

# JWW Consulting

## Media Release

### SMSF sector loses out under new industry education & professional standards, says John Wiseman

**Tuesday January 17, 2017.** Although he welcomes the financial service sector's education and professional standards introduced into Parliament last year, industry consultant and former planner John Wiseman says the new changes have overlooked a gaping need for similar compulsory academic and professional requirements for SMSF trustees.

Commenting further, John Wiseman said with nearly 30% of Australia's \$2.1 trillion of superannuation funds in SMSFs it is incomprehensible that current and potential future trustees are not required to complete appropriate academic courses and maintain an ongoing regime of professional development.

"Trustees should be required to have a minimum level of education to undertake an SMSF and both the government and industry should be concerned by this lack of financial literacy and competency", said John Wiseman.

"Investing in shares or buying / selling property inside SMSF frameworks is simply not an undertaking for the amateur / unqualified practitioner as the taxation implications and adverse impact on retirement nest eggs can quite literally be catastrophic when mistakes are made".

'*The cop on the beat*' in relation to non-compliant SMSFs is the ATO who can impose penalties and punish trustees without the prospect of losing half their accumulated retirement savings in penalties.

In many cases, the penalty imposed on a noncompliant trustee is an 'education directive' and order to undertake an education course at the trustee's own expense.

"I liken the current SMSF situation as only requiring an unlicensed car driver to undertake a course to obtain a licence only if they are involved in a road accident", said John Wiseman.

"Regrettably the real-life casualties when these '*financial accidents*' occur are invariably the spouse, family members, disabled / financially dependent children, business partners, etc.

All who put their faith, financial wellbeing and prospects for a comfortable retirement in the hands of an individual and system that failed them abysmally.

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Citing a recent meeting as an example of his concerns John Wiseman met an individual that started a new SMSF online for a two-member fund. His motivation was lower fees and the misguided belief he could do a better job with the investments.

When asked about the trust deed he had no idea what it was let alone if it was an individual or corporate trust deed.

This situation is far too common and the reality in so many hastily implemented SMSFs that will invariably cost more in lost opportunities – not to mention taxation repercussions affirmed John Wiseman.

“Had this individual been required to successfully complete a compulsory academic course the situation would have been far different”.

“It is therefore imperative that government introduce legislation mandating trustee training courses initially for new SMSFs as soon as possible. The ATO already has such a program in place and working in conjunction with the SMSF Association and other specialist training groups the situation could be addressed quite quickly”.

Additional benefits would be the removal of this education burden from the ATO by giving it to organisations better geared to provide this facility.

A further outcome would be safeguarding the many thousands of vulnerable members in SMSF's where the trustee skills are simply not up to the task of investing, selecting appropriate insurance cover, etc.

In addition, the complexities around member payments is becoming a huge issue when situations such as death, disablement, retirement, split families, blended families (and many more) occur.

“To have these responsibilities in the hands of someone who is not competent and academically qualified is a disaster waiting to happen and in the end the only winners will be the legal fraternity as these situations will invariably end up in the courts”, concluded John Wiseman.

**Issued by JWW Consulting**

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**About John Wiseman:** *John Wiseman is the principal of JWW Consulting – a successful financial planner, businessman and entrepreneur in his own right with an unrelenting passion to assist fellow planners and business owners to succeed and achieve their potential.*

*Prior to commencing JWW Consulting, John Wiseman was the founder and principal of Wiseman Financial Services operating in the Illawarra from their Wollongong office for over 30 years. John Wiseman is not*

*an academic, his financial services skills, knowledge and expertise have been developed over 45 years.*

*Currently John Wiseman works with financial planners, dealer groups and senior managers of large companies to improve their business performance – to identify opportunities for financial planners to expand their businesses and maximise client engagement – as a media commentator and keynote speaker and as an independent director or member of advisory boards.*

*Although no longer providing financial advice, John Wiseman maintains a keen interest in matters impacting the financial advice sector and continues to keep up with his studies and learning in this area by attending conferences and professional development programs. John Wiseman is also a member of the Australian Institute of Company Directors.*