

Media Release



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For Immediate Release

New Financial Planners' Association Claims Financial Planners' Fees Could Be Cut By Up to 50% or More

The newly formed NTAA Financial Planners' Association (NTAA FPA) today issued a challenge to Australia's financial planning industry to look seriously at reducing its fees, many of which are driven by greed and self-interest.

Andrew Gardiner, spokesman for the NTAA FPA, has been appalled by a report last week that a client with \$1.5 million to invest would be hit with an upfront fee of \$26,460 in the first year and annual ongoing fees of almost \$10,000.

"The report stated that the example had been drawn from the Commonwealth Bank's 2008 guidelines on upfront and ongoing fees," Mr Gardiner said.

"But one would imagine that similar charges would be made by the other five financial planning institutions – NAB/MLC, Westpac/BT, ANZ/ING AMP and AXA. These institutions are what we call the mega banks."

Mr Gardiner said that he would not be surprised if quotes for a financial plan from a qualified accountant or tax agent, with no link to any mega bank, came in at up to 50% less than some of the fees recently reported.

He indicated that the NTAA FPA wanted to turn up the heat on fee gouging financial planning groups.

"The NTAA FPA challenges the financial planning industry – and particularly the big six mega banks – to demonstrate how they think such charges can be justified. We know they **cannot** justify their charges, and will not even try," Mr Gardiner said.

"So we are calling on people who have independently received financial planning quotes from one of these mega banks to get their own accountant to do a cost analysis.

"If they don't have an accountant, they can ask the NTAA FPA to do a cost analysis for them.

"Simply send us the quote they received from the mega bank and we will forward it to an independent panel of financial planners, who are also qualified accountants and/or tax agents. They will prepare a cost analysis and indicative quote of what they think it should cost the client.

All quotes submitted to the NTAA FPA will be kept strictly confidential after they have been correlated and reviewed and will not be used to generate business for NTAA FPA members. The point of the exercise is only to demonstrate how people are being ripped off, not to make money for our members.

“Cost analyses and quotes provided by an honest, ethical accountant or tax agent, who has the interests of the client and their retirement in mind, will be significantly less than the disgraceful charges being made by these mega banks.”

“It’s absolutely outrageous that many participants in this industry have the temerity to think that such fees can *in any way* be substantiated. The point is that everyday Australians are being ripped off by the very people charged with the responsibility of helping them save for their retirement,” Mr Gardiner added.

“Don’t get me wrong - there are many excellent financial planners. But the financial planners who follow such guidelines and who are tied to the six mega banks can act deplorably. Their actions put the whole industry in a bad light, and rob it of credibility.

“What the industry needs is full and open disclosure to the client. It’s sickening that some of the industry’s business practices see clients unknowingly paying tens of thousands of dollars in fees, for negligible and sometimes non-existent advice.”

People who wish to participate in the NTAA FPA’s survey can contact the association at:

Phone: 1800 808 105

Email: info@ntaafpa.com.au

Address: NTAA FPA
29-33 Palmerston Crescent,
South Melbourne, VIC., 3205

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