



Media Release

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AUSTRALIANS CONFUSED ABOUT THE COST AND VALUE OF FINANCIAL ADVICE SAYS GESB

GESB says that commissions have hidden the cost of advice to consumers for so long that Australians have little sight of what they should be paying for comprehensive financial advice.

Research commissioned by GESB shows that nearly half (44%) of Australians think it is appropriate to pay under \$500 for a five year financial plan¹.

Fewer than a quarter (22%) of Australians think between \$501 and \$1,500 is appropriate, while only 1% think \$3,001 to \$4,000 is a fair price to pay.

Fabian Ross, General Manager of Wealth Management at GESB, said, "Our research demonstrates a significant disconnect between the realistic cost of providing comprehensive financial advice and what consumers believe is apt to pay for it.

"With the Financial Planning Association saying that consumers can expect to pay, on average, \$3,600 for a complex plan², it's clear the industry needs to do more to help consumers understand the real cost."

Mr Ross said that providers also need to reduce confusion amongst consumers about what they should do with the advice they receive.

¹ Respondents were asked to assume they had a super balance of \$50,000 and owned their own house

² Figures based on research among Financial Planning Association members

GESB's research showed that only two in five (40%) Australians would expect to follow a financial plan precisely, updating it each year. A further third (34%) would expect to follow only parts of the plan.

One in ten (10%) Australians would not expect to get any useful or relevant guidance from a professionally prepared financial plan.

"The industry may be making moves to adopt a fee-based advice model in place of commissions, but in the absence of education giving sight of both the true cost and value of financial advice consumers are less likely to take up advice, thinking it is both expensive and irrelevant.

"This will leave their efforts to save through super subject to a range of risks, including market fluctuations, inflation and longevity, at a time when they are striving to reach more adequate levels of retirement savings," said Mr Ross.

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Notes to editors:

1. About GESB

GESB is the largest WA-based super provider with more than 313,000 members, representing nearly one quarter of the WA workforce, and around \$10.0 billion funds under management.

With more than 70-years of superannuation experience, GESB is ideally situated to provide members with a choice of superannuation and retirement products, access to financial planning and insurance coverage through super, combined with competitive fees and a wide range of member education, information and resources.

For further information visit gesb.com.au .

2. Industry ratings and awards

SuperRatings awarded GESB Super, West State Super and Retirement Income Allocated Pension its highest Platinum rating in 2010. This is granted to only the top 15% of the best 'value for money' funds, based on an assessment of investment returns, investment methodology, fees, administration and advisory services, as well as a robust, secure and proven governance framework.

Chant West awarded GESB Super, West State Super and Retirement Income Allocated Pension its highest rating in 2010, Five Apples, following an assessment of organisational strengths, investments, fees, insurance, administration, member services and employer services.

The Heron Partnership has also awarded GESB its highest rating in 2010, 5 Quality Stars, granted to only the top 25% of super products, based on an assessment of investment arrangements, insurance, ancillary benefits, communications and contributions.