

Dear Sir/Madam,

I run a small business, Panorama Wealth, where I am the sole financial adviser within the company.

I can see first hand the issues with the current regulatory framework of the industry, and it is clear to me that many Australians do not have access to affordable financial advice.

### **Professional Indemnity Insurance**

The cost of running a financial planning business is very high, one example is Professional Indemnity (PI) insurance. I have a good friend who recently started her own small business, an accounting firm, where she pays \$267pa for PI and has a \$1,000 excess. I currently pay \$10,140pa with an excess of \$100,000, and have never made any claims against the policy.

One solution could be to remove the requirement on financial advisers to have a PI policy, and allow them to operate without the cover (not that a \$100,000 excess is providing much cover currently).

There are other costs greater than PI insurance, such as dealer fees, but PI insurance leaps out at me as being such an extreme contrast between cost and value.

### **Disclosure of Ongoing Advice Fees**

The time spent on compliance work in financial planning is very high, one example is the disclosure of ongoing advice fees. I'm required to disclose ongoing advice fees 3-5 times a year to every ongoing client. At a minimum in their Statement of Advice (or Record of Advice), in their Fee Disclosure Statement and in their Fee Consent Form. I see a substantial overlap in unnecessary paperwork in the disclosure of ongoing advice fees.

One solution could be to remove the requirement of completing Fee Disclosure Statements.

### **Target Market Determinations**

Another example of large amounts of time spent on compliance work is reviewing Target Market Determinations. For each review, each year, I have to read through Target Market Determinations for every product that the client already has and every product the client is being recommended. There are already checks and balances in terms of screening product recommendations to clients, such as an Approved Product List.

One solution could be to exempt financial advisers from the recent Target Market Determination / Design and Distribution legislation.

There is compliance work that is more time-consuming than completing Fee Disclosure Statements and reviewing Target Market Determinations, such as preparing a Statement of Advice, but it's the Fee Disclosure Statements and Target Market Determinations that I see as compliance work that has little to no benefit to anyone.

The excessive costs of running a financial planning business and the excessive time spent on compliance sadly tend to get passed on to the consumer. One of the ways that it can be passed on is an increase in minimum household income or minimum net asset position that a client needs to have to be provided with personal financial advice. This leads to clients being turned away without being able to help them, which is frustrating and upsetting, because one of the reasons that I love this job so much is being able to help people.

Kind Regards,

George Collie  
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Panorama Wealth