Matters for Consideration:

1. There needs to a proactive methodology change in creating a superannuation plan for clients to cater for the changes in the New Economy and The Future of Work. The International Monetary Fund's Forum on that subject made this clear, see here: https://www.imf.org/external/POS_Meetings/SeminarDetails.aspx?SeminarId=263
2. These points were made by the IMF in their Overview of the Forum:
   OVERVIEW
   The New Economy Forum will focus on the future of work from three areas. First, the technological innovations that will bring about changes in our workplaces and labour markets. Second, the socioeconomic impact of technological innovation. Lastly, the skills and education necessary to adapt to change and how to design policies that respond to change while ensuring sustainable and inclusive prosperity.
3. The change in the labour market is moving towards independent employees (freelancers) who therefore will not have compulsory superannuation contributions. This could amount to more than 35% of the workforce if overseas trends are followed. It is likely that this could place additional burden on public finances.
4. The Financial Planning Standards Board currently does not have a standard process that requires financial planners to show the impact of working longer has on the longevity of retirees funds. This is a systemic weakness in the planning process and needs to change in the design of policies.
5. The largest retirement association in the world AARP (the American Retired Persons Association) with 38 million members has actively started encouraging members to retire part-time and to develop a Life Plan and then a financial plan.

Background

Traditionally, the mainstream approach and process when completing a financial plan for clients is to identify primarily their financial goals and to a lesser extent related life goals. These goals can vary according to life stage, typically:

· Young to mid-life
· Mid-life
· Pre-retirement
· Retirement.

The description of the life stages and goals may vary slightly from country to country. The standard of care guidelines is set out by The Financial Planning Standards Board (FPSB), but details may vary slightly from jurisdiction to jurisdiction and with each country's definition of fiduciary duty. However, the FPSB 's overarching Mission Statement , Code of Ethics and Professional Responsibilities as outlined in their Principles, have guided the global evolution of financial planning as a profession.

The rapid rise of technological changes empowering people to work longer and tailor their work life balance is reinventing retirement as people start to realize they have a major longevity risk of outliving their savings. This is due to rapidly increasing medical advances and innovations challenging actuarial life longevity tables. These advances are constantly in the news.

The funding of the developed countries aging population has been identified and highlighted by the FPSB, The World Economic Forum (WEF), Organization for Economic Co-Operation and Development (OECD) and The International Monetary Fund(IMF).

The Innovation and Culture Change Required

The innovation required is transitioning to lifestyle financial planning so that pre-retirement clients will know what the impact of tailoring their life work balance will be on the longevity of their retirement funds. Governments will then be required to develop and implement policies that support this change. They have already identified the need, as shown by the background papers documented later in this article. The need for the implementation of this change has been known for a long time, perhaps 20 years or more, but it is against the current business models of banks and financial services companies. These business models will be forced to change as the populations realize the WEF's social media campaign, saying the pension crunch is coming, is right. An example of the ease of the availability of a country's demographic chart is here for Australia: http://ow.ly/6HtH305hKzM. The availability to the general public is likely to be similar for other countries.

Lifestyle financial planning will give rise to new industries to support its evolution particularly in financial technology, work life balance planning and developing post retirement skills in freelancing or micro businesses.

Innovation In Financial Technology To Support The Transition To Lifestyle Financial Planning

It is clear that not only should all regulatory jurisdictions have access to basic generic financial products' planning tools and consumer information, but also basic generic lifestyle financial planning tools and consumer information. This will give impetus to the change. Any consumer contemplating retirement or transitioning to freelancing with a view to tailoring their work life balance should be able to see the impact on their financial situation and the resultant impact on the longevity of their funds. It is clear from the following articles that this has been known for a considerable time, but have been blocked by the culture of focusing on product promotion solutions.

The development of any lifestyle planning industries should be regulated under the umbrella of the FPSB as the potential for cybercrime is a clear and present danger. Juniper Research article dated 12th. May 2015 has stated (http://ow.ly/XyFz305jWVo) : "Cybercrime will Cost Businesses Over $2 Trillion by 2019." Lifestyle financial planning integration with financial planning would be very vulnerable to fraud.

The Financial Technology innovation is simple as it only requires the inputting of freelancing/other income into the retirement modelling to see the impact on the projections of the longevity of the funds. The culture change in supporting of the transitioning of the business models of banks and financial institutions is where development and change management will not be easy, but the background articles make it clear that the pensions crunch is coming and change is essential.

Background papers and articles: ·

The International Monetary Fund (IMF) has issued a report in 2012 - The Financial Impact of Longevity Risk (http://ow.ly/GBuo305lHhv):

o (http://ow.ly/GBuo305lHhv) has stated (In the Summary): "These risks build slowly over time, but if not addressed soon could have large negative effects on already weakened private and public sector balance sheets, making them more vulnerable to other shocks and potentially affecting financial stability."

The World Economic Forum (WEF) has identified that for many OECD Countries (http://ow.ly/IuPv305lQFs) have a serious economic problem because of the aging populations:

o These WEF articles relate to the ability to provide funding for future pension and social security schemes. They appear on WEF's website, Facebook Page and Twitter.

o WEF :The pensions crunch is coming – here's what to do about it (http://ow.ly/6kaS305dKAU)

o WEF- What are the economic consequences of rapidly ageing populations? (http://ow.ly/1PIK305dKKV)

The OECD Report - Pensions At A Glance 2015- The OECD and G20 Indicators:
o (http://ow.ly/iIp4305dNdE) has stated (Page 17): "The success of reforms aiming at containing future pension expenditure will depend on both the effective implementation of previously agreed measures and maintaining the momentum for further pension reforms. Particularly those that encourage individuals to work more and longer strengthen the productive capacities of the economy and thereby improve the scope of pension systems to deliver adequate retirement income promises. However, for those unable to extend their working lives, there is a risk that benefits may be insufficient to prevent a sharp fall in standards of living and even poverty in old age. " The general populations of countries are now realizing this.

Some Countries' Treasury Departments or equivalent departments have already identified this :

o e.g. Australian Government's 2015 Intergenerational Report - Australia in 2055 (http://ow.ly/yx4u305dL0r) has stated (Page 9) : " This change in our demographic structure will have important implications for the tax base and the ability of future governments to deliver services at the standards expected by the community."

The Financial Planning Standards Board (FPSB) Press Release of 12th. October 2016:

o FPSB CEO Noel Maye is quoted as having stated: " FPSB is using its research to present a set of considerations for financial planning professional bodies and financial planners to develop positions and approaches to address fintech and the future of financial planning community to discuss the finding of this report."

Freelancing and Micro Entrepreneurship are Empowering Individuals to have Second or Third careers in the Changing Future of Work. It is a global trend:

o In Future Working: The rise of Europe's Independent Professionals (iPros). Patricia Leighton. Professor of European Social Law at the IPAG Business School with Duncan

Brown. (http://ow.ly/H5wp305jMtq) it was stated: "The EU has seen a new phenomenon - the rise of the independent professional, or iPro, often referred to as freelancers. Their rise represents a major shift in the nature of work and ways of working."

o In Freelancing In America: A National Survey of the New Workforce - An independent study commissioned by Freelancers Union & Elance-Desk in 2014 (http://ow.ly/iwMP305jNES) it was stated: "The primary finding: There are 53 million Americans — 34 percent of the U.S. workforce — working as freelancers."

o In the report Freelancing In Australia: An Independent research report by J. Edelman Inc. for 2015 (http://ow.ly/NrK7305jSup) it was stated: " The percent of the Australian workforce freelancing increased by 2 percentage points since 2014, from 30% in 2014 to 32% now. Based on the Australian Bureau of Statistics August 2015 estimate of the civilian labour force of 12.5 million, that equates to nearly 4.1.million people - 370,000 more people who have done freelance work than last year. "

Summary
This is an important financial and culture change that is essential for many global economies. Australia must plan now as to how we are going to fund the retirement of a large percentage of their populations as they age without compulsory superannuation savings. The IMF's Forum on The New Economy and the Future of Work has shown that Australia need to proactively plan for these global trends being driven by technology.

John Cosstick