

April 15<sup>th</sup> 2014

Financial System Inquiry

G.P.O. Box 89

Sydney 2001

Dear sir,

I don't profess to be an expert but i have business qualifications and would have been one of the first persons to complete a diploma of financial planning from deakin university in 1993.

I was planning on a career in the industry, and was enthusiastic about helping people plan for their financial future.

Unfortunately when the reality hit me that the industry had as a priority how they could best obtain commissions, fees etc to line their own pockets, ahead of a genuine priority of concern for the customer, I found my conscience got the better of me, I couldn't sleep properly, so i forego that career, although my education certainly helped me with my own financial future.

From all the media reports (one attached) it appears we are returning to those dark days. I am not for a lot of red tape and regulations as a rule, however i consider we would not have had the gfc if some proper regulations were in place, and it appears as if there is pressure from the retail sector and the big banks, to return to excessive commissions and fees without proper advice, or follow up advice to persons looking for somewhere secure to place their money.

I remember in the 1990s where a lady we knew won lotto, over \$1m, her bank manager opened an account for her at zero interest, so she wouldn't have to worry about tax!

I think that i have got my message to you that I feel the recently imposed regulations were very good for the average Australian.

On a separate subject, on the debate about what sectors super funds should invest in.

I feel sure that with enough effort the super industry could assist first home buyers with mortgage finance, as not only would the industry have the property as security, members funds could also be taken into consideration. This would encourage members to consolidate their sgc funds into one fund, and reduce their fees. If the super funds were allowed to form more or less a "shadow bank" dealing in mortgages only, this should ensure their liquidity is not interfered with. I am sure many conservative investors would also like a portion of their super money invested in this area



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# YOUR HIP POCKET



**KARINA  
BARRYMORE**

**I** AM so totally sick of the same old reaction. When things aren't right, blame the victim.

This knee-jerk blame game is constantly trotted out by governments, companies, organisations, public servants, lobby groups, all and sundry.

Of course, it comes in many guises, usually dressed up with technical jargon and best-interest waffle by polished public relations advisers. But its aim is always to put the blame on the victim — usually the weakest party in the issue — in the hope we'll all get sidetracked away from who is really responsible. Rather than a knee-jerk reaction it's really just a reaction by jerks.

Take this week's submissions to the financial system inquiry by the Reserve Bank of Australia.

No sooner had the RBA told the inquiry our Australian superannuation system is overpriced and has too many management-intensive investment strategies, then the jerks were out in force.

No, no, simple people, it's not the superannuation lobby that is at fault for charging a motza and ripping off our retirement savings faster than any other developed economy. No, it's your fault, the members, the retirees and the workers.

You see, dear possums, we should all know better and because we don't know better then we just have to suck it up.

The blame pounce was so immediate it must have been prepared in advance. Everyone has a choice, the super jerk lobby says. If people don't choose the best fund for themselves well, hey, that's their fault.

And silly old you, too, RBA, for comparing Australia's superannuation fees and charges with other OECD countries — why cause unnecessary unrest?

Does the public really need to know that only Spain and Mexico have higher superannuation costs than Australia?

And, really, RBA, nobody needs to know

that the banking industry is so entwined with our superannuation that it's almost impossible to separate them.

They big banks don't just get money from direct ownership of retail super funds and cross-selling in-house products but they also get fees for wider services, such as asset management, advice, trading platforms and insurance. It's a wonder there is any money left by retirement.

But their reach has now also gone well beyond retail funds and into not-for-profit funds. Even if you think you're in a non-retail fund, chances are you're still paying fees to the big-profit-making end of town, the RBA has inconveniently pointed out.

So, yeah, it's not the super jerk's fault, it's the members' fault for not choosing a cheaper fund.

But you don't know what you don't know and that's where the real blame belongs — with the Government for allowing these hidden fee-gouging scams.

By law we are forced to pay more than 9 per cent of our income into one of these funds but by "lack of law" we aren't given the full information to let us compare funds. The super-bank lobby spends millions keeping us in the dark by making it impossible to identify all the fees they suck out of our accounts.

And I don't just mean small fees such as administration that appear on individual statements — they are just a smokescreen compared with what is really skimmed off long before contributions and investment returns are added. Even experts who spend their lives trawling financial reports are hard pressed to find the truth behind most super fund fees.

But, hey, it's much easier just to blame the victims, especially for the Government whose regulatory failings are fostering these record-breaking rip offs.

**HAVE YOUR SAY:** karina.barrymore@news.com.au