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FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

INSIDE

'Nurture it, protect it, grow it': Rantall's parting call

IN HIS FINAL ADDRESS TO AN FPA PROFESSIONALS CONGRESS, CEO MARK RANTALL URGES MEMBERS TO CONTINUE THE GREAT WORK OF OTHERS WHO HAVE GONE BEFORE

The outgoing chief executive officer of the Financial Planning Association, Mark Rantall, has urged the association's members to nurture, protect and grow the profession of financial planning in Australia.

In his final address to an FPA Professionals Congress, Rantall said that everyone involved in financial planning is merely a custodian of the profession for the time that they are in it, and has a duty to improve it for future generations.

"And I also say that we're building this profession for eternity," he said.

"It sounds daunting but there is no end date, and there should be no end date.

"So I would ask this of you: I would ask you to nurture it; I'd ask you to protect it; and I'd ask you to grow it. Do it as participants, not as spectators.

"And if you could remember these three key things for me, I'd really appreciate it. Firstly, insist on a culture that promotes professional independence of thought and action to put the client's interests ahead of all else, every time.

"The second thing I'd ask is, promote a culture that supports ongoing education and ethical training.

"And the third and final thing I'd ask is to be vigilant, to separate advice from the products that might be provided, with advice always taking the priority."

Rantall said he has committed the past five years to creating a trusted and respected profession, and that financial planning now has "a new start line".

"The government, through its financial System Inquiry response, has recommended a number of things," he said.

"Firstly, a new-entrant degree qualification; a professional code of membership; an independent council that sets curricula in this country, and hopefully will adopt the Financial Planning Education Council curricula; a professional year for new entrants; and enshrinement of the term 'financial planner' in law to protect consumers and the profession for the future.

> // INSIST ON A CULTURE THAT PROMOTES PROFESSIONAL INDEPENDENCE OF THOUGHT AND ACTION

"So what does all of that amount to? A profession. A respected profession.

"As past chair Matthew Rowe, who the profession owes a great debt of gratitude to, said, we stand on the shoulders of others. Chairs, board committees, the board, chapter committees and our staff both past and present have all led us to where we are today. No one person does it on their own."

Rantall said that when he was appointed CEO he happened to be in the right place at the right time.

"About five years ago the FPA reached a fork in the road. I happened to be around at that time, and the board made a courageous decision to do two things.

"Firstly, to take a leadership position in the industry; and secondly, to create a respected profession of financial planning," he said.

"I was very fortunate to be chose to execute that strategy, and I have been honoured to serve as the CEO of the Financial Planning Association for the past five and a bit years." ■

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THE GOOD NEWS IS THAT CREATIVITY CAN BE LEARNED

THINKING CREATIVELY IS VITAL IN THE DIGITAL ECONOMY, BUT THERE ARE WAYS THAT CREATIVE THINKING CAN BE LEARNED.

Gruen panellist and advertising strategist Carolyn Miller says creativity has become vital in the digital economy, but becoming more creative is something that can be learnt.

Miller says that different services across the economy are coming under constant challenge in the digital environment.

She says those industries, including financial planning, need to become more creative to meet the threat.

> // DIFFERENT SERVICES ACROSS THE ECONOMY ARE COMING UNDER CONSTANT CHALLENGE IN THE DIGITAL ENVIRONMENT

But creativity doesn't just happen. Miller says there are key steps that enhance creative output that would help planners avoid automatic thinking.

Those steps include watching how other industries, such as the travel industry, are meeting the digital challenge, particularly the provision of services to niche groups such as singles.

Planners also need to avoid groupthink when confronting challenges, and get to the core of why they provide advice. She says Coke doesn't sell fizzy drink but sells happiness. Miller says planners are really selling things like security, lifestyle and measured risk.

Creativity isn't necessarily original, Miller says, and sometimes you need to steal ideas. Apple and Google didn't invent mobile music and search engines, but they made them user friendly.

Planners need make becoming creative a priority, and set aside time to confront the problems they face.

Miller's presentation followed the inspiring story of motorcycle entrepreneur Brad Smith, who succeeded against the odds to build a world-class motorcycle to compete with custom-built American race bikes.

Smith, founder of Braaap Motorcyles, says persistence is the difference between giving something your best and "actually making it happen".

As an 18-year-old with no money or experience he travelled to China to find a manufacturer to build his bikes, but most laughed at his ambitions. It was only after refusing to return home and seeing more than 50 bike makers that he met two young Frenchmen with a similar dream to build bikes. They became his partners.

Smith says it's vital to learn and build entrepreneurial skill sets, but to also pounce on opportunities when they come your way. ■

SIX STEPS TO BEING A BETTER CONVERSATIONALIST

CONVERSATION SKILLS ARE THE FOUNDATION OF BUILDING TRUST WITH CLIENTS

Planners should practice the subtle art of conversation in a bid to boost trust with clients and to gain a competitive advantage.

School of Life's Anna McPherson says in the digital age fewer people have great conversation skills, which provides an opportunity to stand out.

"Conversation is a skill that's becoming less and less common, so it's becoming more valued," she says.

McPherson says there are six steps to becoming a better conversationalist.

1. BE CURIOUS
Be interested in the other person.

2. TAKE OFF YOUR MASK
Let people in and become comfortable with showing vulnerability. McPherson says people are becoming more comfortable with people revealing things about themselves.

3. REALLY LISTEN
Validate people by focusing on what they're saying.

4. GET BEHIND THE JOB TITLE
Don't make assumptions about people based on your preconceptions.

5. PRACTICE ADVENTUROUS OPENINGS
Don't just talk about the weather.

6. HAVE COURAGE
Be brave and show your real self.

McPherson says planners need to work hard at becoming better conversationalists.

"It's really an art; it's something subtle," she says.

"It's something you have to practise." ■

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The profession honours its highest achievers

THE 2015 FPA PROFESSIONALS CONGRESS HIGHLIGHTS THE EMERGING PROFESSION'S HIGHEST ACHIEVERS IN THE AREAS OF ACADEMIA AND PROFESSIONAL DEVELOPMENT OVER THE PAST 12 MONTHS.

CHRISTOPHER SMITH (VISIS PRIVATE WEALTH)

CERTIFIED FINANCIAL PLANNER PROFESSIONAL OF THE YEAR

The Certified Financial Planner (CFP) Professional of the Year Award is given to a financial planner who embodies the highest professional standards and has delivered best practice advice which has led to superior client outcomes.

The chief executive officer of the FPA, Mark Rantall, says the winner this year "is a partner in a firm that is committed to excellence in integrity and knowledge".

"His approach to financial planning is built on a solid foundation of ethical decisions and a commitment to always placing the clients' interest first, above all else. The firm prides itself on developing long-term relationships and delivering an exceptional client experience through continuity and consistency of advice. The winner said in his submission that his clients trust him to distil the variety of alternative strategies available to them and cut through the noise to apply the best solutions to their individual circumstances and situation."

NATALIE CROSS

UNIVERSITY STUDENT OF THE YEAR

Rantall says that while it is important to recognise excellence in the profession, it's also important to acknowledge "budding financial planners who display the technical expertise and the commitment integral to our profession".

"The winner recently graduated from Griffith University here in Brisbane with a Bachelor of Commerce – Professional and a double-major in financial planning and accounting," Rantall says.

"She achieved the highest overall result in financial planning construction and review, receiving a letter of congratulations and a certificate from the Dean of Learning and Teaching."

> // HIS APPROACH TO FINANCIAL PLANNING IS BUILT ON A SOLID FOUNDATION OF ETHICAL DECISIONS

SUNITHA CHAMALA (BDO PRIVATE WEALTH ADVISERS)

GWEN FLETCHER MEMORIAL AWARD

The award recognises the highest-achieving candidates in the CFP program. It is awarded twice a year – once each semester.

"Our newest winner recently completed the program, displaying excellence in all aspects of her assessment," Rantall says.

"For those of you who have completed this program, you'll know that the final unit is highly competitive, and therefore to win this award is a fantastic achievement."

JOHN MORAN (APT WEALTH PARTNERS)

GWEN FLETCHER MEMORIAL AWARD

John Moran was named as a Gwen Fletcher Memorial Award earlier this year and was "a clear winner with an amazing result," Rantall says.

"On receiving the news John told us that the CFP certification program gave him deep understanding of financial planning principles and practice, which is invaluable for the development of the skills required for professional excellence," he says.

"John donated his prize money to Future2, and on behalf of Future2 I want to thank you for the generous gesture."

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CAPTURED

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Man

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Vanguard

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THE INVESTMENT
THE RETURN

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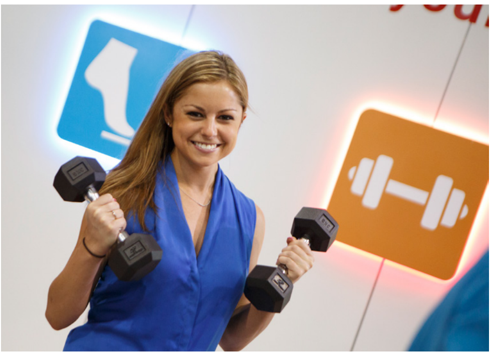

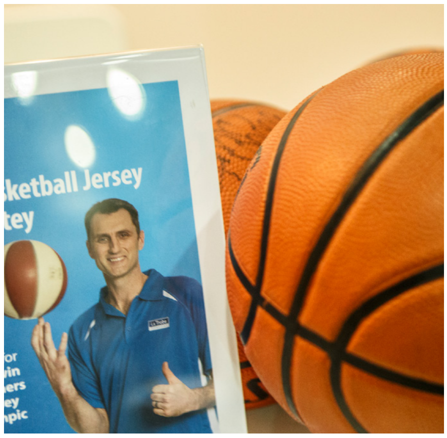

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The profession honours its highest achievers

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JOHN MOLNAR

FPA FINANCIAL PLANNER AFP OF THE YEAR

The award recognises a professional financial planner who has demonstrated best practice in financial planning, achieved superior client outcomes, and also contributed significantly to the local community.

"The winner this year is most passionate about advising younger generation clients," Rantall says.

"He is committed to educating clients on financial planning concepts to help them expand their financial knowledge and skills over time. At 29 years of age, our winner feels fulfilled when clients thrive and achieve goals they have set themselves both personally and financially.

"His approach to goals-based planning creates life-enriching opportunities to help clients live successfully today with the confidence that they have prepared for tomorrow." ■

2016: The year that everything changed

THE FRIDAY KEYNOTE ADDRESS AT FPA CONGRESS 2015 GAVE A GLIMPSE OF THE FUTURE, AND EXPLAINED THAT RATHER THAN BEING THREATENED BY THE RATE OF CHANGE IN THE WORLD, FINANCIAL PLANNERS SHOULD HARNESS TECHNOLOGY TO CREATE A NEW ERA OF FINANCIAL ADVICE.

Futurist Chris Riddell says financial planners don't need to fear the emergence of robo advice but has urged the industry to embrace new technology ahead of a "big bang" in 2016.

Riddell, one of Asia's most sought-after futurists, says that technology is causing unprecedented disruption and change, but a human touch remains important.

"Humans will always be involved," he says, adding that empathy and personalisation remains crucial in a digital environment.

Riddell says planners need to embrace technology and use it to "sharpen up" and drive deeper and more meaningful conversations.

> // 2016 WILL BE THE YEAR YOU LOOK BACK ON IN 15 YEARS' TIME AS THE ONE WHERE IT ALL HAPPENED

2016 is expected to see a big bang with the convergence of social, mobile and technology. "2016 will be the year you look back on in 15 years' time as the one where it all happened," he says.

Riddell says planners face volatility, uncertainty, complexity and ambiguity in the new environment but they need to "find a happy place in it".

"The world will never become certain again," he says, adding that planners need to reinvent themselves and become innovative thought leaders.

Riddell says digital "must run through every single part of your business to create incredible experiences for your customers."

Major emerging trends include wearable

Building your *online brand*

IN AN AGE OF SOCIAL INTEGRATION, PUTTING EFFORT AND TIME INTO DEVELOPING YOUR BRAND ONLINE IS NO LONGER JUST AN OPTION, BUT A NECESSITY.

Social media guru Kylie Bartlett says the advent of social tools such as Twitter, LinkedIn and Instagram has created a fundamental shift in the way business is done and financial planners need to adapt and build their online personal brand.

Bartlett says social media has empowered clients and customers, and financial planners need to harness that and turn them into evangelists for their businesses.

"The customer owns your brand," she says. "The consumer and customer have more control over your business than you ever will," says Bartlett, the author of Facebook marketing book, *Friends with Benefits.*

Some 14 million Australians are now on Facebook, and Bartlett says "where eyeballs are, that's where the opportunities are".

She says that customers use the internet and social media establish a planner's credibility and authority before they even meet them.

Bartlett outlined five key steps in building an online personal brand.

1. PLAN

Begin with the end in mind, Bartlett says, which means outlining goals and KPIs such as turning 10 per cent of people who like you on Facebook into customers.

She says that social media activities should support your business plan.

2. PERSONA

The second step is to show you have a personality that the digital generation is attracted to. That means being personal. "The line between business and personal brands have merged," she says.

3. BRAND STORY

Bartlett says a story is the core of social media and planners need to develop and share the story as to why they're doing what they're doing.

She says the digital generation want to know what you stand for and the story behind your business.

4. PROFILE

Planners need to identify their target market, or as Bartlett says "who is your Bob and Betty", and then get into the headspace of that target market and the pathways to purchasing.

She says that clients are much more likely to search for and be motivated by "financial freedom" rather than financial planning.

5. PUBLISH

Planners need to become their own media company and publish on platforms such as Youtube. "It doesn't have to be complicated," she says, adding there are free tools, for example, that allow the quick production and editing of Youtube videos.

6. PLATFORM

Planners should create their own ecosystem, which involves the likes of regular blogging to stay relevant to search engines.

Bartlett says the goal is to drive traffic back to your web site, or "mothership" and then give them something of value so they sign up to email marketing.

She says planners need to create a "ubiquitous footprint". ■

devices, virtual reality and robotics, including robo advice.

He urged planners to be on social media, particularly Twitter. "Twitter users are three times more likely to follow brands than Facebook users. It's a powerful platform to be able to market your business on, and target business down to the street level and track every dollar you spend."

Riddell said planners also need to follow Apple's lead and embrace simplicity and how it applies to them and their customers. He described simplicity as "the new perfection".

Data is also becoming crucial to enabling planners to get closer to customers and give them real time insights.

"Data is your new oil," he says, "Find it, mine it and refine it." ■

SPONSORED EDITORIAL

Is lifting the accountants' exemption a threat or opportunity?

ADVISERS NEED TO UNDERSTAND WHAT ACCOUNTANTS ARE DOING IN THE ADVICE SPACE, AND BE READY TO SEIZE ANY OPPORTUNITIES THAT ARISE.

You cannot be complacent about the upcoming lifting of the accountants' exemption. Instead, you should be using the time before the exemption ends to work out how to best position your business and see this development as a strategic opportunity.

The accountants' exemption for self-managed superannuation funds finishes on 30 June 2016. The exemption permits accountants to provide advice on aspects of SMSFs without the need to be authorised under an Australian Financial Services Licence. Since July 2013, accountants providing SMSF advice have been in a transition period where they can still operate under the exemption, but need to determine which solution will meet their requirements from 1 July 2016.

> // OUTLINE HOW YOU ARE GOING TO LOOK AFTER THE ACCOUNTANT'S CLIENTS AND HOW YOU WILL KEEP THE ENGAGEMENT GOING BETWEEN YOU AND THE ACCOUNTANT

There are five options:

- Stop giving SMSF advice
- Apply for a limited AFSL
- Apply for a full AFSL
- Become an authorised representative of an existing AFSL
- Refer SMSF advice to an authorised representative

CPA Australia provides a guide to the pros and cons of each option.

CommBank's Stephen Aguilera-Mendoza says the change can represent both a threat and an opportunity to advisers, but the opportunity outweighs the threat.

"If accountants move to become licensed, then in theory that presents new competition for financial advisers, specifically around SMSF advice, but also more broadly if accountants plan to extend their advice beyond SMSFs," Aguilera-Mendoza says.

However, he adds, the change can also be viewed as an opportunity if accountants decide that providing advice is not something they want to do.

"In this scenario, accountants will need a solution for dealing with prospective or existing SMSF customers," he says.

"And referral relationships with a financial adviser are an effective way of addressing this gap that they are potentially facing."

With the lifting of the exemption only seven months away, financial advisers should be carefully considering their existing referral relationships with accountants. Aguilera-Mendoza says the smart advisers are staying very close to the accountants they have relationships with in order to understand what options they are considering.

"If the accountants are seeking an alternative to becoming licensed, such as stopping providing services in the SMSF space, advisers could step in with a solution," he says. "They could offer to deal with the accountants' SMSF clients and as a result also deepen the existing referral relationship."

If advisers don't have existing referral relationships with accountants, now is a good time to put the feelers out to see which ones may be in that grey area where they don't do enough with SMSF advice to warrant getting licensed, but they do deal with enough of it that they need a solution.

"A number of advisers are actively targeting these type of accountants," Aguilera-Mendoza says. "They are saying to them that if they form a referral relationship they can still meet their client need for SMSF advice, but without having to go through the process of becoming licensed themselves."

However, Aguilera-Mendoza says financial advisers need to be very clear about what their value proposition is when suggesting a referral relationship.

"Outline how you are going to look after the accountant's clients and how you will keep the engagement going between you and the accountant so it works as a well-functioning relationship," he says. For more advice on forming mutually beneficial partnerships, look out for our upcoming article on referral agreements.

Whether the change represents a threat or an opportunity, it's important for advisers to be proactive about what accountants in their area are doing, taking action to seize any opportunity that presents. ■

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Robo advice: friend or foe? That's up to you

THE BIGGEST THREAT TO FINANCIAL PLANNERS COULD LIE IN FAILING TO GRASP THE OPPORTUNITIES AND BENEFITS PROVIDED BY EMERGING TECHNOLOGY.

Grant Holley, left, and Paul Derham

How financial planners view the likely impact of robo advice on existing business models and value propositions depends on the language they use to describe it, according to founder of law firm Holley Nethercote, Grant Holley.

Holley says if planners listen to the hype around robo advice and view it as a disruption to their businesses then their response to it will be very different than if they view it as a facilitator.

"Instead of thinking 'disruptive' think facilitative'," Holley says.

"[If you think:] how can I use technology to facilitate my financial services business, you view it in a completely different way.

Holley Nethercote partner Paul Derham says grasping the opportunities presented by emerging technology will help financial planners to serve existing clients more efficiently and to access potential new markets.

Derham cites research by KPMG that says an estimated 95 per cent of so-called "young professionals" who will account for 70 per cent of all financial assets by 2030 do not currently have an adviser, and 84 per cent of them believe they do not need an adviser.

In addition, the research found that traditional advice channels play a very small role in their decision making, and 74 per cent of them prefer to use channels that are not directly controlled by existing financial services businesses.

Derham says disruption is merely "another word for change, and change is always happening". And the application of technology solutions to financial services is nothing new, either.

So ultimately, whether robo advice is a friend or a foe of the financial planner depends on how advisers respond, and Holley says that perhaps the greatest threat planners face is not responding at all – failing to grasp the potential benefits of emerging technology.

He says the limitations of robo advice mean there is a role still to be played by face-to-face adviser and human advisers; but financial planners won't get that opportunity if they do not have a robo-assisted advice offer to begin with to attract clients.

The key to making robo advise the financial planner's friend lies in using it to engage with younger generations of clients, developing technology skills and applying those skills during client meetings, and emphasising to clients the sorts of services and access to investments that are not available through robo advice services. ■

USE YOUR BRAINS TO HELP CLIENTS BETTER

ADVISERS NEED TO UNDERSTAND WHAT ACCOUNTANTS ARE DOING IN THE ADVICE SPACE, AND BE READY TO SEIZE ANY OPPORTUNITIES THAT ARISE.

NeuroLeadership expert Kristen Hansen says the biggest threat to a good planning outcomes is for both the planner and client to be in a stressed, threatened state.

Hansen says cutting-edge research into the human brain can help boost planner performance and drive better outcomes for clients.

Research has shown the importance of the amygdala, the "fight, flight or freeze" part of the brain which, if triggered, means planners and clients narrow their focus, become risk averse and lose insights.

Hansen says that planners can trigger a threat response when they try to sell to clients.

"When you're dealing with clients, do everything you can to make them feel at ease," she says.

Planners will drive better outcomes if they let clients have their own "a-ha!" moments and insights, rather than doling out solutions. "The best professionals know how to help their clients have insights," she says.

When a client has their own insight it triggers a surge of good-feeling chemical dopamine with the effect likened to taking cocaine. To create an environment for

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USE YOUR BRAINS TO HELP CLIENTS BETTER

client insights, Hansen says rather than focussing on solutions, planners should create quiet, not focus directly on the problem, and create a positive mood.

If planners focus on solving the problem for the client directly then the planner, not the client, gets the dopamine hit.

Planners should also work out what motivates their clients, such as autonomy, certainty and status. "People who have high status requirements want to be told 'well done'," she says. "A lot of people who don't have high status needs aren't good at giving it to others."

Focussing on themselves, Hansen says planners also need to work out to operate at peak performance.

That means including reflection times, prioritising at the start of the work day, having brain breaks every hour and a half and chunking activities, such as proposal writing, together.

They should also avoid multi-tasking which increases stress by 40 per cent.

Hansen says you only have four peak mental performance hours a day and you need to work out when yours are. ■

Shaping the future *with a carrot clarinet*

In a session that simply defies adequate reporting, the final session of the 2015 FPA Professionals Congress was treated to a virtuoso display of incredible music performed on what you might describe as "unexpected" items.

A carrot turned into a clarinet, rubber-glove bagpipes, garden hose turned into a saxophone, a feather duster and an ordinary watering can all featured in a session designed to encourage delegates to think outside the square and shape the future.

By recording audio loops and layering them over each other, and creating rhythm tracks using vocals, the musician, instrument maker, composer, musical director and community music facilitator Lindsay Pollak created some seriously catchy and effective musical vignettes.

If you're interested, the instructions for turning a carrot into a clarinet are on YouTube – search for "make your own carrot clarinet" (obviously). Be warned: you'll need a drill, a variety of different sized drill bits, and a steady hand. Oh, and a vegetable peeler as well. ■

To FOMO we can now add NOMO(PHOBIA)

Futurist Chris Riddell finally provided a diagnosis for financial planners suffering from sweaty palms, irritation and uncontrollable urges. Nomophobia, the fear of being out of mobile phone contact, is the terrible condition that afflicts them. Riddell no doubt empathises. The former English tech guru managed to take a call on his own mobile while he was in full swing during his sweeping presentation. Riddell assured us that nomophobia is a genuine medical condition. At the end of Riddell's speech, outgoing FPA chief executive Mark Rantall asked for a show of hands of nomophobia sufferers. Most planners were back fiddling with their phones so few were raised.

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