

A new lease on life for former Shadforth Financial Group duo

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| Professional Planner Magazine October 3, 2014



Walking away from a combined 30 years with a firm they feel no longer suits their financial planning approach, ex-Shadforth (SFG) advisers Charles Badenach and Rebecca Fergusson have launched their own practice.

The pair resigned from SFG, now owned by IOOF, only to link their new practice, Main Street Financial Solutions, to another IOOF-owned licensee. Badenach says he was as surprised as anyone when he concluded Lonsdale was the best AFS licensee for the new operation.

“It’s been an interesting journey. I feel like a footballer that’s changed teams. It gives you a new lease on life.”

Based in Hobart, Tasmania, Main Street opened in May after the pair had observed the requisite ‘gardening leave’ following their SFG departures.

“Over time, as your business evolves and gets bigger, that suits some people, but...I’m a bit of an ‘outside the square’ kind of guy, so it wasn’t the right environment.”

Why Lonsdale?

With a strong focus on accounting, Lonsdale sits alongside IOOF’s other financial planning brands Bridges, Consultum, Ord Minnett, Plan B and the most recent addition of SFG.

Badenach explains they conducted a vetting process over a period of around three months before finally landing on Lonsdale.

“Various licensees including some banks offered us...incentives to sign, but it was inconsistent with how we’re wired, we didn’t want anything that conflicted with our personal values.”

“[Lonsdale] has a very open architecture, and is very compatible with how Rebecca and I are wired. We’re very comfortable with our relationship there,” he says.

The fee-based model, absence of incentives for recommending specific products and business support were among the key reasons for their choice.

“Although it has the backing of IOOF, it’s not a dealer group that is only able to use IOOF products,” Badenach says.

Remuneration structure

Mainstreet works on a fixed fee rather than a funds under management model, “so a client can really decide what’s appropriate for them, and we charge accordingly”.

This also extends to life insurance in some cases, where commissions are still allowed given the Future of Financial Advice (FoFA) carve-out. However, he says they generally give the client an option of fee- or commission-based insurance on “a case by case basis”.

Though they are less than six months in, Badenach says they have already built up a healthy book of business, despite starting with a clean slate. On average, he says they add between six and eight new clients per week. “So we’re ticking along pretty well, it’s encouraging.”

“We walked away from Shadforths with no clients, no business name and no dealer group, but an absolute passion to build something...this has given us a new lease of life.

“We have probably the toughest restraints in the industry, but this motivates us both more than anything,” he adds.

He says they have instead backed themselves in growing the greenfield business, enabling them to structure the business the way they want.

“It’s only early days, but we’re encouraged by our development so far.”