

Grow @ Marinis Group

From: Grow | Marinis Group
Sent: Friday, 18 January 2019 9:46 AM
To: Alex Wiedenmann | Marinis Group
Subject: In response to the Hayne Royal Commission

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Dear Friends,

In response to the Hayne Royal Commission (and Productivity Commission)

I may be the only person in financial services who thinks the Hayne Royal Commission (HRC) into misconduct in the banking, superannuation and financial services industry is highly appropriate.

At the risk of being controversial, I would even go so far as to say the financial services industry needs a regular inquiry cycle – possibly every third year. This practice would keep institutional service providers on their toes; it would also help to force conflicts of interests out of the industry.

Commissioner Hayne has already forced some major changes.

Fees are being reduced, executive teams are now reviewing claims of unfair treatment by clients, criminal charges are being prepared – and our regulators have been given a shake up about their proximity to the organisations they are meant to be supervising.

There is a very human tendency to think that once the HRC winds up “Well, that job is done.” Eventually, the same offenders will scurry out of the shadows, as will the same self-interested flaunting of black (and grey) moral laws. That’s why I would call for a regular cycle of review – with the same powers as a Royal Commission. I hope whoever becomes the next PM listens and acts accordingly.

Now I will talk about ‘the elephant in the room’.... what does the HRC mean to Marinis Financial Group (MFG)?

It means we and all other participants in the industry will be under much closer scrutiny by the regulators and the media. There will be a requirement to be even more transparent but, in my view, there will be resultant growth.

Just over 16 years ago I had an epiphany, which saw me embarking on a journey to change our business model. Regular readers of eGrow will know that in mid-2008, part of this process involved the successful application for our own Australian Financial Services Licence (AFSL) which made MFG subject to similar reporting and review obligations as those which apply to institutional organisations. More importantly, it put us in control of how we operated our practice.

We adopted a true (flat dollar) fee for service model, which meant a completely transparent approach to advice costs. Our model also had the objective of driving down investment and administration costs for our clients. The changes were scoffed at – and I was told that “we would go broke”. The opposite is true; Marinis Financial Group has grown, based on the recognition that we treat our clients in the way we would wish to be treated – even to the point where I am happy to disclose my own personal financial plan to any client who asks.

As an economist, it is concerning to see the waste and inefficiencies which exist in the superannuation system. When winding up my own SMSF and transferring to the same retail superannuation platform I was recommending to my clients, I was offered a special ‘adviser’ rate – a significant discount to the ‘scheduled’ platform administration fee. I then demanded the same rate for ALL our clients!

This large international superannuation and insurance provider taught me a valuable lesson in negotiation. Thanks to our AFSL (which essentially means that we are not restricted by the approved product menu of an institutional licensee) we have been able to select the best product to recommend, not what ‘upstairs’ tells us to offer.

The result is that we have been able to pass on wholesale rates for administration and investment fees to ALL our clients. In the majority of cases, this simple approach has saved them far more than the cost of our advice fees ... and that is before other strategic financial planning issues are added to the mix.

We have successfully applied this philosophy to all the systems which need to work for our clients, and our team is encouraged to always be on the lookout for constant cost improvements. This has made a significant difference to the

financial outcomes for our clients, as each recommended change in investment platform services (at all times using quality and credible providers) has been designed to secure more services for less money.

The results have 'turbo charged' many people's retirement savings, which delights me. The industry often hides behind percentages or 'basis points' but I always think about the tens of thousands of dollars better off each of our clients are (net of our advice fees) because of our aggressive approach to cutting costs and ALWAYS putting their interests FIRST!

[The world is at last starting to catch up! I am relieved to see the Productivity Commission's recent recommendations on superannuation are basically saying the same thing - stop taking money out of superannuation through high fees... and let it grow.]

Should you have any questions, specifically about the impact of the Hayne Royal Commission (HRC) on your investments, please do not hesitate to get in touch with me – I am watching it closely.

I am also pleased to say, so are a lot of our more recent clients - many of whom who have recently visited our website and commented to me on the 80+ media releases generated over the last decade – all of which provide an insight into our values and evolution as a best-practice financial planning firm. You can see our media file here <https://marinigroup.com.au/media/2018/>

And one more thing:

Some clients are coming to me with increasingly complex financial issues, which I welcome. As a result, I have put together a panel of experts who tend to be my 'go to' team. They are Marc Romaldi of WRP Legal and Advisory for complex legal issues, Tanya Ryan for straight forward estate planning (Wills), Tony Musolino for borrowing needs and Marco Piteo for accounting. I firmly believe in my clients having their own professional 'team' - and over the years I have fostered a good working relationship between all these experts which is ego free, transparent and supportive. If you need extra help, I am very comfortable recommending this team to help you out - under my 'coaching'.

As always, if I or any of the team can be of assistance, please don't hesitate to contact us on (08) 8130 5130.

Kind Regards,

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



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