

# Media Release

## for Immediate Release

29 April 2010

### The Future of Financial Advice

On Monday the 26<sup>th</sup> of April 2010, the Hon Chris Bowen MP, Minister for Financial Services, Superannuation and Corporate Law announced the Federal Government's response to the Parliamentary Joint Committee on Corporations and Financial Services' Inquiry into Financial Products and Services in Australia (Ripoll Inquiry).

The response proposes several major reforms, to commence from 1 July 2012.

Central to the reforms is a prospective ban on commissions; volume rebate payments, bonuses, and shelf fees. Besides the commissions ban, the government also proposes two other key reforms: a statutory fiduciary duty for financial planners to act in the best interests of their clients, and the introduction of a product neutral charging regime to more closely align the interests of the client and the financial planner.

Infocus' Managing Director, Mr. Darren Steinhardt, said "Infocus welcomes Minister Bowen's announcement".

"Infocus has provided financial planning advice with a fiduciary duty standard since the commencement of the business in 1994, and we introduced our first product neutral charging regime, which is in line with the Minister's announcement, after the Asian Currency Crisis in 1997. We see the majority of these reforms simply as the committing to legislation of what are sound and appropriate operational standards for any business engaged in the provision of financial services and financial advice. We see these changes as good for both consumers and the financial planning industry in general", said Mr. Steinhardt.

Steinhardt also said Infocus has made an additional round of alterations to its charging regime with the introduction of a Professional Fee Standard across its entire financial planning network, with a commencement date of 1 July 2010. This Professional Fee Standard is being introduced by Infocus a full 2 years before the commencement of the announced government reforms.

While Infocus supports the government's reform package overall, there is caution due to the scale of the reform package, and there is additional concern with certain specific components:

- We support a ban on commissions, but are concerned with an outright ban. While not of concern to Infocus, we are unsure if an outright ban is appropriate in every instance as it could impede the ability of low-income earners to receive financial advice.
- The government's plan to broaden intra-fund advice is a bad idea. This will develop a two-tier playing field, with professional financial planners on one side, and intra-fund advisers on the other. A two-tier playing field, where participants operate with different education and professional standards, is not in the best interest of consumers.

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### **About Infocus**

Infocus Wealth Management Limited is an integrated financial services company. Infocus provides a range of services in 5 distinct and vertically integrated business units, consisting of a financial planning advisory network, information technology division, financial services distribution, funds management, and an acquisition and succession solution. Infocus provides these services to both its 'in-house' financial planning network as well as the broader financial planning community.

As at the 29<sup>th</sup> of April 2010, the Infocus network consists of 75 offices around Australia, employing 150 financial planners, with 250 administration staff, advising over 30,000 clients on \$3 billion of superannuation and investment funds.

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