

MEDIA RELEASE

***AdviserTECH Planner Survey* reveals sentiment toward ban on mortgage exit fees and Draft Regulations on SMSF collectables**

Tony Nguyen, Technical Services Manager

With the ban on mortgage exit fees due to take effect from 1 July 2011 and the release of Draft Regulations on SMSF collectables Midwinter has released results of its June *AdviserTECH Planner Survey* which was provided to our financial planning network. There were 128 financial advisers that completed the survey, representing 21 dealer groups.

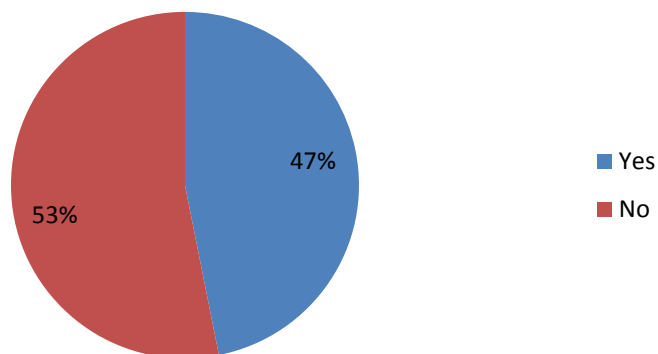
Midwinter's AdviserTECH survey is specifically targeted to the financial planning and advice industry.

There were 5 basic questions asked of financial planners, accountants and risk specialists regarding the latest legislative proposals on mortgages exit fees and SMSFs.

The online survey was open between Thursday 9th and midday 14th June.

Question 1/5

1. Do you offer mortgage loans as a service in your financial planning practice?

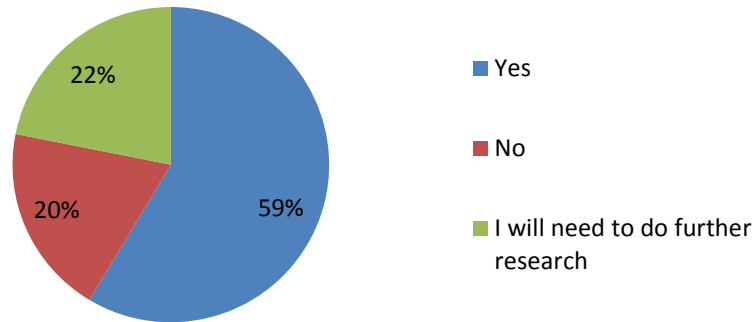


A surprisingly high number of financial planners (47%) now offer mortgage loans as a service in their financial planning practice.

We believe that the high number of planners offering mortgages is a result of non-bank-aligned financial advisers trying to ensure that they can cater for their client's holistic financial needs. With the vertical integration capability of banks being able to cross-sell insurance, superannuation and other financial products to clients during the home loan application stage, financial advisers and licensees are increasingly aware that if they can provide lending services to clients directly, there is less risk they will be poached by large lenders.

Question 2/5

2. If so, do you believe that the abolishment of exit fees in mortgage products will increase the ability for you to provide more appropriate loans for your clients?

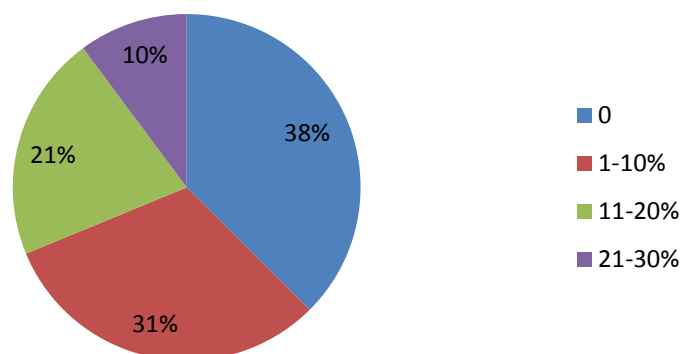


Of the financial planners who do offer mortgage loans (47%) in their financial planning practice, the majority (59%) believe that the abolishment of exit fees will increase their ability to provide more appropriate loans to their clients.

With this result it appears the Government may have achieved its objective in abolishing mortgage exit fees - as the proposal is designed to increase competition. With an increasing amount of financial advisers offering mortgage products, the survey indicates the Government ban will have its intended effect with financial planners.

Question 3/5

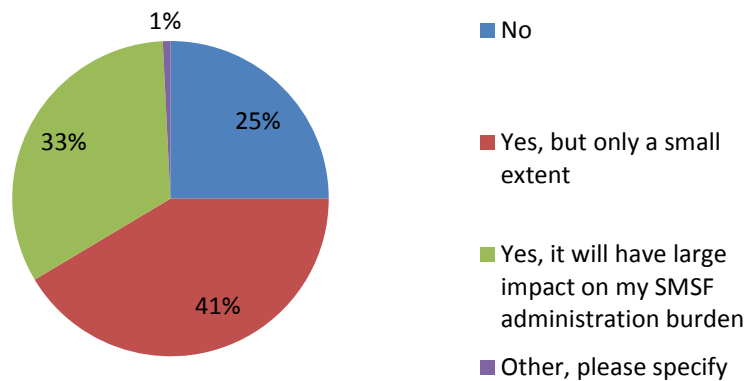
3. What percentage of your SMSF clients has artworks or collectibles in their SMSF?



According to the survey 62% of financial advisers have up to 30% of clients with artworks and collectibles. This is much higher than we expected and would indicate that with the new draft regulations requiring insurance in the fund's name, storage documentation and related party restrictions, the burden on SMSF trustees and their financial advisers will be significant. Of our respondents, roughly 7% of their clients have some form of artwork or collectible in their SMSF.

Question 4/5

4. Do you believe that the proposed changes to SMSFs outlined by Bill Shorten will increase the administration component of your SMSF advice?

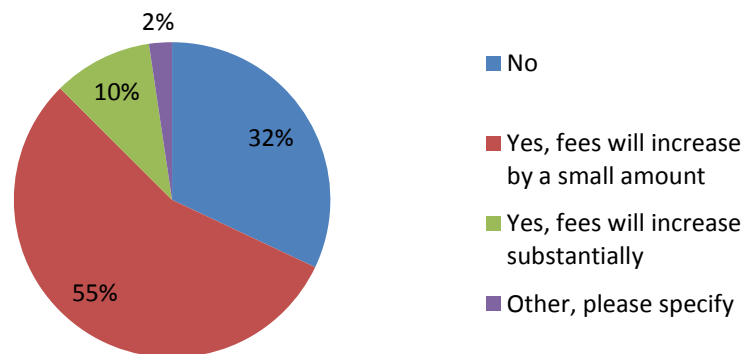


For those clients with artworks and collectibles in a SMSF, the general consensus among planners is that there will be an increase in administrative burden due to the proposed changes. Comments received from advisers indicated that the proposed changes will further inhibit their likelihood of recommending these assets be housed inside a SMSF.

25% of advisers indicated that there would be no increase in administrative burden, and adviser comments suggested that the main reason for this was due to outsourced SMSF administration services.

Question 5/5

5. Will you increase your advice fees to clients that have a SMSF as a result of the proposed changes to SMSFs announced by Bill Shorten?



65% of all advisers surveyed by Midwinter said that their advice costs to clients will increase as a result of the proposed changes. Adviser comments suggested that those planners that outsource the administration of SMSFs will pass on any fee increase from their administration providers to their clients.

If you have any questions regarding this survey please do not hesitate to contact Tony Nguyen, Technical Services Manager (1300 882 938, <mailto:tnguyen@midwinter.com.au>)

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AdviserTECH is Midwinter's online technical manual to help advisers answer complex questions about superannuation, retirement, estate planning and other tax issues.

To find out more about Midwinter's financial advice offering please contact us on **1300 882 938** or visit **www.midwinter.com.au**.

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