

Getting ahead of FASEA – what do you need to do now?

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Peter Hogan

Peter Hogan is the SMSF Association's Head of Education and Technical. He is one of Australia's foremost SMSF specialists, having worked in the sector over many years. A lawyer by training, he cut his teeth in the ATO before joining some of Australia's largest financial institutions to work in key superannuation, investment and taxation roles. His enormous industry experience and knowledge, especially as they pertain to tax issues, means he is in constant demand on the SMSF speaking circuit. Away from the world of SMSFs, he is a keen weekend golfer when he is not providing a taxi service to junior sporting events. Peter is an SMSF Association Specialist Adviser and former Chair and National Board member of the Association.

Agenda

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- Framework
- Code of Ethics
- Education Pathways Policy
- Professional Year
- Exam Policy
- Continuing Professional Development

FASEA Framework



Professional standard framework

- Comply with Code of Ethics
- Hold minimum education qualifications
- Undertake a professional year
- Pass an exam
- Continuous professional development

FASEA – Code of Ethics



- Applies from 1 January 2020
- Following aspects clarified:
 - Clients' best interests
 - Conflict of interest (personal advantage)
 - The effects of advice (breadth)
 - Adviser record-keeping
- Guidance document to issue – case studies
- Echoed by RC findings
- Professional bodies code monitoring co-operative agreement/scheme & ASIC

FPS001 - Education Pathways Policy



- New Entrants/Advisers
 - From 1 January 2019
 - Min. is approved Grad Diploma (8 subjects)
 - Max. is approved Bachelor Degree (24 subjects)
- Existing advisers have 4 pathways
 - Approved degree path - FASEA bridging ethics course
 - Relevant degree path – max. 4 subjects
 - Non relevant degree path – max. 7 subjects
 - No degree path - Grad Diploma (incl. 3 bridging courses)
- RPL & existing adviser exemption (2 credits)
 - Advanced Diploma of Financial Services/Planning
 - Education to get professional designation approved by FASEA
 - Completion 4-7 relevant degree knowledge areas for advisers with non relevant degree

FPS001 - Education Pathways Policy

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Notable changes from draft LI:

- 'Degree' definition now includes financial planning & investments
 - Incl. super, retirement, insurance, estate planning
- RPL for advisers with non relevant degree

SMSFA update

- Member survey: SMSFA advisers expect to complete between 3 – 5 courses
- Application to FASEA: RPL recognition of SSA
 - FPS002 – Program & Provider Accreditation Policy

Education Pathways Example

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Case Study – Financial Planner/Accountant

- Bachelor of Commerce (BCom)
- Diploma of Financial Planning
- RG 146 compliant
- 'Current' on ASIC's Financial Adviser Register as at 31 December 2018

Pathway

- Meets definition of 'Existing Adviser'
- 'Relevant degree' pathway applies
 - 4 credits applied for degree
- Must complete by 1 January 2024:
 - 3 subject FASEA bridging course plus
 - 1 FASEA approved unit
- Must complete FASEA exam by 1 January 2021

Education Pathways Example Cont...

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Variations

- Holds an Advanced Diploma of Financial Planning
 - RPL credits apply
 - Need only do FASEA's Code of Ethics bridging course
- Holds a Bachelor of Engineering instead on BCom
 - Non relevant degree pathway
 - Must complete approved Graduate Diploma
 - Degree = 1 credit (need only complete 7 subjects)
- NOT listed on ASIC's register on 1 January 2019
 - New entrant (career changer) pathway applies
 - Must complete approved Graduate Diploma (8 subjects)
 - No RPL credits apply

FPS005 – Foreign Qualifications Policy



- ‘Gap assessment’ by DET (Department of Education) approved body and FASEA
- Review rights available (at a fee)
- FASEA to develop publicly available database of approved qualifications

FASEA - Professional Year



- Equivalent to one year full-time work
- Total 1600 hours, incl. 100 structured training
- Requires supervision with 2 years experience
- Structured into quarters
 - Must pass exam to progress to Q3
 - Pass exam and can be authorised
- ‘Provisional Financial Adviser/Planner’ finalised
- Post 1 Jan 2019 impractical regime for licenced advisors that did not register on ASIC’s Financial Advisers Register

FPS006 – Examination Policy



- Eligible candidates – ‘Existing Providers’ or ‘Provisional Relevant Providers’
 - Ineligible if not on ASIC’s register on 1 Jan 2019
- Existing providers to pass exam by 1 Jan 2021
- New entrants to pass during professional year
- Cover 3 skills & knowledge areas:
 - Financial advice regulation & legal obligations
 - Technical financial advice construction
 - Applied ethical and professional reasoning

FPS006 – Examination Policy



- Minimum 70 questions
 - Min. 64 multiple choice
 - Min 6 written responses e.g. case studies
 - Need more guidance on written questions
- Open book for statutory material
- 3.5 hours duration (incl. 15 min reading time)
- Marked to a credit level & awarded 'pass' or 'fail'
- Can request review of written answers for a fee
- Can sit exam multiple times (3 month rego gap)
- Cost \$540 plus GST per student
- First exam in mid 2019
- Australian Council for Education Research Ltd to develop & deliver exam
- FASEA to publish recommended list of reading & practice questions

FPS004 – Continuing Professional Development



- Existing licensees must have CPD policy by 31 March 2019
- Must complete 40 hrs p.a. (part timers 36 hrs)
 - 70% needs to be approved by licensee
 - Max. 4 hours of professional reading
 - Max. 30 hours of formal study
 - 2019 licensee transitional arrangements
- CPD minimum competency categories:
 - Technical competence (5 hrs)
 - Client care and Practice (5 hrs)
 - Reg compliance and consumer protection (5 hrs)
 - Professionalism and Ethics (9 hrs)
 - General – Regulatory, technical competence, industry specialisation (balance)

FPS004 – Continuing Professional Development



- SMSFA update
- 5 hours technical competency is lacking
 - Need to strengthen SMSF advice in light of ASIC reports, the PC and RC findings
 - Continue to advocate technical hours need to match ethical & professionalism hours
 - Recommend advisers utilise their 'general' CPD balance to top up technical competency
 - Mandatory CPD plan – needs clear guidance
 - Potential 'red tape' burden
 - Onerous requirements for limited licence accountants

FASEA – Key Start Dates

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Requirement	New Entrants	Existing Advisor
Have relevant degree/qualification	1 January 2019	1 January 2024
Pass the exam	1 January 2019	1 January 2021
Complete professional year	1 January 2019	N/A
Comply with CPD requirements	1 January 2019	1 January 2019
Comply with Code of Ethics	1 January 2020	1 January 2020

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