MEDIA RELEASE

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INVESTORS SHOULD BRACE FOR DEARER SELF MANAGED SUPER

Australian investors should brace for fee increases of up to 20% for advice on their self-managed super funds from July 1 this year.

According to financial licensing firm Rise Standards, higher compliance costs faced by accounting firms under the looming new licensing regime are likely to be passed on to clients.

“Investors can expect to pay more for professional services relating to the establishment and ongoing management of a self-managed super fund once the new industry regulations kick in from July 1,” Rise Standards Managing Director Guy Thompson said.

“It may be a difficult decision for firms to decide just how much of the additional costs they will pass on to clients. It could be minimal or as much as 20 per cent to cover the additional resources required to meet the new industry standards.

“However any subsequent fee increase should be weighed up with the higher quality of advice the new licensing requirements will usher in. Overall, we see the changes as a real positive for the industry and the provision of advice to investors.

“Self-managed super continues to be a popular investment vehicle in Australia and that won’t change.

“The test will be how well the industry is able to educate the public as it moves towards more fee-based pricing for advice provision.”

Accountants currently providing SMSF advice are working under exemptions to existing corporations regulations which are set to expire on 30 June 2016. If accountants wish to continue advising beyond this date, they will need to be licensed or appointed as an authorised representative, otherwise they must cease providing strategic SMSF advice altogether.

Adelaide-based Rise Standards has been inundated with enquiries from accountants across the country, including sole traders to firms with dual-principles or multi-partnerships, seeking authorisation to continue advising on SMSFs before new regulations come into effect.

In the past three months the firm has licensed 80 accountants from across Australia as authorised representatives, and expects to add at least another 40 in February and March.

Understanding how accountants currently service their clients has been important in fitting a solution that will make a seamless transition and add value to the accounting practice. Rise Standards has achieved this by minimizing administration and consultancy work.

Accountants are able to talk with their clients as they previously have whilst remaining compliant to the changes and without feeling the pressure to sell products or meet KPIs. Rise is able to achieve this because they are privately owned and have no affiliation with banks or lending institutions. This provides flexibility and the position to tailor a unique model for every practice.

Mr Thompson said accountants who did not adapt to the legislative changes may be at risk of losing a substantial number of clients, forcing them to downsize their practice.

“Obtaining and managing your own license is a big commitment of resources, both time and monetary, but we can offer an easier, more supportive solution via our authorised representative model,” he said.

“As a private company with our own AFSL, Rise Standards has the flexibility to help steer the accounting firm in the direction that is in the best interest of the advisers and their clients.

“February is really the crunch month for accounting firms to begin the process of either becoming authorised by a group or obtaining their own limited license due to the education and administration requirements that need to be met before June 30.”