

## Soft dollar ban impact potential

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By **Elise Burgess** | In **Financial Planning**

With the banning of soft dollar benefits of more than \$300 now a definite feature of industry reforms, the potential impact may be greater than first thought, with July research finding that almost 45% of planners receive benefits.

According to the Investment Trends' July 2011 Planner Business Model Report, 45% of planners said that they had received soft-dollar benefits from third parties in the last year while 16% receive both financial and non-financial incentives to recommend their licensees' products.

Importantly, only 7% of advisers had received cash, gifts or entertainment valued over \$300 from third parties and would therefore be impacted by the ban.

The report, which surveyed 1,396 financial planners around July this year, also concluded that 55% of advisers said they had not received any soft-dollar benefits from a business other than their dealer group in the last year, and where they had, this had typically been around professional development or technical/compliance services.

Although the Future of Financial Advice (FOFA) reforms have an answer for that with professional development sessions or training now strictly limited to within domestic locations, ie Australia or New Zealand, with international trips for professional development no longer treated as part of planner training.

Mark Rantall, chief executive, the Financial Planning Association (FPA) said the group supports the ban of soft dollar as it will force the industry to look for alternative measures.

"We also support the banning on soft dollar benefits which further supports our existing joint venture with the Financial Services Council (FSC) - setting an industry benchmark on how alternative forms of remuneration paid by third parties are managed and disclosed."

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