



# ADF Financial Services Consumer Council

## HELPING UNIT MEMBERS WITH THEIR FINANCES



Leadership Training  
Version: November 2011

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ADF Financial Services Consumer Council

- This session is about independent financial education
  - no products
  - nothing to sell
- This session is not about personal advice
  - licensing laws



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ADF Financial Services Consumer Council

## ADF FINANCIAL SERVICES CONSUMER COUNCIL

- Financial literacy education
- Protecting consumer interests
- Advisory body to Chiefs
- Policy on financial education in the ADF



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ADF Financial Services Consumer Council

## ADF LEADERS

- Welfare role
- How you can assist
- Resources
- Illegal personal financial advice



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ADF Financial Services Consumer Council

## PROGRAM OUTLINE

- Financial Advice v General Assistance
- Bad Credit
- Financial Information Service
- Financial Counsellors
- Financial Advisers
- Promoting a Culture of Financial Discipline
- Legal Documents
- Wrap Up – The Key Messages



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ADF Financial Services Consumer Council



## FINANCIAL ADVICE V GENERAL ASSISTANCE

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## FINANCIAL ADVICE v GENERAL ASSISTANCE

- Strict financial services licensing laws
- Making recommendations or giving opinions on eg:
  - Banking products
  - Buying or selling shares
  - Insurance policies
  - Real estate investment schemes
- Example – Senior NCO organising PD day

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## FINANCIAL ADVICE v GENERAL ASSISTANCE (cont'd)

When talking to members about financial situations:

- Keep it factual
- Keep it general
- Keep it educational

Make sure you don't:

- Express an opinion
- Give a recommendation

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## FINANCIAL ADVICE v GENERAL ASSISTANCE (cont'd)

### Examples

- Member can't pay bills
  - Member comes to see you because of difficulty in paying bills.
  - Member considering seeing a local loan shark.
  - Encourage member to shop around for best deal.
  - Encourage member to look at independent comparisons.
  - Excellent resource at [www.ratecity.com.au](http://www.ratecity.com.au).

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## FINANCIAL ADVICE v GENERAL ASSISTANCE (cont'd)

- Opening a bank account
  - Member asks about how to open a bank account.
  - Member has had financial problems in the past.
  - Member has a bad credit rating.
  - Suggest member considers a basic bank account.
  - Suggest member speaks to a number of different banks and credit unions to find an account with low fees.
  - Refer member to the Council's website at [www.adfconsumer.gov.au](http://www.adfconsumer.gov.au) to use the ADF Budget Planner.

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## FINANCIAL ADVICE v GENERAL ASSISTANCE (cont'd)

- Overhearing conversations – helpful information
  - You overhear talk about an investment scheme.
  - You overhear the members saying that an adviser has said that the scheme is guaranteed to do better than the average because it is 'mezzanine finance'.
  - Mention that 'mezzanine finance' is often just another way of describing the fact that your investment is unsecured.
  - Refer members to the Council's e-Learning module on *Getting Advice* or the DVD on *Financial Advisers*.

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## FINANCIAL ADVICE v GENERAL ASSISTANCE (cont'd)

- Regarding the financial services industry
  - Member comes to see you because he was convinced by a high pressure salesman to put his life savings into an agricultural investment scheme which ultimately failed.
  - Member says he was misled and is struggling to repay the loan he had to take out to meet family living expenses.
  - Then ...

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### FINANCIAL ADVICE v GENERAL ASSISTANCE (cont'd)

- If an ADF member has a complaint against a:
  - Financial planner or adviser
  - Insurance broker or insurance company
  - Bank or credit union
  - Franchise promoter
  - Real estate investment scheme promoter
- Always contact the Council.
- Use the 'Contact Us' tab on the Council's website and a Council representative will make contact with you promptly.

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### BAD CREDIT

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### BAD CREDIT

Sometimes ADF members can't repay debts

- Large loans / rising interest rates
- Household purchases with finance
- Large credit card bills
- Co-borrower / guarantor



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### BAD CREDIT (cont'd)

- Debts have often been ignored and only get worse.
- Interest continues to be charged
- Possessions (such as a house or car) may be repossessed and sold.
- Security clearance could be affected.
- Bad credit rating – phone bill example

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### BAD CREDIT (cont'd)

Encourage the member to contact the creditor (the person or business the money is owed to) as soon as possible to discuss their situation.

Together, the ADF member and the creditor should try to agree on a manageable repayment plan.

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### BAD CREDIT (cont'd)

- Encourage members to not default on their bills.
- If contacted early on, most companies will be happy to enter into a friendly time payment plan.
- After all, they'd prefer to get paid, rather than write off the bill.
- Personal credit rating check at [www.mycreditfile.com.au](http://www.mycreditfile.com.au).



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## FINANCIAL INFORMATION SERVICE

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## FINANCIAL INFORMATION SERVICE

- FIS is offered free through Centrelink.
- When members need a hand with personal or family finances, FIS is a good place to start.
- A FIS Officer can sit down with ADF members and provide guidance based on their personal circumstances (which would be illegal for you to do).

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## FINANCIAL INFORMATION SERVICE (cont'd)

- FIS does not give advice.
- Offer to phone FIS for them to make an appointment.
- Details at [centrelink.gov.au](http://centrelink.gov.au).
- FIS Officers can provide information over the telephone.
- If there are complex issues to be discussed, the FIS Officer may offer to arrange a face-to-face appointment.

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## FINANCIAL COUNSELLORS

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## FINANCIAL COUNSELLORS

- For people who are in serious financial difficulty.
- Free, independent and confidential service.
- Counsellors help manage short-term crises and plan to prevent a future ones.
- Financial counsellors can help the member remain independent and encourage the member to take full control of his or her own financial affairs.
- See [asic.gov.au](http://asic.gov.au) for a full list of counsellors.

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## FINANCIAL ADVISERS

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## FINANCIAL ADVISERS

- No Defence 'approved lists'
  - Endorsement of products and services
- Conflicts of interest in the financial services industry
- How do advisers get paid?
- Council resources:
  - Film: *Financial Advisers – The Facts and The Fiction*
  - E-Learning Module: *Getting Advice*



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## PROMOTING A CULTURE OF FINANCIAL DISCIPLINE

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## A CULTURE OF FINANCIAL DISCIPLINE

- Unit leaders have a responsibility to support a culture of organisational and personal and financial responsibility.
- It all comes down to encouraging our people to take responsibility for their financial affairs in a disciplined and planned way.
- Have a budget!

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## A CULTURE OF FINANCIAL DISCIPLINE (cont'd)

### Budgeting:

- The foundation for everything.
- The need for financial discipline.
- You don't have to be an accountant.
- Online budget planner:



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[www.adfconsumer.gov.au](http://www.adfconsumer.gov.au)

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## PROTECTING THEIR ASSETS

### THE LEGAL DOCUMENTS

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## LEGAL DOCUMENTS

- Wills
  - Preparing
  - Updating
- Powers of Attorney
  - General
  - Enduring
- Getting professional assistance



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## WRAP UP

THE KEY MESSAGES

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## FINANCIAL EDUCATION FOR LEADERS

### KEY MESSAGES - 1

- ✓ You can play an important role in increasing the rates of financial literacy within your group.
- ✓ When dealing with problems brought to your attention, make sure you don't give personal financial advice.
- ✓ Many of the problems brought to your attention are likely to involve debt. Make sure your people don't ignore debt problems.

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## YOUR MONEY AND YOU

### KEY MESSAGES - 2

- ✓ Keep in mind the Financial Information Service, licensed financial advisers, and Financial Counsellors.
- ✓ Encourage financial discipline by using the ADF Online Budget Planner.
- ✓ Reinforce the messages about keeping those important legal documents updated and valid.

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For more detailed information about these topics, and if you'd like to sign up to our free eNewsletter, go to [www.adfconsumer.gov.au](http://www.adfconsumer.gov.au)

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