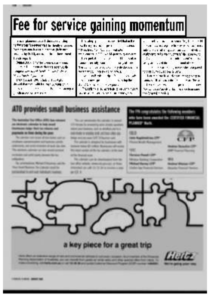
Fee for service gaining momentum

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Financial planners expect the revenue they derive from fee-for-service to rapidly increase, forming as much as a quarter of their total revenue by 2010, according to an Investment Trends report.

During 2007, pure fee-for-service arrangements brought in 16 per cent of planners' revenue, the inaugural *Investment Trends Planner Business Model Trends Report* revealed.

The November 2007 study of 1,179 planners showed that those with less than $10 million in funds under administration anticipated the strongest growth in fee-for-service revenue.

This category of planners predicted that in the next three years, the 14 per cent of total revenue they received from hourly or fixed rate arrangements in 2007 would grow to 29 per cent.

The report also found that of the 11 per cent of planners currently sourcing the majority of their revenue from fee-for-service, many displayed similar characteristics when providing advice.

Investment Trends principal, Mark Johnston, said these planners spend more time discussing their clients' financial and lifestyle goals.

"These planners are more likely to advise their client base on self-managed superannuation funds, direct shares and listed investment companies," Johnston said.

Planners who charge fee-for-service also have "more autonomy than other types of planners in [the] selection of platforms and planning software," the report found.

According to the report, 'independent' planners last year received double the amount of revenue from fee-for-service arrangements when compared to their bank-based counterparts.

"However bank-based planners expect this gap to narrow significantly over the next three years," he said.

The results showed that 11 per cent of planners now derive a majority of their revenue from pure fee-for-service models. ✣

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