

DELIVERING BETTER FINANCIAL OUTCOMES

LEGISLATION

CHANGES TO ADVICE FEES CONSENT ARRANGEMENTS

The Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Act 2024 received Royal Assent on 9 July 2024, delivering Tranche 1 of the Government's response to the Quality of Advice Review.

There are two main changes occurring from 10 January 2025:

1. Ongoing Fee Arrangements (OFA)

This change is designed to deliver a consolidated and streamlined consent process for when a client enters or renews an OFA and authorises ongoing fees to be deducted from a financial product.

2. Deducting advice fees from superannuation

This change provides greater clarity about when and on what basis a trustee can charge a fee for financial product advice from a member's superannuation account.

CHANGES TO ONGOING FEE ARRANGEMENTS (OFA)

There will be changes to advice fee consent forms, including:

- **Anniversary date and reference date:** The term anniversary date has been removed as a defined term and a new concept of 'reference date' is introduced. The reference date can either be the anniversary of the date the arrangement was entered into, or an earlier date agreed between you and your client.
- **Renewal period:** The OFA can be renewed from 60 days prior to the reference date and up to 150 days after the

reference date, giving you and your clients greater flexibility when renewing the OFA.

- **Consent End Date:** The legislation requires that this date must be included on the fee consent form signed by the client.

Important: these changes commence from 10 January 2025. Existing requirements continue to apply for current OFAs until the next anniversary of the OFA after the changes commence.

CHANGES TO DEDUCTING ADVICE FEES FROM SUPERANNUATION

The legislated changes require superannuation trustees to be satisfied the advice fee relates to personal financial product advice and the written consent of the member meets the updated fee consent requirements.

We'll be reviewing our forms and processes to ensure they comply with this law.

While considering these changes, if personal financial advice relates to both super and retirement-phase pension accounts, you should ensure that advice fees are appropriately allocated across these accounts. Any part of the advice fee that relates to the retirement-phase pension must not be deducted from an accumulation or transition to retirement pension account. This is required to comply with obligations under the Income Tax Assessment Act 1997.

MORE INFORMATION

We'll be updating our advice fee forms to reflect the new requirements. We'll provide you with more information closer to the date.

Important: The information in this email is intended for financial advisers only and is not to be distributed to clients.

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