



Media Release

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AFA : Financial Advice is not Black and White

The Association of Financial Advisers (AFA) is taking industry funds to task over advertising campaigns that denigrate financial advisers for receiving commissions.

AFA CEO, Richard Klipin says that comprehensive financial advice comes at a price and if not for commissions many people who need comprehensive advice would be unable to afford it.

"The role of the adviser is to offer comprehensive advice that helps their clients to build, manage and protect wealth," Mr Klipin says, "This means they provide advice that addresses a person's financial needs and objectives and takes into account their entire financial situation. Providing comprehensive advice that is appropriate to a client is a professional activity. Consumers can pay for that advice either by way of a fee for service or by accepting that their adviser receives commissions."

Mr Klipin says that as long as the consumer is aware of how and how much they are paying for advice, in dollar terms, it shouldn't matter whether it is in the form of a fee-for-service or a commission.

"This debate is about the value of advice, it is not just about price, Mr Klipin says, "The financial world is one many colours and whilst industry funds try to "dumb down" the debate and paint it in black and white terms, the truth is that there is a great deal of complexity in major financial decisions facing the Australian community."

Mr Klipin says comprehensive financial advice includes advice on insurance, superannuation, investments, estate planning, tax planning, debt management and cash flow management.

"The industry super funds would have you believe that financial advice is just about superannuation," he says. "In the long term this argument is doing the Australian community a disservice because it creates a negative perception

on superannuation, a negative perception on the role of financial advisers and a negative perception on the value of comprehensive financial advice.”

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