



FPRJ VOL 10 EDITORIAL

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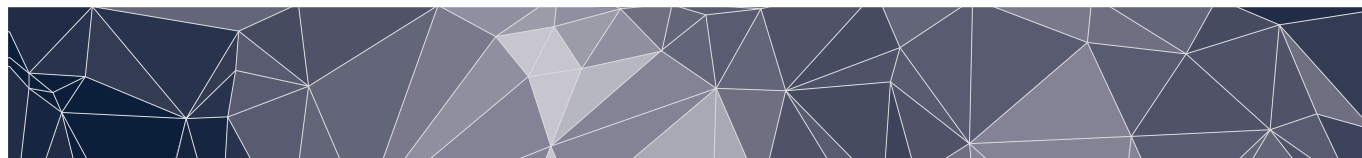
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Ongoing reform in Australian financial services continues to dominate discussions in the financial advice community with the potential to significantly change the trajectory of the financial planning profession. As we draft this editorial, ten years after the Financial System Inquiry that proposed the idea of legislating an objective for superannuation (The Treasury, 2014), the *Superannuation (Objective) Bill 2023* has been passed by Parliament. The legislation enshrines the objective of superannuation “to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way” (The Treasury, 2024, p. 6). This will mean that any future policies, regulations and/or legislative changes to superannuation will need to be compatible with this objective, in line with the *Human Rights (Parliamentary Scrutiny) Act 2011*. This raises very interesting questions for superannuation funds, trustees and policy makers in relation to system architecture regarding the fairness of the system, particularly as we approach a period of significant intergenerational wealth transfer. We watch with keen interest as to how this may play out in the lead up to the next federal election, where both retirement policy and housing affordability take centre stage.

Another legislative change on the horizon is the introduction of a new class of adviser as part of the Delivering Better Financial Outcomes (DBFO) Tranche 2 reforms (The Treasury, 2023), aimed at attracting more people to the profession, given there are fewer than 16,000 registered advisers to provide advice to a growing ageing population in Australia (ASIC, 2024). While there have been private consultations with major stakeholders behind closed doors, many are waiting with anticipation for the Government to reveal exactly how we will refer to this new class of advisers and the level of education that they will be required to undertake. The Government has proposed Diploma level qualifications, but just what that will entail and the rigour of its delivery will be key details... it is hard not to shudder with the memory of how RG146 education ended up—infamously able to be completed in a few days.

Among other issues at the forefront of the debate is the Australian Financial Complaints Authority's (AFCA) interpretation of what ‘loss’ means as part of the Compensation Scheme of Last Resort (CSLR). As all advisers are required to fund the compensation costs of the CSLR via an imposed levy for someone else's poor advice, it is understandable that many are opposed to AFCA's ‘but for’ methodology (Ford, 2024). This methodology effectively compensates the client for additional returns they could have earned over and above profits that they actually earned, i.e. additional profits they would have earned ‘but for’ the poor advice (as opposed to good advice).



The continuously changing landscape of financial advice provides the impetus for much needed research capable of informing future policy and legislative reform. We hope to receive future submissions to FPRJ that address this need.

In this edition of the journal, the tenth volume of FPRJ, we have four (4) papers, the first of which by Nabil Tahani and Chris Robinson uses a probabilistic (stochastic) model to demonstrate a comprehensive approach to the dual problems of saving enough for retirement and determining how much saving is enough at retirement. Through a case study example, the authors argue that retirement plans are riskier than what is shown in financial planners' deterministic models. They also discuss which variables the family can control for a successful retirement plan.

The second paper by Sue McGregor and Amani Hamdan Alghamdi explores what constitutes conventional financial literacy compared with Islamic financial literacy and provides a detailed compendium of Islamic finance concepts. The paper also provides the results of a literature search to reveal various measurement methods adopted for Islamic financial literacy. The paper is a useful resource for Islamic financial literacy researchers, particularly those looking to develop and validate relevant measurement instruments.

In the third paper, authors Nabil Tamimi, Rose Sebastianelli, Murli Rajan and Vincent Rocco revisit the 4% withdrawal rule using Monte Carlo simulations with random market declines to show that a hypothetical portfolio valued at \$1,000,000 with a 30-year retirement planning horizon and a higher allocation to equity, can yield a superior average ending portfolio balance while reducing the risk of fund depletion.

The last paper, by Ashlyn Rollins Koons and Megan McCoy, explores the relationships between virtual client meetings, financial anxiety, and trust in financial planning using primary data collected from Canadian financial planning clients. Findings from the paper suggest that financial planning professionals may need to put in some extra effort to build client trust when using virtual mediums to better serve their clients. Further, as technology and financial advice models continue to change over time, this study forms the basis for future research that could create a repeated measure design to explore changes over time.

Finally, we are pleased to announce that FPRJ has two upcoming special issues. The first special issue, due for publication in 2025 is on 'The Future of the Financial Advice Profession'. Submissions are due by February 14, 2025. For this special issue, we hope to see some submissions from the 12th Personal Finance and Investment Symposium (PFIS) in Brisbane, Australia, organised by the Academy of Financial Services Australia-New Zealand Chapter. The second special issue, on 'Diversity, Equity and Inclusion in Financial Planning' is planned for publication early 2026, with submissions due by 30 June 2025. We are excited to announce the Guest Editors for the second special issue are Associate Professor Bomikazi Zeka (University of Canberra, Australia) and Assistant Professor Megan McCoy (Kansas State University, USA).

We hope you enjoy reading this edition of FPRJ and thank all who have contributed. We look forward to receiving your submissions for our upcoming special issues, both of which will make important contributions to the financial planning profession.



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