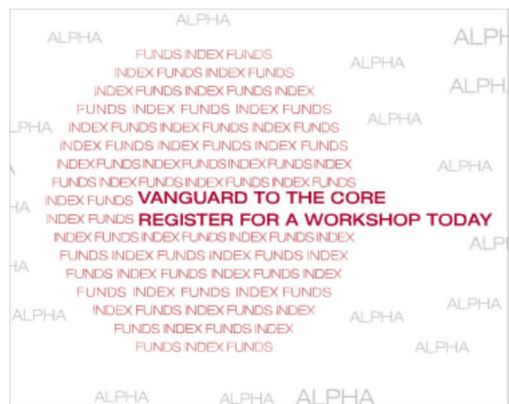


News

## Planners expect growth in fee-for-service

By Mike Taylor

Fee-for-service models are set to take greater hold in the Australian financial planning industry over the next three years, according to new research released today by Investment Trends.



The research, the Investment Trends Planner Business Model Trends Report, is based on a study conducted in November last year involving 1,179 planners and found that revenue derived from 'pure' fee-for-service arrangements had increased slightly from 15 per cent in 2006 to 16 per cent last year.

However, Investment Trends principal Mark Johnston said planners expected revenue from pure fee-for-service models to increase to almost a quarter of their total revenue over the next three years.

What is more, he said the report indicated that the strongest anticipated growth in fee-for-service was among those planners who currently had less than \$10 million in funds under administration and expected their fixed rate and hourly rate revenue to rise from 14 per cent of total revenue in 2007 to 29 per cent in 2010.

Importantly, in the context of the current debate over fees versus commissions, the research results found that just 11 per cent of planners now derived a majority of their revenue from pure fee-for-service models.

An interesting fact to emerge from the research was that those planners with over half their revenue derived from pure fee-for-service were likely to spend more time discussing planning for financial and lifestyle goals and less time discussing insurance needs.

"These planners are likely to advise their client base on self-managed super funds, direct shares and listed investment companies," Johnson said. "They also have more autonomy than other types of planners in selection of platforms and planning software."

The report also found that users of Macquarie Wrap and Asgard eWRAP had the highest proportion of revenue from pure fee-for-service models.

25 June 2008

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