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### FIXED AND ASSET-BASED FEES CAN CO-EXIST

By [Milana Pokrajac](#) on 1 June 2011 [1 comments](#)

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Fixed and asset-based fees can co-exist as adviser remuneration methods as long as each method is used for the appropriate product, according to [OneVue](#) chief executive officer Connie McKaega.



McKaega's comments followed the [Industry Super Network's](#) (ISN's) claims that investors would be much better off by paying fixed fees to financial advisers as opposed to asset-based fees.

She said it would be difficult to disagree with the ISN's arguments when it comes to listed securities, property or term deposits.

"Term deposits are automated; there is no more work for somebody with \$1 million or \$10,000 dollars," McKaega said. "They don't transact any more, so why should somebody take 2.2 per cent going in with a \$1 million versus a fixed fee?"

However, separately managed accounts and managed funds services should be charged with asset-based fees, she said.

McKaega suggested the industry was already moving towards fixed fees. [Investment Trends'](#) *October 2010 Planner Business Model Report* also noted a greater prevalence of fee-for-service in adviser remuneration, particularly non-asset-based fees.

"By 2013, planners expect the proportion of their practice revenue coming from non-asset based fees to nearly double from current levels," [Investment Trends](#) analyst Recep Peker (pictured) said.

OneVue has launched new products that will position the platform provider for the post-Future of Financial Advice (FOFA) environment. McKaega said that change in the way clients' wealth is managed was inevitable, and that platforms needed to help advisers in adapting to the new environment.

"When people are trying to resist some of the FOFA changes and volume bonuses, all it does is it allows advisers to live in hope that these things won't transpire," she said.



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Jason Bragger | 2 June 2011 at 14:02

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