

# BECOMING A CERTIFIED FINANCIAL STRATEGIST

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THE CONSUMERS DESIGNATION  
FOR QUALITY ADVICE



THE COMPLETE APPROACH  
TO FINANCIAL ADVICE







## THE CONSUMERS DESIGNATION FOR QUALITY ADVICE

The key to a successful financial advice journey is selecting the right Financial Adviser for your needs.

This process commences with seeking critical information about the Adviser's position before committing to an appointment –

- Who is the Adviser licensed to? What is the value of experience and qualifications if the Adviser works for a Financial Institution where they are expected to recommend inhouse products?
- An Adviser must have robust compliance and research facilities backing Advice decisions.
- Is the Adviser experienced with ASX and Industry Super Fund options?
- Does the Adviser have adequate Professional Indemnity insurance just in case things don't go according to plan?

The Certified Financial Strategist [CFS] designation addresses the key information consumers should be looking for when selecting an Adviser.

The Association of Independently Owned Financial Professionals [AIOFP] is a not-for-profit Association established in 1998 for Financial Advisers who are independent or independently owned with no financial institutional ownership.

## THE ART OF SELECTING AN ADVISER

Financial advice is more than just having a tertiary education. Professional advice is very much about eliminating conflicts of interest, having the ability to act in the best interests of a consumer without fear or favour, relevant experience and avoiding product failure/poor advice.

The AIOFP's objective is to make CFS the consumers' designation, something they can identify with as being important to what they want to achieve in their financial lives.

Over the past 15 years we have continually surveyed our members on whether consumers ever enquire about what qualifications an Adviser may hold, very few ever have. It appears consumers naturally assume their Adviser is suitably qualified or experienced and they will act in their best interest – that has proven to be an expensive mistake for many over the decades.

We want to change this paradigm of consumers not asking or valuing these critical questions.

The AIOFP Board has identified 5 foundation Tenets that consumers should be looking for when selecting an Adviser.

- 1 Independently owned.
- 2 Capable research, compliance and PI facilities.
- 3 ASX and Industry Super Fund trained.
- 4 Minimum of 3 years practical experience.
- 5 Relevant qualifications.

The AIOFP contends that an Adviser needs all these characteristics in place to always act in the best interests of consumers. Our objective is to educate consumers on why a CFS Adviser is important to them and highlight the key features that differentiate a CFS Adviser to other options in the marketplace.

CFS Advisers are certified by the AIOFP Compliance Board committee, a panel comprising highly experienced current and former Advisers.

### THE FOUNDATION TENETS

Despite the much publicised industry reforms over the past decade the financial services landscape is still compromised by financial institutions operating their highly conflicted vertically integrated models – aka as in-house Advisers only offering inhouse products.

The CFS designation will give consumers confidence that the brand has integrity with the foundation Tenets in place. To arrive at these Tenets, the AIOFP Directors simply asked themselves a basic question – 'what Adviser characteristics would they want in a person providing advice to them'.

Once this question was considered the following naturally evolved:

### WHY INDEPENDENTLY OWNED?

The advice market is broadly divided into 2 distinct categories, institutionally owned/aligned and independent/independently owned. Independently owned Advisers operate their own ASIC issued AFSL license which allows them to decide on what product manufacturers and strategies they will use for the consumers circumstances. Institutionally owned or aligned Advisers work under vertical integration conditions where Advisers are expected to offer their owners products to consumers regardless of suitability for their circumstances.

## WHY CAPABLE RESEARCH, COMPLIANCE AND PI INSURANCE?

Capable research is the most important aspect of an Adviser's service, if it is inefficient, clients are exposed to the real potential of product failure and capital loss. We ensure the Adviser has mitigated the inherent conflicts that can occur with the research rating process.

A capable in-house compliance service is fundamental to operating a professional practice, this will give consumers confidence the Adviser complies with the law and will be around for a long term professional relationship.

## WHY ASX AND INDUSTRY SUPER FUND TRAINED?

Consumers are becoming more educated and aware of both ASX and Industry Super Funds, the complete professional Adviser offers all options.

## WHY RELEVANT TERTIARY QUALIFICATIONS?

Having a strong relevant education base is an important prerequisite to a professional Adviser's characteristics. A CFS Adviser must demonstrate their relevant experience and qualifications that exceed industry standards.

## WHY 3 YEARS EXPERIENCE?


Hands on experience dealing directly with client portfolios are obviously critical to ensure professional advice is delivered. Three years' experience is considered a minimum prerequisite.

## PEACE OF MIND.

A CFS Adviser will give consumers confidence they are dealing with a person who has eliminated all conflicts of interest in the advice process and will be acting in their best interests at all times in all circumstances.

A CFS Adviser embodies all the professional characteristics an Adviser should possess to deliver quality professional advice to consumers on a fee for service basis.

CFS is the consumers designation for quality advice.

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