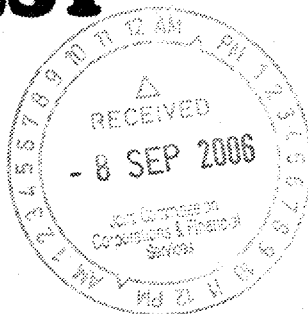


RETIREINVEST

5 September 2006



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

corporations.joint@aph.gov.au

Dear Secretary,

Inquiry into the Structure and Operation of the Superannuation Industry

RetireInvest Pty Limited welcomes the opportunity to provide comment to the Parliamentary Joint Committee on Corporations and Financial Services (Committee) in relation to the above inquiry.

RetireInvest Pty Limited is an Australian Financial Services Licensee that services 80,000 clients. It has been operating as a financial services provider, predominately in financial planning for over 25 years. Dealing with clients in the superannuation environment is an area that RetireInvest has spent considerable time. RetireInvest is exposed to various age groups that require superannuation advice and therefore we are familiar with the subject matter and we wish to make the following comments in relation to item 4 of the Terms of Reference - "The role of advice in superannuation":

Advice within the superannuation environment plays a large role within RetireInvest. Advice in superannuation is critical. Clients need to be aware of the type of product, fund manager, asset allocation, underlying insurance options and associated fees that they are subject to and require advice to ensure that they understand the various options to maximise their benefits.

It is important that consideration is given to financial services providers in the way that business is conducted in superannuation. Currently there are a number of barriers that do not effectively drive the superannuation environment. A number of issues need to be addressed, such as the following:-

- a) Industry super funds. We have seen many instances of Industry super funds being very slow or non co-operative with releasing appropriate superannuation details which allows an adviser to assess the industry super fund versus other funds.

- b) Close monitoring is required on superannuation marketing as projections on superannuation in marketing material can be very misleading.

RetireInvest

Level 8
10 Barrack Street
Sydney NSW 2000

Phone (02) 9262 1111
Fax (02) 9373 4270



REGISTERED OFFICE
RetireInvest Pty Limited
EABN 23 001 774 (25)
AFSL 238429
Level 15, 347 Kent Street
Sydney NSW 2000
www.retireinvest.com.au

member of ING

- c) Relief on regulatory requirements for advising on superannuation amounts less than \$10,000 should be examined as the work involved and associated costs can mean that an adviser may in fact turn away a client or a client cannot afford the advice.
- d) Simplification of superannuation. Whilst this has progressed further simplification of rules in superannuation is required.
- **Choice.** It is important for consumers to have "choice". In particular, a client should have the right to discuss with their adviser whether or not they pay a commission or a fee for service arrangement depending on their own specific situation and what is required. It should be noted that in some circumstances there may be tax advantages for clients to pay for financial advice via a commission arrangement. Recent statements by some commentators suggesting that commission should be banned do not take into account the fact that some customers prefer this method of payment. In this day and age, consumers are more informed and we do not believe that there should be a dictatorial attitude as to how advisers should charge and how consumers should be made to pay. The important issue as we see it is more around the transparency of fees and commissions and to ensure all documentation clearly articulates and sets out the various fees and commissions which are charged and what services therefore the consumer receives for those charges.
 - **Conflicts of Interest.** There has been a lot of press recently concerning what are conflicts of interest. Licensees are best placed to manage conflicts. The real issue is whether some form of remuneration is in conflict with what is "appropriate advice" for clients and that it must not influence the behaviour of the Financial Adviser in providing advice which is in the best interest of the client.
 - **Statements of Advice.** As FSR has evolved, it is clear that in seeking to meet their obligations under the law most Licensees initially developed Statements of Advice (SOAs) which were quite lengthy. It is clear however that SOAs have improved over time. One ongoing issue is that in some circumstances due to the regulatory requirements, the amount of work required to advise on a simple roll-over may be such that the fee which is required to be charged to cover the costs of the Financial Adviser's time in preparing the advice is not warranted. This is in direct conflict with what ASIC was trying to achieve. Additionally it is a concern to Licensees that there are a high percentage of consumers who cannot afford advice to be provided due to the regulatory requirements.
 - **Recommendation of products of related entities.** A recommendation of a product from a related entity may be the most appropriate option for a client and will be appropriate provided it is disclosed and the client receives unbiased advice regarding their underlying investment and insurance options. Many consumers actively seek the comfort and security provided by institutional ownership of advice dealer groups and the recommendation of related products.
 - **Financial advice.** Financial advice is a key determinant for people in securing their long term financial well-being. There is a greater need than ever before in today's complex environment for financial advice.

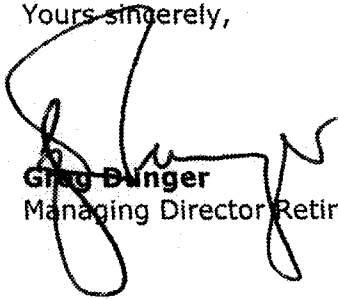
There are many cases where the client and/or their beneficiaries have been put in a better situation as a result of a Financial Adviser being involved in reviewing and making a recommendation on their financial future. If when

ever asked "have you received too much from the Estate", I am sure the answer in 95% of cases would be no. The only way we can ensure that we provide appropriate advice is to have a strongly focused industry with high educational standards, compliant Licensees and Authorised Representatives. Most Licensees and Financial Advisers are providing appropriate advice in the majority of cases.

I trust these comments are of assistance.

If you require any further information or should you wish to discuss any further issues which are outlined in this submission, please do not hesitate to contact me on the above number.

Yours sincerely,



Greg Dinger
Managing Director RetireInvest