



MEDIA RELEASE

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Proposed FoFA reforms will benefit consumers

Consumers will benefit from the proposed reforms to the Future of Financial Advice legislation announced today by Assistant Treasurer, Arthur Sinodinos.

John Brogden, CEO of the FSC said: “The proposed refinements to FoFA outlined today will make it easier for Australians to get affordable advice which is in their best interest. This is good news for consumers.”

Mr Brogden also said: “Clarification on the Best Interest Duty is a positive proposal which will reduce the cost of financial advice in many instances without reducing the protections built into the reforms to protect consumers.”

The proposed changes will mean that consumers can seek financial advice specific to their needs. Currently, advisers are required to provide a full, comprehensive financial even if a client only wants advice on one aspect of their financial affairs.

“These changes do not change the substance or the intent of FoFA. The fundamental reforms and increased professionalism of financial advisers remain. However, these small changes ensure FoFA works as it was intended – to improve the quality and quantity of financial advice,” Mr Brogden said.

“These reforms mean advice will become more accessible and affordable for Australians.”

“As well as the benefits to consumers there are benefits to the Australian economy,” he said.

Research by KPMG*, shows that people who receive financial advice save on average \$1,725 more each and that increasing the number of people receiving financial advice by five per cent would add 0.3 per cent to GDP by 2016-17. This translates to \$91,000 of additional savings for a 30-year-old, \$80,000 for a 45-year old and \$29,000 of additional savings for a 60-year-old.

Another paper by Queensland University of Technology shows that advice provided by licensed financial planners improves lifestyles not just financially, but also provides peace of mind and a greater sense of wellbeing.

*KPMG Econotech Report January 2011 page iii

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.2 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.