



Media Release

IFSA Super Charter.... A New World Order

Sydney: 17 June 2009 – The Association of Financial Advisers (AFA) has today welcomed IFSA’s Superannuation Charter (the Charter) calling it a fresh start for the superannuation Industry.

AFA CEO Richard Klipin says the Charter has many far reaching implications for all participants in the superannuation industry and will go a long way towards creating a level playing field within superannuation.

“The Charter is a timely document given the Government’s superannuation review,” Mr Klipin says. “Australia has one of the largest and most envied superannuation systems in the world and in order to ensure a competitive market that delivers to consumers, the Government has a core responsibility to build, nurture and set the right policy environment.”

Fees, Commissions and Financial Advisers

The AFA supports the following principles in the Charter relating to the consumer - ***“full value, choice, transparency, comparability and competition”*** and ***“members access to competitively priced funds where they only pay for the level of service they receive and clearly understand what they are paying for”***.

Mr Klipin says the AFA supports, and has always supported, a consumer focussed offer. “Part of the AFA’s policy position is that if it is good for the consumer, it will be good for the adviser.”

AFA President Jim Taggart says that while the AFA supports the consumer principles contained in the Charter and well understands the impact high profile collapses such as Storm, Opes Prime, and Westpoint have had on market perception, the issue of adviser remuneration is about identifying and managing conflicts.

“There are many conflicts of interest that confront us daily in our professional and personal lives,” Mr Taggart says. “Recognising and managing them appropriately is something that AFA members have done, and will continue to do, for many years. It is enshrined in our Code of Ethics.”

The Silver Bullet.....Towards a Sustainable Advice Model ~ appropriate advice every time

Mr Klipin says a fundamental concern for AFA members, and indeed, for all financial advisers is how to ensure that consumers receive “appropriate advice” each and every time. “Is running a fee-based business really the silver bullet or are there other parts to this broad puzzle? The AFA is not convinced that simply being fee-based will ensure consumers receive good and appropriate outcomes every time or that advisers will build better businesses.”

The AFA believes a range of factors are involved in running a successful practice that delivers appropriate outcomes to clients. These include:

- Skilled and well trained advisers
- Clear and deliverable value proposition
- Clients who need advice
- Well organised business structure and systems to support the Client Value Proposition (CVP)
- Well trained staff
- Well researched Approved Product List (APL)

“The AFA is committed to leading and supporting its members throughout this debate,” Mr Klipin says. “Our mission is to help our members in their role to build manage and protect the wealth of everyday Australians.”

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