

# Financial Standard

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## WEALTH MANAGEMENT

### Fee for service planners on the rise

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A sub-segment of financial planners expect revenue from pure 'fee for service' models to increase to almost a quarter of their total revenue in three years, a survey of more than 1,100 planners has found.

The inaugural Investment Trends Planner Business Model Trends Report, conducted last November and surveyed 1,179 planners, gave a glimpse on how many planners are moving into charging fee for service as opposed to commission-based.

"The report showed the strongest anticipated growth in fee for service was among those planners who currently had less than \$10 million in funds under administration (FUA), who expected to increase the fixed rate and hourly rate revenue to rise from 14 per cent of total revenue in 2007 to 29 per cent in 2010," said Mark Johnston, Investment Trends principal.

The report also found that planners using Macquarie Wrap and Asgard eWRAP had the highest proportion of revenue from pure fee for service models, while independent planners took twice the amount of revenue from pure fee for service last year compared to bank based planners.

"However, bank based planners expect this gap to narrow significantly over the next three years,"

Meanwhile, planners who are mainly using MLC MasterKey Custom derived the highest proportion revenue from asset-based fee for service and also had the lowest proportion revenue from up front and trail commissions.

"Overall, planners expect revenue derived from up front and trail commissions to fall significantly across most investment platforms over the next three years," said Johnston.

*Michelle Baltazar*

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