

## Media Release

### Financial Advisers Continue to Endure Exit Planning Paralysis

**Tuesday August 26, 2014.** Connect Financial Service Brokers (Connect) CEO Paul Tynan continues to observe financial advisers persist with an emotional attachment to their businesses as they sidestep and avoid facing the real issues for their reluctance to engage and implement succession and exit planning strategies.

Commenting further on the current situation, Paul Tynan says “Of course any self employed business owner is entitled to receive the best price possible to reflect the years they put into their practice – but they must also take into account the drivers influencing price in the current marketplace”.

The factors that are having the greatest impact on advisers’ succession activities are:

- FoFA reforms
- The dealer group focus on FUM
- Fear of loss of income and loss of client engagement
- Post GSC trauma waiting for equity market to return to the old highs

Paul Tynan maintains that business owners need to heed the very real situation that things have changed dramatically since 2007 and more change is coming. The political uncertainty as seen by the FoFA amendments is normal and not an aberration.

Risk insurance was not included in the FoFA changes however because of the losses coming out of the market all aspects of this segment is now, and will continue to come under more pressure for change in the future.

The baby boomer financial planners must take stock and face reality: The Murray enquiry, Industry Institutions (Banks, AMP) and the senate economics reference committee have all flagged:

- Rise in minimum education and competency standards
- Introduction of a national examination for financial advisers giving personal advice
- Introduction of a public register which will include a record of qualification and industry history

An exit plan can take over 12 months to execute so Paul Tynan’s advice to practice owners is to start the process now.

Paul Tynan says that he does have concerns about some recent M&A activity where the buyers believe that a successful financial planning business of the future can be effectively managed based on a process and electronic engagement. “Personal advice financial planning is based on a one-on-one client relationship and those who believe that this foundation for engagement can be replaced with electronic interaction – good luck and I hope your capital investment was worth it!”

Connect works with advisers – often acting as a sounding board and assist them to take a step back and remove the emotional attachments – then support them with the implementation of the most appropriate exit strategy for their practice.

“Exit planning has never been so important. If owners continue to sit on their business believing they can receive trail brokerage with minimal client engagement into the future, then please beware!”

“The introduction of a national examination with no grandfathering provision will see a spike in exit planning and when you have more sellers than buyers prices will go down,” concluded Paul Tynan.

Issued by **Connect Financial Service Brokers**      [www.connectfsb.com.au](http://www.connectfsb.com.au)

**Media enquiries**

Mr. Joe Perri  
Joe Perri & Associates Pty Ltd  
Tel/fax:        +61 3 9324 0362  
Mobile:        +61 412 112 545  
Email:         [jperri@joeperri.com.au](mailto:jperri@joeperri.com.au)