



Media Release

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Fees Vs Commissions : The AFA Continues To Hold the Line & promotes Choice for all Australians

The Association of Financial Advisers continues to hold the line against calls for the abolition of commissions on financial/risk products.

“Mandating a single model of remuneration is wrong and it distracts everyone from the main purpose of working with advisers: which is building, protecting and managing wealth for Australians”, said AFA President Dennis Bateman.

“Australians need assistance from professionals in many areas of their lives and those professionals disclose the costs and forms of payment that they will receive. It doesn’t matter if you are a doctor, an accountant or a financial adviser, the client always needs to know the price and understand the value of the service,” said Dennis Bateman, AFA National President.

“Financial advisers have been required for a number of years to disclose remuneration. This debate is about Choice for Australians:

- Choice of adviser.
- Choice of advice model
- Choice of products
- Choice of payment options,” said Mr Bateman.

“The one size fits all model of “fee-for-service & invoicing your clients” is all well and good for certain segments of the market place, but a competitive market is all about providing options for consumers and not restricting choice,” said AFA CEO Richard Klipin.

Australia already has a pronounced gap in many key areas including:

- The Savings gap (thus the rise of credit & debt)
- Superannuation gap (9% is not sufficient to fund a retirement lifestyle)
- Under Insurance gap (Not enough cover & not comprehensive enough)

“These gaps will only be exacerbated by calls for a rigid Fee for service model. Australians have a right to accessible, affordable quality advice.” Said Mr Klipin

“The AFA is all about building professionalism and not getting caught up in how advisers charge. It is backward looking to keep talking about a lack of transparency when we have had several years of building transparency in the system. “

“The focus of the debate needs to be on value of advice not how we charge. At a time like this clients worry about:

- Market volatility (How much have I gained or lost?)
- Am I in the right portfolios? (Is my risk tolerance correct?)
- Is my family/ lifestyle goals protected and still on track?

The AFA continues to believe that a healthy market provides and promotes choice for Australian consumers. Investors have the choice in their suburbs in their towns and over the Internet as to how they receive advice and how they pay for it.

“As a Profession, let us collaborate and focus on helping Australians improve their financial literacy and the value they get when working with a trusted adviser,” said Mr Klipin.

AFA Media Enquiries

Richard Klipin

CEO 0412 127834

Richard.Klipin@afa.asn.au

www.afa.asn.au

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