

## **MEDIA FACT SHEET**

### **Future of Financial Advice (FoFA)**

Centric Wealth welcomes and supports the Government's Future of Financial Advice (FoFA) reform. These recommendations will be a significant step forward for the advice industry and provide, in our view, a "safety net" or minimum industry standard, to which Centric Wealth is already compliant.

### **Centric Wealth Professionalism in Financial Advice Standards**

Centric Wealth has lifted the bar with its new **best practice** standards in financial advice, which focus on education; ethics and governance; and advice and service quality. These Standards go further than the FoFA reforms, seeking to establish a best practice position for the financial advice sector. The standards are policy now and apply equally to new and existing clients.

### **The following are outlined in Centric Wealth's Professionalism in Financial Advice Standards**

#### **1. Educational requirements and qualifications:**

- All new Financial Planning adviser recruits:
  - Degree qualified (or equivalent)
  - Are CFP qualified (the globally recognised certification for financial planners) or,
  - Are committed to completing CFP qualifications within five years of commencement, or,
  - Have relevant qualifications (as approved by the Professional Standards and Ethics Committee) such as Chartered Accountant or CPA with an acknowledged specialisation in financial planning and demonstrated experience as a financial planning practitioner
- Continuing professional development minimums are set at the highest level for CFP (i.e. 120 points per triennium)
- All new adviser recruits are reviewed and interviewed by the Centric Wealth Adviser Panel on professional practice, technical competence, quality of advice, ethical competencies and specialist advice skills

#### **2. Professional Internship Program (PIP) – also known as the Professional Year:**

- The current mandatory professional internship program has been extended to reflect equivalent professional year programs, such as for accounting. All Centric Wealth Financial Planning Associate Advisers transitioning to become a Centric Wealth Adviser must complete the Professional Internship Program (PIP) before being recognised as a Centric Wealth financial adviser

### **3. Industry standards and memberships:**

- All financial advisers are FPA members (mandatory)
- All financial planning licensee responsible managers and advice staff are FPA members
- The FPA Code of Ethics is part of the Centric Wealth Professional Practice Standards which comprises all Centric Wealth's position statements on professionalism
- The manual is also supported by the Centric Wealth Professional Promise and Centric Wealth's Principles of Professional Practice, which are signed off annually by all finance planning advice staff
- FPA Professional Practice Standards form an integral part of our professional practice standards

### **4. Governance:**

- All significant advice (i.e. new advice or significant review) signed off by CFP (or equivalent, as approved by the Professional Standards and Ethics Committee)
- The Centric Wealth Limited Board is comprised of majority representation of external non-executive directorships, with external directors to chair key governance committees
- Centric Wealth's Professional Standards and Ethics Committee will monitor and assess adherence to the professionalism framework. It is chaired by non-executive director Chris Cuffe and includes representation by an independent external expert (from another established profession)
- Client Advisory Board will commence in February 2011

### **5. Remuneration:**

- Our policy is to provide advice that cannot be influenced by remuneration paid by product providers. Hence, we elect to be paid a fee for services rather than receive commissions or brokerage from third parties, such as fund managers. Where this is not possible, we rebate to the client or offset the commission or brokerage against the fee charged to the client
- We do not charge shelf-fees
- Our policy applies to both new and existing clients

**For the full Centric Wealth position, please visit <http://www.centricwealth.com.au/liftingthebar>**