

**Monday August 29, 2011**

### **FOFA reforms a win for consumer protection and improved super engagement: AIST**

New financial advice reforms are set to deliver substantial benefits to millions of Australians, **the Australian Institute of Superannuation Trustees (AIST) said today.**

Commenting on today's release of the first tranche of the Government's Future of Financial Advice (FOFA) reforms, **AIST CEO Fiona Reynolds** said the reforms signalled a new era of affordable and quality advice for super fund members and would also ensure that the new MySuper products from 1 July 2013 would be commission-free.

"For too long, super fund members have been paying for advice that hasn't always been in their best interests," said Ms Reynolds. "Importantly, these reforms are not about killing off advice; they are about ensuring that super funds members have access to affordable and quality advice and, doing so, should boost retirement savings".

Ms Reynolds described the Government's new 'opt-in' requirement – which requires a financial adviser to send a renewal ('opt-in') notice every two years to new clients – as a particularly important initiative that would serve the dual purpose of protecting some fund members for paying for advice they no longer needed whilst encouraging others to re-engage with their advisor.

"Be it gym or the local sporting club, we are all guilty of signing up and paying for a service that we no longer use," said Ms Reynolds.

"By having to regularly renew their contract with their advisor, super fund members – as well as other consumers - will have to think more deeply about the sort of advice they really need," she said.

Ms Reynolds also welcomed the 'best interest' obligations which will be supported by an enhancement of ASIC's powers.

"This overriding mechanism will be critical to delivering consumer protection on all types of financial advice," she said.

#### **Further media enquiries:**

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***AIST is the peak industry body for the \$450 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.***