

AABFJ FINANCIAL PLANNING SPECIAL ISSUE 2009

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ABSTRACT

This special issue draws on recent work of financial planning specialists, finance specialists and economists to document some of the trends, perception and challenges of financial planning in 2009. This diversity of contributors reflects the diversity and the multiplicity of influences that impact on financial planning.

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This special issue on financial planning takes place at a tumultuous time in the Australian economy. Share markets and investor confidence are at low levels (Super Informed, 2009, 4) despite the strength of Australia's economy compared to the economies of some of our major trading partners. Many financial planning clients have seen their investments eroded and their planned retirements put off in order to recoup losses.

This collection of five articles is drawn from specialist financial planning academics (Wagland; Taylor); from finance academics (Phillips; Baczynski; Teale) and from economists (Keen, Fear; O'Brien). These articles contribute to our understanding of financial planning in Australia in 2009 – the industry as it stands; the environment in which financial planning takes place; how the industry has evolved; or likely challenges in the future of the industry.

Fear & O'Brien (2009, 3) analyse research by the Australia Institute that suggests members of the Australian community (the bulk of financial planning clients) lay the preponderance of blame for out-of-control lending practices and excessive debt levels of recent years at the door of lax lenders and regulators rather than on the individuals who undertook the debt. However, if misinformation and abuse of power are a factor in the current economic woes, regulatory remedies are likely to affect the legal background against which financial planners practice their profession. Disclosure practices may also need to shift in order to address these issues.

The work of Wagland & Taylor (2009, 25) suggests that if community sentiment about sophisticated and reckless lenders exploiting ill-informed and vulnerable members of the

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community (Fear & O'Brien, 2009, 3) are correct, then at least the level of financial nous displayed by the average Australian citizen is improving rather than declining. Wagland & Taylor (2009, 24) suggest that while levels of financial literacy need improving, they are at least an improvement on financial literacy levels of the past.

Cull (2009, 26) looks at the history of the Financial Planning Industry and how the current regime of regulation and disclosure evolved. Cull (2009) also discusses pressures for change in the Financial Planning Industry.

Phillips, Baczynski & Teale (2009, 38) look at the performance of self managed superannuation funds (a popular and growing segment of the Superannuation Fund landscape in recent years) in the difficult economic climate prevalent since the recent financial turmoil began.

Keen (2009, 57) compares some aspects of our current economic woes to the Great Crash of 1929 and reflects on the roles of both investor confidence and investor over-confidence in market booms and busts.

2009 still carries many of the effects of the global financial crisis which became obvious in September 2008 (Super Informed, 2009, 4) but sufficient time has passed for the financial planning industry to analyse what happened; how it happened and what are the impacts on our clients of the crisis. 2009 is a year of looking to the future, as well as of analysing the past.

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