

Media Release

Paul Tynan cautions accountants to be ware & consider options carefully as not all licensee offers are the same

Monday April 4, 2016. Much has been written about the accountants' exemption, which allows accountants to give advice on SMSF's coming to an end on the 1st July 2016 and the new requirements they will need to adhere to if they wish to continue servicing clients within a compliant AFSL framework. Like many industry observers, Connect Financial Service Brokers (Connect) CEO Paul Tynan notes that accountants are not exactly rushing to be licensed with the deadline just on the horizon, however; there is an aggressive marketing campaign by licensees to license accountants under their respective dealer groups.

In this highly charged environment, accountants need to be very careful when selecting a licensee as they might find that their future business opportunities and retirement / exit / succession objectives could be put at risk if the wrong licensee is selected notes Paul Tynan. "Some licensee agreements have very strict client ownership stipulations, especially those by licensees that operate within the big four major banks, AMP and IOOF".

Connect has been approached by a number of accountants for independent assessment of prospective offers and many were shocked to learn of these client ownership requirements and their disturbing closeness to the 1976 Eagles song Hotel California. Especially the menacing lyrics and reference 'you can check in but never check out'. The adviser might own the revenue stream but they cannot sell their clients outside the licensee group.

As part of a Connect due diligence for one accountant, the principal was horrified to learn that the prospective dealer group he considered joining was bank owned and contra to his personal and professional requirement for independence and not to be aligned with a major institution.

For those accountants that value independence as the key platform of their client service and advice offering – great care needs to be exercised when assessing and selecting a licensee agreement says Paul Tynan.

Tynan also dispels one of advice industry's biggest myths that has been perpetuated over the past 30 years that it is hard and expensive to obtain and maintain an AFSL. He points to the specialist organisations that can assist accountants and advisers to apply for their license and their offering includes ongoing compliance, training, administrative and related services.

So as intensity builds as July 1 approaches, Paul Tynan cautions accountants to tread cautiously, consider all offers very carefully, seek expert advice, undertake comprehensive due diligence and most importantly, consider the best AFSL framework that maximises the potential value of the practice in line with the principal's succession and exit aspirations.

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