MENTAL HEALTH SURVEY

MENTAL HEALTH AND EMOTIONAL WELLEBING OF THE FINANCIAL SERVICES INDUSTRY

AUTHORS:

PHILIPPA HUNT **B.Bus(Psych) ADFS(FP) Dip Ed.**

STEVE PRENDEVILLE

MAY 13, 2022

ARTEMIS INVESTMENTS (NSW PTY LTD)
AFSL 481202
info@philippahunt.com.au

Forte Asset Solutions
steve@forteasset.com.au

CONTENTS

 Email info@philippahunt.com.au

BACKGROUND

What inspired the idea for the survey?

The fallout of the Royal Commission report saw the banks and their associated dealer groups dismiss their advisers within a short timeframe in 2019. I counselled many distraught advisers in 2019 and through 2020 when the industry was fragmented and advisers were losing the value of their business.

The session on mental and emotional health was run in both AIOFP April Hobart 2021 and December 2021 Hunter Valley conferences and we were bowled over by the responses from the attendees. Steve and I agreed to team up as he is often the last resort for advisers desperate to sell their business and get out of the industry. We are alarmed at the number of advisers exiting the industry with more likely to leave in 2022 and again 2026. We are losing the experience and knowledge that sustains the industry. Steve and I are experienced in our industry and independent of institutions and fund managers. We want to help retain advisers and support them and their clients.

COVID aside, the industry has had to deal with heavy regulation and reforms in recent years. Has this been appropriately handled by government and regulators in your opinion?

In my 20 years of experience in this industry and the Financial Services Reform Act and Future of Financial Advice (FOFA) 2013 changes, have I never seen or experienced the haphazard onslaught of legislation that has so decimated and shattered the people in the industry. It was driven by politics and the media through 2019 and rushed legislation over the past 2 years just to get the Royal Commission (RC) findings implemented as a political agenda. There was no thought given to consequences for advisers or their clients.

We are now dealing with the fallout of increasing costs of advice because of the compliance paperwork duplicating the processes that were already in place. Advice costs over $5,000 for a Statement of Advice and most advisers don’t charge that amount. It makes advice for ordinary Australians unsustainable for a small business. Mostly the high-net-worth clients will be left to afford comprehensive advice.

The FASEA debacle is a case in point.
(I predicted in October 2018 in a submission to FASEA and politicians that 10,000 advisers would leave the industry. That means thousands of mostly women staff made redundant and over 2 million clients without an adviser). And more advisers are yet to leave.

 Email info@philippahunt.com.au

The mental health and emotional wellbeing of advisers, their business and employers has been crashed over the impost of badly thought-out legislation, the pandemic, many lockdowns and burnout. Did anyone think that almost 30 advisers have committed suicide between 2019 and 2021 would be a consequence, the family, clients and those close to them?

The immediate approval of all Hayne recommendations by both political parties and implemented by regulators without industry consultation showed there was no consideration of unforeseen outcomes or the cost of the large-scale changes to the industry or consumers.

What are you hoping to achieve with the survey?

To ascertain a snapshot of the current situation. We don't know the breadth and depth of current needs of mental and emotional health of advisers, adviser employers and staff. There have been excellent and very detailed surveys done including Deakin University over the past 18 months which described the situation in 2021. We have moved on and now at the end of the FASEA saga, changes to compliance have started to bite and now we are seeing the unintended consequences emerge of the legislation.

When the results are in, data analysed and reported of this current point in time we hope to get a clearer picture of current state of mental health, emotional state, the effects of the most far-reaching legislation. We should get a great opportunity for advisers to have their say and to see where we are and how we can best support advisers, staff and employer's needs to help them serve their clients.

I hope we can report a positive recovery of the industry and at a minimum those that are still locked in the Elizabeth Kubler Ross's 5 stage s of grief that of Denial, Anger, Bargaining, Depression and Acceptance will know they are not alone. Governments also need to know the real cost of such massive change in short timeframes.

Hopefully we can ascertain how best to assist advisers and staff with mental health support through services and working with politicians to amend the legislation to make the compliance less burdensome.

 Email info@philippahunt.com.au

Background Extra Comments

These comments were in the forum of the ifa magazine on the days that the articles were published for the survey completion.

Rod m 25 March 2022

Well done to Ms Hunt and Mr Prendeville for showing the foresight to actually obtain feedback from All advisers that have been hurt by over regulation and the constant meddling of Government in an Industry none of them seem to really understand. You are both a breath of fresh air and you have the interests of all advisers at heart , congratulations.

13 Quote Reply

Anonymous 24 March 2022

Thanks for this article,
I have just done the survey,
I can't wait to see the results, but I am pretty sure that they will demonstrate that all professional financial planners are burnt out, exhausted, and looking for a change in life. Phillippa, thanks to you and Steve for preparing such a comprehensive survey. If possible, please publicise the results through the media, so that our clients and the general public get a true picture of the industry, given the relentless attacks it has received since the Royal Commission.
Hopefully, as many advisers as possible take the opportunity to complete the survey.

Despondent Adviser 24 March 2022

Thanks for your work on this Phillipa and Steve. This is a great initiative. I hope my survey responses are helpful. I will continue to support this sort of work, even though I have lost all hope….

 Email info@philippahunt.com.au

AUTHORS

Philippa Hunt

Practising Adviser with my own business and 20 years of experience, Director and holds own AFSL for 6.5 years. Board member AIOFP, joint adviser of the year of AIOFP 2020. Previous career in Education, including University, Organisational Psychology, Employee Assistant Programs (EAP) and HR and industrial relations.

Currently setting up a business to educate women in financial literacy and financial competence to create their own financial independence.

Steve Prendeville

CEO Forte Asset Solutions

Specialises in helping financial service business owners buy, sell and grow through M&A and consulting services. Steve is often deals with advisers as their first call who are desperate to sell their business and with the movement and retention of advisers in the industry and their reasons for sale. This gives him the insights into business values and state of the industry.

 Email info@philippahunt.com.au

EXECUTIVE SUMMARY

This study is independent research that was undertaken by Philippa Hunt and Steve Prendeville. Both are well-known practitioners in the industry and have no connection to institutions. This project was funded independently so there is no perceived conflicts of interest with any other organisation.

The survey participants trusted us to be forthright and honest in the survey. We acknowledge their contribution because without their level of honesty we would never of had the clearest picture we've ever had of the effect on the outcomes of legislation on advisers, clients and the other industry sectors.

This is their story. We are sharing their truth out there and now politicians and consumers can fully understand the effects of legislation and over-regulation on these practitioners in their daily life in their business serving their clients the best way they possibly can under now difficult conditions. An excellent study into the mental health from Fraser and Molyneux in 2021 showed the level of stress in the industry at the time. This new study sets out the current level now that most of the legislation has been implemented and the current effects on advisers, staff and client services.

We have taken the unprecedented step to publish the in-depth findings of the results because of the trust that was placed on us by the participants who completed the survey. However, we have not added the very lengthy verbatim responses as Appendices into this report unless the full report is requested. Verbatim comments illustrating their particular sections are coded and condensed into percentages with the overall responses in the body of the report.

The answers of the survey show up that this was a plea for help. The overwhelming responses in the survey show advisers love their work that helps their clients reach a better place in their life. However, with the imposition of overreaching legislation and regulation has caused advisers such overwhelm and stress simply doing their job. Other practitioners in other sectors are also stressed with rigid compliance. Staff are stressed coping with extra compliance and paperwork overload.

The level of honesty and the survey brought home the fact that a lot of people are so stressed they would leave the industry if they could, but they can't because they have commitments or debt and they're unable to leave through lots of value of their business. However, on the other side there are advisers and practitioners in the industry who will stay past 2026.

With the numbers of advisers leaving the industry, the remaining advisers who have completed their qualifications see opportunities for themselves to gravitate towards the higher net worth clients and continue to provide a service to the industry and their clients.

 Email info@philippahunt.com.au

More advisers state they cannot afford to serve clients with lower balances or provide insurance. However, it is the medium size superannuation balances that most Australians will be retiring with and shows up women have less than men. This lack of available services will be exacerbated over the next 10 years if there are not enough retained advisers.

There are very few new recruits coming into the industry. This is a cause for concern for succession planning as the level of mental health with the existing legislation is such that people will seem to only last for the next 5 to 10 years.

FASEA and the exam, Life Insurance Framework (LIF) income loss and rising costs have all contributed to the mentally and emotionally distressed state of the industry. The latest requirements of Design and Distribution Obligations (DDO) and Target Market Determinations (TMD) and Fee Consent forms have resulted in businesses employing extra staff to chase forms and get signatures just to keep the current revenue. None of these legislative imposts have proven to be effective in raising the standard of service to clients where the services have always been excellent and the clients have been very happy. This layer of paperwork and extra compliance is an extra cost to business and passed onto clients with increased fees and a significant cause of the distress already in the industry. This extra money as salaries used for paper and signature chasing could be used to employ a new adviser to expand a business and help more clients.

In summary, from this survey and the commentary, the industry is in real mental and emotional distress. Advisers are overwhelmed and feel the loss of control over their business and decisions are based on constantly changing rules and resulting compliance overload. That loss of personal agency and power over their life is creating stress and driving many out of the industry.

However, there are a number of advisers who are intending to stay, and they don’t have low base clients. All of the clients in the industry will now move further to the upper end of the high-net-worth clients who can afford to pay fees and those advisers won’t be feeling the stress of trying to make ends meet with higher costs of the business and having to charge clients more.

The fact that the industry has been brought to this point, and even if those distressed advisers leave, they’ll end up being mentally and emotionally burnt out and this is actually forcing them out. And this is one of the most heartbreaking aspects of the whole survey and its results.

It is incumbent upon us as an industry to do something to support advisers both mentally and emotionally, those who feel they are out there struggling on their own. Anecdotally they say that they feel so alone. We will ask advisers and staff for their assistance what they need to set up support for them to help retain our advisers in the industry.

SURVEY BACKGROUND

- In March 2022 Philippa Hunt and Steve Prendeville commissioned research into the mental health and emotional wellbeing of the advice industry and survey was fielded by an independent contracted researcher.
- The survey was distributed through the media and Momentum Publishing
- The objective of the survey was to gather financial advisers' and others input with respect to the changes to their mental health and emotional wellbeing since legislative and regulatory changes in the sector have been implemented.

SURVEY METHODOLOGY

- The survey contained more than 70 questions about the impacts of the various legislative changes in Australia that have impacted the financial advising community in the past few years since the Financial Services Royal Commission report in 2019.*
- Also collected were demographics of the 693 respondents and more than 30 open ended questions and comments to give the respondents to put the impacts for themselves, their businesses and most importantly their clients into their own words.
- Data were collected for three weeks from 21 March 2022 to 14 April 2022.

- *Final Report: Royal Commission into Misconduct in the Banking Superannuation and Financial Services Industry, Canberra, 2019.

Analysis included univariate frequencies of the impact measures to determine the intensity of the impact

- All measures were compared to the demographics to see which contributed to significant (95% level) variation in outcomes
- Open ended questions and comments were summarized and coded
- Data were analyzed and summarized in SPSS and DisplayR.
- Open ended comments were coded through in iterative process of examining responses and each coding to relevant themes. No presupposed categories were used and categories represent terms used by respondents.

 Email info@philippahunt.com.au

OUTCOMES MEASURED

- Health Impact
- Health Behaviours
- Trust
- Impact on Relationships

- Business Impact
- Support
- FASEA
- Intent to STAY

- Life Insurance Framework (LIF)

- Other impacts

- Fee consent
- Fee consent compliance impacts
- Fee consent impact on clients
- Fee consent Business impact
- Overall Impact

 Email info@philippahunt.com.au

Key Statistical Findings

The survey looks at the mental and emotional health, FASEA. Life Insurance Framework (LIF) and its effects now, Fee Consent forms now that these are implemented and where advisers see their future. It is targeted to all financial advisers, both investment and insurance whether in business or employed by another business such as accountant or mortgage broker and staff of advisers.

- **Health Impact**

  80% reported that their stress level had 'significantly increased'; compared to the overall rate, rates are highest among those 'exiting'; who own their own business, have a Diploma in financial advising. Lower rates were reported by females, those advising 11-14 years and those in business 6-10 years

  53% reported that their mental health had 'significantly declined'; rates are higher among those who own their own business, who have a Diploma in financial advising and males.

  39% reported their physical health 'significantly declined'; rates are highest among business owners. Lower rates were reported among staying advisers and those who have owned their businesses for 6-10 years.

  36% reported that their mental health being a financial adviser with the negative press has 'significantly declined'; rates are higher among business owners and males. Lower rates were reported by females.

  63% believe the mental health of staff is affected. Rates are higher among staff members of staying practices and lower in those advising 6-10 years.

  48% reported that their mental health has 'significantly declined' from the financial implications of the recommendations; rates are highest among business owners, men, those age 51-60, those advising and in business 25+ years. Lower rates were reported by those who has passed the FASEA exam, and those age 31-40.

- **Health Behaviours**
  56% said that they are 'drinking more'; Rates are higher among those with a Diploma in financial advising, males, those age 51-60 and in business 20-25 years.

  37% have consulted a health professional about their mental health; Rates are higher among business owners, those with a Diploma in financial advising, and those in business 25+ years.

 Email info@philippahunt.com.au

78% have taken personal steps to assist their mental and emotional health. Lower rates were reported (64%) by those with a Diploma in financial advising.

21% have entertained thoughts of self-harm; rates are higher among business owners, ages 51-60, males and those advising 25+ years. Some have attempted self harm

- **Trust**

  63% reported their ability to trust has been impacted; Rates are higher among exiting advisers, those who have not passed the FASEA exam and those in business 25+ years. Lower rates were reported among staying advisers, ages 31-40 and those in business 6-10 years.

- **Impact on Relationships**

  61% reported primary relationship has been affected; Rates are higher business owners, males those ages 51-60 and advising 20-25 years. Lower rates were reported among financial advisers who are employed (not business owners) women, and those over 60 years of age and those advising 0-5 years.

- **Business Impact**

  71% reported that staff and business relationships have been affected; Rates reported are higher among staff members of staying practices (96%).

  23% have let staff go; Rates reported are higher among exited advisers, business owners, and those ages 51-60.

- **Support**

  34% reported that they have felt supported by their associations; Rates reported are higher among those over 60 and lower for those ages 51-60.

  25% have made other bodies aware of their struggles; rates higher among those advising and in business 25+ years.

  47% have been supported by their AFLS; lower rates reported by those with a master's in financial advising and those ages 41-50.

 Email info@philippahunt.com.au

- **FASEA**

  87% have passed the FASEA exam of the sample; rates higher among those staying, ages 31-50, those advising 15-19 years and in business less than 19 years. Lower rates were reported among those over age 60 and advising and in business 25+ years.

  84% said the FASEA requirements have added significantly to their stress levels; rates were higher among staying and exiting advisers, business owners, males those advising 25+ years, those with a diploma in financial advising. Lower rates were reported by those with all other qualifications, females, and those ages 31-40.

  62% believe the FASEA exam should be more specific (less general); rates were higher among exiting advisers, those who have not passed the exam, males, those over age 51, and those advising and in business 25+ years. Lower rates were reported among females, those with masters and university degrees, younger advisers, and those advising 10 years or less.

- **Intent to STAY**

  62% intent to stay past 2026 if they complete their qualifications; rates are higher among those who have passed the FASEA exam, among those ages 31-50, those advising and in business less time. Rates were lower among those over age 60 and advising and in business 25+ years.

- **Overall Impact**

  35% of respondents are 'significantly less confident' about their future in the industry; rates were higher for females, those age 41-50 and those advising and in business 25+ years. Rates were lower (respondents were more confident in their future) for those with a university degree, males, those ages 41-50, and those in business 15-19 years.

 Email info@philippahunt.com.au

REPORT

Participant

Sample Size	690
Role	
Financial adviser employed	17%
Financial adviser own business	66%
Insurance specialist	5%
Accountant and Financial adviser	3%
Stockbroker	2%
FASEA exam status (percent passed)	86%

Adviser Intent	
A staying Adviser	75%
An exiting adviser	19%
An exited adviser	6%
Gender	
Female	19%
Male	80%
Other	1%
Member of a professional Association (percent)	82%

9

Participant

Age Bracket	
Under 40	10%
41 - 50	21%
51 - 60	28%
60 +	20%
Years Advising	
Less than 10	12%
11 - 14	11%
15 - 19	18%
20 - 25	22%
25 +	37%

Industry Association Memberships	
FPA	66%
AFA	22%
AIOFP	11%
SMSF	6%
Other	7%
Region	
NSW	31%
QLD	27%
TAS	2%
Victoria	28%
Western Australia	12%

10

 Email info@philippahunt.com.au

Participant

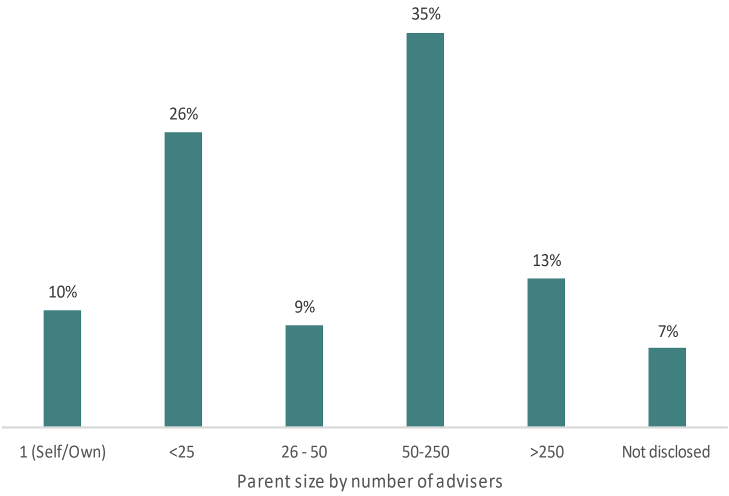
Own business	69%
Staff Mix	
Full time	43%
Part time	34%
Casual	10%
All of these	11%

Staff Employed	
None	14%
Less than 5	57%
5 – 9	17%
10 or more	12%

Number of Clients	
50 or less	10%
51-100	26%
101-200	39%
201-500	18%
501 or greater	7%
Years in business	
Less than 10	21%
11 - 14	12%
15 - 19	17%
20 - 25	16%
25 +	33%

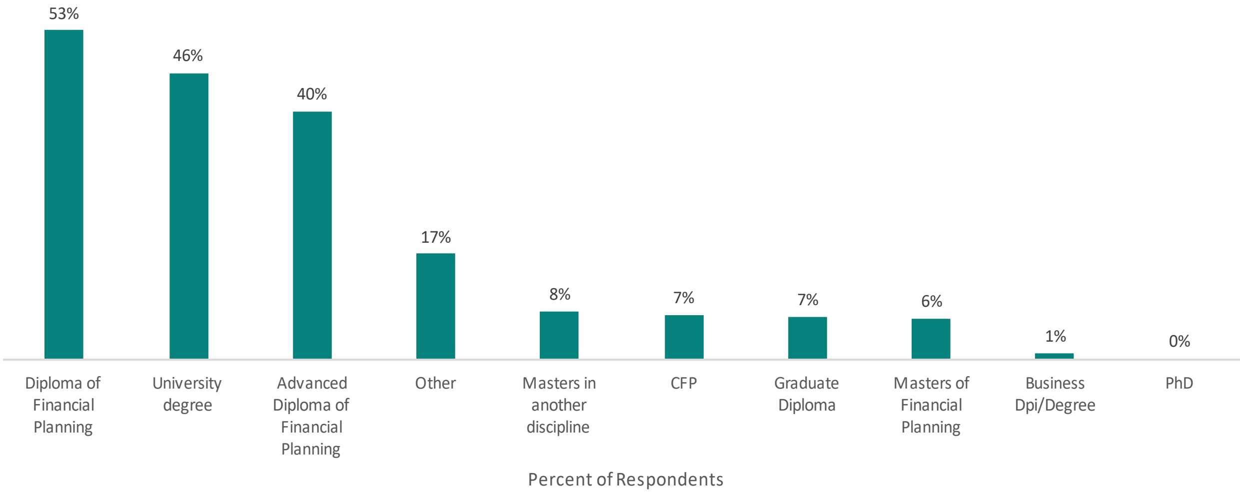
11

Participants' AFSL size



12

What Current Qualifications do you have?



sample size = 604

13

Email info@philippahunt.com.au

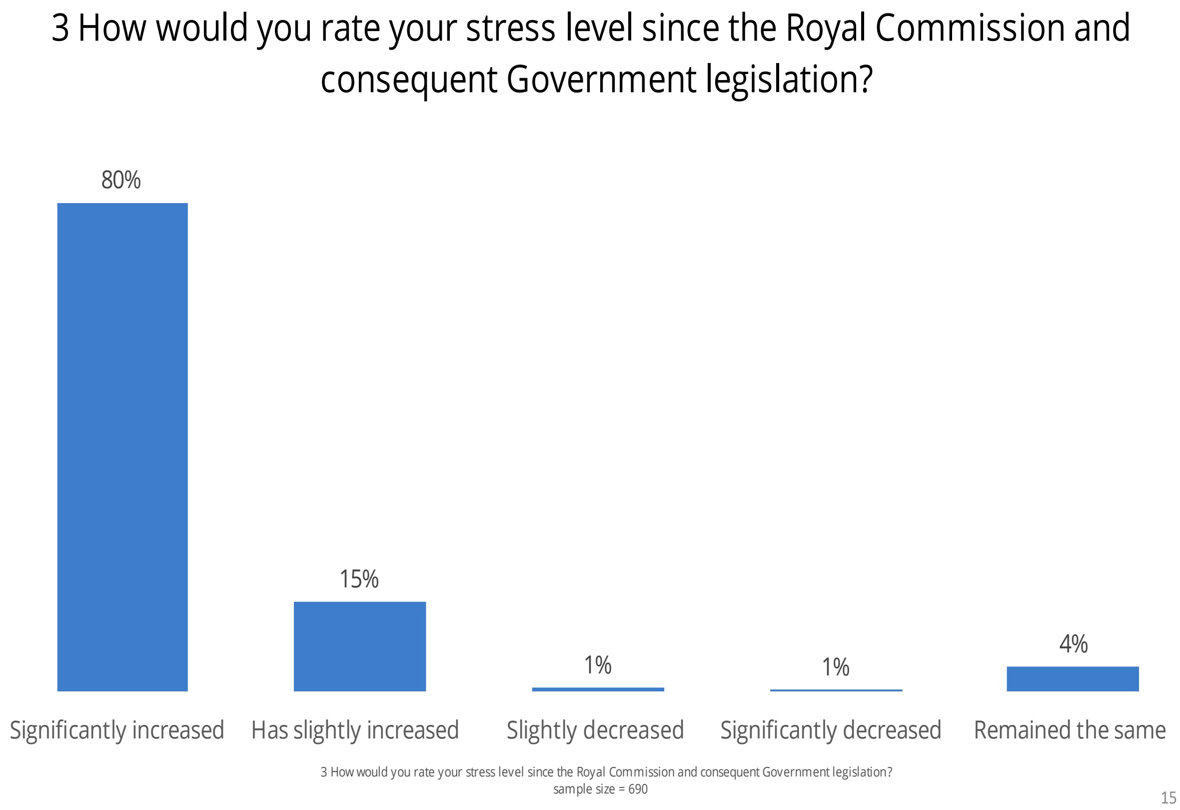
IMPACTS ON HEALTH

The mental health of the respondents as reported has both significantly declined and declined. The emotional wellbeing is low and most of the respondents reported as suffering high stress and burnout. Their physical health has declined significantly with many reporting they are suffering from high anxiety, depression and low self-esteem.

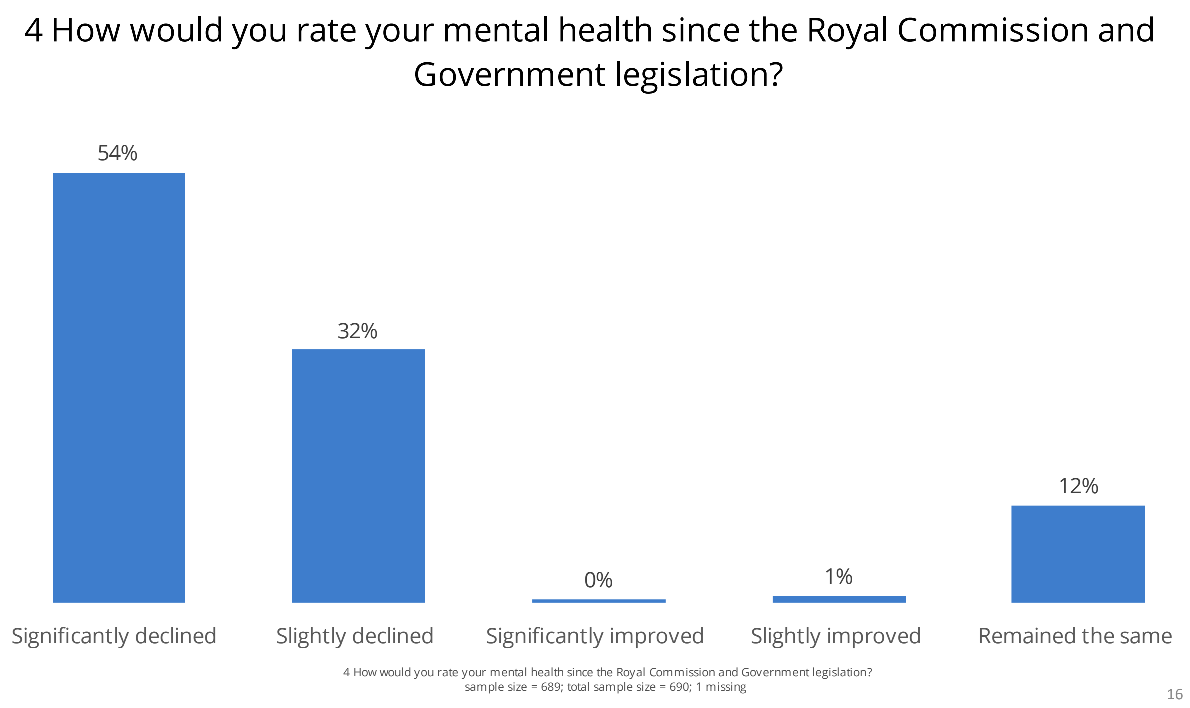
Their family life has suffered significantly with many reporting their family life is strained with working long hours, loss of communication with partner and their children. This has created deep shame and feelings of guilt.

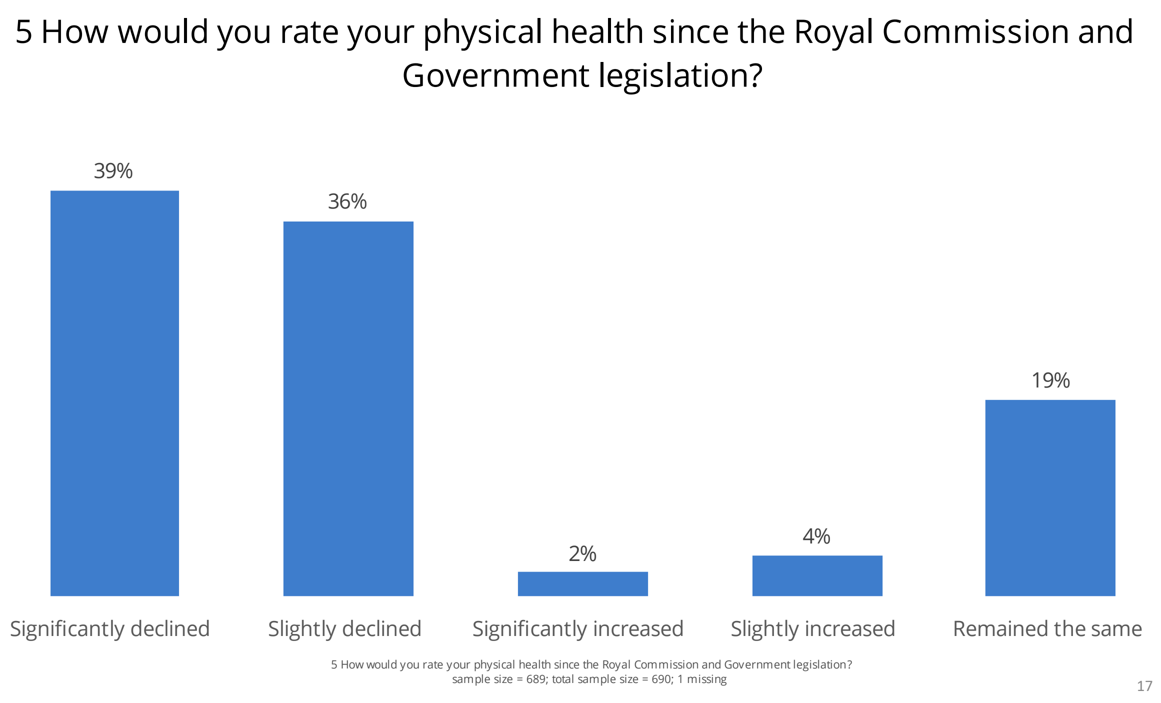
Many marriages have failed, others ending in separation and divorce. This has impacted on their own financial stability and being able to support not just their own family but their business and staff.

Staff mental health has declined with many leaving the industry. There are a reported 29 male suicides and one woman. Loss of income and business value with high debt has caused deep distress.



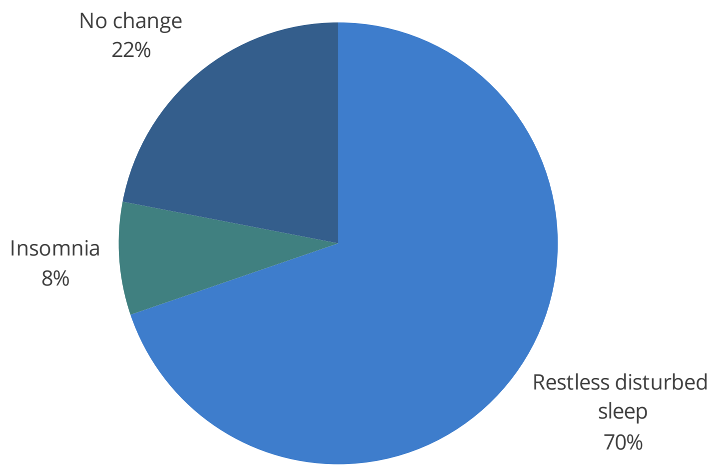
 Email info@philippahunt.com.au





 Email info@philippahunt.com.au

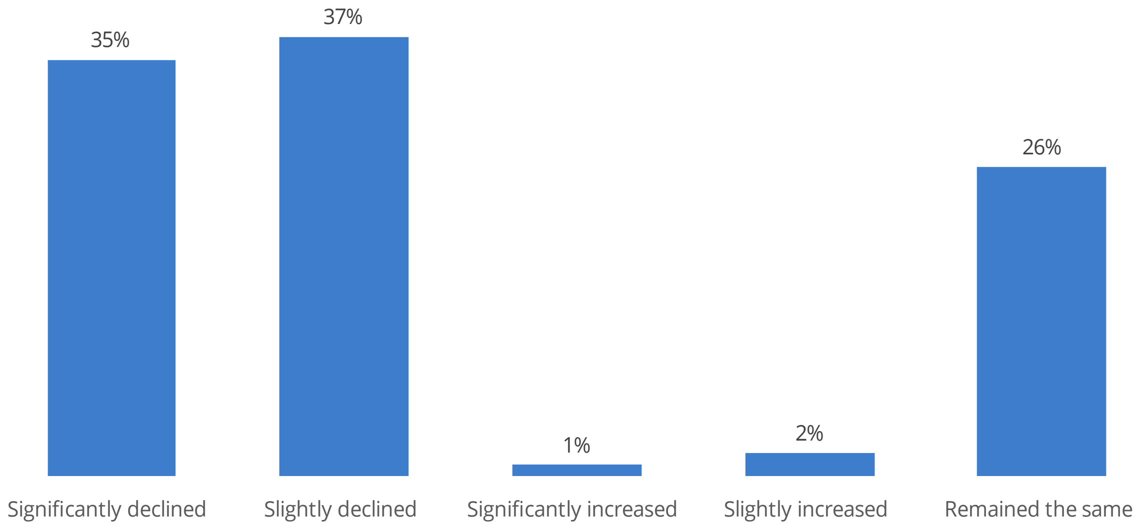
6 How would you rate your sleeping patterns since the Royal Commission and Government legislation?



6 How would you rate your sleeping patterns since the Royal Commission and Government legislation?
sample size = 678; total sample size = 690; 12 missing

18

7 How would you rate your social interactions since the Royal Commission and government legislation outside of Covid?



5 How would you rate your physical health since the Royal Commission and Government legislation?
sample size = 689; total sample size = 690; 1 missing

19

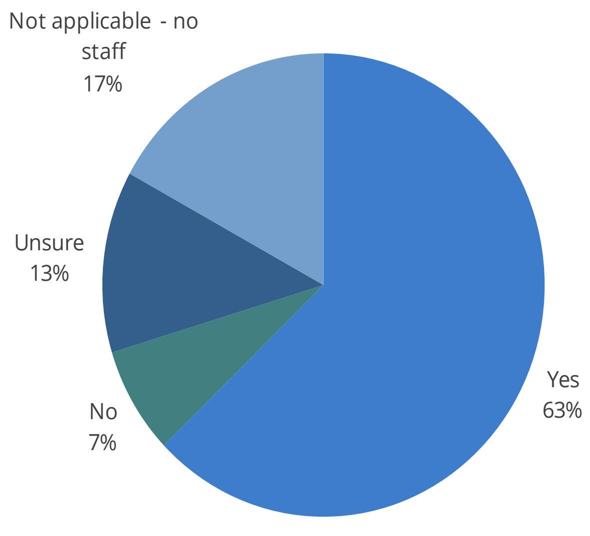
 Email info@philippahunt.com.au

8 Has being a Financial Adviser with the negative press affected your mental health?

8 Has being a Financial Adviser with the negative press affected your mental health?
sample size = 678; total sample size = 690; 12 missing

20

9 Do you believe that the mental health of your staff is affected?

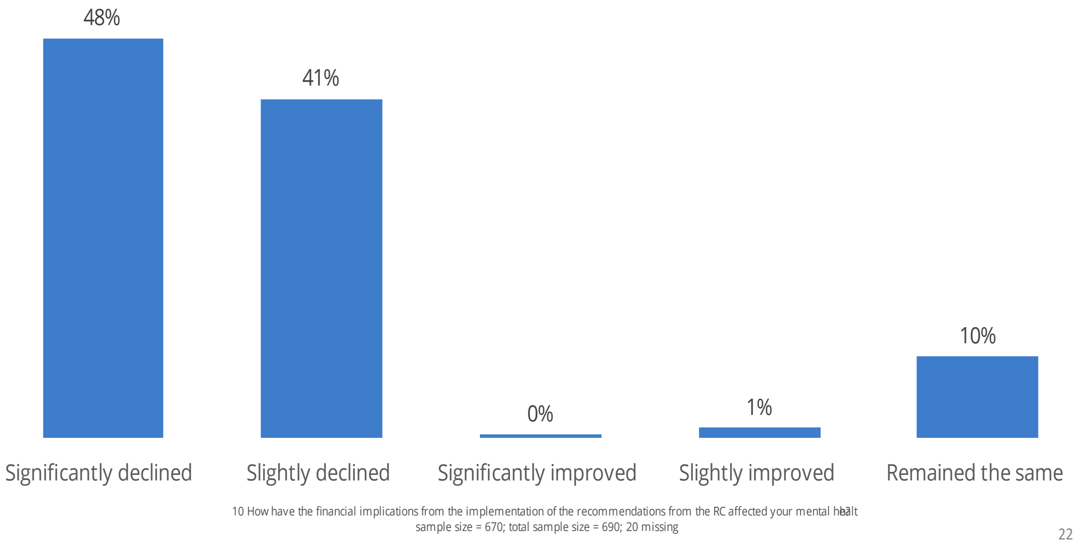


9 Do you believe that the mental health of your staff is affected?
sample size = 670; total sample size = 690; 20 missing

21

 Email info@philippahunt.com.au

10 How have the financial implications from the implementation of the recommendations from the RC affected your mental health?



 Email info@philippahunt.com.au

HEALTH BEHAVIOURS

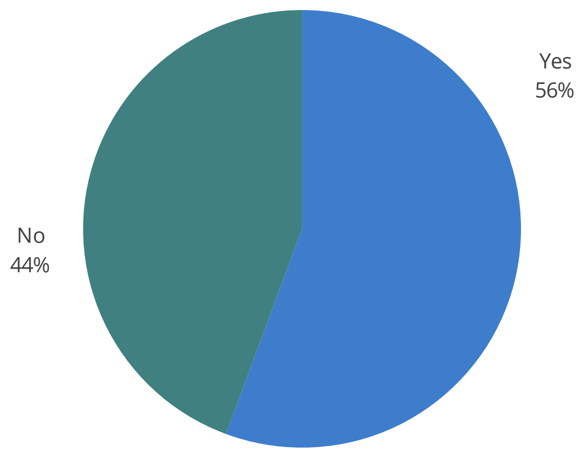
Anecdotally reporting anger, irritability, frustration, anxiety are being taken out on their home life trying to cope with the strain of poor health, financial anxiety and insecurity about their future.

Resorting to medical help and medication to cope with stress and reporting increasing medication to cope with the download of change in their business.

Self-medicating or drinking or smoking. Increased insomnia and restless and disturbed sleep; getting up in the early hours of the morning 3.am and working until late with just some family and children contact in the evening.

Lack of exercise because of long working hours. Risky behaviour with driving reported.   Suicide ideation and self-harm are considered then getting medical help.

11 Are you drinking more (e g , alcohol, coffee), to cope since the announcement of the Royal Commission and Government legislation?

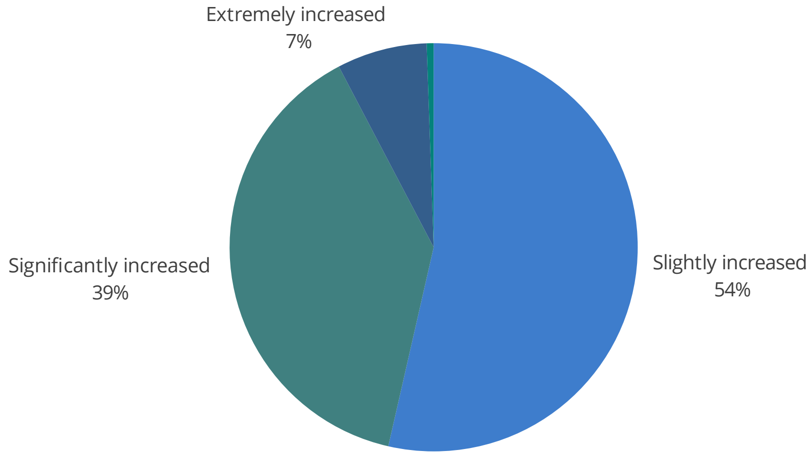


11 Are you drinking more (e g , alcohol, coffee), to cope since the announcement of the Royal Commission and Government legislation?
sample size = 654; total sample size = 690; 36 missing

24

 Email info@philippahunt.com.au

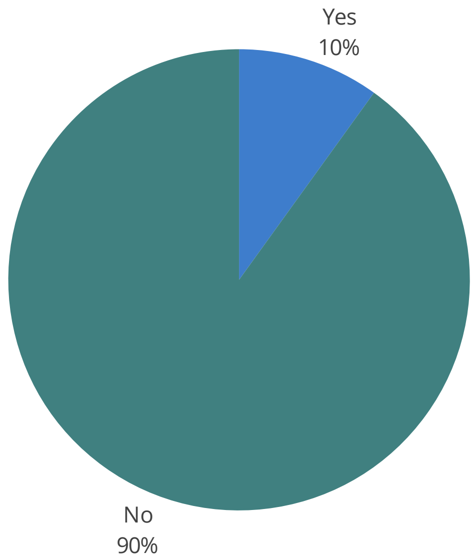
12 You indicated that you are drinking more (e g , alcohol, coffee), to cope since the announcement of the Royal Commission and Government legislation, is it:



12 You indicated that you are drinking more (e g , alcohol, coffee), to cope since the announcement of the Royal Commission and Government legislation, is it:
sample size = 364; total sample size = 690; 326 missing

25

13 Have you started taking non medicated drugs since the Royal Commission and Government legislation?

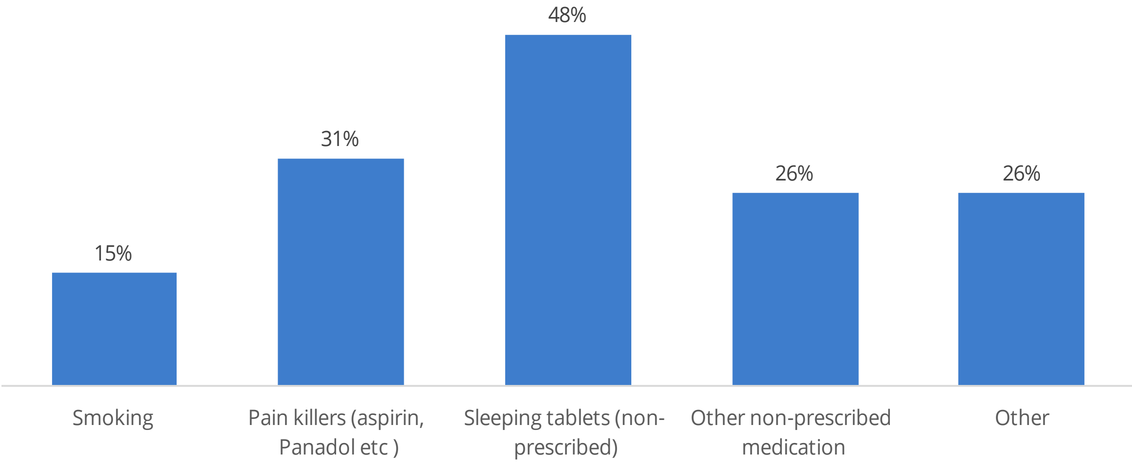


13 Have you started taking non medicated drugs since the Royal Commission and Government legislation?
sample size = 654; total sample size = 690; 36 missing

26

 Email info@philippahunt.com.au

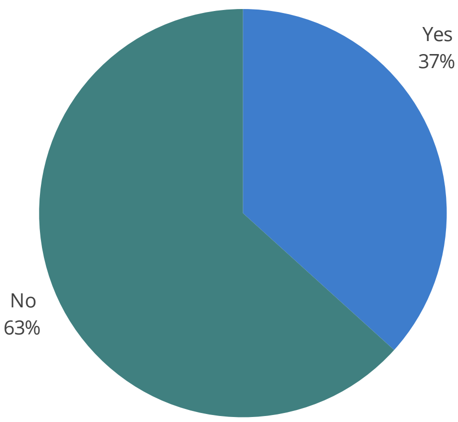
14 You indicated that you have started taking non medicated drugs since the Royal Commission and Government legislation, is it?



14 You indicated that you have started taking non medicated drugs since the Royal Commission and Government legislation, is it
sample size = 65; total sample size = 690; 625 missing

27

15 Have you consulted a health professional about your mental health since the Royal Commission?

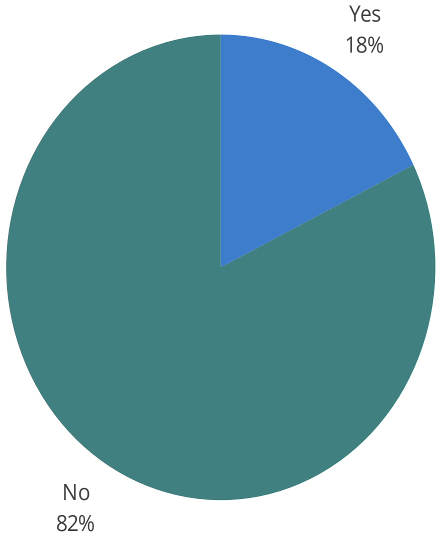


15 Have you consulted a health professional about your mental health since the Royal Commission?
sample size = 654; total sample size = 690; 36 missing

28

 Email info@philippahunt.com.au

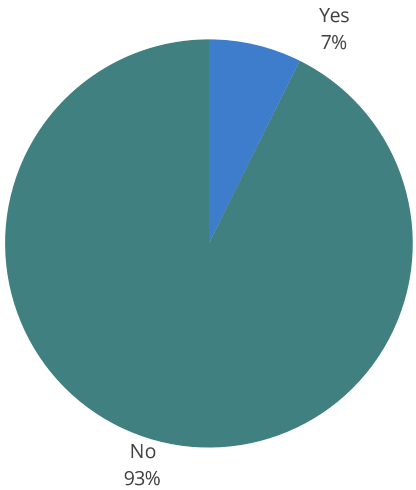
16 Have you been put on medication relating to anxiety, depression, or stress, etc , since the Royal Commission?



16 Have you been put on medication relating to anxiety, depression, or stress, etc , since the Royal Commission?
sample size = 654; total sample size = 690; 36 missing

29

17 Were you on medication relating to anxiety, depression, stress, etc , prior to the Royal commission?

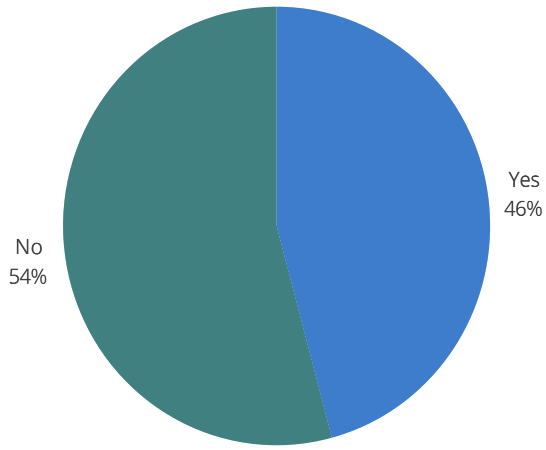


17 Were you on medication relating to anxiety, depression, stress, etc , prior to the Royal commission?
sample size = 653; total sample size = 690; 37 missing

30

 Email info@philippahunt.com.au

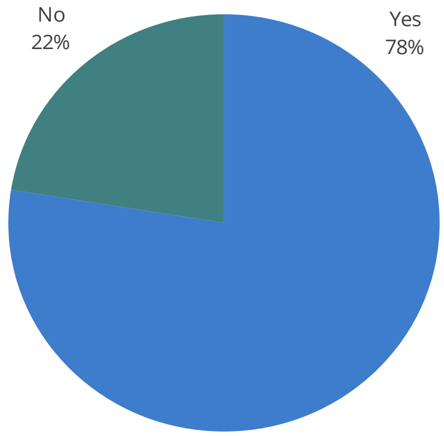
18 Has the medication dosage increased since the Royal Commission?



18 Has the medication dosage increased since the Royal Commission?
sample size = 48; total sample size = 690; 642 missing

31

19 Have you taken personal steps to assist your mental and emotional health e g , exercise, diet, yoga, socialising, trip away, meditation, massage, chiropractic?

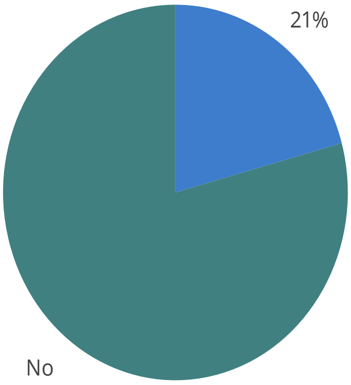


19 Have you taken personal steps to assist your mental and emotional health e g , exercise, diet, yoga, socialising, trip away, meditation, massage, chiropractic?
sample size = 650; total sample size = 690; 40 missing

32

 Email info@philippahunt.com.au

20 Have you entertained thoughts of self-harm since the Royal Commission recommendations?



21 Have you engaged in any act of self-harm since the Royal Commission?

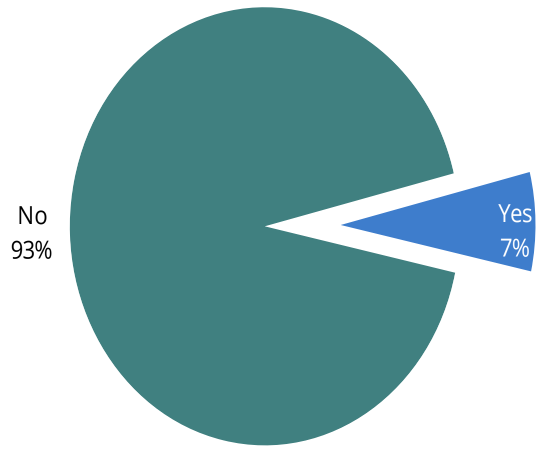
1% Yes

20 Have you entertained thoughts of self-harm since the Royal Commission recommendations?
sample size = 650; total sample size = 690; 40 missing

33

 Email info@philippahunt.com.au

23 Have you contacted a network such as Lifeline, Beyond Blue etc ?



	Number	Percent
Beyond Blue	17	36%
Lifeline	15	32%
Benestar	3	6%
Other (EAP, psychologist, Black Dog)	12	25%
Total	47	

23 Have you contacted a network such as Lifeline, Beyond Blue etc ?
sample size = 645; total sample size = 690; 45 missing

34

 Email info@philippahunt.com.au

TRUST

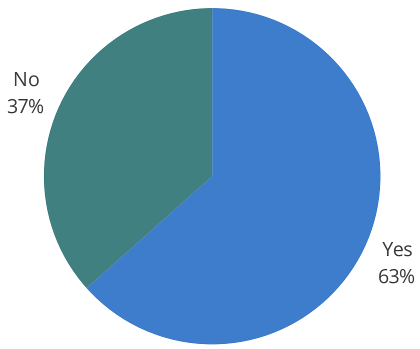
96% have lost trust with legislation and the outcomes of the Royal Commission. Anecdotally there is little if no trust in the industry.

Politicians, ASIC and FASEA scored the highest with lack of trust followed by Associations and institutions.

Anecdotally trust has been eroded both professionally with AFSL's, legislation and effect of badly implemented piecemeal rules that have been imposed.

Fear and anxiety have increased with each legislative impost both from the compliance perspective of getting it wrong, fined or going to goal. Many reported second guessing their experience, double checking and doing administrative tasks over their staff to ensure that each is done correctly from fear of getting it wrong. Their staff are affected by the mood of their employer and trust is eroded in the office with fear of tasks being not done perfectly.

25 Has your ability to trust been affected since the Royal Commission and the Government legislation?



26 Is the change a lack of trusting?

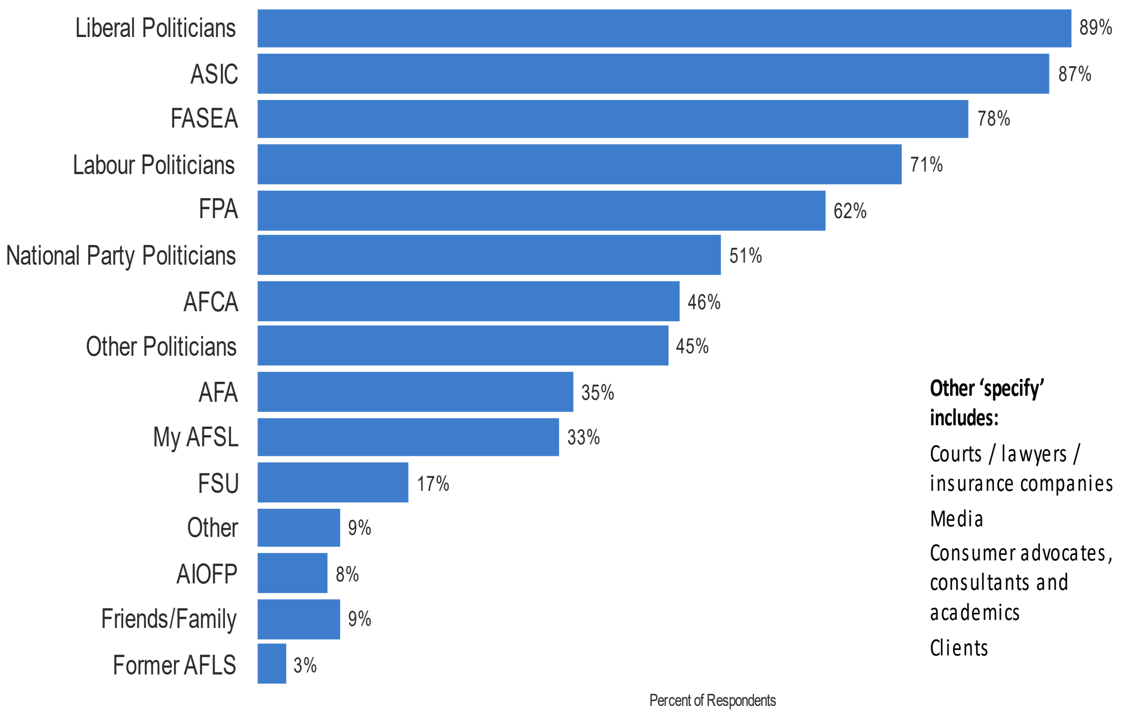
96% Yes

25 Has your ability to trust been affected since the Royal Commission and the Government legislation?
sample size = 645; total sample size = 690; 45 missing

36

Email info@philippahunt.com.au

27 Please indicate who you have changed your attitude of trust towards



Other 'specify' includes:

Courts / lawyers / insurance companies

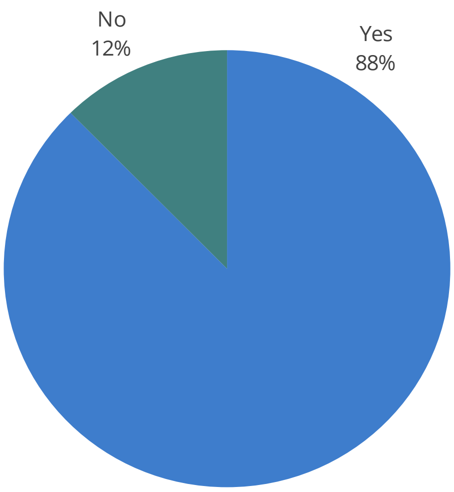
Media

Consumer advocates, consultants and academics

Clients

37

28 Have you felt intimidated or affected by ASIC, FASEA or the recommendations from the Royal Commission and Government legislation?



28 Have you felt intimidated or affected by ASIC, FASEA or the recommendations from the Royal Commission and Government legislation?
sample size = 631; total sample size = 690; 59 missing

38

Email info@philippahunt.com.au

IMPACT ON RELATIONSHIPS

More than half respondents reported that their primary personal relationship with a partner, including very long term, have suffered strain. Added to this mix is the long lockdowns in different States where working from home exacerbated mental health decline in both partners. Those who had to home-school children added to longer after-work hours into the night to catch up.

Supporting clients during lockdown who lost their business, investments and their mental health issues also added to advisers' stress levels.

Stress has affected the mental health of staff. Productivity declined, absenteeism and some staff have taken a pay cut when the business revenue declined. Other staff left to find better employment conditions in jobs outside the industry. Long term staff have been so stressed that they left the industry and will not work again.

Advisers report that they love the work they do to help their clients but had to let lower balance clients go whose cost to serve could not be borne by the business. Many were long term clients and friends and were saddened to let them go. This personal loss added to their stress and anxiety for the client's future wellbeing.

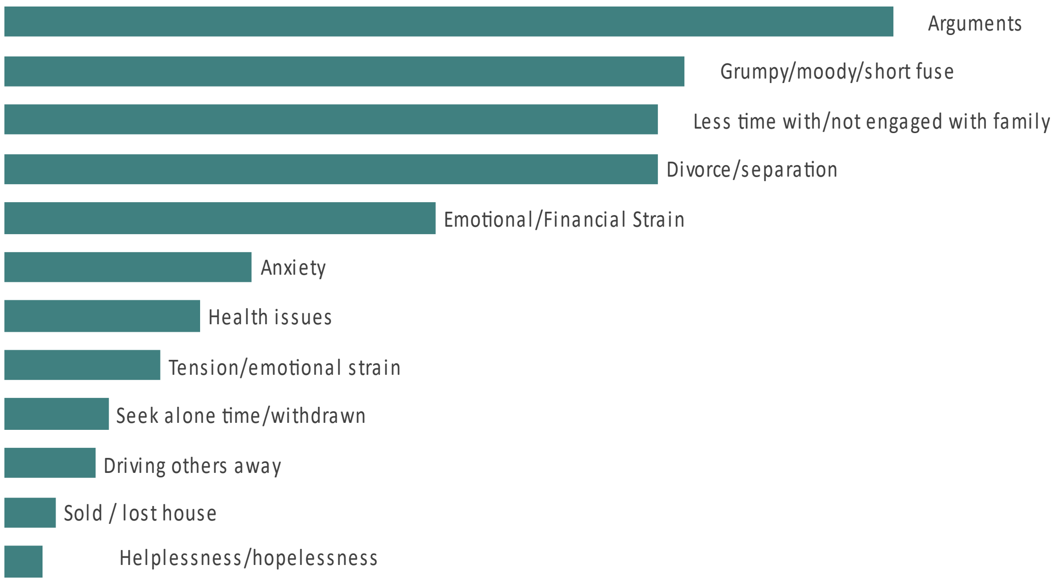
29 Has your primary relationship suffered e. g., your partner or children experienced more family problems such as increased arguments, divorce, loss of home, decreased performance at school and work, financial strain and changed etc ?

29 Has your primary relationship suffered sample size = 631; total sample size = 690; 59 missing

40

 Email info@philippahunt.com.au

How has your primary relationship suffered?



Has your primary relationship sufferedpen ended responses coded

41

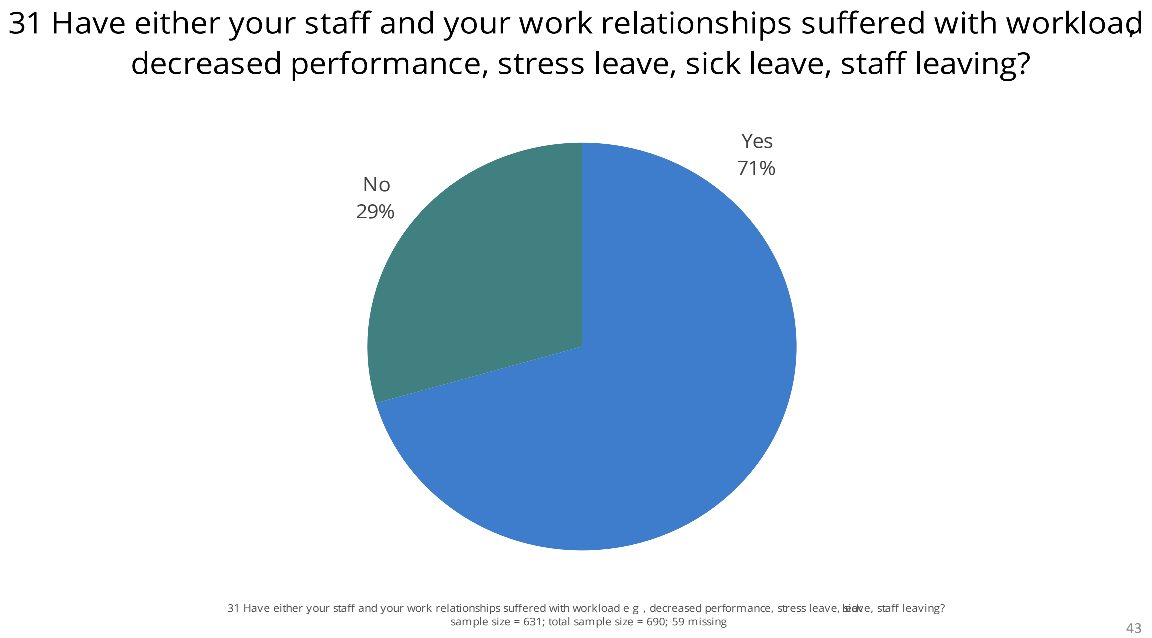
 Email info@philippahunt.com.au

BUSINESS IMPACT

Increasing costs of compliance paperwork, tasks and services create anxiety and stress with maintaining revenue and profitability.

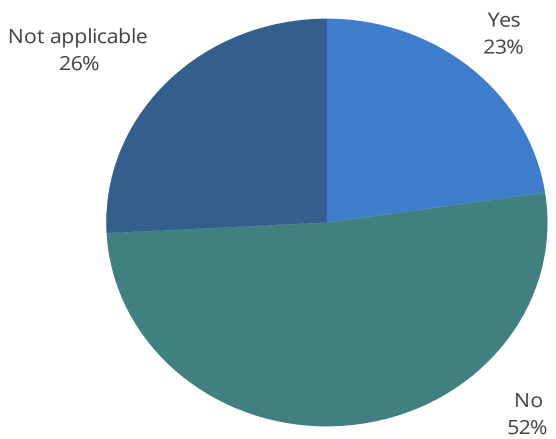
Fees to clients were increased from 5% up to 20% to retain staff and keep the business going. Letting go smaller balance clients was implemented by the majority of business who retained higher net worth clients.

Fee Consent forms and associated DDO legislation required some businesses to hire additional staff just to chase forms and get signatures to retain current revenue. Smaller business had to let staff go to maintain revenue and the owner take on more of the administrative tasks. This meant less time spent looking after clients.



 Email info@philippahunt.com.au

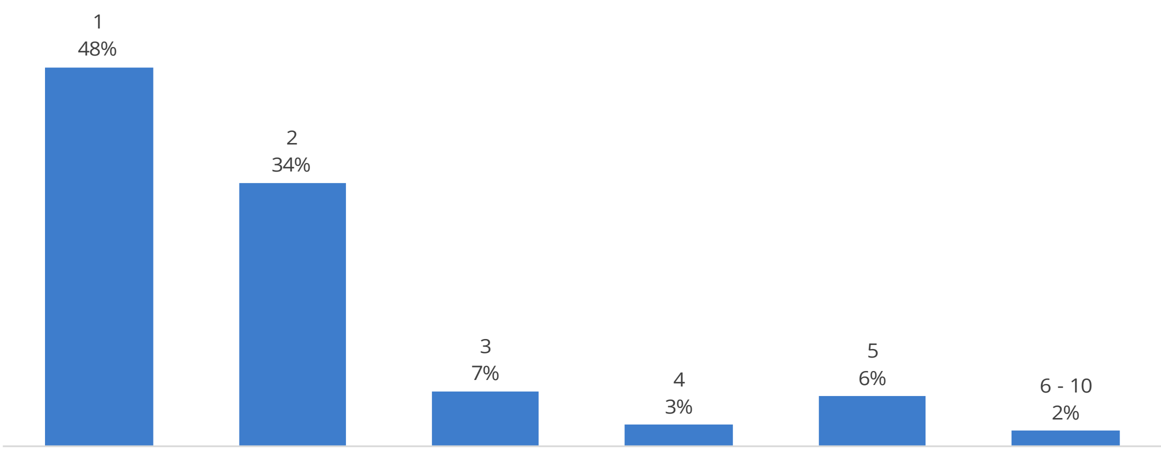
32 Have you had to let go staff because of stress or loss of revenue?



32 Have you had to let go staff because of stress or loss of revenue?
sample size = 631; total sample size = 690; 59 missing

44

33 How many staff have you let go?

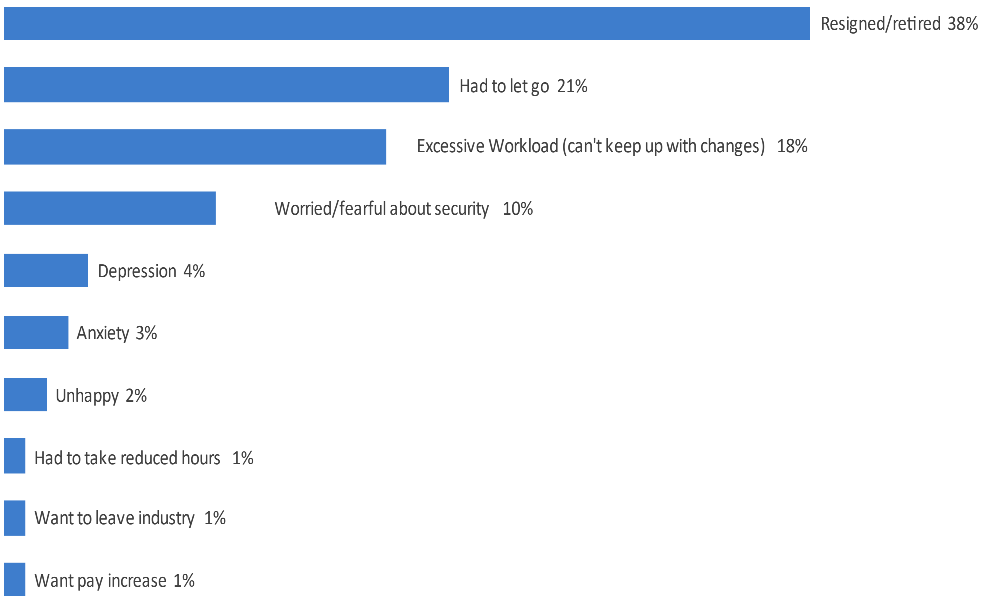


33 If yes, how many staff have you let go?
sample size = 143; total sample size = 690; 547 missing

45

 Email info@philippahunt.com.au

Please Comment on the effect on the staff and their mental health



Open ended comments coded; Samplesize = 99; total sample size = 690; 547 missing

46

 Email info@philippahunt.com.au

SUPPORT

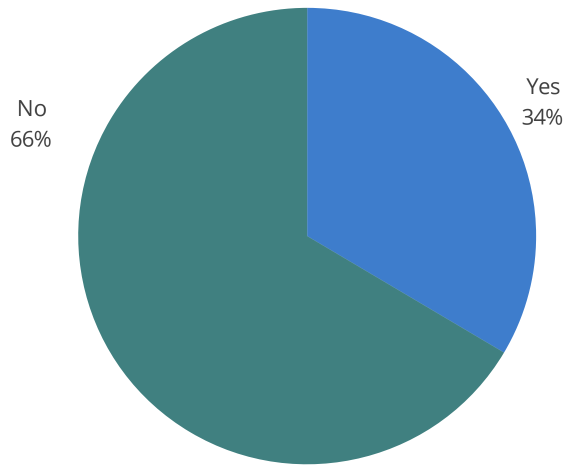
Support for the industry was noted as not noted as being particularly helpful. Associations generally were not rated as supportive as the AFSL. One Association was vocal in supporting advisers with advocacy.

Compliance and practice management rated higher as advisers struggled with implementing the new rules.

Anecdotally, many advisers felt their AFSL focused on compliance rather than mental health support. Noted that some AFSL provided access to counselling services.

Not all advisers and staff reached out for mental health support, preferring to contact external providers.

35 Have you felt supported by the Association(s) you belong to?

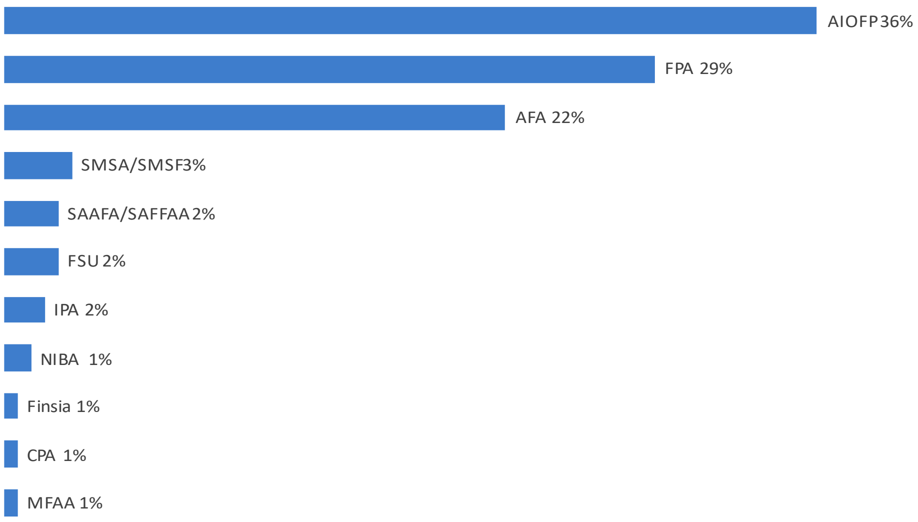


35 Have you felt supported by the Association(s) you belong to?
sample size = 510; total sample size = 690; 180 missing

48

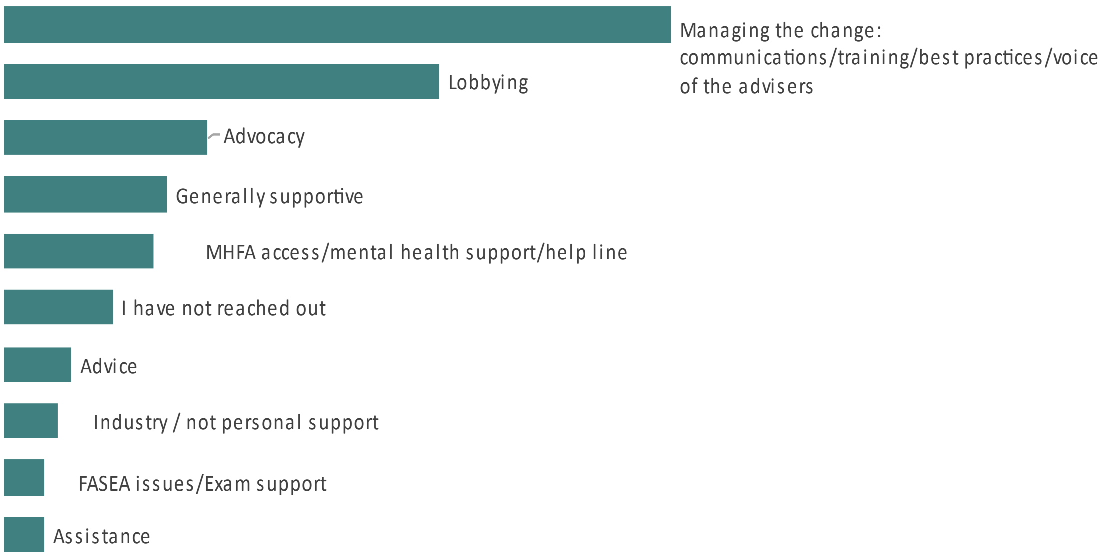
Email info@philippahunt.com.au

36 Which organizations have supported you?



sample size =169 total sample size = 690

37 What kind of support did you get?

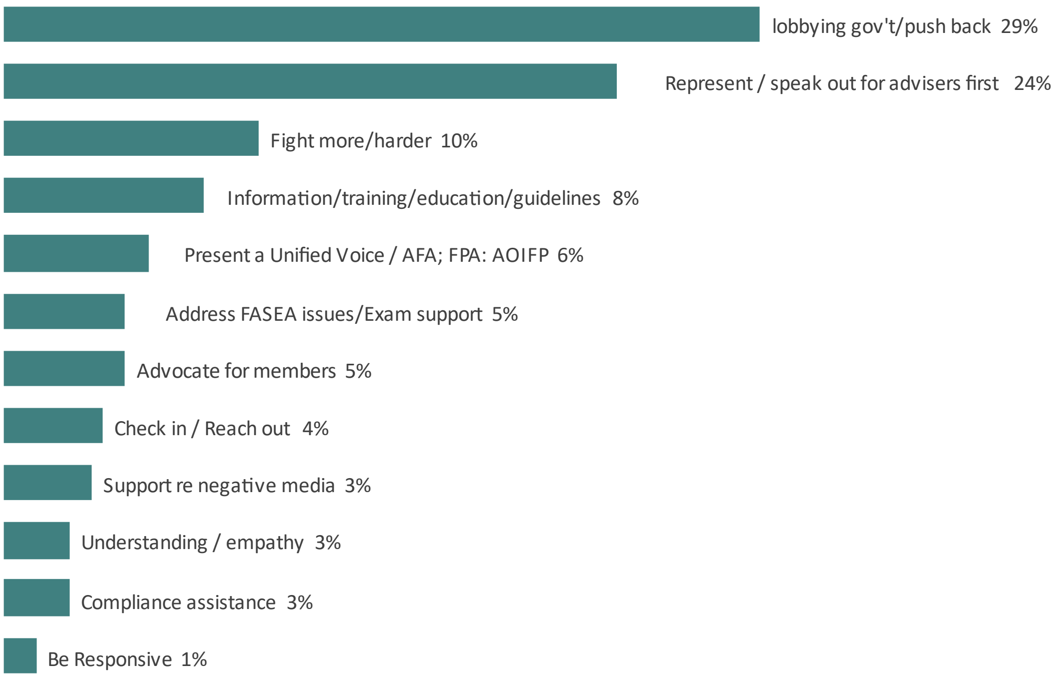


Open ended comments coded; Sample size = 142 total sample size = 690

50

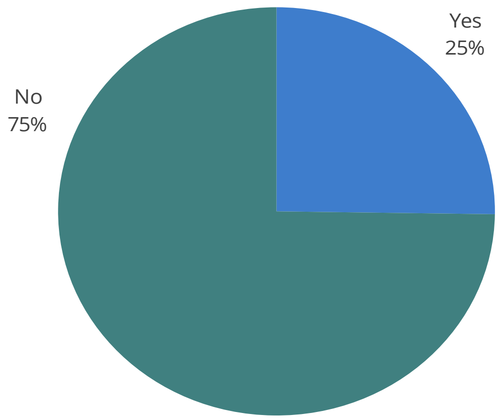
 Email info@philippahunt.com.au

38 What kind of support would you have needed from your Association(s)?



Open ended comments coded; Sample size = 231 total sample size = 690

39 Have you made any bodies aware of your struggles?

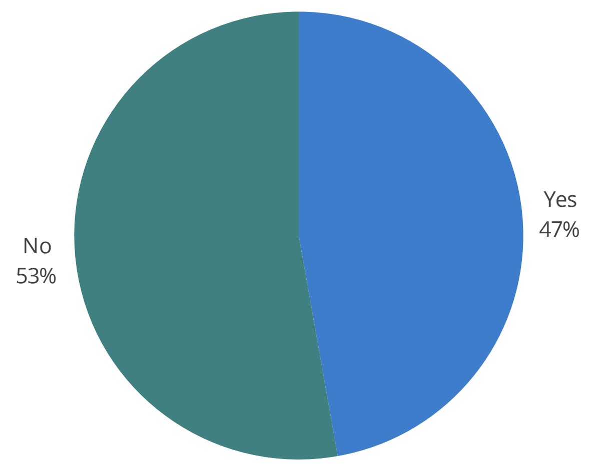


39 If no, have you made any bodies aware of your struggles?
sample size = 448; total sample size = 690; 242 missing

52

 Email info@philippahunt.com.au

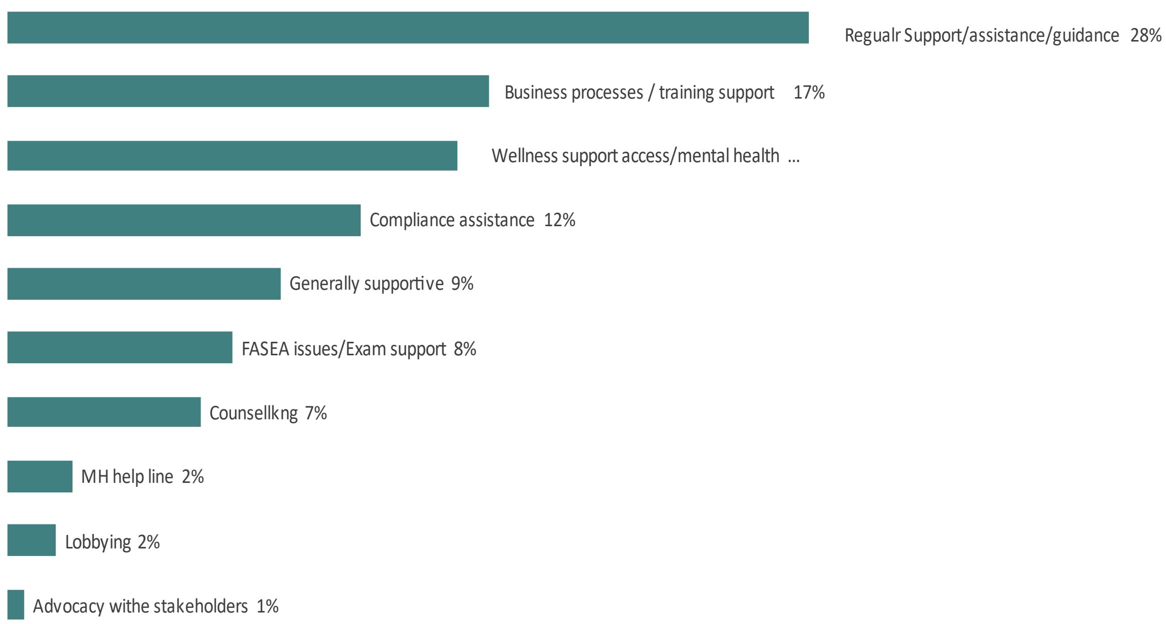
40 Did you or your office get any support from your AFSL?



40 Did you or your office get any support from your AFSL?
sample size = 612; total sample size = 690; 78 missing

53

41 What support did you get from your AFSL?



Open ended comments coded; Sample size = 181; total sample size = 690

5

 Email info@philippahunt.com.au

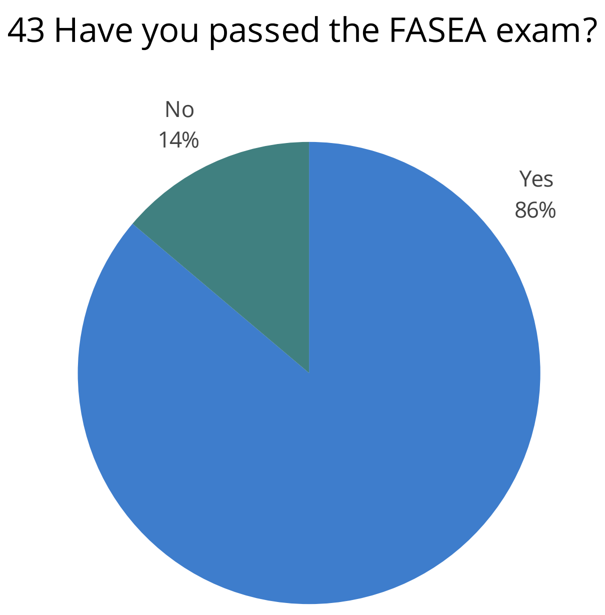
FASEA

FASEA was rated as the one of the highest causes of stress and anxiety for 84% of respondents.

The exam is regarded as flawed, difficult for many to pass the first time. Many had more than one attempt to pass the exam. The exam is regarded by academics as a level equivalent to a Master's degree. The questions were confusing and did not examine content. This exam is set to pass before the ethics course is done. Unethical in itself, according to anecdotal commentary.

Study hours were required between 11-100 hours figuring out how to answer the questions. The exam conditions were not well regarded for a 3.5 hour computer exam for attendees who had not either done this style of exam or not done similar format for many years. Knowing that livelihood depended on an exam passed caused great stress for older advisers.

Exam questions were not relevant for other occupations such as stockbroking and specialist risk advisers. The questions were ambiguous, were using grammar that created issues for those who have English as a Second Language. The exam needs to be restructured to allow better application to sit for the exam.

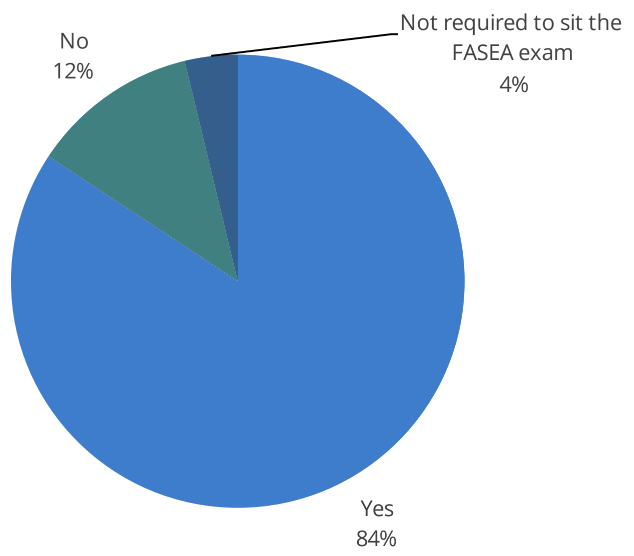


43 Have you passed the FASEA exam?
sample size = 586; total sample size = 690; 104 missing

56

 Email info@philippahunt.com.au

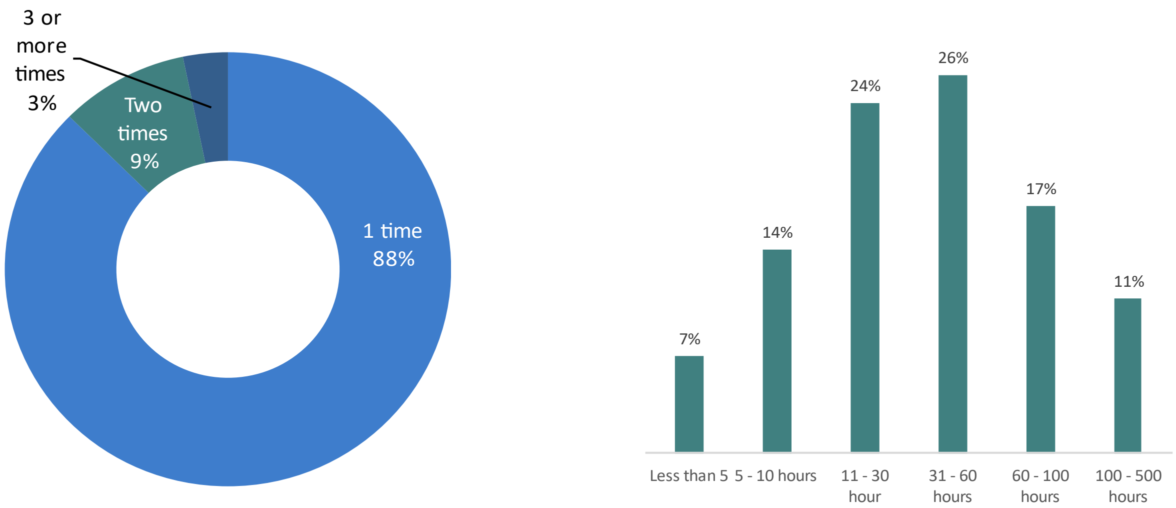
42 Have the FASEA requirements e g , exams, added to your stress levels?



42 Have the FASEA requirements e g , exams, added to your stress levels?
sample size = 611; total sample size = 690; 79 missing

57

44. How many times did you sit the exam before you passed it and about what number of hours of study was required? (of those who indicated YES passed the exam)

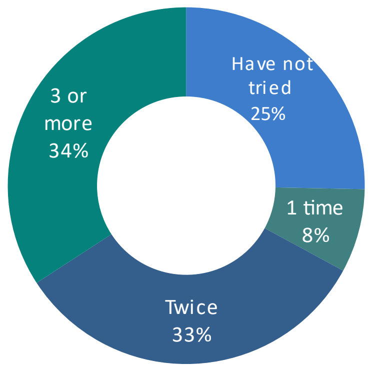


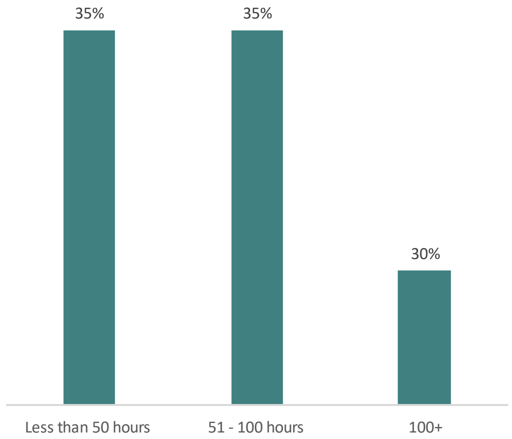
Sample size = 471; total sample size = 690

58

 Email info@philippahunt.com.au

45. How many times did you sit the exam before you passed it and about what number of hours of study was required? (of those who indicated NO passed the exam)

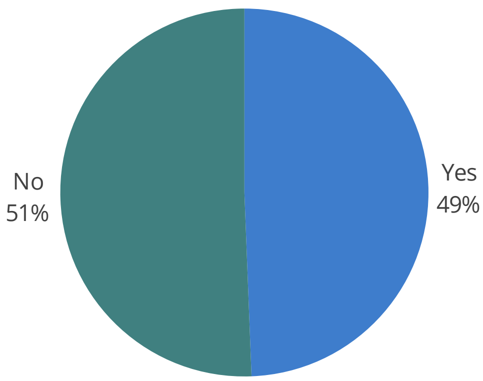




Sample size = 79 total sample size = 690; 79 missing

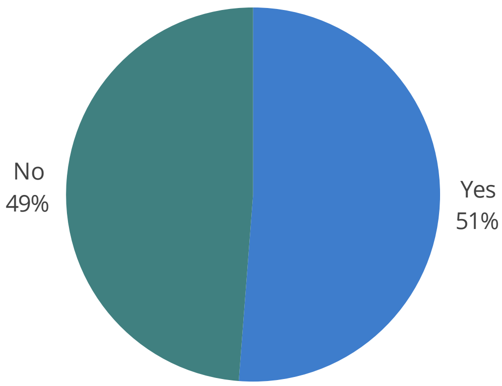
59

46 Will you try again before September 2022?



46 Will you try again before September 2022?
sample size = 81; total sample size = 690; 609 missing

47 If you don't pass the FASEA exam you will cease to provide financial advice Would you consider remaining in your business in a General advice role?

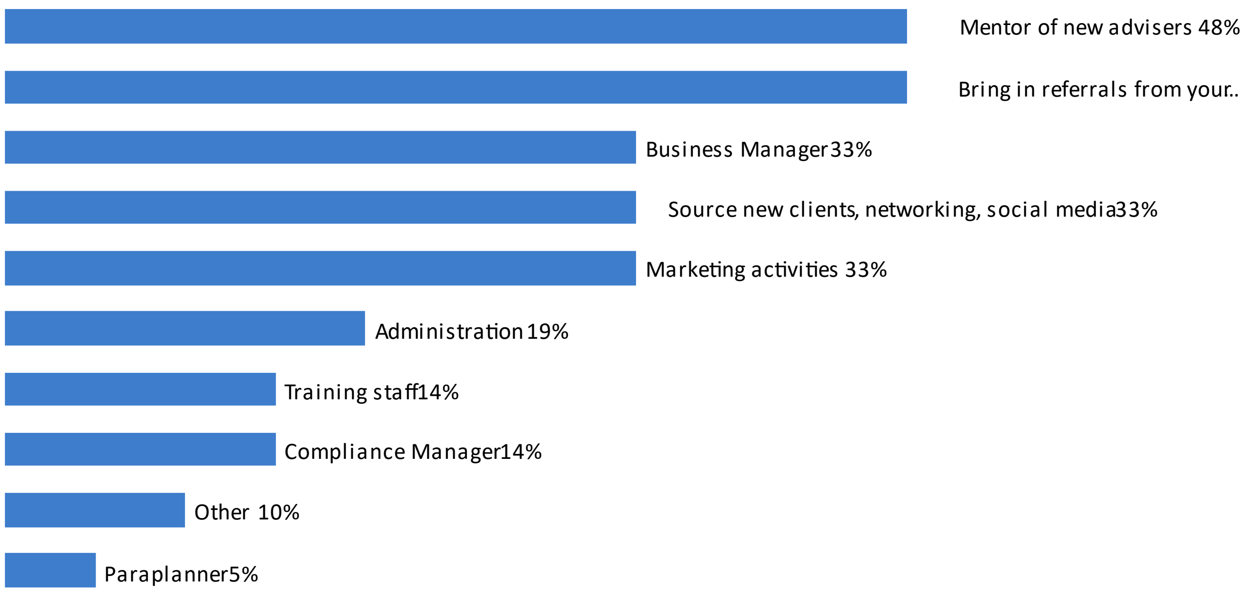


47 If you don't pass the FASEA exam you will cease to provide financial advice Would you consider remaining in your business in a General advice role?
sample size = 41; total sample size = 690; 649 missing

60

 Email info@philippahunt.com.au

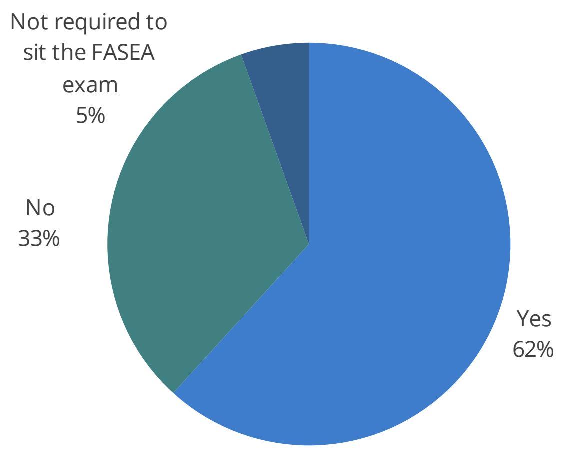
47a What other role/s would you consider?



47a What other role/s would you consider?
sample size = 21; total sample size = 690; 669 missing

61

52 Do you think the FASEA exam should be examining specific areas of advice to only cover a specialty area rather than the broad base that risk advisers or others do not deal with e g , insurance only advisers, investment advisers, stockbrokers?

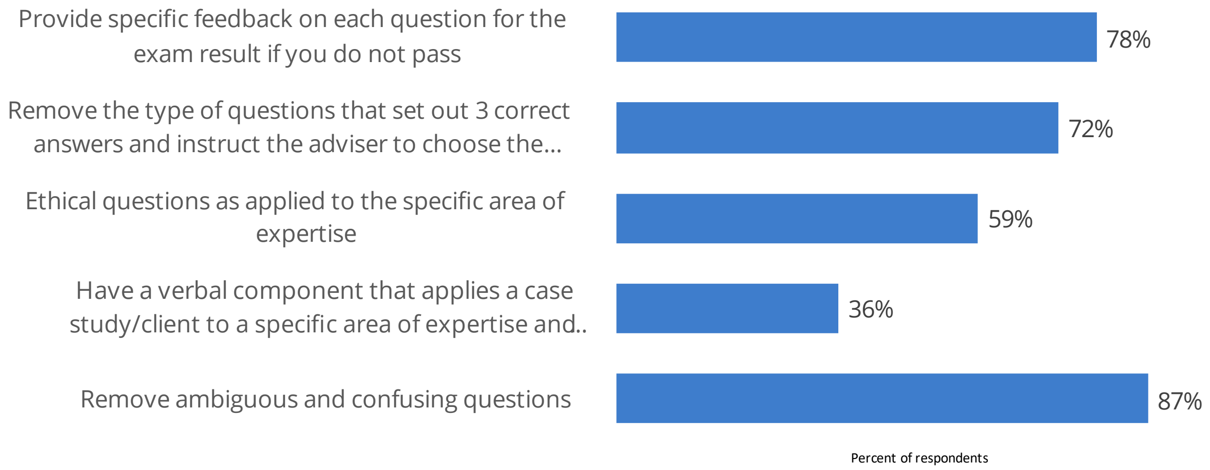


52 Do you think the FASEA exam should be examining specific areas of advice to only cover a specialty area rather than the broad base that risk advisers or others do not deal with e g , insurance only advisers, investment advisers, stockbrokers?
sample size = 604; total sample size = 690; 86 missing

62

 Email info@philippahunt.com.au

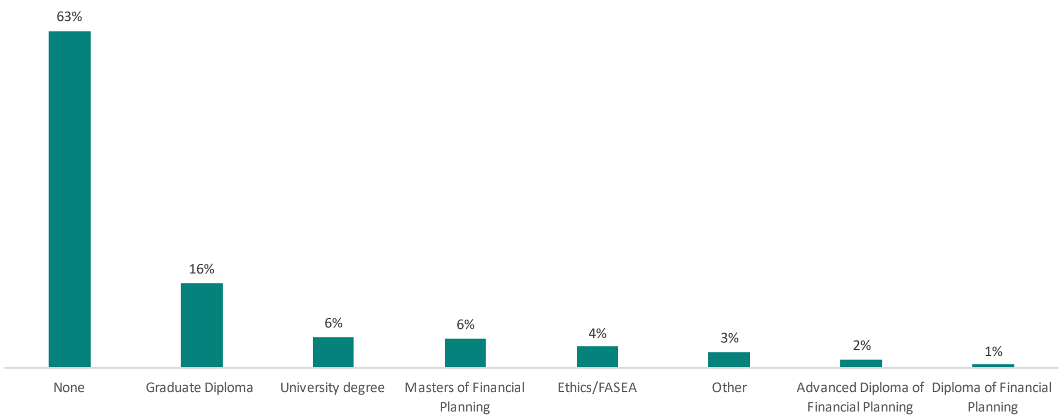
53 Do you think it would be more useful to have the following changes made to the FASEA exam format?



53 Do you think it would be more useful to have the following changes made to the FASEA exam format? Please tick all that apply
sample size = 571; total sample size = 690; 119 missing

63

49 What Qualifications are you currently studying for?



64

 Email info@philippahunt.com.au

INTENT TO STAY

The advisers who do not pass the exam, half intend to stay in the industry.
There are a variety of roles that they are considering such as training and mentoring Other included bringing in client referrals.

Anecdotally, many advisers would like to leave the industry because of their mental health and emotional wellbeing has significantly declined even if they passed the exam.

Those advisers who are stressed are unable to leave due to loans and debt, personal home life.

Not old enough to retire, are stressed and anxious, and feel that they have no choice but to stay as their business has lost value.

There are a number of younger advisers who see opportunity with less competition as older advisers who sell and leave and take on their higher net worth clients.

Adviser Intent

Adviser Intent	Overall %
A staying Adviser	75%
An exiting adviser	19%
An exited adviser	6%

As expected, there was variation among those indicating they intend to stay. Significantly more likely to indicate an intent to stay were:

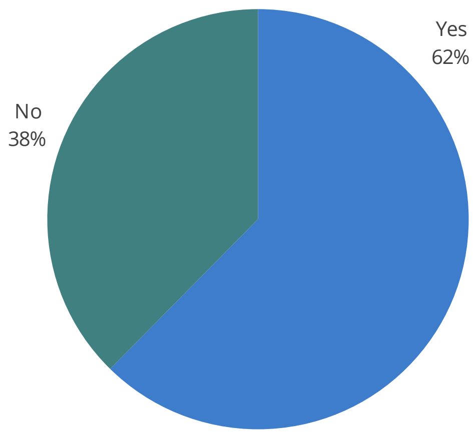
- Males
- Advisers ages 41-50
- Advisers advising for 15-19 years
- Advisers and in business more 25 + years.

There was no difference between business owners and non-business owners

66

 Email info@philippahunt.com.au

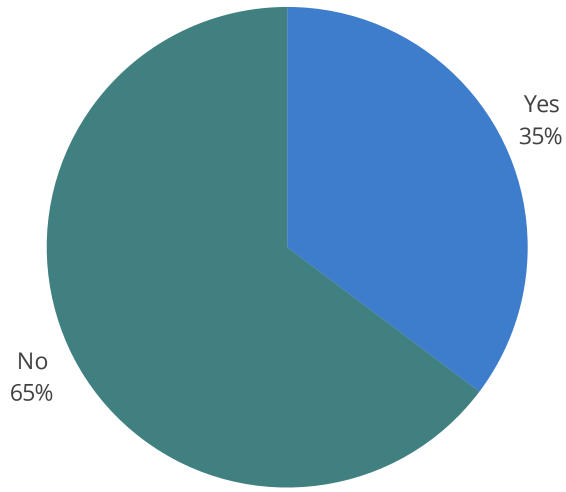
49c If you complete your current qualification pathway will you remain in the industry past 2026?



49c If you complete your current qualification pathway will you remain in the industry past 2026?
sample size = 606; total sample size = 690; 84 missing

67

49 Do the recently changed requirements for study/qualification pathway alter your decision to stay if you were deciding whether to remain advising or working?

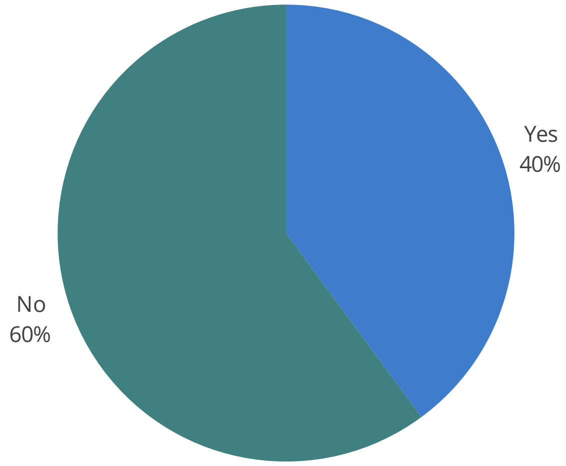


49 Do the recently changed requirements for study/qualification pathway alter your decision to stay if you were deciding whether to remain advising or working?
sample size = 604; total sample size = 690; 86 missing

68

 Email info@philippahunt.com.au

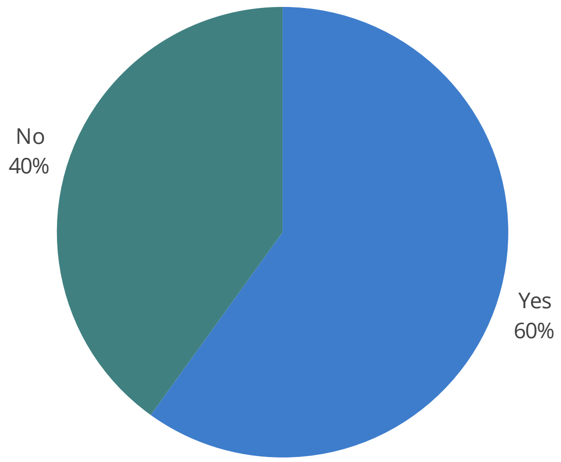
50 Would you still leave even if you could remain due to your stress levels or your health?



50 Would you still leave even if you could remain due to your stress levels or your health?
sample size = 604; total sample size = 690; 86 missing

69

51 Do you intend to stay after 2026 and the qualification pathways?



51 Do you intend to stay after 2026 and the qualification pathways?
sample size = 604; total sample size = 690; 86 missing

70

 Email info@philippahunt.com.au

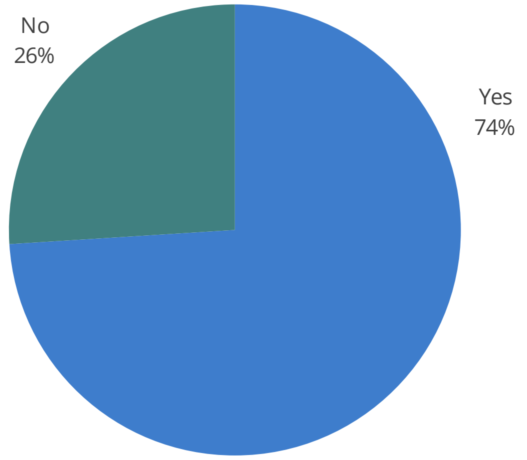
LIFE INSURANCE FRAMEWORK (LIF)

LIF Impact

- Business Impact
- Health impact
- Client Impact
- Intent to Stay

71

54 Has your business or income been affected by the Life Insurance Framework (LIF) legislation changes?



54 Has your business or income been affected by the Life Insurance Framework (LIF) legislation changes?
sample size = 598; total sample size = 690; 92 missing

72

 Email info@philippahunt.com.au

If you work in a business that does insurance, please comment on your workload and stress if any: Verbatim Comments

- As risk specialists the increased workload and compliance requirements have created anxiety and stress for all staff due to being 'scared of missing something'. We have very efficient processes but still double guess ourselves. We have lost one staff member due to this stress and have not found a suitable replacement which has created additional work for remaining staff and so it becomes a vicious cycle.

- Current commission rates and the state of the insurance industry make it unprofitable to recommend insurance unless it is part of a broader client review. Will still do it but it is hard to rationalise when an application may still never make it into force.

- High stress as insurance advice so complicated

- High workload high stress. I am a specialist risk adviser

- I see many advisers who have been significantly impacted and many who have or who are choosing to leave the industry.
  Increased workload
- increased both workload and stress relating to insurance procedures

- insurance costs too much time to advise people on

- Insurance workloads, especially in recent years with the compliance burden and the FASEA

  Standards, have increased heavily. Insurance companies are also stricter in their assessments. So there is tonnes more work to be done, but less commission coming through (and more declines / not proceeding). Plus recent IP changes mixed in there and it is a very tough area to give advice at the moment and certainly has increased stress associated with this type of work, and made it tough to provide advice to younger people who are less willing to pay a fee for the advice.

- Work load has increased and fees received are inadequate to cover extra work required

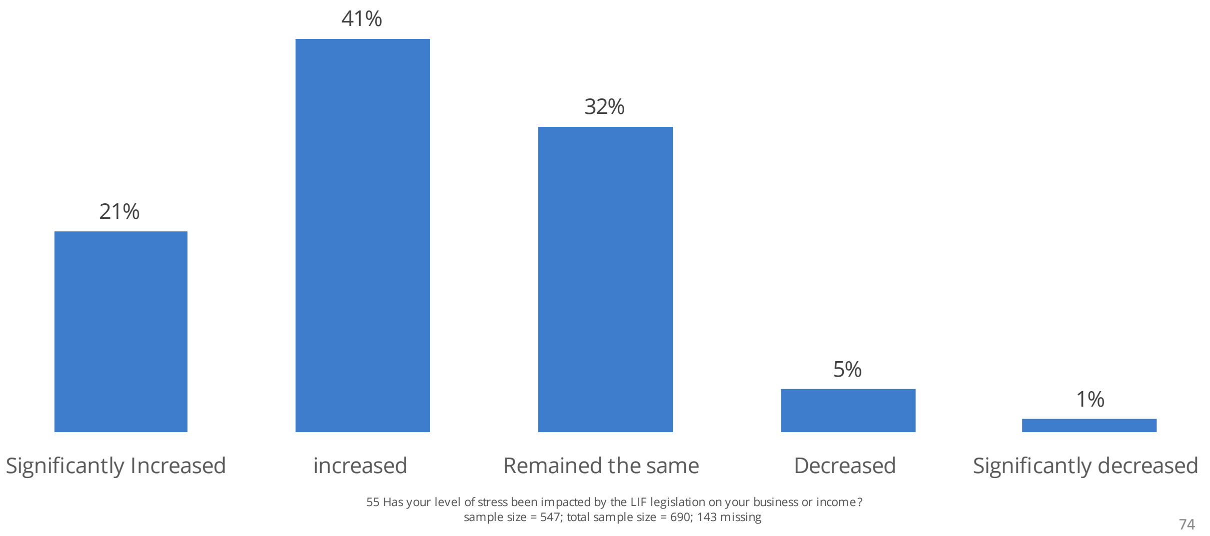
- Work load has more than doubled due to compliance changes. My employer now receives

  a massive decrease in commission thanks to the govt. As such not as much business can written due to the time it now takes along with less income. I have had a substantial pay cut as a result, which has placed more stress on me.

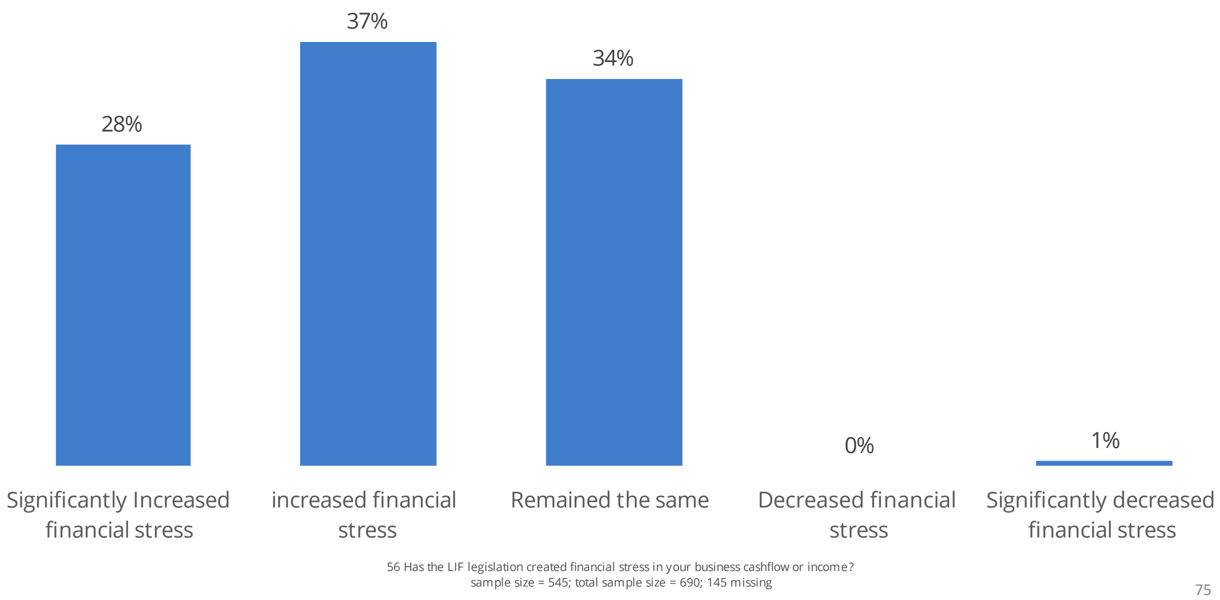
- workload increased to make changes, update disclosure documents, deliver new advice to clients etc, LIF however removed 48pprox.. $350k in revenue.

 Email info@philippahunt.com.au

55 Has your level of stress been impacted by the LIF legislation on your business or income?

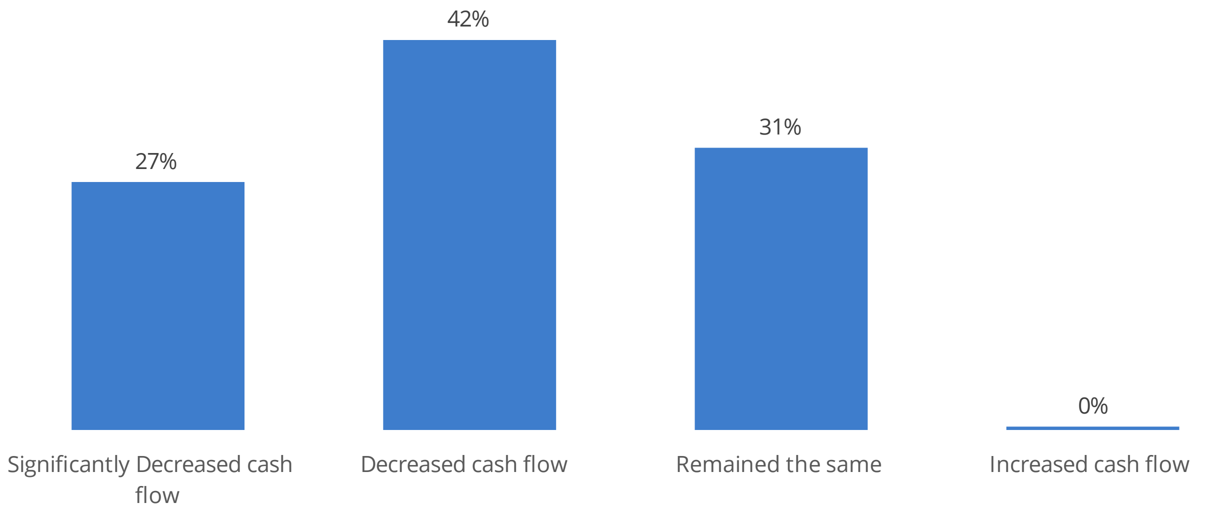


56 Has the LIF legislation created financial stress in your business cashflow or income?



 Email info@philippahunt.com.au

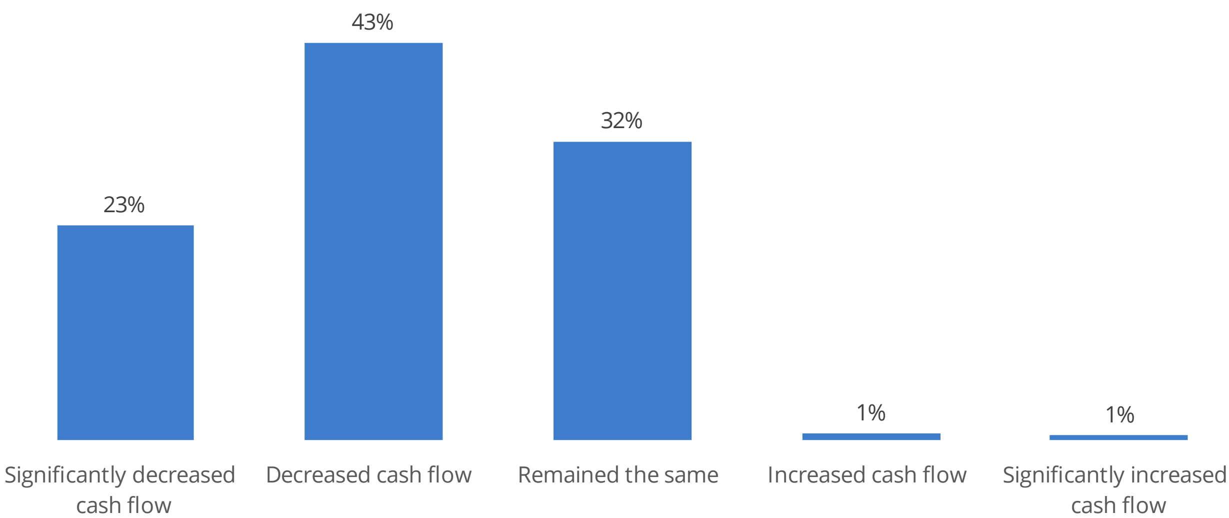
57 Has the decrease in the upfront fee from 120% down to 60% impacted your cashflow or income?



57 Has the decrease in the upfront fee from 120% down to 60% impacted your cashflow or income?
sample size = 544; total sample size = 690; 146 missing

76

58 Has the reduced ongoing income affected your cash flow or income?



58 Has the reduced ongoing income affected your cash flow or income?
sample size = 544; total sample size = 690; 146 missing

77

 Email info@philippahunt.com.au

Q59 Do you believe that LIF changes on the insurance industry affected the cost of insurance premiums for your clients? Verbatim Comments

- Insurance premiums have increased despite insurance companies having to pay significantly less in upfront and ongoing commissions"

- Insurance premiums have increased significantly, and many clients are now reducing or cancelling their insurances."

- Insurance premiums have risen dramatically since LIF partly due to far fewer advisers offering this service to clients leading to a reduction in new business for the life companies"

- "insurance premiums haven risen and the clients have chosen to cancel"
- Insurance premiums still increasing"

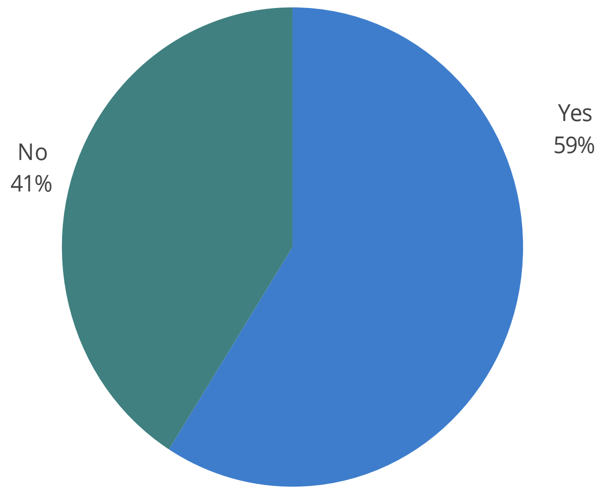
- Insurance premiums went up significantly as soon as it was passed, and life companies sold books as soon as it was passed"

- Insurance product costs have increased, like they were always going to."

- Insurance works on the law of large numbers. LIF shrank the numbers so premiums MUST rise

 Email info@philippahunt.com.au

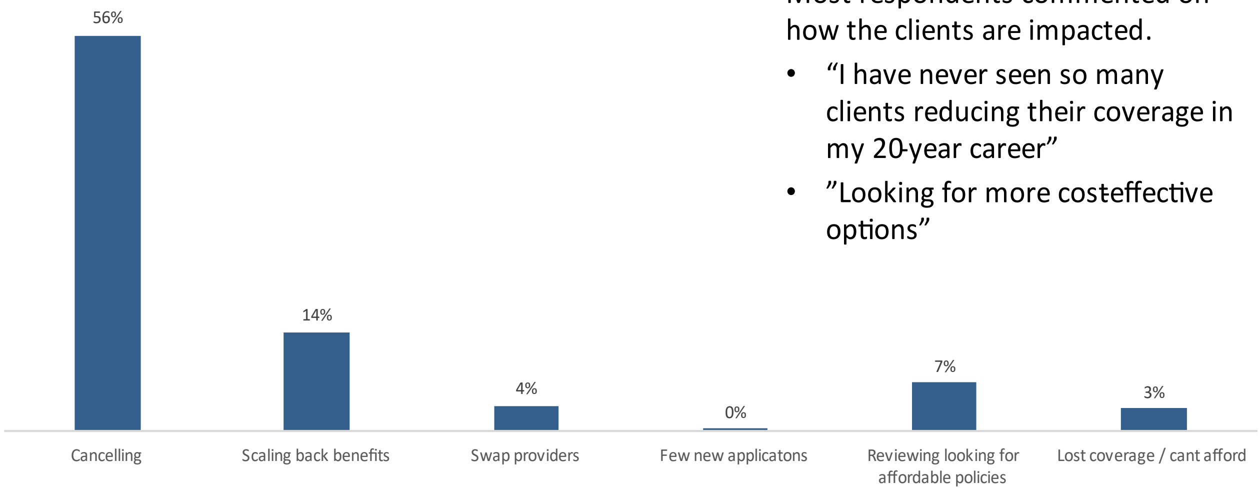
60 Have your clients changed their insurance policies?



60 Have your clients changed their insurance policies?
sample size =476; total sample size = 690; 152 missing

81

61 Please comment in the box how your clients' policies or premiums are affected

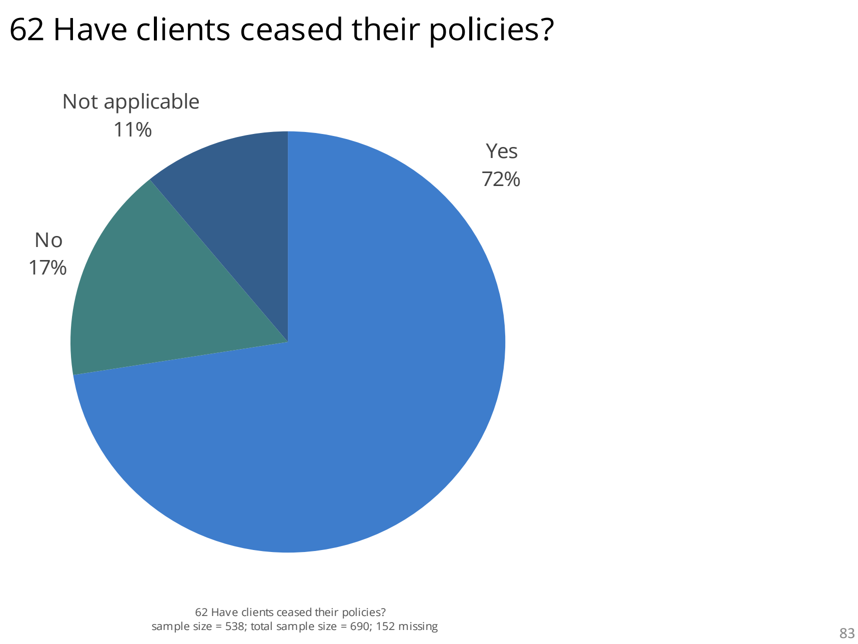


Most respondents commented on how the clients are impacted.

- "I have never seen so many clients reducing their coverage in my 20-year career"
- "Looking for more costeffective options"

82

 Email info@philippahunt.com.au



63 If yes, what are the reasons that clients have altered or ceased their policies?

- Costs/unaffordable
- Premiums

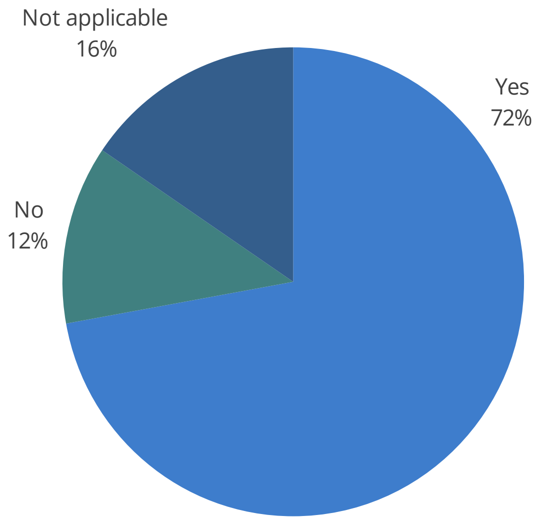
In short, premiums are much too high, clients recognise the need for insurance cover, but are not wanting to continue paying very high premiums, they prefer to take a chance and not be covered.

- Prices / Too expensive

Vast majority due to premium affordability issues, especially with income protection. Age/personal circumstances related alterations/lapses also as normal.

 Email info@philippahunt.com.au

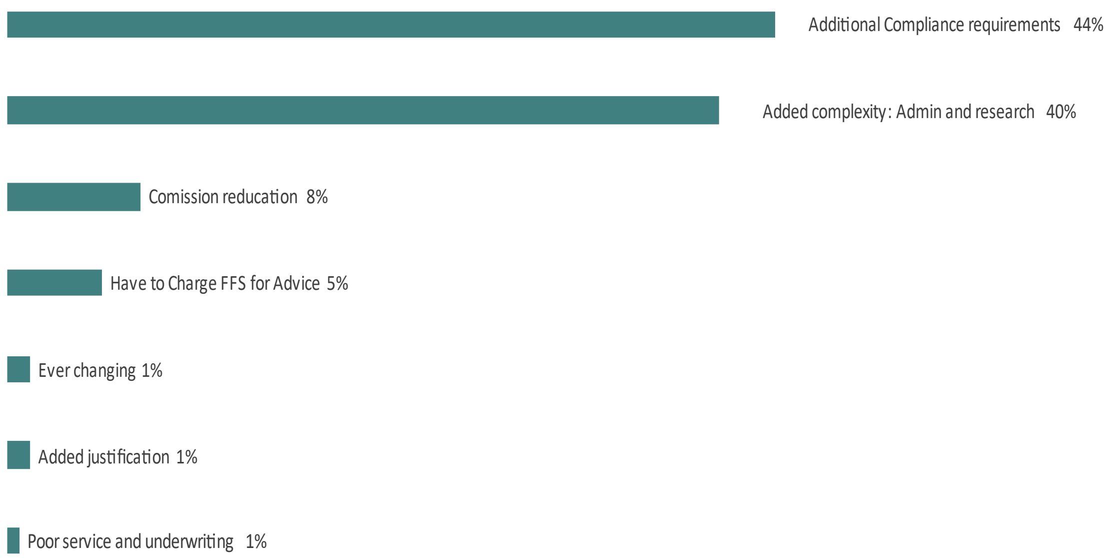
64 Has the cost of providing insurance advice increased since the LIF changes?



64 Has the cost of providing insurance advice increased since the LIF changes?
sample size = 535; total sample size = 690; 155 missing

85

65 What is the reason the cost of providing insurance advice has increased ?

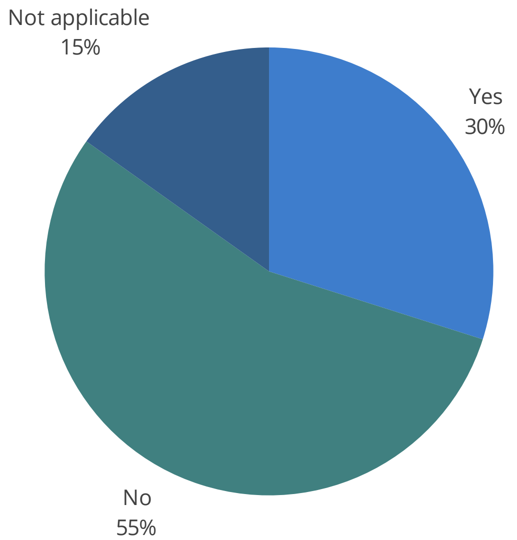


Open ended comments coded; Samplesize = 417; total sample size = 690; 155 missing

86

 Email info@philippahunt.com.au

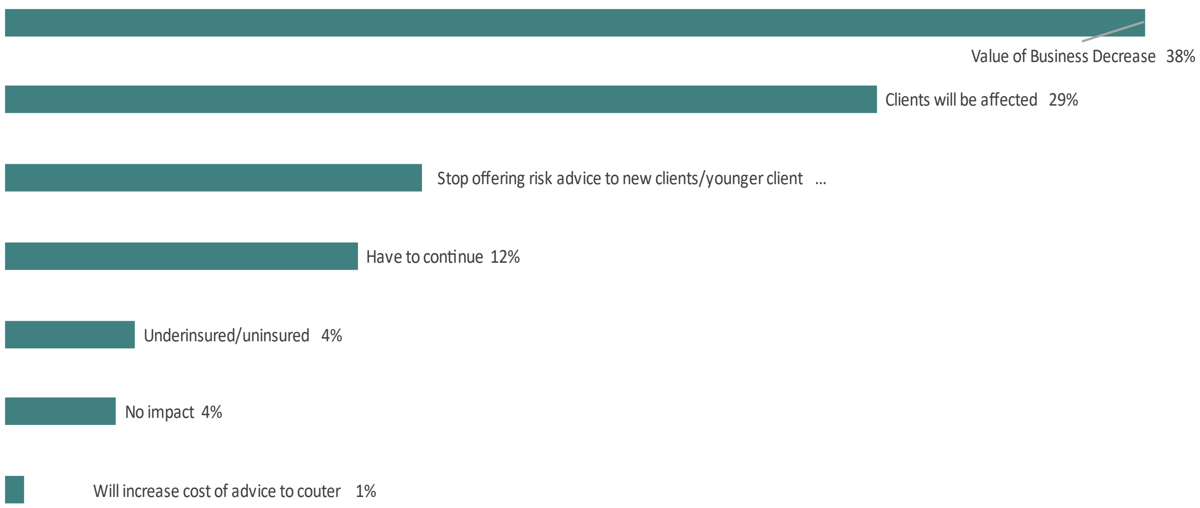
66 If the costs continue to rise to provide insurance advice, will you continue to provide advice?



66 If the costs continue to rise to provide insurance advice, will you continue to provide advice?
sample size = 535; total sample size = 690; 155 missing

87

67 Please comment on the impact of providing less insurance advice on your business and its value, if applicable:



Open ended comments coded; Sample size = 328; total sample size = 690; 155 missing

88

 Email info@philippahunt.com.au

OTHER IMPACTS

Q68 Please indicate which of the following has further impacted you:

1 July 2021 fee consent form changes with fund managers/Trustees now deciding what adviser fees they will allow to be paid	74%
Pressure to complete Annual agreements and FDS during COVID-19 restrictions	74%
Pending insurance changes e g , increase in policy premiums	61%
Compliance audits	60%
Lockdown restrictions 2020 and 2021	57%
Turning off grandfathered commission during COVID-19 lockdown 2020 with short notice to switch-off	53%
Pressure and time associated with Look Back of fee for no services, back to 2008	53%
Significant decrease in income	43%
Covid 19 pandemic spread	46%
Other (FASEA exams; media negativity; continuous change	21%
AMP Webinar on 30 March 2020 titled "Support Advisers Thru COVID-19" in which they advised Grandfathered commission would cease in about 6 weeks instead of legislated 31 December 2021	17%

 Email info@philippahunt.com.au

FEE CONSENT FORMS COMPLIANCE

69 Is your business cash flow or income affected by the new Fee Consent form legislation where an advice fee is paid from the client's super fund for advice on their super and Trustees of the super signs off the payment?

69% Yes

Sample size = 568; total sample size = 690; 122 missing

If No (31% of respondents in Q69) do you have a purely fee for service business or income?

44% Yes

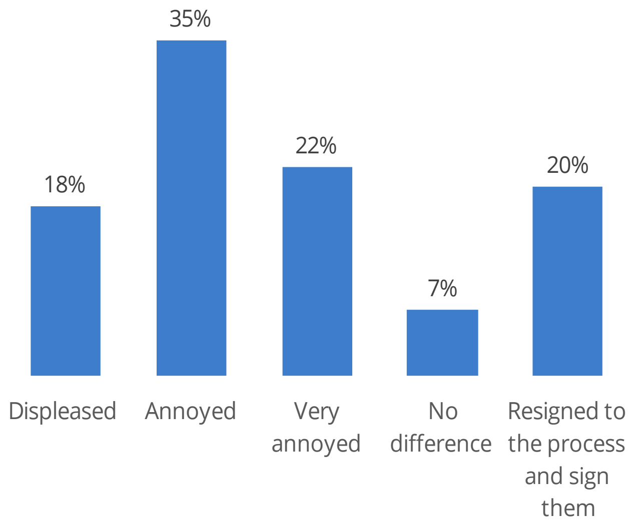
Sample size =162

92

69a Has implementing the fee consent compliance increased the number of signature forms for your clients?

93% Yes

70 How do clients feel about the extra forms on fees that they now have to deal with?



Sample size = 451; total sample size = 690; 239 missing

93

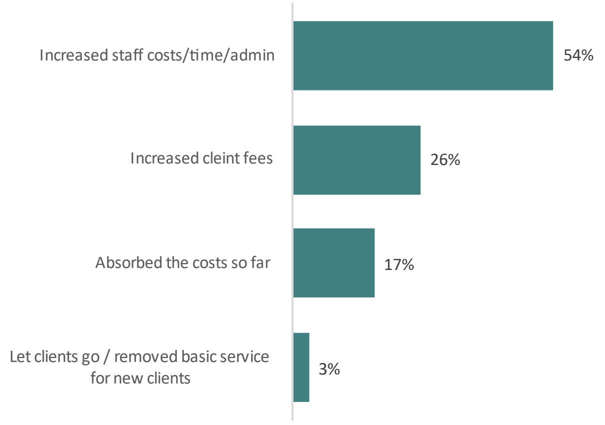
Email info@philippahunt.com.au

71 Has the cost of implementing the process increased the cost to your clients?

79% Yes
21% No

71 Has the cost of implementing the process increased the cost to your clients?
sample size = 451; total sample size = 690; 239 missing

72 Please comment on how the cost of implementing the process increased the cost to your clients:



Open ended comments coded; Sample size = 358; total sample size = 690

94

73 Do you think that Trustees have the professional qualifications, experience, FASEA passed and Know Your Client rule to assess your personal advice to your clients?

5% Yes
95% No

73 Do you think that Trustees have the professional qualifications, experience, FASEA passed and Know Your Client rule to assess your personal advice to your clients?
sample size = 446; total sample size = 690; 244 missing

Yes - please comment (all comments)

It can be outsourced

I would hope so

It seems if money is leaving the fund they find a reason to reduce the fee - if money is coming into the fund the fee is accepted ! double standards

No problems with forms

Not in all cases.

Not sure all will

One would think so

our trustee is an advisor

Not sure

The trustees I have met do not have a grasp on the advice industry, nor a grasp on some of their duties.

they don't

We all need to be in it together so they know how much BS is involved.. it needs to be mandatory for them just like us.

95

 Email info@philippahunt.com.au

74 Are your clients concerned that all their very personal, private and confidential information is being sent to a third party whom they don't know to be assessed for the advice on their super?

51% Yes

Comments

"Privacy is a huge issue these days and is very concerning particularly for the older generation"

"Another level of over-slight that is just not necessary"

"Concerned and confused. It's actually difficult to explain to them why this needs to be done and not one client has said great this is helpful."

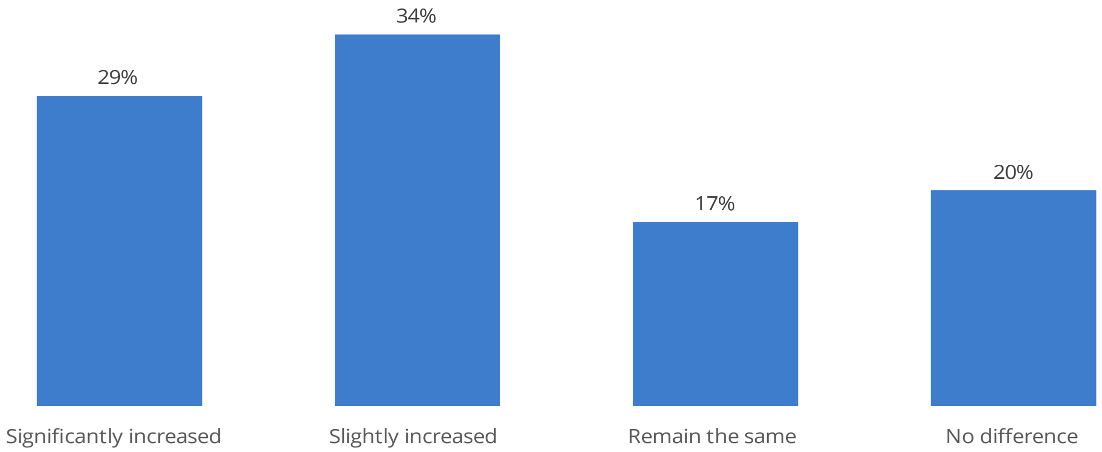
"I will not pass on my clients information to trustees"

They are so confused by now that their heads just spin. They trust me and if I explain it needs to be done they understand.

74 Are your clients concerned that all their very personal, private and confidential information is being sent to a third party whom they don't know to be assessed for the advice on their super?
sample size = 445; total sample size = 690; 245 missing

96

75 Does it cause you stress to tell your client that their personal and private information will be sent to Trustees to have their fee paid from their own super fund?



75 Does it cause you stress to tell your client that their personal and private information will be sent to Trustees to have their fee paid from their own super fund?
sample size = 446; total sample size = 690; 244 missing

97

Client Impact

	% YES	%NO
76 Have your clients expressed concern about this potential breach of privacy of their confidential private information sent to Trustees that their adviser or the business will not be paid unless they consent to this potential breach of their privacy?	49%	51%
77 Do feel that there could be a potential change to the trust between you and your client when their private information is sent to a Trustee administration team to assess for their fee to be paid?	62%	38%
79 Is this situation causing you stress to have to tell your client that their fee amount will only be paid from their super fund if the Trustee, in their opinion, agrees to the cost of advice despite the fact that the client accepts and signs off the ad	71%	29%

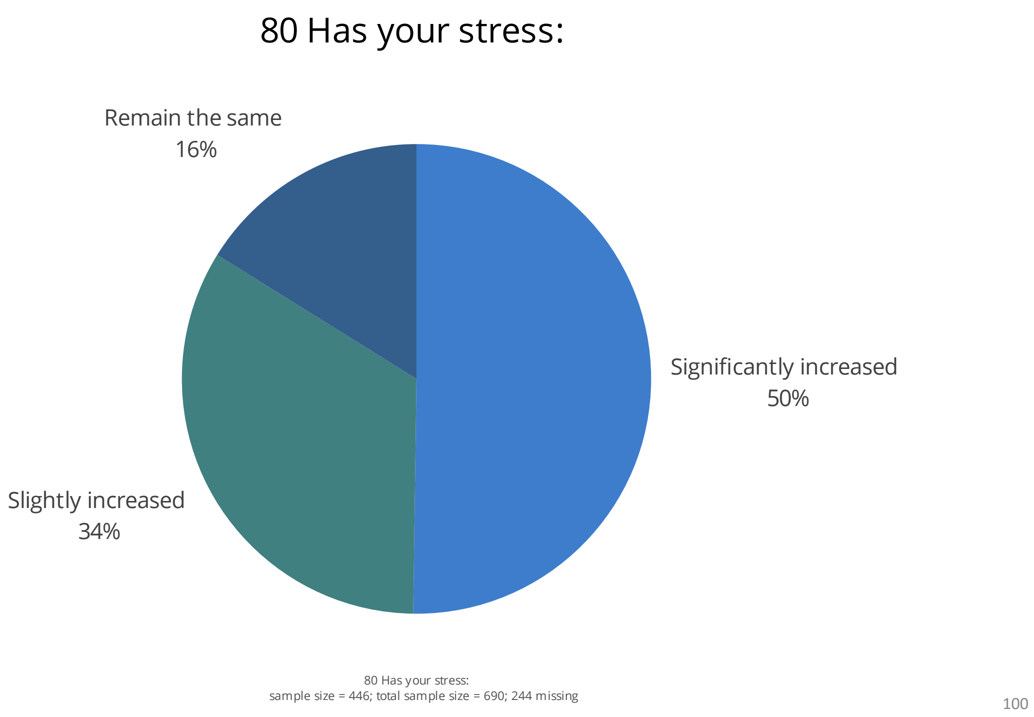
Sample size = 445; total sample size = 690

98

 Email info@philippahunt.com.au

Q78 PLEASE COMMENT

- Client's trust that you are providing appropriate personal advice. This undermines that trust."
- Depends on how the adviser briefs the client."
- "The clients are aware that the super funds have their information and accept this."
- Not really sure what the issue is. The trustees already have the information we are providing"
- "Clients are not prepared for their private information to be shared with third parties."
- Absolutely, it would be a great concern about potential misuse of that information"
- Data breach concerns who is responsible.



 Email info@philippahunt.com.au

FEE CONSENT BUSINESS IMPACT

Fee Consent Impact

	% YES	%NO
81 Has the new Fee Consent legislation affected your cashflow or income paid by client's payment of your advice from their super fund?	55%	45%
82, Are you aware that the Trustee has the power to reduce any/all fees that you submit for assessment and may so seriously affect your cashflow?	64%	36%
83 If the client has real concern about their private information being sent to Trustees, and they do not agree to sign the fee consent form, will that affect your relationship?	69%	31%

Sample size = 439; total sample size = 690

102

Yes – please comment: Q81 Has the new Fee Consent legislation affected your cashflow or income paid by client's payment of your advice from their super fund?

- Client's not returning forms and funds not advising that fees have expired all cost money. More unnecessary admin which also costs money."
- Clients confused with the duplicate paperwork"
- Clients miss deadlines despite wanting to pay us, they don't understand why they are signing three times to say they agree to our fees"
- Clients struggle with the forms.
- I have had fund manager incorrectly turn off fees. And then had to waste time getting them turned back on and missed out on 2 months of payments."
- Delays in processing these forms from some trustees has meant that income has been withheld.

 Email info@philippahunt.com.au

Yes – please comment: Q82 Are you aware that the Trustee has the power to reduce any/all fees that you submit for assessment and may so seriously affect your cashflow?

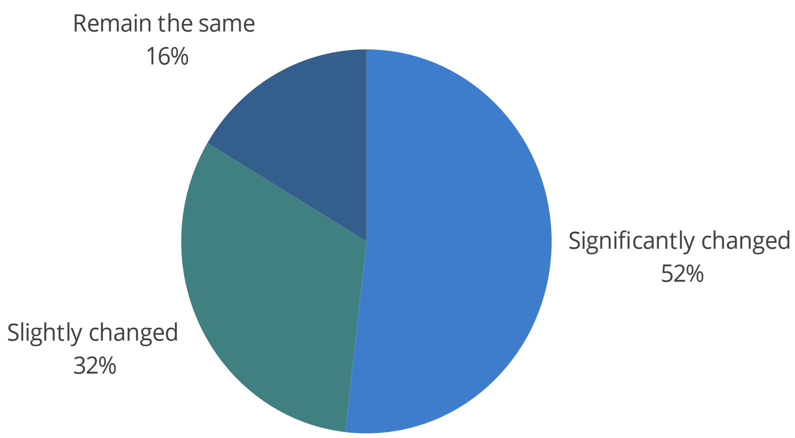
- Have had it happen. Completely nonsensical as the trustee has no knowledge or experience in the advice process including the clients goals and objectives and long term plans. Trustees have no idea about hours or $$ to provide advice, implement and ensure”
- “Have had this happen to me”
- Have had trustees reject forms for insignificant administrative errors.”
- Have not had any issue to date”
- Have not yet experienced this.”
- “I am aware that Trustees have set limits to the fee that may be charged to the client’s account but I was not aware that the Trustee has the power to reduce the nominated fee agreed to with my clients.”
- “The trustee is not in a position to make assessments on this area”

Yes – please comment: Q83 If the client has real concern about their private information being sent to Trustees, and they do not agree to sign the fee consent form, will that affect your relationship?

- I am fortunate in that my clients trust me.
- I can no longer do business with that client.
- I can’t see that they can remain a client
- I cannot be paid and will have to sever relationship
- I will no longer be able to have them as clients as they will not be able to afford the cost of advice.
- I would ultimately have to cancel the service agreement
- I have to try to explain to the clients our fees have to be paid upfront and have affected our cash flow
- It reduces the level of trust
- I will be unable to provide ongoing service
- I will have to find another way for the client to renumerate for our services
- I will lose clients from this for certain if they are concerned.

 Email info@philippahunt.com.au

84 If the client cannot afford to pay fee for service on invoice and only pay for advice on their super from their super fund, and won't consent to their private information sent to Trustees, what will be the effect on your business or income?



84 If the client cannot afford to pay fee for service on invoice and only pay for advice on their super from their super fund, and they won't consent to their private information sent to Trustees, what will be the effect on your business or income?
sample size = 438; total sample size = 690; 252 missing

106

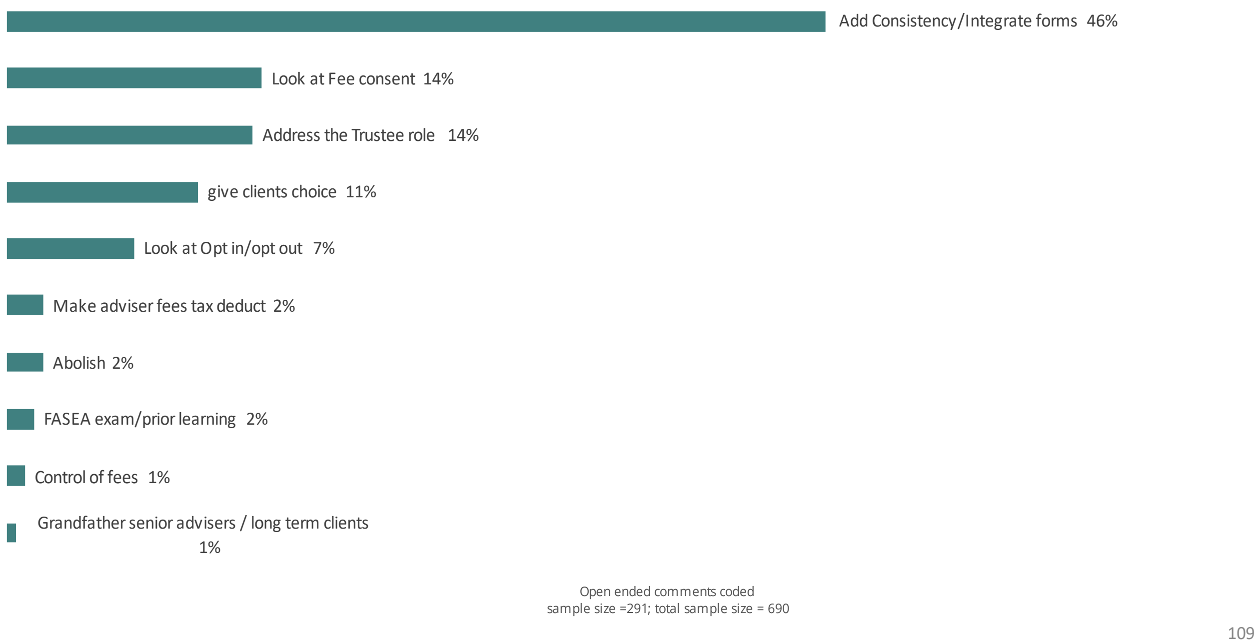
85 Please Comment

- Clients want ease of management. Ongoing fee consent is a further layer of costs
- Clients who need advice typically prefer to pay part or all of their fee via super
- Clients will be largely unable to afford/willing to fund advice.
- Clients will become orphaned and unadvised
- Clients will no longer be able to get advice
- Fees out of Super are essentially tax deductible through the fund. Fees outside of super are not tax deductible
- Clients like to pay through their super
- Have had to let a lot of clients go who could not afford advice not funded by super

 Email info@philippahunt.com.au

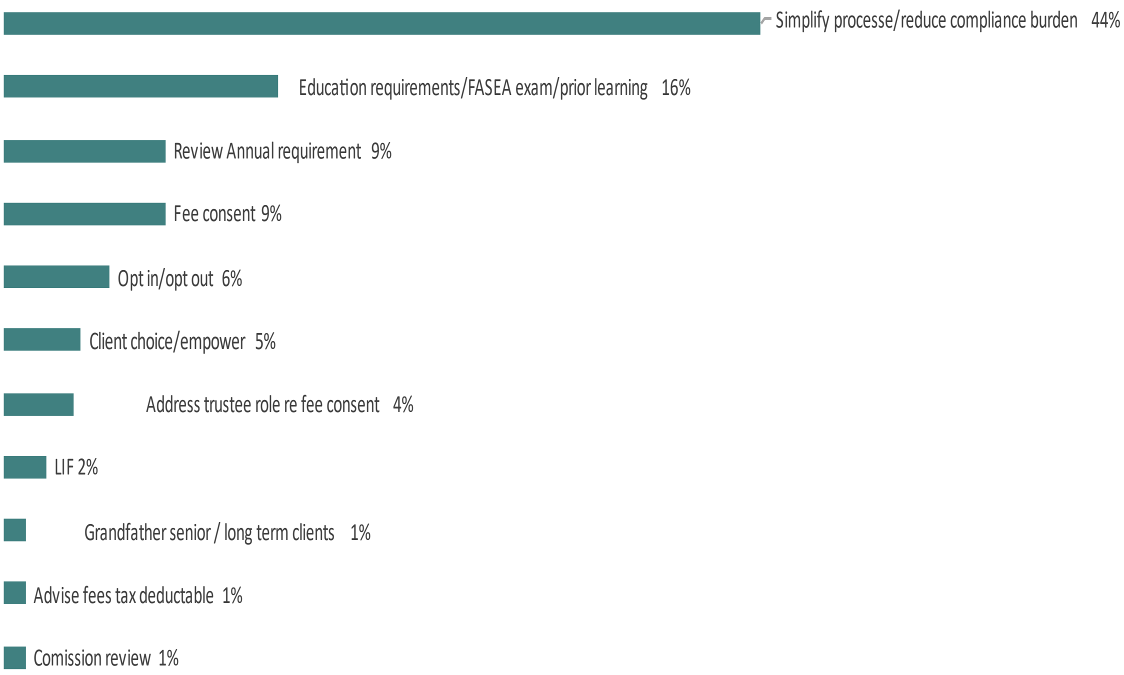
OVERALL IMPACT

87 If you could change something about this legislation what would be the most important issue for your clients, business or income?



 Email info@philippahunt.com.au

87a If you could change something about any of the legislation changes what would be the most important issue for you and your clients?

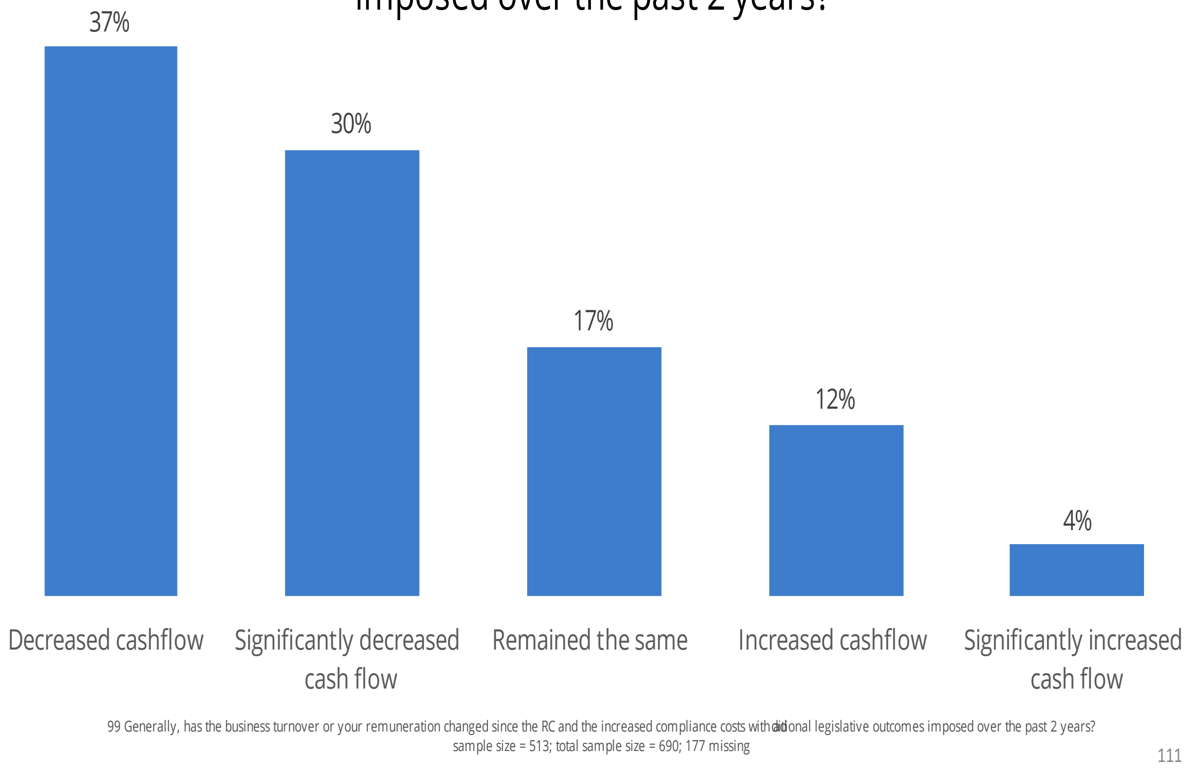


Open ended comments coded
sample size =332; total sample size = 690

110

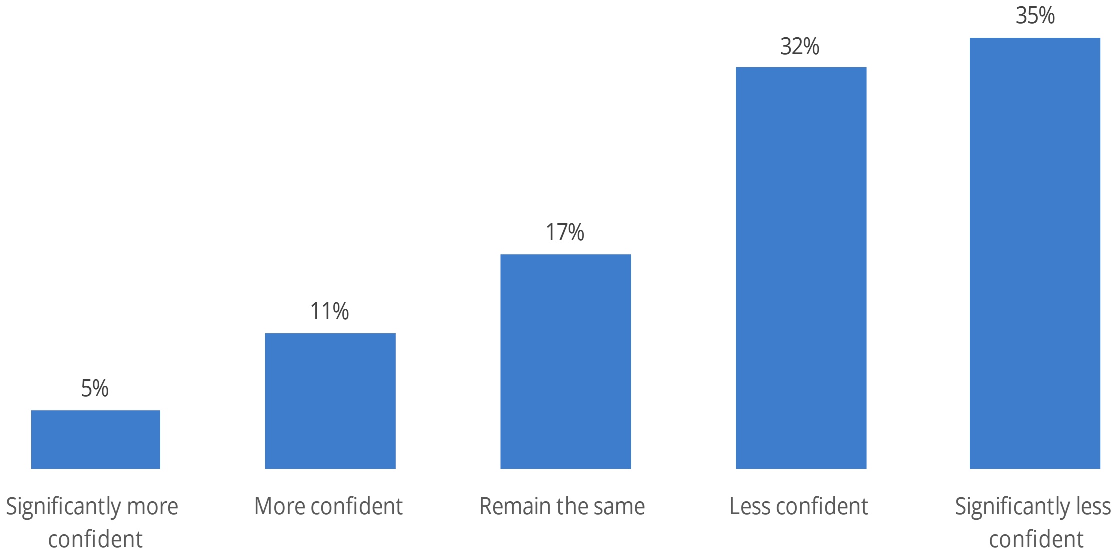
 Email info@philippahunt.com.au

99 Generally, has the business turnover or your remuneration changed since the RC and the increased compliance costs with additional legislative outcomes imposed over the past 2 years?



 Email info@philippahunt.com.au

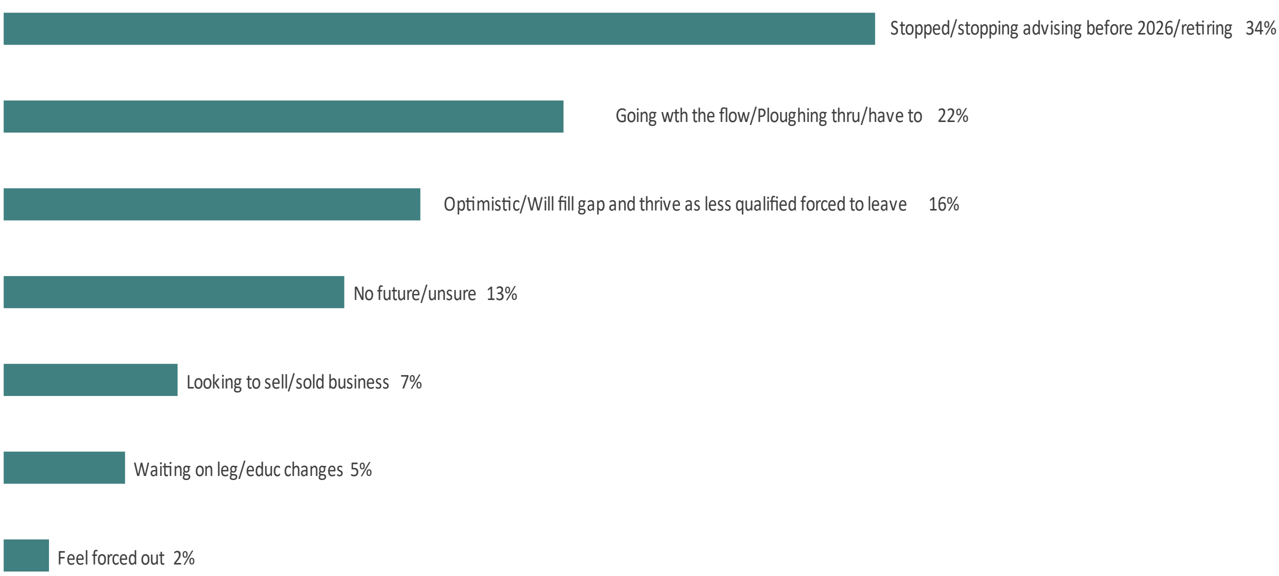
100 Moving forward, how confident do you feel about your future in your business or employment in the industry?



100 Moving forward, how confident do you feel about your future in your business or employment in the industry?
sample size = 527; total sample size = 690; 163 missing

112

Please comment as to the future that you see for yourself



Open ended comments coded
sample size =443; total sample size = 690

113

 Email info@philippahunt.com.au

Variation by Demographics

There were significant differences in advisers rating for many of the outcome measures and none in others when the different demographic groups were compared to the overall scores.

Age

Age introduced some variability to the measures particularly among those 51-60 and over age 60. This group reported poorer physical health and more mental health impact from the financial implications of the RC recommendations.

- Those **age 51-60** reported higher rates for many of the health behavior measures (drinking, medication use, self-harm ideation); for the impact on their relationships; and for business impact in terms of letting staff go. As a group they feel significantly less supported by their associations.
- For those **over 60** higher rates were reported for several of the LIF measures and for general confidence in the future.
- Younger respondents, **age 31-40**, reported significantly less mental health impact from the financial implications of the RC recommendations and their trust was less impacted, however, significantly more reported taking up smoking. More in this age group have passed the FASEA exam and fewer indicated that their 'decision to stay' will be impacted by the recently changed requirements for study/qualification.

Gender

By gender there was variation on several of the measures.

- **Males** reported poorer mental health outcomes and higher rates for the health behavior measures (consulting a health professional, drinking, and self-harm ideation).
- Males' attitude changes towards ASIC and liberal politicians was significantly higher than females and more reported that their primary relationship have been impacted.
- Although there was no variation by gender in reported FASEA status, more males reported that the FASEA requirements had added to their stress and the group also expressed strong opinions about FASEA changes. More males indicated the changes for study/qualification pathways have impacted their intent to stay.
- For many of the LIF measures males reported significantly higher impacts particularly those related to cash flow and clients.
- For fee consent compliance, more males indicated their cash flow would be affected by it (and fewer males indicated they had a purely fee-for-service business or income).
- Overall, moving forward, males indicated they were less confident.
- **Females** reported less stress overall, less stress related to the FASEA exam and less financial impact from the LIF changes.
- Overall, moving forward, females indicated they were more confident.

 Email info@philippahunt.com.au

FASEA Status

- The respondents FASEA status impacted several of the results.
- Those that are not fully qualified reported a greater mental health impact from the financial implications of the RC recommendations, increased medication use, and significant impact on their ability to trust.

- Fewer of those that are not fully qualified reported that they are members of a professional industry association (which could limit their access to support relative to those who are FASEA qualified).

- For this group, their intent to stay on four of the measures, even if they complete their current qualification pathway, is significantly lower.

For those that have passed the FASEA qualifications significantly more are members of a professional industry association and LIF impacts, fee consent impacts, and client impacts that this group reported are significantly greater.

Roles / Business Ownership

Respondents were asked about their role and could select either financial adviser 'own business' or financial adviser 'employed' and were also asked if they owned their own business.

- **Business owners** (and Financial Advisers own business) reported significantly poorer outcomes for almost all the health outcome measures as well as more medication use and self-harm ideation. Their ability to trust was not significantly different and those their trust changed towards included both liberal and labor politicians.
- Business owners (and Financial Advisers own business) reported greater impact on relationships and higher rates of letting staff go.
- Significantly more business owners also:
  - are members of professional industry associations
  - are experiencing added stress from the FASEA requirements
  - report impacts from LIF and Fee consent requirements.
  -
- More **Financial Advisers own business** (from the question about role) reported significant client impacts.

 Email info@philippahunt.com.au

Current Qualifications

Current qualifications of the respondents introduced limited variation to the outcome measures except for the group with a Diploma of Financial Planning.

- This group with a Diploma of Financial Planning reported higher rates of health impacts, and health behaviours including drinking, medication use and consulting a health professional.

- For those with a Diploma of Financial Planning and those with an advanced diploma in financial planning the FASEA requirements have added more stress. They also report more impact from the LIF changes.

- The respondents with a with a Diploma of Financial Planning reported significantly more clients changing insurance policies and more reported an increase in costs of providing insurance advice and an impact of the Fee consent compliance.

Years advising / Years in business

Respondents were asked about their years advising and the 80% of respondents that indicated they owned their own business were also asked how many years they had been in business.

- Those **in business for 25+ years** reported higher rates of ‘slightly increased’ stress, more impact from the negative press on their mental health, and more mental health impact from the financial implications of the RC recommendations.

- More in this group have consulted a health professional and have made their professional association bodies aware of their struggles. Fewer have passed the FASEA exam. The recently changed requirements have impacted their intent to stay and significantly more reported that they do not intent to stay past 2026. For several of the LIF, Fee consent, and client impacts this group reported higher rates.

- Those **advising for 25+ years** report higher rates of smoking and self-harm ideation; lower rates of trust and higher rates of “intimidation or being or affected by ASIC, FASEA or the recommendations from the Royal Commission and Government legislation”. Their primary relationships have suffered more. Fewer have passed the FASEA exam and fewer are likely to stay past 2026 if they compete their qualification pathway. They do not intend to stay. Moving forward this group is ‘significantly less confident’.

  Other groups show variation as well with those advising 0-5 years showing lower rates for many measures. Generally, those newer to advising intend to stay and are more confident in their future.

 Email info@philippahunt.com.au

Intention to continue as a Financial Adviser

The decision that advisers were making to remain in the industry (or not) impacted many of the outcomes.

- **Exited advisers** reported higher stress levels and both exited and exiting (those intending to leave) advisers reported more mental health impact from the financial implications of the RC recommendations.
- Exited advisers also reported more medication use, higher rates of letting staff go, lower association membership, and less stress related to FASEA (likely as they have exited or made the decision). They would still leave even if they could remain due to stress levels or health. Exited advisers also reported higher impacts from the LIF changes.

- **Exiting advisers** reported more impacts on their physical health, their ability to trust has been more affected, and more are not members of professional industry associations. Fewer exiting advisers have passed the FASEA exam, it is adding to their stress, and more would like to see changes to the exam. They would still leave the industry past 2026 if they complete their requirements or even if they could remain due to stress levels or health; and recent changes to requirement have altered their decision.

- **Staying advisers** reported lower rates of impact on their physical health and reported less mental health impact from the financial implications of the RC recommendations. Their ability to trust has been less impacted but specifically their ability to trust labour politicians has been more impacted. This group intends to stay in the industry past 2026. More staying advisers have passed the FASEA exam and the requirements have added significantly to their stress. For those who have not yet passed, significantly more will try again.

- Staying advisers reported more impact of the LIF and Fee Consent changes and even If the costs continue to rise to provide insurance advice, they indicated they will continue to provide the service.

Email info@philippahunt.com.au

RECOMMENDATIONS

What do you want to see being done by government and regulators moving forward with regards to mental health and emotional wellbeing?

LISTEN, CONSULT with us and ACT. We want to see the worst of the unintended consequences ameliorated and streamlined so that advisers are less burdened by paperwork and compliance, fear of getting the compliance wrong and more time spent helping their clients. Less duplicated compliance will assist to decrease the cost of time to make advice more affordable. There has to be a better way of providing scalable strategic advice and separate advice from product.

Less than 1% of complaints are about advisers. We don't need more regulation or bodies to regulate behaviour and force advisers to pay levies for them. The education pathway recognising prior learning and long experience. Funding of mental health support for advisers. Once we know what the most burning issues are now, we can assist with appropriate support.

Life Insurance Framework (LIF)

The main issues with the Life Insurance Framework is the reduction in commission to such a low point that it has become unviable to continue to provide insurance advice and implement policies.

Few respondents give insurance advice now and many have discontinued the practice for increased paperwork, compliance, underwriting becoming too difficult for clients to navigate. Advisers who have insurance recommendation as part of wholistic advice strategy will do the work knowing that they are unlikely to be fully compensated for the amount of work to get the application through.

Policy premium increases have forced clients to reduce their cover or cancel their policy entirely. This loss of revenue impacts the cashflow while expenses are increasing. See Appendices.

Recommendations

Increase the upfront commissions to minimum 80-88% and ongoing to 22% to make it viable to get paid for the extensive work that is done for the client. Clients refuse to pay a fee for service for the work or cannot afford to pay for the hours it takes to get a policy set up.

Assist the risk specialists who have yet to attempt another FASEA exam to restructure the exam sitting to retain them in the industry with their specialist knowledge.

 Email info@philippahunt.com.au

Many risk advisers have already left the industry with the net result of others discontinuing leave clients without insurance cover or those clients who have to retain their insurance because of age now face increasing premiums.

Under FOFA in 2013, Shorten as Minister, recommended insurance commission is retained because the overseas experience in the UK collapsed the industry and had to be revived with 240% upfront and 180% upfront in New Zealand with higher ongoing as an historical precedence.

FASEA

Restructure the exam format to allow older advisers who have not experienced a Master's level style 3.5 hour exam to sit an exam format suitable for them.

Break the exam up into 6 or 7 thirty-minute mini-exams based on a particular subject area. They can fail a subject area and not the whole exam. They can study for a specific subject.

Special Consideration for those who cannot manage a stressful exam situation or physical incapacity such as a University can accommodate in the exam environment.

Have exam questions suitable for specialist areas such as stockbroking, Risk, SMSF specialists and Financial investment specialists. The current questions are set up for financial advisers and do not cover other knowledge areas.

Remove ambiguous questions that require interpretation. This disadvantages examinees who have English as a Second Language that do not have an understanding of convoluted questions. Remove double negative questions that seek to confuse.

Remove questions that ask an opinion of the most correct answer of three correct answers.

Run the ethics exam after advisers have studied an Ethics course.

Recognize experience (RPL) on the job as many advisers have not only life experience, have industry knowledge and retained their continuing education as required. Most advisers have done higher levels of education to maintain knowledge and currency.

 Email info@philippahunt.com.au

Ongoing Fee Arrangements and Fee Disclosure

- If we go back to the original laws (pre FOFA) seeking to introduce Renewal obligations, there was no consideration of an FDS, only the renewal obligation annually. Overlay this with all the product complexity and FDS challenges, is now impossible to manage. Remove the definition of an Ongoing Fee Arrangement (OFA),
- Remove the obligation to provide a Fee Disclosure Statement and related product (inflexible) consent forms for OFAs, and
- Shift all ongoing arrangements to annual fixed term contracts, with a prescribed and flexible product consent form.

If clients want a service arrangement that goes for years, then the simplest way to do this is to allow for the clients and adviser to enter into contractual arrangements on their terms.

In other words, a client enters into contracts at whatever start and end date they agree to that suits the client's needs up to a maximum of 12-month period and consent forms could be more flexible and be signed up to 6 months ahead of the original contract expiry date – most only have a maximum period of 60 days.
The consent form should be prescribed by Treasury or Industry or collectively.
Stop all of the individual product nonsense (There is an AFSL that received legal advice that the product provider consent form was deficient, thus the AFSL was in breach of its OFA obligations as the consent form didn't meet the prescribed content requirements).

So for clarity:

- Annual contract plus flexible thus allow up to 6 months signing time – to make it useful from a client's perspective prescribed product consent form = No FDS, no annual renewal, and no complex consent forms with short time frames.

if the above goes too far and OFAs and FDSs had to be retained, . We could consider (added reluctantly):

OFA's – Allow flexibility to commence on an agreed future date and not be subject to the law requiring it to be the date the client enters into the arrangement with the date signed or date contract returned to the adviser typically. We have been trying to seek confirmation from ASIC for over 6 months that a client should have the right to commence the OFA at a later agreed date (Note – There is contradicting legal advice on this). This one issue means that an adviser doesn't have consistency in their client anniversary dates (the anniversary dates are spread throughout the month and year), meaning FDS production can't be run in bulk, almost an FDS by FDS production process is so inefficient and costly,

 Email info@philippahunt.com.au

Fee Disclosure Statements

Allow advisers to disclose to clients' what fees they have been paid during the relevant last 12-month period. This way they can use their Commpay commission payment data vs having to manually validate with each of their product providers who have chosen to operate and implement different approaches to processing fees, such as one fund manager that offsets the RITC upfront, thus the clients fund shows their after-tax position on their statements, whereas the advisers receive the gross value. Under ASIC report 636, advisers had to remediate their FDSs as their FDSs were overstating the fees…. As the law is not flexible. We have raised this with Treasury, ASIC, and the Associations. No one seems to see it as a problem apart from the Advisers and AFSLs who have to spend significant time and money on it. Recommend removing these documents in full.

Design and Distribution Obligations (DDO)

Direct ASIC to remove its guidance that requires financial advisers to consider Target Market Determinations (TMDs) as part of them meeting their best interest obligations, given their personal advice exemption. OR alternatively if the law requires amendment, make it clear TMD do not need to be reviewed or considered by retail personal advice providers (financial planners that appear on the ASIC Register). Surely the full PDS and research they consider on the platform and underlying funds is more than sufficient. The TMDs really don't tell an adviser anything and are so broad as to be utterly ineffective.

Breach reporting

Introduce a minimum dollar value for reportable situations covering for example Civil penalty matters, we are seeing so much time and money spent on advisers and AFSLs reporting small dollar matters to ASIC since October 2021. They mainly relate to administrative oversight, such as a client terminates the OFA and the adviser either passes it on and it gets processed incorrectly by their CSM/Admin team such as they turn the fees off on 2 of the 3 funds, or the adviser forgets to pass it on in a timely matter and by this stage a fee has been paid. The fees are refunded straight away by the adviser when they find it, yet as a fee has been received after the OFA was terminated, it is a civil penalty matter and reportable. How are all of these small dollar matters useful for anybody? I have seen matters for $3, $7, $70-80 reported. The pure time and effort in reviewing, assessing, reporting makes this a very expensive exercise.

 Email info@philippahunt.com.au

Fee Consent Forms

The overwhelming consensus is to scrap this legislation that requires Trustees to determine advice suitability when they clearly don't and cannot use the Know Your Client rule. The form is to pay the advice fee for superannuation advice from the super fund.

The Trustees administration teams are not appropriately degree qualified, sat for and passed the FASEA exam, adviser Continuing Education requirements (CPD). Are not registered on the ASIC Register and are not experienced in giving advice to clients. They should not have access to client's private and confidential information that the clients do not want to divulge to a third party to assess personal financial advice.

The administration personnel are not qualified to assess financial advice to make a determination on whether the advice fee that is signed off by the client is value for money. This legislation places these administration teams in a very difficult position that they are not qualified or registered to perform this job. If there is a determination by the Trustee of a particular fund manager, that they do not approve the fee or only part of the fee, this can have a detrimental effect on the cashflow of the Adviser's business.

This has the potential to put the Adviser out of business irrespective of their AFSL. Many of the fund managers are owned by the banks. It is noted that the banks dismissed their financial advisers in 2019 as a result of the RC's findings.
This situation is untenable for clients with the many extra fee forms that they now must sign and the clients are the losers. They are treated as not being able to make an intelligent decision about their own financial affairs and advice.

Trustee forms vary widely from one super fund to another depending on their risk management. One fund manager has 7 different forms for each one of their different platforms that the client has to sign all separate fee forms to have the fee paid. If the form is not returned on time, the fees are switched off and have to be put back on. Some businesses have to employ more staff just to chase forms, clients to sign them and return to the fund manager. The cost of advice increases to pay for this paperwork chasing. This is not advice and does nothing to help the client achieve their goals and future.

This is overreach by ASIC and politicians and totally unwarranted.

 Email info@philippahunt.com.au