

Dear Sir/Madam

Thank you for the opportunity to comment on the proposed changes to the FOFA legislation. These proposals go a long way toward making financial planning more efficient and effective, allowing greater access to advice for ordinary Australians.

My concern is that the amendments do not go far enough to release the financial planning community and their clients from a burdensome and costly exercise that does not achieve anything in terms of lessening doubt and concerns as outlined in The Honourable Mr Bill Shorten's release on FOFA. This is the Fee Disclosure Statement (FDS).

We had been prepared to send out the statements as per the legislation on 1st July 2013 however ASIC granted a six month period under which the appropriate systems could be developed, delaying the implementation date to 1st January. From a business point of view the shock came during the training period for the new software and legislative obligations. The amount of time needed to prepare such a statement is more than anyone thought - I had previously costed out the process at \$110 per client per annum. Our experience to date indicates that this will be higher. The costs will have to be passed onto the client.

My reasons for saying that FDS will not achieve the desired outcomes are :

1. The client receives disclosure of our ongoing fees in a range of documents :
 - . Statement of Advice
 - . Record of Advice (relating to ongoing advice and service)
 - . Product provider statements which are sent to the client anywhere between quarterly to annually. Adviser service fees are clearly outlined in these.
2. The development of a clear and concise disclosure table has been in force over the past two years or so. In the drafting of FOFA legislation this fact was neither acknowledged nor recognised as being a significant step forward to eradicate the perceived closed nature of commissions.
3. The more paper a client receives, the less they take notice of what is on it. We found this with the development of the Statement of Advice and other documents where the client just glosses over.

The cost of financial planning in Australia is skyrocketing. The objective of the legislation was laudable but the outcome is far from it. Instead of working with clients and spending time with them on their specific issues and resolutions, we are spending more time on administration for a very dubious outcome. In the submissions to the Senate on the original legislation I was disturbed to see one academic grossly exaggerating the need for Opt-in and FDS and it was

My views and comments may be condemned for having a vested interest in this issue but in truth it is our profession who is best handled to heal the damage wrought by the high profile failures. As someone who worked on the initial exposure of Storm Financial in 2005 I was frustrated by the fact that our voice was not heard by those who could have prevented much of the damage, yet all financial planners have paid the price and will continue to do so, as will their clients.

On behalf of both clients and financial planners I urge you to allow Financial Planning to be “open for business” rather than drown in the morass of administration without a positive outcome for party concerned.

Please advise me if you would like to discuss this further.

Yours faithfully



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