

Sunsuper launches advice fee caps

Sunsuper, one of Australia's largest superannuation funds, has announced it will introduce financial advice fee caps in an effort to ensure that financial advice remains affordable and sustainable for its members, and in their best interests.

Since 2013, financial advisers have been able to charge fees for financial advice related to a client's superannuation with Sunsuper through the client's Sunsuper account. Under the caps, initial fees will be limited to the lower of \$4,400 or 2.2% of balance (inclusive of GST) and restricted to only being payable once every three years. The cap for ongoing fees will be limited to the lower of \$6,600 or 1.1% of balance per annum (inclusive of GST) and payable monthly for a maximum of two years.

Sunsuper's Head of Advice and Retirement, Anne Fuchs said that since the Fund started actively working with external financial advisers four years ago both advisers and their clients have valued the flexibility of charging and paying fees for financial advice related to a client's Sunsuper holdings directly from the client's Sunsuper account.

"In 2015, as part of a wider transformation, we saw an opportunity for Sunsuper to work closer with external financial advisers to give our members access to comprehensive advice from an adviser they trust that is independent of Sunsuper. It was an opportunity to provide a viable alternative to the advice fee arrangements offered by retail funds for advisers to meet their fiduciary responsibilities," said Ms Fuchs.

"We genuinely believe in financial advice and the power it has to not only maximise our members' retirement savings, but also to change their lives. Sunsuper's experience is that seeking financial advice is a prudent investment and, based on analysis of our own membership, we know that members who receive financial advice make better, more informed choices and are substantially better off in retirement.

"As a profit-for-members fund, we believe these new advice fee caps are consistent with our duty to act in our members' best interests. We believe these caps strike a balance between preventing members' balances being eroded by ongoing fees while at the same time allowing financial advisers to deduct fees for the quality advice they provide.

"We understand this is a big change, however the new fees have been welcomed by the majority of financial advisers we work with, who understand the caps are in the best interests of our more than 1.3 million members.

"The Royal Commission has put a spotlight on the advice industry and highlighted community expectations in relation to advice fees. We anticipate that other super funds will be reviewing their Trustee obligations around advice fees and will follow suit in implementing such caps."

The new caps came into effect on 25 February 2019.

Ends

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