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Media Release

The era of cheap SMSFs is about to end & planners P2P skills will open doors to new opportunities

Tuesday May 24, 2016. The final countdown to the expiration of the SMSF accountant exemption has well and truly started and as the momentum builds, industry consultant John Wiseman is amazed at the relatively small number of financial planners that are reaching out to offer them their services.

July 1 will mark a significant watershed moment in Australia's professional advice services sector and yet far too many accountants and planners are failing to connect with each other to establish commercial alliances that will benefit both their respective businesses.

"Although I can appreciate accountants by their nature are not marketers and networkers in the same sense as financial planners – hence my firm belief it is the planners that need to reach out and engage with accountants" said John Wiseman.

Much has been written about the potential for planners to capitalise on their SMSF expertise and service offering to fill the void that will be created by the number of accountants that have not applied for an AFSL. ASIC has certainly not been overwhelmed by applications that by last reports only numbered in the low 100s.

John Wiseman continued, "A major reason why more planners have not sought to contact accountants is their speciality and competency is not related to SMSF. I strongly believe all planners irrespective of their expertise should be acting NOW to engage with accountants".

"Furthermore, I would suggest that there are a very large number of SMSF Trustees and Members that if they are not aware now – they soon will be that things are going to change – and change significantly".

That has been the theme and thrust of all John Wiseman's articles, interviews, presentations, meetings and counselling sessions with planners and dealer groups – to get on the front foot and get out and engage with accountants.

For those accountants that have deferred making a decision or are unlikely to continue providing SMSF advice, a meeting with a planner could well be the solution to their difficulty.

For the reluctant planner who may not be competent or an expert in SMSFs, following are some scenarios to affirm the need by accountants for their services –

- The real cost of a compliant SMSF is about to be revealed post July 1 and many Trustees and Members that undertook the investment will be unable or unwilling to pay the much higher charges – or adhere to the stringent processes. As a result, many will seek to exit their SMSF and transfer to a retail or industry fund.

An undertaking most financial planners can assist – irrespective of SMSF expertise.

- Insurance / risk protection will be another area that will be closely scrutinised by authorities. Past practices, of a cursory tick to the insurance and protection question in the annual audit will simply not be acceptable.

A more robust and compliant review will be required in order to insure the ATO and ASIC are satisfied that meets the requirements of the fund compliance auditor (not the SMSF auditor), the PI providers – and hopefully not the legal team required to defend your actions in a court of law or ASIC enquiry.

The SMSF insurance requirements will need to be supported by well documented needs analysis, appropriate quotes and recommendations with all details included in an SOA.

These scenarios are just the beginning.

John Wiseman affirms that planners should be proactive by reaching out to accountants and inviting them to their office to brief them in person. Planners are well used to the rigours of providing compliant due diligent financial advice – and this too could explain the reluctance displayed by a great number of accounting practitioners to provide SMSF advice beyond July 1...it's just too hard and there's not enough time to get up to speed.

For those accountants that have deferred making a decision or are unlikely to continue providing SMSF advice, a meeting with a planner could well be the solution to their dilemma.

John Wiseman concluded, “We say that financial advice is a person to person undertaking – the same applies if planners hope to make headway with accountants – they have to utilise those P2P skills and personal engagement attributes to contact and connect in person.

“Sending an email, tweet, newsletter or a big thumb up on their social media site just won't cut it”.



Issued by JWW Consulting

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