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The lure of certainty

Mystery surrounds the fixed interest market
but the appetite for these assets is growing

THIS ISSUE

Meeting your clients' investment
objectives

Understanding and advising on
commodities

Insurance bonds: an alternative for
tax effective wealth accumulation



HELPING PEOPLE TO HELP THEMSELVES

Q What reforms would you suggest the Federal Government adopt to improve Australia's financial system to enable the public to become more financially independent?



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The Federal Government, through legislative reform, needs to play the leading role in educating, protecting and encouraging the Australian public to take control of their financial affairs. The public's confidence in the financial system has been undermined in recent years by a sustained period of poor investment performance, high profile corporate collapses, the fallout from the two speed economy, and the constant negativity which appears in the media.

In my view, to assist the Australian public in achieving financial independence, the Federal Government needs to introduce a number of radical changes including:

- Making 'Fee-for-Service' non product related financial planning advice fees tax deductible.
- Increasing the Superannuation Guarantee Charge (SGC) level from 9 to 15 per

cent over the next 10 years.

- Introduce a capital protected 'annuity style' retirement product that enjoys similar flexibility to an 'account based pension'.
- Establishing a sovereign wealth fund from a share of the revenue generated from the resources boom. This would ensure that a portion of benefits from the 'once-in-a-lifetime boom' would be set aside for future generations by providing an income stream in perpetuity for the Federal Government.
- Re-introduce the controversial 'work for the dole' scheme for Newstart recipients which would ensure that those receiving a government benefit make positive contribution to the community at large.
- Tightening the eligibility for many Centrelink benefits to remedy the issue of 'intergenerational welfare recipients'.
- Making further tax-based incentives to encourage small businesses to grow and develop.

Without active Federal Government intervention, it is difficult to see how the status quo can be changed, particularly given the difficult economic environment.