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Senator the Honourable Mathias Cormann  
Minister for Finance  
Parliament House  
CANBERRA ACT 2600

Dear Minister

### **Proposed changes to the future of financial advice (FOFA) legislation**

The Superannuated Commonwealth Officers Association (SCOA) represents already retired public servants as well as current public servants planning for their retirement.

Those who are planning to retire need financial advice because they are about to have access to sums of money that, although quite modest, may be greater than any previous amounts they have ever had at their disposal.

At this critical time in their lives, it is essential that they receive good financial advice that takes into account their personal financial circumstances, since they will need the income from their investments to supplement their inadequately indexed Commonwealth superannuation pensions."

SCOA believes that the present FOFA legislation, passed by the previous government, provides essential protection for recently retired people by ensuring that financial advisors give comprehensive advice tailored to their customers' personal financial circumstances, and we do not believe that it involves an excessive amount of regulation. Our members say that they do not see any need to make further changes. We are aware that this view is also held by the association representing financial planners.

There is widespread concern that if the proposed changes are made, then banks and other vertically integrated financial institutions will encourage their employees to sell products without taking into account clients' individual needs, so that they can earn commissions for providing general advice.

While a younger person who is still in the workforce can recover from the effects of poor or inappropriate financial advice, older people who are no longer in the workforce have much less ability to recover.

The removal of the existing FOFA safeguards may result in inappropriate or even bad advice which may cause many people to be more reliant on the Age Pension as they grow older, leading to greater government outlays for the Age Pension.

We urge the government to reconsider the watering down of financial regulation as it appears that the only beneficiaries from the proposed changes will be the banks and similar financial institutions.

I look forward to hearing from you.

Yours sincerely

  
John Coleman  
**FEDERAL PRESIDENT**