



Dealer group pins growth plan on planner dissatisfaction with 'percentage revenue' model

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A growing number of enquiries from planners dissatisfied with the institution's percentage-based fee model has prompted dealer group/accountant firm MCA Financial Planners to try to increase its membership through its financial planning stream.

The Melbourne-based group has launched a campaign to pitch its flat-fee no-frills model to traditional financial planners to grow its membership, specifically targeting standalone, experienced advisers operating a low-risk model.

It currently has 30 authority holders, mainly accountants, but is intent on growing this number to 60, based on the level of current enquiries from financial planners, according to general manager Joe Grogan.

"A lot of these smaller advice firms have experienced falling revenues but their fixed costs have stayed the same, and this is driving a search among them for lower dealer group fees," Grogan said.

MCA recently recruited a sole operator from an institution who was paying \$50,000 to \$60,000 a year in fees as a percentage of his annual revenue, he said.

By contrast, Grogan said MCA charged a flat fee of \$8,000 per annum (\$667 per month) for the first adviser, falling to \$6,000 for the second adviser, and even less for a 'limited authority' membership.

Grogan added that the increased enquiries to MCA also suggest that there were very few other dealer group models that involve charging a flat fee.

"As far as I am aware virtually all other dealer groups clip a percentage of their advisers' turnover, and in exchange offer them a lot of services they may or may not need.

"We believe, however, the real value proposition for a dealer group lies in the relationship between adviser and client, and that the license is merely a means to operate."

MCA is "not a collective co-operative model where we squeeze margins from the fund and platform providers off the back of planners' revenues," he said.

"We only require planners to stick to an approved product list of managed funds and shares and to stay away from exotics, beyond that we're not prescriptive.

"We don't dictate that you use this or that platform, for example, and we pass on 100 per cent of all commissions, fees and rebates to our advisers."

The dealer group also plans to lure advisers on the basis of the "strength of its low-cost SMSF offering", he said.

"We're offering those advisers wanting to offer an SMSF a cost-effective package on auditing and accounting and set-up costs.

"Again, we will guarantee you those clients are yours and we will not try to intervene in your client relationships," he said.

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