

I am of the view that there is a difference between advice around a simple or single need (such as risk insurance) and Financial Planning as defined by our profession, which appears different from that intended by the CWG. I would council that you do not refer to simple advice as “Financial Planning”, there needs to be a clear delineation between product advice/sales and financial planning otherwise you run the risk of denigrating Financial Planning as a distinct professional process.

Maybe we should be considering defining the titles (labels) used by MBIE and the CWG and suggest the following; where information is provided covering a single lower end need, this is a product sale, but once advice is provided covering more then one component (heading up or across the risk scale), this is defined as financial advice with the extreme right end being Comprehensive Financial Planning as illustrated below.

Advice Needs or Components	1	2	3	4	5	6
Up to date Level 5 Unit Standard 26360 required by <u>ALL</u> as legislation changes.	Term Deposit	Mortgage	Insurance	KiwiSaver	Investments	Tax/Estate
	Product Sale	Advice starts after either one or two needs are being met.				
	FAP Covered	Individual Level 5 NZ Cert with specific streams				
		Planning starts after two components are advised on.				
		Adviser - Specified Level 7 tertiary Qualification Required				
		Financial Planner - Minimum Specified Level 7 Tertiary Qualification and possibly CFP ^{CM} Requirements having been met.				

Initially as sales move to advice building on products (needs) it moves further towards planning and ultimately becomes Comprehensive Financial Planning. This could be measured at an entity level so as, for example, one adviser from FAP ‘A’ can provide a Term Deposit product without holding level 5 NZ Cert., the next adviser at FAP ‘A’ can provide Mortgage or Insurance advice holding level 5 NZ Cert, but once their client moves to get advice around KiwiSaver (3rd or 4th component/need) from this FAP (or associated provider) this must graduate the advice to planning with a defined level 7 qualification requirement and so on.

This will more closely reflect the International requirement due to the increasing complexities of the inter-relationship between the various components and how that amplifies the need to understand the inherent rise in risk. **Ultimately, If we wish to grow a Profession over time, I feel we need to protect the terms “Financial Planner” and “Financial Planning” for those that have completed the internationally recognised financial planning Education, Ethics assessment, Experience and Examinations**, collectively referred to globally as the “four E’s”, this is likely to encourage more to gain these marks to be a member of the pinnacle sector of the marketplace.

Also, I am strongly of the belief that advice is provided by either an individual or an entity not both and that each entity (or individual) should be qualified in the same way to provide the same advice. I do not support the concept of aggregation of knowledge, particularly post a single simple need.

While current AFA’s should be exempted, there needs to be a sunset period of say five years from implementation to ensure the currency of their qualifications are maintained. So, after the first five years those that use the sunset period should need to show equivalency to the required standards of the time.

Qualification types on the NZQF

Level	Certificate	Diploma	Degree
10 			Doctoral Degree
9 			Master's Degree
8 	Postgraduate Certificate	Postgraduate Diploma	Bachelor Honours Degree
7 	Graduate Certificate	Graduate Diploma Diploma	Bachelor's Degree
6 	Certificate	Diploma	
5 	Certificate	Diploma	
4 	Certificate		
3 	Certificate		
2 	Certificate		
1 	Certificate		

I have taken this directly from NZQA Framework Website to show where our current and proposed educational levels sit.

NB:

- Waikato's Post Graduate Diploma in Personal Financial Planning sits at level 8 (Honours Degree Level),
- Massey's Graduate Diploma in Business Studies – Personal Financial Planning/ Personal Risk Management sits at level 7 (Bachelor's Degree Level)
- The NZ Certificate in Financial Services sits at level 5.
- NCEA (High School) sits at Level 4

Current AFA's could range from Level 5 upwards but many without the level 7 Graduate Diploma.