



4 February 2022

Advice and Investment Branch
Retirement, Advice and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: AdviceReview@treasury.gov.au

Dear Sir/Madam

Consultation: Review of the quality of financial advice – Draft Terms of Reference

The Actuaries Institute ('the Institute') welcomes the opportunity to comment on the draft Terms of Reference. The Institute is the sole professional body for actuaries in Australia. Many Institute members work in the financial services industry supporting companies to provide a wide range of products and services. Some members work as financial advisers to retail clients, whether providing specialist superannuation advice to employers and smaller superannuation funds, or in some instances providing advice to individuals.

The Institute strongly supports the Review and the proposed broad Terms of Reference.

We suggest a few additional aspects be explicitly called out in the Terms of Reference, likely in section 4 as additional sub points.

The **financial education requirements of financial advisers** should be included given the significant impact that the quality of education can have on the quality of advice provided. A specific example is the importance of understanding longevity risk and potential solutions to suit a client's needs at different lifestages. This is critical knowledge to equip advisers to be able to appropriately advise on lifetime income solutions required under Retirement Income Covenant.

More generally, **further education (continuing professional development) and the competency of the advice industry**, is a key issue. The Institute suggests this could be framed as:

What can be done to continue the development of a competent financial advice industry that appropriately meets the needs of the community and which the next generation of professional advisers, who have made the commitment to develop their technical capability, want to be part of.

With regard to 4.4, the Institute suggests **technology** deserves its own place, and should not be conflated with cost and particular cohorts of customers. An alternative to proposed 4.4 is:

Enabling innovation and the development of technological solutions including the use of regulatory technology and digital advice.



Finally, in recognition of the challenges of the current advice model to effectively meet the **needs of specific cohorts of customers**, the Institute suggests a further point be added:

How can the financial wellbeing of young consumers, those with low asset values and consumers who do not currently engage with the advice industry be improved?

If you would like to discuss this matter further, please contact Elayne Grace, Chief Executive Officer of the Actuaries Institute, at elayne.grace@actuaries.asn.au or phone (02) 9239 6100.

Yours sincerely

A handwritten signature in black ink, appearing to be 'AK', written over a light blue horizontal line.

Annette King
President