

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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