

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

30 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”**.

As a professional financial planner I am concerned at the regulatory inconsistencies confronting advice on superannuation.

To provide advice on superannuation an advisor is required to analyze choice of funds, potential loss of benefits, costs and performance to make an accurate comparison. This legislation makes it difficult to provide advice to clients with lower levels of superannuation savings however consumer protection is paramount and clients deserve to be made fully aware in order to make an informed decision.

The concern arises when Industry groups are able to step around the legislation under the proviso of advertising a “Product” rather than having to abide by legislation if deemed “Advice.”

These campaigns clearly undermine the consumer protection and the value of advice for which the legislation has been established. The public is being misled and ultimately the legislation is failing to protect the individuals for whom it has been established.

Enforcements by the regulator are clearly not addressing the concern of references that individuals will be worse off should they seek the advice of a professional planner. These enforcements also request that statements be made that comparisons have only been undertaken on one factor, fees. This again acknowledges that these groups have been allowed to move around the legislation that all professional advisers must follow and therefore being allowed to mislead the public.

Superannuation and retirement planning involves far more than simply looking at fees. Professional retirement planning advice to a client will involve consideration of issues such as the client’s retirement goals, the breadth and depth of investments based upon their risk profile, salary sacrifice strategies and determining adequate levels of risk insurance. Superannuation advice will also include guidance on nomination of dependants and binding death benefit nominations.

Indeed without the benefit of ongoing professional advice 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 aging population and continuing demands on the Age Pension system.

I would urge the Committee to recommend the review of consistency of application of legislation in order to promote the provision of appropriate advice on superannuation.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'M. Stevens', with a long horizontal stroke extending to the right.

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