



MEDIA RELEASE

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FSC SUBMISSION RELEASED ON ADVICE FEES FOR MYSUPER AND CHOICE PRODUCTS

The Financial Services Council (FSC) has released its submission on advice fees for MySuper and Choice products. While supporting the intent of the legislation, the FSC holds reservations on the impact of banning all advice fees from MySuper products.

FSC CEO Sally Loane said while the intent is to protect consumers, in practice implementing this recommendation will create a two-speed system that charges only some members out-of-pocket fees and will distort consumer behaviours.

“The FSC recommends the draft Bill be amended to allow MySuper members to pay for one-off advice from their superannuation balance while retaining the proposed ban on ongoing fee arrangements,” Ms Loane said.

“This approach would be simple for consumers to understand, simplify oversight of fees, and prevent poor consumer outcomes that are likely to result from a blanket ban on advice fee payments.

“Removing the ability to pay for advice from MySuper accounts will have unintended consequences, such as reducing access to financial advice many people will need, or causing arbitrage between products.”

The FSC submission includes several recommendations that will ultimately lead to better consumer outcomes, including:

- The need for clear and appropriate transition timeframes;
- The need for clarity on the form of consent required by trustees to deduct fees from choice product;
- The need to ensure electronic forms of consent are expressly permitted, to simplify processes for consumers and to reduce administrative burden.

Ms Loane said if the legislation is passed as it currently stands, consumers who can no longer afford to access advice could be left materially worse-off in retirement..

The FSC submission is in response to Recommendations 3.2 and 3.3 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Read the submission in full here: <https://fsc.org.au/resources/1966-fsc-submission-advice-fees-for-mysuper-and-choice-products-fsfc-recommendations-3-2-and-3-3-exposure-draft-legislation/file>

Contact: Esther Jago on 0421 102 944 or ejago@fsc.org.au