

Discussion Paper
October 2025

Actuaries
Institute.

Financial Advice Reform and Help, Guidance and Advice



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About this Paper

This Discussion Paper is an initiative of the Actuaries Institute Help, Guidance and Advice (HGA) Working Group and published by the Actuaries Institute as part of its [Public Policy Thought Leadership program](#). The members of the HGA Working Group are Andrew Gale (Chair), Stephen Huppert, Michael Rice, Giacomo Tarantolo, Peter Crump and Melanie Dunn. Enquiries should be directed to the Institute's Public Policy Team at public_policy@actuaries.asn.au.

The Working Group's objective is to develop and promote an HGA framework to help address the financial advice gap in Australia, where many consumers cannot access or afford financial advice.

The Working Group would like to thank external stakeholders including Hazel Bateman, David Bell, Katrina Ellis, Adrian Gervasoni, Andrew Gregory, Peter Hogg, Estelle Liu, Justin Maughan, Harvey Russell, Chaneg Torres, Geoff Warren, Richard Webb and Shang Wu for their views and feedback on an earlier draft of this Paper.

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ISBN: 9781764362207

Suggested citation: Gale, A., Huppert, S., Rice, M., Tarantolo, G., Crump, P., Dunn, M. (2025). *Financial Advice Reform and Help, Guidance and Advice Discussion Paper*. Actuaries Institute.

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1 Executive Summary

The financial advice landscape in Australia is undergoing significant transformation. Increasing regulatory change, heightened consumer expectations and the pressing need to close the advice gap have created urgency for a more accessible, scalable and trustworthy framework for support. The Actuaries Institute Help, Guidance and Advice (HGA) Working Group has undertaken extensive research and consultation to examine how different levels of support can be structured to better serve Australians' diverse and evolving needs.

More Australians must have access to and receive HGA that is suitable for their needs and contributes to enhanced financial wellbeing.

This Paper proposes a principles-based Help, Guidance and Advice framework to apply broadly to how financial institutions help consumers improve their financial wellbeing, as illustrated in Figure 1.

Figure 1: Proposed Help, Guidance and Advice Framework



This framework establishes a continuum of financial support options, providing clarity on what can be offered under each category and the safeguards required. It includes:

1. **Help:** Provision of factual information, tools and calculators to support understanding. No personalisation, minimal regulatory burden.
2. **Guidance:** Directional, tailored nudges based on consumer circumstances (e.g., fund prompts, risk alerts). Requires defined boundaries and safeguards but not the full rigour of personal advice.
3. **Advice:** Personalised, professional recommendations that consider the individual's financial situation and objectives. Subject to existing professional and regulatory standards.

The framework emphasises transparency, consumer understanding and trust. Each level is supported by clear disclosures about scope, limitations and responsibilities.

In considering the increased accessibility and affordability of HGA, three key messages stand out:

1. **Government reforms are essential:** The Government's Delivering Better Financial Outcomes (DBFO) package represents advice reforms that are potentially as significant as the Financial Services Reform (FSR) Act and the Future of Financial Advice (FOFA) reforms. These reforms are critical for increasing access to affordable HGA, with superannuation funds playing a pivotal role alongside financial advisers, other financial institutions and digital solutions.
2. **A broader framework is needed:** Current regulation tends to treat all advice as equally complex, failing to distinguish between simple guidance and comprehensive planning. Many consumers require support varying from Help to Guidance to different levels of Advice complexity—each serves a distinctive purpose.

3. **Guidance fills a critical gap:** Currently operating in regulatory grey areas, Guidance bridges factual information and personalised advice. It enables scalable, cost-effective support for the millions who need more than basic help but less than comprehensive advice.

Superannuation fund trustees face a tension between their obligation to support members (including Retirement Income Covenant requirements to "identify and recognise broad retirement income needs") and complex financial advice regulations. The HGA framework, supported by DBFO reforms, provides a pathway to resolve this "Trustee Dilemma" while enabling funds to better serve their members.

The DBFO package, especially the Tranche 2A¹ draft legislation released in March 2025, represents good reform initiatives. When complete, the DBFO reform initiatives should significantly increase access to affordable support on financial issues. The reforms require refinement to fully realise their potential. Key areas include clearer advice definitions, legislative recognition of Guidance and expanded data access for superannuation funds to provide appropriate support (see Section 7).

This Paper aims to highlight key issues, provide thought leadership and insights (including from developments overseas), provoke discussion, provide a platform for stakeholder feedback and establish a valuable framework for informing key public policy decisions over the immediate and medium term.

In finalising the Paper, the HGA Working Group conducted structured interviews with a diverse cross-section of stakeholders, including superannuation funds, consumer groups, industry and professional bodies, academics, superannuation advice and insurance peak bodies, and service providers. We appreciate their feedback and key insights from this consultation are integrated throughout this Paper. However, the observations and recommendations in this Paper represent the position of the Actuaries Institute HGA Working Group alone and should not be interpreted as reflecting the views of any participating stakeholders.

Successful implementation of the HGA framework could enable more Australians to access appropriate financial support, thereby improving financial wellbeing outcomes at a national scale. The framework balances accessibility, affordability and consumer protection through graduated service levels matched to consumer needs.

The framework's success depends on coordinated action across multiple stakeholders:

- **Government and regulators:** Finalise DBFO legislation with clearer Guidance recognition and streamlined advice definitions.
- **Superannuation funds and other financial institutions:** Develop comprehensive HGA strategies utilising the expanded regulatory permissions.

¹ We refer to the March 2025 release to as "Tranche 2A" rather than "Tranche 2" because it contains only the first components of the originally planned Tranche 2 reforms, with significant measures still under development.

- **Financial advisers:** Embrace tiered service models that leverage Help and Guidance to extend their reach.
- **Technology providers:** Invest in digital tools that enable scalable, hybrid delivery models.
- **Industry bodies:** Support member education and promote best-practice HGA implementation.

The HGA framework offers a pathway to addressing Australia's advice gap by creating a graduated, consumer-centric model of support. By better matching service levels to consumer needs, it balances accessibility, affordability and protection. The framework has the potential to reshape financial engagement in Australia, enabling millions more Australians to receive timely, appropriate support.

2 Introduction and Scope

2.1 Scope and Approach

This Paper sets out the motivation behind and proposal for a Help, Guidance and Advice (HGA) Framework to help address the financial advice gap in Australia, where many consumers cannot access or afford full personal advice. There is an imperative for more Australians to have access to and receive a broad range of support that is fit for their needs and contributes to enhanced financial wellbeing. We identify three broad categories of support: Help, Guidance and Advice, and propose a framework that brings them together.

Policy and regulatory objectives of a comprehensive HGA framework:

- Increase access to financial support.
- Provide practical solutions to improve consumer financial wellbeing.
- Define clear boundaries between Help, Guidance and Advice.

In summary, we believe the target outcomes of the reform process should include:

- Increased accessibility to financial support services.
- Clearer regulatory framework for providing financial guidance.
- Enhanced capacity for superannuation funds to support members.
- Improved consumer financial wellbeing.

In Section 4, we define Help, Guidance and Advice as being fit for the needs of Australians and contributing to their enhanced financial wellbeing. The HGA framework is part of a necessary ongoing discussion about providing more accessible, cost-effective financial guidance without crossing into regulated personal advice.

More specifically, an HGA framework should contribute to positive outcomes in the following areas:

- To increase access and affordability to HGA through multiple channels, including financial advisers, superannuation funds, digital and accountants.
- To have an HGA framework that increases the capability and capacity for superannuation funds and other entities to deliver HGA, including navigating the tension between superannuation trustee obligations and financial advice obligations.

- To support those who do not have a high degree of financial or retirement literacy—for example, through nudges², including targeted prompts, soft defaults, pathways for specific cohorts and choice menus (explained further in Section 4.3).
- To have Help and Guidance components recognised in legislation in addition to Advice on a ‘principles’ rather than ‘prescription’ basis (refer to UK developments on ‘boundaries’).

A key concept is the distinction between Advice and Guidance, which we explain in Sections 4.3 and 4.4. This concept is informed by the work done in the UK in recent years by the UK Financial Conduct Authority (FCA) and HM Treasury (HMT) with their Advice Guidance Boundary Review. A synopsis of this appears in Appendix 1.

The important role of Guidance is also noted in the Actuaries Institute’s Public Policy Statement, *Designing Adequate Retirement Incomes for an Ageing Australia* (Actuaries Institute, 2025a), with the Institute stating its support for policies and innovations that make financial guidance on retirement more accessible and affordable. Further details appear in Section 4.3.1.

The above observations focus primarily on enhancing positive financial outcomes through Help, Guidance and Advice. Another key dimension for personal planning, especially retirement planning, is the many non-financial aspects of future planning, as canvassed in the Actuaries Institute Dialogue Paper *Retirement Matters* (Gale & Huppert, 2023). Notwithstanding their key importance, these aspects are beyond this Paper’s scope.

2.2 Overview of Prospective Retirees Segment

A particular focus for the HGA framework is the coming tsunami of retirees over the next decade. In addition to financial advisers, superannuation funds, digital solutions and a broad-based HGA framework are critical in meeting requirements.

The next decade will see a significant demographic shift in Australia, with approximately 710,000 people intending to retire in the next five years (ABS, 2024). However, the country faces a substantial challenge: only around 15,500 financial advisers are available (Williams, 2024). This stark disparity underscores the urgent need for a comprehensive framework that goes beyond traditional financial advice, encompassing Help and Guidance as critical components in supporting Australians as they transition into retirement.

² Nudge is a term that is used informally to indicate that a consumer action is suggested as a reasonable outcome but without it being advised as a recommended outcome. Nudges are based on Behavioural Finance, which operates at the intersection of psychology and financial decision-making, studying how cognitive biases, emotional factors and social influences impact financial choices.

Richard Thaler and Cass Sunstein explored this understanding further in their 2008 book "Nudge: Improving Decisions About Health, Wealth and Happiness", arguing that cognitive biases can be utilised to nudge, or gently guide, people into making choices that are better for them while always leaving them free to choose otherwise.

In this context, a nudge is any intentional change in how choices are presented that predictably alters people’s financial behaviour without restricting their options or significantly changing their economic incentives.

For those approaching retirement, superannuation is a complex and often overwhelming aspect of their financial lives. Retirement planning involves making crucial decisions about income streams, asset allocation and risk management—decisions that will significantly impact their financial security and quality of life in retirement. Yet, the limited availability of financial advisers makes it impossible for all retiring Australians to receive personalised advice. This reality necessitates a scalable, multi-faceted approach that can meet the diverse needs of this large cohort.

2.3 Challenges, Considerations and Potential Solutions

Key challenges and considerations include:

- **Scalability and Accessibility:** With millions of Australians approaching retirement, scalability is a key concern. Digital solutions must be designed to handle a high volume of users while providing relevant and personalised support, regardless of the recipient's technological proficiency.
- **Financial Literacy:** Many Australians approaching retirement may have low financial literacy, making it difficult for them to understand their options and make informed decisions. Superannuation funds should offer targeted financial education programs to help their members build the necessary knowledge to plan for retirement effectively.
- **Regulatory Concerns:** The regulatory environment presents a significant challenge, particularly regarding the fine line between Guidance and Advice. A well-defined framework that clearly distinguishes between Help, Guidance and Advice will be essential in navigating these regulatory complexities.
- **Personalisation and Member Engagement:** Personalisation is key to effective retirement planning, including consideration of risk protection. Superannuation funds should use data analytics to segment their member base and deliver tailored content and support.
- **The Trustee Dilemma:** This phenomenon has led many funds to take a conservative approach, limiting the scope of services offered and takes two forms:
 - **General:** Trustees are often caught between the desire to provide comprehensive support to their members and the need to comply with strict advice regulatory requirements and navigate their associated complexities.
 - **Retirement specific:** Specifically, the interaction between the Retirement Income Covenant (RIC) obligations, especially the need to “identify and recognise the broad retirement income needs of the members of the fund” and an associated response plan, the changes in financial advice regulation arising from the DBFO reforms and the potential constraints of the Members' Best Financial Interests test.

Emerging solutions are addressed in Section 6, which includes:

- **Hybrid Models:** A hybrid model that combines digital tools with human interaction is emerging as the most effective approach for delivering Help, Guidance and Advice.
- **Behavioural Nudges:** For example, superannuation funds can implement behavioural nudges to guide their members toward better retirement outcomes.
- **AI and Machine Learning:** AI-powered tools can analyse vast amounts of data to offer more personalised Guidance and even predict which members might need more intensive support.

2.4 Longer-term Solution: HGA

A key issue to address in improving the efficiency and efficacy of advice provision is the current inordinate complexity of financial advice legislation and regulation, which then intersects with other complex ecosystems, including the superannuation and retirement income system, the taxation system and the social security system, to name just a few. We canvass some of these issues in Sections 6 and 7 and Appendix 2 (a summary of the Australian Law Reform Commission's Review of the Legislative Framework for Corporations and Financial Services Regulation).

Australia needs a dramatically simplified and more cohesive advice legislation and regulatory framework.

3 Current Landscape

3.1 Overview of Current Landscape and Regulatory Environment

Over the last 30 years, we have seen a gradual cultural change in the financial advice landscape from having intermediaries (life agents and advisers) being paid by institutions to sell products to consumers to an environment of professional license holders employing financial advisers to deliver appropriate financial advice to their consumer clients, wherein the use of a product is a consequence of the advice and not the advice itself.

A long list of government reviews, inquiries and regulations has led to significant improvements for consumers, including:

- 1992: The Trade Practices Commission reviewed the sale of life insurance products.
- 2002: The FSR Act consolidated all financial advice into a single set of laws to form Division 7 of the Corporations Act.
- 2009: The Ripoll Report, a report by the Parliamentary Joint Committee on Corporations and Financial Services, inquired into issues associated with the collapses of various financial product providers following the 2008 share market crash.
- 2012/13: The FOFA Reforms leading to:
 - Raised educational standards for financial advisers and a requirement that advisers act in the best interests of their clients.
 - A ban on conflicted remuneration.
 - Disclosure of the cost of financial advice, which had to be renewed biennially.
- 2013: Superannuation funds began to provide intra-fund advice, which is simple advice relating to a member's account within the fund, but where all members collectively bear the cost of providing this advice.
- 2014: The Stronger Superannuation legislation following the 2010 Cooper Review. This introduced the MySuper product, which allowed no commissions to be paid to advisers. Members could still authorise payment of fees from their MySuper account relating to advice on their superannuation.
- 2014: ASIC criticised the life insurance industry, leading to the Trowbridge Report, which led to a Life Insurance Code of Practice and lower maximum commissions on life insurance sales.
- 2020: ASIC introduced RG 274, which led to the Design and Distribution Obligations (DDO) to ensure consumers are within a product's Target Market Determination.
- 2021: Strengthened anti-hawking regime, which introduces strict liability criminal offence for product issuers and their representatives from offering consumers financial products if the offer arose because of unsolicited contact.

- 2022: The RIC, which requires trustees to formulate a retirement income strategy to address how they will assist their members in meeting their retirement income needs. Trustees must identify cohorts to formulate their retirement income strategy and then periodically monitor these cohorts to ensure that retirees remain appropriately placed.

3.2 Industry Challenges and Opportunities

The legislative regime that emerged from these inquiries was designed to address the issues of the time, including the sale of inappropriate financial products. While consumer protection has now much improved, the industry views the complexity and approach to financial advice regulation as hindering the delivery of sound financial advice at a fair price for most Australians.

While the original intention of the FSR legislation was to allow scalable/single-issue advice, the same requirements for this type of advice apply in practice as for comprehensive advice.

Without a material change, we will soon reach a situation where financial advice will only be delivered to wealthy Australians. Few ordinary Australians can afford to purchase the financial advice they need, which leads to many Australians entering retirement without optimising their financial circumstances.

3.3 Australians' Needs and Expectations

Australian financial services consumers, especially members of superannuation funds, often have common questions that vary by life stage (see Table 1).

Table 1: Common Member Questions by Life Stage

| Life Stage | Key Questions | Focus Area |
|---------------------|--|---------------------|
| Early to Mid-Career | <ul style="list-style-type: none"> • Am I in the right investment option? • Can I make more contributions? • How much should I be putting in to live comfortably in retirement? • Do I have the right level of life insurance? | Growth & Protection |
| Pre-Retirement | <ul style="list-style-type: none"> • When does it make sense for me to retire? • Can I afford to retire? • Will I be eligible for the Age Pension? | Transition Planning |
| Retirement | <ul style="list-style-type: none"> • Should I purchase an account-based pension? • Should I purchase a product that provides longevity protection? • How much should I draw down from my pension account each year? | Income Strategy |

3.3.1 Behavioural Research or Insights Highlighting the Problem

Research consistently shows that many Australians display relatively low engagement and understanding of their superannuation (Vanguard, 2023; Melbourne Institute, 2021), potentially

leading to suboptimal retirement outcomes. This disengagement can result in staying with underperforming funds, missing out on tax benefits and accumulating insufficient retirement savings. Is this inertia or ignorance about the jargon and complexity of the written material?

How does a member decide what insurance they need when a fund's Insurance Guide is 90 pages long and includes significant insurance and superannuation jargon?

These problems will only be solved by:

- Simplifying the communication so lay people can understand it.
- Finding a way to help people without the need for comprehensive advice. This includes providing common solutions to common problems faced by many members.
- Building better default structures that recognise the community's low levels of financial literacy. For example, provide higher automatic life insurance cover to people with dependent children.

3.4 Tiering Risk

Could we introduce a tiered approach to advice with differing levels of complexity, and hence with a need for more robust regulatory 'guardrails' as complexity increases? This tiering would also recognise that the risk of potential consumer harm increases with complexity. We could have the following tiers:

- Simple (low risk): This could include advice about the amount of life insurance needed, the treatment of contributions within a superannuation fund, budgeting (which is not legislated advice but is still important) and saving through safe products (e.g. bank Term Deposits).
- Normal (medium risk): This could include deciding on an investment strategy, moving onto an investment platform and setting up Separately Managed Accounts (SMAs).
- Complex (high risk): setting up an SMSF, geared investment (including property) and international investments.

Another approach is to set up different levels of expertise to provide different forms of advice. An analogy is to separate activities along the lines of the health industry. Nurses, doctors and specialists all work collectively to assist patients but with a different emphasis. Could the financial planning industry define activities into risk groups and delegate those not requiring the services of a financial adviser (establishing a role between a financial adviser and a Paraplanner)?

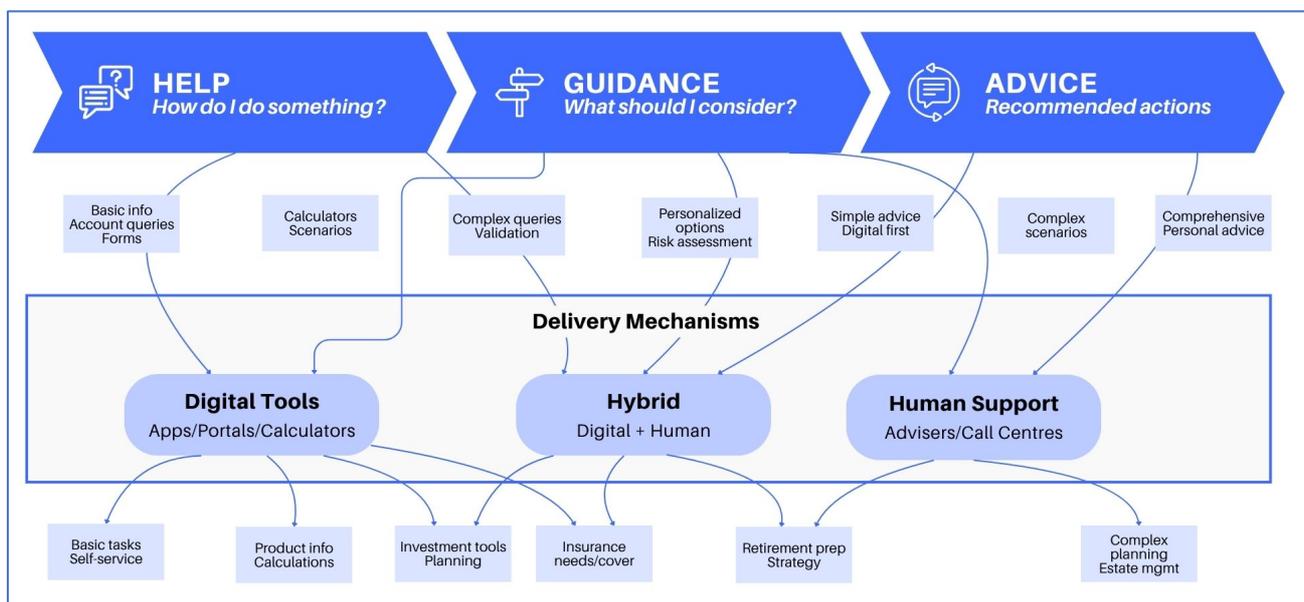
4 What is Help, Guidance and Advice?

4.1 Overview

The HGA framework provides a structured way to cover the spectrum of support available to consumers, ranging from factual assistance through to fully personalised financial advice. Delivery can occur through digital tools, human support, or hybrid models that combine the two.

Figure 2 shows how these levels interact, the types of consumer needs they address and the mechanisms through which they can be delivered.

Figure 2: Illustrative HGA framework



4.2 What is Help?

4.2.1 Definition and Distinction

Help refers to the basic assistance provided to consumers to support their understanding of basic financial services processes and services. This category includes answering straightforward questions, providing factual information and offering support without considering the consumer’s personal circumstances.

Help is the most fundamental level of support, focused on delivering factual and non-personalised information. It does not involve any interpretation of the consumer’s financial situation, making it distinct from Guidance and Advice, which progressively involve more personalised and tailored input.

Help is “How do I do something?”

4.2.2 Importance for Consumers

Consumers expect financial services providers such as superannuation funds to assist with administrative tasks, such as explaining how to consolidate superannuation accounts, understanding product options, or completing necessary forms. This support is expected to be readily available and easy to access, empowering consumers to make informed decisions about their financial position.

4.2.3 Legal and Regulatory Considerations

Providing Help is generally considered low risk from a legal perspective, as it does not constitute financial advice. However, providers of Help must ensure that the information provided is accurate and up-to-date, and they must avoid any interaction that the consumer or regulator could regard as personal advice.

4.2.4 Current Practice and Common Issues

Current Practice

Many financial services providers have call centres or online chat services where customers can ask questions about their accounts and products. These services typically provide Help by offering general information and assisting with procedural issues.

Call centre staff are trained to know what they can and cannot say. They typically direct the customer to seek financial advice if an issue is out of their remit.

Common Issues

- A common issue arises when consumers misinterpret Help as Guidance or Advice, leading to potential misunderstandings about their financial decisions.
- Disclosures within product disclosure statements, target market determinations or website information are monitored by regulators to avoid misleading or incorrect information that could harm consumers.

4.2.5 Stakeholder Feedback

In our discussions with subject matter experts on an earlier draft of this Paper, we heard that there is a need to clearly demarcate Help from other forms of support to prevent confusion. Providers should consider implementing disclaimers or scripts to ensure that Help is not misconstrued as advice.

In general, Help is commonly understood across the industry, and an appropriate level of scrutiny exists on what providers are doing.

If Help is largely descriptive, it could provide a platform for educating consumers about insurance, superannuation and investments. This training would be wide-ranging and include school education, financial books, media articles, training courses and seminars. It would prepare people to understand the financial environment. Such training could help people avoid scams.

4.3 What is Guidance?

4.3.1 Definition and Distinction

Guidance involves offering suggestions or pathways based on the consumer's general circumstances without making specific recommendations. It should involve providing the consumer with the relevant factors they should consider to enable them to make a better decision. It may be a personalised consideration (i.e., considering the consumer's age, product, whether they are a couple, etc.), and it should be more tailored than Help but not cross over into personal financial advice. Guidance might involve offering scenarios or hypothetical examples to help consumers make decisions.

Guidance is a step beyond Help, providing more context and potential scenarios relevant to the consumer. However, it stops short of personalised advice, which involves specific recommendations based on a comprehensive understanding of the consumer's financial situation.

The Retirement Income Review (Callaghan et al., 2020) frequently refers to the role of information, advice and guidance. In most cases, it also tends to bracket together advice and guidance. Advice can include guidance, but it should also be possible to provide guidance in defined circumstances without the burden of regulatory obligations that accompany advice.

It says guidance is "advice or assistance provided to people that does not relate to a financial product recommendation" and suggests examples of guidance could include assistance on:

- *"The best age to retire*
- *Their Age Pension entitlements*
- *Their financial position and debts and assets*
- *How and when to pay down debt*
- *Their likely future living expenses*
- *Their retirement income needs"* (Callaghan et al., 2020).

Other examples of guidance could include considering retirement goals, budgeting and cash flow planning, amount and kind of life insurance cover and utilising home equity as a source of income (without getting into financial/product advice).

Guidance is "What should I consider before doing something?"

The important role of Guidance is also noted in the Actuaries Institute's Public Policy Statement *Australia's Retirement Income System* (Actuaries Institute, 2025a), which states its Policy Position is to:

"Ensure the Australian population can easily access appropriate help, guidance and advice, in one form or another, on retirement matters at an affordable price."

The Statement also states that:

"The Institute believes that superannuation funds are well placed to, and should be required to, offer some form of help, guidance and advice to all their members approaching retirement".

4.3.2 Importance for Consumers

Consumers are increasingly looking to their financial services provider for more than just factual information; they want direction regarding their superannuation decisions. This could include general strategies for maximising retirement savings or understanding the implications of different retirement income streams.

4.3.3 Legal and Regulatory Considerations

Guidance operates in a grey area between Help and Advice. While it does not involve specific recommendations, there is a risk that it could be perceived as personal advice if it appears too tailored to an individual's situation. This necessitates a careful approach to ensure compliance with financial advice regulations. The work undertaken by the UK FCA on the Advice Guidance Boundary Review (see Appendix 1) provides useful insights on this issue.

4.3.4 Current Practice and Common Issues

Current Practice

- Some financial services providers, such as superannuation funds, offer General Advice where consultants answer consumers' questions in person, via video or over the phone at no extra cost. They can explain how super works, help you navigate your online account and suggest what to consider when approaching retirement.
- Some financial services providers offer online calculators or general planning tools that guide consumers through potential scenarios based on typical profiles (e.g., age, income bracket).
- Some financial services providers use marketing campaigns triggered by age, balance and product to nudge consumers to take action, which could be beneficial. Examples include informing superannuation members when they turn 65 of the tax benefits of moving their money into the retirement phase, or when they are nearly 67, that they could be eligible for the Age Pension and should look into applying.

Common Issues

- A potential issue is when a consumer relies on general advice, tools or nudges as definitive advice, taking into account their personal circumstances, leading to actions that may not be in their best financial interest.
- Another was highlighted by Ms Christine Cupitt, CEO of the Council of Life Insurers (CALI), in comments to the Economics Legislative Committee on the DBFO reforms on 13 June 2024:

“The challenge that our customers face every day is that they do ring our call centres or look online at our websites and they aren't able to get simple, personalised answers to simple questions that they really believe are customer service. The challenge we face is that, in asking and understanding a little bit about our customers' circumstances, we move into the regulated personal advice space, and that comes with the kinds of requirements that apply to financial advisers.” (Cupitt, 2024)

4.3.5 Stakeholder Feedback

There is a strong demand for Guidance, but financial services providers must tread carefully to avoid regulatory pitfalls. The government must develop a clear framework that distinguishes Guidance from Advice to meet consumers' needs while ensuring legal compliance.

As discussed in Section 7, the DBFO announcements are focused on Advice and remain relatively silent on Guidance, which requires its own legislative and regulatory recognition. The exception is the targeted superannuation prompts proposal in DBFO Tranche 2A. The draft enabling legislation provides sufficient carve-outs to categorise these prompts as General Advice, but, in reality, they represent a form of financial guidance.

The distinction between Advice and Guidance is important, though not always clear. The distinction is very well informed by the excellent work done in the UK in recent years through the UK FCA and HMT with their Advice Guidance Boundary Review. A synopsis of this appears in Appendix 1.

There was unanimous support among stakeholders for the role of Guidance in supporting consumers, particularly those who are disengaged or less confident in making financial decisions. It is widely seen as a scalable and cost-effective mechanism for delivering meaningful support, especially in environments where personalised advice may not be feasible. Many also recognised Guidance as a critical bridge between general education and tailored personal advice, helping consumers navigate their options with greater clarity.

While there was minimal disagreement overall, a few stakeholders expressed caution. They emphasised the importance of having adequate data to ensure Guidance is appropriately targeted and effective. Additionally, there were concerns about avoiding the pitfalls of “advice-lite” models, which could blur the lines between Guidance and regulated Advice, potentially leading to consumer confusion or regulatory risk.

There was general agreement that mechanisms such as nudges, cohorting and soft defaults fall within the scope of Guidance. These tools were seen as particularly useful for supporting disengaged or overwhelmed members, helping to prompt action or simplify decision-making. However, stakeholders noted that the effectiveness of these mechanisms depends heavily on timing, relevance and behavioural framing. Some cautioned against oversimplification or unintended consequences, especially if cohorting or defaults are poorly implemented. Concerns were also raised about potential conflicts of interest, including with vertically integrated business models, particularly if product-linked defaults are used inappropriately.

4.4 What is Advice?

4.4.1 Definition and Distinction

Advice refers to personalised financial recommendations provided to consumers based on a detailed analysis of their financial circumstances, goals and risk tolerance. This is the most comprehensive and regulated form of support superannuation funds can offer their members.

Advice is distinctly different from Help and Guidance in that it is tailored to the individual's specific financial situation, requiring a deep understanding of their needs, objectives and financial context. Advice involves a fiduciary responsibility and is subject to stringent legal and regulatory standards.

Advice is "A recommended action a consumer should take based on their personal circumstances and given by a relevant provider or other licensed entity."

4.4.2 Importance for Consumers

Consumers expect personalised advice to help them make critical financial decisions, such as investing in their superannuation or structuring their retirement income. This is especially important for those nearing retirement who face complex decisions with long-term implications.

4.4.3 Legal and Regulatory Considerations

Advice is heavily regulated under financial advice legislation. Financial services entities providing advice must ensure they meet all regulatory requirements, including providing access to an AFSL, adhering to the best interest duty and providing appropriate advice.

4.4.4 Current Practice and Common Issues

Current Practice

- Some financial services providers, such as superannuation funds, offer intra-fund advice, where limited personal advice is provided within the scope of the member's interest in their existing fund. This is typically across a limited number of topics, such as contributions, investment strategy and insurance related to the superannuation account.
- Some financial services providers offer full, comprehensive personal advice, which is deemed holistic in nature. This advice considers all aspects of the consumer's personal circumstances, such as retirement planning, non-superannuation investment, debt management, personal insurance, government benefits and aged care.

Common Issues

- The challenge lies in balancing the delivery of tailored advice while meeting the extensive regulatory requirements, which can be resource-intensive and costly for funds.
- Navigating key responsibilities as a superannuation fund (both fiduciary and statutory) and the complexity of financial advice regulation – especially in situations where there can be a tension between these two sets of responsibilities (see Sections 6 and 7 for further explanation).
- Typically, superannuation fund intra-fund advice is provided without additional charge to the member (existing fund fees incorporate a provision for these services). However, comprehensive advice is typically in the range of \$3,500 to \$7,000, which is too expensive for many members.
- There is also a supply versus demand issue in that there are only around 15,500 financial advisers in Australia (Williams, 2024) who can typically only see a maximum of 200 (or fewer) clients a year.

4.4.5 Definitions and Distinctions

The culmination of continuously changing legislation has led to the following terminology within the industry. Much of this is confusing to consumers, and we should consider wording that is more understandable to the public. ASIC does provide guidance. For example, RG 244 defines giving information, general advice and scaled advice.

The broad legal definitions used by ASIC and the industry are:

- **Education:** Helping consumers understand topics (for example, what is an equity; what taxes apply to superannuation?)
- **Information:** Providing facts about products or services (such as setting out the fees on a product). Any provision of information should not offer any recommendation or statement of opinion intended to influence the client (see ASIC RG36).
- **Financial Product Advice:** This is regulated by legislation and regulation and is advice that evaluates, compares, or makes recommendations about one or more Financial Products.
- **Financial Products:** These are financial instruments or services defined as such in the legislation. Not all financial instruments are Financial Products – for example, mortgages are not.
- **General Advice:** This is advice provided without using personal information about the consumer (even if you know something about the consumer). Giving out a Product Disclosure Statement (PDS) without any commentary on a product's merits is Information, but telling someone (say) that the investment is suitable for superannuation is General Advice.
- **Personal Advice:** This is advice provided in relation to specific issues after considering personal information about the consumer.
- **Scaled Advice:** Personal advice about one or more topics (but is not expected to be Comprehensive, only specific to a specific topic or topics). It is also called scoped advice.
- **Intra-fund Advice:** Scaled advice about one or more topics, which considers known personal information about the consumer and their interest in a single superannuation fund in which they are already a member.
- **Strategic advice:** personal advice focused on financial strategies, not just product recommendations. It is arguably one of the most important aspects of advice.
- **Comprehensive Advice:** considers all the personal circumstances of a consumer

If we asked an average member of the public to explain any of the points above, they would struggle. This suggests that we do not have the right structure to assist consumers (not just in superannuation).

4.4.6 Consumer Needs and Provider Expectations

Consumers want simple questions answered without detailed paperwork. The questions in Section 3 should be addressed so the fund can respond efficiently and the consumer can easily understand the answer. That will require more tailored legislation for intra-fund advice.

Areas where advice is relatively harmless and could be provided with brief supporting documentation:

- Accountants providing advice on superannuation contribution strategies, especially where there is a tax effect; this advice would not extend to recommending a new fund into which the contributions were to be made.
- Websites providing general advice backed by a calculator that shows a consumer the impact on their own financial situation (which becomes personal advice, even if no product is recommended).
- Budgeting and debt reduction (technically, this is not financial advice, though consumers would view it as that, and it is the core on which any savings plan can be built).

It might be that legislating the final part of the DBFO could provide such a simple framework.

4.5 Stakeholder Feedback

There is broad support for the HGA framework, with many stakeholders recognising its potential to clarify the spectrum of support available for members. However, there is a consistent call for sharper definitions and clearer boundaries between the categories. Guidance, in particular, is viewed as the most conceptually ambiguous, prompting some to suggest a simplified two-tier model that merges Help and Guidance, leaving Advice as a distinct category.

Divergent views also emerged across the feedback. Some stakeholders questioned the conceptual validity of General Advice, raising concerns about its role and relevance within the framework. In contrast, others recommended shifting the focus away from rigid definitions and instead emphasising the nature of services provided and the outcomes delivered. This perspective suggests a more practical, client-centric approach to categorising support.

5 Delivery Mechanisms

5.1 Current Practices

Traditionally, financial services providers have relied on a mix of human-based services to deliver Help, Guidance and Advice to their clients or members. This typically involves:

- **Call Centres:** Consumers often turn to call centres for Help, where they can speak with customer service representatives about their accounts, processes and general queries. These interactions provide immediate assistance but are often limited to answering straightforward questions and providing factual information.
- **General Advice Providers:** General advice providers within financial services entities help consumers understand their options related to the products they own issued by that provider. For example, for a superannuation fund, this would be options within the fund, such as investment choices or retirement strategies. While this service provides more context than call centres, it still remains non-personalised and avoids crossing into regulated financial advice.
- **Financial Advisers:** For Personalised Advice, financial services providers often refer consumers to financial advisers, either in-house (often on a permitted intra-fund advice basis) or externally. These professionals can offer tailored recommendations based on a comprehensive assessment of the consumer's financial situation, goals and risk tolerance, but at a significant cost if not provided on an intra-fund advice basis.

5.2 Limitations of Current Practices

- **Scalability:** Human-based services, particularly call centres and financial advisers, face scalability challenges. As consumer numbers grow, providing timely and personalised support to everyone becomes increasingly difficult and costly.
- **Accessibility:** Not all consumers are comfortable or able to engage with financial advisers, often due to the perceived complexity or cost. This leaves a gap where consumers may not receive the support they need to make informed decisions.
- **Consistency:** The quality and consistency of Help and Guidance can vary widely depending on the provider, potentially leading to consumer dissatisfaction or even misinformation.
- **Regulatory Caution:** Due to the stringent regulatory environment, particularly concerning financial advice, many financial services providers are cautious about expanding their offerings. This often results in conservative service delivery that may not fully meet consumers' needs, especially in the realm of Guidance and Advice (see Sections 6 and 7 for further detail).

Given these limitations, there is a growing need for financial services providers to adopt new delivery mechanisms that can enhance consumer engagement and service efficiency.

5.3 Digital Tools and Their Role

Digital tools are increasingly seen as a solution to these challenges, offering scalability, accessibility and efficiency. They enable financial services providers to extend their support services beyond traditional human interaction, making it easier to reach a larger number of consumers.

- **Help:** Digital platforms such as consumer portals, apps and chatbots can efficiently handle routine queries and tasks, freeing up human resources for more complex issues. These tools provide consumers instant access to their accounts, general information and administrative support.
- **Guidance:** Digital tools like online calculators and interactive educational resources can offer generalised Guidance, allowing consumers to explore various scenarios and options based on typical profiles. These tools empower consumers to make informed decisions while avoiding the pitfalls of crossing into personalised advice.
- **Advice:** Although delivering Personalised Financial Advice through digital means is still evolving due to regulatory constraints, some funds are beginning to integrate digital advisers and AI-driven tools that can provide limited yet tailored advice. These tools can potentially democratise access to financial planning, particularly for members who might not engage with traditional financial advisers.

5.4 The Importance of a Hybrid Approach

Despite the efficiencies of digital tools, a purely digital approach is unlikely to meet all consumers' needs. Many consumers still prefer the reassurance of speaking with a human, particularly when dealing with complex financial decisions or navigating emotionally charged situations like retirement planning.

- **Help:** While digital platforms can handle basic queries, some consumers—especially older or less tech-savvy individuals—prefer human interaction for clarity and reassurance. A hybrid approach that combines digital self-service with the option to speak to a representative ensures that all members can access the level of support they need.
- **Guidance:** Consumers might begin their journey with a digital tool but often seek confirmation or further explanation from a human. This hybrid model allows digital tools to handle routine tasks while human advisers provide the human validation that many members value.
- **Advice:** For comprehensive financial advice, the human element remains crucial. Even if a digital adviser offers initial recommendations, consumers often want to discuss their options with a financial adviser to ensure they fully understand the implications. A hybrid approach can provide the best of both worlds: efficiency and accessibility from digital tools combined with the personalised care of human advisers.

5.5 Best Practices for Effective Consumer Engagement

To enhance the delivery of Help, Guidance and Advice, financial services providers should embrace best practices that focus on personalisation, data analytics and financial literacy.

- **Personalisation:** Consumers are more likely to engage with their financial services provider when communications and services are tailored to their individual circumstances. By leveraging data analytics, providers can segment their consumer base and deliver personalised content relevant to each consumer's stage in life and financial needs.
- **Data Analytics:** Advanced data analytics enables providers to understand their consumers better, predict behaviour and offer timely interventions. For instance, superannuation funds can use predictive models to identify members approaching retirement and proactively offer them retirement planning resources and support.
- **Financial Literacy:** Enhancing consumers' financial literacy is key to empowering them to make informed decisions. Financial services providers should provide various educational resources, from online courses and webinars to personalised financial literacy programs, that cater to different learning styles and levels of understanding.

5.6 Emerging Trends and Innovation

The financial service provider is evolving, with several emerging trends and innovations reshaping how Help, Guidance and Advice are delivered:

- **Digital Advice:** These platforms make financial advice more accessible by providing low-cost, automated advice based on algorithms. While still limited by regulatory frameworks, digital advice represents a significant step towards democratising personalised advice.
- **Behavioural Nudges:** Financial services providers are starting to use behavioural nudges to guide consumers toward better financial decisions. For example, superannuation funds use marketing campaigns triggered by age, balance and product to nudge members to take action, which could be beneficial. Examples include when a member turns 65, informing them of the tax benefits of moving their money into the retirement phase or when they are nearly 67, informing them that they could be eligible for the Age Pension or Commonwealth Seniors Health Card and should look into applying.
- **Artificial Intelligence (AI) and Machine Learning:** AI-driven tools are increasingly being used to provide personalised Guidance and predictive analytics. These technologies can help providers anticipate consumer needs and deliver more targeted support. AI is also being used to create efficiencies within the advice process, automate administrative tasks and allow more face-to-face time with consumers.
- **Interactive Platforms:** New platforms that combine chatbots with human advisers are emerging, allowing for a seamless and dynamic interaction model. This approach ensures that consumers can access the support they need, whether they prefer a digital or human touch.

5.7 Current Challenges

Financial services providers have made strides in adopting new delivery mechanisms, but many remain hesitant to fully embrace these innovations due to regulatory concerns. The fear of crossing into the realm of personal financial advice has led many trustees to take a conservative approach, limiting the scope of services offered.

- **The Provider/Trustee Dilemma:** Providers are often caught between the desire to provide comprehensive support to their consumers and the need to comply with strict regulatory requirements. This dilemma has resulted in a cautious approach to innovation, particularly in the area of Guidance, where the risk of breaching personal advice regulations is significant.
- **Balancing Act:** As providers explore new delivery mechanisms, they must carefully balance the need for innovation with the necessity of maintaining regulatory compliance. Developing clear, well-defined frameworks that distinguish Help, Guidance and Advice will be crucial in enabling providers to expand their services without overstepping legal boundaries.

In conclusion, while traditional human-based services remain essential, the future of Help, Guidance and Advice lies in a hybrid approach combining the best digital tools and human interaction. By adopting best practices and embracing emerging trends, financial services providers can enhance consumer engagement, improve service delivery and better navigate the complex regulatory environment.

5.8 Stakeholder Feedback

Stakeholders broadly agreed that digital tools are essential for delivering HGA at scale. These tools enable efficient outreach and support, particularly for large member bases and those less likely to engage through traditional channels. While digital solutions are valued for their accessibility and cost-effectiveness, there is a strong preference for hybrid models that combine technology with human interaction. Trust, data security and ease of use were consistently identified as critical enablers of successful digital engagement.

Divergent views focused on the implementation and regulatory context. Some stakeholders emphasised the need for clear guardrails and regulatory clarity to ensure digital tools operate within safe and compliant boundaries. In contrast, others advocated for a digital-first approach, suggesting that digital delivery should be the default for members, with human support available as needed. These perspectives highlight the importance of balancing innovation with oversight to ensure digital solutions meet both member needs and regulatory expectations.

6 Why Aren't Financial Services Providers Doing More Right Now?

Much has been written on the gap between the demand and availability of financial advice. In 2021, Investment Trends estimated that “61% of consumers had ‘unmet’ advice needs, with only 16% having seen a financial adviser in the last 12 months” (cited in Callaghan et al., 2020). Less is said about the demand for and availability of Help and Guidance.

Fundamental to expanding the availability of Advice, let alone the Help and Guidance components, is streamlining advice processes for financial advisers without compromising quality and expanding advice through superannuation funds and potentially other financial services providers.

When it comes to superannuation funds, the interaction between the RIC and the changes in financial advice regulation arising from the Quality of Advice Review (QAR) and DBFO package is a key issue. The QAR recommendations, and more particularly the Government's response in the DBFO package, have the potential to improve access to advice, specifically for advice related to retirement planning.

QAR Recommendation 6 states, "Superannuation fund trustees should be able to provide personal advice to their members about their interests in the fund, including when they are transitioning to retirement" (Levy, 2023).

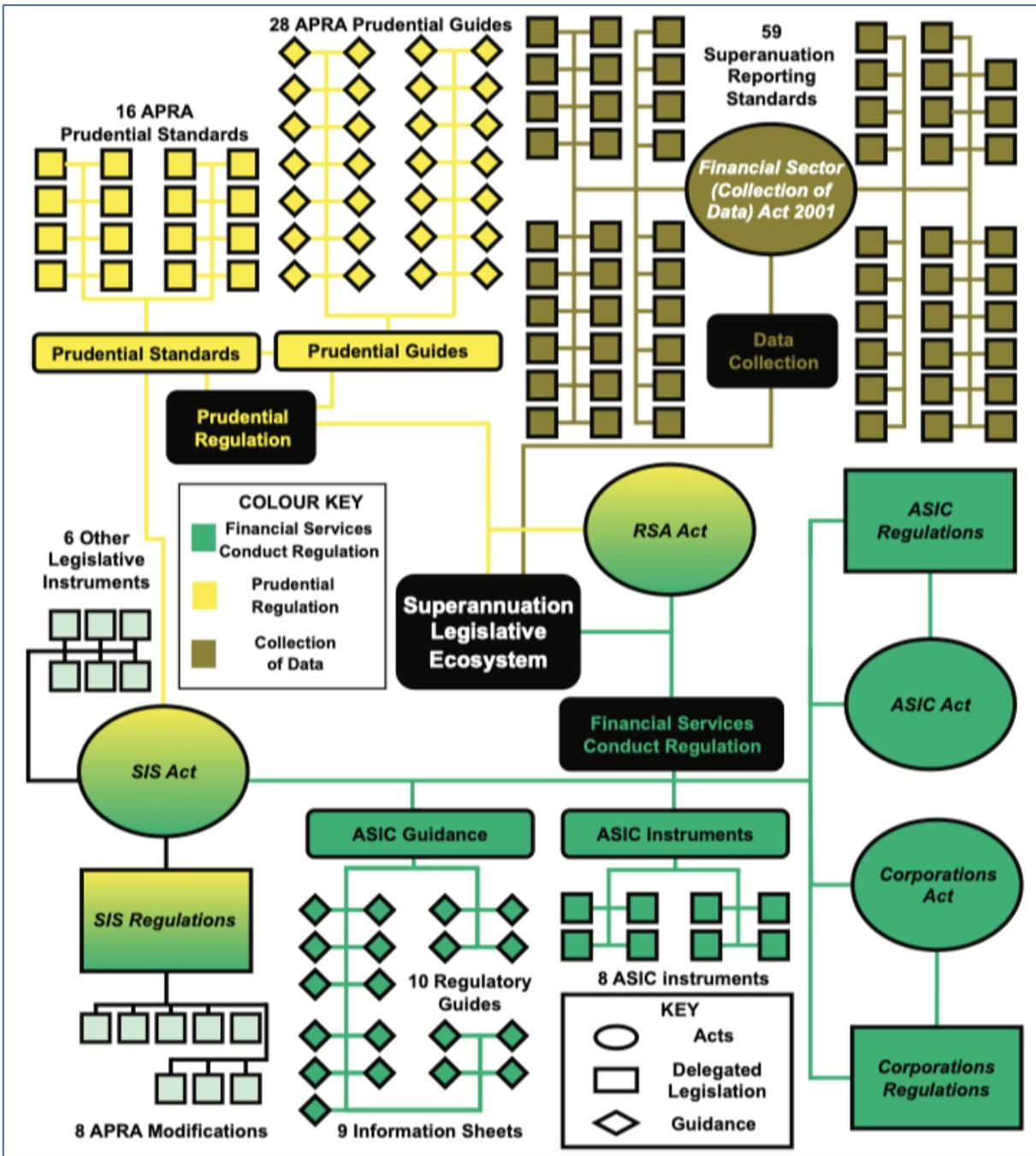
Superannuation fund Trustees currently face a dilemma: On the one hand, they are obliged by the RIC to have a strategy that "identifies and recognises the broad retirement income needs of the members of the fund; and presents a plan to build the RSE's capacity and capability to service those needs." (Explanatory Memorandum, Corporate Collective Investment Vehicle Framework and Other Measures Bill 2021). On the other hand, they must navigate the risky waters of personal advice obligations. Some stakeholders questioned whether trustees may be reluctant to engage in advice-related activities for their members, citing a lack of confidence and risk aversion of trustees in the current regulatory environment.

6.1 Complexity of the Ecosystem

The Australian Law Reform Commission (ALRC) conducted a review into the potential simplification of laws that regulate financial services in Australia. The ALRC, amongst other things, highlighted the complexity of the superannuation ecosystem (see Figure 3), which creates navigational challenges due to the highly interconnected nature of legislation, regulations and defined terms across multiple Acts. This complexity makes it difficult for even experts to understand their obligations and rights within the system.

In Appendix 2, we summarise the relevant highlights from the reports of the ALRC Review of the Legislative Framework for Corporations and Financial Services Regulation.

Figure 3: Superannuation Legislative Ecosystem



Source: ALRC, 2023.

Another issue for both the RIC and the QAR, and more particularly the Government’s response, is the challenge for trustees to know enough about their members. Trustees only have a limited window on their members’ financial affairs and other important considerations such as home ownership arrangements and marital/partnership status. Furthermore, where a member is in a relationship, retirement planning is best done as a couple, and as Wayne Swan, Chair of Cbus and former Treasurer, said at the 2023 AFR Wealth Summit, “We need to have a situation where we

can provide financial advice to couples, but you can't do that at the moment. [Plus] the social security system works on couples." (Wootton & Read, 2023). This issue requires further work.

Perhaps understandably, given these complexities, superannuation funds and their trustees have been proceeding cautiously when they are trying to address the expansion of their Advice offerings and delivery mechanisms and navigate the associated financial services conduct obligations under Chapter 7 of the Corporations Act and their superannuation and fiduciary trustee obligations including, but not limited to:

- Fiduciary obligations: members' best interests.
- Statutory obligations: including the sole purpose test and members' best financial interests.
- RIC obligations.
- SPS 515 (Member Outcomes) requirements – including the July 2024 enhancements, which strengthen the standard and integrate the RIC obligations into requirements relating to strategic objectives, business planning, financial resource management, performance monitoring and outcomes assessments; and
- DDO considerations and obligations.

Feedback from stakeholders acknowledged the challenge of developing appropriate cohorts or defaults to avoid unintended outcomes from an oversimplification or generalisation for those members.

6.2 Navigating Advice, Guidance and the RIC

A key area of focus for providing Advice and Guidance for superannuation funds relates to members approaching, at and in retirement. Specifically, the RIC has three core obligations – trustees are required to have a strategy to assist beneficiaries to achieve and balance these objectives:

- Maximising their expected retirement income.
- Managing expected risks to the sustainability and stability of their expected retirement income.
- Having flexible access to expected funds during retirement.

The provision of appropriate retirement products or solutions is a key element of these RIC obligations, but so too is ensuring sufficient member information data, information and insights to inform the delivery of these solutions and the critical roles of Advice, Guidance and in some cases 'nudges' and 'soft defaults' to steer members in the right direction. Stakeholders noted the potential for actual or perceived conflicts of interest in this "steering" process to (retirement) product-linked defaults.

APRA and ASIC's joint oversight of RIC implementation has revealed mixed progress. While trustees have expanded assistance for members approaching retirement, significant gaps remain, including uncertainty around financial advice frameworks, insufficient member data and privacy concerns, and low member engagement with superannuation and retirement planning. The

regulators have noted a lack of urgency from some trustees in embracing the RIC's intent to improve member outcomes.

Responses need to include:

- Urgent and appropriate legislative and regulatory responses to address uncertainty around financial advice frameworks. DBFO Tranche 2A appears encouraging in this context. However, the same urgency being urged on the industry by APRA and ASIC also applies to the Government and legislators.
- A much clearer recognition of the role of Guidance as part of the solution and with a supportive 'light touch' and principles-based legislative and regulatory framework. This is not fully addressed in the proposed DBFO Tranche 2A reforms, though, with some caveats, targeted superannuation prompts are a positive development (see Section 7).
- As part of a Guidance framework, a sensible approach to permitting 'nudges', cohorting and 'soft defaults', especially for those superannuation members with either low engagement or low financial literacy. Again, targeted superannuation prompts are a positive development.

These issues were endorsed through our stakeholder feedback and will be explored further in the next section.

7 Legislative/Regulatory Change

The focus of the comments and recommendations below is to achieve two key objectives:

1. Increasing/maximising access to affordable financial advice, including the critical role of facilitating the provision of advice by superannuation funds to their members, as this offers the best opportunity to increase access to affordable advice by middle Australia.
2. Complementing financial advice, optimising the opportunity for a whole range of service providers (especially superannuation funds) to provide Guidance, as contemplated in Section 4.3.

7.1 Government's QAR response: DBFO Reforms

The then Minister for Financial Services, Stephen Jones, outlined the Government's response to the QAR recommendations at a private industry event on 13 June 2023, which indicated that the Government would be accepting 14 of the 22 recommendations and framing the response as happening in three streams or tranches:

1. Streamlining advice through current channels.
2. Expanding access to retirement advice, including superannuation funds expanding their provision of advice, clarifying the scope of personal advice that trustees can provide to members about their interest in the fund (including consideration of a member's financial situation, family situation, social security and health), including when they are transitioning to retirement, and the removal of restrictions on collective charging of members for advice.
3. Matters requiring further scrutiny, including Recommendation 1, which proposes a broader definition of personal advice, the introduction of a good advice duty (Recommendation 4), the removal of the obligation to give a general advice warning (Recommendation 2) and the involvement of other institutions (e.g. banks).

This Paper does not intend to opine on Tranche 1 matters but rather to focus on Tranches 2 and 3, especially Tranche 2.

On 8 December 2023, the Minister released the Government's Final Response to the QAR recommendations, which deals with Tranche 2 and 3 issues and any residual Tranche 1 matters.

Overall, as a package, the DBFO reforms are a very good set of proposals. They provide greater clarity for scaled or limited-scope advice; they introduce a two-tier advice system to accommodate limited-scope advice (often on an intra-fund advice basis through superannuation funds) and full comprehensive advice through relevant providers; they expand the Best Interest Duty (BID) obligations beyond QAR recommendations to provide appropriate advice (which is current practice); and they dispense with the ambiguous QAR 'good advice' recommendation. Overall, the package should enable a significant expansion of the availability of advice and enhance its affordability.

Of significance, the Government chose not to proceed with the QAR's Personal Advice recommendation (Recommendation 1), the significance of which is that it appears to have averted what would have been an impact of effectively deeming any 1-to-1 interaction between a superannuation fund and a member as being 'personal advice' based on presumed knowledge ("...if it (the super fund) holds information about the client's financial situation or one or more of their objectives or needs.", as expressed in the QAR recommendations). The government's response on this issue is sensible.

A couple of other interesting matters:

- The Government introduced the concept of a new "class" of advisers, initially to be known as "qualified advisers". However, the Minister has since indicated he is open to a more appropriate descriptor. Their likely primary focus will be intra-fund advice (in permitted defined areas), often in the form of scaled or limited-scoped advice. This new tier of adviser would be prohibited from charging a fee for service or receiving a commission. It will most likely be employees of superannuation funds, major financial institutions and financial advice firms. This development will be most suited to superannuation funds, which have a ready 'collective charging mechanism facilitating intra-fund advice'.
- At the time, the Financial Services Minister indicated that guidance would be provided on what types of advice superannuation funds can provide regarding a member's financial interest in their superannuation fund (and perhaps more broadly). This was addressed in the range of measures entitled *Improving access to affordable and quality financial advice* released by Treasury on 21 March 2025 in draft form, including the exposure draft of the legislation (ED) and the ED Explanatory Materials, and inviting feedback via submissions.

7.2 DBFO: Issues and Challenges

The government released a range of measures for consultation on 21 March 2025 entitled *Improving access to affordable and quality financial advice*. These measures progressed the next tranche for the DBFO reforms, and we collectively refer to these as DBFO Tranche 2A because they only partly address Tranche 2 reforms. Notably, DBFO Tranche 2A did not address the more significant reforms to the Best Interests Duty and the creation of a new class of adviser.

On 8 May 2025, the Actuaries Institute provided a submission in response to the consultation (Actuaries Institute, 2025b). This submission provided broad support for the DBFO Tranche 2A proposals, subject to a few qualifications outlined below.

The consultation process has been completed, and we await the draft legislation being introduced to parliament.

Overall, DBFO Tranche 2A is an important step forward in addressing issues 4 (in part), 6, 7 and 8 in Table 2 below. There were three key sections addressed in the proposed legislation, namely:

- **Advice through superannuation:** The legislation would provide trustees with clearer rules on when collective charging for intra-fund advice is permitted, including the specific topics of

advice and the circumstances under which advice can take into account broader household or financial information beyond the individual member’s interest in the fund.

- **Targeted superannuation prompts:** A framework for “nudges” is introduced to allow superannuation funds to more proactively prompt members at key stages of their financial journey.
- **Client advice records:** Statements of Advice are replaced with a more flexible Client Advice Record, reducing red tape and aligning documentation with how advice is actually delivered.

DBFO Tranche 2A, if implemented, would make tangible progress towards lowering barriers to advice and implementing the important concept of Guidance discussed in this Paper.

Notwithstanding all these positive developments, significant issues and challenges remain to be addressed (see Section 7.3 below).

Table 2: Issues and challenges to be addressed

| Issue | Explanation & Possible Approaches |
|------------------------|---|
| 1. Advice Definitions | <p>This relates to definitions of ‘personal advice’ and ‘financial product advice’ and the challenges of defining financial advice narrowly by reference to financial products and whether ‘strategic advice’ should be distinguished from, rather than regulated in the same way as, ‘financial product advice’.</p> <p>The ALRC identified that the current structure and framing of provisions relating to financial advice in Chapter 7 of the Corporations Act makes the law difficult to understand (see Appendix 2). It also highlighted the challenges that consumers and providers face with the various types of financial advice as set out in Section 4.4.5 above.</p> <p>DBFO Tranche 2A makes limited progress. Targeted superannuation prompts partially address Guidance recognition but broader definitional issues remain as discussed in Section 7.3 below.</p> |
| 2. Advice and Guidance | <p>To a very large extent, DBFO Tranche 2A is focussed on Advice and appears relatively silent on Guidance (as contemplated in Section 4.3).</p> <p>DBFO Tranche 2A’s targeted superannuation prompts proposals are, with some qualification (see Section 7.3 below), are a positive development in increasing access to financial guidance. The boundary between Advice and Guidance needs to be clarified.</p> |
| 3. Guidance framework | <p>Guidance requires legislative and regulatory recognition within a risk-based framework—lighter regulation for low-risk Guidance with easily reversible outcomes, versus robust requirements for complex advice with higher potential harm.</p> <p>The regulatory framework should be ‘light touch’ and principles-based, explicitly recognising nudges, cohorting and soft-defaults as legitimate Guidance tools. As Treasury has noted in its Discussion Paper on the retirement phase of superannuation the Government is committed to expanding superannuation fund advice provision, including nudges that communicate basic retirement information to members at key life stages (Australian Government Treasury, 2023c).</p> <p>The recommended legislative and regulatory recognition for Guidance needs to explicitly acknowledge the legitimacy and usefulness of nudges as part of this broader Guidance ecosystem.</p> <p>DBFO Tranche 2A makes significant progress through targeted superannuation prompts, though these should be framed as financial guidance rather than recommendations since recipients’ personal circumstances are not individually considered. This principles-based approach ensures appropriate consumer protections proportionate to the level of risk and complexity involved.</p> |

| Issue | Explanation & Possible Approaches |
|--|---|
| 4. Financial service and advice providers | <p>The meaning of different types of licensing of providers of financial services is defined in different parts of the Corporations Act 2001.</p> <p>DBFO contemplates a role for superannuation funds, banks and insurers, especially through a new class of advisers who will not be able to charge a fee or receive a commission relating to the personal advice they provide. This will primarily assist superannuation funds through their intra-fund advice offerings and the associated collective pricing model.</p> <p>It begs the question regarding the potentially valuable role of other professionals (e.g. accountants), especially if they don't operate under an AFSL – perhaps this is where the Guidance framework could be useful.</p> |
| 5. Forms of advice can be provided by superannuation funds | <p>In its response to QAR Recommendation 6, the Government indicated that it would legislate “consistent rules on what advice topics can be paid for via superannuation. The same list of advice topics will apply to collectively charged advice and advice that is charged directly to the individual member’s superannuation account.” (Australian Government Treasury, 2023b).</p> <p>DBFO Tranche 2A ‘Advice through superannuation’ proposals largely respond to this issue.</p> |
| 6. Superannuation trustee dilemma | <p>Arguably, the DBFO reforms still do not provide a complete solution to the dilemma. The complexity of these issues is illustrated in Section 6 and Appendix 2. This dilemma could be significantly improved by:</p> <ol style="list-style-type: none"> 1. Greater clarification of advice definitions. 2. Greater recognition of the respective roles of Advice and Guidance. 3. Clarification on the forms of advice that can be provided by trustees—especially, but not only, under intra-fund advice arrangements with collective pricing. 4. Recognition of the additional data sources that trustees need to more properly fulfil their advice obligations, rather than a narrow focus on a member’s financial interest in the superannuation fund. <p>DBFO Tranche 2A ‘Advice through superannuation’ proposals represent significant progress, but some issues remain.</p> |
| 8. Additional information and data | <p>In its response to QAR Recommendation 6, the Government indicated that it would allow “superannuation funds to consider a broader range of a member’s personal and household circumstances such as debt, spouse’s income, or age pension eligibility.” (Australian Government Treasury, 2023b).</p> <p>“There is a need to address barriers to superannuation funds knowing more about their members. Many trustees are reluctant to collect too much data from members directly due to concerns they may inadvertently be providing personal financial advice (APRA & ASIC, 2023). In addition, trustees and members have privacy and information security concerns that must be addressed. Surely, it should be in members’ best financial interests for trustees to know as much as possible about their members to provide the best support possible as they make the difficult transition to retirement.” (Gale & Huppert, 2023)</p> <p>Issues:</p> <ul style="list-style-type: none"> • Accessing additional information and data relevant to ‘appropriate’ advice provision, including financial assets outside superannuation, home ownership, family status and relevant high-level financial position of a partner or spouse (advice is usually best done from a ‘couples’ perspective when people are living in that situation). • The need to define which categories/topics of advice can be provided by a superannuation fund, especially that under intra-fund advice (collective pricing). <p>DBFO Tranche 2A ‘Advice through superannuation’ proposals seek to clarify on this issue.</p> |

| Issue | Explanation & Possible Approaches |
|--------------------|--|
| 9. Role of Digital | <p>We need innovative regulatory approaches to expand the use of digital tools and technologies. As Treasury has noted in its Discussion Paper on the retirement phase of superannuation the Government “would also support using digital tools provided by superannuation funds such as calculators and retirement income projections.” (Australian Government Treasury, 2023c).</p> <p>While HGA offerings will always require a hybrid approach, the role of tools and technologies will continue to evolve, often involving triaging or providing initial Guidance and Advice before passing the consumer on to a personal advice provider, according to their needs and preferences. There is also a role for tools and technologies to support the personal advice provider.</p> <p>In particular, there is a need to address potential constraints of the Sole Purpose Test as currently defined and Members Best Financial Interests, the provisions of which can be in tension with further data collection and offering HGA solutions. Data collection is a fundamental requirement for digital solutions.</p> |

7.3 DBFO Tranche 2A: Some residual issues

A few areas raised in the Actuaries Institute (the ‘Institute’) submission on DBFO Tranche 2A (Actuaries Institute, 2025b) warrant additional consideration:

- Trustee certainty:** The circumstances under which advice relates to a financial product that is a beneficial interest in the fund for which trustees can collectively charge are to be prescribed in the regulations. However, the explanatory memorandum noted that this is not considered to be an exhaustive list; rather, it is intended to provide guidance.

The Institute is concerned this may continue the ‘Trustee Dilemma’ in respect to advice obligations. That is, there may remain uncertainty about whether an advice circumstance not specifically prescribed will meet the requirements, which may lead to trustees deciding not to offer advice outside the prescribed circumstances.

As trustees identify common circumstances that potentially meet the requirements for collective charging not currently prescribed in regulations, we envisage a need for an efficient process for regulatory relief applications. This would deliver certainty for trustees and provide transparency and clarity for regulators, industry and fund members regarding the advice circumstances that meet the requirements for collective charging.
- Limitations of advice through superannuation:** It will be critical that members can, in a clear and simple way, understand the scope, purpose and limitations of advice that will be collectively charged by their superannuation fund.

The Institute submitted that funds or/and regulators be required to publish on their website this information with a requirement to make it clear to members that while collectively charged advice can consider their personal circumstances, the advice is constrained to financial products offered by the superannuation fund and cannot consider strategies regarding assets outside the fund or products of other superannuation funds, which could potentially provide superior options for a member’s circumstances. Members should be informed of options for holistic advice and of the limitations of the advice based on their circumstances.
- Superannuation account consolidation:** Advice as to whether a member should consider consolidating their superannuation holdings in two or more superannuation entities into one

account would continue to be prohibited under the proposed legislation. Whilst this is reasonable given the conflict created (the fund would be the beneficiary of the consolidation), it may be in a member's best financial interest, where multiple accounts are identified for a members, for the fund to be able to flag the potential issue of having multiple accounts but stop short of recommending consolidation into its fund.

- **Defining Guidance:** Guidance is generally accepted as stopping short of providing recommendations or statements of opinion for a consumer. However, the legislation is proposed to insert into the Corporations Act a subsection that stipulates a recommendation or statement of opinion in a targeted superannuation prompt is not personal advice.

The Institute is concerned with this choice of wording and suggest, subject to limited exceptions, that prompts should be framed as financial guidance and never be expressed so strongly as a recommendation as the recipients' personal circumstances will not have been considered. We strongly support a mandatory warning given to members that the advice in a prompt is based on broad characteristics of the target class and does not take into account members' individual objectives, financial situation and needs.

View the full submission [Consultation: Improving access to affordable and quality financial advice](#) on the Actuaries Institute website.

7.3.1 Stakeholder Feedback

In our discussions with subject matter experts on an earlier draft of this Paper, stakeholders generally agreed that targeted superannuation prompts would fall within the Guidance category discussed in this Paper.

This type of Guidance is seen as useful for disengaged or overwhelmed members and the timing, relevance and behavioural framing will be key to its effectiveness.

There was positive feedback in respect to how Guidance was addressed in DBFO Tranche 2A and, in particular, the clarity for intra-fund advice, targeted prompts and recognition of fund-led engagement. It was seen that these reforms would provide trustees with confidence to take action in respect to delivering Guidance and Advice to members.

Some stakeholders were cautious about oversimplification and unintended consequences if cohorting for targeted superannuation prompts is poorly implemented.

Concerns were also raised about conflicts of interest if product-linked Guidance is misused. Advice bodies raised concerns about the potential conflicts and integrity of institutional advice.

7.4 Longer-term reform

In the longer term, there is a need to be much bolder with advice reforms, including finding a new home for financial advice legislation.

The ALRC released its third (and final) interim report as part of its Review of the Legislative Framework for Corporations and Financial Services Regulation in June 2023. A central theme of

Interim Report C is finding the right ‘home’ for different parts of the law. Interim Report C focuses on Chapter 7 of the Corporations Act (concerning financial services regulation).

In their commentary as part of the ALRC review, Filkin & Ash (2023) noted:

“The ALRC suggests that financial services legislation should find a new home and legislative identity in a schedule to the Corporations Act — to be known as the Financial Services Law (Proposals C9 and C10). This new home would allow a reformed structure and framing to be implemented, less burdened by the drafting styles and ad hoc legislative design choices of the past. Moving can be a lot of work, and so the ALRC’s implementation roadmap shows how it could best be done.

Interim Report C identifies several areas of existing legislation that should be grouped together to make the legislation easier to navigate and understand. These topics should form separate chapters of the Financial Services Law, covering consumer protections, disclosure, financial advice, and general regulatory obligations. If the Financial Services Law were not adopted, this grouping could also be undertaken within the existing body of the Corporations Act (either as chapters or parts within a chapter), although such an approach is likely to be less effective.”

An overview of the ALRC’s Review of the Legislative Framework for Corporations and Financial Services Regulation appears in Appendix 2. In this Review, the ALRC made 58 recommendations in its reports. The ones most relevant to the HGA framework are:

Recommendation 24: Corporations and financial services legislation should be structured and framed so as to enhance navigability and comprehensibility, and to communicate the fundamental norms of behaviour underpinning the legislation.

Recommendation 31: Corporations and financial services legislation should be amended to enact a single, simplified definition of each of the following terms:

- a. ‘financial product’; and
- b. ‘financial service’.

Recommendation 36: The Corporations Act 2001 (Cth) should be amended to restructure and reframe provisions relating to disclosure for financial products and financial services, including by grouping and (where relevant) consolidating:

- a. Part 7.7 Divs 1, 2, 3A, 6, and 7.
- b. Section 949B; and
- c. Part 7.9 Divs 1, 2, 3 (excluding ss 1017E, 1017F, and 1017G), 5A, 5B, and 5C.

We endorse these recommendations.

7.4.1 Stakeholder Feedback

Stakeholders generally agreed that regulatory consistency across ASIC, APRA and the Corporations Act is needed.

There was also consensus that better frameworks for data use and consumer consent would unlock more effective implementation of Help, Guidance and Advice frameworks.

Some stakeholders were of the view that regulations need to be simplified to effectively implement Help, Guidance and Advice. Others proposed a regulatory sandbox or safe harbour model for experimentation to support implementation of a Help, Guidance and Advice framework.

8 Conclusion and Moving Forward

8.1 Framework Benefits and Long-term Vision

We conclude as we began. It is imperative for more Australians to have access to Help, Guidance and Advice (HGA) that is suitable for their needs, contributes to their enhanced financial wellbeing and is affordable.

To address the objective of increased accessibility and affordability of HGA, three key messages stand out:

1. **Significance of the DBFO reforms:** In our opinion, the DBFO reforms have the potential to be as significant in their impact as the FRS Act of 2002 and the FOFA Reforms of 2012-3. The DBFO Tranche 2 reforms are critical to increased access to HGA at an affordable price to consumers.
2. **The need for a broader HGA framework:** Many consumers or superannuation fund members don't want and/or need full, comprehensive Advice and its associated price tag. A range of support is needed, varying from Help to Guidance to various degrees of complexity of Advice—each has its distinctive role to play.
3. **Guidance has a particularly important role to play:** Guidance currently operates in a grey area between Help and Advice. It requires greater legislative and regulatory recognition and certainty. This would be particularly useful for superannuation funds and their trustees and beneficial to their members.

The DBFO reforms are the most pressing issue; the second and third issues will require time and consultation to progress.

The potential potency and impact of the DBFO reforms will depend greatly on how well they are crafted and the extent to which they accommodate certain forms of Guidance (including targeted prompts, nudges, cohorting and 'soft defaults'), recognition of the need for additional information and data for consumers/superannuation fund members (without automatically inferring personal advice), and clarity regarding the 'new class of adviser' (NCA) and which issues can be reasonably be addressed as intra-fund advice under a collective pricing model.

Section 7 addresses key issues and recommendations to make the DBFO reforms as effective as possible and to have a lasting and profound impact on the financial wellbeing landscape.

At the moment, the legislation for financial advice and its associated regulatory provisions are fairly blunt instruments—they don't clearly discriminate between relatively simple forms of advice with low degrees of potential consumer harm (including recognition that actions on 'simple' advice can often be easily reversible) and much more complex advice, with higher associated risks for consumers/members.

In the short term, and as proposed in Section 3.4, could we introduce a tiered approach to advice with differing levels of complexity, and hence with a need for more robust regulatory 'guardrails' as complexity increases? As suggested, appropriate tiers could be:

- Simple (low risk): This could include advice about the amount of life insurance needed, the treatment of contributions within a superannuation fund, budgeting and cash flow issues and saving through safe products (e.g. bank Term Deposits).
- Normal (medium risk): This could include deciding on an investment strategy, moving onto an investment platform, converting superannuation accumulation balances to a post-retirement portfolio, generating an effective retirement income and setting up SMAs.
- Complex (high risk): setting up an SMSF, geared investment (including property) and international investments.

This framework may also assist in navigating the current challenging industry debate regarding the 'new class of adviser' (NCA) and 'intra-fund' advice. For example, many, but certainly not all, issues addressed through 'intra-fund' advice fall into the 'Simple' category, for which collective pricing may be appropriate.

This 'tiering' concept could then be extended to Guidance, which needs greater legislative and regulatory recognition and, following the logic above, should have a 'light touch' and principles-based regulatory framework.

The proposed expansion from an Advice focus to an HGA focus would greatly expand the capacity and capability of financial advisers, superannuation funds and digital solutions to meet the needs of Australian consumers/superannuation fund members. By so doing, it would increase access to affordable HGA and improve the financial wellbeing of Australians. It would also help address the so-called Trustee Dilemmas described in this Paper.

In the longer term, we need:

- A much clearer legislative and regulatory recognition of the role of Guidance, given its potentially significant contribution to the financial wellbeing of financial services consumers.
- A clear distinction between Advice and Guidance, with the UK FCA Advice Guidance Boundary Review (see Appendix 1) a very useful potential pathway to the future.
- A new 'home' for financial services legislation, as recommended by the ALRC – the current framework under Chapter 7 of the Corporations Act is inordinately complex, contradictory in parts, has material gaps (e.g. strategic advice and Guidance recognition) and is very difficult to navigate adding to regulatory compliance costs and hence the costs of providing advice within certain boundaries.

8.2 Call to Action

Realising the HGA framework's potential requires coordinated action across the financial services ecosystem. The framework's success depends on immediate, purposeful steps from multiple stakeholders:

- **Government and regulators:** Finalise DBFO legislation with clearer Guidance recognition, streamlined advice definitions and expanded data access provisions for superannuation funds

- **Superannuation funds:** Develop comprehensive HGA strategies that utilise expanded regulatory permissions while building member trust through transparent, outcomes-focused service delivery
- **Financial advisers:** Embrace tiered service models that leverage Help and Guidance to extend reach beyond traditional comprehensive advice clients
- **Technology providers:** Invest in digital tools that enable scalable, secure hybrid delivery models with robust consumer protections
- **Industry bodies:** Champion member education initiatives and establish best-practice frameworks for HGA implementation

8.3 Moving Forward

The demographic reality is undeniable: Australia's retirement wave cannot be served by traditional advice models alone. The HGA framework provides the architecture for transformation, but implementation requires more than regulatory change—it demands industry commitment to innovation, consumer-first design and collaborative execution.

This is not merely an opportunity for incremental improvement but a necessity for national financial wellbeing. The next decade will determine whether Australia successfully navigates its demographic transition with enhanced financial outcomes for millions, or whether the advice gap becomes an advice chasm. The framework exists; the reforms are advancing; the imperative is clear. The time for action is now.

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Appendix 1 UK Financial Conduct Authority Advice Guidance Boundary Review

Overview

The UK has established an explicit regulatory distinction between providing regulated financial advice and offering general information or guidance—known as the advice-guidance boundary. Like Australia, this boundary has been a source of ongoing challenges, with regulatory barriers preventing good outcomes for both consumers and providers.

In 2022, the UK Government announced plans to review how this boundary operates through the FCA and HM Treasury's Advice Guidance Boundary Review (the Review). This represents a comprehensive effort to address similar challenges faced in the Australian context.

The core challenge mirrors Australia's situation: regulated advice requires firms to take an overall picture of a client's financial position, which comes with significant cost, while information and guidance may be free but generic and lacking the human engagement many consumers value for complex decisions.

Research shows many consumers lack confidence to make complex decisions without personal recommendations. Firms want to provide more support but fear regulatory consequences of crossing the boundary into personal recommendations, or cannot make an economically viable case to do so.

Key Themes and Insights

In August 2023, the Review identified key themes that will guide future reform:

- Changes to regulated advice alone will not solve this challenge. People's diverse needs require firms to provide flexible forms of support that adapt to different financial decisions.
- Providing more support to more people requires firms and consumers to manage risk rather than eliminate it, as risk drives cost and impacts availability of support.
- Solutions must be commercially viable, focusing on outcomes and enabling commercially sustainable models of support.
- The Consumer Duty should set clear expectations for firm support while maintaining consumer protection.

Policy Proposals

In December 2023, the Review published Policy Paper DP23/5, proposing three initial solutions:

1. **Further clarifying the boundary:** Providing greater certainty for firms offering more support without crossing into regulated advice.

2. **Targeted support:** A new regulatory framework allowing firms to offer broader support based on limited consumer data using a "people like you" approach—falling between generic guidance and full personalised advice.
3. **Simplified advice:** A new form of personalised advice based on limited information, potentially covering lump sum investments up to £85,000.

The Difference between Guidance and Advice

The Financial Advice Working Group (FAWG) developed clear consumer-friendly explanations following extensive research. Table 3 shows these definitions, which established the foundation for clearer market communication.

Table 3: FAWG explanations for “guidance” and “advice”

| Guidance | Advice |
|--|--|
| <ul style="list-style-type: none"> • Guidance is an impartial service which will help you to identify your options and narrow down your choices but will not tell you what to do or which product to buy; the decision is yours. • Providers of guidance are responsible for the accuracy and quality of the information they provide but not for any decision you make based on it. • Guidance is free unless your provider clearly tells you otherwise. • It will suggest what you could do. | <ul style="list-style-type: none"> • Advice will recommend a specific product or course of action for you to take given your circumstances and financial goals. This will be personal to you, based on information you provide. • Advice will be provided by a qualified and regulated individual or online by a regulated organisation. • Providers of advice are responsible and liable for the accuracy, quality and suitability of the recommendation that they make and you are protected by law. • You will usually pay a fee for advice. Fees will be discussed before you are asked to commit yourself. • It will recommend what you should do. |

Key differentiating factors between advice and guidance include:

- **Level of personalisation:** Full advice is highly personalised; guidance is more generic
- **Scope of information considered:** Full advice considers broad personal circumstances; guidance does not
- **Specificity of recommendations:** Advice provides specific recommendations; guidance offers general information
- **Regulatory requirements:** Full advice has stricter regulatory requirements than guidance

The FAWG research concluded that consumers had conflicting views on what constitutes "advice" and "guidance," with many transposing the meaning. The concept of "guidance" in financial contexts was unfamiliar, especially among younger groups. The market adopted single, consistent explanations displayed side-by-side to allow comparison.

Targeted Support

In June 2025, the FCA launched consultation on targeted support for consumers' pensions and retail investment decisions. This enables authorised firms to provide more support by making recommendations designed for groups of consumers with similar characteristics and circumstances.

Comparison with Australian Targeted Prompts

The UK's Targeted Support and Australia's proposed Targeted Prompts in DBFO Tranche 2A share similar objectives:

- Making it easier for providers to guide consumers without crossing into full advice
- Encouraging better financial decisions at scale
- Reducing regulatory friction to allow timely nudges when they matter most

Both reforms represent pragmatic middle ground—recognising that helpful, targeted communication can improve retirement outcomes without the cost or complexity of traditional advice. While framed differently, both bridge the gap between no advice and full personalised financial advice.

This UK experience provides valuable precedent for Australia's HGA framework development, demonstrating that regulatory innovation can successfully address the advice gap while maintaining appropriate consumer protections.

Further Reading

For readers interested in exploring the UK approach in greater detail:

- Policy Paper DP23/5: "Advice Guidance Boundary Review – proposals for closing the advice gap" (December 2023)
- FAWG Consumer Research: "Consumer explanations of 'advice' and 'guidance'" (March 2017): <https://www.fca.org.uk/publication/research/fawg-consumer-explanations-advice-guidance.pdf>
- Targeted Support Consultation: "Supporting consumers with pensions and investment decisions" (June 2025): <https://www.fca.org.uk/publications/consultation-papers/cp25-17-supporting-consumers-pensions-investment-decisions>
- Government Policy Paper: "Targeted support": <https://www.gov.uk/government/publications/targeted-support>

Appendix 2 Australian Law Reform Commission's Review of the Legislative Framework for Corporations and Financial Services Regulation.

Background and Scope

On 11 September 2020, the Attorney-General commissioned the Australian Law Reform Commission (ALRC) to review Australia's legislative framework for corporations and financial services regulation. The inquiry focused on whether changes to the Corporations Act and related regulations could simplify and rationalise the law without altering existing policy settings.

The ALRC completed its review in November 2023, releasing a Final Report titled '*Confronting Complexity: Reforming Corporations and Financial Services Legislation*', which was tabled in Parliament on 18 January 2024.

Key Findings

The ALRC concluded that Australia's financial services legislation has become "a tangled mess" that is difficult to navigate, costly to comply with and unnecessarily difficult to enforce. The review highlighted that judges have described provisions as 'porridge', 'tortuous', 'exceptionally complex' and 'labyrinthine'.

The economic impact is significant. For example, Macquarie Group Limited reported total regulatory compliance spending of approximately \$1 billion for 2022-23—more than double their 2017-18 costs.

Five Principal Problems

The ALRC identified five core issues generating unnecessary complexity, particularly evident in Chapter 7 of the Corporations Act:

1. **Structural incoherence:** Chapter 7 lacks logical flow and fails to prioritise key messages
2. **Poor navigability:** Users struggle to find relevant law due to dispersed provisions
3. **Definitional inconsistencies:** Key terms like 'financial product' are defined differently across provisions
4. **Regulatory fragmentation:** Multiple overlapping frameworks create confusion
5. **Outdated structure:** - Legislative architecture hasn't adapted to substantive changes over time

Reform Recommendations

The ALRC made 58 recommendations across a comprehensive reform roadmap. Those most relevant to the HGA framework include:

Recommendation 24: Structure legislation to enhance navigability and comprehensibility, communicating fundamental behavioural norms clearly.

Recommendation 31: Enact single, simplified definitions for 'financial product' and 'financial service'.

Recommendation 36: Restructure and consolidate disclosure provisions by grouping related sections.

Specific Challenges for Financial Advice

The review identified particular complexity in financial advice provisions, noting that the current structure makes the law "difficult to find and understand." Key stakeholder concerns included:

- **General vs Personal Advice Distinction:** Described as unclear and unworkable in practice, with too much caught in the 'general advice' definition
- **Product-Focused Definition:** The narrow focus on 'financial products' fails to recognise strategic advice that doesn't involve product recommendations
- **Superannuation Complexity:** The interconnected legislative ecosystem creates significant navigability challenges

Risk-Based Regulation Insights

The ALRC emphasised that financial services regulation differs fundamentally from other regulatory areas because risk elimination is neither possible nor desirable. The review noted ongoing risk shift from employers and government to individuals through the superannuation system.

The commission suggested that regulation should be tailored to reflect degrees of risk, citing examples where disclosure requirements were already differentiated based on product risk levels and client sophistication.

Relevance to HGA Framework

The ALRC findings strongly support the need for clearer definitional frameworks and risk-based regulatory approaches—core elements of the proposed HGA framework. The review's emphasis on simplification aligns with the HGA objective of creating more navigable pathways for different levels of financial support.

The commission's observation that "unnecessary complexity" should be distinguished from "necessary complexity" provides important context for HGA implementation. Any new framework must balance comprehensive consumer protection with practical usability.

Implementation Pathway

The ALRC recommended relocating financial services legislation to a new "Financial Services Law" schedule within the Corporations Act, allowing reformed structure and framing less burdened

by historical drafting choices. This longer-term structural reform would provide the ideal legislative home for a comprehensive HGA framework.

The review's roadmap recognises that meaningful reform requires addressing both immediate navigability issues and fundamental structural problems—an approach that mirrors the HGA framework's combination of near-term DBFO implementation with longer-term definitional clarity objectives.

Further Reading:

- ALRC Final Report: *Confronting Complexity: Reforming Corporations and Financial Services Legislation* (2023)
- Interim Reports A, B and C examining specific reform areas
- Background Papers FSL1-FSL12 covering detailed technical analysis, available at: <https://www.alrc.gov.au/>



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