



IFP Professional Year (PY) Policy

Entity: Integrity Financial Planners Pty Ltd (**IFP**)

ABN: 71 069 537 855

AFSL: 225051

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References

- a) Corporations (Provisional Relevant Providers Professional Year Standard) Determination 2018
- b) Corporations (Work and Training Professional Year Standard) Determination 2018
- c) Financial planners and Advisers Code of Ethics

1. Purpose and Scope

1.1. Purpose

The purpose of this policy is to:

- a) articulate the Professional Year (PY) policy and requirements under Limited Corporations (Work and Training Professional Year Standard) Determination 2018, which sets the requirements for work and training to meet the third of the education and training standards under section 921B of the Corporations Act 2001; and
- b) detail the PY actions and collaboration required from the licensee.

1.2. Scope

This policy provides a summary of a provisional relevant provider's (participant's) PY requirements aligned to the following principles:

- a) the licensee must raise the education, training and ethical standards for participants in compliance with amendments made to the Act in 2017;
- b) the new entrant must undertake structured work and training for a minimum of 1 year in accordance with their PY plan, before they are qualified as a financial adviser to provide personal financial advice to retail clients in respect of retail financial products. This period is extended for those undertaking their PY on a part-time basis;
- c) a supervisor must ensure that the appropriate supervision is provided; and
- d) the licensee must ensure that the appropriate supervision is provided and make the appropriate resources and opportunities available to the participant and the supervisor to enable the participant to complete the PY successfully.

1.3. Eligibility

To be eligible to participate in the PY program, new entrants must:

- a) satisfy the minimum education requirements, including completion of an approved Bachelor or high degree, or equivalent qualification. (completion of an Ethics bridging unit, if an approved Ethics course is not in the approved degree, is also required before the participant can apply for an Exam Eligibility number);
- b) not be registered on the ASIC Financial Advisers Register (current of previous appointment) between 1 January 2016 to 1 January 2019.

1.4. Licensee & Supervisor

The financial services licensee and supervisor assigned to a participant are also in scope.

2. Requirements for participants undertaking a PY

2.1. Full Time PY Participant Requirements

- a) A participant should have at least two (2) years' experience within a financial planning environment, prior to undertaking a Professional Year. This is at the discretion of the licensee and an exemption may be granted based on previous experience and training of the participant.
- b) A participant must ensure that they meet the educational requirements for financial planning, prior to registering for the Financial Adviser Exam;
- c) Over the course of at least 1 year, participants must:
 - be allocated to an appropriate supervisor;
 - have an agreed PY plan (refer to section 5) signed off by the supervisor and licensee;
 - complete at least 100 hours of structured training and 1,500 hours of work and supervised experience (refer to sections 6 & 7) over a period of 1-year full time or equivalent;
 - successfully complete an industry exam prior to commencing Stage 3; and
 - demonstrate a knowledge and understanding of the Code of Ethics by successfully identifying and resolving at least 2 ethical dilemmas in Stage 3 and at least 2 ethical dilemmas in in Stage 4 relevant to practice as a relevant provider.
- d) It is expected that the participant will participate diligently in the work and training process and not hinder the supervisor.
- e) Where relevant providers take a career break, they are not required to undertake the PY upon their return.
- f) Participants are expected to actively participate in administration/ back office activities related to the provision of financial advice.

2.2. Part Time PY Participant Requirements

For part-time PY participants, section 2.1 applies noting that:

- a) the period of the PY and of each Stage is extended to the extent necessary to ensure that the work activities and structured training can be completed; and
- b) the minimum number of hours of work activities and structured training are the same, whether the PY is being undertaken on a full-time or part-time basis.

2.3. Use of Terms

All new entrants who are:

- not a relevant provider; or
- a provisional relevant provider; or
- a limited-service time-sharing adviser.

Must **not** use the terms: 'financial adviser' and 'financial planner'.

A participant may only use the term 'provisional relevant provider' or 'provisional financial adviser' or 'provisional financial planner', when they have:

- successfully completed an industry exam;
- commenced Stage 3; and
- been authorised by ASIC to use the term, following notification from the licensee (refer to section 15).

3. Requirements for PY supervisors and licensees

3.1. Supervisors

Supervisors must:

- a) have supervisory responsibility over the new entrant;
- b) be a relevant provider and not a provisional relevant provider;
- c) not be a limited-service time sharing adviser;
- d) have at least 2-years' experience registered as a relevant provider (not counting any period during which the supervisor was undertaking their PY);
- e) must not be under pre-vet with the Licensee for any reason (e.g. additional training or newly appointed with the Licensee);
- f) make appropriate resources and opportunities available to the new entrant to be able to meet the supervision requirement;
- g) ensure retail clients who deal with the participants are informed in writing that the participant is undertaking supervised work and training – before there is any direct or indirect communication; and:
 - provide the name of participant;
 - communicate that the participant is undertaking work and training in accordance with s921B; and
 - communicate that each supervisor is responsible for the personal advice to the client.
- h) ensure they comply with the prohibition of the use of the terms 'financial adviser'; 'provisional relevant provider' and 'financial planner' for participants who are:
 - not a relevant provider;
 - a provisional relevant provider;
 - a limited service time sharing adviser.
- i) review and be responsible for provision of advice to retail clients on behalf of the participant and ensure collection of evidence of work and training has been collected, reviewed and available.

3.2. The Licensee

The licensee must:

- a) notify ASIC using the prescribed registration form to record the PY arrangement between the licensee, the supervisor and the new entrant who is commencing their PY;
- b) ensure that the relevant provider (supervisor) has been registered on the ASIC FAR for at least 2-years and meets all requirements in this section;
- c) ensure that it complies with the prohibition on use of terms “financial adviser” and “financial planner” for persons who:
 - are not a relevant provider;
 - are a provisional relevant provider;
 - are a limited-service time-sharing adviser;
- d) confirm that the minimum educational requirements are met by the participant, including required subjects or experience for tax (financial) advisers;
- e) ensure that the appropriate supervision is provided to the participant and make appropriate resources and opportunities available to the participant and the supervisor of the participant to enable the participant to meet the supervision requirements;
- f) Ensure that supervisors of new participants inform retail clients in writing of the following before there is any direct or indirect communication by the participant:
 - the name and contact details of each supervisor of the new participant;
 - the new participant is undertaking supervised work and training; and
 - the supervisor is responsible for any personal advice to the client.

4. Outcomes and key competencies for PY

- a) At the end of the professional year the participant can undertake all the activities specified in section 2.
- b) The participant must acquire and satisfactorily demonstrate the following 4 key competencies:
 - **Technical competence:** technical proficiency to ensure that advice strategies are appropriate to the objectives, financial situations and needs of different classes of retail clients;
 - **Client care and practice:** the ability to act as a client-centric practitioner in advising both new and existing clients;
 - **Regulatory compliance and consumer protection:** a satisfactory understanding of applicable legal obligations and how to comply with them; and
 - **Professionalism and ethics:** the participant graduates as an ethical professional.

5. PY plan

- a) In collaboration, the participant, the supervisor and the licensee must develop and agree a PY plan prior to the commencement of the PY.
- b) A PY Plan may be varied (must be in writing), in agreement with the participant, supervisor and licensee.
- c) A PY plan (including as varied) must:
 - i. identify the participant, the supervisor and the licensee;
 - ii. identify any other relevant persons who will be involved in the supervision of the participant, including in respect of areas of specialist expertise;
 - iii. identify the period of the PY and each Stage;
 - iv. identify the work and training outcomes to be achieved by the participant during the PY and during each Stage;
 - v. describe the resources and opportunities that the licensee will make available in accordance with section 3.2;
 - vi. for each Stage of the PY, describe in detail the work activities and the structured training that the participant will undertake; and
 - vii. set out any other arrangements for the PY.
- d) Further, the plan must be developed to ensure the relevant provider is able to undertake all the activities specified below:
 - i. to analyse, compare and apply underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions, and to do so effectively;
 - ii. to integrate technical competence and professional skills in managing and completing work assignments;
 - iii. to understand and apply the Code of Ethics, including in relation to avoiding inappropriate personal advantage, and applying professional values and attitudes, to work assignments;
 - iv. to present information and recommendations, and explain ideas, orally and in writing in a clear confident and professional manner likely to be understood by retail clients;
 - v. to make appropriate judgments on courses of action, drawing on professional values, ethics and attitudes;
 - vi. with appropriate consultation, to assess, research and develop appropriate solutions for complex business or client problems and issues.
- e) A participant's PY must be undertaken in accordance with the participant's PY plan.
- f) The participant and the supervisor must cooperate and along with the licensee, must each take reasonable steps to facilitate compliance with all elements of the PY plan.
- g) The Professional Year Plan must be signed by a Responsible Manager of IFP.

6. PY work activities

In each Stage of a person’s professional year, the person must undertake the work activities specified in the following table for the Stage:

Professional year work structure		
Item	During this Stage of the professional year ...	the person must undertake ...
1	Stage 1 <i>(client observations and supporting supervisor or other relevant provider)</i>	all the following work activities, under the direct supervision of the supervisor or other relevant providers nominated by the supervisor: (a) shadow the supervisor or other relevant providers nominated by the supervisor in meetings with a range of clients; (b) complete post-meeting documentation as required and undertake follow up actions; (c) discuss with the supervisor appropriate advice strategies suitable to the clients’ objectives, financial situations and needs; (d) actively participate in administration and “back office” activities.
2	Stage 2 <i>(supervised client engagement and advice preparation)</i>	all the following work activities, under the direct supervision of the supervisor or other relevant providers nominated by the supervisor: (a) prepare for client meetings; (b) conduct meetings with clients; (c) prepare draft documentation for clients, including: (i) advice strategies; and (ii) statements of advice; each suitable to the clients’ objectives, financial situations and needs; (d) complete relevant administration and “back office” activities.
3	Stages 3 and 4 <i>(indirect supervision of client engagement and advice preparation)</i>	(a) all the following work activities, under the limited or indirect supervision by the supervisor or other relevant providers nominated by the supervisor: (i) model strategies and research products to determine suitability to clients’ objectives, financial situations and needs; (ii) determine and prepare appropriate client documentation (such as statements of advice); (iii) complete relevant administration and “back office” activities; and (b) satisfactorily identify and resolve at least 2 ethical dilemmas relevant to their advice practice, with the objective of demonstrating a knowledge and understanding of the Code of Ethics and an ability to appropriately resolve ethical issues.

7. PY Structured training

During the PY a participant must complete 100 hours of structured training over a period of 1-year full time, or equivalent. This is a separate activity from work activities.

The structured training activities must include at least one of the following:

- a) training provided by or facilitated by the participant's supervisor or licensee relevant to their advice practice;
- b) a course determined by Treasury to give the new entrant qualifications equivalent to the education and training standard;
- c) a course of study approved or provided by a professional association for the purposes of:
 - achieving a professional designation; or
 - achieving expertise or accreditation in an area of financial advice or a particular kind of financial product.

8. PY Stage Progressions

8.1. The Participant

- a) The participant must not progress to the next Stage's work or structured training activities until they have completed the previous Stage's work and structured training activities and received the relevant Stage completion certificate.
- b) The participant also must not commence Stage 3's work or structured training activities until they have passed the exam approved by ASIC.
- c) The work activities must be such that, if the participant completes all the work activities and structured training in the participant's PY plan, it can be reasonably expected that the participant will have achieved the outcomes and acquired the key competencies set out in each stage of the PY plan.
- d) Progress toward Stage completion should be periodically reviewed between the participant and the supervisor, to ensure that the work and training standard will be met in the appropriate time frame;

8.2. The Supervisor

- a) The supervisor can only approve completion of the Stage for the participant, if the supervisor is satisfied that the participant:
 - has completed and maintained the logbook for the Stage; and
 - has satisfactorily completed all the work activities and structured training set out in the PY plan for the Stage; and
 - for Stage 3 or Stage 4 – has satisfactorily identified and resolved ethical dilemmas as required;
 - for Stage 4 – has achieved the outcomes and acquired the key competencies, outlined in the PY plan;

- b) for Stage 3 or Stage 4 – whether the participant’s identification and resolution of the ethical dilemmas as required and can demonstrate the ability to identify ethical issues and resolve them appropriately;
- c) whether the participant has achieved satisfactory progress against the requirements of the PY plan, including satisfactorily addressing areas for further development.

8.3. The Licensee

The licensee must not issue a final completion certificate unless:

- a) the licensee is satisfied that the participant has met all of the work and training elements detailed in the PY plan;
- b) has conducted an audit of at least 5 client files on which the participant worked during the PY;
- c) is satisfied, with the work done by the participant on those files, that the participant can be relied on to comply with applicable legal and regulatory requirements in relation applicable to the provision of personal advice to retail clients in relation to relevant financial products
- d) a final completion certificate for Stage 4 of a participant’s PY must not be issued unless the participant has completed at least 1,500 hours of work activities and 100 hours of structured training during the PY, in accordance with the PY plan and has passed the exam approved by ASIC.
- e) A final completion certificate for a participant is not valid unless the participant’s licensee issues the certificate.

9. PY Acceleration

A licensee may approve the acceleration of an individual undertaking their PY for Stage 1 or Stage 2 if the supervisor is satisfied that the participant:

- a) has achieved the outcomes set out in the PY plan for the Stage; and
- b) is capable of satisfactorily completing the work activities and structured training for the next Stage.

In Stage 3 and Stage 4 of a participant’s PY, the participant must demonstrate:

- a) a knowledge and understanding of the Code of Ethics; and
- b) an ability to resolve ethical issues in an appropriate way; by identifying and resolving at least 2 ethical dilemmas relevant to practice as a participant.

10. Client Interaction

The supervisor and participant must ensure that, before the participant has any direct or indirect interaction with a retail client, the client is informed in writing:

- a) that the participant is undertaking supervised work and training; and

- b) of the name and contact details of the participant's supervisor.

Templates for this notification will be provided by the Licensee.

11. Record-keeping

11.1. Participant Record-keeping

A participant must keep and maintain accurate records (a logbook) of:

- a) the hours spent on work activities and structured training during the PY;
- b) details of the work activities and structured training undertaken, including when they were undertaken; and
- c) each written notification to retail clients notifying them that the new entrant is undertaking supervised work and training; and the name and contact details of the new entrant's supervisor.
- d) This logbook must be maintained using the TAL PY Manager system. The Licensee will provide access for the Participant and the Supervisor.
- e) A participant is required to make a record and must keep the record for at least 7 years after the date it was made.

11.2. Supervisor Record-keeping

The supervisor of a participant must:

- a) if satisfied that the participant's logbook is complete and accurate, confirm in writing the contents of the logbook; and
- b) make and maintain complete and accurate records of the supervisor's assessments (including the reasons for those assessments) of:
 - the work activities undertaken by the participant during a Stage of the participant's PY; and
 - completion certificates, accelerated progression and general assessment criteria, as detailed in in subsections 12(3), (4) and (5) of the Corporations (Work and Training Professional Year Standard) Determination 2018.

11.3. Licensee Record-keeping

The licensee for a participant must make complete and accurate records of the reasons for being satisfied as required for the purposes of issuing a completion certificate.

12. Tracking and monitoring

- a) IFP utilises Kaplan Ontrack to track training requirements and TAL PY Manager to track work requirements for the PY Program.

- b) The Participant, Supervisor and Licensee will all have access to the TAL PY Manager, and the Completion Certificates will be issued through this system.
- c) At the completion of each Stage, the Participant will be required to download their training report for the period from Kaplan Ontrack and upload this report to the TAL PY Manager system.

13. Non-compliance

The following situations all constitute non-compliance:

- a) failure to achieve all requirements and activities in **section 2;**
- b) providing financial advice without review and authorisation by the supervisor;
- c) failure to acquire and demonstrate the key competencies in **section 4;** and
- d) failure of a participant to achieve a credit-level exam pass mark to progress to Stage 3 of the PY, will be deemed to be non-compliant with PY examination requirements.

14. Completion criteria

- a) Participants must evidence that they have met all the requirements as specified in the PY program across 4 Stages. In addition, they will:
 - i. provide a completed PY log book, through TAL PY Manager;
 - ii. during both Stage 3 and Stage 4, present at least 2 ethical dilemmas for each and demonstrate how they approach them and what outcomes were achieved;
 - iii. confirm the completion of the PY plan; and
 - iv. evidence completion of the work activities and structured training for each Stage's programs, which will include a minimum of 100 hours of accredited education or training.
- b) At the end of Stage 4 of the professional year, a final completion certificate for a new entrant can be issued by their supervisor and the responsible AFS licensee, if:
 - i. the participant has completed at least 1,500 hours of work activities and at least 100 hours of structured training in accordance with the professional year plan;
 - ii. the participant has passed the exam approved by ASIC;
 - iii. the supervisor is satisfied that the participant has met all requirements and can be relied on to comply with applicable legal and regulatory requirements for the provision of personal advice to retail clients in relation to relevant financial products;
 - iv. the supervisor is satisfied that the participant has the necessary technical, personal and ethical knowledge and skills to effectively and compliantly provide advice to clients;

- v. the licensee is satisfied that the conditions for issuing the Stage completion certificate are met;
 - vi. the licensee has conducted an audit of at least 5 client files on which the new entrant worked during the professional year, and is satisfied that the new entrant can be relied on to comply with applicable legal and regulatory requirements for the provision of personal advice to retail clients in relation to relevant financial products.
- c) Any participant who fails to meet the above completion criteria will be ineligible to be registered as a relevant provider. Should this occur, the supervisor and licensee will issue a further PY Completion plan for the participant, detailing further training and expectations to complete the PY requirements.

15. Notifications

In addition to the requirements of section 922H of the Act, the licensee lodge a notice to ASIC under that section when there is a change in a matter for a relevant provider, in accordance with section 922L of the Act, when:

- a) a certificate under section 8.3 is provided in respect of a participant; and
- b) a final completion certificate is provided in respect of a participant.

The licensee must lodge a notice to ASIC detailing the participant who becomes a relevant provider or provisional relevant provider, or changes their status or details.

A notice is not required if within 30 business days the person ceases to be a relevant provider. Examples of other matters include changes when the person ceases to be a relevant provider; change in compliance scheme that covers the relevant provider, relevant education completed.

The licensee will notify ASIC of a new entrant of their PY and apply for an Exam Eligibility Number for the New Entrant, noting the New Entrant must have completed an approved degree including the Ethics Bridging Unit with a final certified transcript. Within 15 business days, ASIC will issue an Exam Eligibility Number to the New Entrant.

The licensee must lodge a notice to ASIC of any accelerated progression of a person (under subsection 12(4)) of the Corporations (Work and Training Professional Year Standard) Determination 2018.

16. Qualified Tax (Financial) Advice requirement

In addition to the PY requirements for participants undertaking a PY and who practise in the field of tax, Treasury also stipulate actions for completion prior to full authorisation to provide Tax (Financial) Advice, post Professional Year completion. This includes completing approved Tax Law and Commercial Law courses. Further information can be found on [Treasury's website](#).

17. Glossary of common terms

Term	Definition
Act	<i>Corporations Act 2001</i>
adviser	means relevant provider. An individual who is authorised to provide personal advice to retail clients on behalf of a licensee
adviser - limited service time sharing	a relevant provider who does not provide personal advice on any relevant financial products apart from timeshare schemes and does not meet all education standards
ASIC	Australian Securities and Investments Commission
Authority	Financial Adviser Standards and Ethics Authority Ltd, which is the standards body under section 921X of the Act
client	a client, in relation to a relevant provider, includes a retail client of the principal of the relevant provider
completion certificate	a certificate that a participant's supervisor issues at the end of Stage 1, 2, 3 or 4
Determination	<i>Corporations (Provisional Relevant Providers Professional Year Standard) Determination 2018</i>
education and training standards	the standards set out in section 921B of the Act
FAR, ASIC FAR	Financial Adviser Register, Australian Securities and Investments Commission Financial Adviser Register
licensee	a person who holds a financial services licence and who has appointed an adviser as an authorised representative of the licensee
LoA	a Letter of Authority is a document by which the licensee appoints an adviser to be an authorised representative of the licensee
logbook	the record that must be kept under subsection 13(1) of <i>the Corporations (Work and Training Professional Year Standard) Determination 2018</i>

may	the action is discretionary
must	an action is an absolute requirement and any deviation from this will require a formal policy exemption
Exam Eligibility Number (EEN)	Exam Eligibility Number (EEN). Identifier issued to the New Entrant by ASIC to enable New Entrant to register for the ASIC Exam
new entrant	an individual who does not meet the definition of an 'existing provider'. An existing provider is an individual who has been providing personal advice and has a status of 'current' on ASIC's Financial Adviser Register (FAR) at any time from 1 January 2016 and 1 January 2019 and is not banned, disqualified, or subject to an enforceable undertaking on 1 January 2019
person	an individual undertaking PY
personal advice	defined in subsection 766B(3) of the Act
Professional Year (PY)	the period that a participant must spend undertaking supervised work activities and structured training as part of meeting the education and training standards set out in section 921B of the Act
provisional financial adviser/ provisional relevant provider	a participant who is undertaking work and training in accordance with the requirements for a provisional relevant provider in accordance with subsection 921B(4) of the Act
provider	means participant; adviser; provisional relevant provider
Stage	3 months or, for a participant who is undertaking the PY on a part-time basis, a period equal to a Stage of the period of the PY
relevant provider	means adviser. An individual who is authorised to provide personal advice to retail clients on behalf of a licensee
retail client	defined in sections 761G and 761GA of the Act
Statement of Advice (SoA)	a document that sets out the advice provided to a consumer by their licensed financial planner or adviser. It must include the basis on which the advice is provided, details of the providing entity and information on any payments or benefits the adviser or licensee will receive
structured training	training that meets the requirements of section 7
supervisor	person nominated by the licensee to supervise an assigned participant's progress through the PY requirements. A supervisor of a provisional relevant provider is an individual who: <ul style="list-style-type: none"> a) has supervisory responsibility for the provisional relevant provider; and b) is a relevant provider; and c) is not a provisional relevant provider; and d) has 2 years' experience operating as a relevant provider; and

e) is not a limited-service time-sharing adviser.
