

## Media Release

### Adviser Hardship & Impact Lost in FoFA Grandfathering Stalemate Debate

**Thursday February 20, 2014.** As the grandfathering issue steadily tracks towards a resolution that will satisfy most parties, Financial Service Brokers (Connect) CEO Paul Tynan says that although grateful his call for a balanced industry centric approach and outcome to the debate has been heeded, it has been the Adviser that has suffered the most during the recent stalemate.

Earlier this month, Tynan said that 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.

However, he felt that the primary cause of the problems and complaints directed towards FoFA came down an overabundance of self interest groups lobbying intensely to ensure that the interests of their particular sector, company or association had priority.

Through the finger pointing blame game, one side effect that has been lost in the grandfathering stalemate and debate by many parties has been the personal hardship endured by the Adviser.

Tynan asks the industry to pause for a minute and consider the Financial Adviser that needs to exit the industry and sell his business for a potential myriad of reasons that may include retirement, illness, death, divorce, and the list goes on.

How do these business owners realize a financial outcome that acknowledges and compensates them for the personal endeavour and lifetime of hard work that they have devoted to their financial services practice?

Financial Advisers have marketed a product with embedded commission because that was the only product that was available that satisfied the consumers' needs at that time.

Tynan asks the industry to further consider a situation if an employee worked under certain laws and framework to accumulate a capital amount and then through a change of legislation lost all his / her entitlements – who would be complaining then?

In his proposed solution to bring the FoFA debate to a satisfactory conclusion and enhance the legislation so it is unmistakably transparent for all consumers, Tynan advocates that advice should simply be 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.

Tynan has observed with interest that the big end of town i.e. Industry Super Australia and large institutions / banks are in the same camp, supporting aligned general advice.

“Why don't we have aligned legislation for non-independent advice and non-aligned legislation for independent advice (personal advice) and work together to ensure that the Australian advice profession is the world's best – is it really that hard?” asks Paul Tynan.

**ENDS**

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

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