

Miranda Financial Centre



M J Langtry & Associates Pty Ltd
ABN 25 002 575 224
Trading as Miranda Financial Centre
Authorised Representative of
AMP Financial Planning Pty Limited

Suite 13/50-52 Urunga Parade
Miranda NSW 1490 Australia

PO Box 328 Miranda NSW 1490

Telephone: 02 9540 3818
Facsimile: 02 9524 1053
Mobile: 0412 957 882
Email: Langtry@MirandaFinancialCentre.com.au

The Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

17th August 2006

Dear Sir,

Inquiry into Structure of Superannuation Industry

I wish to provide this submission to the Committee for its consideration on the issue of **"the role of advice in superannuation"**.

Summary:

Personal one-on-one advice is essential to help people maximise their financial potential.

This type of advice is becoming more and more costly to provide as a result of increased regulation. I believe that we are heading down the track of the USA where I have heard that it is next to impossible to get retirement planning advice if you have less than \$US 100,000 to invest in non-super accounts.

The Government is using superannuation as the 'carrot' to encourage Australians to increase their retirement savings with the aims of gaining an improvement in people's standard of living and a reduction in people's reliance on Social Security in retirement. The advice of the Financial Planning profession supports the Government by encouraging people to make the most effective use of the superannuation system.

Content:

As a professional financial planner I am concerned at the regulatory obstacles confronting the provision of affordable, high quality professional advice on superannuation. The ability for financial planners to provide advice in the area of superannuation has been rendered extremely difficult since the introduction of the FSRA reforms and Super Choice. The FSRA reforms have imposed a costly and detailed level of regulatory compliance on financial planners advising clients on superannuation and this has been further compounded by ASIC's ongoing denigration of advice and APRA's non recognition of independent planning advice in their Circular I.D.1. on super switching.

As usual, the publicity focus is on the minority of advice providers who have not yet caught up with the need to modify their practices, whilst the majority of advice providers are endeavouring to continue the high quality of advice they have always provided.

Accredited by  **AMP** Financial Planning



Superannuation and retirement planning involves far more than simply looking at fees. Professional retirement planning advice to a client involves consideration of issues such as the client's retirement goals, the breadth and depth of investments based upon their risk profile, capital accumulation and debt reduction strategies. Superannuation advice will also include guidance on estate issues such as nomination of beneficiaries and determining adequate levels of insurance.

It has become particularly difficult to provide advice to clients with lower levels of superannuation savings (arguably those in most need of advice) because of the complexity of regulation and lack of regulatory support for the value of advice coupled with the client's inability to pay.

For example, if people simply want to know for their current super fund the most effective combination of salary sacrifice and personal contributions, or how to use the Nominated Beneficiary options, or what investments to select - I am required by the legislation to spend at least 6 hours (+ traveling time) in explanation of the Financial Services Guide, Documenting the relevant details of their financial position and their goals, writing a Statement of Advice (at least 20 pages), explaining the Product Disclosure Statement, presenting the advice to them, assisting them with the paperwork to get any changes implemented (even if I recommend no changes) and then following through to make sure that any changes have occurred as requested. Many years ago this was much simpler to do and I could provide the service professionally and economically (I have been a financial planner for more than 25 years with no complaints against my name). Now I am finding it increasingly uneconomical to provide this service. I have a nephew who lives in the USA who has explained to me that he can't get Financial Planning Advice until he has at least \$100,000 in non-super funds to invest. I would hate to see that situation develop in Australia.

Without the benefit of ongoing professional and personal advice (and professional encouragement) it is unlikely that a large percentage of Australians will achieve their retirement goals at a time when the Federal government is going to be burdened with an increasingly ageing population and continuing demands on the Age Pension system.

I would urge the Committee to recommend the reduction of overly complex regulation in order to promote the provision of appropriate scalable advice on superannuation to all sectors of the community.

Yours Sincerely

Michael Langtry JP, Dip FP, Dip LI.
CERTIFIED FINANCIAL PLANNER™