



Ensuring access to quality and affordable financial advice

The second tranche of the Delivering Better Financial Outcomes package will expand the provision of advice, remove unnecessary compliance requirements, and allow advisers to focus on providing high-quality advice, while maintaining strong consumer protections.

The final policy specifications of the second tranche have been informed by comprehensive stakeholder engagement across all industries to ensure the reforms operate effectively and deliver improved outcomes for consumers.

These reforms build on the Government's first tranche of financial advice reforms that passed Parliament this year. They provide a comprehensive response to the recommendations put forward by the Quality of Advice Review.

A new class of financial adviser

The Government will introduce a new class of financial adviser to deliver simple advice that is quality, helpful, and safe for consumers. It will support Australians to receive straightforward answers to simple questions and advice that consider their relevant circumstances.

- Licensees that employ the new class of adviser will be wholly responsible for the advice provided. Licensees will be subject to additional monitoring and supervision obligations (with civil penalties attached) to ensure that their employees only provide advice within their expertise and authorisation and comply with the best interests duty and other obligations. This will provide consumers with confidence in the personal advice they receive.
- The new class of adviser will be required to complete an AQF level 5 diploma, to ensure they have the expertise to provide high-quality simple advice.
- The new class of adviser will be restricted to advising only on products issued by prudentially regulated entities and will be prevented from providing advice on more complex and high-risk areas such as establishing a self-managed superannuation fund. This will ensure that the new class of adviser provides advice within their expertise and targets the products and advice topics that Australians deal with most.

- The new class of adviser will be limited to advising existing customers of a licensee, and new customers where the new customer initiates the advice request. This will ensure the new class cannot be used to cold-call new customers or offer unsolicited advice.
- Licensees employing the new class of adviser can opt to charge a fee for the advice provided by the new class of adviser. This will allow a greater range of institutions to employ the new class of adviser and expand access to more financial advice. They will not be permitted to charge ongoing fees or receive commissions to ensure the adviser is focused on providing simple, episodic advice.

Modernising financial advice

The remainder of the package will support the provision of targeted, more affordable advice that is meaningful to clients and available at important periods in their life.

- Modernising the best interests duty into an outcomes-focused duty and removing the existing process-based safe harbour steps. This will ensure customers receive more tailored and helpful advice that is in their best interests and meets their needs, including on single issue or limited scope issues. The existing concessional treatment for personal advice on basic banking and general insurance products will be maintained.
- Replacing statements of advice with a principles-based record that is in plain English and addresses the client's needs. This will reduce the cost of providing advice while ensuring clients receive helpful and accessible information that allows them to make informed financial decisions.
- Clarifying the rules on what advice topics can be paid for via superannuation and the member circumstances that can be considered to support more access to helpful financial advice.
- Allowing superannuation funds to provide 'nudges' to members to drive greater engagement with superannuation at key life stages, such as approaching the transition to retirement.
- The Financial Planners and Advisers Code of Ethics will be reviewed and updated following the implementation of the Delivering Better Financial Outcomes package, to ensure that the Code aligns with the new regulatory framework and remains fit-for-purpose.
- The Government is reviewing the education pathway for professional advisers with a view to increasing flexibility in support of the growth and continuing professionalisation of the financial advice industry. The pathway will be aligned with the education requirements for the new class of adviser.