

For what it's worth here are my views on the question of commissions paid to Financial Planners for use in your deliberations.

The difficulty at the moment is the client not being able to reconcile total fees paid -upfront , trailing commissions (some paid as a matter of course)and other volume payments made to Dealer Groups with value created by the planner (or wealth manager as I prefer to call him- planning only being the first step in the process).

The matter of how the work is paid for (whether by fees or commission) is not the real issue. The issue is whether or not the payment reflects the value of the work performed which under the system of upfront, trailing and volume commissions is cloudy at best.

Unless upfront and ongoing commissions are abolished and replaced by a mutually agreed annual fee for service (payable by whatever means is agreed with the client (a percentage of assets under management which is paid by the institution where the assets are held or a separate hourly rate paid externally by the client -which should also be tax deductible) the client will not be in a position to assess the value created by the planner compared with fees paid.

The planning profession will never truly be professional unless the above changes are made.

To regulate the investment industry I also consider that a separate specialist body similar to the US Securities and Investment Commission should be created external to ASIC which at the moment is not proactive and does not deal adequately with complaints.

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