

Newsletter
Autumn 2009



Notes from the President

“Isn’t it surprising just how much business has increased just because of the recession”. This was a comment made to me by a broker who is writing at unprecedented levels. When the values of assets fall the question of risk is in the forefront of peoples minds.

Delay in New Tax for Insurance Companies

The impending change to the tax treatment has been delayed creating an opportunity to offer those clients a level premium contract where appropriate and the incentive to do it now!!

New Legislation – Category I and II

In various discussions it seems reasonably apparent that most of our members are likely to be category one and so the minimum education level would be level five of the adviser link course. See Ron Flood’s Education Round Up on page 2.

GST and Brokers

Those brokers who were not registered and therefore not paying GST and should have been should ensure that they use the current opportunity to rectify this situation. This is available at the moment and or more information talk to you BDM or Accountant or the product provider.

Report on the January 2009 survey

Thank you to all members who took part in the survey. Often we receive comments from a limited number of members and we saw this as an opportunity to get wider representation of views. See the report on page 3.

Annual Conference at Hamilton

We only sell knowledge – the more knowledge the more we can sell!

Now is the opportunity to gain greater knowledge and to talk to brokers in similar situations to yourself who will be more than willing to help with ideas and information and are willing to listen and share. If you want to be the cream of the crop there is a cost. Here is the opportunity to lift your game and become a leader in your business.

Register for your conference now, download the registration form at www.lba.org.nz/events

Education Round Up

By Ron Flood

Over the past three years, I have been involved in formalizing the education standards for LBA members. During this period many members have inquired as to what courses they should undertake to satisfy the requirements of the new regulations. In the absence of any indication from the Ministry of Economic Development I had taken the stand that the minimum requirement would be the Certificate in Financial Services offered through AdvisorLink. I also recommended the Graduate Diploma in Business Studies, a University / Correspondence course

On 20th April the Securities Commission released a discussion document “Staff Paper on Authorised Financial Advisor Competence”. This document requires all interested parties to make written submissions no later than 29th May 2009.

In conjunction with the Board, we will be forwarding a submission which will be circulated to all members at Conference and available on our website in the week prior to 29th May.

Members of the LBA are, in the main, Risk Insurance writers with some also involved with promoting Kiwi Saver. Most will agree that in order to recommend appropriate solutions to client’s needs, a Needs Analysis needs to be completed before going back and presenting to the client. This scenario would most likely make members a Category 1 Financial Advisor. As such we would be required to pass the minimum competency standards set out by the Commission.

The Commission has indicated that a new Level 5 National Certificate in Financial Services will most likely be the minimum standard for Financial Advisors. These courses will be provided by any accredited training organization, including AdvisorLink and Universities around the country.

Any member who has previously completed a course of study that includes subjects at a Level 5 standard, will most likely be able to be audited by an approved body and gaps in their training would be addressed in a more cost effective way. This will benefit those who have already completed Diplomas or are part way through.

Regulation is now starting to become a reality after many years of debate. I would recommend to all members, who wish to remain in the business after 2012, enrol in an approved course as soon as you can. Check out the AdvisorLink & Massey websites to see if the relevant courses are available in your area. We should now embrace the changes that are about to occur and up skill where necessary.

LBA Membership Survey - January 2009

There were a total of 34 respondents, which represents approximately 20% of paid members.

Although higher participation would have been desirable the percentage of respondents completing the survey gives some direction to the Board.

The results and some comments are given below.

1. The number of years the survey participant had been a member of the LBA:

	Response Percent	Response Count
1 year	8.8%	3
2-4 years	20.6%	7
5-10 years	29.4%	10
11+ years	29.4%	10
Foundation member	11.8%	4

Almost 60% of the respondents had been LBA members for 5 or more years and over 90%, for 2 or more years.

2. Survey participant membership status:

	Response Percent	Response Count
Unknown	23.5%	8
Affiliate	0.0%	0
Ordinary	26.5%	9
Associate	8.8%	3
Fellow	41.2%	14

The respondent member status were widely representative of the organisation.

3. The number of times the survey participant has attended an LBA annual conference: in the past 5 years:

	Response Percent	Response Count
never	26.5%	9
1	11.8%	4
2	8.8%	3
3	11.8%	4
4	14.7%	5
5	26.5%	9

More than a quarter of the LBA membership have not attended an LBA conference in the past 5 years. The same percentage which has attended all five! However, more than half had attended at least 3 times in the past 5 years.

4. The number of times the survey participant has attended a corporate club event in the past five years is

	Response Percent	Response Count
0	41.2%	14
1	8.8%	3
2	8.8%	3
3	5.9%	2
4	2.9%	1
5	0.0%	0
more than 5	32.4%	11

Almost a third of respondents had attended more than 5 corporate club events in the past 5 years, with over 40% not attending these at all.

5. The number of times that the survey participant has visited the LBA website for information in the past 12 months:

	Response Percent	Response Count
0	47.1%	16
1	14.7%	5
2	8.8%	3
3	2.9%	1
4	5.9%	2
5	2.9%	1
more than 5	17.6%	6

Over half the respondents had visited the website in the past 12 months at least once, although almost half had never done so.

6. The survey participant's support of regional LBA meetings if they were held at the stated frequencies:

	Response Percent	Response Count
not interested at all	17.6%	6
monthly	8.8%	3
two monthly	8.8%	3
quarterly	50.0%	17
half yearly	14.7%	5

About one sixth of respondents are not interested in attending regional meetings but half would do so if they were held quarterly, and presumably those who would have attended monthly or two-monthly meetings would also attend quarterly ones.

7. The value the survey participant placed on the following initiatives from the LBA is

	No value at all	No opinion	Some value	Considerable value	Rating Average	Response Count
Annual conference	3.0% (1)	18.2% (6)	18.2% (6)	60.6% (20)	3.36	33
Regional meetings	6.3% (2)	25.0% (8)	43.8% (14)	25.0% (8)	2.88	32
Corporate club seminars	8.8% (3)	17.6% (6)	23.5% (8)	50.0% (17)	3.15	34
Newsletters	9.4% (3)	18.8% (6)	43.8% (14)	28.1% (9)	2.91	32
Industry information	3.0% (1)	6.1% (2)	45.5% (15)	45.5% (15)	3.33	33
Professional support	6.1% (2)	9.1% (3)	36.4% (12)	48.5% (16)	3.27	33
A report-writing facility in developing needs analysis for clients	15.2% (5)	15.2% (5)	33.3% (11)	36.4% (12)	2.91	33
Risk business support	6.1% (2)	15.2% (5)	27.3% (9)	51.5% (17)	3.24	33
Savings and investments support	35.3% (12)	32.4% (11)	26.5% (9)	5.9% (2)	2.03	34
Property investments support	50.0% (17)	29.4% (10)	8.8% (3)	11.8% (4)	1.82	34

Activities ranked of highest value by survey participants:

- Annual conference
- Risk business support
- Corporate club seminars

of some value ranked

- Industry information
- Needs analysis report writing
- Industry support
- Newsletters
- Regional meetings

and of least value

- Property and investment support
- Savings and investment support

8. The survey participant's opinion on engaging a dedicated paid executive to manage LBA initiatives:

	Response Percent	Response Count
of no value	17.6%	6
should be considered	55.9%	19
very important	26.5%	9

Well over 50% felt that a dedicated paid executive should be considered and in addition, over a quarter felt it was very important.

9. The survey participant's opinion on whether the LBA should investigate amalgamation with another professional body partner:

	Response Percent	Response Count
Not at all	47.1%	16
PAA	52.9%	18
IFA	0.0%	0

Over half of respondents felt that an investigation into amalgamation with PAA should be considered and just less than half felt that amalgamation should not be considered. Clearly, there is not a mandate to pursue amalgamation at this time.