



A united voice for the profession

AFA and FPA proposed merger

Member webinar and Q&A – Thursday 8 September

Presented by Sam Perera, AFA President & Phil Anderson, AFA CEO





The AFA and the FPA have agreed in principle to a merger between the two associations

Agenda/objectives

- Explain what has been proposed
- Address the potential implications
- Explain why this is being proposed
- Seek feedback
- Answer questions

Please use the Q&A button to ask questions.

What has happened?

- A high-level non-binding Memorandum of Understanding has been signed between the two organisations
- The proposed merged association would have a new name, a new constitution and a new board with representatives from both the AFA and the FPA
- The proposed merger is subject to member approval
- Member consultation and feedback is now underway
- Both boards believe there are substantial benefits for their respective members from a merger

What will the new Association look like?

- Both boards agree that a new name, logo and branding, reflecting the new entity, would be appropriate
- It is proposed that Sarah Abood becomes the CEO of the merged association, while Phil Anderson would become General Manager, Transition, overseeing the transition and transformation
- David Sharpe (FPA Chair) would be chair of the new board, and the AFA board would nominate the deputy chair
- The merged association would have a single national (not federated) board of 12 directors, made up of 8 directors from the FPA board, and 4 from the AFA board (for a three year term), reflecting the relative size of each entity
- Both eligible AFA and FPA members would be entitled to stand for election in future director election cycles

Key benefits for AFA members

- Advocacy - A stronger and unified voice for the profession
- Education - More and better resourcing, clarity on designations honouring the heritage of both associations
- Community - More ways for members to engage and feel supported
- Events - Increase in scale, frequency and resourcing
- Professional standards - Supported through greater resourcing
- Member resourcing - More scale and resources to deliver more services
- Preliminary analysis indicates a merger would benefit most AFA members with a lower member fee for the equivalent category

Key messages for AFA members

- The AFA professional designations will be retained and will continue to be supported, however will not be open for new applicants
- The new association will retain the key community elements of the AFA, including our Communities of Practice (I.e. Inspire, Gen Next etc), which are admired
- The new Association will have a new name, logo and brand to reflect the heritage of both the AFA and the FPA
- Existing member rights will be preserved and continue to be respected (i.e. life members)
- The AFA will be represented on the merged board and eligible members will have the chance to directly stand for election in the future and to participate in the committees of the merged association
- Advocacy for issues important to AFA members, such as the retention of risk commissions, would continue

Addressing the AFA situation

- The AFA has its surplus assets held in a separate fund, known as the AFA Investment Fund, which has its own Board. The AFA is the sole beneficiary of this fund, which was set up to come to the assistance of the AFA in a rainy day
- The AFA Investment Fund currently has around \$3m in investments
- If the merger proceeds, the AFA Investment Fund would also be rolled into the merged entity
- The FPA also has a charitable foundation (Future2), and the AFA Board will work with the FPA and Future2 to consider the prospect of a merger of the two charities (Future 2 and the AFA Foundation)

The AFA situation – reasons for change

The dynamics in the advice profession and the broader financial services industry have impacted the core business metrics of the AFA in recent years:

Key Metric	FY 2019	FY 2020	FY 2021	FY 2022
Members	4,269	4,107	3,664	3,292
Revenue	5,356,807	4,139,766	2,748,915	2,815,530
Staff	14	14	11	9

The AFA membership has declined by nearly 30% since the peak, while overall adviser numbers (on the FAR) have declined by well over 40% and going lower.

We have responded to address these challenges and changes in the environment, however there are implications in terms of resourcing and services.

What next?

- 1 September – Announcement and commencement of member consultation and feedback
- 8 September – information for members published including this Q&A webinars, web page
- Ongoing – direct feedback from members via merger@afa.asn.au
- 21 September – Joint AFA/FPA Plenary session at Conference
- 22 September – Member only breakfast session at Conference
- Sept/October – Ongoing consultation opportunities
- October - Feedback to members on consultation process
- Mid November – Vote at the AGM

Questions and Answers

Please feel free to answer any question that you would like to ask via the Q&A button.

Alternatively please send any questions to merger@afa.asn.au

There will be further opportunities to consult, including at the AFA Conference on 21-23 September 2022



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