

Planners support removing commissions

2 June 2010 | by Mike Taylor

A survey of Australian financial planners has defied media stereotypes by revealing more than half believe the removal of commissions by 2012 will actually benefit the industry.

The research finding is revealed in the [Investment Trends](#) May 2010 SMSF Planner report, which was released today and reflects the views of 472 planners.

However, while the research shows most planners believe a commissions ban will ultimately benefit the industry, they also acknowledge that it will adversely affect their businesses.

The Investment Trends data also shows that while many financial planners expect that some of their colleagues will be forced to leave the industry, few believe they will be personally affected. It found that while 57 per cent of planners expected some people to leave, only 3 per cent expected that they would be among those leaving.

Commenting on the survey result, Investment Trends analyst Recep Peker said the research had also shown that a third of financial planners would be looking to restructure their businesses, with 15 per cent expecting to acquire all or part of another business, while 7 per cent expected to sell a part or all of their own businesses.

He said that planners had also signalled that the transition to fee-for-service would not be without its fallout, with 54 per cent of respondents suggesting the change would make advice too expensive and 45 per cent saying they would not be able to support lower balance clients.

“Planners are signalling that lower balance investors may be the most affected by this decision,” Peker said. “However, the resulting gap may accelerate the growth of new models for providing defined scope advice.”

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