



Great advice for more Australians

## Education Requirements for Existing Advisers

Dear <<First Name>>

Since the release of FASEA's proposed guidance on education standards for existing advisers on Thursday 14 December, there has been a lot of confusion and understandably we have received a lot of feedback from members. The most vigorous feedback has come from those members who already have an undergraduate or post-graduate degree and who were surprised about the apparent message that they would need to do substantial further study.

The Financial Adviser Standards and Ethics Authority (FASEA), announcement addressed the requirement under the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 where all existing advisers are required to have completed a bachelor or higher degree, or equivalent qualification by 1 January 2024. You can access a copy of those proposals [here](#).

We have provided a detailed summary below, but just a few main points:

1. The requirement to increase education standards is law, it is going to happen, so we need to be prepared.
2. The role of the AFA is to advocate for the most sensible options for our members that enables practical pathways that recognise your previous study and years of experience including possible professional designation.
3. FASEA has indicated that they will be consulting on these standards through until 29 June 2018. We will be actively involved in this process and we strongly encourage members to also participate through making submissions.
4. The 14 December 2017 announcement was primarily intended to provide guidance to existing advisers who do not have any tertiary qualifications and to identify the potential option of doing an eight subject Graduate Diploma. Whilst there was reference to those existing advisers with a degree, this was not the primary purpose of the announcement.
5. The comment expressed by many and covered in recent trade media articles that a degree that is older than 10 years will not count is simply false. Advisers with older degrees will still be able to get recognition for them, although they are likely to need to do a bridging course of some form.

6. What should I do now - shortly, we will be surveying members, and will need your active participation. As we want to ensure we have all the information and all the data necessary to have an informed, educated and realistic discussion with FASEA. This information is also likely to be important to help you when considering potential further educational requirements.
7. The AFA is committed to growing the advice profession and helping you navigate through this challenging process.

## AFA Interpretations and Expectations

The FASEA announcement was a long and complex document that has generated a lot of concern and confusion. We would like to address some of this confusion. This is a complex matter, however it is very important, so we ask that you take the time to read through this in full:

- The 14 December 2017 announcement was primarily intended to provide guidance to existing advisers who do not have any tertiary qualifications and to identify the potential option of doing an eight subject Graduate Diploma. Whilst there was reference to those existing advisers with a degree, this was not the primary purpose of the announcement, and the more relevant details and options concerning bridging courses and recognition of prior learning have not been released at this stage.
- Commonly, 'relevant degrees' are considered to be ones in Finance, Accounting, Commerce, Business, Economics or Law. Established entrance pathways into the financial advice profession have evolved over the years, which is why many advisers have started their professional career from different educational qualifications. For advisers who completed relevant degrees before entering the profession, these degrees were considered the most appropriate to practice financial advice at that time. Understandably, years later advisers with relevant degrees and further education, have been most surprised by the FASEA announcement.
- The comment expressed by many and covered in recent trade media articles that a degree that is older than 10 years will not count is simply false. Whilst there is an academic convention with respect to the recognition of prior education for credit towards further study, this is fundamentally different to the issue of what education FASEA will recognise. The FASEA announcement provides no indication that they will not recognise degrees that are older than 10 years. Advisers with older degrees will still be able to get recognition for them, although they are likely to need to do a bridging course of some form.

- We expect that the bridging courses for those with existing degrees will involve much less study than doing a full Graduate Diploma.
- Whilst the FASEA December announcement made no mention of professional designations such as Fellow Chartered Financial Practitioner (FChFP), we will continue to advocate for them to be included in consideration of prior learning and subject exemptions from either the Graduate Diploma or the bridging courses.

## Education Considerations for Advisers with Different Qualifications

Taking existing advisers into consideration we have categorised what we see as the key groups, what we know and what probable action needs to be taken.

Education Category	What we Know	Probable Action
FPEC Approved Financial Planning Degree	Already approved	No Further Action Required
Non-approved Financial Planning Degree	Education Institutions can apply to FASEA for retrospective recognition	Wait to see what happens, however contact your education provider to make sure that they are going to apply
Relevant Degree (Commerce, Finance, Business, Accounting, Economics or Law)	FASEA will make available bridging courses	Wait to see the detail on the bridging course options, which is expected to be noticeably less than doing the full Graduate Diploma
Unrelated Degree (Arts, Science, Teaching etc)	FASEA will make available bridging courses	Wait to see the detail on the bridging course options, which is expected to be less than doing the full Graduate Diploma

No Tertiary Qualifications	FASEA have proposed an eight subject Graduate Diploma	You can start now, however, it is probably better to wait until FASEA have approved some specific financial advice Graduate Diplomas
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### What Action is the AFA Going to Take?

The requirement to increase education standards is law. It came after many years of demands for reform from the media, regulators and politicians. It is going to happen. The role of the AFA is to advocate for the most sensible options for our members that enables practical pathways that recognise your previous study and experience and that enables you to study subjects that will be beneficial for your business and aligned to your interests.

We will be advocating for fair recognition of prior study, including where you have completed a professional designation.

FASEA has indicated that they will be consulting on these standards through until 29 June 2018. We will be actively involved in this process and we strongly encourage members to also participate through making submissions. Details on how to make submissions will be communicated when they become available. We believe strongly that active consultation and collaboration with industry is required by FASEA to ensure that all elements of the legislation are implemented sensibly. The cost of further education is an important issue and we will be working with education providers to ensure that sensible cost effective solutions are available for existing advisers.

From the AFA's perspective, advisers who have already completed a degree, particularly in a relevant discipline, are degree qualified. This is the objective of the legislation. Where the degree is not in financial planning, then further education would have been required, and up to this point, we have relied upon the DFP, the ADFP and professional designations for financial advice formal education. To remain current with changes to the Corporations Act and other legislation, advisers have been required to complete continuous professional development and formal short courses. It was our view that an adviser with a relevant degree, the DFP and the ADFP or a professional designation such as the FChFP which is at a higher AQF level, should not have needed to do any further study, however we are hopeful that the bridging courses will be reasonable.

## What Should I Be Doing Right Now?

In order to take control of your future you need to take stock of your current qualifications.

Shortly, we will be surveying members, and will need your active participation. Your future and the future of the financial advice profession is critical and we want to ensure we have all the information and all the data necessary to have an informed, educated and realistic discussion with FASEA.

So please ensure you gain access to all evidence of previous qualifications and education whether or not you believe it satisfies the proposed criteria. This evidence is likely to be important when you sit down to consider your options and start talking to potential education institutions.

## Should I Start Studying?

Unless you are someone who is determined to complete one of the already approved undergraduate degrees or masters degrees, then we think it is probably best to wait and see before commencing your study. At this stage no Graduate Diploma has been approved by FASEA and bridging course are not yet available. These courses will emerge over the next 12 months. Where you are already completing education that is adding value to you and your business, then we would suggest that you continue. It is important that financial advisers continue to invest in themselves whilst they await clarity for the future.

FASEA also stated that one of the reasons it has issued the proposed guidance at this time is to encourage education providers to increase the education options and qualifications available to advisers. This could relate to areas of specialty, such as Life Insurance, which is something the AFA will be advocating for.

## Ensuring a Strong Future for Financial Advice

We recognise this is a critical time for advisers and the financial advice profession. Raising professional standards is paramount to ensuring the community, as a whole have trust and confidence in the financial advice profession. Implementation of these standards is imperative to ensure we have a growing advice profession.



We know that this is proving to be a very challenging time for many and that some are thinking about exiting the industry. If this decision alone is based on what seems to be the daunting task of embarking on further education, we ask that you defer any drastic decisions and wait to see further guidance. Your years of experience, skills and knowledge will count and most will make it through this difficult journey. We will work with you to get the best result possible and to support you on your pathway to achieving the required education standard.

If you have any questions regarding the education standards, please call us on 02 9267 4003.

Warm Regards,

**Philip Kewin**

AFA CEO



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