



**MARINIS**  
FINANCIAL GROUP

18<sup>th</sup> November 2011

Mr A & Mrs B Client  
00 Client Street  
CLIENTVILLE SA 5\*\*\*

Dear Mr A & Mrs B Client

### **MARINIS FINANCIAL GROUP WELL AHEAD OF REFORMS**

The federal government has recently implemented the first round of its FoFA (Future of Financial Advice) reforms, intended to improve the quality of financial services advice and enhance retail investor (your) protection.

Key measures were to include a ban on 'conflicted remuneration' such as commissions and volume based payments to advisers. It is my view, however, that the reforms do not go nearly far enough.

For the last two years, Marinis Financial Group has been operating what we consider a best practice model. Over this period, we have replaced commission and percentage based remuneration for financial advice, in favour of a series of 'flat' fee packages based on client requirements and hourly based fees based on the time required to achieve the outcome.

In addition, I believe we will be leading the industry by moving to applying a flat fee for the arrangement of personal insurance as an alternative to commission based remuneration when we transition from the present arrangements in 2012.

I am, therefore, disappointed that the federal government reforms have not come close to enforcing their original aims, and nor will they until percentage based portfolio fees and the acceptance of insurance commissions are addressed.

On other related financial services industry reform matters, you may also be aware of the introduction of 'My Super', a basic super account with low fees and limited investment options (a sort of universal default super fund) which, if I am not mistaken, would appear to be in duplication of the role for which industry super funds were originally established.

Contrary to what their expensive advertising campaigns would have us believe, low fee superannuation offerings need no longer be the sole premise of industry funds and their new competition, My Super

For some time now Marinis Financial Group has been able to offer our clients a pricing structure not dissimilar to the very basic 'no frills' My Super (and considerably lower than the non transparent, 'one size fits all' industry fund approach) – with a distinct difference – delivery via a transparent, fully functional investment platform which provides an extensive range of investment choices.

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In the light of the recent government pronouncements, it is my view that there is still a long way to go to improve quality in the financial services industry.

You can be sure I will continue to voice my disappointment with the slow pace of reform and the fear that government seems to exercise about improving what is already the best retirement savings regime in the world.

I have included two pending media releases on these topics, which can also be found at our website ([www.marinisgroup.com.au](http://www.marinisgroup.com.au)).

As always, I would be delighted to hear from you if you have any questions or comments.

Sincerely



**Theo Marinis B.A., B.Ec., CPA., CFP®**  
**Financial Strategist**  
**Authorised Representative**

Encl.





## FoFA Reforms DO NOT Go Far Enough

"The federal government has not gone far enough with its FoFA (Future of Financial Advice) reforms, and it is my view that some financial adviser's clients are paying far too much for their services," says Adelaide based financial strategist Theo Marinis.

"Once again, the self interests of the larger players in the industry have effectively blocked genuine reform. One can only hope that this is simply a first pass from Senator Shorten."

"Commissions and percentage based advice remuneration are no longer appropriate payment for financial advice. Until these systems are replaced with fee for service options, I see limited scope for improvement in the quality of financial services advice and the government's stated goal of enhanced retail investor protection."

"I would urge the federal government to revisit FoFA starting with the premise that whilst we have one of the best retirement savings systems in the world, there is still considerable scope for improvement."

"It is disappointing that current federal government reforms have not come close to their original pronouncements. I believe that they will continue to fail, until such time as percentage based portfolio fees and the acceptance of insurance commissions are stopped by law."

"If the government can eventually manage to create an even better retirement savings system, the confidence of investors and the reputation of the industry will grow with appropriate remuneration and reward for the provision of the highest advice standards. It will become a virtuous circle."

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For further information please contact:



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### Disclaimer

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The information given in this article is of a general nature and has not taken into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision on the basis of the advice above, a prospective investor needs to consider, with or without the assistance of a professional adviser whether the advice is appropriate in the light of their particular investment needs, objectives and financial circumstances.

## My Super - The Industry Funds have FAILED

"The introduction of 'My Super' under the FoFA (Future of Financial Advice) reforms is proof that industry superannuation funds have failed their stated aim of being the custodian of working people's retirement savings," according to Adelaide based financial strategist Theo Marinis.

"Board members of industry super funds should be alarmed that the federal government has mandated the introduction of a low cost vehicle, dubbed 'My Super', to help the lowly paid collect their retirement savings. This is the role industry funds were established to play."

"Industry funds have, in my view, become a comfortable club which is no longer challenged to think outside the square, with respective funds almost exactly the same as each other in terms of cost, services and often, shared administration systems."

"In addition, many industry fund practices, ranging from 'smoothing' performance from year to year, through to members with larger balances effectively subsidising those with small accounts, do not provide members with the transparency they are entitled to."

"Perhaps it is time the industry super funds re-examined their reason for existence, committed themselves to cutting their own costs and increased their service levels. 'My Super' in my view, is a warning to them."

"Low fee offerings are no longer the sole premise of industry funds and their poorer cousin 'My Super'. My clients already enjoy transparent, fully functional, unlimited choice investment platforms, in many cases from as little as 60 basis points – 40 per cent lower than many of the old 'one size fits all' industry fund approach."

"Whilst industry funds play a role as a place to start a savings pool (as no doubt, will 'My Super') when an individual account balance approaches the \$300,000 level, sound financial advice – on a fee for services basis - becomes paramount. At the end of the day, the advice received is more important than the vehicle for building savings – however, a big part of that advice should include keeping costs to a minimum," Theo said.

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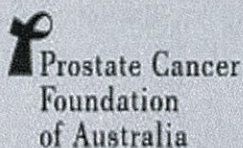


FACE  
GROWN

# MOVEMBER

HAND  
BRUSHED

SUPPORTING PROSTATE CANCER AND DEPRESSION INITIATIVES



Hi All,

It's Movember and time to focus on men's health. To show our commitment, here at Marinis Financial Group, we have decided to do our bit for men's health and sign up as a **Mo-Business** to support the men in our lives. The month, once known as November, is committed to raising vital funds and awareness for men's health; specifically prostate cancer and male depression.

Why are we so passionate about men's health?

- 1 in 9 men will be diagnosed with prostate cancer in their lifetime
- This year 20,000 new cases of the disease will be diagnosed
- 1 in 8 men will experience depression in their lifetime

We are asking you to support the **Mo-rinis** Movember campaign by making a donation by either:

\*Donating online at: <http://mobro.co/MarinisFinancialGroup>

\*Writing a cheque payable to 'Movember', referencing our **Registration ID: 1615462** and mailing it to: Movember, PO Box 60, EAST MELBOURNE VIC 8002

No donation is too large or too small.

If you would like to find out more about the type of work you would be helping to fund by supporting our **Mo-rinis** Movember campaign, please take a look at the 'Programs We Fund' section on the Movember website:  
<http://au.movember.com/about>

Thank you in advance for supporting our efforts to change the face of men's health.



The Mo-Team at Mo-rinis Financial Group