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SMSF advisers working harder for less money

Clients charged \$1000 less

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The latest Investment Trends research commissioned by AMP Capital Investors on financial planning in the SMSF space has revealed advisers are spending more contact hours with their clients while receiving a reduced amount of fees.

The 2009 Investment Trends/AMP Capital Investors Planner Report showed the average level of annual fees charged per client at 30 June 2009 was \$3500. This compares to an average annual fee of \$4500 for the same time last year.

The drop in fees could be directly attributable to the downturn in markets, according to Investment Trends analyst Alex Woolaston.

"What we found is 41 per cent of all revenue derived from SMSFs for planners was from asset-based fee for service. So it's to be expected when valuations fall then the average fees will fall as well," he said.

In another development that has potentially resulted from investor nervousness after the global economic downturn, 47 per cent of respondents admitted to having had greater interaction with SMSFs compared to last year.

"Also there are more investors currently using planners. As of June last year there were 211,000 investors using a planner and now there are 213,000," Woolaston said.

The report also shows SMSF planners are anticipating a required change in their advice proposition regarding remuneration, with 35 per cent of participants saying they were expecting to change to a general fee-for-service model within the next 24 months.

In terms of challenges, 44 per cent of financial planners surveyed said compliance remained their greatest difficulty.

Struggling with servicing inappropriate clients due to accountants' recommendations was a concern with 40 per cent of respondents, while trustee education was also top of mind with 39 per cent of the sample naming this as a challenge.

The study involved 415 planners and was conducted in June this year.

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