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Industry funds look to scale

Matt Woodington

Industry super funds and financial planners will need to redefine their relationship in order to prosper as a shift towards segmented scaled advice takes hold.

AustralianSuper has moved first, partnering with six financial planning groups to create a complete advice and super service.

Industry funds are increasingly looking at ways to provide members with a broader range of financial advice that goes beyond intra fund advice as consumers seek a piecemeal rather than holistic approach.

"If the consumer is willing to pay \$300 for financial advice then that's what the industry has to provide," said David Whiteley, chief executive officer, Industry Super Network.

"So what you're seeing from industry super funds is a lot of research into how to deliver the financial advice services that their members need and charging what people are willing to pay."

A shift to segmented scaled advice could change the employment structure of the planning industry as more advice would be given using different mediums, over the phone, through the internet, with less face to face structured information.

"Over the years business models have evolved into holistic advice and under the current regime it's very difficult to offer scaled advice. That could change and there is definitely an opportunity for growth for financial planners," said Mark Rantall, chief executive officer, Financial Planning Association (FPA).

The FPA broadly supports the concept of scaled advice if implemented in the right way and industry funds will need to adapt accordingly.

"A shift to scaled and fee-for-service is the future of the financial advice industry. Ideally it's

on an hourly fee, that's the hallmark of a profession," said Whiteley.

The FOFA reforms may yet be derailed but Australian Super clearly believes that they will go ahead and has taken the lead in bridging the gap between industry funds and planning firms. Others may follow suit.

"I think there will be more of these alliances as super funds have got a bit sick of being cherry picked by financial planners. So I think that with some of the legislative changes there will be a closer relationship between super funds and financial planners," said Tom Collins, chairman, Premium Investors.

Rick Di Cristoforo, managing director of Matrix Planning Solutions, one of the groups in the Australian Super alliance, believes that segmented scaled advice is not a foregone conclusion on the back of such deals.

"The opportunity is specifically to cover both strategic advice as well as scaled advice and we view our capabilities, being able to cover both basis for clients and members, as being a key advantage for this relationship," he said.

Whether industry super funds bring financial planning in house, they are likely to seek additional capabilities in the advice space to keep members happy. However, there remain question marks around the ability of industry funds and planning groups to cooperate.

Di Cristoforo believes that the time has come to move the debate away from fees and commissions and to stop pitching industry funds against advisers.

"The main game is about providing good quality advice and using good quality product platforms for the clients and that's a view shared by lots of people, not just planning groups, industry funds or retail funds. **FS**



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Planners upscale with managed accounts

Michelle Baltazar

Today's breed of managed accounts can give financial advisers the scale they need to grow their business despite mounting regulatory hurdles, experts said at the Financial Standard Managed Accounts forum.

James Mirams, financial adviser and director of Paradigm Wealth Management, is a strong advocate of the sector and sees managed accounts as the "only option" in presenting advice to his clients.

It also allows him to access 'wholesale' investments at 'retail' costs and to tailor model portfolios directly to his client's circumstances.

To date, around 60 per cent of the firm's funds under advice are already run exclusively on managed accounts.

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Super funds win merger tax relief

Allison Bevege

Merging superannuation funds have been granted a three-month tax relief extension by Financial Services and Superannuation Minister Bill Shorten.

Minister Shorten today said that the Government would extend the temporary tax loss relief for consolidating funds from June 30 to September 30.

The concession allows funds to transfer tax losses when they merge that would otherwise have been crystallised when the merging fund was wound up.

The losses would potentially be wasted.

With the Government's new move, they can be

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