject to use the certification in Australia.
	B3Q4 Will training course providers provide recognition of prior learning in the manner proposed in proposal B3(b)(i)? Please provide details.	We do not believe so.  The definition of RPL for competencies and qualifications at the VET level is about assessing the competency rather than simply counting subjects. The concept of a 50% threshold is more aligned with exemptions.  At the university level, there is a common practice of allowing credits for equivalent subjects, normally to a maximum of one third. It does not include parts of subjects.  In 1997, a "course" on the ASIC Register normally referred to a single diploma subject. In 2013 it can mean one or two subjects at a university level or it can mean a 12 or even 16 subject Masters degree.  We believe training providers would be more likely to develop something that is palatable to a foreign graduate.
	B3Q5 Do you consider that this proposal will impose additional costs on AFS licensees, advisers or training course providers? Please provide details.	We believe this proposal will have the greatest impact on a graduate from overseas. It is likely to promote the shortest courses.
	B3Q6 Do you consider that this proposal will benefit consumers by improving the quality of advice provided? Please provide details.	No.

# CP212 & CP215: Response to Questions

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B4 We propose that draft [CO 14/XX] will commence in April 2014.	B4Q1 Do you agree with the proposed commencement date of April 2014? If not, why not?	<p>The current situation of extending the old register has existed for 12 months. ASIC needs to determine its requirements for RG146 prior to changing the documentation requirements.</p> <p>We would prefer to see at least a central listing of courses implemented prior to any change of documentation requirement. We recognize that ASIC is seeking to minimise cost but would suggest that if it is merely a matter of listing on an opt-in basis, the cost is minor compared to assessment of courses.</p> <p>The current consultation relating to CP212 could well result in education providers reviewing their offering and deadlines for changes should be announced after the changes, ie settle CP212 first.</p> <p>We would anticipate that organisations that have a new version of a course that is not reflected on the current register would be likely to be early adopters, but it makes sense to align the timing for a change in the content of the course with the time for a change in process. Eg Should ASIC proceed with a 2015 start date, an April 2014 date seems nonsensical.</p>
	B4Q2 Does the proposed commencement date provide enough time to provide written certification to students? Please provide details on the amount of time required to implement the certification requirement.	<p>When a new training package is implemented, there is both a date at which new courses can be implemented, and an end date by which they must be implemented. There needs to be such a transition period for a change as fundamental as this during which there can be voluntary compliance.</p> <p>We believe there needs to be at least a year from the time the new 146 requirements are mandated.</p> <p>Implementation of a register of course data supplied by education providers would ensure a faster solution for licensee.</p> <p>We believe that AFS licensees need certainty as soon as possibly in terms of</p>



FINANCIAL PLANNING  
**EDUCATION COUNCIL**

.....  
FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

# Australian Higher Education Curriculum and Accreditation Framework in Financial Planning

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# Introduction to the Financial Planning Education Council

The Financial Planning Education Council (FPEC), was established as an independent body chartered with the responsibility of raising the standard of financial planning education and promoting financial planning as a distinct learning area and a career of choice for new students and career changers.

FPEC's major roles include:

- Drive the development of an Australian Financial Planning University Curriculum based on the FPSB global curriculum.
- Develop accreditation requirements for the range of 'Approved Programs'
- Establish expectations of academic participation in the profession
- Channel research activity in Financial Planning
- Promote the value of University and Industry partnership in Financial Planning
- Promote the career of Financial Planning to University students

These activities are developed with the intent that from 1 July 2013, the Financial Planning Education Council will specifically have the power to approve individual programs that satisfy requirements for admittance to the CFP® certification program.

This is a challenging agenda in a competitive and busy University environment but it is the view of this academic and professional community that financial planning is a service of national public benefit, which is uniquely capable of supporting the resolution of national and personal financial challenges, and addressing financial inequality in Australian society.

In solving the personal and national financial dilemmas facing us the Financial Planning Education Council believes it is important that consumers are assured of the educational qualifications and competence of those people who hold themselves out to be financial planners.

Following broad consultation, the Financial Planning Education Council has endorsed the curriculum standards and produced separate guidelines to assist organisations seeking recognition of their courses.

On behalf of my fellow Academic and Professional colleagues on the Financial Planning Education Council I commend these standards to you and encourage you to join with us as we progress this community to a strong professional future.

**Prof. David Lamond**

**Chair, Financial Planning Education Council**

**Pro Vice-Chancellor (Offshore Branch Campus Development)**

**Victoria University, Melbourne Australia**

# Accreditation Framework

## Benefits of accreditation

There are many advantages in having an established accreditation scheme but particularly so for those provider institutions that gain FPEC accreditation status for their programs.

Such benefits include:

- The accreditation framework together with the national financial planning curriculum provides great assistance with the design, development delivery and continuous improvement of new and existing financial planning education programs.
- Desirable graduate outcomes will be better defined and the focus on assurance of learning will ensure graduates meet the standards expected and deserved by Australian consumers.
- Financial planning education is more likely to gain overdue recognition as a distinct learning area within educational institutions.
- Accredited programs gain a marketable point of difference from other non-accredited financial planning programs.
- Successful completion of accredited programs will qualify students for:
- entry into the highly regarded CERTIFIED FINANCIAL PLANNER® Certification Program to gain access to the global CFP® designation
- Associate membership (AFP®) of the Financial Planning Association of Australia (FPA).
- The FSPB has licensed its CERTIFIED FINANCIAL PLANNER mark and CFP mark to 23 regions globally. Many overseas licensures would be potentially interested in acquiring access to high quality, accredited financial planning programs.

Many providers may already be delivering a substantial proportion of the national financial planning curriculum but not yet as a designated financial planning program. In many cases, it would not take much work to reshape this capability into an acceptable format meeting accreditation requirements. This accreditation guideline document applies to higher education degree programs in Financial Planning whether at undergraduate or post graduate level.

## FPEC accreditation focus

FPEC recognises that universities are regularly subject to a variety of audit and accreditation processes such as TEQSA (Tertiary Education Quality and Standards Agency). Additionally some universities have gained accreditation through AACSB (The Association to Advance Collegiate Schools of Business). Accordingly, FPEC has endeavoured to reduce duplication of effort by acknowledging that many important features particularly of the institution itself have already been adequately assured through such processes.

Consequently, FPEC's major focus is on:

- Graduate outcomes and financial planning program information and
- Primary hosting information focusing on the school and faculty as distinct from the overall institution.

This section of the document outlines the accreditation process and the applicant response required by FPEC and applies to the following categories:

- New accreditation applications
- Annual renewal response including major and minor update information
- Reaccreditation

The accreditation framework comprises a number of standards that are expected to be met by applicants across a range of criteria and evidence requirements for attesting to these. In addition, FPEC recognises the current formative nature of financial planning higher education programs and seeks to encourage development of these within a best-practice educational context.

Accordingly, FPEC accreditation refers to both required and aspirational components. The former must be met in order to achieve accreditation, while the latter require commentary from the applicant in terms of their current status and will form part of a longer term planning and development process. To this end applicants are required to provide information on aspirational components and articulate plans to develop these program and host attributes over the accreditation period, rather than requiring evidence of existence prior to gaining accreditation. This is in keeping with FPEC's agenda of engaging with institutions and encouraging the development of programs in this area.

It is envisaged that with the passage of time The Council will review this position with some of the aspirational components becoming requirements.

The details of both required and aspirational components of accreditation and the associated evidence requirements are detailed below.

## **Separate documentation**

Following feedback during the consultation process of the accreditation guidelines, the FPEC has prepared a separate document titled FPEC Accreditation and Curriculum Framework – FAQ and Guidance.

This document responds directly to questions as to how the FPEC will implement the guidance.

# Part A – FPEC approach to assessment and accreditation

## 1. FPEC assessment and accreditation process

### 1.1 General

The onus is on the institution to demonstrate how its financial planning courses meet the FPEC accreditation standards and how it will continue to satisfy those standards during the accreditation period.

Normally there should only be one accreditation application for any institution covering all financial planning programs offered by that institution. A separate mapping of content is only required for degrees that do not share common subjects, e.g. postgraduate versus undergraduate.

In conducting an assessment for accreditation, the FPEC accreditation committee will give consideration to:

- Written applications received from institutions
- Reviewing the report of observations made by an assessment team during a site visit to the institution
- The institution's response to any matters that have been raised by the assessment team
- Any other relevant information or documentation.

### 1.2 Initial contact – FPA Accreditation Manager

Although FPEC is an independent decision making entity, FPA will continue to provide administrative and other support to FPEC in the initial stages.

Institutions should make initial inquiries about accreditation matters with the FPA Accreditation Manager.

Please contact them by phoning FPA on 1300 626 393 or email to [fpa@fpa.asn.au](mailto:fpa@fpa.asn.au).

Preliminary assessment is available to provide institutions with some guidance as to whether the content, structure and resources of a new program or proposed major changes to an existing program are likely to satisfy appropriate accreditation standards and requirements. The institution may then submit an application to the FPA Accreditation Manager for a new financial planning program in accordance with these guidelines. This will contain responses to the various evidence requirements for the standards established in the relevant sections of this document.

The FPA Accreditation Manager will acknowledge receipt of the application and arrange for a suitable assessment team to consider the application and then conduct a site visit.

### 1.3 Assessment team

A suitable assessment team will be appointed by the FPA Accreditation Manager in consultation with the FPEC accreditation committee. An assessment team will normally comprise up to three members consisting of the following:

- Assessment team leader –would normally be an existing or past senior academic with appropriate accreditation experience
- FPA Practitioner member
- FPEC Academic member

The assessment team reviews the submission and identifies particular strengths and issues / concerns / areas requiring further investigation.

## 1.4 Site visit

A site visit will normally be required for all new applications. The duration of the site visit by the assessment team will depend upon the number of campuses and the complexity of the programs to be accredited. However, it would normally be expected that the assessment process would be of one day's duration.

The assessment team will need to meet with university staff and students to:

- discuss curriculum and issues relating to the financial planning program,
- review student work
- inspect facilities.

The assessment team will normally also meet with the Head of School or Department responsible for the financial planning program and senior staff to discuss resources issues.

At the conclusion of the site visit, the assessment team will meet with the Head of School / Department and other senior staff of the institution, to discuss the likely outcome of the visit and to raise issues where relevant.

Following the site visit, the assessment team will provide a formal report providing recommendations to the FPEC accreditation committee.

## 1.5 Final recommendations

The FPEC accreditation committee will approve a draft version of the assessment team report for release and invite comment from the institution before finalising its recommendations on the application.

The accreditation committee will finalise its report and recommendations, noting the universities response, and forward this report to The Council for consideration and endorsement.

Outcomes generally will fall into one of 3 categories:

- Accredited (unconditional)
- Accredited (conditional) – issues and concerns needing to be addressed which may lead to a shorter accreditation period with the matters of concern reported on in the annual renewal.
- Not accredited – significant issues need to be addressed before reapplying

## 1.6 Accreditation cycle

The granting of accreditation for a new application is normally approved for a three year period.

The period of accreditation for the satisfactory re-accreditation of an existing financial planning program is normally based on a five-year cycle.

## 1.7 Renewal and re-accreditation

The FPA Accreditation Manager will issue a timely reminder when annual renewal or re-accreditation is required. Accredited universities will be required to renew their accreditation via annual return of a short questionnaire to assist in monitoring ongoing quality, student enrolments and changes to the program, while re-accreditation is in accordance with the period of accreditation – 3 yrs or 5 yrs.

The annual renewal questionnaire is under development and expected to be quite straight forward and not onerous to complete. Re accreditation is also under development and will be more comprehensive than renewal but may not require another site visit.

## 1.8 Major changes to existing accredited courses

Where a major change to the financial planning program is being proposed (course name, program objectives, content, assessment etc) the FPA Accreditation Manager must be notified in writing of such changes as soon as possible and prior to the implementation of the change.

The FPA Accreditation Manager will then determine whether the accreditation shall be ongoing or to forward the case to the accreditation committee for further review and assessment.

## 1.9 Offshore, remote campus and distance-based programs

The assessment of offshore, remote campus and distance education programs will be considered on a case-by-case basis. Such programs may be treated as a part of the host institution's program and therefore assessed as part of an overall accreditation submission; however material differences in relation to the standards and evidence must be provided for different modes/locations of delivery.

Alternatively, such offerings may be quite separate and differentiated to the host program and therefore require a separate submission.

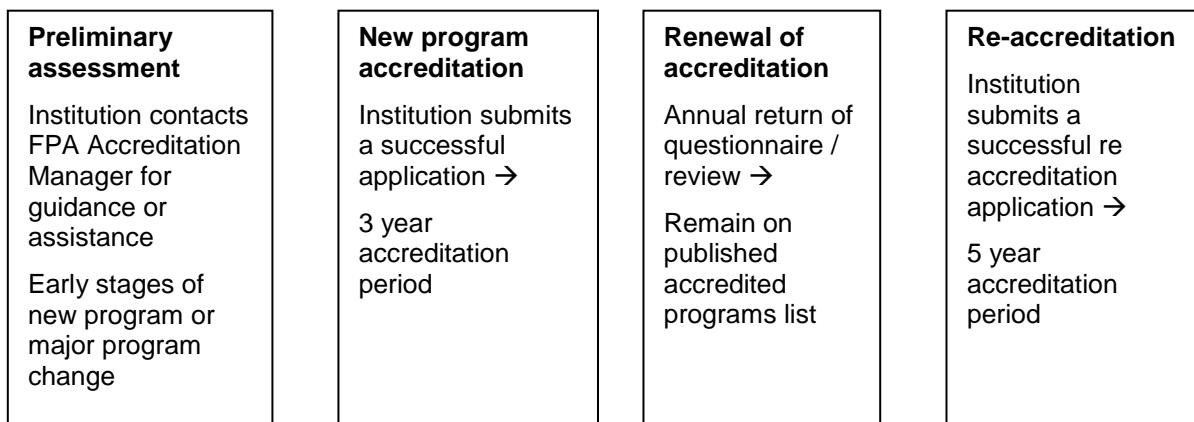
## 1.10 Appeals

An appeals process exists for unsuccessful applications where genuine grievances may be heard. Appeals should be made in writing to the FPE Council. The Council will ask the FPEC assessment team and the FPA Accreditation Manager to review their recommendations in light of information presented in any appeal, and report back to the Council.

## 1.11 Fees

Application fees, annual accreditation fees, appeals fees and re accreditation fees applicable at any time will be advised within guidance documents.

## 2. Summary of assessment and accreditation process



### 3. Summary of responsibilities

#### 3.1 FPA Accreditation Manager

The FPA Accreditation Manager will undertake the following tasks:

- Provide initial advice and guidance re appropriateness of any potential application
- Acknowledge receipt of applications and undertake an initial review to assess whether all required documentation has been adequately provided
- Provide feedback to universities on appropriateness of applications
- Manage the appointment of an assessment team to review the application and conduct site visits
- Arrange the date of the site visit
- Report all findings of the assessment team to the FPEC accreditation committee
- Report the recommendations of the FPEC accreditation committee to The Council
- Advise institutions of the outcome of their application
- Publish and maintain the listing of all accredited programs
- Notify institutions of renewal and re-accreditation requirements

#### 3.2 Assessment team

- Conduct a detailed review of applications and identify strengths as well as issues and concerns
- Conduct an appropriate site visit at institutions
- Provide written report with recommendations to FPEC accreditation committee

#### 3.3 FPEC accreditation committee

- Review / approve / disapprove recommendations made by assessment team
- Make formal recommendations to FPE Council
- Review and develop accreditation policies, procedures and identify and promote best practice examples

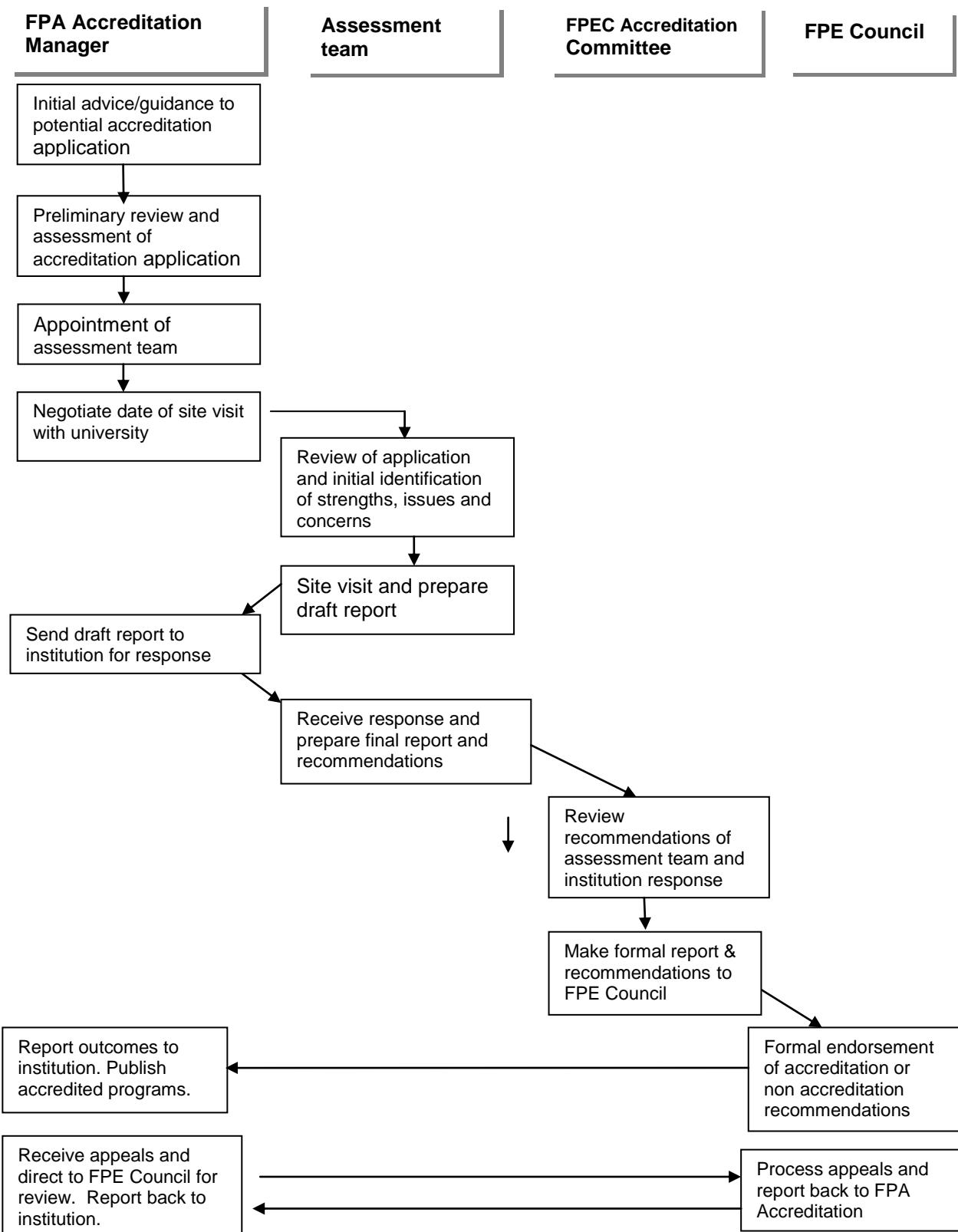
#### 3.4 FPE Council

- Formally review and endorse assessment team recommendations for accreditation or non accreditation of programs
- Receive and review appeals from unsuccessful applications

#### 3.5 Applicant

- Provide a comprehensive and accurate accreditation document
- Facilitate the assessment team's site visit and access to stakeholders
- Complete the annual renewal questionnaire
- Keep the FPEC informed of any major changes to programs and host.
- Participate in the scholarship of financial planning curriculum and research matters.

#### 4. Accreditation process flow chart for accreditation of programs



## Part B – Graduate outcomes

### 5. Professional financial planner attributes, knowledge, skill and attitudes

#### 5.1 The holistic and relational nature of professional financial planning

Financial advice is generally considered to be a recommendation regarding an investment. It is more specifically defined in the Corporations Act (2001) as it applies to financial products.

Financial Planning is much more than product advice.

The professional Financial Planner must be able to build a deep understanding of their client's needs, and be able to anticipate issues not even considered by many clients. This is simply not able to be achieved in one or two sessions, and requires extensive, meaningful dialogue over an extended period of time ie an ongoing relationship.

The establishment of an ongoing client relationship based on trust, honesty, empathy, technical expertise and highly developed communication skills centred around a regular review process is what separates the professional Financial Planner from the more generically termed 'financial adviser'.

The holistic way a professional Financial Planner thinks about personal finance creates threads that link retirement planning, aged care, social security, philanthropy, insurance planning, estate planning, debt management and education funding. The financial planning process requires expertise in cash flow modelling, taxation, superannuation and investment planning.

A skilled practitioner assists the client to articulate their diverse financial goals as the foundation of the process, and then uses skill and knowledge to produce an integrated solution. The final and most important step is to implement and monitor the plan by establishing a regular dialogue with the client to adjust the strategies as the client's life circumstances inevitably change.

On the other hand, financial advisers mostly conduct only a very limited scope of conversation with their clients, and do not provide professional Financial Planning.

There is almost no financial decision an individual takes that does not have an effect on other aspects of their financial life. It is this deep knowledge and understanding that a professional Financial Planner is able to offer their clients via the established ongoing relationship in a holistic context.

#### 5.2 Attributes of financial planning graduates

One of the key goals of financial planning education is to produce graduates who possess the necessary attributes, knowledge, understanding, skills and attitudes that will ensure that they are competent to practise effectively as high quality, professional financial planners.

Many of these attributes are required in order to operate successfully within the following three main functions of effective financial planners.

- **Collection**

During collection, the financial planning professional collects the information required to develop a financial plan. Collection goes beyond simply gathering information to also include identifying related facts by making required calculations and arranging client information for analysis.

- **Analysis**

During analysis, the financial planning professional identifies and considers issues, performs financial analysis and assesses the resulting information to develop strategies for the client.

- **Synthesis**

During synthesis, the financial planning professional synthesises the information to develop and evaluate strategies to create a financial plan.

## **Financial Planning Components**

Financial planning is an integrated process. When providing financial planning to a client, a financial planning professional does not review tax, asset management or retirement needs in isolation. Similarly, a financial planning professional may incorporate skills gained from a particular financial planning function (e.g., collection) or knowledge and understanding (e.g., tax planning) while working on a related, but separate function or area of a client's financial situation.

Specific attributes are required incorporating:

- knowledge and understanding
- skills and
- attitudes as they affect professional behaviour

These are described in the list below.

### **5.3 Core knowledge and understanding**

Graduates completing basic university financial planning education should have gained the advanced knowledge and understanding (including critical understanding of theories and principles) of the practice of financial planning, **as described in part C Program requirements and Attachment 1 'National financial planning curriculum'**.

### **5.4 Generic financial planning abilities and skills**

Graduates completing basic university financial planning education should have developed the following skills and abilities enabling them to:

- Apply advanced skills, demonstrating mastery and innovation, in solving complex and unpredictable problems in the field of financial planning.
- Demonstrate, in study and practice the abilities described in the national financial planning curriculum learning outcomes.
- Exhibit the competence to manage complex technical or professional activities or projects in the field of financial planning, with responsibility for decision-making
- 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 national financial planning curriculum learning outcomes
- Collect, analyse and synthesise appropriate data to develop strategies and make sound financial planning judgments
- Makes financial planning 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 clients and other financial planning professionals and
- Continue further study with a high degree of autonomy.

### **5.5 Professional attitudes and behaviours**

At the end of basic university financial planning education, students should demonstrate the following professional attitudes that are fundamental to high quality professional financial planning practice:

- Commitment to ethical behaviour, and compliance with a Code of Ethics and/or Code of Professional Conduct of an appropriate professional association eg FPSB and FPA.
- Commitment to providing financial planning in the best interests of clients while observing all legislated and professional ethical obligations including those prescribed under ASIC's RG 146.

Note: It is a requirement that all accredited financial planning programs are mapped against the requirements of the regulator, ASIC. This includes those requirements specified in RG146 and those specified by the Tax Practitioner Board.

At September 2012, RG146 was due for review while the requirements for financial planners under the Tax Agent Services Act 2009 were unpublished. It is expected that universities will have review processes in place to ensure changes to meet published guidance.

## Part C – Program requirements

### 6. General program requirements

FPEC recognises that in many institutions, financial planning is not yet recognised as a distinct learning area, but is delivered in a multi disciplinary fashion. FPEC is keen to promote financial planning as a defined learning area within universities, but with an emphasis is on engaging with universities, FPEC has taken a flexible and pragmatic approach to program assessment.

The newly established curriculum details the core body of knowledge that must be adequately covered and FPEC accepts this may be achieved through delivery as discrete units or integrated across many units and several disciplines.

Two key program requirements are that providers should:

- deliver 'scaffolded learning' (touching curriculum components several different times throughout a course) and
- have established sound and effective processes for the maintenance of assurance of learning (AOL) – see 6.3 below.

Rather than prescribing and then seeking detailed responses in relation to 'key performance indicators' or 'evidence of attainment markers' for each curriculum learning outcome, FPEC will take great assurance from the provision of clear evidence of the existence of sound and effective AOL processes in the institution.

#### 6.1 Mission

##### **Standard 1.1**

The program host has defined its mission, which includes teaching, research and social and community responsibilities.

The school's mission has been defined in consultation with academic staff, students, the university, government agencies, the financial planning profession including practising professionals and professional associations, and consumers.

##### **Evidence required**

- A copy of the schools mission statement including details of contributing members

#### 6.2 Student outcomes

The combination of knowledge, skills and attitudes that is considered an essential foundation for practising financial planning professionals is very complex. These attributes cannot be defined simply as lists of factual knowledge, practical skills or competencies, as many are acquired only through life experiences. Knowledge and practical skills are important, but demonstrating complex problem-solving ability combined with appropriate interpersonal communication skills relevant to understanding the holistic financial needs of clients is essential.

FPEC has endorsed a set of attributes and abilities expected of financial planning graduates (see Part B of these guidelines). While each school defines the objectives and outcomes of its financial planning program, FPEC also expects them to encompass attainment of these attributes and abilities.

##### **Standard 1.2**

*The school has defined graduate outcomes and has related them to its mission statement.*

The outcomes are consistent with FPEC's goal for financial planning education, to develop graduates who possess the necessary attributes incorporating knowledge, skills and professional attitudes that will ensure that they are competent to practise effectively as high quality, financial planning professionals.

The outcomes are consistent with those endorsed by FPEC – **see Part B – Graduate outcomes**

### **Evidence required**

- Detail of alignment of program outcomes with the general graduate outcomes described in Part B, usually in the form of a curriculum map.

## **6.3 Assurance of Learning**

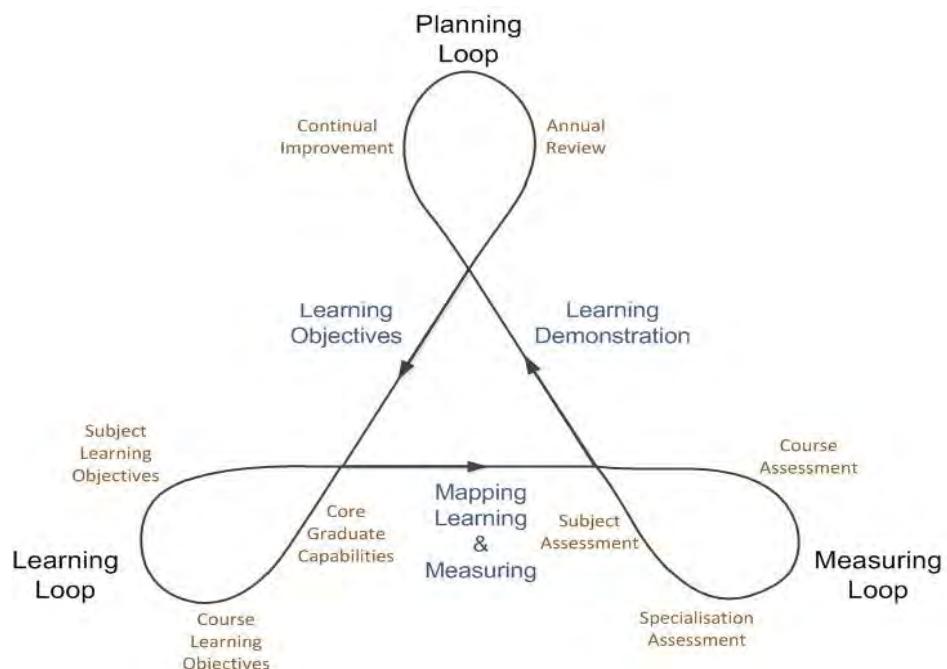
The following diagram represents the process for assuring the learning of students undertaking financial planning courses.

There are three key aspects of the process; planning, learning and measuring. The 'loops' are connected by institutional and course learning objectives. The mapping of the learning objectives from subjects to an overall course design ensures that content knowledge and generic skills are embedded in the course and clearly reflect the learning objectives through assessment. Measuring via assessment enables institutions to demonstrate the achievement of stated learning outcomes by students undertaking a course in financial planning.

Strengths and weaknesses will be identified in the initial accreditation process and a host organisation is expected to employ appropriate continual improvement processes to address the weaknesses for subsequent accreditation.

It is also expected that FPEC will be advised of any significant changes to the program delivery, assessment methods, personnel name or structural course changes, that may affect host accreditation via completion of the FPEC annual renewal questionnaire.

### **Accreditation process for assuring the learning of students**



### **Standard 1.3**

*The school has a well defined assurance of learning methodology, processes and adequate resources to accurately assess the extent of achievement of student learning outcomes at the subject, program and specialised levels.*

#### **Evidence required**

- Flowchart and clear statement of methodology used to establish and maintain assurance of learning
- Identify tools and resources used and responsibilities of those involved
- Outline steps taken to ensure the continuous improvement of programs

## **7. Financial planning curriculum**

### **7.1 Curriculum framework**

Schools/faculties employ curriculum models that will enable them to achieve their stated student outcomes and have aligned their program learning outcomes with those of the national financial planning curriculum – **Attachment 1 National Financial Planning Curriculum**.

Financial planning programs are diverse in length, sequencing and entry requirements. FPEC encourages this diversity. At the same time, financial planning programs need to be of sufficient duration to ensure a graduate at the beginning of their financial planning career has the necessary attributes, skills, knowledge and attitudes listed in **Part B of these guidelines – Graduate outcomes**.

Within the range of program structures available, an important principle is that student learning should occur in a structured and integrated curriculum. This should include opportunities for both horizontal (within a program segment) and vertical (across successive program segments) integration of related subject matter. The process of integration can enhance student learning by demonstrating the relationship between program material and subsequent professional practice. Topic areas taught in isolation tend to be forgotten by students. Vertical integration should include opportunities to revisit and further develop material covered previously in the program. Schools/faculties are encouraged to explore different means of achieving horizontal curriculum integration, such as professional practice experience, interdisciplinary seminars and problem-solving exercises.

Each core curriculum body of knowledge should be regarded as being **equivalent** to a typical university unit of study. They do not require that the curriculum is delivered as discrete units of study, and each core body of knowledge may be integrated across a range of units within a program.

Host schools/faculties will be required to complete a map of the proposed financial planning program curriculum against the national financial planning curriculum.

### **Standard 2.1**

*The school has developed descriptions of the content, extent and sequencing of the curriculum that guide staff and students on the level of knowledge and understanding, skills and attitudes expected at each stage of the program.*

*The program aligns substantially with the national financial planning curriculum (see **Attachment 1**).*

#### **Evidence required**

- Provision of an overall program structure which includes course sequencing, semester/year of offer and pre-requisites.
- Provision of course outlines/profiles for the required courses in the program.

- Completion of a content and assessment map of the program curriculum with the national financial planning curriculum. This should demonstrate not only the coverage of the curriculum, but also the integration of the curriculum.

## 7.2 Research in the curriculum

All financial planning students should experience some direct contact with active researchers. An active research environment within a school should provide financial planning students with opportunities to observe and participate in ongoing programs, either as mandatory or elective components of their curriculum. Exposure to an atmosphere of intellectual curiosity and enquiry promotes the enduring ability to solve problems, analyse data and update knowledge.

Specific research activities in a financial planning program might include:

- opportunities for students to participate in research of their own, or as part of a research group (research electives, summer studentships for research)
- formal instruction in research methodology as part of the financial planning program
- problems or instruction which address the critical analysis of research papers (e.g. critically appraised topics)
- opportunities for financial planning students to interact with an active research group in a longitudinal way.

### **Standard 2.2**

*The financial planning program emphasises the importance of research in advancing knowledge of contemporary financial planning issues and encourages, prepares and supports student engagement in financial planning research.*

#### **Evidence required**

- Cite examples of current or recent student financial planning research involvement
- Outline ideas for future student financial planning research involvement

## 7.3 Opportunities for students to pursue choices

The curriculum should encourage broad personal development of students, rather than being focused too narrowly on vocational training. Elective periods, self directed learning, advanced study units in optional areas, elective research topics and experience in financial planning professional practice can help to develop this breadth of learning.

The abilities, skills, knowledge and attitudes expected of a beginning financial planner require broad understanding across the range of areas of financial planning practice. The offering of electives should be consistent with this goal.

Elective periods can provide students with the opportunity to study certain areas in depth, or to experience the practice of financial planning in a professional situation.

Financial planning programs ought to provide flexibility and more choice in allowing students to combine their financial planning studies with other studies.

To facilitate informed choice, schools/faculties need to describe all the options available to students.

### **Standard 2.3**

*There are opportunities in the program for students to pursue studies of choice, consistent with program outcomes.*

#### **Evidence required**

- Supply an extract of the current student handbook/program catalogue which outlines the choices with that students have and where these occur in the program.

## 7.4 The continuum of learning

Initial university education is but one step in the education of high quality financial planner professionals.

FPEC recognises that it is not possible for a university program to train students in all the attributes required for high quality financial planning practice. Rather, this initial education needs to be supplemented by further vocational training and meaningful continuing professional development (CPD) experiences enabling them to critically evaluate progressive changes in financial planning professional practice requirements, and to apply their knowledge appropriately throughout their professional career.

FPEC considers that meaningful collaboration between the school/faculty, practising professionals and financial planning professional associations is essential to achieve appropriate quality assurance across the continuum of financial planning education.

### **Standard 2.4**

*There is articulation between the basic university financial planning program and subsequent professional practice training and ongoing professional CPD requirements.*

#### **Evidence required**

- Discussion on how approaches to life-long learning are developed and how awareness of the professional requirements in this regard is developed.

## 8. Teaching and learning

### 8.1 Teaching and learning methods

Schools should deliver the curriculum in a variety of appropriate methods to ensure the transmission of core knowledge and skills, while also stimulating enquiry, developing analytical ability and encouraging the development of desirable professional attitudes in the students. Such methods provide opportunities for students to study certain areas in greater depth through optional or elective units.

Emphasis should be placed on the principles underlying high quality financial planning practice rather than on the acquisition of a detailed compendium of current financial planning knowledge or a comprehensive list of financial planning practical skills.

FPEC recognises that didactic teaching can be an effective means of explaining important concepts and principles. FPEC also recognises that professional practice experiences encourage active student engagement, problem-solving and development of interpersonal communication skills. FPEC encourages schools to consider other educational strategies that promote student-centred rather than teacher-centred learning, promoting active student enquiry, stimulating analytical and knowledge organisation skills, and foster lifelong learning skills.

Students should have opportunities to develop and improve their professional practice skills in an appropriate environment.

Innovative teaching strategies with greater emphasis on small group and self-directed learning are to be encouraged. Computer based learning modules, which integrate many practical knowledge and skills requirements may be useful and provide a valuable supplement to real practice experience.

Information technology has an accepted role in financial planning practice and there is evidence that routine use of information and communication technologies contributes to improved financial planning outcomes for clients. Students must be ready to use technology and communication tools as they are used in practice and be flexible enough to incorporate changing technology.

### **Standard 3.1**

*The teaching and learning methods are appropriate for the content and learning outcomes of the program. They include a variety of methods but should include those that are inquiry-orientated, encouraging students to take responsibility for their learning process and prepare them for lifelong learning.*

#### **Evidence required**

- With reference to the course outlines/profiles provided in Standard 2.1, provide evidence of the variety of teaching methods/approaches used and how these effectively deliver the objectives of the program.

## **9. Assessment**

### **9.1 Assessment approach and methodology**

Assessment should be integrated across the curriculum to encourage the learning of important principles with more generic applications and reduce the tendency to learn excessive amounts of detailed information.

Assessment should align directly to the program learning outcomes and include both summative and formative methods.

Contemporary approaches to assessment emphasise the use of multiple measures of students' knowledge, skill and abilities over time which are aggregated to inform judgments about progress. A balance between examinations and assignments in both written and oral formats is required while work integrated learning (WIL) assessment is desirable but not always possible.

Significant changes in content and learning outcomes of a program should be reflected in commensurate changes to the assessment materials, processes and methods.

Clear and transparent mechanisms should inform students of assessment requirements and progression rules.

### **Standard 4.1**

*The school has a defined and documented assessment policy which guides student learning towards attainment of the stated learning outcomes of the program.*

*The school uses a range of assessment formats that are appropriately aligned to the stated learning outcomes of the program.*

*The school has a clear statement of assessment and progression rules.*

*The reliability and validity of assessment methods are regularly evaluated and upgraded as required to match changes in program content and learning outcomes.*

#### **Evidence required**

- With reference to the assessment map provided in Standard 2.1, provide examples of the range of assessment strategies used in the program and how these are used to develop and assure student skills and knowledge across the curriculum.

## 9.2 Assessment guideline requirements

While not wishing to be too prescriptive about assessment regimes, FPEC has set the following guideline parameters as suggested minimum requirements. Providers are encouraged to work within these guidelines.

### 9.2.1 Assignments

Of the total marks available, 40% - 60% should be derived from assignment work including:

- Case studies
- Research
- Both individual and group assignment work should be included
- A full SOA must be included as an individual assignment at least once in the curriculum.

### 9.2.2 Examinations

Of the total marks available, 40% - 60% should be derived from invigilated examinations.

Of the total examination marks available, the following guidelines should be observed:

- Maximum 20% from MCQs (multiple choice questions)
- Maximum 20% from short answer questions and
- The balance to be from structured response questions including case study based questions

### 9.2.3 Communication skills

Given the importance of financial planning professionals being able to readily and consistently establish and maintain successful client relationships, interpersonal communication skills should be assessed as part of the overall assessment regime.

It is strongly recommended that oral assessment activities including role plays and presentations should be incorporated into the overall assessment regime as part of either assignments or examinations.

### **Standard 4.2**

*The school's assessment methods include assignments, examinations and communications skills.*

### **Evidence required**

- Evidence from detailed course profiles that assessment methods are aligned to these guidelines

## 10. Evaluation and review

### 10.1 Ongoing monitoring

Each school should develop mechanisms for monitoring and evaluating its curriculum, and for using evaluation results to assess performance against educational learning outcomes. This requires the use of valid and reliable methods, and the collection of basic data about the financial planning curriculum and graduate outcomes.

FPEC recognises that curriculum should be subject to annual reviews which include updates and minor adjustments to focus and emphasis. Periodically however, the curriculum will require a major restructure and re write. This may be for many reasons including the changing financial, professional and regulatory landscape which is outside the control of the school.

Schools must show that they have an evaluation plan which addresses why the review/evaluation data are being collected, from whom and when, methods and frequency of data analysis, responsibility for receiving evaluation reports, and possible decisions or actions in response to

particular findings. Indications of how and when poor results will be followed up are also part of an evaluation plan. Involvement of experts in financial planning education will further broaden the base of evidence for quality of the school's financial planning education.

It is expected that schools/faculties will conduct teacher evaluations and/or will participate in university wide procedures for ongoing evaluation of teaching and academic performance of their staff.

### **Standard 5.1**

*The school has ongoing monitoring procedures that review the curriculum content, quality of teaching, assessment and student progress, and identify and address concerns.*

*Teacher, student, graduate and industry feedback is systematically sought, analysed and used as part of the monitoring process.*

*The performance of student cohorts is analysed in relation to the curriculum and the stated learning outcomes of the financial planning program.*

*Teachers, students, graduates and financial planning practitioners are actively involved in monitoring program outcomes and in program revisions.*

*The school evaluates the outcomes of the program in terms of postgraduate performance, career choice career satisfaction and employer satisfaction. Measures of, and information about the knowledge, skills, attitudes and attributes of the graduates are used as feedback to program development.*

*The results of program evaluation are reported through the governance and administration of the school and to academic staff, students, professional associations participating professionals and financial planning practices.*

#### **Evidence required**

- Description of the monitoring and evaluation process used.
- Evidence of outcomes of these processes (for example minutes of meetings, evaluation reports, evidence of changes made).

## **10.2 Educational exchanges**

FPEC encourages school participation with a variety of opportunities to exchange financial planning educational ideas such as engagement with professional association committees, national financial planning conferences and the Financial Planning Academic Forum (FPAF).

### **Standard 5.2**

*The school collaborates with other educational institutions and compares its curriculum with other programs.*

#### **Evidence required**

- Evidence of engagement in collaboration with other institutions and their staff in relation to the curriculum.

# **11. Aspirational components**

## **11.1 Research led teaching**

Financial planning education is greatly enhanced by an educational environment in which research is actively pursued. A research ethos attracts high calibre staff who can engender a milieu of critical appraisal and evaluation of existing knowledge, and who can contribute to the advancement of financial planning knowledge.

Active researchers are also in the best position to interpret and apply advances in financial planning education occurring elsewhere for the benefit of their teaching and the local community.

Such environments are also more likely to provide further education options that include pathways to research higher degrees that will sustain and grow the academic expertise in this field.

In addition, the resources they attract through research grants add to the corpus of available teachers and to the morale of the teaching staff. Moreover, while teaching and research commitments do compete for the time of busy professionals, often the contact engendered by research collaboration has beneficial effects for interdisciplinary teaching.

### **Standard 6.1**

*50% of teaching staff are actively engaged in financial planning research activity*

#### **Evidence Required**

- Commentary of the current research activities and achievements of staff and the supports systems in place to encourage this.

## **11.2 Professional practice access for staff and students**

Students need broad exposure to clients with a range of backgrounds and financial planning needs or problems. They should have the opportunity to work in professional financial planning practice situations which allows them to observe an experienced and appropriately qualified professional financial planner engaging with a range of clients.

Additionally, experience with proprietary financial planning software tools that assist in collecting client financial planning information and preparation of a comprehensive financial plan/solution is regarded by FPEC as more a component of vocational education rather than a university responsibility. Workplace practice experience with such tools is regarded as a highly valuable addition to any financial planning program.

All professional practice placements should be supervised and well organised. The objectives and assessment of practice placements should be defined and made known to students, teachers and the practice.

Special effort should be made to monitor educational experiences in these practice placements.

### **Standard 6.2**

*The school ensures there is sufficient access to professional practice locations offering face to face client experiences for staff and students to ensure that the workplace experience components can be delivered adequately.*

*The school ensures that the learning outcomes of the programs delivered in the professional practice experience match those defined in the curriculum.*

#### **Evidence required**

- Provide a description of types, extent and level of student access to professional practice experiences within the program.
- Description of the means by which the student learning experience is monitored and assessed while in professional practice experiences

## Part D – Program host<sup>1</sup>

### 12. Context and scope

The host institution is a critical factor in the quality of a program of study. The host provides the academic culture within which the program sits as well as the physical and intellectual resources that facilitate the delivery of the courses that comprise the program of study. This therefore drives the outcomes for the students and other stakeholders in the process. It is essential that host elements meet certain criteria in addition to the program content in order for the objectives of the Financial Planning Education Council and its various stakeholders to be achieved.

The Council however recognises that there are two key intervening variables that complicate this process. First, the multi-disciplinary nature of Financial Planning pragmatically means that identifying a host may be difficult and that this will vary across institutions, who themselves vary greatly in terms of faculty structures. Indeed, the evolution of financial planning programs within tertiary institutions has resulted in different disciplines 'owning' the financial planning programs (such as accounting, finance or law). Second, given the emerging nature of financial planning in tertiary institutions, The Council's aim is to encourage the development of financial planning programs and the associated academe and therefore will not seek to overly burden institutions in terms of specificities around faculty structure, budget, autonomy, etc.

Consequently, as for program requirements, the program host standards are also divided into two parts; required and aspirational standards.

### 13. Program host requirements

#### 13.1 Program design, development and involvement of expertise

A committee including members with knowledge and expertise in financial planning education should be responsible for designing the curriculum and overseeing its development and delivery, including student assessment and review.

The curriculum committee expertise should include both academic and professional practice in financial planning.

FPEC expects the host school and faculty engages in a process of quality improvement and renewal, in order that its curriculum reflects contemporary trends in financial planning professional practice, and remains relevant.

Please explain whether or not financial planning is recognised as a distinct learning area at your university.

##### **Standard 7.1**

*The host has established a committee or similar entity with the responsibility, authority and capacity to design, develop and review the curriculum on a regular basis to achieve the objectives of the financial planning program.*

##### **Evidence required**

- A description of the program design, development and monitoring processes used by the applicant.
- Evidence of the appropriate skills and expertise in financial planning, education and program design and management of the personnel involved in this process.

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<sup>1</sup> FPEC recognises the various structures and terminology used by higher education institutions and for this reason adopt the term Program host for this process to refer to the academic elements responsible for the program within its institutional setting.

## 14.2 Professional interactions

A student's positive learning experience in an institution can mean the student will want to return as an academic or assist with practice experience for students. Financial planning students benefit from access to professional practices.

There should be effective communication and liaison between the university, the school, professionals, financial planning practices affiliated with the university and professional associations. While FPEC believes formalised arrangements protect these relationships, they are best developed by an ethos of reciprocity. In general, the more harmonious the relationship between the university staff, professionals, financial planning practices and professional associations, the more likely it is that an appropriate environment for teaching and research will be developed.

Affiliation agreements between the university, professionals and financial planning practices should address, at a minimum:

- assurance of student and staff access to resources for education
- the school's authority over academic affairs and the education and assessment of students
- the role of the school in appointment of staff with teaching responsibilities
- indemnity arrangements for students.

Since it is important that professionals and financial planning practices affiliated with university schools/faculties share the educational and research objectives of the school, the professionals and financial planning practices may be represented on the committees of the school, especially those making appointments of academic staff who will have practice experience responsibilities.

In addition, there should be a formally constituted mechanism for high level consultation between the university and the affiliated practice to ensure appropriate communication and liaison on matters of mutual interest, particularly those relating to teaching, research and professional service.

### **Standard 7.2**

- a. *The host has constructive partnerships with professionals, financial planning practices and professional bodies which assist the host to provide high quality education and training of financial planning graduates.*
- b. *The host works collaboratively with other universities delivering financial planning education to continually assist the promotion of financial planning as a distinct learning area of study and a career of choice for new students and career changers.*

### **Evidence required**

- Evidence of engagement with industry partners (for example in programs of study as guest lecturers, professional development activities for students, service learning and work integrated learning). This should include details of the positions held and experience of such individuals and a description of any activities.
- Representatives of industry partners are available to meet with the assessment panel during the accreditation site visit.

## 14.3 Staff resources

The provision of adequately skilled and experienced staff is critical to the quality of a program of study. The host must ensure that staff resources (academic, administrative and technical) match curriculum needs. Where difficulty in recruiting appropriate staff exists, the school should take appropriate steps to resolve it, such as providing appropriate start-up funds or contracting staff from other universities or institutions for specific teaching and educational tasks.

The Council recognises the significant contributions to financial planning education made by financial planning professionals who can provide insight into contemporary methods of professional service to consumers. Many universities provide academic titles for practitioner professionals involved in teaching and research and such relationships are encouraged.

### **Standard 7.3**

- a. *The host has a detailed staff plan that outlines the type, responsibilities and balance of academic staff required to deliver the curriculum adequately, including the balance between practitioner experienced and non practitioner academic staff, and between employed full-time and part-time staff, and sessional staff.*
- b. *Staff are qualified according to AQF requirements to deliver the program*
- c. *The host has an appropriate profile of administrative and technical staff to support the implementation of the host's educational program.*
- d. *Staff recruitment includes active recruitment and internal development of a range of financial planning expertise and is supportive of gender balance and cultural diversity.*

#### **Evidence required**

- Provision of staffing profile and recruitment plan (if appropriate) that refers to the program of study in relation to demonstrating the deployment of these staff.
- Evidence (usually in the form of CV's) of staff professional and academic experience.
- Staff are available during the accreditation site visit to meet with the assessment panel.

### **14.4 Student support**

A culture within the host exists that supports students and fosters a safe learning environment including learning, emotional, cultural and physical safety is essential. The Council also seeks to encourage the engagement and support of students from under-represented backgrounds as there is significant value seen in a diverse and vibrant student and professional community.

### **Standard 7.4**

*The school offers appropriate student support, including counselling, health and academic advisory services, to cater for the needs of students. This should include supporting various social, cultural and personal needs and the provision of appropriate support for students with special support needs including those coming from under-represented groups.*

#### **Evidence required**

- Details of the student support services (counselling, health and academic advisory services) provided by the institution and host for students.
- Descriptions of activities undertaken to attract and support students from under-represented backgrounds in the program.
- These services/staff are available during the accreditation site visit to meet with the assessment panel.

### **14.5 Student representation**

The participation of students in school/department based committees pertaining to the financial planning curriculum and student affairs serves to promote student ownership of the curriculum, and a degree of self determination in the learning process. It also facilitates the early identification of problems and deficiencies in the program, and allows for the recognition and expansion of successful strategies and initiatives.

Regular informal meetings between senior faculty members and student representatives of all year levels complement formal student representation on school committees, and allow for more in-depth exploration of student concerns and ideas.

### **Standard 7.5**

*The school supports, encourages and has student representation in its governance and curriculum management committees and processes.*

#### **Evidence required**

- Evidence of student participation and representation in the program management and general campus issues
- Student representatives are available to meet with the assessment panel during the accreditation site visit.

## **14.6 Physical facilities**

The physical facilities required for curriculum delivery include auditoriums, tutorial rooms, IT laboratories, libraries (appropriately stocked) and the expected audiovisual equipment found in an Australian university. Facilities for student study and recreation should also be provided. There should also be facilities for quiet study, group work and for relaxation.

### **Standard 7.6**

- a. *The host has sufficient university-based physical facilities for staff and students to ensure that the curriculum can be delivered adequately.*
- b. *Library facilities available to staff and students include access to computer-based reference systems, supportive staff and a reference collection adequate to meet curriculum and research needs.*

#### **Evidence required**

- A description of the teaching and learning facilities and the equipment within them be provided
- A description of other student facilities and work areas
- A list of library and databases available to students to support their study
- These facilities (or exemplars of them) be available for inspection during the site visit.

## **14.7 Information technology**

The use of information and communication technologies is a critical part of financial planning professional practice, and facilities need to be adequate to accommodate staff and student needs, and acquaint students to the information and communication technologies environments in which they will work. This includes access to and training in the use of financial planning software similar to that which is used in a practice environment.

### **Standard 7.7**

*The host has sufficient information technology resources and expertise for the staff and student population to ensure the curriculum can be delivered adequately.*

#### **Evidence required**

- Description of information technology resources available to staff and students
- Description of the financial planning software programs used and how this is integrated into the curriculum.

## 14.8 Student admission

Admission requirements are a key element of program management and include a range of issues such as English language competency, numeracy, recognition of prior experience and prior learning. The Council believes that high standards should be applied given the multi-disciplinary nature of, and importance of communication and interpersonal skills in, the financial planning program.

The Council recognises that there is no agreed method of selecting the most appropriate financial planning students, and supports diverse approaches by schools that include both academic and vocational considerations. The Council does not encourage an extensive and prescriptive list of prerequisite subject qualifications for entry into financial planning programs and also encourages the identification and delivery of appropriate transition and bridging programs.

Fluency in written and spoken English is a requirement for successful completion of the financial planning program and hence entry requirements in this regard should be carefully considered. The selection policy should be reviewed periodically, based on relevant societal and professional data, to comply with the social responsibilities of the institution and the financial planning needs of consumers.

In relation to credit for prior studies, credit for work experience alone is not encouraged, while credit for formal studies completed at recognised tertiary institutions is encouraged so as to not require students to repeat studies. Clearly, a formal policy on such matters is critical.

### **Standard 7.8**

- a. *The size of the student intake, including the number of fee-paying students, has been defined and relates to the capacity of the school to adequately resource the program at all stages.*
- b. *Appropriate English language entry requirements are set that recognise the nature of the financial planning profession.*
- c. *A policy for credit transfer exists and is published to students. Students are notified that any credit for work-experience or studies from non-recognised providers, or credit greater than 10 years old from the point of commencing a program of study may not be recognised by FPEC.*

### **Evidence required**

- Details of admission requirements for the subject program are provided including English language requirements and that these are demonstrated to be at least equivalent to other accredited providers.
- Details of any transition and bridging programs for commencing students must be provided

Provide details of credit/RPL/advanced standing policies as they pertain to this program.

## 15. Aspirational standards

This section includes a number of items that The Council deems important for providers of financial planning education to develop. In view of the emerging nature of financial planning education in the tertiary sector these items will not be required for accreditation. However applicants are expected to be planning for and heading towards these items. Applicants should indicate how they intend to address these aspirational components. It is the view of The Council that in the future these items will become requirements.

### 15.1 Governance

While The Council has no wish to impose or recommend specific structures for schools and faculties, it does expect the school/faculty to exhibit sufficient control over its curriculum to allow its objectives to be achieved. The head of school (or equivalent) must have sufficient authority to administer the educational program.

The Council is aware of the financial constraints on all schools/faculties in the changing environment of education funding, but schools must be able to demonstrate that their educational objectives are supported by adequate financial resources, and that they are able to maintain high expectations of financial planning education for the proposed period of FPEC accreditation.

#### **Standard 8.1**

- a. *The governance structures and functions are defined, a clear mission statement is present and the host school's relationships with its faculty and within the university are specified.*
- b. *The governance structures set out, for each committee, the composition, terms of reference, powers and reporting relationships, and ensure representation from all relevant groups in decision-making.*
- c. *The host consults on key issues relating to its mission, the curriculum, graduate outcomes and governance with those groups that have a legitimate interest in the program.*

#### **Evidence required**

- Commentary on the governance structure of the host and the degree of autonomy that exists in relation to the management of the financial planning program.
- In an accreditation renewal update on any matters arising from the previous accreditation

### 15.2 Active program of research

Undergraduate financial planning education is greatly enhanced by an educational environment in which research is actively pursued. A research ethos attracts high calibre staff who can engender a milieu of critical appraisal and evaluation of existing knowledge, and who can contribute to the advancement of financial planning knowledge. Active researchers are also in the best position to interpret and apply advances in financial planning education occurring elsewhere for the benefit of their teaching and the local community. Such environments are also more likely to provide further education options that include pathways to research higher degrees that will sustain and grow the academic expertise in this field.

In addition, the resources they attract through research grants add to the corpus of available teachers and to the morale of the teaching staff. Moreover, while teaching and research commitments can be construed as competing for the time of busy professionals, often the contact engendered by interdisciplinary teaching has beneficial effects for research collaboration and vice versa.

The host is encouraged to demonstrate a commitment to research with appropriate resource allocation and infrastructure support.

### **Standard 8.2**

*The financial planning program is set in the context of an active research program within the school.*

#### **Evidence required**

- Statement of goals in relation to research activities of staff and degree of importance in recruitment activities
- Commentary of the research activities and achievements of staff and the supports systems in place to encourage this.

### **15.3 Staff management**

The quality of teaching staff is a vital ingredient of financial planning education. Effective teachers have a strong knowledge of their discipline, understand curricular design and pedagogy, and are committed to excellence in teaching. A successful school/faculty has academic staff who are committed to continuing scholarly productivity, thereby contributing to the educational environment of the school. Staff development and review are a critical element of this process and should be included in the formal responsibilities of heads of department and other supervisors.

### **Standard 8.3**

*The host has appointment, promotion and reward policies for academic staff that address a balance of capacity for teaching, research and service functions that recognise the emerging nature of the Financial Planning Academe.*

#### **Evidence required**

- Commentary on the balance of staff profiles across teaching, research and service areas.
- In an accreditation renewal update on any matters arising from the previous accreditation

# Attachment 1 – National Financial Planning Curriculum

## Att. 1.1 Core body of knowledge

Core knowledge areas	Curriculum detail	Learning outcomes
Introduction to finance/personal financial planning	<p>Economic Environment &amp; Financial Planning</p> <ul style="list-style-type: none"> <li>• Monetary Fiscal Policy</li> <li>• Business Cycle</li> <li>• Economic Indicators</li> </ul> <p>Introduction to the Regulatory Environment</p> <ul style="list-style-type: none"> <li>• What is Compliance?</li> <li>• Legislation and Regulation</li> <li>• Regulators</li> <li>• Financial planners and fiduciary relationship</li> <li>• Disclosure documents-FSG,PDS,SOA</li> </ul> <p>The Financial Planning Process</p> <p>Stakeholders and their roles in financial planning</p> <ul style="list-style-type: none"> <li>• Emphasise the distinction between financial planners and financial product advisors</li> </ul> <p>Establish ethical client-planner relationships</p> <p>Code of Ethics /Professional Conduct of an appropriate professional association including FPSB and FPA</p> <p>Gathering client data and determining needs &amp; goals</p> <p>Developing and presenting the financial plan</p> <ul style="list-style-type: none"> <li>• Cash flow and debt management</li> <li>• Investment management</li> <li>• Life insurance</li> <li>• Superannuation and retirement planning</li> </ul>	<p><b>Upon successfully completing these studies, students should be able to:</b></p> <p>Explain the advisory functions of financial planners including: the holistic and relational role of the financial planner as distinct from a simple product advisory role; the participants in the advisory services market; and the range of services provided by financial planners.</p> <p>Describe the Australian legal framework within which financial planners operate and their legal, social and ethical responsibilities.</p> <p>Apply the steps involved in the financial planning process to client scenarios.</p> <p>Undertake research, construct and present a limited scope Statement of Advice (SOA) to meet client requirements in an ethical and professional manner.</p> <p>Demonstrate a knowledge and understanding of the process of giving financial advice.</p> <p>Exhibit an appreciation of the role of the client and advisor in the financial planning relationship</p> <p>Identify and understand ethical considerations and professional conduct requirements in the giving of financial planning advice</p>

Core knowledge areas	Curriculum detail	Learning outcomes
	<ul style="list-style-type: none"> <li>• Taxation in financial planning</li> <li>• Social security and aged care in financial planning</li> <li>• Estate planning</li> <li>• Types of credit, debt and bankruptcy</li> </ul> <p>Implementing the financial plan</p> <p>Monitoring and Reviewing the financial plan</p>	
Client relationships	<p>Communication in a professional context</p> <p>Providing information about services to clients( FSG, PDS)</p> <p>Collecting information from clients &amp; setting goals</p> <p>Understanding self &amp; others</p> <p>Interpersonal communication skills</p> <p>The importance of body language</p> <p>How to create trust</p> <p>Fiduciary duty</p> <ul style="list-style-type: none"> <li>• Ethical and professional conduct</li> <li>• Legislated 'client best interests' requirement</li> </ul> <p>Behavioural finance: risk profiling vs investment behaviour</p> <p>Managing the ongoing relationship</p> <p>Conflict resolution</p>	<p><b>Upon successfully completing these studies, students should be able to:</b></p> <p>Employ and apply theoretical knowledge of the psychology of client engagement in the financial services context.</p> <p>Gain an understanding of individual behavioural patterns as applied across different genders, age and social demographics and cultures.</p> <p>Communicate effectively both verbally and non verbally and engage positively in dealings with clients and peers.</p> <p>Think critically in order to solve problems effectively when communicating with others.</p> <p>Use sound judgment when engaging in ethical practice and display professional standards reflecting responsible and sustainable practices.</p>

Core knowledge areas	Curriculum detail	Learning outcomes
Superannuation and retirement planning	<p>Overview &amp; regulation of Australian superannuation</p> <ul style="list-style-type: none"> <li>• History</li> <li>• What is Superannuation</li> <li>• Three Pillar Model</li> <li>• SG system</li> <li>• SIS legislation</li> <li>• Types of Super Funds</li> <li>• Defined Benefit vs Accumulation funds</li> <li>• Contributions Phase</li> <li>• Adequacy</li> <li>• Strategies</li> <li>• Structures</li> <li>• Accumulation Phase</li> <li>• Strategies to maximise retirement income</li> <li>• Drawdown Phase</li> <li>• Pensions</li> <li>• Account Based Pensions</li> <li>• Annuities</li> <li>• Transition to Retirement</li> <li>• Preservation</li> <li>• Self Managed Super Funds</li> <li>• Taxation in relation to Super</li> <li>• Super &amp; Death benefits</li> </ul> <p>Superannuation Co-Contributions</p> <p>Divorce and Super</p> <p>Superannuation strategies in financial planning</p> <p>Government benefits and Social Security</p> <p>Social Security Safety Net</p> <ul style="list-style-type: none"> <li>• pension payments</li> <li>• Non-cash benefits</li> <li>• Assessment &amp; Eligibility</li> </ul>	<p><b>Upon successfully completing these studies, students should be able to:</b></p> <p>Demonstrate knowledge and understanding of superannuation in the Australian context</p> <p>Evaluate the variety of superannuation structures</p> <p>Understand the taxation implications re superannuation</p> <p>Recognise changing demographics and the effects on superannuation and retirement issues.</p> <p>Apply the Superannuation Industry Supervision Act 1993 (SIS).</p> <p>Demonstrate knowledge and understanding of the key components of the three super phases</p> <p>Examine the variety of retirement and superannuation products and apply these to client specific situations.</p> <p>Develop strategies and provide advisory recommendations on superannuation and retirement planning.</p> <p>Demonstrate an appreciation of the Social Security environment</p>

Core knowledge areas	Curriculum detail	Learning outcomes
	<p>Age / DVA pensions/aged care</p> <p>Retirement Planning: non financial issues</p>	
Estate planning	<p>What is estate planning?</p> <p>The estate planning process</p> <p>Estate Planning</p> <ul style="list-style-type: none"> <li>• Wills</li> <li>• Intestacy</li> <li>• Choosing an executor</li> <li>• Administration of estate</li> </ul> <p>Managing the Estate</p> <p>Asset Protection</p> <p>Transferring assets</p> <p>Testamentary Trusts</p> <ul style="list-style-type: none"> <li>• Power of Attorney</li> </ul> <p>Incapacity planning</p> <ul style="list-style-type: none"> <li>• Capital Gains Tax</li> <li>• Death &amp; Super</li> </ul> <p>Business succession planning</p> <p>Blended family issues</p> <p>Superannuation and Death Benefits</p> <p>Estate vs non estate assets</p> <p>Guardianship</p> <p>Philanthropy</p>	<p><b>Upon successfully completing these studies, students should be able to:</b></p> <p>Identify types of business structures and critique the functions of business succession planning and its taxation implication, particularly capital gains tax (CGT).</p> <p>Illustrate knowledge of the formalities of drawing up wills and can outline estate administration processes.</p> <p>Demonstrate an understanding of the estate planning process and the testamentary trust framework including utilisation of the tax status of beneficiaries where required.</p> <p>Evaluate the importance of trusts (including testamentary trusts) and asset protection including its legal framework.</p> <p>Identify and evaluate types of powers of attorney and binding health directives.</p> <p>Use extensive professional knowledge when relating outcomes in the superannuation environment and its taxation of death benefits.</p>

Core knowledge areas	Curriculum detail	Learning outcomes
Insurance	<p>Risk assessment methodologies</p> <p>Introduction to insurance (risk management)</p> <p>Insurance as a risk management tool</p> <p>Underwriting and claims</p> <p>Types of Insurance</p> <p>Personal Insurance</p> <ul style="list-style-type: none"> <li>• Term Life</li> <li>• Total Disability</li> <li>• Trauma / Critical Illness</li> <li>• Income Protection</li> <li>• Accident insurance</li> <li>• Traditional – whole of life &amp; endowment</li> <li>• Insurance Bonds</li> <li>• Business insurance</li> <li>• Key-man insurance and small business need</li> <li>• Business overhead cover</li> </ul> <p>General Insurance</p> <ul style="list-style-type: none"> <li>• Health Insurance</li> <li>• Property insurance</li> <li>• Vehicle insurance</li> <li>• Contents insurance</li> <li>• Travel insurance</li> <li>• PI insurance</li> <li>• Public Liability</li> </ul> <p>Compulsory Insurances</p> <ul style="list-style-type: none"> <li>• Medicare</li> <li>• Third Party Personal</li> <li>• Workers Compensation</li> </ul> <p>Different calculation methodologies explored</p>	<ul style="list-style-type: none"> <li>• Upon successfully completing these studies, students should be able to:</li> <li>• Apply theoretical knowledge of the nature of insurance and risk management principles.</li> <li>• Identify and critically evaluate insurance products.</li> <li>• Calculate and determine the suitability of insurance products, including the effects of taxation.</li> <li>• Calculate appropriate levels of cover.</li> <li>• Evaluate and differentiate between policies.</li> <li>• Articulate and apply the regulatory and compliance framework as it relates to insurance, including insurance law and documentation.</li> <li>• Act with integrity and ethical practice in communicating risk management strategies through the provision of comprehensive and appropriate advice to clients.</li> </ul> <p>Communicate client needs and objectives in a professional manner.</p>

Core knowledge areas	Curriculum detail	Learning outcomes
	Comparisons of different features of products – definitions Taxation consequences of premiums and benefits Life insurance and estate planning strategies in financial planning Regulation and compliance	
Financial plan construction	Different methods of construction of the Statement of Advice (SOA) Purpose, benefits and components of an SOA What makes a compliant SOA Product focused vs client focused SOA Describing strategies in financial planning Disclosure and identification of key information Establish client-planner relationships Requirements of Code of Ethics /Professional Conduct professional associations including FPSB and FPA Gathering client data and determining goals Establishing client's financial status and needs Developing and presenting the financial plan Understanding the implementation of the financial plan Understanding the review and monitoring process of the financial plan Responsibilities of financial planner, client & other advisers Resolution of conflicts arising from dealing with clients having unrealistic goals.	<b>Upon successfully completing these studies, students should be able to:</b> Apply the 6-step financial planning process in accordance with Financial Planning Standards Board (FPSB) standards and ethical practices. Communicate with clients effectively to obtain personal information. Construct a compliant comprehensive Statement of Advice. Present the Statement of Advice. Evaluate and recommend effective client relationship building through the ongoing review planning process.

Core knowledge areas	Curriculum detail	Learning outcomes
Taxation 1	<p>The Australian Taxation system</p> <p>Assessable Income</p> <ul style="list-style-type: none"> <li>• Different types of income</li> <li>• Capital Gains</li> <li>• Fringe benefits</li> <li>• Dividends &amp; imputation system</li> <li>• Foreign source income</li> </ul> <p>Allowable Deductions</p> <ul style="list-style-type: none"> <li>• Types of deductions</li> </ul> <p>Financial planning and other professional fees</p> <ul style="list-style-type: none"> <li>• Tax losses</li> <li>• Salary packaging – eg cars, work expenses</li> </ul> <p>Rebates and credits</p> <ul style="list-style-type: none"> <li>• Family &amp; child care</li> <li>• Education costs (HECS,HELP,Ed tax refund)</li> </ul> <p>Rates of tax – individuals, companies etc</p> <p>Taxation of Individuals</p> <ul style="list-style-type: none"> <li>• Determining taxable income</li> <li>• Rebates &amp; tax credits</li> <li>• Medicare levy/surcharge</li> </ul> <p>Taxation of partnerships &amp; companies</p> <p>Taxation of estates / wealth transfer/ marriage breakdown</p> <p>Superannuation taxation</p> <p>Tax treatment of termination payments</p> <p>Salary Sacrifice - Super &amp; Cars &amp; FBT Issues</p>	<ul style="list-style-type: none"> <li>• Upon successfully completing these studies, students should be able to:</li> <li>• Demonstrate a working knowledge of the legal concepts and principles and the underlying taxation system in Australia.</li> <li>• Know and understand the taxation requirements relating to individuals, companies, partnerships and trusts.</li> <li>• Demonstrate the use of basic tax research skills to solve simple tax problems.</li> <li>• Know and understand the Tax Practitioners Board requirements for giving tax advice as a financial planner</li> </ul> <p>Demonstrate an understanding of the basic provisions of GST and FBT law.</p> <p>Compare the tax implications of different business structures in relation to given facts and make suitable recommendations from a taxation point of view.</p> <p>Compare, analyse and recommend taxation strategies to develop comprehensive client solutions.</p>

Core knowledge areas	Curriculum detail	Learning outcomes
	Small business concessions + CGT GST Tax planning structures Family trusts Gearing Investment structures with tax implications Tax avoidance vs tax evasion Tax strategies in financial planning	
Investments	Regulation of Markets Investment Markets Market efficiency Trading securities <ul style="list-style-type: none"> <li>• Role of the Stock Exchange</li> <li>• Securities markets</li> <li>• Security analysis</li> </ul> Returns and risks from investing <ul style="list-style-type: none"> <li>• Risk management models</li> <li>• Behavioural finance- dealing with the client</li> <li>• Risk tolerance</li> <li>• Risk minimisation through asset allocation</li> <li>• Diversification</li> <li>• Portfolio construction</li> <li>• Financial goals and time horizons</li> <li>• Income streams vs capital gains</li> </ul> Investment theory and management	<ul style="list-style-type: none"> <li>• Upon successfully completing these studies, students should be able to:</li> <li>• Explain the role of the financial system, its function, and the key participants within the finance system.</li> <li>• Describe the various regulatory bodies, their function and responsibilities.</li> <li>• Identify the various financial markets, characteristics and instruments traded on these markets.</li> <li>• Assess the potential risks affecting the financial system, their impact on financial service products, providers, clients and economic performance.</li> <li>• Construct and defend a multi-asset portfolio.</li> </ul> <p>Critique the Efficient Market Hypothesis (EMH) and asset pricing models in light of empirical evidence and comment on their usefulness and applications.</p> <p>Apply the knowledge of behavioural finance to identify typical behaviour patterns exhibited by</p>

Core knowledge areas	Curriculum detail	Learning outcomes
	<ul style="list-style-type: none"> <li>• Valuation of investments</li> <li>• Time value of money concepts</li> <li>• Investment strategies (gearing &amp; margin lending)</li> <li>• Portfolio management techniques</li> <li>• Performance management</li> </ul> <p>Investment Strategies</p> <ul style="list-style-type: none"> <li>• Gearing investment</li> <li>• Margin Lending</li> </ul> <p>Asset Allocation</p> <ul style="list-style-type: none"> <li>• Tailoring portfolios for client outcomes</li> <li>• Timing</li> <li>• Dollar cost averaging</li> <li>• Investment strategies</li> <li>• Diversification</li> <li>• Capital gains</li> </ul> <p>Investment structures</p> <ul style="list-style-type: none"> <li>• Sole</li> <li>• Partnership</li> <li>• Company</li> <li>• Trusts</li> <li>• Direct Investing</li> <li>• Shares</li> <li>• Interest bearing &amp; discounted securities</li> <li>• Property</li> </ul> <p>Indirect investing</p> <ul style="list-style-type: none"> <li>• Categories of products</li> <li>• Managed investments</li> <li>• Types of managed investments</li> <li>• Asset specific funds</li> </ul>	<p>investors while making investment decisions.</p> <p>Evaluate funding methods for investing</p>



Core knowledge areas	Curriculum detail	Learning outcomes
	<ul style="list-style-type: none"><li>• International investments</li></ul> <p>Costs of Investing</p> <p>Investment strategies passive vs active</p> <p>Investing in property and collectibles</p> <ul style="list-style-type: none"><li>• Alternative investments</li><li>• Precious metals / collectibles</li><li>• Infrastructure/commodities</li><li>• Private equity</li><li>• Warrants/hybrid securities</li><li>• SRI</li></ul> <p>Research &amp; research methodologies</p>	

## Att. 1.2 Additional desirable financial planning knowledge areas

Knowledge area of study	Detail	Learning outcomes
(Advanced) Investments 2 & fund analysis	<ul style="list-style-type: none"> <li>• The investment process</li> <li>• Sources of information for investors</li> <li>• Valuation of securities using basic cash flow analysis</li> <li>• Managed investments</li> <li>• Introduction to derivatives and their role in managing risk</li> <li>• Investor preferences and portfolio diversification concepts</li> <li>• Portfolio management</li> <li>• Markowitz portfolio theory</li> <li>• Capital Asset Pricing Model (CAPM)</li> <li>• Market efficiency</li> <li>• Corporate fundraising - equity and debt financing.</li> <li>• Membership of the corporation, member's rights and remedies.</li> <li>• Share capital and its variation.</li> <li>• Overview of Directors and Officers of the corporation - their duties, risks and responsibilities and consequences of breach of Directors duties.</li> <li>• External administration and winding up.</li> </ul>	<p>Upon successfully completing these studies, students should be able to:</p> <ul style="list-style-type: none"> <li>• Demonstrate knowledge of the investment process, the different asset classes and their application in providing advice to clients.</li> <li>• Undertake valuation of securities using basic cash flow analysis.</li> <li>• Apply the concept of diversification to construct portfolios for clients, measure their risk and return and critique the concept of optimal portfolios derived using Markowitz analysis.</li> <li>• Develop strategies and provide recommendations to advise clients on investment planning, reflecting socially responsible and ethical practice.</li> <li>• Select the appropriate derivative instrument to manage risk in a given situation and demonstrate a basic understanding of derivative valuation.</li> </ul>

Knowledge area of study	Detail	Learning outcomes
Business economics	<ul style="list-style-type: none"> <li>• Introduction to economics and economic methodology</li> <li>• Microeconomics - market forces of demand and supply, and its application</li> <li>• Consumers, products and the efficiency of markets</li> <li>• Government policy and its effect on the economy</li> <li>• Market competition and economic policy</li> <li>• Macroeconomics - economic data and measuring the economy</li> <li>• Role of money in the economy</li> <li>• International markets and the economy</li> <li>• Economic predictions and forecasts for Australia and other economies</li> </ul>	<p>Upon successfully completing these studies, students should be able to:</p> <ul style="list-style-type: none"> <li>• Apply appropriate economic tools (macro and microeconomic) to model the market and determine possible outcomes of changing economic behaviour.</li> <li>• Calculate, analyse and interpret economic and financial data to extract useful information for optimal decision-making.</li> <li>• Employ economic models, mathematics and graphical functional forms to prove and test decisions/outcomes. Graduate Attribute</li> <li>• Provide policy alternatives to address various economic outcomes and critically evaluate actual economic events within modelling frameworks.</li> </ul>

Knowledge area of study	Detail	Learning outcomes
Commercial law	<ul style="list-style-type: none"> <li>• The Australian legal system including sources of law, the role of legislation and the common law, the jurisdiction of the State and Federal Courts and the role of the Courts in dispute resolution.</li> <li>• The key legal principles of contract law and tort and consumer protection law.</li> <li>• The legal principles relating to the creation and operation of different forms of business organisations such as sole traders, partnerships, companies and trusts. The legal responsibilities and obligations relating to the operation of these business organisation.</li> <li>• The legal nature of a company and the concept of limited liability. Types of companies. The procedure for incorporation/formation and effects of incorporation.</li> <li>• Legal regulation of companies.</li> <li>• Corporate constitution and internal governance.</li> <li>• Corporate decision making including directors and members meetings.</li> <li>• Contracting with companies and assumptions.</li> </ul>	<p>Upon successfully completing these studies, students should be able to:</p> <ul style="list-style-type: none"> <li>• Describe the sources of law and legal principles relating to sole trader, partnerships, trusts and corporations, explain how these structures are formed and the responsibilities relating to the creation and operation of these business organisations.</li> <li>• Critique, reflect upon and evaluate effectiveness of the various forms of business organisations.</li> <li>• Describe the sources of law and legal principles relating to contract, tort and consumer protection and synthesise these legal principles to solve a variety of problems.</li> <li>• Apply legal principles (statute law and case law) and legal knowledge and use problem solving skills in a variety of situations.</li> <li>• Communicate effectively.</li> </ul>

Knowledge area of study	Detail	Learning outcomes
Business statistics	<ul style="list-style-type: none"> <li>• Collection of data and data types</li> <li>• Descriptive statistics (including measures of central tendency, variability and shape)</li> <li>• Correlation</li> <li>• Regression</li> <li>• Time series</li> <li>• Probability distributions</li> <li>• Interval estimation and hypothesis testing</li> </ul>	<p>Upon successfully completing these studies, students should be able to:</p> <ul style="list-style-type: none"> <li>• Calculate, present and interpret financial data using descriptive statistical techniques, including the use of Excel spreadsheet functions.</li> <li>• Identify, interpret and evaluate relationships between variables for financial decision making, using correlation and simple linear regression.</li> <li>• Apply simple concepts of probability and probability distributions to problems in business decision-making.</li> <li>• Describe the role of statistical inference and apply inference methodology to single populations.</li> <li>• Apply suitable statistical techniques for describing and forecasting time series data.</li> </ul>
(Advanced) taxation 2	<ul style="list-style-type: none"> <li>• Comparison of alternative business structures from taxation point of view</li> <li>• Taxation of retirement and termination payments</li> <li>• CGT concessions</li> <li>• Tax planning strategies for retirement</li> <li>• Tax planning in relation to residency</li> <li>• Alienation of personal services income</li> <li>• Tax avoidance provisions</li> </ul>	<p>Upon successfully completing these studies, students should be able to:</p> <ul style="list-style-type: none"> <li>• Apply advanced research skills to solve complex tax problems.</li> <li>• Compare tax implications of different business structures in relation to given facts and make suitable recommendations from a taxation point of view.</li> <li>• Compare, analyse and recommend taxation strategies to develop comprehensive client solutions.</li> <li>• Analyse key issues related to residency and sources of income in the context of tax planning.</li> </ul>

Knowledge area of study	Detail	Learning outcomes
Basic accounting	<ul style="list-style-type: none"> <li>• Introduction to accounting including double entry and recording framework</li> <li>• Preparation of financial statements including end of period adjustments</li> <li>• Accounting internal control and cash management systems</li> <li>• Noncurrent assets and inventory</li> <li>• Ratio analysis and its application to financial statements.</li> <li>• Australian Reporting environment</li> </ul>	<p>Upon successfully completing these studies, students should be able to:</p> <ul style="list-style-type: none"> <li>• Develop proficiency in preparing a set of basic financial statements.</li> <li>• Explain and discuss the Australian reporting environment and basic framework of accounting.</li> <li>• Calculate and apply techniques for interpreting accounting information.</li> <li>• Analyse and interpret an income statement, cash flow statement, statement of financial position including associated notes and reports to accounts to derive meaningful conclusions. Graduate Attribute - Critical Thinking</li> </ul>
Superannuation 2 and Research	The FPEC welcomes a range of options in this area and does not specify a specific requirement.	The FPEC welcomes a range of options in this area and does not specify a specific requirement.

Knowledge area of study	Detail	Learning outcomes
Marketing for services	<ul style="list-style-type: none"> <li>• An overview of marketing and its history</li> <li>• Macro and micro environment analysis</li> <li>• Core consumer behaviour concepts such as perception, motivation and the consumer decision making model</li> <li>• Segmentation, targeting and positioning</li> <li>• The Product and Services Marketing Mix</li> <li>• The 4 Ps of services marketing - product, price, promotion, place, people, processes and physical distribution</li> <li>• Client relationships (establishment and management)</li> <li>• Service design, management and recovery</li> <li>• The marketing of financial services in Australia, with particular focus on the legal issues, requirements and constraints that apply</li> </ul>	<p>Upon successfully completing these studies, students should be able to:</p> <ul style="list-style-type: none"> <li>• Evaluate a proposed market opportunity by applying the principles of marketing and then composing a well-judged plan of action.</li> <li>• Develop PEST &amp; SWOT analysis, Positioning and Segment strategies to suit financial services entities.</li> <li>• Undertake competitor analysis by comparing the approaches adopted by different competitors to the tasks of market segmentation, target marketing and positioning using an analytical framework.</li> <li>• Apply knowledge of the differences between product and services marketing in order to assess alternative strategies and reach informed conclusions to guide service formulation, services delivery, recovery and relationship management.</li> <li>• Navigate complex legal and regulatory environments that surround the marketing of financial services in Australia.</li> </ul>

### Att. 1.3 Duration

Each core curriculum body of knowledge should be regarded as being **equivalent** to a typical university unit of study. They do not require that the curriculum is delivered as 8 discrete units of study, and each core body of knowledge may be integrated across a range of units within a program.

However, each core body of knowledge should be delivered as the **equivalent** of approximately 39hrs of contact time and 120 hrs of non contact time.

It is expected that the total core curriculum would be over 300 hrs contact time and 960 hrs of non contact time.

## Attachment 2 – Applicant checklist

### **Standard 1.1**

The program host has defined its mission, which includes teaching, research and social and community responsibilities.

The school's mission has been defined in consultation with academic staff, students, the university, government agencies, the financial planning profession including practising professionals and professional associations, and consumers.

### **Standard 1.2**

*The school has defined graduate outcomes and has related them to its mission statement.*

## **Part C – Program requirements including curriculum detail**

### **Standard 1.3**

*The school has a well defined assurance of learning methodology, processes and adequate resources to accurately assess the extent of achievement of student learning outcomes at the subject, program and specialised levels.*

### **Standard 2.1**

*The school has developed descriptions of the content, extent and sequencing of the curriculum that guide staff and students on the level of knowledge and understanding, skills and attitudes expected at each stage of the program.*

*The program aligns substantially with the national financial planning curriculum*

### **Standard 2.2**

*The financial planning program emphasises the importance of research in advancing knowledge of contemporary financial planning issues and encourages, prepares and supports student engagement in financial planning research.*

### **Standard 2.3**

*There are opportunities in the program for students to pursue studies of choice, consistent with program outcomes.*

### **Standard 2.4**

*There is articulation between the basic university financial planning program and subsequent professional practice training and ongoing professional CPD requirements.*

### **Standard 3.1**

*The teaching and learning methods are appropriate for the content and learning outcomes of the program. They include a variety of methods but should include those that are inquiry-orientated, encouraging students to take responsibility for their learning process and prepare them for lifelong learning.*

### **Standard 4.1**

*The school has a defined and documented assessment policy which guides student learning towards attainment of the stated learning outcomes of the program.*

*The school uses a range of assessment formats that are appropriately aligned to the stated learning outcomes of the program.*

*The school has a clear statement of assessment and progression rules.*

*The reliability and validity of assessment methods are regularly evaluated and upgraded as required to match changes in program content and learning outcomes.*

### **Standard 4.2**

*The school's assessment methods include assignments, examinations and communications skills.*

### **Standard 5.1**

*The school has ongoing monitoring procedures that review the curriculum content, quality of teaching, assessment and student progress, and identify and address concerns.*

*Teacher, student, graduate and industry feedback is systematically sought, analysed and used as part of the monitoring process.*

*The performance of student cohorts is analysed in relation to the curriculum and the stated learning outcomes of the financial planning program.*

*Teachers, students, graduates and financial planning practitioners are actively involved in monitoring program outcomes and in program revisions.*

*The school evaluates the outcomes of the program in terms of postgraduate performance, career choice career satisfaction and employer satisfaction. Measures of, and information about the knowledge, skills, attitudes and attributes of the graduates are used as feedback to program development.*

*The results of program evaluation are reported through the governance and administration of the school and to academic staff, students, professional associations participating professionals and financial planning practices.*

### **Standard 5.2**

*The school collaborates with other educational institutions and compares its curriculum with other programs.*

## **Part D – Program Host**

### **Standard 6.1**

*50% of teaching staff are actively engaged in financial planning research activity*

### **Standard 6.2**

*The school ensures there is sufficient access to professional practice locations offering face to face client experiences for staff and students to ensure that the workplace experience components can be delivered adequately.*

*The school ensures that the learning outcomes of the programs delivered in the professional practice experience match those defined in the curriculum.*

### **Standard 7.1**

*The host has established a committee or similar entity with the responsibility, authority and capacity to design, develop and review the curriculum on a regular basis to achieve the objectives of the financial planning program.*

### **Standard 7.2**

- a. *The host has constructive partnerships with professionals, financial planning practices and professional bodies which assist the host to provide high quality education and training of financial planning graduates.*

- b. *The host works collaboratively with other universities delivering financial planning education to continually assist the promotion of financial planning as a distinct learning area of study and a career of choice for new students and career changers.*

### **Standard 7.3**

- a. *The host has a detailed staff plan that outlines the type, responsibilities and balance of academic staff required to deliver the curriculum adequately, including the balance between practitioner experienced and non practitioner academic staff, and between employed full-time and part-time staff, and sessional staff.*
- b. *Staff are qualified according to AQF requirements to deliver the program*
- c. *The host has an appropriate profile of administrative and technical staff to support the implementation of the host's educational program.*
- d. *Staff recruitment includes active recruitment and internal development of a range of financial planning expertise and is supportive of gender balance and cultural diversity.*

### **Standard 7.4**

*The school offers appropriate student support, including counselling, health and academic advisory services, to cater for the needs of students. This should include supporting various social, cultural and personal needs and the provision of appropriate support for students with special support needs including those coming from under-represented groups.*

### **Standard 7.5**

*The school supports, encourages and has student representation in its governance and curriculum management committees and processes.*

### **Standard 7.6**

- a. *The host has sufficient university-based physical facilities for staff and students to ensure that the curriculum can be delivered adequately.*
- b. *Library facilities available to staff and students include access to computer-based reference systems, supportive staff and a reference collection adequate to meet curriculum and research needs.*

### **Standard 7.7**

*The host has sufficient information technology resources and expertise for the staff and student population to ensure the curriculum can be delivered*

### **Standard 7.8**

- a. *The size of the student intake, including the number of fee-paying students, has been defined and relates to the capacity of the school to adequately resource the program at all stages.*
- b. *Appropriate English language entry requirements are set that recognise the nature of the financial planning profession.*
- c. *A policy for credit transfer exists and is published to students. Students are notified that any credit for work-experience or studies from non-recognised providers, or credit greater than 10 years old from the point of commencing a program of study may not be recognised by FPEC.*

### **Standard 8.1**

- a. *The governance structures and functions are defined, a clear mission statement is present and the host school's relationships with its faculty and within the university are specified.*

- b. *The governance structures set out, for each committee, the composition, terms of reference, powers and reporting relationships, and ensure representation from all relevant groups in decision-making.*
- c. *The host consults on key issues relating to its mission, the curriculum, graduate outcomes and governance with those groups that have a legitimate interest in the program.*

**Standard 8.2**

*The financial planning program is set in the context of an active research program within the school.*

**Standard 8.3**

*The host has appointment, promotion and reward policies for academic staff that address a balance of capacity for teaching, research and service functions that recognise the emerging nature of the Financial Planning Academe.*

## Attachment 3 - Glossary

**Asset Management** – Strategies and techniques to optimise returns on assets in consideration of the client's requirements and constraints.

**Asset Allocation** – Decide how to invest a pool of resources in a broad array of asset classes to determine an asset mix that will best meet a client's return objectives with acceptable and appropriate risk levels.

**Budget** – A statement that estimates the financial resources and expenditures for a given period.

**Cash Flow Statement** – A statement that summarises the cash inflows and cash outflows for a given period. Client A person, persons or related entities with whom the financial planning professional has a formal planner-client relationship.

**Estate Planning** – Strategies and techniques for preservation and distribution of accumulated assets.

**Financial Management** – Strategies and techniques to optimise short and mid-term cash flow, assets and liabilities.

**Financial Plan** – A methodically formulated and detailed strategy or group of strategies used to manage one's financial affairs to meet life goals.

**Financial Planning** – The process of developing strategies to assist clients in managing their financial affairs to meet life goals.

**Integration** – Competencies that relate to the integration and interrelationships among the Elements of Competency during collection, analysis and synthesis of a client's objectives, needs and values that are pervasive across all Financial Planning Components.

**Needs** – An item or condition that is necessary.

**Net Worth Statement** – A statement of assets and liabilities. Objectives An outcome that is sought after or aimed for.

**Personal Financial Statements** – Net Worth Statement, Cash Flow Statement and Budget, in aggregate.

**Qualitative Information** – Information about client qualities, attitudes and preferences.

**Quantitative Information** – Information about the client that is objective and measurable.

**Retirement Planning** – Strategies and techniques for wealth accumulation and withdrawal during retirement years.

**Risk Management** – Strategies and techniques to manage financial exposure due to personal risk. The terms risk, risk exposure and risk tolerance refer to the risk of financial loss due to personal circumstances.

**Strategy (Strategies)** – A plan designed to achieve one or more specific objectives.

**Tax Planning** – Strategies and techniques to maximise present value of after tax family net worth.