

# AMP to offer cut-price budget advice

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## Bianca Hartge-Hazelman

The country's largest financial planning group, AMP, is providing basic financial advice for as little as \$150 in the hope that it will encourage more consumers to seek guidance about their savings and translate to a market share win for the group.

Speaking at the Financial Services Council's annual conference on the Gold Coast, AMP's director of Financial Planning, Steve Helmich, told a crowded room that its network of advisers was providing three tiers of financial advice ranging from as low as \$150 for very basic budget and cash flow advice.

"AMP has found that very simple budgeting assistance can be provided for \$150 but that rises as the advice becomes more complex," he said.

It comes less than a week after the Australian Securities and Investments Commission proposed new guidelines to make financial advice more affordable, taking a "scaled" approach to pricing for one-off transactions or investment decisions.

AMP's low-cost offering, which involves a face-to-face meeting for up to 45 minutes with a financial adviser, is part of AMP's broader strategy to encourage people to seek advice by creating an affordable entry point.

Mr Helmich said that the pricing model increased to \$440 once people wanted simple and single-piece advice, such as on the one type of investment or insurance product, and \$660 for more complex single-piece advice.

A report by Investment Trends found that 33 per cent of consumers preferred to receive single-piece advice, while 25 per cent said they would prefer more comprehensive advice, reviewed regularly by an adviser.

Rival wealth manager MLC, which is owned by National Australia Bank, also provides low-cost advice but the price is said to be privately negotiated between the adviser and client.

A spokeswoman for BT Financial Group, owned by Westpac Banking Corp, indicated that it had no intention of announcing a similar pricing policy.

MLC general manager Greg Miller said he did not know of many advisers who were able to charge less than \$300 for financial advice.

Also speaking at the conference, Financial Services Council chief executive John Brogden warned that, over the next decade, the cost of providing more complex advice would become more expensive in light of regulatory reforms, which among other things ban commissions from July 2012.

Mr Helmich said that while he agrees that more complex advice was likely to become more expensive, scalable advice may well become more affordable.

"How much advice costs will be determined by the services provided."

Scaled advice was first recommended as part of the Future of Finance Advice Reforms announced by Financial Services Minister Bill Shorten in April of this year. The reforms aim to stamp out conflicts of interest in the financial advice industry and to make advice easier for consumers to understand and more affordable.

Financial advice has typically been regarded as being only something that wealthier individuals could afford.

But Mr Helmich said the perception that advice was "only for the rich" was incorrect and he encouraged other advisers to start adapting better to what most consumers want.

"As a professional we have got to cover the whole spectrum of advice, from pro bono work to high net worth advice."

MLC's Mr Miller said that as the cost of providing advice to clients came under pressure from the reforms, the industry would need to explore using various technologies to ensure that advice could remain accessible.

AMP is also offering superannuation consolidation to its customers for free.

The company will report first-half earnings on August 18. It acquired the Australia and New Zealand assets of AXA Asia Pacific Holdings last year.

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