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Opt-in to cost \$250: survey

Planners putting pressure on platforms

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Financial planners expect it will cost up to \$250 per client to administer opt-in, according to Investment Trends' research released at the annual Wraps, Platforms and Masterfunds Conference on the Sunshine Coast yesterday.

The finding is more than twice the \$100 per client estimated by Treasury.

Investment Trends principal Mark Johnston said the costs of administering an opt-in scheme would widen the gap between what consumers expect to pay for advice and the price of creating a financial plan.

"Even if it is a fraction of that, obviously it is going to add to the cost of advice and we have this big, yawning chasm remaining between consumer expectations and cost of delivery [of advice]," he said.

Increasing fee pressures have forced planners to find ways to reduce overall costs to clients, Johnston said.

The Investment Trends research said around 25 per cent of planners stopped pouring new money into at least one platform they had been using during the last 12 months.

Around 40 per cent of those who ceased using a platform cited fee issues, but also pointed to poor service and administration errors as reasons for their decision to exit, Johnston said.

"There is so much pressure on advisers to reduce total costs to clients, so it's natural to pass that onto platforms and fund managers," he said.

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