Actuaries Institute.

Help, Guidance and Advice Framework to help close advice gap

A new framework published by the Actuaries Institute today could greatly assist millions of Australians to access a broader range of support to improve their financial decision-making and wellbeing.

The Help, Guidance and Advice (HGA) framework would provide a structure under which financial institutions could confidently deliver a wide spectrum of quality and affordable support to their customers.

Experienced non-executive director and chair of the Institute's HGA Working Group, Andrew Gale, said this would ensure people have access to basic financial facts through to guidance and suggestions on retirement goals, as well as comprehensive personal advice on a range of financial issues.

"Middle Australia stands to benefit most because comprehensive personal advice is out of reach for many, but help, guidance and specific purpose simple advice at pivotal moments would significantly improve their financial wellbeing," he says.

"Our framework provides the architecture that will enable millions of people of all ages to receive support in different levels of complexity and that fits their individual needs.

"We have a tsunami of retirees coming over the next decade, but many don't want or need or cannot afford full, comprehensive financial advice. Giving them help and guidance on common issues - such as Age Pension entitlements, and how to think about paying down debt and moving superannuation to a retirement phase account - would allow them to retire with greater confidence.

"Many younger people would also benefit from greater help and guidance – on things like how to consolidate superannuation accounts, better budgeting and the amount and kind of life insurance they should consider."

The Institute's paper by the Working Group, *Financial Advice Reform and Help, Guidance and Advice*, was developed after extensive consultation with superannuation funds, consumer groups, industry and professional bodies.

If implemented, it would significantly expand the capacity of financial advisers, accountants, superannuation funds and digital tools to provide support, including to the estimated 710,000 Australians who are intending to retire in the next five years.

Mr Gale says the HGA framework is needed because existing regulations treat all financial advice as equally complex and fail to distinguish between what is simple guidance compared to comprehensive planning.

"Guidance currently operates in a regulatory grey area between Help and Advice. It provides an important bridge between providing someone with basic financial information and personalised advice. It is widely seen as a scalable and cost-effective mechanism for delivering meaningful support.

"We would like to see greater regulatory and legislative recognition for Guidance so, for example, super funds and their trustees have more certainty in the support they can provide their members."

"Overall, we believe the emerging Delivering Better Financial Outcomes (DBFO) reforms and legislation represent good reform initiatives. We also believe that further regulatory reform will be required post the DBFO reforms, particularly relating to the acknowledgement and greater utilisation of guidance."

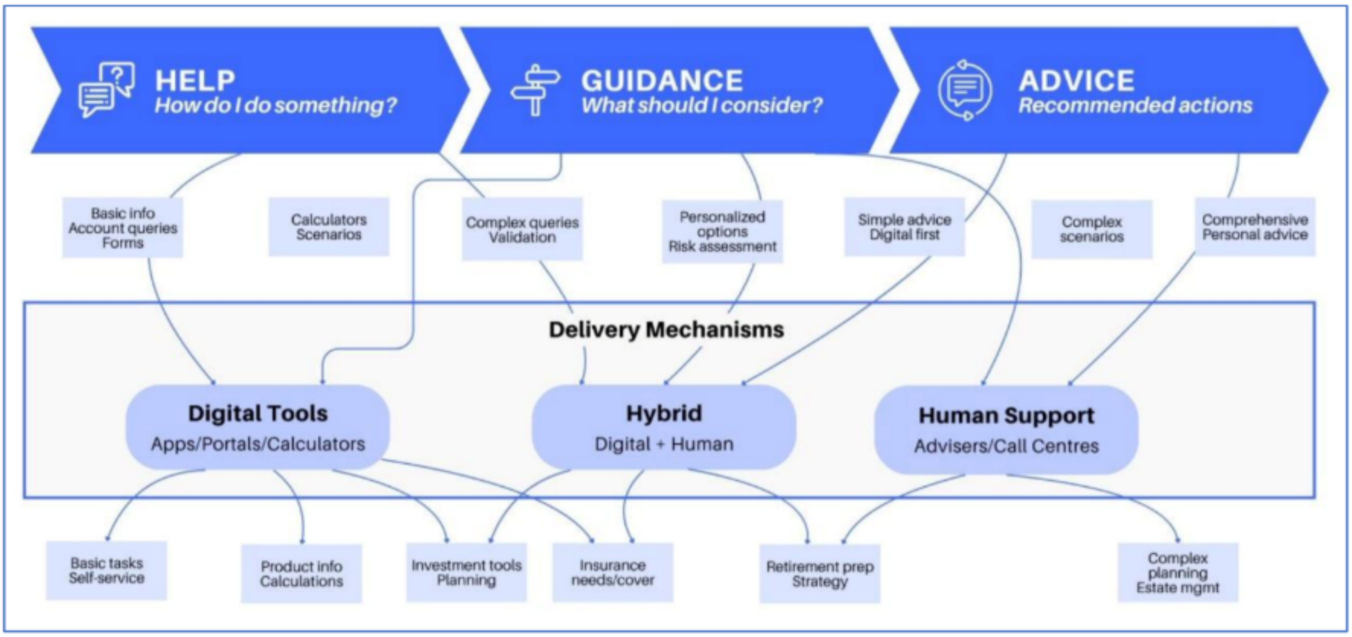
The Actuaries Institute looks forward to seeing the Delivering Better Financial Outcomes (DBFO) legislation, which is due soon, and critical for increasing access to affordable help, guidance and advice.

The Paper can be viewed here.

Actuaries Institute
Level 34, Australia Square, 264 George Street, Sydney, NSW 2000
t +61 (0) 2 9239 6100 I actuaries@actuaries.asn.au

Read the [Actuaries Institute submission] to the Treasury consultation on Delivering Better Financial Outcomes Tranche 2A exposure draft legislation.

The Help, Guidance and Advice Framework



- Help: basic factual information, tools and calculators so people better understand various services and processes
- Guidance: suggestions, “nudges” or directions based on a person’s general circumstances
- Advice: personalised, professional recommendations that consider a person’s financial situation and goals.

Andrew Gale is available for interview.

For media inquiries, please contact:

Eleanor Pearson
Sodali & Co
eleanor.pearson@sodali.com
M: +61 400 886 772 | T: +61 2 9066 4071

About the Actuaries Institute and the Profession
As the peak professional body for actuaries in Australia, the Actuaries Institute represents the profession to government, business and the community. Our members work in a wide range of fields including insurance, superannuation and retirement incomes, enterprise risk management, data analytics and AI, climate change and sustainability, and government services.

Actuaries use data for good by harnessing the evidence to navigate into the future and make a positive impact. They think deeply about the issue at hand, whether it’s advising on commercial strategy, influencing policy, or designing new products. Actuaries are adept at balancing interests of stakeholders, clients and communities. They’re called upon to give insight on complex problems and they’ll look at the full picture. Actuaries analyse the data and model scenarios to form robust and outcome-centred advice.

www.actuaries.asn.au