

## Media Release

### Life is about balance – A lesson for Industry and Government

**Tuesday February 4, 2014.** Connect Financial Service Brokers (Connect) CEO Paul Tynan says that through all the commentary and opinions currently being expressed by industry in relation to the Federal Government's proposed changes to the FoFA legislation, what is really needed is a balanced approach and outcome.

When reflecting on the goals of all stakeholders, Paul Tynan notes that their objectives are basically the same with the end goal being a strong, viable, profitable industry to professionally service and support the financial, investment, retirement and protection needs of Australian consumers.

In order for this to be attained, Tynan advocates the need for a balanced approach and end result in order to ensure that the interests and requirements of all stakeholders are addressed in terms of –

- A balance of robust regulations without over regulation and administrative burden
- A balance between cost, remuneration and consumer protection
- A balance between large institutions and boutique providers
- A balance between vertical integration and independent advice
- A balance between the interest of all parties and the ultimate objective of providing professional advice to consumers

"Everyone has endorsed the new world of FoFA and the intended outcome of a fee transparent client focused infrastructure with a professional industry delivering advice," said Paul Tynan.

"In my opinion, it's not Government that's the cause of the problems and complaints that have been directed towards FoFA but the overabundance of self interest groups lobbying intensely to ensure that the interests of their particular sector, company or association are met – even if above those of the industry or consumer".

In the end, there's no point pointing the finger of blame at Government and the legislators when the other fingers on the accusing hand are pointing directly back at the real cause and root of all the problems – the industry itself!

Paul Tynan continued, "I am not naive and it's there for all to see why all the special interest groups comprising institutions, advisers, associations, fund managers, etc have been so active through their lobbyists and lobbying activities – because Australia has a pool of retirement savings of \$1.6+ Trillion in assets and has the fourth largest fund management industry in the world. So there's a lot at stake."

With respect to the provision of advice, Paul Tynan offers a very simple solution to enhance the proposed FoFA legislation so it is unmistakably transparent for all consumers that the advice they are receiving is either aligned or non-aligned.

**Aligned advice** is where the adviser is in a salaried position and licensed via a bank, industry fund etc. There is a restriction of ownership of client and buyer of last resort (BOLR) terms in place.

**Non-aligned advice** is where the adviser is a self-employed business owner and there is no restriction with respect to client ownership and if the adviser wishes to leave a licensee the clients are clearly transferable.

Paul Tynan concluded, "As an industry we should all be supporting the enhancement of the proposed changes and make FoFA 'workable' and more transparent for Australian consumers".

"Currently nearly 70% of consumers don't or cannot afford advice and if over regulation and 'red tape' drives up 'costs', comprehensive personalised advice will only be available to individuals who can afford it. The rest will have to rely on call centres and hope that an off the shelf / one size fits all solution will provide them a protection or wealth creation outcome to meet their needs."

"It's time to take a balanced approach that ensures the needs of clients are paramount and met."

**ENDS**

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