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Have we featured your tweet?

Bowen supports lump sum status quo

James Fernyhough

There is no evidence to suggest Australians abuse their right to withdraw superannuation as a lump sum, Shadow Treasurer Chris Bowen has said.

Addressing delegates at the Financial Services Council conference, the former treasurer said forcing consumers to take their super in the form of annuities was not the right approach.

"My view is, annuities have an important role to play, but they have to stand up in the market. They have to be attractive enough to individuals who will make an assessment whether it's in their best interest.

"The experience in Australia is that people get it. They get a lump sum when they retire, and they realise by and large that it's got to last till they die."

He later confirmed to media that he was not in favour of any changes to encourage the take up of income streams rather than lump sums, such as tax incentives. In a wide-ranging speech, Bowen took the opportunity to lambast the current government's policies on superannuation, the age pension and financial advice.

He said Treasurer Joe Hockey had "failed to explain" why Australians "can be reasonably expected to work to 70," saying no developed country in the world had gone that far.

In response to Hockey's complaint the media was unfair on his budget, Bowen said: "If you can't sell [your reforms], it either means they're bad reforms, or you're a bad salesman."

On superannuation policy, Bowen heavily criticised the government's decision to further delay the rise in the super guarantee to 12%, calling it a "short-term

saving at a long-term cost," and "fundamentally bad economics." He also re-affirmed Labor's commitment to re-establishing a Council for Superannuation Guardians, which the current government scrapped.

He called the amendments to the Future of Financial Advice Reforms (FoFA) "shambolic, secretive and dismissive of proper processes," and signaled a future Labor government would look to reinstate the original reforms if they are successfully repealed.

However, he did not express a strong opinion on the question of whether the awards system should be opened to competition, telling media the issue was "not front of mind."

On a more positive note, Bowen expressed strong support for initiatives like the Asia Region Funds Passport, and said a future Labor government would be committed to exporting Australian financial services.



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RISE: Breakfast with Economists

Deborah Knight, *Nine Network* presenter and host of *Financial Review Sunday* will be facilitating this morning's panel discussion on the economic growth drivers locally and overseas.

Invited to the panel are Su-Lin Ong, managing director of RBC Capital Markets and Head of Economics & Fixed Income Strategy for Australia/NZ; Dr Chris Caton, BT Chief Economist and Simon Gleave, Head of Financial Services for ASPAC-KPMG.

Top of mind for investors – and not surprisingly the key question – would be the panel's view on the general direction of the Australian economy over the next twelve months. Will 2015 be an above or below trend year?

Ong said that by international standard, the country is in a "pretty enviable" position economically and said that RBC Capital Markets is very positive on the export story, which she believes will be a key contributor to growth this year and next.

She said that the country's exports industry has flourished despite the elevated dollar and weaker demand from China compared to historic figures. Having defied the odds, there could be more surprise on the upside given that the RBA has been fairly vocal that it would prefer a weaker currency, she said.

She's more cautious on the consumer sector and said that headline growth numbers are likely to show a mixed picture and be fairly subdued.

The panel will also be asked how they believe the financial services sector will perform in the next few years.



The system must not only provide a majority of Australians with an adequate retirement - it must also take intergenerational pressure off the budget.

John Brogden, chief executive, FSC



FSC bids to lead retirement income debate

Mark Smith

Financial Services Council (FSC) chief executive John Brogden has called for a national retirement income policy.

In his keynote speech to the FSC Annual Conference, Brogden said the FSC would embrace the opportunity and lead the debate on taking superannuation from a world class accumulation scheme to the world's best retirement system.

He said superannuation and retirement income policy must be seen in the overall context of short, medium and long-term national budget sustainability.

The FSC is looking to lead the debate from the current focus on inputs to a debate on outputs and outcomes.

"We will work with our members, business leaders, community organisations and others to develop a National Retirement Outcomes Policy," Brogden said.

"This policy will form views on critical issues that will determine whether superannuation succeeds or fails as the savings vehicle for Australia's future.

"The stakes are that high.

"The alternative is rolling, piecemeal and constant changes into the system that undermine confidence and stability." The FSC driven National Retirement Outcomes Policy will integrate the design of the superannuation system with government policy on ageing, welfare, health and tax.

It will consider the efficiency of tax concessions at the contribution, earnings and drawdown phases, whether tax concessions cease at a certain accumulation point, lump sums versus compulsory or incentivised pensions, whether Age Pension and preservation ages should be aligned with life expectancy, the assets test and access to the Age Pension, the role of life insurance in decreasing the welfare burden, and whether or not 12% will be enough to provide for growing life expectancies.

"The system must not only provide a majority of Australians with an adequate retirement - it must also take intergenerational pressure off the budget. Failure to do this will mean our superannuation system and policy has failed," Brogden warned.

Planning industry on brink of golden era

The financial planning industry is on the verge of a golden era, but it must do everything it can to get over the line of being seen as a fully-fledged profession, according to AMP executive director of financial planning Steve Helmich.

The senior planning executive argued the industry was making strides towards being recognised as a profession but still had a long way to go.

"A profession is a disciplined group of individuals, with ethical standards, special skills and knowledge, and a willingness to apply this knowledge in the interests of others.

"I don't think doctors get stuck into each other on blogs like we do in the financial planning industry," he said.

"Professionalism isn't something you can confer on yourself, it's a privileged status conferred on you by the community. Putting the clients' interest first must be at the heart of the profession. If you do that, the deed is done."

Helmich was joined in the discussion by BT Financial general manager of advice Mark Spiers and AFA chief executive Brad Fox.

All three agreed that the intense scrutiny on the financial planning sector will continue and it was the responsibility of all financial planners to stand united to ensure that the wider community is made aware of the positive impact the industry has.

Spiers said: "We have to earn the right to self-regulate by the way we act and the way



we behave. We can have the best standards, practices, policies and procedures in the world but its people and culture that glue those policies and practices together. "We need to move to a greater degree of transparency in everything we do."

Fox emphasised the need for individuals to put pressure on each other to raise professional standards saying: "About 40% of advisers only have the diploma and that's not good enough."

ACCI calls for end to super in awards

James Fernyhough

The campaign to keep super in awards suffered another setback on Thursday when the Australian Chamber of Commerce and Industry (ACCI) renewed calls for an end to the Fair Work Commission's involvement in selecting default funds.

The call, made at the Financial Services Council conference, will be a particularly hard blow to industry funds, as ACCI represents many of the employer groups who sit on their boards.

ACCI chief operating officer John Osborn said: "There is no defensible public policy reason why the Fair Work Commission should add an unnecessary and duplicative layer of red tape to superannuation or limit the open and competitive functioning of the market for superannuation product.

"Superannuation funds already require approval by the Australian Prudential Regulation Authority – the body that has expertise and information to assess the suitability of MySuper offerings – and these approvals are not given lightly."

The FSC said this would leave some industry funds – which rely heavily on the awards system as a means of gaining new members – without the support of their employer groups.

ACCI members include the Australian Hotels Association, which appoints trustees to the board of HOSTPLUS, and the Master Builders Association, which appoints trustees to the Cbus board.

However, other employer groups – most notably Ai Group, which is represented on the board of AustralianSuper – are not members of ACCI. Ai Group chief executive Innes Willox said the group continues to support the Fair Work Commission process.



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John Brogden,
chief executive, FSC

Day 2 wrap

The second day of the conference proved to be just as action-packed and interesting as the first. With the benefit of the knowledge gleaned from day one's Master Classes, delegates were able to deepen their technical knowledge in industry zones. These were divided into six streams; investment, superannuation, advice, life insurance, trustees and tax. Sessions ran throughout the day, with in-depth insights into the pressing topics of the moment, from the pros and cons of vertical integration in financial advice to a discussion of the barriers and opportunities of exporting Australia's financial services skills to Asia. And closer to home, experts also discussed enhancing competition in the default superannuation market as well as how advisers can best capitalise

on the rise of digital technology to attract and retain customers.

Keynotes were again peppered throughout the day. The Hon Chris Bowen MP, Shadow Treasurer, outlined the Opposition's agenda for financial services, which was a great opportunity for delegates to get an insight into Labor's plans straight from the horse's mouth.

To tie in with our conference theme – accelerate – we were lucky enough to hear from Dr Michael Hewitt-Gleeson, author and co-founder of the School of Thinking, who spoke to us about accelerating innovation through x10 thinking. His presentation was a breath of fresh air, and his revolutionary insights appealed to delegates from all corners of the industry.

In the evening, we had CEO cocktail party, hosted in conjunction with DST. And if you haven't yet seen

this year's DST CEO Survey, be sure to pick up a copy at the DST stand. Cocktails were followed by the Industry Excellence Awards and Conference Dinner at the Cairns Cruise Liner Terminal. It was an amazing line-up of nominees. For the night owls among us, the Late Night Bar, offered in conjunction with APIR Systems, was open from 10pm at the Cairns Cruise Liner Terminal Breezeway.



Follow FSC on Twitter
(@FinServCouncil) for updates on all the conference action. Don't forget to use our conference hashtag (#FSCAnnual) when tweeting.

FSC - First Nation Foundation

Alex Dunnin

One year on from the launch of the FSC's three year agreement with the First Nations Foundation (FNF) and already the successes are starting to show.

FNF is a training and education group run by indigenous Australians that specialises in the development of financial literacy programs and governance training for indigenous people.

Trevor Pearce, FNF chief executive, said indigenous people are experiencing fundamental transition as more among them enter the middle

classes earning high incomes, sometimes the first time anyone in their family group has done so.

Their involvement with high paying jobs in the resources sector is just one example of this, another is more indigenous people launching businesses.

To promote this development the FNF focuses on financial literacy programs as a cornerstone of social and financial inclusion. It delivers these where indigenous people are, such as in Sydney's Redfern and in selected areas of WA, NSW and Victoria.

They are also planning on expanding their Sydney presence with programs in Penrith, Liverpool and Randwick.

Examples of the FNF's programs are the My Moola program that has 56 participants and a further 120 from My Moola community projects while the FNF has also purchased a licence to deliver a customised My Moola program in the Pilbarra region.

It was also reported earlier by the FSC that a major mining group has confirmed it will be going ahead in procuring My Moola to be delivered to 500 of their existing staff as well as approximately 200 new staff they expect to hire over the next year



Still time to tweet for that iPad mini...

James Fernyhough

After a fairly quiet opening day at the FSC conference, Thursday saw delegates burst into collective song, tweeting on everything from ice cream and chocolate to the future of vertical integration.

Perhaps it was the promise of an iPad mini for the best tweet of the day that got people going. If you're reading this on Friday morning, get tweeting – the winner hasn't been decided yet. Don't forget to include the hashtag: **#FSCAnnual**

Chris Bowen's speech – which mixed positivity about Australian financial services with a less positive assessment of the current government's record – elicited some tweets, including this from one delegate: 'Interesting @Bowenchris doesn't believe Govt should force retirees into fin products but wants to force advice clients to opt-in.' John Brogden's final FSC conference speech as chief executive of the FSC also got thumbs moving, with one delegate

tweeting, 'John Brogden dismantled @GrattanInst review of #superannuation Lacking detailed analysis, apple / orange comparisons & old data.'

One of the more contentious sessions of the day – on the pros and cons of vertical integration – also lit up the Twittersphere. One delegate tweeted: 'Vertical integration: appears to be broadening support for splitting advice into true IFA style advice vs product sales.'

Another wrote: 'Should we view 'advice' as a type of financial product and if so, should rules about accurately representing the product apply.'

The future of super in awards, tax policy and the Asian market also featured. But if that's all too heavy for you, there were also tweets about DST's ice cream and Bravura's coffee beans.

Financial Standard is judging the best tweet of the competition, so improve your chances by following us **@FinStd**. You can also follow the FSC at **@FinServCouncil**.

Happy tweeting!

TWITTER FEED

@FinservCouncil

@hewi says although we have incredibly powerful hardware (our brain) the problem is we're short in software (how we think) #fscannual

@BakesView

Vertical integration: appears to be broadening support for splitting advice into true IFA style advice vs product sales #FSCAnnual

@FinStd

General advice? 'We hate it,' says FPA's Mark Rantal. Says term is misleading #FSCAnnual

@saintcommathe

Chris Bowen at #fscannual – I don't see the FSC as an organization to be 'duchessed' in opposition and ignored in government

@JamesFernihough

Brogden channels Churchill: 'We have the worst superannuation system in world, apart from all the others.' #FSCAnnual

@BakesView

Default super: ACCI wants super out of awards but still in EBAs...hard to take them seriously about competition #FSCAnnual

@saintcommathe

Interesting @Bowenchris doesn't believe Govt should force retirees into fin products but wants to force advice clients to opt-in @FSCAnnual



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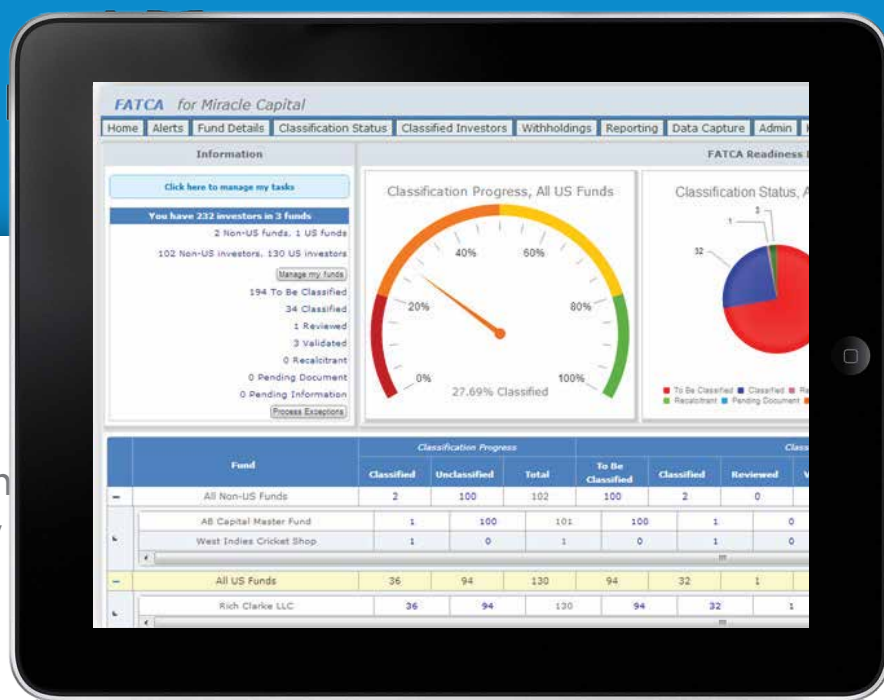
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Walking into the Cloud

We are living in a digital revolution where consumer led self-service is all pervasive. Whether you are a bank, wealth manager, fund manager, family office or broker, technology has changed the information paradigm unrecognisably.



Asset managers and wealth managers are confronting a new and evolving challenge in 2014 – namely, how to harness the newest innovations in cloud-based technology and thereby realise efficiencies and cost savings. It comes down to a simple choice: either they remain where they are, maintain what they have and trouble-shoot as best they can when problems arise, or they can move to take advantage of new technologies to leverage improvements throughout their businesses.

Both options involve risk. But history tells us that standing still is always the greater risk. In the 1990s, managers made a similar analysis – stay on mainframe systems, embrace custom applications or migrate to client/server applications. We all know what happened to those managers who closed their eyes to the future of technology.

Like all cutting-edge technology, cloud-based solutions are evolving, and any manager who seeks to embrace the cloud would do well to ensure they are turning to the latest and best approaches. Simply migrating to the cloud is no longer enough: it's cloud-based technology combined with expert service that will truly enable managers to focus on managing relationships and returns.

SS&C has been at the forefront of cloud-based solutions from the beginning. Our new whitepaper, prepared by our team of industry experts, presents the challenges posed by cloud-based solutions, analyses the options available, weighs the risks and benefits and presents a potential solution. Email nmoore@sscinc.com today for your copy of our new whitepaper.

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