

Money Management

NOVEMBER 2014

# Little black book

**The field manual to  
choosing a platform**

By Anne Fuchs

*Principal Sponsor*





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**MONEY MANAGEMENT**

# Little black book

**The field manual to choosing  
your dealer group**

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## Foreward



**Mark Perry**  
*Managing Director,  
PHAROS Financial  
Group.*

WealthPortal is pleased to be the major sponsor of this fantastic initiative developed by *Money Management* and Pinnacle Practice.

The aim of this book is to guide readers through the difficult due diligence process of choosing an administration and investment platform, how to understand what's available via digital solutions and thinking beyond business use to client engagement.

The common question we get asked is: 'Why would I use WealthPortal?' The fact is that all platforms have strengths and weaknesses; the trick is to be able to ask the right questions to be able to decide which one is best suited to you and your clients. This book will help you understand the jargon, the common features and has a case study that highlights the way certain product features can assist to create quality outcomes for your clients.

WealthPortal is pleased to get involved in the *Little Black Book* as it gives us an opportunity to showcase our unique capabilities side-by-side with the institutional incumbents, and it provides a quality forum to reach out to like minded financial planning professionals that are looking for an independent partner.

This capability is demonstrated by a transactional product reach across over 800 wholesale managed funds, over 20 SMAs, any asset on the ASX (including the recently released M Funds), over 27 cash and term deposit providers, multiple retail insurance options, full residential and commercial property reporting, reporting across multiple ownership and tax structures to be able to truly consolidate a clients' overall position.

This depth of capability provides advisers with the breadth of investment product choice that enables advisers to meet the needs of their clients, particularly for SMSF trustees, without the imbedded conflicts of vertical integration. Combined with the ability to hold assets in the clients' 'own name' or in custody allows ease of asset transfer plus the hosting 'non administered assets' for the more bespoke assets of these SMSFs.

The ability to tailor the investment menu to replicate a dealer group APL provides some additional compliance comfort in the products being recommended, designed to meet the stringent regulatory requirements of a licensee.

With this sort of information available to dealer groups and advisers, with practical examples of how product features and benefits translate to client outcomes, the *Little Black Book* of platforms becomes the bible for new and existing advisers looking to either select their first platform or review their current provider/s.

We hope you enjoy the contents of the book and it truly does assist in helping advisers in making the right Platform choice in their quest for success.

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# About the publisher

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## **Cirrus Media Pty Limited**

Tower 2, 475 Victoria Avenue

Chatswood NSW 2067

**Mail:** Locked Bag 4700

Chatswood Delivery Centre

Chatswood NSW 2067

**Tel:** (02) 8484 0888

**Publisher:** Zeina Khodr

**Tel:** (02) 8484 0798

zeina.khodr@cirrusmedia.com.au

**Managing Editor:** Mike Taylor

**Tel:** (02) 8484 0712

mike.taylor@cirrusmedia.com.au

**Senior Journalist:** Jason Spits

**Tel:** (02) 8484 0910

jason.spits@cirrusmedia.com.au

**Journalist:** Kate Cowling

**Tel:** (02) 8484 0857

kate.cowling@cirrusmedia.com.au

**Journalist:** Nicholas O'Donoghue

**Tel:** (02) 8484 0825

nicholas.odonoghue@cirrusmedia.com.au

**Journalist:** Malavika Santhebennur

**Tel:** (02) 8484 0898

malavika.santhebennur@cirrusmedia.com.au

**Journalist/Production Coordinator:** Priya Prakash

**Tel:** (02) 8484 0823

priya.prakash@cirrusmedia.com.au

## **ADVERTISING**

**Senior Account Manager:** Suma Donnelly

**Tel:** (02) 8484 0796 **Mob:** 0416 815 429

suma.donnelly@cirrusmedia.com.au

## **PRODUCTION**

**Graphic Designer:** Julie Coughlan

**Subscription enquiries:** (02) 8484 0666

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## MoneyManagement

Launched 27 years ago, *Money Management* has firmly established itself as the leading source of news and analysis for Australia's financial services sector.

In this time, *Money Management* has rapidly evolved from a B2B newspaper into a respected provider of accredited education and training, research, professional support and advocacy as well as thought leadership in the financial services space.

While it remains the most read print and online publication by financial planners in Australia and is widely recognised as a leading advocate for this profession, *Money Management's* growing audience is a diverse one that also includes fund managers, accountants, risk advisers and super fund trustees.

*Money Management* is also the clear publication of choice for finance institutions - both domestic and international - seeking to connect with the high earning and well-educated professionals working in Australia's financial services sector.



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## About the author

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Anne Fuchs is the founder of Pinnacle Practice, a specialist consulting business known for growing financial planning firms and dealer groups. According to AFA CEO Brad Fox, Anne has a “unique understanding of financial advisers, licensees and the industry as a whole”.

Anne launched the My Dealer Group match-making service in March 2012 to provide advice to financial planning businesses conducting their dealer group and licencing due diligence. My Dealer Group also provides consulting services to dealer groups looking to understand how to retain and attract advisers in order to achieve their growth objectives.

In July 2014, Anne took up a full-time position as Chief Commercial Officer at the AFA and sold My Dealer Group to Forte Asset Solutions.

Prior to establishing Pinnacle Practice in 2009, Anne worked in senior business development and practice management roles with ING Australia in Victoria and Queensland.

Anne joined the financial services industry in 1997 working in Sydney and Brisbane for Bankers Trust Australia within their adviser services and business development teams. She has also worked in Colonial First State’s London office in business development.

Anne has a Bachelor of Arts in Politics, the ASFA Superannuation Management Certificate and has completed the Macquarie Graduate School of Management Executive Leadership Program. Anne also has an Advanced Diploma of Financial Services (Financial Planning). Anne is personally committed to commercial outcomes with a social conscience.

Level 19, Waterfront Place,  
1 Eagle St, Brisbane Qld 4000  
PO Box 517, Paddington  
Qld 4065

**Phone:**

+61 (7) 3360 0237

**Email:**

anne.fuchs@  
pinnaclepractice.com.au

**Web:**

pinnaclepractice.com.au

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## Overview

*"SMAs are so hot right now"*



*"Totes...  
Wraps are so  
last season"*



# Why read this Little Black Book?

**A**re you hearing all the hype and jargon about the new generation of platform solutions? Are you wanting to know more about what all the acronyms mean and whether they are right for you - SMA, IMA, MDA, UMA?

The hype....

Maybe you are drawn to the hype and are thinking the new generation of platforms sound incredibly transformational for your business in the new generation of FoFA world. Maybe you are thinking they are far more innovative than a plain old wrap.

Maybe you are frustrated by the clunky administration of your business at the moment? You might be blaming your dealer group or platform provider or even both for this.

Or maybe following FoFA, you are reviewing your value proposition, redefining your ideal client and then seeking to marry up a smart technology solution to produce efficient, professional, accurate and scalable reporting for your clients that better reflects your service promise?

## The best interest test ...

You may also be concerned about how you are meeting best interest duties for clients and how this going to be interpreted when it is eventually and inevitably tested in court.

## The right dealer group ...

And, if you didn't have enough on your plate to consider, you may be thinking that your dealer group is no longer right for you. You may not be seeing eye to eye and may have even come to blows – especially when it comes to their Approved Product List (APL) and platform strategy.

A few of you may also be sitting on the side lines – accountants and mortgage brokers – trying to work out whether you want to get into the financial advice business. Do you want to embark on building a full service advice offering for your clients or is it falling into the too hard basket?

## Whatever your scenario ...

If any of these situations resonate, this *Little Black Book* is worth keeping close. Used as a companion to the *Little Black Book of Dealer Groups*, this book will guide you through the critical questions about platforms that you will need to be clear on before you change platforms.

You must remember, there is no right or wrong answer when you are choosing a platform. You just need to make sure you go into the decision with your eyes wide open and consider all the implications of a change in platform strategy to your business.

# Overview

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## This Little Black Book will help you:

- 1** **Define your client base** – Who are your current clients? What type of clients are you trying to target? Are they sophisticated investors or ordinary Australian's seeking to grow their wealth or invest their lifesavings with you for a secure retirement? What type of service are they expecting from you and which is the best platform solution to enable this?
- 2** **Cut through the jargon** – Here, we strip back the terminology and define the choice of platforms available to advisers so you have one succinct reference guide.
- 3** **Understand the hype and how it affects you, dealer groups and your platform strategy** – How has FoFA affected platforms and advisers' behaviour?
- 4** **Understand the structural link between dealer groups and platforms** – If you have an existing dealer group, do they have a preferred platform and why?
- 5** **Understand the implications for your business when moving dealer groups and changing platforms** – Take a good look at yourself. Is your search for a new dealer group largely driven because of your frustration with your current licensee's platform offering?
- 6** **Test your shortlist of providers** – Transitioning clients from one platform to another is a big decision that one shouldn't take lightly. Make sure that you aren't going from the frying pan into the fire.
- 7** **Talk to your stakeholders** – If you do change it will significantly affect your staff so their buy in is crucial.
- 8** **Make a decision** – By the time you are at this step, the decision should be obvious.

“You must remember, there is no right or wrong answer when you are choosing a platform. You just need to make sure you go into the decision with your eyes wide open and consider all the implications of change in platform strategy to your business.”

– *Anne Fuchs*

# Client base

*Client base =  
People +  
Experience +  
Skills +  
Value*





## Define your client base

**T**he biggest and most important consideration to make when thinking about changing platforms is to consider your clients and what they need. *At the end of it all it isn't more complicated than this.*

Dealer group models that offer advisers a choice of platform are very popular at the moment. But if you are going to move dealer groups because of platform, take the time to think about what platform you need for your clients first and then your business second. Depending on the type of clients your business serves, and/or the portfolio construction methodology that you follow, you may not actually need a choice of platform. In fact what you may need is a platform offering with a more efficient, reliable administration service combined with a more transparent and competitive schedule of fees.

Since time began in financial services, the industry has been built off the back of charging clients an ongoing trail or adviser service fee for an annual review and portfolio management service. But this is changing.

### **Stop for a moment and ask yourself the following:**

- Has the cost of the clients' investment products, combined with the cost of platform administration and the cost of the annual adviser service fee eaten into any surplus return a client may have generated because of the advice given?
- Would this client have been in the same financial position if they were in a low cost index fund with low cost administration fees?

You may be answering both "yes" and "no" to both of these questions. The answers depend on so many variables – the clients' risk profiles, investment time frames, their financial goals they are working towards, the complexity of

# Client base

their personal situations, and how strategy and planning plays a role in generating a better financial position.

So to best work out what platform is best for you and your clients, you must work out who your clients are, or who would you like to target.

## **‘Mum and Dad’ clients**

Do you have mainly ‘mum and dad’ clients who are without complexity in their personal or financial life? These clients have simple but incredibly important goals – dignified retirement, maximise and protect their savings as much as possible whilst not compromising their current standard of living.

Most want to know how much is going to land in their bank account every month. They want to know they can afford to pay the school fees or to take a holiday, or visit one of the kids living overseas. They want to be able to buy a gift for a grandchild’s birthday and know they are prepared for unexpected medical expenses.

## **High Net Worth clients**

Or do you have clients who are high-net worth individuals with more complicated structures and needs? They may have a self-managed super fund (SMSF), direct shares and property, and other more complex advice needs. These clients though are no different to mum and dad clients in that their goals are emotive, personal and deeply important to them. You may be promising as part of your

value proposition to them that you will proactively monitor their investments and manage the downside risk via a more dynamic asset allocation to investing.

Your choice of platform should reflect your client base. The new generation of platform options offer functionality that may suit the needs of high-net worth clients. Conversely, they may not be suitable to mums and dads which might better suited to a low-cost, no frills platform solution, or potentially no platform at all. Having said this, the new generation of platforms with the additional options and functionality does not necessarily correlate to expensive and if fact, some of these offer more for less.

Take a good hard look in the mirror and be really honest about your business. Ask yourself these questions:

- What is your business value proposition?
- Why do clients seek your advice?
- Is your value proposition sustainable in the new world of advice?
- What type of clients do you work with?
- How old are your clients?
- What are their goals?
- How complex are their needs?
- Do they have SMSFs? Do they have direct shares and property and if so, do they add value to their financial position?
- What promises do you make them about how you will invest and manage their money?

The bottom line is you need to choose the right platform that suits your client base.

“Choosing the right technology depends on what clients you look after. The industry is prone to overcomplicating the process. The reality is we need to strip it back and keep clients needs front and centre, even when sometimes this impacts our ability to grow revenue as an industry.”

— *Anne Fuchs*

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## Case study

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# Grow your clients' wealth. Become a retirement conservationist.

It's never been more important for advisers to deliver value to clients and the role of advice is critical to ensuring Australians can live comfortably in retirement while navigating increasing costs and regulatory change.

With half of all Australians set to outlive their retirement savings by 13 years, it's vital to be having open and honest conversations around how they can achieve the comfortable retirement they deserve.

MLC works closely with advisers to help them secure their clients' plans for the future. Below are five simple steps you can take to help your clients save their retirement.

### **1. Expand your client's investment horizons**

Clients want choice. They're looking for investment portfolios that align to their risk appetite, with the flexibility to change according to their life stage. The right platform can offer

clients extensive investment opportunities, including managed funds, ASX-listed investments, term deposits and integrated Separately Managed Accounts.

Advisers should turn to platform providers who offer services that bring together a wide range of options into the one account to help expand their client's investment horizons and deliver on their goals.

### **2. Protect your client's retirement savings**

Your client's super is generally their second largest asset after their home, and the need to protect and build it only grows stronger as they approach retirement. In a volatile market losses can be difficult to recoup, while on the flipside, low risk and low return investments may not earn enough to help clients outpace inflation and deal with longevity risk.

Look to protect your client's savings with specialist capital or income protection services



## Retirement facts

Your clients will need a lump sum of \$744,000 to fund a comfortable retirement.<sup>1</sup>

Your clients have a 50% chance of outliving their retirement savings by 13 years.<sup>2</sup>

Your clients could have \$8,300 or more sitting in lost super.<sup>3</sup>

48% of Australians have two or more super funds.<sup>4</sup>

and secure portfolio solutions.

### 3. Grow your client's retirement wealth

More returns, lower fees and additional super contributions are always top priorities to ensure your client's nest egg is substantial, regardless of whether your clients have \$50,000 or \$5 million in super. Selecting the right investment options, consolidating super accounts and making additional contributions can play a key role in achieving this.

By using platforms with extensive menus and leveraging administration services, such as MLC SuperMatch, it's easier for you to deliver the best returns and value for your clients.

### 4. Protect your clients from a taxing future

It's important your clients make the most of their super and other savings in the lead-up to, and during, their retirement.

Any decisions that result in tax concessions to improve a client's retirement are critical considerations to help your clients increase their savings. Tax strategies you can look to set up include buying insurance through super, organising salary sacrificing and making tax deductible contributions.

## Case study: A conservationist in action.

William, age 45, plans to retire in 20 years. He's paid off most of his mortgage and wants to use his pay rise of \$5,000 to boost his super. William's adviser suggested that William focus on building his super now that his mortgage is well under control and suggested the following strategies:

### 1. Salary sacrifice contributions

The adviser and William created a 20-year salary sacrifice plan. The benefit of this strategy is the tax effective treatment of making super contributions from pre-tax salary. In William's case, the super contributions are taxed at a maximum of 15%, rather than his marginal rate of 39%<sup>5</sup>.

The benefit to William is \$55,9646 in additional funds William will have for retirement if he salary sacrifices his \$5,000 pa pay rise for 20 years, rather than receiving the pay rise as after-tax salary and investing outside super.

### 2. Protecting his ability to earn an income

William's adviser also reviews his insurances and recommends additional TPD, trauma and income protection cover in the event that he suffers permanent disability, critical illness or short term disability that prevent William from working and earning the money to build his retirement savings.

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# Case study

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## Dean Thomas

General Manager,  
Retail Wealth Platforms

Dean is the General Manager of MLC Retail Wealth Platforms which consists of the MLC Wrap, MLC Navigator and MLC MasterKey platforms representing over 350,000 investors and \$60 billion in Funds Under Management (FUM).

Dean is a member of the Investment Product and Governance Committee and is a board member of Australian Super Fund Associations (ASFA) and the Affiliation of Super Practitioners (ASP). Dean has been a strong advocate for regulatory reform in superannuation and has worked closely with APRA, ASIC, Treasury and industry bodies looking to improve how our superannuation system operates and delivers for Australians in retirement.

### Assumptions:

A 20-year comparison based on \$5,000 pa of pre-tax salary. Both the super and non-super investments earn a total return of 7.7% pa (split 3.3% income and 4.4% growth). Investment income is franked at 30%. All investment income is reinvested. Both investments are cashed out at the end of the 20-year period. All figures are after income tax (at 15% in super and 39% inclusive of Medicare outside super) and capital gains tax (including discounting). These rates are assumed to remain constant over the investment period. William's salary of \$100,000 pa isn't indexed.

## 5. Protect your clients from the unexpected

Whether it's their life, family, business or super, a client close to retirement can't afford to lose out. Most people understand the importance of life insurance when it comes to protecting their financial future – but don't always act.

As their adviser, you can help ensure your clients are insured appropriately and cost-effectively and by choosing the right platform, clients may be entitled to multi-cover discounts on top of eligible tax concessions.

## Save your clients' future.

The wealth industry continues to evolve and there remains a strong need in the community for quality and trusted advice – particularly for clients moving towards or transitioning to retirement.

By understanding client needs, and aligning to a sophisticated platform provider, advisers can ensure they add value and retain their clients throughout their working lives and into retirement.

MLC is committed to helping Australians save their retirement. The best way to achieve that is to support advisers to take up the challenge and become retirement conservationists.

For more information on the tools we offer to support you, please visit [mlc.com.au/savethefuture](http://mlc.com.au/savethefuture)

Sources 1 Assumes couple, retiring at age 65 who will live to an average life expectancy of about 85 and desiring a comfortable lifestyle. ASIC Money Smart, August 2014. 2 Source: December 2012 Retirement Income Report - Investment Trends. 3 Source: Derived from the lost uncontactable and lost inactive figures as at 30 June 2014 from the Australian Taxation Office website ([ato.gov.au](http://ato.gov.au)). 4 Source: Australian Taxation Office, Tax Institute National Superannuation Conference 'ATO audits and reviews of large super funds in 2014', John Shepherd, August 2014 5 Applies in 2014/15 financial year and includes the Medicare levy. 6 When compared to receiving the \$5,000 as after-tax salary and investing outside super.

# SAVE THE FUTURE.

## *Become a retirement conservationist.*

Your clients are facing some risks to their future lifestyle – volatile markets, inflation, uncertain life events, unexpected calamities.

MLC's suite of solutions can help you save your clients' retirement.

**Visit [mlc.com.au/savethefuture](http://mlc.com.au/savethefuture) or call us on 133 652.**



CUT THROUGH

# The jargon



*"Do you want a bob or a beehive?  
Pigtails or a perm?"*



# Cut through the jargon

**T**o help you make an informed decision about what is the right platform for you and your business, you have to first make sure you understand what all the jargon and acronyms actually mean. Below is a list of all the terminology flying around when describing different platforms.<sup>1</sup>

## The big picture words ...

### ASX mFund

The mFund Settlement Service enables you to buy and sell units in selected unlisted managed funds directly with the mFund issuer via a stockbroker or advisory services used to transact shares or other ASX products.

The service uses CHESS to automate and track the process of buying and selling units in these managed funds. The holdings in these funds ('mFunds CHESS holdings') are held electronically and can be linked to the same Holder Identification Number (HIN) used to hold other investments transacted through ASX, such as shares.

### IDPSs

IDPSs, Investor Directed Portfolio Services, are unregistered management investment schemes that hold and deal with one or more investments selected by investors. They are typically marketed as master funds and wrap accounts and clients make all the investment decisions. The client has the sole discretion to decide what (but not necessarily when) assets will be acquired or disposed of.

ASIC takes the approach that IDPSs are managed investment schemes and IDPS operators are regulated by ASIC as providers of financial services.

### IDPS-like schemes

IDPS-like schemes are IDPSs that are structured like managed investment schemes, but they are registered managed investment schemes.

### IMA

An IMA – Individually Managed Account – is

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<sup>1</sup> The Fold Legal

# The jargon

a platform where investment portfolios are individually managed for each individual client.

In an IMA, the manager recommends to clients when to buy and sell securities based on each client's stated investment strategy and/or objectives.

Typically, IMAs are more suited to wholesale clients as a portfolio is advised unique to client needs. The investor makes decisions on each transaction or may authorise a specialist to execute transactions subject to an agreed investment strategy.

Depending on the structure, IMAs may fall within ASIC's definition of an MDA therefore IMAs regulated in the same manner as MDAs. The benefits of an IMA include:

- clients can customise e.g. they allow any existing shareholding to be incorporated;
- clients have beneficial ownership of assets and in some cases, clients can have legal title over assets;
- tax advantages for investors.

## Master Trust

According to ASIC, a master trust is an investment structure that allows an investor to hold a portfolio of managed funds under the one umbrella.<sup>2</sup> It provides centralised reporting and is often used by financial advisers as an easy way to manage their client's portfolio.

## MDA

An MDA – Managed Discretionary Account – is an arrangement that involves operators managing a portfolio of assets for a retail client on an individual basis. MDA operators have the discretion to make investments without referring to the client for each transaction.

Clients' assets are managed as a discrete portfolio belonging to that client and held in a manner that clearly identifies them as assets of the particular client. In MDAs, there is no pooling of clients' portfolios.

ASIC takes the approach that MDAs are managed investment schemes and MDA operators are regulated by ASIC as providers of financial services.

## Platform

A platform is an online administrative service that allows financial advisers to manage their clients' investment and superannuation portfolios. Some platforms can be used by customers directly. In its most basic form, a platform aggregates data from several sources to provide a consolidated view of the client's total investments.

Originating in Australia and New Zealand, platforms were created to simplify the investment process for both investors and investment advisers. They are designed to consolidate investment performance and tax reporting and administration.

<sup>2</sup> ASIC RG 148

“The financial services industry is full of acronyms and jargon. Sometimes, it just gets a bit too much and we have to stop, think and say ‘Wait on a second. What does all that mean and how does it add meaningful and demonstrable value to clients?’”

— *Anne Fuchs*

## SMA

In a SMA – Separately Managed Account – individual securities are picked for the investor’s portfolio based on model portfolios. Investment decisions are made by the investment manager and executed on behalf of all investors by the managed account operator.

SMA’s tend to be more suited to retail clients because it is portfolio model driven. Depending on the structure, some SMA’s may fall within ASIC’s definition of an MDA and would therefore be regulated in the same manner as MDAs.

Typically though SMA’s are structured either as a registered managed investment scheme or as an IDPS-like scheme. Often the operator’s Australian financial services licence authorisations will dictate which structure is used.

A SMA requires a constitution and a PDS.

Some of the benefits of an SMA include:

- the assets are held on behalf of the individual i.e. client has beneficial ownership of assets;
- the stock is controlled on behalf of the portfolio;
- technology allows investors to access portfolio models created by managers;
- investors can log on to an online service and view their underlying stocks as a single portfolio, even where stock is invested over more than one model portfolio within the SMA; or if managed on a more advanced platform, investors and their advisers can drill down and see the individual stock and parcel holdings
- tax advantages for investors especially if the SMA is made up of listed securities versus managed funds.

# The jargon

## UMA

A UMA – Unified Managed Account – is a professionally managed, consolidated, private investment service that may be individually tailored for an individual client's circumstances and tax position.

The UMA service is tax structure agnostic. This means that investors can hold investments directly when advantageous or via other means when it is not.

The benefits of a UMA include:

- individual client's portfolio adjustments may be automatically traded in a manner that is most tax advantageous to that person's needs providing additional value when compared to equivalent wrap accounts, managed funds or direct share portfolios.

## Wrap

The terms wrap and platform are used interchangeably.

Wraps receive remuneration from product providers and also charge a separate fee for their services which is paid directly from the customer's cash account on the platform.

According to ASIC, a wrap is similar to a master trust but it allows an investor to hold direct shares as investments not just managed funds, under the one umbrella.<sup>3</sup> It is also used by financial advisers to provide centralised reporting and flexibility which may allow the investor to save costs.

## And a few extra terms ...

You're probably hearing about these terms too so here they are defined.

## RG 148

RG 148 is ASIC's Regulatory Guide which monitors and reviews the platform sector. The guide was released in June 2013 and explains to platform operators ASIC's objectives when regulating platforms, the requirements for operating a platform and the disclosure obligations of platform operators.

It also explains some of the obligations when issuing investments through platforms, and of financial product advisers who give advice about platforms.<sup>4</sup>

This regulation is linked with the growth of vertical integration in the sector and the blanket use of platforms for all investment clients regardless of the complexity of their financial position.

## Best interest duty

Best interest duty is the new obligation by ASIC for financial advice providers to act in the best interests of the client. These obligations are contained in Division 2 of Part 7.7A of the Corporations Act 2001.

According to the CPA, the new obligations meld the mechanics and motivation of providing advice and prescribe how an adviser should approach them.<sup>5</sup> When providing advice, an adviser has three separate duties:

- 1) a duty to act in the client's best interests.
- 2) a duty to provide advice that is appropriate.
- 3) a duty to prioritise the client's interests in the event of a conflict.

3 ASIC RG 148

4 ASIC RG 148

5 CPA

**Federation Managed Accounts, a contemporary and competitively priced investment administration platform that delivers powerful adviser and client outcomes.**

- A unique equity-sharing opportunity for investors to participate financially in Federation Alliance and its future strategy.
- A platform solution that supports and enhances your value proposition in response to the changing regulatory environment and evolving client needs.
- Provides greater flexibility in portfolio construction by accessing a broader choice of investments - managed funds, listed domestic and international securities, professionally managed accounts, term deposits and cash.
- Drives increased productivity and efficiency in your business, giving you more time to focus on higher value activity.
- Federation Alliance's experienced transition team offers hands-on assistance and staff training.

**Find out more**

**Contact the Federation Alliance team on 07 3188 0808 or [info@fedalliance.com.au](mailto:info@fedalliance.com.au)**

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## Case study

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# Platforms a complex intermediary, providing simplicity for advisers and their clients

The financial services industry has never experienced the level of legislative, regulatory and market changes of the past few years which have resulted in the challenges being experienced by financial advisers today.

As a result, the industry is undergoing significant structural change and new trends have emerged as the reality of FoFA, volatile markets and more empowered clients, have forced business models to be re-evaluated, modified or even abandoned.

With this in mind it is prudent, to review all aspects of your business, your processes and the back office systems that support them.

More than ever, today's financial advisers need a high performing superannuation, investment and managed account platform to help them reach their goals and to better engage with their clients.

On the surface a platform may appear to be

a simple and straight forward administration and reporting tool. However, platforms are a complex intermediary, required to deliver advanced technology, a huge range of investment and insurance options and efficient and accurate administration. In addition there are strict and complex legal and compliance standards that need to be adhered to which are governed by ASIC, APRA, ASX and the FSC to name a few.

In Australia, platforms are widely used by financial planning and advice businesses as they offer considerable business benefits. According to recent research by Investment Trends, 74 per cent of all new client inflows are placed on platforms. Interestingly, this does not mean that one adviser uses one platform to manage their entire portfolio of clients. Advisers often use multiple platforms with the average at 2.4 platforms per business.



The big four banks and AMP have created their own platforms which are either semi or fully aligned to a practice or dealer group with at least 20 other platform providers, including netwealth.

The differences in these platform providers can be described by:

- The alignment to a bank or a dealer group (or not);
- Their capabilities and feature-set.

Bank or dealer group alignment is a considerable driver of adoption. According to recent Investment Trends Research, only 35 per cent of planners choose from any platform provider they want.

Another key consideration is a platform's capabilities and feature-set, which inescapably turns into a driver of customer satisfaction.

Most planners rely on platforms to create efficiencies in their practice and will seek quick turnaround times on applications, redemptions and share trades.

This is not surprising given many practitioners are hands-on running their business and a platform's purpose is to provide greater scale to deal and service their existing clients better as well as attract more clients.

Another key element driving adoption is the range and flexibility in investment options. Access to ASX equities, managed funds, managed accounts, international equities and term deposits are all highly desirable however many of the larger, bank owned platforms only provide access to a few of the asset types and structures available.

## Why Managed Accounts are important?

Managed Accounts are not new and have been spoken about and offered in various guises in Australia for the better part of 10 years.

Investment Trends research shows that in 2014, 18 per cent of planners used separately managed accounts (SMA) which is the same number as in 2011, so there has been no increase over this time. However the same research indicates that the percentage of planners intending to start using SMA's has increased from 10 per cent last year to 17 per cent this year.

So why are Managed Accounts back in the spotlight? And will the current focus result in a different outcome to the lack lustre adoption and success of the past?

Before delving into the detail lets quickly recap on what a Managed Account is.

Managed Accounts are promoted under a variety of names which typically reflect the legal structure they are governed by. The most common structures include Separately Managed accounts - "SMA's", Managed Discretionary Accounts - "MDA's" or Individually Managed accounts - "IMA's". For the purpose of this article I will refer to all structures simply as "Managed Accounts".

A Managed Account provides investors with access to one or more professionally managed model portfolios which are actively rebalanced and invested based on the decisions of the chosen investment manager. Models may be comprised of domestic equities, ETFs, managed funds, international equities or a combination of all asset types.

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# Case study

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Whilst Managed Accounts share certain characteristics of Managed Funds they differ in the following ways:

- Assets in a Managed Accounts are held directly (or beneficially) by the investor providing greater transparency.
- Investors (and their advisers) can set investment parameters and rules around how their portfolio is managed including investment exclusions and substitutions, trade sizes and tax preferences.
- Investors do not buy into any embedded tax liability that may exist in a pooled managed fund.

Although the above is only a high level overview, the benefits of a Managed Account to an investor and adviser start to become clearer.

Automation, access to professional managers and greater control of tax and personal preferences create a solid foundation but the real driving force behind the resurgence of Managed Accounts is also a combination of market, technology and industry forces.

To date the providers of Managed Accounts have been niche providers with limited access to capital and distribution networks. However there are a number of mainstream platforms who are increasingly providing capabilities to integrate Managed Accounts into their broader platform offerings.

The integration into these mainstream platforms and advances in technology are a key shift and one which will support awareness, understanding and thus greater adoption as advisers seek to simplify their back office and reduce the number of suppliers they deal with.

This coupled with the ability for dealer groups and advisers to take on the role of investment manager is also an important evolution and, where they possess the required investment skills, process and compliance regimes to run portfolios of their own, can help advisers deliver a truly customised value proposition to their clients, and not to mention also creating a recurring revenue source that is FOFA friendly.

The benefits of Managed Accounts to the investor have always been evident, but their access has been limited to niche providers and a select number of advisers. Now with advances in technology and with mainstream platform providers focusing their energies on Managed Accounts, it is an appropriate time for advisers to re-consider them for their own business.

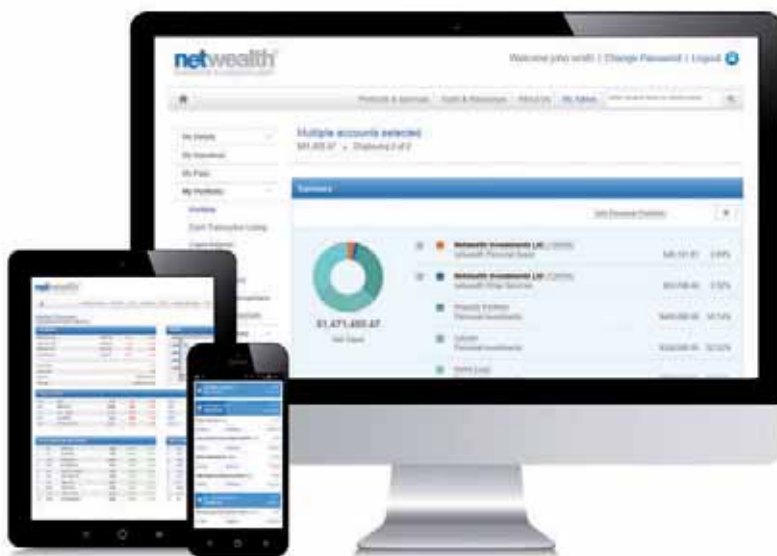
Selecting a platform partner is an important decision for any practice and when evaluating the various options available it is important to prioritise what is important to you and your clients today, and critically whether or not it will support your business and the direction you are heading, or want to head, in three to five years and beyond.

By Matt Heine, Executive Director,  
netwealth Investments Limited

**Call netwealth today to understand how we can help future proof your business and why a platform needs to be free of institutional conflict.**

Disclaimer: The views expressed in this article are those of the author only and do not necessarily reflect those of the netwealth group or its subsidiaries.

# The new benchmark in platform solutions.



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\*netwealth is the winner of the 2014 Investment Trends 'Overall Satisfaction with Platform' award based on a survey of 1,038 financial planners. Disclaimer: This advertisement has been prepared by netwealth Investments Limited (netwealth), ABN 85 569 109, AFSL 230975 and is of a general nature intended for Financial Advisers only. Any person considering purchasing a financial product from netwealth should obtain the relevant disclosure document at [www.netwealth.com.au](http://www.netwealth.com.au).

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## Understand the hype

**T**he hype around the new environment is rife. Many experts share their opinions and evidence to encourage advisers to choose one platform over another. Here are some of the current opinions.

The Investment Trends May 2014 Planner Technology Report indicates that in the new FoFA environment, financial advisers have greater freedom on choice of platform selection. And according to this report, more advisers are using this freedom to change the mix of platforms they use focusing even more on the platforms that best address their business needs.<sup>6</sup>

Despite adviser increased satisfaction, however, the report also indicated that 18 per cent of advisers would be looking for a new or additional platform in the next 12 months. The report indicated that when asked which platforms they plan to use, wraps lead the way.

The report also indicated that while platform providers made many new enhancements relating to FoFA, the new lower-cost and flexible pricing platform models have been most popular among advisers.<sup>7</sup>

Some advisers were also considering moving “off-platform” and administering clients themselves, according to a recent Colonial First State report<sup>8</sup> however managing the overarching tax consequences across a clients’ overall portfolio can pose a challenge that must be considered.





According to online investment company Stockspot, some independent financial advisers are looking at options to avoid the high cost of platforms including ASX mFunds and SMAs however once again, the management of the overarching tax consequences across a clients' overall portfolio still needs to be

considered to ensure the full picture of the client's financial position is understood.

And according to ASIC, some of the issues and risks that the platform market are facing during this changing FoFA period include:

- The emergence of less mature and less experienced platform operators
- Increasing consumer demand for new investment types on platforms
- The lack of specific experience, knowledge or training requirements that advisers are obliged to have to give advice about platforms
- For larger players, inconsistency in compliance requirements.<sup>9</sup>

The bottom line is don't be drawn into the hype of the new platforms. Take the time to understand your clients and their needs and understand the jargon. The right platform will then be obvious.

<sup>6</sup> Financial Planning Magazine, 12 August 2014

<sup>7</sup> Money Management, July 2013

<sup>8</sup> Money Management, April 2013

<sup>9</sup> Clayton Utz, 29 March 2012



# Many clients but only one platform: is it achievable?

## The business

The business being case studied is part of the Madison Financial Group and was established over 25 years ago to meet the financial needs of Australian families. It has survived the era of industry domination by the large-life offices and limited product availability via retail funds. Today, it continues to thrive and has a strong emphasis on estate planning. The belief is that comprehensive estate planning will drive tax structures and the subsequent product needs of clients. The business has a large SMSF base with a diverse range of assets in funds, including limited recourse borrowing arrangements.

## Why change?

The practice like most, uses multiple platforms depending on client need. This is what's driving the business to assess its options. The current platforms were selected over 10 years ago, and have recently stagnated in their development. As a result, meeting the increasing demands of the mostly high-net-worth clients that form the client base of the practice has become more and more difficult.

Whilst we accept that platforms have their strengths and weaknesses, it's imperative to find one that aligns its capabilities with the needs of the business. The challenge is to select a platform that can operate across

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# The POWER to do more

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reporting for all assets and liabilities  
in a single investment service**

- > Investment transparency – a single portfolio view, 24/7
- > Enhanced tax management of investments
- > Flexibility of investment planning and management
- > Greater control – for dealer groups, advisors and their clients



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# Case study

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the complex tax entity spectrum of retail super and pension, SMSF and investments. It needs the ability to administer or at least report on all of the asset types held in the SMSFs, inclusive of loans and the cash flows associated with direct residential and commercial property. It therefore, will need to be able to report on private trusts and companies, as well as structured products.

## **The selection process**

The PHAROS Group have been developing the WealthPortal platform for several years. It's made available as an option for advisers both within and external to the group alongside other platforms like BT and Macquarie. It has to be able to offer comparable or better features for advisers and their clients to be considered as a viable option.

## **What do we want from the platform?**

Understanding the needs of the business is crucial. All internal stakeholders including the support staff of the practice, the para planners and the planners were called together. The business consulted with their accountant referral partners as they would also need to use the tax reporting from the platform to do the tax returns for the personal assets and the SMSFs. In particular,

this practice needs a platform that can report across multiple tax entities. It also needs to be able to report on other non-financial assets that form part of the total assets of the clients to facilitate the estate planning process.

As part of the evaluation process, the principles of the business did a complete assessment of its products on the dealer group APL. The analysis compared the product features and benefits against each other, and then the practice applied an overlay of its needs and then matched the capability against what asset types were held in the client's funds.

It is this second phase of the evaluation that is driving the decision making process, as this is the measure of suitability for the practice.

## **So, we've made the decision to change**

Now the decision has been made, there are a number of steps that effect the transfer. For many advice businesses this is particularly onerous, and it's why these decisions can't be made lightly. When we went to the team at WealthPortal to discuss the transition they were incredibly helpful.

They were there to help with the client in every stage of the transition. Additionally, they helped the business transition across

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our external touch points of XPlan and the data feed to BGL for our accountant partners to facilitate administration efficiency across all elements of the business.

WealthPortal facilitated the completion of all the offer documents by having them pre-populated, and helped with the advice documentation as a staged process of transfer. They project managed the transition for us that made it so much easier.

To provide consistency in the delivery of investment outcomes, the multi asset multi sector Proactive Portfolios SMAs are utilised to provide our clients with the transparency of a look through to the underlying direct assets held in the portfolios. The portfolios are professionally managed, but the assets are held in custody with the client being the beneficial owner, but without the inherently tax inefficient unit trust structure of managed funds. When combined with the low turnover of the portfolios we are able to achieve enhanced after tax returns.

### **How can WealthPortal help you?**

If you’re looking to utilise a technology platform that’s independent, then think beyond your business. Think about your clients, and look at the opportunity to have one platform in your business. If you choose that direction, then speak to the team at WealthPortal.

## Structural links

*"We should start shopping at Aldi to save some money"*



*"I know but I hate packing my own bags"*

# Understand the structural link between dealer groups and platforms

**D**espite FoFA's reigning in of volume bonuses and other conflicted revenue payments which have traditionally subsidised the cost of the advice and dealer group services, advisers must realise that the link between dealer groups and platforms is still very real in many cases.

For as long as platforms have existed, they have paid volume bonus payments to the dealer groups as clients have not been prepared to pay the true cost for advice.

As a result of FoFA, vertically integrated dealer groups now limit advisers' choice of platform. Essentially, this is not a problem if the platform suits your clients' needs.

But there's no free lunch. It becomes a problem if the platform's offering doesn't suit your clients' needs.

As an alternative, independently owned boutique offering dealer groups are offering the next generation platforms with model portfolios structured to manage your client's down side risk, otherwise described as dynamic asset allocation, along with a new level of

consolidated reporting. This is often suitable for sophisticated and high-net worth clients. But don't be fooled by the fancy names and offerings because they might sound like the next best thing.

The majority of dealer groups using this next generation of platforms have conflicts that exists within their model, which again may not be a problem as long as it adds value to the client and is understood. They own a platform and charge a licensee advice fee for the operation of the investment management or model portfolio service just like vertically integrated groups albeit they have broad Approved Product Lists to ensure choice and flexibility for their advisers and generally manage this conflict well.

Experts have always given advice on how to choose the best platform and how to avoid unnecessary adviser fees.<sup>10</sup> It's no different today. Just be aware that different platforms may now call the fees by different names.

Make sure you clearly understand all the fees and charges that will apply to your clients'

<sup>10</sup> 2020 DirectInvest

# Structural links

portfolio so that you are comparing apples with apples, not apples with oranges.

Some of the fees to look out for and understand how they impact your clients are:

- Dealer service fee
- Investment management fee and/or model portfolio fee
- Platform administration fee
- Custody fees
- Expense recovery fees
- Member fee
- Minimum fees

If you are thinking about moving dealer groups to access a new platform offering to better service the needs of your clients and your business make sure you understand and are aligned with the investment philosophy for the model portfolio's you will be investing in for your different client segments. This will give you a better understanding of the platform's ability to satisfy your clients' needs.

Rightly or wrongly, as you now understand, dealer groups still make money off the platform they provide. Therefore, if there's an opportunity to recruit a new adviser or transition funds under management, there's a financial incentive for the dealer group and platform provider to do so.

As an adviser, you must be aware of these incentive payments which motivate a small number of dealer groups to encourage advisers to change platforms. In making your decision, advisers should consider the

actual benefits of the new platform to your clients, not incentive payments that may still be made. Think about it, if your clients knew about this incentive payment for the switch what would their reaction be? Use this to frame your decision making process when being courted by dealer groups and platforms to switch your business.

And if there wasn't enough to consider, don't forget ASIC's updated Regulatory Guide 148 (RG 148) that requires advisers to include in statements of advice (SOA) why a particular platform and particular investments are recommended.<sup>11</sup>

Some advisers wrap their advice including strategies, investments and the platform used into one piece of advice. ASIC and RG148 reminds us of the need to unbundle the recommendations and to specifically consider whether or not using a platform is in the interests of the client.

RG 148 also states that advisers provide clients with a list of the features and services of the recommended platform, the investments available, the fees and cost of the underlying investments, any tax implications and what will happen if the client wants to leave the platform.

If in doubt go back to the basic question of "what do your clients need?" and does this new platform facilitate this?

Don't test best interest duty by trying to sell services to your clients they don't need. Be conservative and cautious! If it ain't broke, don't fix it!

<sup>11</sup> Money Management September 2013

“If in doubt go back to the basic question of ‘what do your clients need?’ and does this new platform facilitate this? Don’t test best interest duty by trying to sell services to your clients they don’t need. Be conservative and cautious! If it ain’t broke, don’t fix it!”

– *Anne Fuchs*



# Evolution of the platform provider

## Business efficiency – is it a game changer?

When it comes to running a practice, advisers are often faced with the same questions. How can I grow my practice? What can I do to be more profitable? How can I be more efficient?

When asked what's key to an ideal practice, advisers typically say: less time on business administration and more time with clients.

In the May 2014 Investment Trends Planner Business Model Report, advisers stated demonstrating value to clients and improving business efficiency as their largest challenges. Interestingly, this ranked ahead of the regulatory burden and uncertainty that has come from FoFA.

With so many advisers facing these challenges, how can platform providers help improve business efficiency to give advisers more time to spend with their clients?

### **Improving business efficiency for advisers and licensees**

Platform providers need to continue aligning their platforms with the advice process and developing tools that make the delivery of advice simpler and more efficient. We are already seeing examples of this, with functionality such as electronic submission of paper-based forms and straight through processing between advice software and platform providers.



At Colonial First State, we have a heritage of delivering innovation and improving business efficiency with a strong commitment to providing functionality, reporting and tools that make the delivery of advice easier and more efficient for advisers.

Some examples of this include:

- FirstChoice offers same-day pricing and transactions\* and this results in the fastest turnaround times in the market. This is combined with a quick response to reporting and delivery of statements including automated production of Records of Advice (ROA) through the FirstChoice platform.
- A convenient ePost facility was introduced to FirstChoice in 2011 and FirstWrap in 2012, this tool has simplified the way our advisers do business with us. It enables them to submit administration requests electronically, receive an instant confirmation of receipt and track progress online.
- Term deposit maturity alerts on both FirstChoice and FirstWrap help advisers save valuable time by notifying them of their clients' upcoming term deposit maturities.
- Following a comprehensive review process, we released the new FirstWrap Adviser Dashboard in 2014 and this offers advisers fast and easy access to client information and platform functionality.
- Continuing to deliver platform innovation and improvements,

will be increasingly important in supporting advisers and licensees as they look to demonstrate the value of advice to their clients and build efficient business models that position them for long-term growth.

## **Broadening of investment solutions**

As advice business models change, so do their platform needs. There has been an increasing demand for alternative investment models to the traditional structure of individually managing client portfolios. As a result, we have seen greater use of scaleable investment implementation structures, such as model portfolios and managed account solutions.

Advisers and licensees are using these structures to streamline their portfolio management processes, with benefits such as:

- Improved efficiency – less time spent documenting and executing investment decisions means more time to spend with clients
- Reduced risk – quicker execution of an investment change means less risk to client portfolios
- Reduced costs – reducing the cost to deliver advice allows advisers to service a broader range of clients.

We have seen increased use of our model portfolio functionality across both FirstChoice and FirstWrap as advisers look to leverage these benefits within their business.

# WHY WE PUT YOU AND YOUR CLIENTS

## AT THE HEART OF EVERYTHING WE DO

Whether you are looking to grow your business, retain clients or maximise efficiency, you should never underestimate the importance of having an ally at your side. Someone you have confidence in to be with you at each step along the way.

It's by working together towards a common goal that unlocks the untapped potential.

We work hard to form stronger working relationships with advisers. This is all about listening to your needs and creating greater value to deliver bigger and better opportunities for your business.

So, how do we help you confidently move forward by finding efficiencies that lead to greater productivity, stronger growth and unlock your true business potential?

We do it together.

**[colonialfirststate.com.au/together](https://colonialfirststate.com.au/together)**



**TOGETHER**

**Colonial**  
First State

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Additionally, managed accounts are gaining momentum due to the significant opportunities for practices incorporating them into their businesses. Managed accounts are now seen as a business solution – not just a way to invest and administer client portfolios and offer many adviser benefits beyond the portfolio. In our experience, licensees are not looking for a one size fits all solution, but rather there is flexibility to work with each licensee to develop a managed account solution suitable for their business and their clients.

## **Demonstrating value beyond the platform**

Looking ahead, your platform provider will need to be a true business partner that supports you in achieving your business objectives, not just a technology product. Efficient and intuitive platforms have historically made transaction execution and ongoing service fast and reliable. This will enable you to spend more time with clients and not on administration issues.

In addition to this, look to providers who significantly and constantly in advocate the value of advice; dedicating resources to achieving better regulatory outcomes for you and your clients.

Some platforms have begun doing this, examples we've seen

include providing advisers with client resources and materials that can be adviser branded for use with their clients and enhanced online functionality and reporting for clients. In fact, we have recently launched a new website **[colonialfirststate.com.au/adviser](https://colonialfirststate.com.au/adviser)** and this was built on information and insights from advisers needing a central point for client education tools, market insight and the latest regulatory and business news.

The last few years have brought a significant amount of change for many businesses. Platform providers are well placed to help advisers and licensees deal with the challenges brought on by these changes and continue supporting them in delivering quality advice outcomes for their clients.

Advisers should look to partner with businesses that have a heritage of delivering innovation and investment in their platforms. It is these platforms that will continue to offer value and deliver business efficiencies that give advisers what they are looking for – more time to spend with their clients planning for the future.

\*Requests received before 3pm, AEST.

## The shortlist

# Test your shortlist of providers



# The shortlist

**T**ransitioning clients from one platform to another is a big decision that will create a large amount of administrative work and headaches for you and your staff. If your current platform isn't as administratively efficient as you need it to be then the end result will be worth it.

But it is important to stay pragmatic at this time and thoroughly analyse the pros and cons of each platform provider and offer. To know for sure, it is important you stress-test their offer to ensure the benefits really exist.

If the platform provider is reluctant to provide you with the information you want, alarm bells should ring. As a minimum, in addition to understanding the cost structure, ensure that you fully understand -

- Structural capacity (eg. what can the platform manage/support, IMA, MD, SMA, IDPS, Directly Held Assets, Non Listed Assets etc) both administratively and the extent of tax reporting provided across all classes
- Investment APL (eg. investment product scope and/or agnosticity)
- Service Level Agreements (SLA's) and performance against same

Another great way to really stress-test the platform's offering is to telephone a few advisers already using the platform for a reference – but chose advisers from your own research and not just those provided to you by the platform provider as a referee! Make sure you identify referees that will allow you to compare like with like. Asking an adviser who works with Mum and Dad investors

# The shortlist

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when you work with high net worth isn't going to help you.

Ask them open and specific questions to help you understanding how the platform performs. Don't just ask "Are you happy?"

Ask them:

- What type of clients do you work with?
- How would you describe the platform?
- What do you like about the platform?
- What don't you like about the platform?
- How could the platform improve?
- Are they working on this?
- How responsive is their service?

## Set a deadline

If you have reached this point and are serious about looking at other

options, it is extremely important to set yourself a deadline to conduct your due diligence and make a decision. Three months should be ample time to thoroughly review the options.

Remember, when you are spending time considering your options to change platforms, you are not spending time with clients. And when you are not with clients, you are not making money. Do not underestimate the time it takes to change platforms.

But if you work through this due diligence process efficiently and methodically, you will find the right platform that will improve your business and your value proposition to clients.



"If you are pretty sure that your current platform no longer meets your clients needs and you've done the research, stress test the options to make sure that you aren't going from the frying pan into the fire."

– *Anne Fuchs*

# Stakeholders

*"Do I have food  
in my teeth?"*



# Talk to your stakeholders

**Y**ou would realise by now that changing platforms is a major decision and you must talk to those who the decision will impact most – your staff.

When you are looking into different platform providers, you may like what you see. But your staff may have a completely different perspective.

It is vital to talk to key stakeholders to make a fully informed decision:

- Staff – support staff need to be committed to the process of setting up or transitioning from one platform to another. They can road test platform logins, reporting functionality and the call centre to give a different point of view.
- Clients – some clients may be significantly impacted by a new platform so talk to key clients if necessary.
- Business partners – strategic alliances such as referring mortgage brokers, accountants, or lawyers can give you vital perspective in this decision. Part of the reason they might be referring to you is because they are comfortable with your current licensing and platform model. Changing this could upset the apple cart.

An open and honest attitude at this stage will help you make the best decision.

# Decisions



*"He loves me. He loves me not..."*



## Make a decision

If you have followed this advice and done your research properly, your decision should be relatively easy.

- You've clearly defined your client base and looked at both your existing and your potential clients. You've looked at your current platform and checked out their pros and cons.
- You better understand the jargon and what it means to you and your business.
- You understand the hype and the new FoFA environment and how it affects you, dealer groups and platforms.
- You understand the structural link between dealer groups and platforms.
- You've shortlisted potential options and tested their offerings.
- You've talked to your staff, your referrers, and your existing clients.

If the pros for changing platforms far out way the cons, and you are weighing up between a few, your gut instinct should point you in the right direction.

If you still can't decide, go back to the number one reason you are in business, your clients. Apply the family test. If you are comfortable recommending this change of platform to your mother, sister or grandmother then you've made the right decision. Other commercial promises will be short-term.

# Platform Directory



Colonial First State  
Phone enquiries for adviser  
and planners  
8am – 7pm, Monday to Friday  
AEST  
T: 13 18 36  
F: 02 9303 3200

1 Source: Investment Trends April 2013  
Planner Technology Report, based on  
responses from over 1,400 financial  
planners. 2 Source: 2014 Wealth Insights  
Platform Service Level Report

Colonial First State offers advisers two platform options: FirstWrap - a full service wrap aimed at more sophisticated clients that provides advisers with greater control over their business; and FirstChoice known for its value for money, fast, reliable service and great range of investments.

FirstWrap is a full service wrap, designed to drive efficiencies for advisers and businesses and help advisers deliver outstanding service to their clients. Its investment choice, features and flexibility enables advisers to effectively implement and manage sophisticated investment solutions. There are a number of reasons why FirstChoice is Australia's most widely used platform<sup>1</sup>, and was ranked best overall platform in the 2014 Wealth Insights Platform Service Level Survey<sup>2</sup>, but we can explain the FirstChoice difference with just three words: simplicity, efficiency and value.

We promise you a simple, easy-to-use platform to help you service your clients with straight-forward investment needs. You'll experience market-leading efficiency through our unique mandate structure and powerful online tools. And your clients will benefit from our award-winning value for money.

That's the FirstChoice difference.

[adviserservices@colonialfirststate.com.au](mailto:adviserservices@colonialfirststate.com.au)



Federation Alliance Limited  
Level 23, 307 Queen Street  
Brisbane Q4000  
GPO Box 2466  
Brisbane Q4001  
T: 07 3188 0808  
F: 07 3188 0809

## A COMPELLING OFFER

Federation Alliance is a cooperative-style model with shares representing a 90% ownership offered to investors.

## ABOUT THE PLATFORM

Federation Managed Accounts is a convenient and transparent investment administration platform with powerful Adviser and Client outcomes.

Federation Managed Accounts was launched in 2013 between a group of financial services veterans and Australian Unity. The partnership brings together the long-standing experience of the Federation Alliance key principals and Australian Unity, an independent mutual with a history spanning more than 170 years.

The platform provides easy access to a broad range of investment options, including but not limited to:

| SMA's/model portfolios | Cash and Term deposits | Fixed Interest Securities |  
ASX Securities | International Equities | ETF's | Suitable for SMSF

[info@fedalliance.com.au](mailto:info@fedalliance.com.au)



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MLC Head office  
105-153 Miller St  
North Sydney  
NSW, 2060

## PRUDENT PERFORMANCE

MLC is the wealth management division of the National Australia Bank (NAB) and provides investment, superannuation, insurance and private wealth solutions to corporate and institutional customers.

MLC Retail Wealth Platforms which consists of the MLC Wrap, MLC Navigator and MLC MasterKey platforms representing over 350,000 investors and \$60 billion in Funds Under Management (FUM).

MLC is committed to growing and fostering relationships with independently owned and licensed advisers who choose MLC's financial solutions to meet the needs of their clients.

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[www.mlc.com.au](http://www.mlc.com.au)



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WealthPortal  
Level 5, 10 Spring Street  
Sydney NSW 2000  
PO Box R1926  
Royal Exchange NSW 1225  
T: 1300 379 762

WealthPortal has been established specifically to deliver specialised products and services to the wealth accumulation/wealth management market. WealthPortal has developed a sophisticated online fully-integrated administration and reporting service with a single point of entry utilising a Unified Managed Accounts (UMA) as its core.

Recognising that long-term success in any industry ultimately depends on the continuous delivery of an ever-improving and dynamic offering, WealthPortal prides itself on client focus and service delivery which will remain a key driver into the future.

Our aim is to offer you a fully-integrated Managed Account service thereby eliminating difficulties in integrating tax reporting across other financial products and/or the inefficiencies of duplicated administration fees that have served as a disincentive to the take-up of Managed Accounts in Australia.

Our Managed Account Service is the first of a number of strategic financial services WealthPortal is developing for financial planners, accountants and investors alike.

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[enquiries@mywealthportal.com.au](mailto:enquiries@mywealthportal.com.au)



FIND THE RIGHT PLATFORM FOR YOUR COMPANY

# Platform Directory



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[www.netwealth.com.au](http://www.netwealth.com.au) or call us  
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In 1999 netwealth Investments Limited ("netwealth") was founded to provide astute investors and the wealth management industry with a better way to invest and protect current and future wealth and financial wellbeing.

netwealth provides a range of innovative and award winning investment, superannuation & advice solutions to more than 30,000 members and investors.

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## Further reading

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ASIC looks at revising regulation of platforms - 29 March 2012

[www.claytonutz.com/publications/edition/29\\_march\\_2012/20120329/asic\\_looks\\_at\\_revising\\_regulation\\_of\\_platforms.page](http://www.claytonutz.com/publications/edition/29_march_2012/20120329/asic_looks_at_revising_regulation_of_platforms.page)

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[www.smh.com.au/money/on-the-money/a-platform-for-growth-20100922-15lwr.html](http://www.smh.com.au/money/on-the-money/a-platform-for-growth-20100922-15lwr.html)

Master trusts and wraps - 24 April 2014

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FoFA - Best Interests Duty, Guidance for CPA Australia public practitioners - July 2013

[www.cpaaustralia.com.au/-/media/Corporate/AllFiles/Document/professional-resources/financial-planning/best-interests-duty.pdf](http://www.cpaaustralia.com.au/-/media/Corporate/AllFiles/Document/professional-resources/financial-planning/best-interests-duty.pdf)

SOAs set to grow as platform choices fall under best interest duty - 6 September 2013

[www.moneymanagement.com.au/news/financial-planning/2013/soas-set-to-grow-as-best-interest-kicks-in](http://www.moneymanagement.com.au/news/financial-planning/2013/soas-set-to-grow-as-best-interest-kicks-in)

Low-cost platforms a hit with planners - 10 July 2013

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Planners consider moving off-platform - 4 April 2013

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Planners have greater freedom of platform choice: Planner Technology Report - 13 August 2014

[www.adviservice.com.au/2014/08/planners-greater-freedom-platform-choice-planner-technology-report/](http://www.adviservice.com.au/2014/08/planners-greater-freedom-platform-choice-planner-technology-report/), 13 August 2014

Regulatory Guide 148: Platforms that are managed investment schemes - June 2013

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