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CFPs lead way on FoFA transition



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Research revealed at the Financial Planning Association (FPA) Conference in Brisbane has found that FPA members are best prepared for the Future of Financial Advice (FOFA) reforms. According to research conducted by Investment Trends, Certified Financial Planners (CFPs) lead the shift to a post- FoFA world and already derive more than half (54 per cent) of their revenue from fees, compared to the industry average of 43 per cent.

“By 2014 CFP advisers have indicated almost 70 per cent of their revenue will come from fees versus 60 per cent for the industry as a whole,” says FPA chief executive Mark Rantall.

“It’s clear the FPA’s 2009 remuneration policy, which laid the groundwork for a fee-based world well before FoFA, has given our members a head-start for the transition.”

The FoFA remuneration reforms are due to be implemented in July next year. Legislation enabling the FoFA changes has been referred to the Parliamentary Joint Committee on Corporations and Financial Services, which is expected to release its conclusions on the legislation in late February.

A survey of FPA members has also found the proposed opt in rules were a source of concern, with the majority expecting the rules would have a negative impact on clients.

“While we support sensible reforms which bolster the momentum we have created in enhancing consumer trust in advice, the FPA remains opposed to the opt in requirements,” Rantall says.

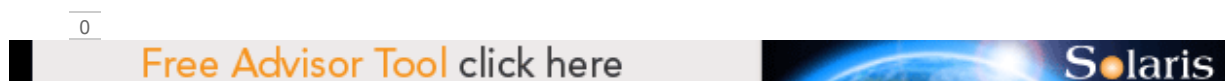
“It is redundant and adds nothing but cost and administrative red-tape when the introduction of a best interests duty and banning of commissions, both of which the FPA fully supports, already ensures that consumers get the advice they need and know what they’re paying for that advice.

“Our members continue to tell us, as evidenced in our most recent survey, that their clients won’t be better off, especially if clients neglect to renew their contract and are left without access to critical financial advice when they are at their most vulnerable – such as just prior to retirement or when markets are volatile.”

While opt in topped the list of regulatory worries, the FPA survey found continuing market volatility was the biggest concern for members over the next 12 months.

“The recent events in Europe have demonstrated once again the ongoing fragility of world’s financial markets,” Rantall says.

“Our members are telling us that they’re ready for, and indeed, moving beyond FoFA now, and are focused on how they can add value to their clients within this continuing landscape marred by volatility.”



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