

Financial Standard

www.financialstandard.com.au

Govt provides flexibility on fee for service

Tuesday, 29 June 2010 12:35pm

The government is not mandating financial planners use one remuneration structure over another as it consults with the financial services industry on the Future of Financial Advice reforms.

Speaking in parliament last week, Chris Bowen, minister for financial services, superannuation and corporate law, said while there will be a ban on conflicted payments, the government is not interested in prescribing how advisers charge clients.

"There will still be flexibility in how advisers can charge clients and how clients pay for advice. It is open to advisers to devise a charging structure that suits them and their clients," he said.

"That structure could be hourly fees and percentage fees - subject, of course to the guiding principles of the reforms."

Investment Trends research released when the government proposed the reforms found more than 56 per cent of 1,401 financial planners surveyed source their revenue from commissions.

Separately, he said the government's opt-in provision, where clients must choose to pay for the advice at a specific time, is an important measure but one he continues to consult the industry about.

Overall, Bowen said the proposed reforms have been positively received by a range of stakeholders, noting the Financial Planning Association (FPA) and the Investment and Financial Services Association (IFSA) have agreed with the "broad thrust" of the package.

Michael Hobbs

This story was found at: <http://www.financialstandard.com.au/news/view/29158>

Printed: **Tuesday, 29 June 2010 4:15pm**