ASFA survey on provision of financial advice by superannuation funds

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Executive Summary

- The volume of comprehensive personal financial advice provided to members by super funds is just a small fraction of contacts with members. Call centres, online tools and provision of retirement income projections make up the great bulk of member interactions. Education and guidance are important for fund members and are a significant focus for funds when they interact with members/consumers.
- In this context, the ASFA Retirement Standard is used by all funds surveyed as a tool to help consumers/members understand their potential retirement needs and to help them assess whether their current retirement savings arrangements are sufficient to provide the outcomes they want and need.
- Funds are relatively low cost providers of both scaled and comprehensive personal advice. Funds and their members benefit from the scale efficiencies associated with the operations of funds. Funds also have lower distribution costs due to their direct engagement with fund members. As well, in most cases the provision of advice by funds is on a cost recovery basis without a profit margin.
- The Retirement Income Covenant is not expected by most funds to lead to a significant increase in the amount of financial advice provided. One reason for this is that the bulk of member engagement, including for members approaching retirement, is though the provision of information, financial education and provision of calculators and retirement income projections.
- Also relevant to the expectations of funds is that the current cost of providing personal financial advice is an issue and there also currently are restrictions on retirement topics that superannuation funds can provide advice on. The Quality of Advice Review Proposals for Reform include a number of suggestions for reducing the cost of providing advice and for making it easier to provide relevant comprehensive advice. This would support the operation of the Retirement Income Covenant by enabling more instances of personal advice to be provided.
- The survey by ASFA explored in some depth how funds currently engage with their members.
- A total of 19 valid survey responses were received. The survey results are representative of overall superannuation sector, with the total number of accounts in the funds surveyed of around 12.7 million, with around $1.3 trillion in assets.
- All the funds surveyed provide general advice. Provision of intra-fund advice and scaled advice is also relatively common with around 84 per cent of the funds surveyed providing intra-fund advice. Full service personal advice was provided by just under 60 per cent of the funds surveyed.
- Funds provide advice to members on a broad range of topics related to the interest of the member in the fund and, in some cases, their broader financial circumstances. These range from retirement planning and transition to retirement strategies to decisions about contribution levels, investment choice

and insurance coverage. All the funds surveyed provide advice on matters relating to retirement incomes.

- Around 90 per cent of the funds surveyed provide a calculator which forecasts the retirement balance and/or income for their members. Such calculators typically allow the member to calculate the impact on retirement income from increasing contributions. Calculators which assist members to assess their insurance needs are also relatively common.
- Retirement calculators generally incorporate receipt of the Age Pension and allow retirement income goals to be set. Less common features are pre-population with data from the member's fund account details and providing options to improve retirement outcomes. Just over half of the funds surveyed provide personalised retirement projections in annual periodic statements to members.
- Funds make use of a variety of methods to deliver advice. These range from direct provision by an in-house call centre operated by a fund to using a third-party specialised provider of financial advice. In-house advice provision has become more common than outsourced arrangements.
- There is some use of web-based systems for delivering advice but only 28 per cent of the funds surveyed utilise online tools to generate statements of advice (SOA).
- The minimum fee for scaled advice varied from zero to $1,750, with a median fee of around $350. For full personal advice the minimum fee varied from $470 to $4,500 with a median fee of around $2,500. Many funds also support payment of advice fees in relation to advice provided to a member by an external financial advisor.

Background

On 11 March 2022 the Coalition Government announced the release of the Terms of Reference for the Quality of Advice Review and the appointment of Ms Michelle Levy as the reviewer. The Review continued after the Labor Government was elected. The Terms of Reference are at Attachment A.

The Review has presented an opportunity to assess how the regulatory framework could deliver better outcomes for consumers. Amongst other things, the Review is investigating:

- whether there are opportunities to streamline and simplify regulatory compliance to reduce costs and duplication;
- how to improve the clarity and availability of documents provided to consumers; and
- whether parts of the regulatory framework have created unintended consequences.

On 29 August 2022 the Review released a Proposals Paper[1] which seeks feedback on proposals for reform.

The main proposals relevant to superannuation funds are:

- The definition of 'personal advice' should be broader so that it is clear it applies whenever a recommendation or opinion is provided to a client about a financial product (or class of financial product) and, at the time the advice is provided, the provider has or holds information about the client's objectives, needs or any aspect of their financial situation.
- The regime should no longer regulate 'general advice' as a financial service and the definition should be removed together with the obligation to give a general advice warning. What is currently general advice should continue to be subject to general consumer protections.
- The financial services regime should require a person who provides personal advice to provide 'good advice'. 'Good advice' is advice that would be reasonably likely to benefit the client, having regard to the information that is available to the provider at the time the advice is provided. The obligation to provide 'good advice' would replace the best interests duty and the appropriate advice duty.
- The sole purpose test in the SIS Act should be amended to expressly provide trustees with permission to provide personal advice to members about their interests in a fund; and to apply fund assets to meet the cost of providing personal advice to members about their interests in the fund. That advice would have to centre on the member's interest in the fund and the fund's retirement products. In doing so, the advice could take into account the member's assets and liabilities, social security and aged care.

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[1] Quality of Advice Review - Proposals Paper | Treasury.gov.au

- Superannuation fund trustees should have discretion to decide how to charge members for personal advice they provide to members and the restrictions on collective charging of fees should be removed.
- Superannuation trustees should be able to pay a fee from a member's superannuation account to an adviser for personal advice provided to the member about the member's interest in the fund on the direction of the member
- Providers of personal advice should be able to determine what form of advice would best suit their clients. Providers should be required to maintain complete records of the advice they provide and to provide a written record of advice to a client on request. This would replace the current requirement for advisers to provide a statement of advice or record of advice.

Attachment B provides details on current definitions of general and personal advice, along with definitions of intra-fund advice and scalable advice.

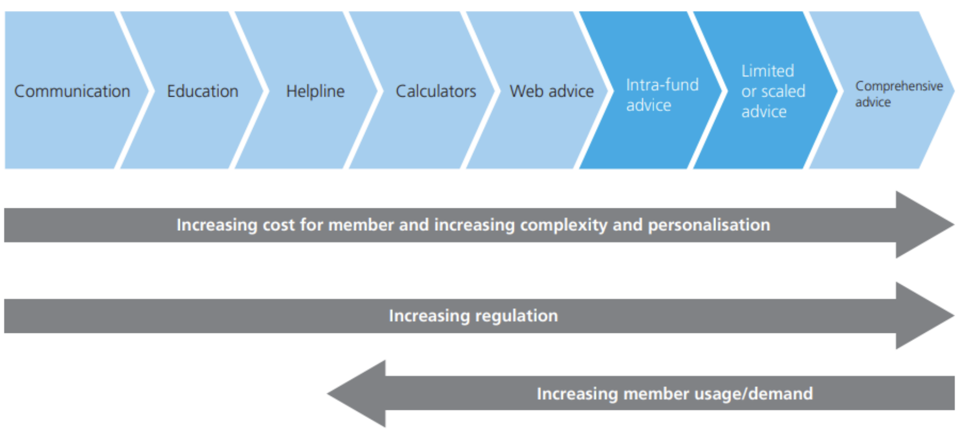
In this context ASFA has been undertaking a range of research and analysis in order to better understand how funds currently deliver, administer and fund provision of advice and information to fund members.

Accordingly in June and July 2022 ASFA contacted ASFA member funds with a request to complete an online survey. This report summarises the main findings of the survey. For confidentiality reasons results are presented only in aggregated form or in a manner which does not identify any individual fund.

A similar survey was conducted in 2013 with the results subsequently published by ASFA [1402-ASFA-survey-provision-financial-advice.pdf.aspx (superannuation.asn.au)]

As indicated by the diagram below, there is a range of interactions between superannuation funds and members. At one end of the spectrum, there are communications to members, such as member statements and newsletters. At the other end of the spectrum, there is the provision of comprehensive personal advice. This report focuses on the range of interactions listed in the right hand side of the diagram.

Figure 1: The communication to advice spectrum



The mode of delivery of advice is strongly related to the type of advice being delivered. Online tools are primarily used to engage and inform. They also can be a conduit for getting members to contact the fund or a financial planner. Some online tools are being used to issue scaled advice.

Call centres are utilised as a first point of contact in order to engage with members, to respond to members with general or scaled advice, and, if necessary, refer them to a financial planner. Financial planners are not generally used by funds as a first point of contact, but they can in appropriate cases provide the full spectrum of advice.

The Commonwealth Superannuation Corporation (CSC) in its 2020-21 Annual Report provides data on the relative frequency of the use of various communication and advice channels that is very much in line with the diagram above. Box 1 provides further details. Other funds are likely to have similar experiences.

Box 1: CSC Advice Services

CSC had around 675,000 members as at 30 June 2021. In 2020-21 CSC answered more than 217,000 phone calls from its customers in regard to many general superannuation matters ranging from superannuation benefits, benefit options and taxation of superannuation, to fund members advising of changes to their email address, postal address and other personal information. Customers also requested general information about superannuation via email. In 2020–21 there were 108,368 emails from customers. Customers also took advantage of a range of self-service functions, completing 15,100 self-service transactions through a phone system. CSC online service portals were logged into by customers 569,327 times during the year.

CSC delivered 231 seminars throughout the year. Of this total, 150 seminars were live webinars. The seminars and webinars provided superannuation scheme-specific information, as well as strategies for CSC customers to consider when preparing for their retirement. These include:

- How much super will I need?
- Am I on track? Should I make extra contributions?
- What is the right investment option for me?
- Do I need extra insurance cover in the unlikely event something goes wrong?
- Is now the right time to get personal advice for my needs and goals?

In 2020–21, the CSC financial planning team met with more than 2,400 customers. With COVID-19 continuing to affect many customers' financial uncertainty, the Financial Planning team extended its offer of 15-minute general advice meetings for customers needing more complex information. This service was provided to over 1,200 customers. Personal financial advice was provided to 285 customers, including topics such as:

- How much do I need to retire?
- How can I plan for retirement?
- How long will my money last?
- How can I plan for lifestyle goals such as renovations and holidays?
- How can I achieve other long-term goals such as leaving an inheritance?

Provision of financial advice by superannuation funds

Most Australian superannuation funds provide at least some advice options for their members.

However, provision of advice through superannuation funds is part of a larger advice market. Australians can obtain advice on financial products through a number of channels, including superannuation funds, banks, dealer groups and insurance companies.

Overall, ASIC data shows that as at 30 June 2022 there were approximately 16,900 persons licensed to provide personal advice in Australia, though not all of these are active advisors. These advisors are aligned with over 1,800 separate corporate entities, from single advisors to large dealer groups.

Historically dealer groups were the distribution arms of financial institutions for financial planning services. However, increasingly dealer groups are providing services, especially licensing, for individual financial planners or other entities. In a number of cases, a single large corporate entity controls a number of separate dealer groups – often the result of acquisition activity.

The market structure has changed markedly over the last decade. For many years, Australia’s big retail banks and AMP dominated the advice market. Today, Insignia Financial and AMP are the largest players in terms of the number of financial planners, with the former acquiring advice services from ANZ and NAB. Other large players include specialist advice firms, including Centrepoint and Diverger.

Notwithstanding significant industry consolidation in recent years, there are still a large number (around 90) of mid-size operators in the market with between 20 and 100 advisors.

In providing advice services to members, the superannuation industry engages a sub set of the total universe of financial advisors. Approximately 90 per cent of advisors licensed to provide personal advice can provide advice on superannuation products. However, only a small proportion of these would be directly employed by a superannuation fund.

For superannuation funds, there are a number of ways that trustees can structure their advice capacity, through a combination of in-house and outsourced advisors.

With respect to the retail sector, the large commercial financial services institutions can have significant networks of financial advisors (often comprising multiple dealer groups). These organisations provide advice services to fund members from multiple funds.

Some of Australia’s largest industry and public sector superannuation funds have significant in-house advice capacity. In another form of in-house advice, some funds directly employ advisors that are licensed with other organisations. However, the extent of this practice is difficult to determine as it is not captured in the ASIC data.

There is a range of third party providers in the market. For many organisations that provide services to fund trustees, advice services represent just one of those services. For instance, Mercer has around 40 licenced advisors and Link has approximately 50 licenced advisors. Industry Fund Services is a source of outsourced advice (and other services) for industry funds and has around 110 licenced advisors.

Some superannuation funds have combinations of the above models. For example, some funds out-source the provision of comprehensive advice to their members, but retain intra fund advice services in-house.

Provision of superannuation calculators and retirement estimates

The vast majority of medium to large superannuation funds make available superannuation calculators to their fund members and the public more generally. Some funds provide individualised retirement estimates to at least a subset of their fund members.

ASIC recently released Regulatory Guide 276 Superannuation forecasts: Calculators and retirement estimates (RG 276) and a new legislative instrument updating the relief which facilitates the provision of superannuation calculators and retirement estimates: 22-173MR ASIC releases guidance for superannuation calculators and retirement estimates | ASIC - Australian Securities and Investments Commission. This replaces an earlier Regulatory Guide and related regulatory relief.

A superannuation forecast provided by a superannuation calculator is a numerical indication provided to a member or other person of the balance of their superannuation investment at retirement, or of their income during retirement, taking into account:
(a) their current account balance;
(b) the impact of fees; and
(c) assumptions about future contributions, earnings and other matters.

A retirement estimate may also be generated by a trustee using data it has on a member and provided to the member in the form of a statement, generally an annual statement provided to the members. The trustee can also make such estimates available through an interactive web based tool which allows the user to adjust certain assumptions.

Superannuation calculators and retirement estimates are low-cost forecasting tools that are intended to be a helpful prompt for consumers to review their financial situation, and if appropriate, seek further information or financial advice. Entities, such as superannuation trustees, that provide these tools to consumers within the terms of ASIC's relief are exempt from certain regulatory requirements related to providing personal financial advice. While providing trustees with some flexibility in how they provide forecasting tools there are elements of the regulatory relief which are quite prescriptive.

Superannuation forecasts, whether delivered as a superannuation calculator or a retirement estimate, may involve personal advice. Without relief, trustees that give their members superannuation forecasts may need to hold an Australian financial services (AFS) licence with an authorisation to give personal advice, and comply with requirements relating to personal advice in Corporations Act 2001 (Corporations Act), including the requirement to prepare Statements of Advice, when providing superannuation forecasts.

The survey respondents

A total of 19 valid survey responses were received by the close of the survey in early July 2022. About half of the responses were received from industry funds, mostly larger funds, two from corporate funds, four from public sector funds and three from retail funds.

The total number of accounts in those funds as at 30 June 2021 was around 12.7 million, with around $1.3 trillion in assets in total (out of a total of $2.3 trillion for all APRA-regulated funds). As such the survey results are likely to be statistically representative of the sector as a whole. However, arrangements in regard to advice can differ significantly across funds within a sector along with between sectors.

Given the size of the survey sample for each sector the results below generally are presented only for the overall group of respondents. Separating out the responses from public sector, corporate or retail funds would raise issues of both confidentiality and sampling error.

The overall pattern of responses

While there are commonalities between the funds that responded in how they deliver financial advice to members, there also are considerable differences. There clearly is no single model for provision of advice. As well, some funds provide a wider range of financial advice than others. Some funds use a variety of mechanisms for providing advice. Some funds are directly involved in provision of advice while others make use of another entity which may or may not be owned by the superannuation trustee. Others largely rely on members making their own arrangements for receiving financial advice with associated payments from member accounts.

There also are differences across funds in how advice is paid for and the amounts charged to members for advice, although this also partly depends on the type of advice being provided.

Clearly no one model of delivery of personal or general advice suits every superannuation fund. Moreover, even for a given superannuation fund differences in the circumstances of specific fund members may justify a fund providing multiple modes for delivery of advice depending on the needs of the member. A strategic decision for funds will generally be what advice arrangements are appropriate for specific members and for the fund membership as a whole.

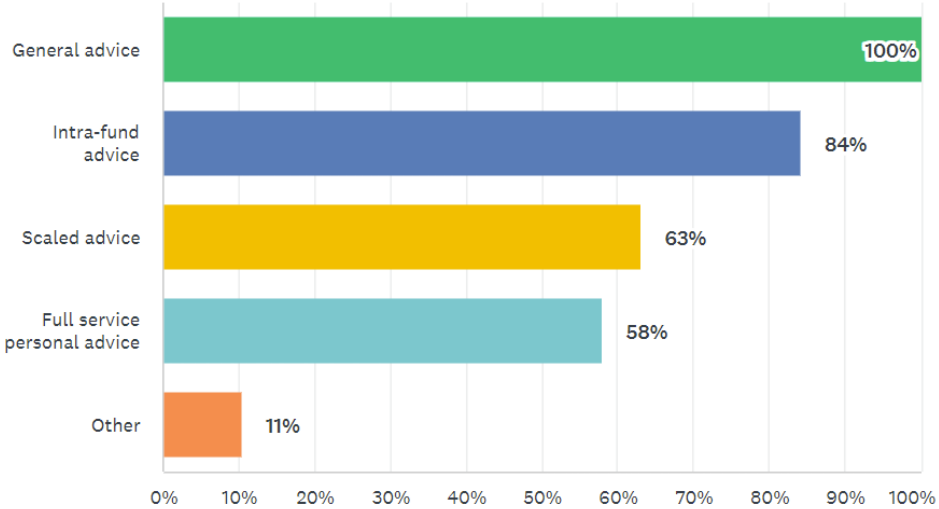
The introduction of the Retirement Income Covenant will also have an impact on the provision of advice. However, the funds surveyed generally expected only a minimal or modest impact. That said, changes to the regulation of financial advice could lead to more extensive provision of personal advice in regard to retirement. The Interim Quality of Advice Review has suggested a number of changes to the regulation of the provision of personal financial advice which if adopted would make the provision of advice by superannuation funds less costly to provide and better able to cover the range of topics relevant to individuals considering retirement income options.

Responses to specific questions

The types of advice that are provided

The survey sought information on the type of financial advice that funds provide. All the survey respondents answered this question. As indicated by Chart 1, all the funds surveyed provide general advice. Provision of intra-fund advice and scaled advice is also relatively common with around 84 per cent of the funds surveyed providing intra-fund advice. Full service personal advice was provided by just under 60 per cent of the funds surveyed.

Chart 1: Types of advice provided by funds

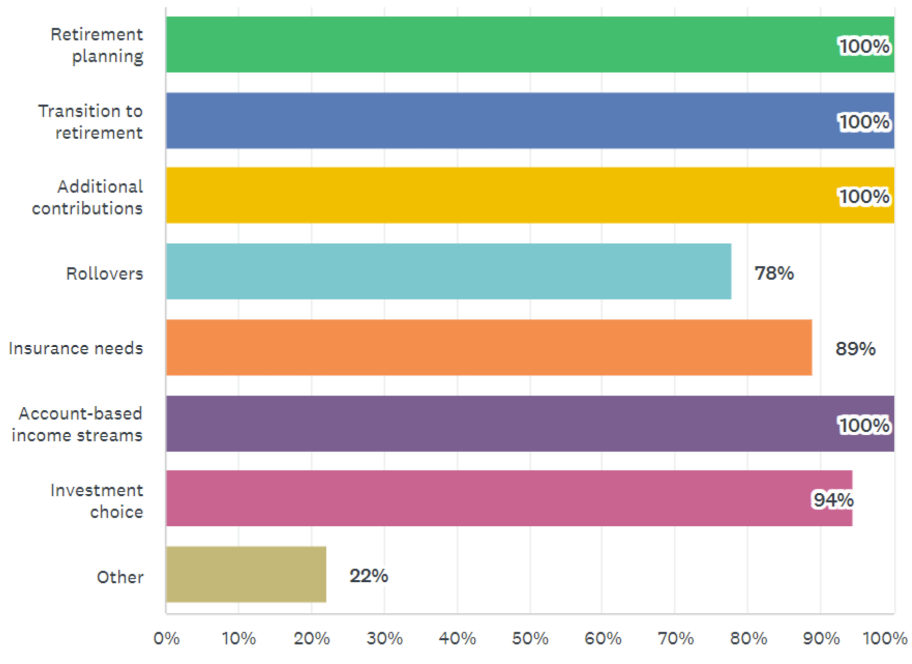


In regard to the “Other” category, one respondent indicated that advice can be paid from a member’s account through arrangement with the fund, with another indicating that referrals can be made to a preferred AFSL for personal advice services.

Topics on which advice is provided

Funds provide advice to members on a broad range of topics related to the interest of the member in the fund and, in some cases, their broader financial circumstances. These range from retirement planning and transition to retirement strategies to decisions about contribution levels, investment choice and insurance coverage (Chart 2)

Chart 2: Percentage of funds providing major categories of advice



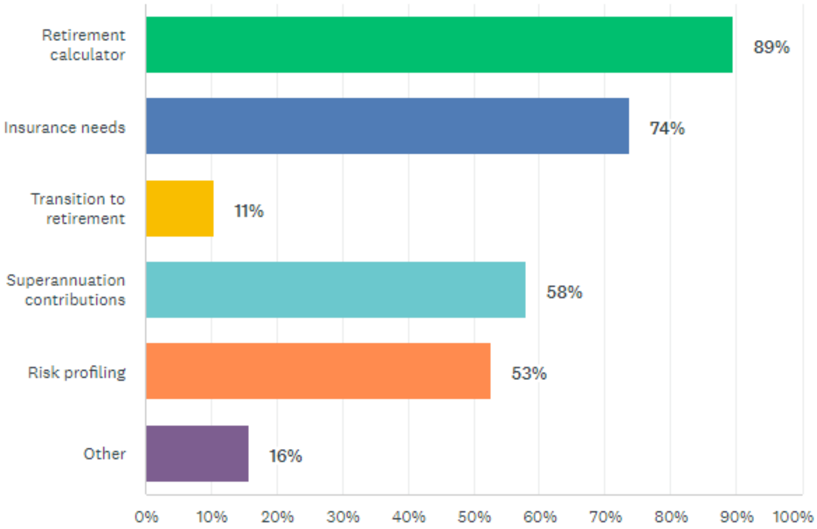
Other advice topics identified by the funds surveyed included:
- estate planning
- aged care
- external investments and insurance
- TPD payments

Calculators and tools provided by funds

The funds surveyed make use of a variety of online calculators and tools provided to their members and the public more generally.

As shown by Chart 3, the great bulk of the funds surveyed provide a calculator which forecasts the retirement balance and/or income for their members. Calculators which assist members to assess their insurance needs and the optimal pattern of their contributions are also relatively common.

Chart 3: Tools and calculators provided by funds, by percentage of funds surveyed



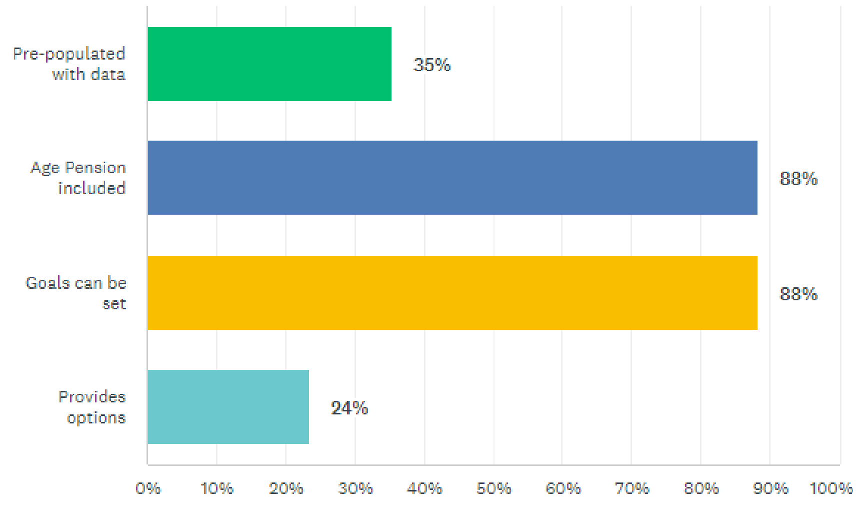
The "Other" category covered calculators provided by third parties, including superannuation comparison calculators, budget planners and retirement income stream calculators.

As indicated by Chart 4, for the great bulk of respondents retirement calculators incorporate receipt of the Age Pension and allow retirement income goals to be set. Less common features are pre-population with data from the member's fund account details and providing options to improve retirement outcomes.

Just over half of the funds surveyed provide retirement projections in annual periodic statements to members.

All of the funds surveyed make use of the ASFA Retirement Standard in assisting members assessing their needs in retirement.

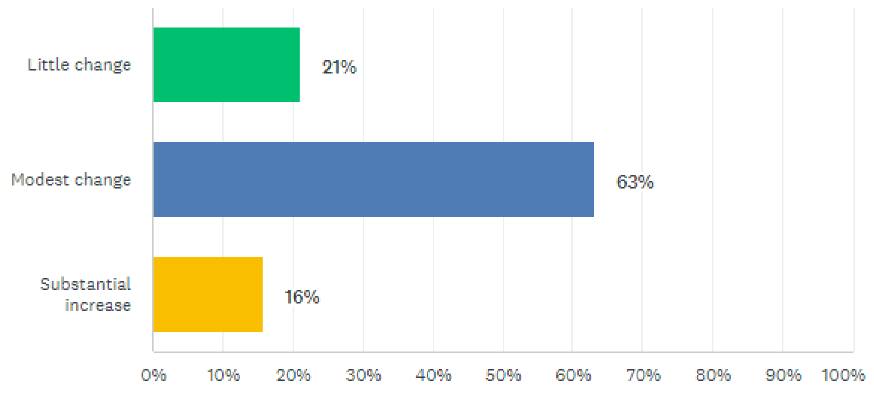
Chart 4: Features of calculators and tools, by percentage of funds surveyed



Impact of the introduction of the Retirement Income Covenant

As indicated by Chart 5, most funds surveyed expect the introduction of the Retirement Income Covenant will lead to little or modest change in the amount of advice provided to members, but a small minority of the funds surveyed expect a substantial increase in the amount of advice provided.

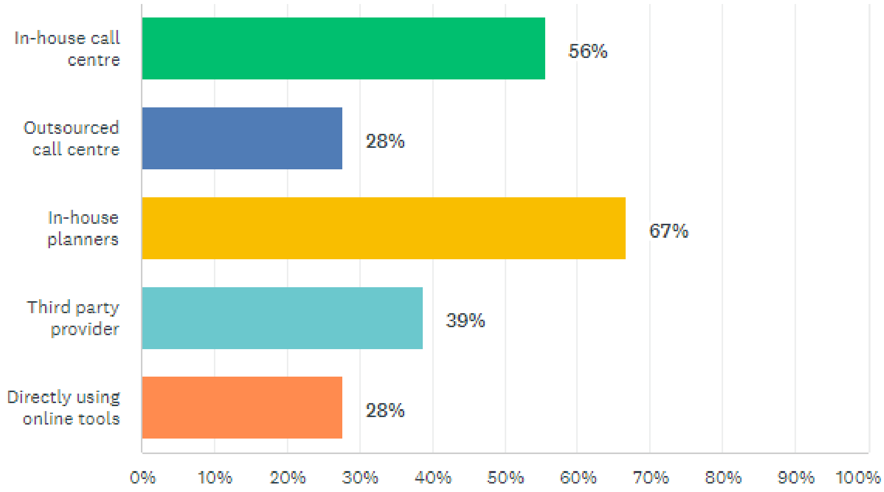
Chart 5: Impact of Retirement Income Covenant on volume of advice, by percentage of funds surveyed



Methods of providing advice

Funds make use of a variety of methods to deliver advice. These range from direct provision by an in-house call centre operated by a fund to using a third-party specialised provider of financial advice (Chart 6). Some funds make use of more than one method to deliver advice, depending on the type of advice provided.

Chart 6: Methods used to deliver advice, by percentage of funds surveyed



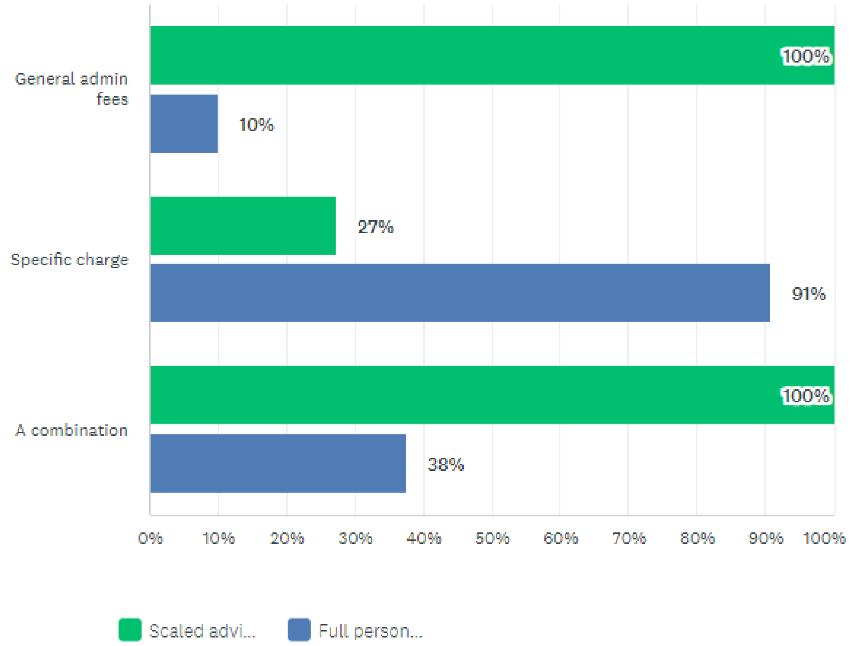
There is some use of web-based systems for delivering advice but only 28 per cent of the funds surveyed utilise online tools to generate statements of advice (SOA)

Payment for advisory services

As indicated above, personal and general advice is delivered to fund members in a variety of ways. Similarly, there are differences between funds and between types of advice provided in how the costs of providing advice are recovered (Chart 7).

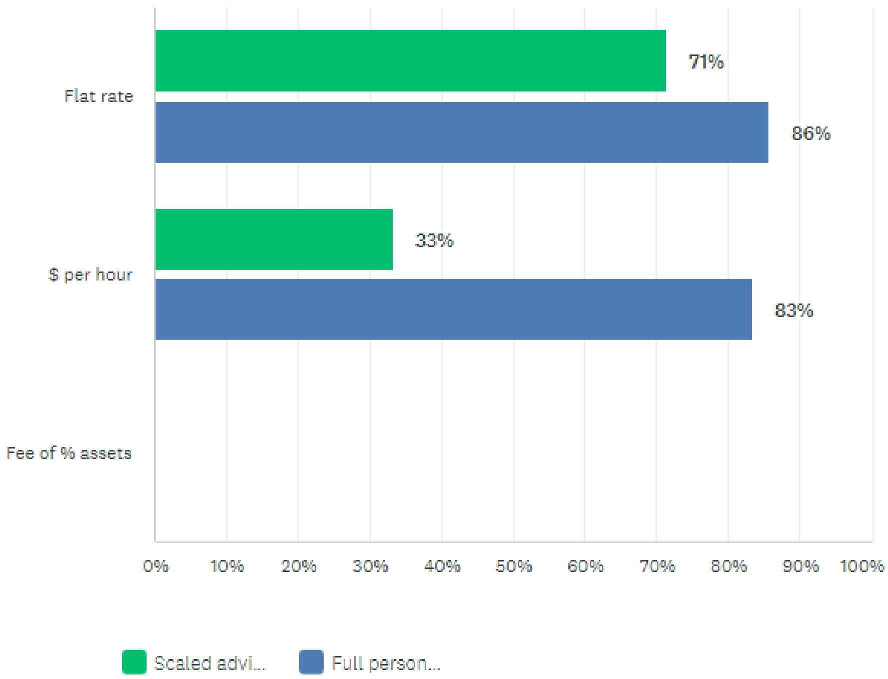
It is relatively common for the bulk of the costs of scaled advice to be covered by general administration fees charged to members by funds (intra-fund advice) or a combination of general administration fee and a specific fee for the service provided. However, in a relatively small minority of cases, costs are recovered be a specific fee alone. In contrast, the costs of providing full personal advice generally are recovered by way of a specific fee linked to the account of the member receiving the advice.

Chart 7: How cost of advice is funded, by percentage of funds surveyed



As indicated by Chart 8, flat rate fees are more common for scaled advice, with a combination of flat rate and charge per hour more common for personal advice. Percentage based fees were not used by the funds surveyed.

Chart 8: Charging structures where a fee to the member is charged, by percentage of funds responding



The minimum fee for scaled advice varied from zero to $1,750, with a median fee of around $350.

For full personal advice the minimum fee varied from $470 to $4,500 with a median fee of around $2,500.

Attachment A: Types of advice

General and personal advice

Personal advice is financial product advice that takes into account (at least one) of the client's personal financial circumstances. General advice is all other financial product advice.

Financial product advice includes a recommendation (even an implied recommendation) about a financial product.

If scalable advice is scaled according to a client's needs, then by definition it cannot be general advice, which is a mere recommendation of a financial product without taking into account a client's needs.

Superannuation trustees and financial advisers can give general advice about the member's existing interest in a superannuation fund. Trustees are required to have an AFSL with a general advice authorisation where this advice is provided on a website, in a call centre, or anywhere outside a regulated document such as a PDS or a member's statement.

Intra-fund Advice

Generally, intra-fund advice refers to limited or scaled personal advice that a superannuation trustee can provide to a member about their superannuation account without an additional fee being charged to the individual member. The cost is typically covered by the collective administration fees paid by all members of the fund.

Accordingly, intra-fund advice is not a type of advice. Rather, it refers to the cross-charging mechanism, which can apply to both general and personal advice. Trustees commonly outsource the provision of intra-fund advice (sometimes to a related party), with the fund covering the costs.

Section 99F of the Superannuation Industry (Supervision) Act 1993 does not list the types of personal advice that are permissible as intra-fund advice, but it does specify the types of personal advice that cannot be cross-charged as intra-fund advice. For example, intra-fund advice cannot cover advice on whether a member should consolidate their superannuation holdings into one account.

While intra-fund advice does take a member's personal circumstances into account, the advice cannot relate to financial products outside the superannuation fund. The explanatory material that introduced the law specified that the allowable topics would include insurance arrangements in superannuation and selecting superannuation investment options.

ASIC holds intra-fund advice to the same standards and stringent rules as other personal advice. Accordingly, financial advisers must act in the best interests of their client and comply with related obligations, regardless of whether they are providing intra-fund advice or other personal advice.

Scaled advice

Scaled advice is financial advice where the subject matter of the advice has been scoped down and tailored to particular (and sometimes singular) personal financial circumstances of a client, at the instigation of the client:

- Scaled advice is not holistic financial advice that takes into account all of the client's relevant personal circumstances.
- Superannuation trustees and financial advisers can provide scaled advice on key concepts in superannuation as long as they have a personal advice authorisation on their Australian Financial Services Licence to advise on superannuation.
- Superannuation trustees and financial advisers can provide scaled advice on key "intra-fund" advice issues such as:
  - Insurance in the client's existing superannuation fund.
  - Choice of investment options in the clients existing superannuation fund.
  - The client's ability to access their superannuation early due to severe financial hardship.
  - How to best contribute to superannuation (having regard to client's age, salary, and issues relating to before tax and after tax contributions).

Attachment B: Quality of Advice Review

Terms of Reference

Purpose and scope of the Review

1. The Government is committed to ensuring that Australians have access to high quality, affordable and accessible financial advice. Consistent with recommendations 2.3, 2.5 and 2.6 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission), the Government is commissioning this Review.

2. The Review will consider how the regulatory framework could better enable the provision of high quality, accessible and affordable financial advice for retail clients. In particular, it will investigate:

    2.1. Opportunities to streamline and simplify regulatory compliance obligations to reduce cost and remove duplication, recognising that the costs of compliance by businesses are ultimately borne by consumers and serve as an impediment to consumers' access to quality advice;

    2.2. Where principles-based regulation could replace rules-based regulation to allow the law to better address fundamental harms and reduce the cost of compliance;

    2.3. How to simplify documentation and disclosure requirements so that consumers are presented with clear and concise information without unnecessary complexity;

    2.4. Whether parts of the regulatory framework have in practice created undesirable unintended consequences and how those consequences might be mitigated or reduced.

3. The Review will include examination of:

    3.1. The legislative framework for financial advice, specifically:

        3.1.1. Key concepts such as 'financial product advice', 'general advice', 'personal advice', as well as how they are used, how they are interpreted by consumers, and whether they could be simplified or more clearly demarcated. The Review should also consider the role and bounds of advice that is scaled, intra-fund or limited in scope;

        3.1.2. The safe harbour provision for the best interests duty, in line with Commissioner Hayne's recommendation that 'unless there is a clear justification for retaining (the safe harbour provision), it should be repealed';

        3.1.3. Financial advice documentation and disclosure requirements, including statements of advice;

        3.1.4. Fee disclosure and consent requirements, including reforms to introduce annual renewal of ongoing fee arrangements (Royal Commission Recommendation 2.1);

        3.1.5. The life insurance remuneration reforms, and the impact of the reforms on the levels of insurance coverage;

        3.1.6. The remaining exemptions to the ban on conflicted remuneration, including in life and general insurance (Royal Commission Recommendations 2.5 and 2.6);

3.1.7. The application of the advice framework to certain activities and professions, including consideration of Recommendation 7.2 of the Review of the Tax Practitioners Board.

3.2. Whether consent arrangements for sophisticated investors and wholesale clients are working effectively for the purposes of financial advice;

3.3. Actions undertaken by ASIC, including regulatory guidance and class orders; and

3.4. The role of financial services entities and professional associations.

4. As relevant, the Review will have regard to:

4.1. Structural changes and professionalisation of the sector;

4.2. Best practice developments internationally;

4.3. The level of demand for advice and the needs and preferences of consumers;

4.4. Enabling innovation and the development of technological solutions, including the use of regulatory technology and digital advice. The Review should pay particular attention to how technology and digital advice might enable mass market adoption of low-cost advice, particularly by young consumers, those with low asset values and consumers who do not currently engage with the advice industry;

4.5. Opportunities to reduce compliance costs on industry, while maintaining adequate consumer safeguards;

4.6. Other key regulatory developments, including the Consumer Data Right, the Retirement Income Covenant and the Design and Distribution Obligations as they apply directly to financial advice.

5. The Review may also have regard to the interim findings of the Australian Law Reform Commission's Review of the Legislative Framework for Corporations and Financial Services Regulation.

6. The Review will not make recommendations on:

6.1. The professional standards for financial advisers;

6.2. The new disciplinary and registration systems for advisers (Royal Commission Recommendation 2.10), the reference checking and information sharing protocol (Royal Commission Recommendation 2.7), the obligation on licensees to report serious compliance concerns (Royal Commission Recommendation 2.8) and to take steps when they detect an adviser has engaged in misconduct (Royal Commission Recommendation 2.9);

6.3. Changes to the definitions of 'retail client', 'wholesale client', and 'sophisticated investor', including the income and asset thresholds;

6.4. Financial services redress arrangements; or

6.5. The application of taxation and privacy laws to financial advice.

Process

7. The Review will be led by an independent reviewer and supported by a secretariat based in Treasury.

8. The Review will invite submissions from the public and consult with stakeholders, including consumers, industry and regulators. The Review will also be informed by data collected by ASIC and Treasury.

9. The reviewer will provide a report to Government by 16 December 2022.