

Dear Sirs,

Background

I am a Chartered Accountant and have been preparing tax returns and financial statements for clients for a long time.

Integral to that comes a wide range of areas such as companies, trusts, superannuation funds (SMSFs) and a range of other areas that are designed according to client's needs.

Since 1 July 2013 to 30 June 2016 in the specific area of superannuation I am operating under what is called an "accountant's exemption".

I am not a financial planner nor a fund manager and I have no desire to go into those risk areas where the advice I give could result in a client suffering severe financial loss, and perhaps the loss of a large part of their life's savings.

I am prepared to leave that area to financial planners for clients who want it.

Problems with Current System (SMSFs)

Where I have problems with the current financial system, or the one when the current accountants exemption expires, is that relatively basic tax advice in respect of superannuation that may cost a client a few hundred dollars when provided by their accountant will cost thousands when the same advice is provided by a financial planner (partly because of the accountant's existing detailed knowledge of the client). Worse is that from 1 July 2016 the regular qualified accountant will simply be blocked entirely from giving any advice on superannuation. That will become the exclusive purview of the financial planning community, most notably the likes of AMP and the big banks.

We can give advice to clients on setting up and winding up companies, trusts, partnerships etc but not superannuation funds. In my view this is clearly a twisted system and a major failure by our accounting bodies in submissions to earlier enquiries.

To have an area of finance taken from a profession reliant on trust and ethics and handed over (in its complete entirety and exclusive control) to a profession where acting in a client's best interest is a novelty is scary.

As an accountant, if I want to continue to give advice with significant tax benefits in respect of super from 1 July 2016, first I have to get my RG146 and then find a licence holder (for a significant annual fee and possibly lose ownership of my client) to review my written advice and delay everything for at least a week. That my client base may then be subject to a force fed diet of financial products from whatever financial institution I have to sign up with under the new regime is objectionable.

Many of my clients don't trust financial advisors and would rather do their own investing.

Current Rules will Devastate Competition in SMSF advice

I can appreciate that superannuation, even for SMSFs requires some technical knowledge and accountants require ongoing training, but for the current legislation to effectively be working to remove accountants from helping their SMSF clients and hand over the lot to financial planners and a handful of large financial institutions will devastate competition and see the fees clients are paying go through the roof.

The whole purpose of SMSF's was to let clients who felt that they could manage their own affairs do so. The regime change in 2016 will see that further attacked with competition in SMSF advice being strangled.

There have been some instances in the recent past where SMSF's have lost money in some esoteric, overseas managed products and were not covered by the government's insurance scheme. Without knowing the facts on those SMSF's, I would suggest that, given the nature of the product, that financial planners had been involved in recommending those products to clients.

Accounting Profession should not be blocked from giving advice to SMSFs

My principal submission is that the accounting profession, per se, should not be blocked from giving SMSF's advice on setting up, winding up, starting or ceasing pensions etc. In doing so the current rules, yet to take full effect, will simply eliminate competition that big financial institutions face in the SMSF area and significantly increase costs for clients from 1 July 2016. If the trade-off for allowing accountants to give advice is a training and education issue I wouldn't think that would be a problem (as that already happens to some extent). The problem comes when control over the advice is effectively handed over to a licence holder such as the big financial institutions.

Should you have any queries please do not hesitate to contact me.

Yours sincerely

Frank Rayner
Chartered Accountant