



Happy new year to seekers of financial advice

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When we look ahead to 2012, some things will stay the same and we also expect to see some new and important developments for Australians in the area of financial advice.

What is likely to stay the same? Doubt over the European debt crisis, the health of the US economy (especially with an upcoming election) and the ability of China to sustain growth levels in the face of high food prices and inflation will continue. While major stock markets around the world have already taken these issues into account to a large extent, the acute market dips that have unsettled investors since the Global Financial Crisis (GFC) are likely to be a continuing feature into 2012.

Since the sharp downturn we experienced in the Australian stock market in August 2011, investors have reported levels of concern that mirror the strength of negative sentiment felt at the height of the GFC. Indeed, in late August, 75% of Australian investors feared a second wave of the GFC, up from 60% in June (source: Investment Trends 2011 Investor Sentiment Tracker), and very little has happened since then to calm those concerns.

The new year will also see our already ageing population grow one year older, putting further pressure on those retiring soon to find ways to secure their finances and strain on the Age Pension system.

In addition, Australians will continue to look for guidance on their finances from newspapers, magazines and the internet; their colleagues, relatives and neighbours; and for around 2 in 5 Australians, they look to the professionals – financial planners – for help.

If you're one of the other 3 in 5 Australians who currently don't receive financial advice, you probably remain wary and mistrustful of being ripped off by a 'bad seed' financial planner, being flogged products that don't suit you and putting your money at risk rather than growing your savings with peace of mind.

Within this gloomy backdrop, what can give Australians confidence of a brighter 2012?

Mid-2012 should see the Government's plans to introduce important changes to financial advice kicking in. These changes are specifically designed to help Australians to increase trust and confidence in providers of financial advice so that we can all better plan our finances and enjoy greater financial security in the long run.

Going forward, these changes mean that you can be sure that you know what kind of advice you're getting, how much you will pay for it and how you will pay for it. While most qualified financial planners are professional, do a good job and genuinely care about their clients, the changes mean that **all** those who call themselves financial planners will need to do the right thing by their clients - by law.

It should give even greater comfort to investors to know that there is a group of financial planners who are leading the way in this regard. They are the 8,000 members of the Financial Planning Association of Australia who carry higher qualifications than is required by law and work to a world-class Code of Professional Practice and Ethics. These financial planners already work to high standards that put their clients first and ensure that their clients understand and are comfortable with the advice services they receive.

At the Financial Planning Association, it is our aim in 2012 to encourage the remaining 3 in 5 Australians who currently don't seek financial advice to find a financial planner who is an FPA member and take the important first step to having a happy new year.