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## **MEDIA RELEASE**

### **The unknown consequences of the legislation to ban grandfathered commissions**

**SYDNEY: 10 September, 2019** – The Association of Financial Advisers (AFA) acknowledges the passing of the Ending Grandfathered Conflicted Remuneration Bill 2019 in the House of Representatives today.

The AFA has long argued that ending grandfathering is complicated and as a result of the legislation hundreds of thousands of clients are now at risk of being worse off, subject to additional expense and/or losing access to their financial adviser.

AFA CEO, Philip Kewin, said the AFA has called for a three-year transition period to allow advisers sufficient time to find solutions for their impacted clients, including making sure that the right product options are available.

“We are deeply disappointed at the lack of analysis on the impacts of this reform and the lack of communication and guidance for impacted clients and advisers. At this stage there will be many thousands of cases where a sensible solution is simply not available.”

The AFA is calling on the Government and ASIC to provide guidance and assistance to advisers so that they know what they should do to help their impacted clients.

“We particularly call on ASIC to consider all options to simplify the advice requirements for advisers, so that they can help as many of these clients as possible before the deadline.”

The AFA is also calling on product providers to work to the legislated timeframe of 1 January 2021.

“In many cases, turning off grandfathering before the legislated date will only serve to stop advisers being paid, the benefit may not be passed onto the client and the ongoing servicing will be left to the institution providing the product.”

While the legislation does not impact all advisers, Mr Kewin said the AFA is very conscious that advisers with a greater than average exposure to grandfathered commission clients will be profoundly impacted.

“Some of these advisers have a significant level of debt that is secured by grandfathered commission clients,” he said. “We call on the banks to treat these financial advisers with respect and allow them time to adjust their business models so that they are viable in the

longer term. We also call on the Government to carefully monitor the implementation of this part of the reform.”

**[ends]**

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**About the AFA**

The Association of Financial Advisers Limited (AFA) has been the authentic voice on the value of financial advice for over 70 years. Today, the AFA is a vibrant, innovative association, where the underlying driver of policy is the belief that great advice transforms lives. To this end the AFA is striving to achieve the vision of Great Advice for More Australians. The AFA’s ongoing relevance as a professional association is derived from its success in engaging with the major stakeholders in financial advice including advisers, consumers, licensees, product and service providers, and the regulator and government. Culturally the AFA believes in the value of collaboration to create powerful outcomes and this drives how we achieve influence and work towards our vision.