



PRESS RELEASE

Financial Advice Reforms -its Time! But soft dollar payments not barred!

Lachlan Partners is very supportive of the 26 April 2010 announcement by the Hon. Chris Bowen MP, Minister for Financial Services, Superannuation and Corporate Law in relation to the reform package for the future of financial advice as a result of the Ripoll inquiry.

Lachlan Partners has always provided independent professional advice on a true fee for service basis to ensure transparency at all stages and the protection of our clients financial and investment goals. A number of key reforms announced by the Minister already form part of Lachlan Partners' business model.

The main reforms announced by the minister include:

- The introduction of a statutory fiduciary duty so that financial advisors must act in the best interests of their clients, subject to a 'reasonable steps' qualification. We welcome this reform as it should be part of every professional practice;
- A prospective ban on commissions and other incentive payments such as volume based payments, in relation to the distribution and advice of retail investment products including managed investments, superannuation and margin loans. To our disappointment, the reforms have not barred so called 'soft dollar' payments from the manufacturers of investment products such as

holidays and other gifts but they have to be disclosed in a register which can be reviewed by an investor. The Government will continue to review the disclosure of soft dollar payments;

- Improvements in access to financial planning advice and affordability measures with the removal of advice barriers for super and a review of other areas. There will also be a requirement for accountants to be licensed to provide advice to Self Managed Superannuation funds (SMSFs) .Given Lachlan Partners' multi disciplinary business model, we have specialised teams who are appropriately licensed to provide advice in this area. This is welcomed to level the playing field in providing superannuation advice to SMSFs by removing the accountants exemption in this area;
- Asset-based fees will be permitted to be charged but only on ungeared products or investment amounts (as agreed to with the retail investor); and
- Enhanced powers for ASIC in relation to licensing and banning of individuals.

We are already there.

Lachlan Partners provides advice to premium wealth management clients of the firm on a fee for service basis or a negotiated fixed fee and rebate commissions to ensure both a transparent and unbiased service offering in their wealth management division. This has been part of our business model for many years which is why we have welcomed the changes proposed by the Government.

The major reforms are due to come into force in July 2012 and will require the full consideration and cooperation of the financial planning groups, fund management and

superannuation industries to ensure a smooth transition to this much improved industry regulatory framework reforms.

Should you have any additional queries please contact

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