

# InvestorDaily

## Paragem lambasts small firm adviser estimate

### Firm says 8-10pc of advisers small

Victoria Tait

Thu 08 Sep 2011

Rice Warner Actuaries' assertion that only 2 per cent of Australia's financial advisers operate in small practices is false, according to Paragem Dealer Services managing director Ian Knox.

Knox was referring to Rice Warner's estimate that about 98 per cent of Australia's advisers were attached to larger organisations.

"This is not factually correct," Paragem managing director Ian Knox said.

"As Australia's largest independent supplier of scale back-office services to the IFA (independent financial adviser) market, it came as some surprise to us.

"We look after over 200 small [Australian financial services licence] holders with approximately 1300 authorised representatives (AR).

"This virtual network of advisers represents approximately 8 to 10 per cent of the [estimated] 17000 to 18000 ARs in the industry, and we are not the only supplier of services."

Rice Warner came under fire last week for estimating that one of the most despised aspects of the government reforms would cost no more than coffee and a sandwich.

Numbers have been flying thick and fast in the run-up to the release last week of Financial Services and Superannuation Minister Bill Shorten's Future of Financial Advice (FOFA) reforms.

The thorniest aspect of the reforms is the so-called opt-in requirement, which would force advisers to get clients to sign fresh agreements every two years.

In presenting the first portion of the FOFA draft laws, Shorten cited Rice Warner's estimate that opt-in would cost \$11 per client.

A survey by Investment Trends put the cost at \$250 per client and an informal poll by *InvestorDaily* showed advisers believed the cost would be \$75 to \$100 per client.

As for its latest figure, Knox said Rice Warner had no research to back its actuarial assumptions.

"We, for one, know of more than 2 per cent of the market," he said.

---

This story appeared on [InvestorDaily.com.au](http://InvestorDaily.com.au) ©2006 InvestorDaily