

ASFONZ

The Voice of Workplace Super

Workplace Investment Advice - An Employer's Guide

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Today's Environment

- overuse of credit
- overspending
- lack of budgeting
- lack of financial knowledge
- too much choice
- more complicated financial products
- inadequate shopping and spending skills
- inability to save

The reality today

- mortgage debt is higher than its ever been
- consumer debt levels are at their highest
- financial stress is increasing and having a greater impact in peoples lives

Money and stress

- 4th most stressful thing in life
- 2nd leading cause of relationship issues and breakups
- correlation between financial problems and stress related illness

What is financial education?

- Financial knowledge is defined as

“the ability to make informed judgements and to take effective decisions regarding the use and management of money”

What should financial education do?

- improve overall economic wellbeing
- assist families who are struggling for survival
- better enable people to make financial decisions
- understand what tools and resources are available
- promote knowledge
- protect rights
- empathise in their struggle and despair
- to create hope out of that despair

Benefits of workplace financial education

- is a key factor in both recruitment and retention
- increase productivity
- happier and more content staff
- increases participation in employer sponsored benefits
- creates greater worker commitment to the employer
- reduces absenteeism
- reduce the work time employees use for financial matters
- reduces workplace theft

What is currently available in NZ

- Sorted, Retirement Commission
- Employee Assistance Programmes (via EAP Services)
- Flight Center, NW Supermarket

How should financial education be delivered

- comprehensive financial counseling
- limited financial counseling
- group seminars or workshops
- lunch and learn sessions
- computer generated plans
- telephone hot line
- CDs, DVDs
- Printed material and brochures
- Newsletter
- Intranet and/or internet

The Employer's obligations in relation to financial planning assistance

- how far does the duty of good faith go?
 - S.103A Employment Relations Act
- stress as a workplace hazard
 - but does that include financial stress unrelated to the workplace?
- hands on v hands off assistance
- facilitating salary sacrifice and implementing other rem strategies

Giving Investment advice - general legal constraints

- duty of care
 - encourage employees to rely on your investment advice at your peril!
 - What about recommending third party advisers?
- Advertising schemes in which you participate
 - watch out for Securities Regs constraints
- employees as consumers of advice

Giving Investment advice – specifics

- Securities Markets Act
 - Investment advice = a recommendation, opinion or guidance given to a member of the public in relation to acquiring or disposing of (or not acquiring or disposing of) securities, communicated in any way
- employees are members of the public
- does not include guidance on procedure for acquiring or disposing of securities

Giving Investment Advice - specifics

- Securities Markets Act (cont)
 - Investment adviser = a person who, in the course of the person's business or employment, gives investment advice
 - Does not include someone who only transmits investment advice given by the issuer or a promoter.

Giving Investment advice – specific obligations

- investment advisers must make extensive disclosure of information before investment advice is given
- specific requirements for advertisement content
 - Advice advertisements and product advertisements
- advertisements must not be deceptive, misleading or confusing
- getting it wrong – fines of \$100,000 for individual, \$300,000 for body corporate and other penalties

Giving investment advice – workplace relief

- under the KiwiSaver Act, the following is not investment advice
 - supplying an information pack
 - giving factual descriptions of the features of a KiwiSaver scheme or KiwiSaver schemes in general, whether to an individual or in the course of promoting retirement savings in general
 - acting as an intermediary transmitting information about a KiwiSaver scheme
 - otherwise exercising a function, duty or power under the KiwiSaver Act
- No relief for non-KiwiSaver Securities

Pending reforms

- Financial Advisers Bill
- Financial Service Providers (Registration and Dispute Resolution) Bill
- Anti-money laundering reforms
- employment law developments

What NOT to do

- Take on the burden of an employee's financial stress as your own
- Offer investment advice without possessing relevant skills
 - Don't dabble in giving investment advice
- Offer investment advice without understanding the legal constraints involved
- Ignore the issue of workplace financial education in the current environment

Workplace Investment Advice - a necessary evil?

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