

Midwinter 2011 Dealer Group Survey Results

Results provided in this survey are of a general nature only, and should not be used as advice.

This document may be reproduced subject to making a reference to the source of the information.

Midwinter 2011 Dealer Group Survey

There were 11,500 financial advisers invited to participate in the inaugural Midwinter 2011 Dealer Group Survey. We had a great response to this anonymous survey with over 450 financial planners participating, representing over 70 licensees.

The Dealer Group Survey commenced on 29th July and concluded on 8th August 2011 and was specifically designed to target financial planners and dealer groups.

Key Findings

- ✳ The quality or service of the dealer group that financial planners rated as the least important and the most important were as follows:

Least important dealer group qualities or services	Most important dealer group qualities or services
1. Credit & loan services	1. Easy to do business with
2. Dealer group financing	2. Autonomy to be able to run own business
3. Buyer of last resort policies	3. Ability to adjust to change
4. Paraplanning support	4. Compliance & support
5. Brand recognition	5. Approved product list (APL)

- ✳ The quality or service that financial planners rated that they were most satisfied with their dealer group and least satisfied with their dealer group were as follows:

Least satisfied dealer group qualities or services	Most satisfied dealer group qualities or services
1. Dealer group financing	1. Autonomy to be able to run own business
2. Credit & loan services	2. Approved product list (APL)
3. Paraplanning support	3. Adviser remuneration (commission) system
4. Buyer of last resort policies	4. Easy to do business with
5. Brand recognition	5. Compliance & support

- ✳ Significantly, there are three key services that financial planners rated of high importance to them but were least satisfied with their delivery by their Dealer Group. These key services are below:

Most important qualities or services that financial planners were least satisfied with

1. Technology & Software Support
2. Quality of SOA
3. Technology & Software Offering

There are vast discrepancies between the four different types of financial planners in terms of how they rated their Dealer Group in terms of satisfaction. The four types of financial planners surveyed were:

- Dealer group - Product aligned, practice based
 - Dealer group - Non-product aligned, practice based
 - Boutique/Independent Financial Adviser (IFA)
 - Bank/Institutional Planner
- ❄ Financial planners do not want their Dealer Groups to mandate financial planning software. They want the ability to choose their own technology (68.9%).
- ❄ Whilst financial planners generally indicated a reluctance to switch dealer groups in the next twelve months they are certainly being approached by competitor dealer groups. In the last twelve months 70% have been approached at least once, over half have been approached twice or more (53.4%), and nearly a quarter have been approached three times or more (23.7%).
- ❄ Generally financial planners are comfortable with their dealer group's reaction to FOFA reforms. 69.5% said they were comfortable with their dealer group's reaction to FOFA reforms, 7.3% said they did not care and only 23.2% said they were not comfortable with their dealer groups reaction to FOFA reforms.

Background

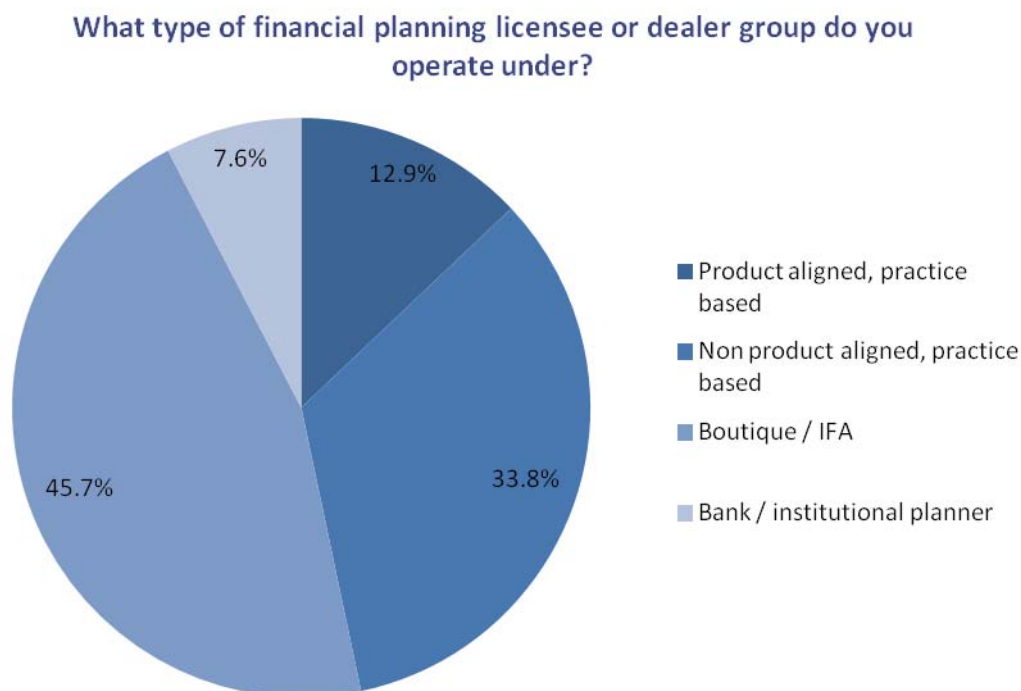
The core of the Midwinter 2011 Dealer Group Survey was to ascertain what dealer group qualities and services financial advisers deemed important and how financial planners rated their licensee in the delivery of those services. Therefore it was important to understand the type of financial planner being surveyed.

By determining the type of financial planner initially, we were then able to gauge whether there were similarities or differences between the types of financial planners. This was in terms of what dealer group qualities or services were important to them and how they rated their current licensee in providing those qualities or services. We were also able to show relative satisfaction and importance as a total, and between the different financial planner types.

Type of Planner

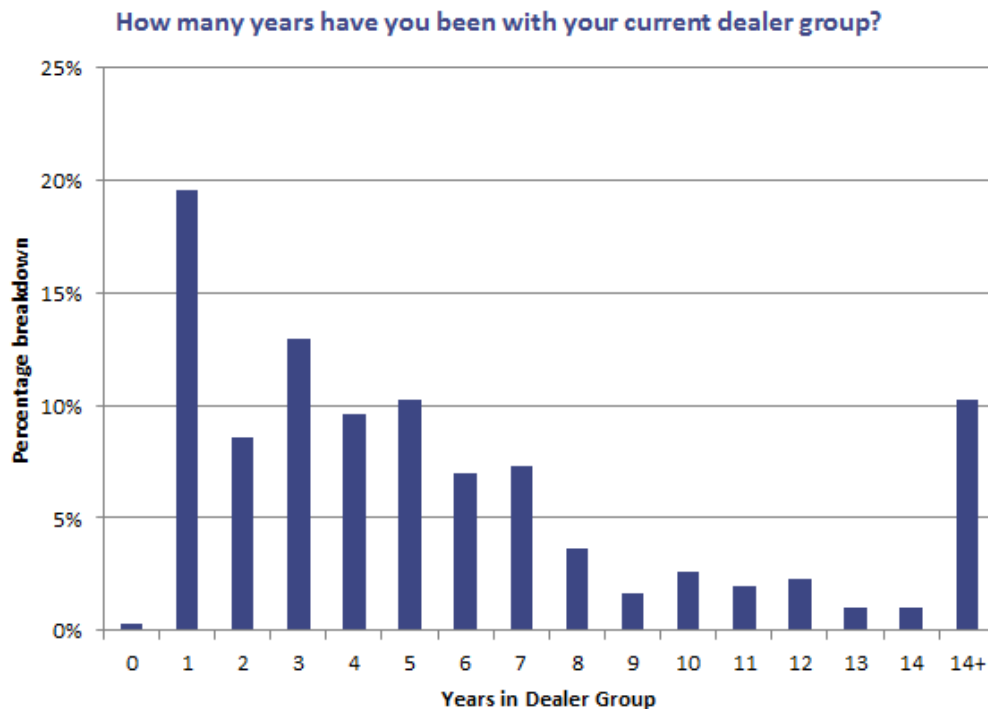
We first determined the type of financial planners who were completing the survey. Financial planner type was separated into four categories:

- * Dealer group - Product aligned, practice based (12.9%)
- * Dealer group - Non-product aligned, practice based (33.8%)
- * Boutique/Independent Financial Adviser (IFA) (45.7%)
- * Bank/Institutional Planner (7.6%)



Years with current dealer group

Nearly 20% of financial planners surveyed had been with their current dealer group for only 1 year. Half of advisers polled have been in their current dealer group less than 4 years. Only 20% have been with the same group for more than 10 years.



Important Dealer Group services and qualities

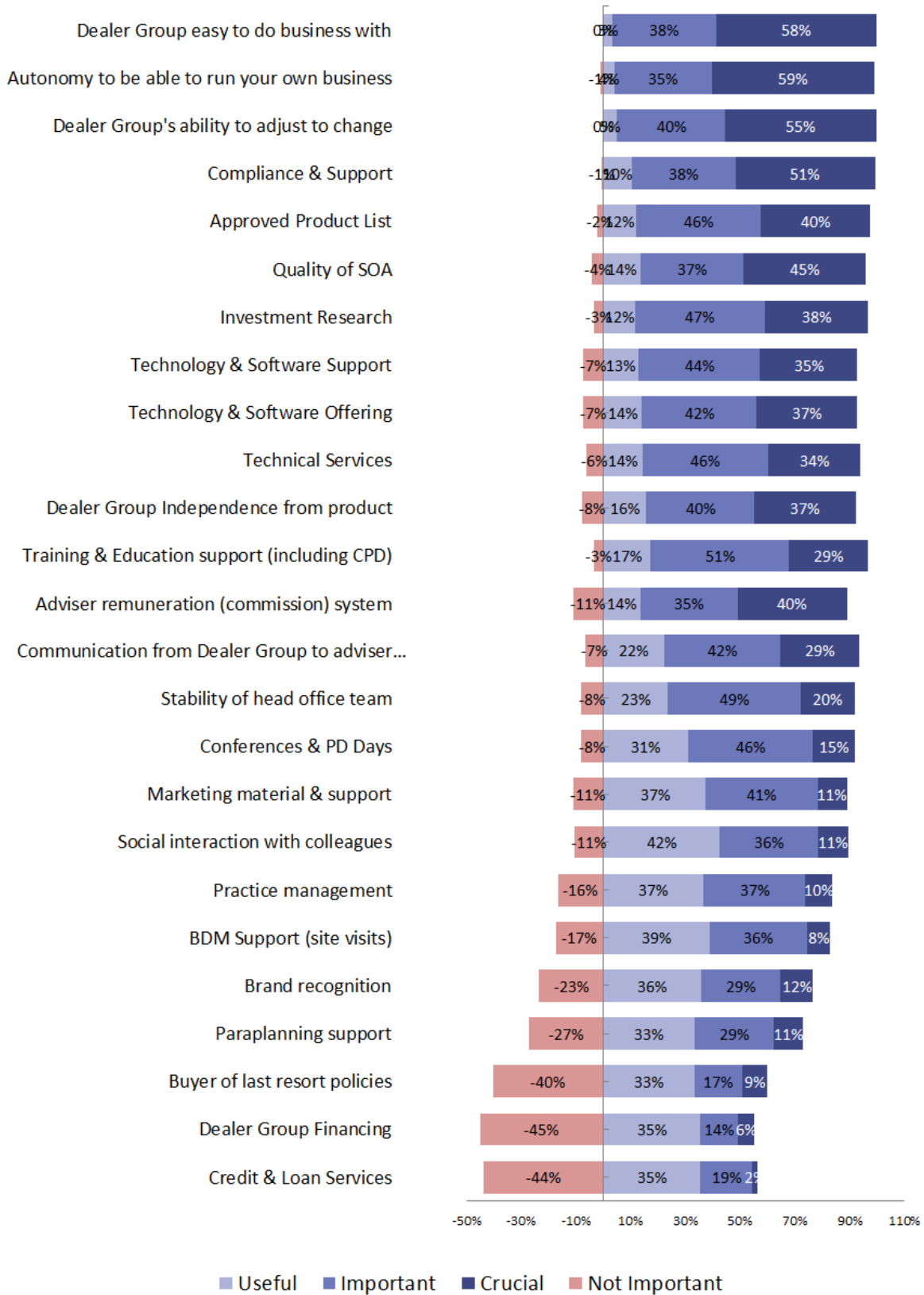
Financial planners identified the following Dealer Group qualities or services as being most important to them:

- * Dealer Group easy to do business with
- * Autonomy to run their own business
- * Ability to adjust to change
- * Compliance and support; and
- * Approved product list.

The Dealer Group qualities and services which were considered the least important by financial planners were:

- * Credit & Loan services
- * Dealer Group financing
- * Buyer of last resort policies
- * Paraplanning support; and
- * Brand recognition.

What Dealer Group services & qualities are important to planners?



How planners rate the services and qualities of their own Dealer Group

Significantly, when they were asked to rate their own Dealer Group in regards to these qualities and services by satisfaction, financial planners tended to rate their own Dealer Group most highly in those qualities and services that were most important to them. Financial planners rated their Dealer Group highest in the following order:

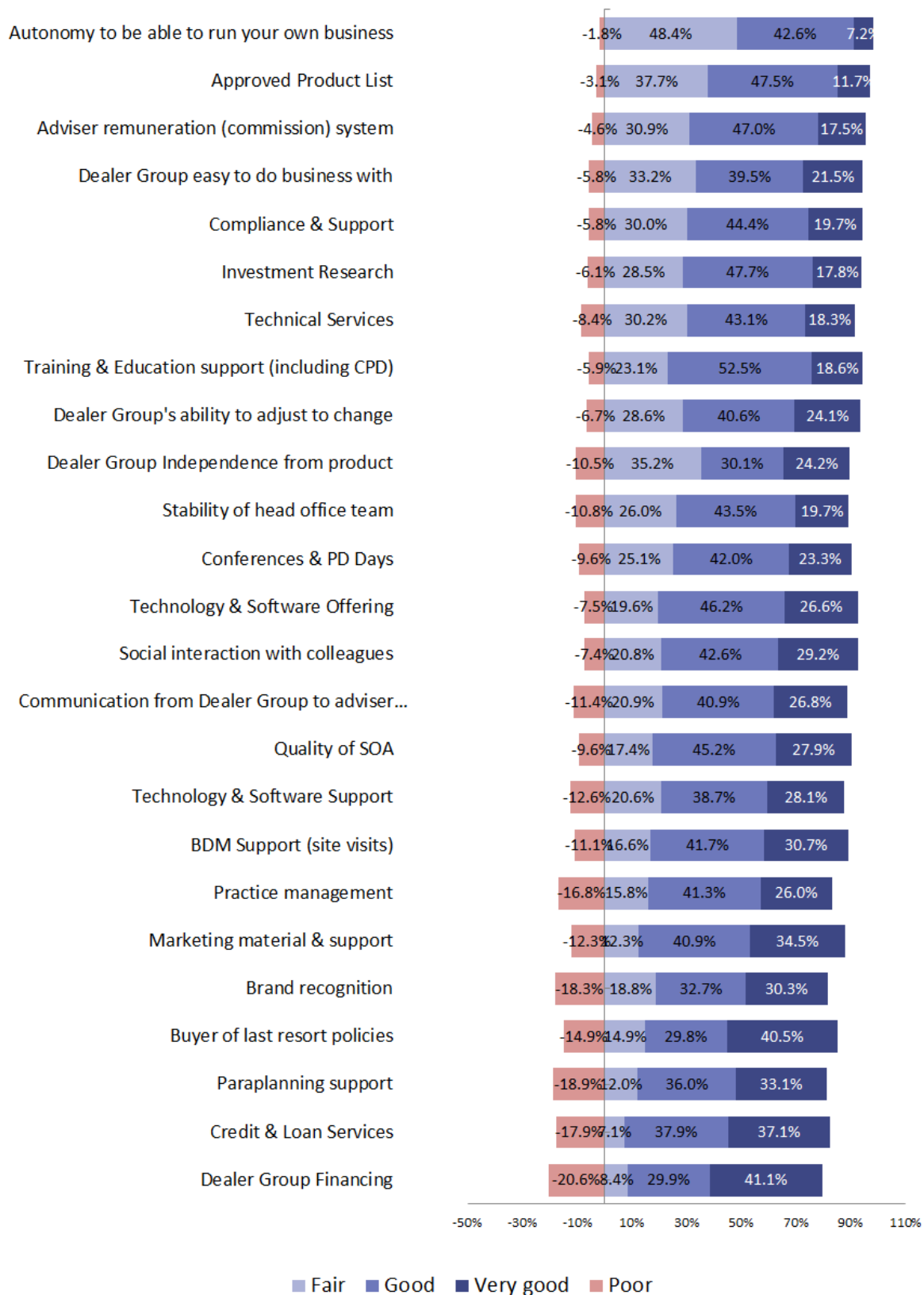
- * Autonomy to run their own business
- * Approved product list
- * Adviser remuneration (commission) system
- * Dealer Group easy to do business with; and
- * Compliance and support.

Importantly again, when financial planners were asked to rate their own Dealer Group in regards to the qualities and services of least satisfaction, they tended to rate their own Dealer Group lowest in those qualities and services that were least important to them. Financial planners rated their Dealer Group lowest in the following order:

- * Dealer Group financing
- * Credit & Loan services
- * Paraplanning support
- * Buyer of last resort policies; and
- * Brand recognition.

It is evident from the results that dealer groups are delivering on qualities and services that are most important to their financial planners and delivering worst on those qualities and services that are least important to their financial planners. This indicates that dealer groups have a good understanding of what is important to their financial planners (and not important) and are delivering on those qualities and services accordingly.

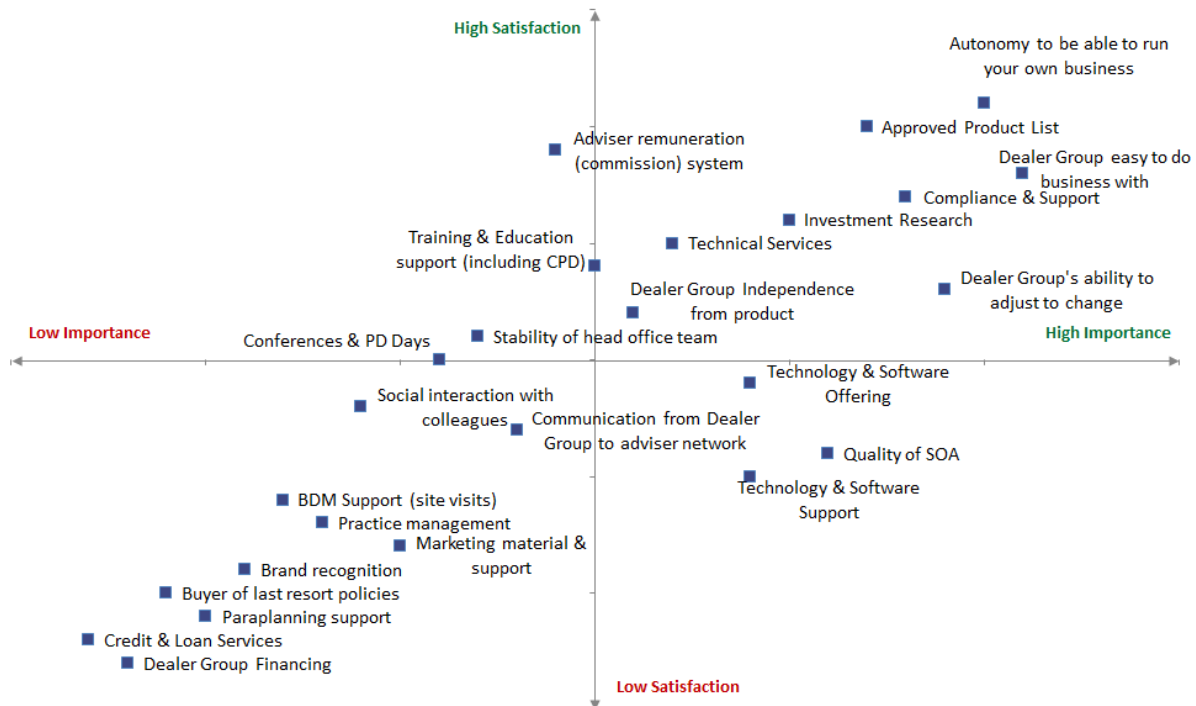
How planners rate their Dealer Group services



General Business Model Analysis

Mapping the overall dealer group business model is an important way to highlight the relative satisfaction and importance of dealer group qualities and services. It provides a visual demonstration of what qualities and services are or high importance and satisfaction levels.

Overall Dealer Group business model - Relative satisfaction & importance



This is the big story – the bottom right-hand quadrant indicates which services are of high importance to financial planners but had the lowest levels of satisfaction in regard to Dealer Group delivery of those services. This tells the story of the general failure of financial planning software (and support). Significantly, there are three key services that financial planners rated of high importance to them but were least satisfied with the delivery of those services by the Dealer Group. These key services located in the bottom right-hand quadrant (in order of lowest satisfaction from the Dealer Group) were:

- * Technology & Software Support
- * Quality of SOA
- * Technology & Software Offering

Also interesting was the general unhappiness with their dealer group SOA while recognising this was an important part of their dealer group services.

Relative Satisfaction

There were vast discrepancies between the four different types of financial planner in terms of how they rated their Dealer Group in terms of satisfaction in delivering on qualities and services.

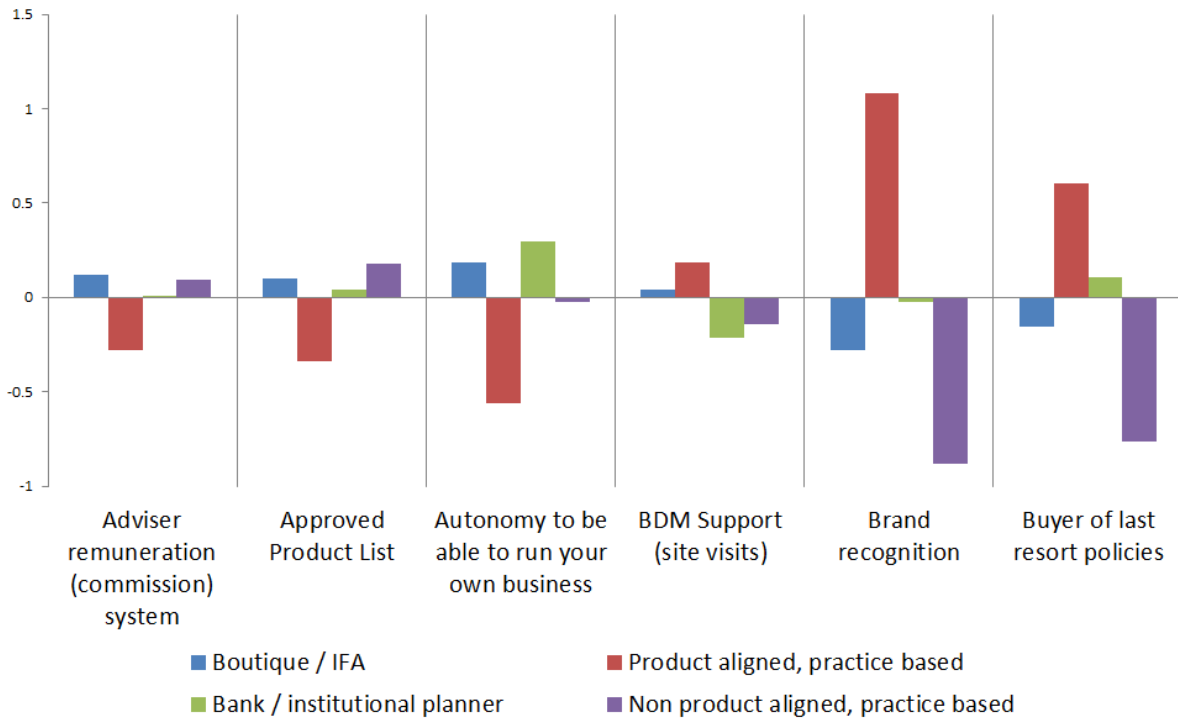
The following examples provide some insight into the significant differences between types of planner:

- ❄ Dealer Group easy to do business with - rated relatively high in satisfaction by non-product aligned practice based planners and relatively low in satisfaction by product aligned practice based planners. **The message for Dealer Groups in this relative score is loud and clear. If a Dealer Group wants to attract new financial planners by being rated as being 'easy to do business with' they would be better off being independent of product manufacturers.**

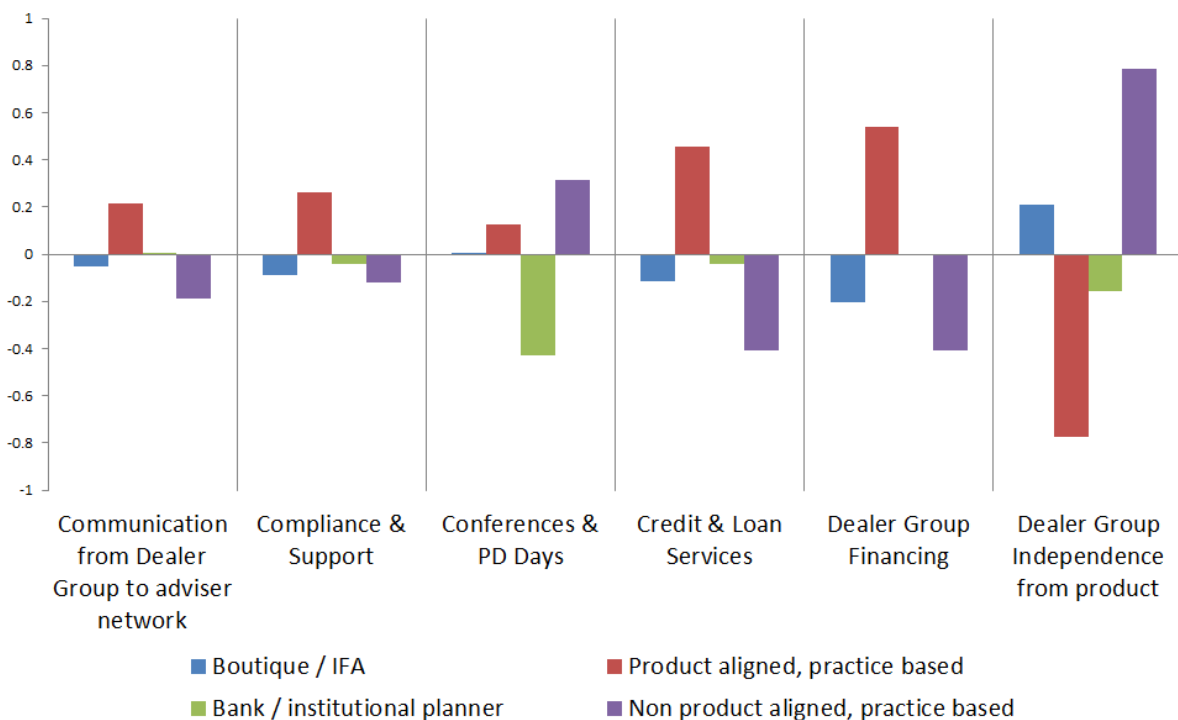
- ❄ Technical Services – rated relatively high in satisfaction by bank/institutional planners and relatively low in satisfaction by non-product aligned practice based planners. **This highlights that there is an opportunity to provide technical services support to non-product aligned practice based planners as they feel they are not satisfied with the technical services currently being delivered to them.**

- ❄ Technology & Software Support – rated relatively high in satisfaction by product aligned practice based planners and relatively low by all other types of planners. **This seems to indicate that the complexity of the product and strategy advice being provided is influencing the level of satisfaction with Technology and Software Support. Product aligned practice based planners provide less complex advice because the recommended product is more like to be pre-determined.**

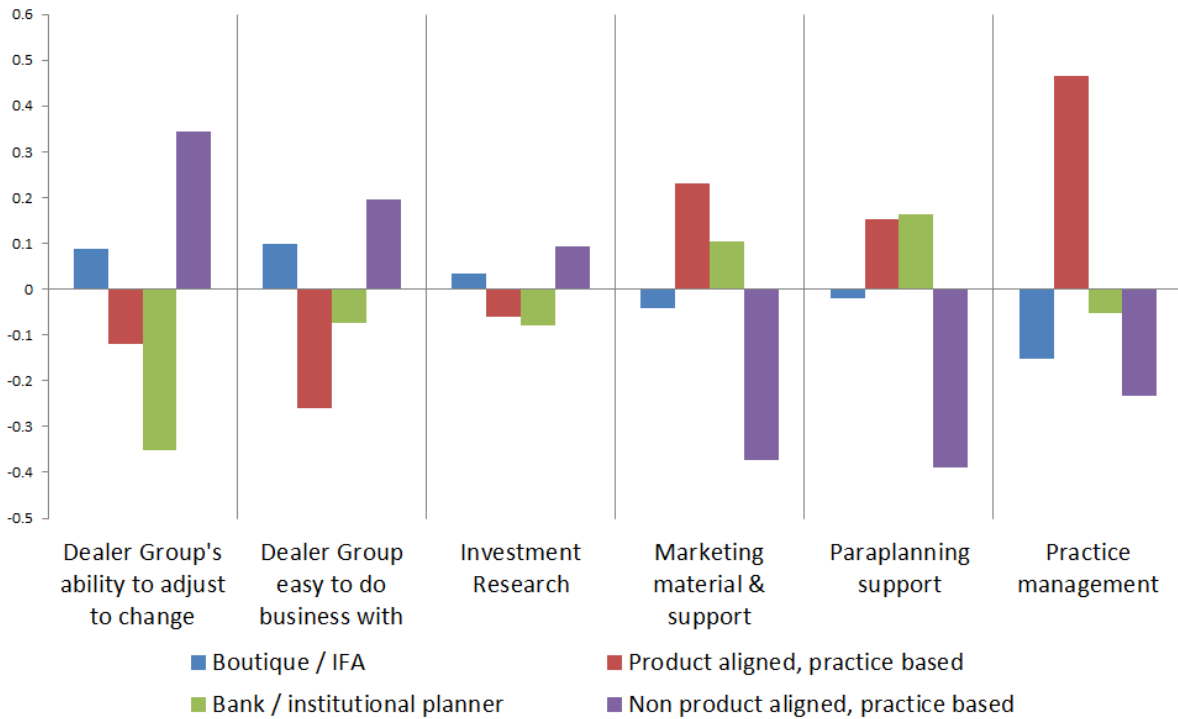
Relative satisfaction across segments...1



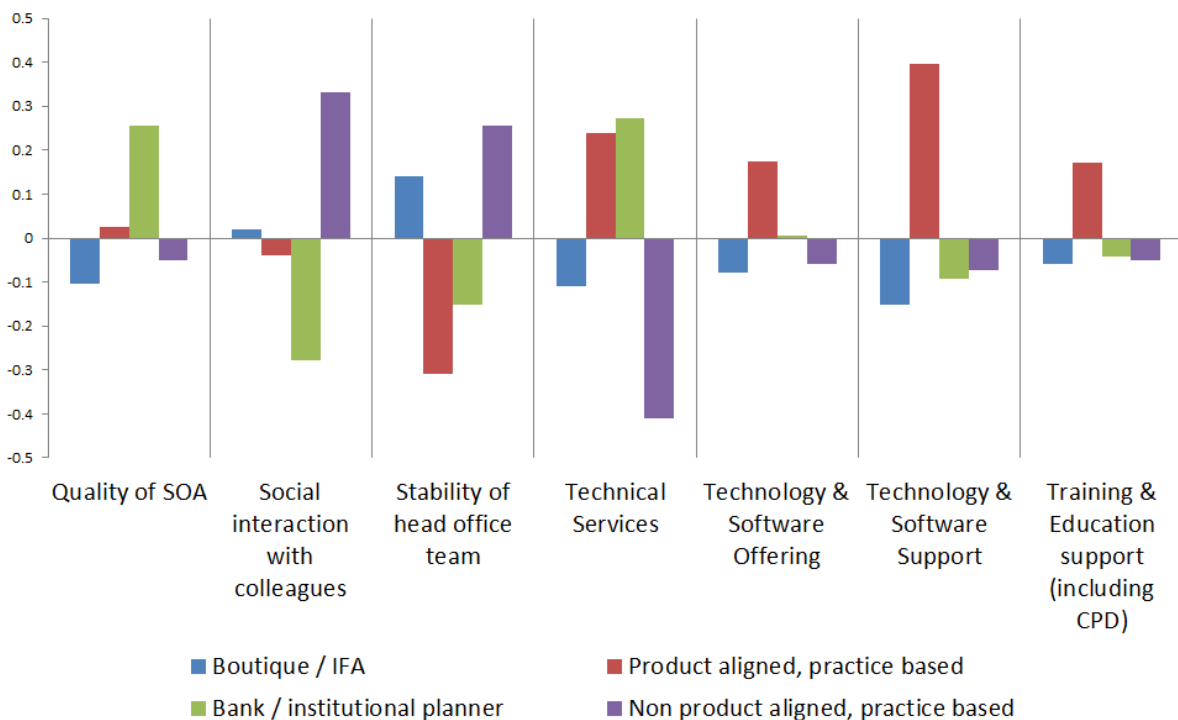
Relative satisfaction across segments...2



Relative satisfaction across segments...3



Relative satisfaction across segments...4

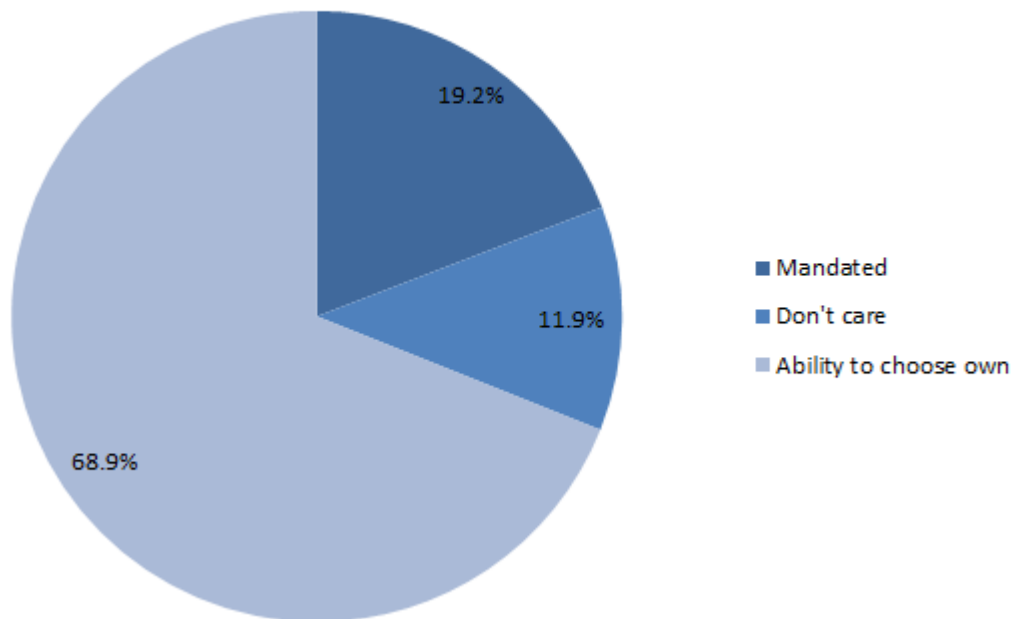


Technology – mandated or non-mandated?

Financial planners want to be able to choose their own financial planning software technology provider.

Of the financial planners surveyed 68.9% stated that they prefer the ability to choose their own software, with only 19.2% of financial planners preferring a mandated technology offering.

Do you prefer a mandated technology offering or ability to choose your own?

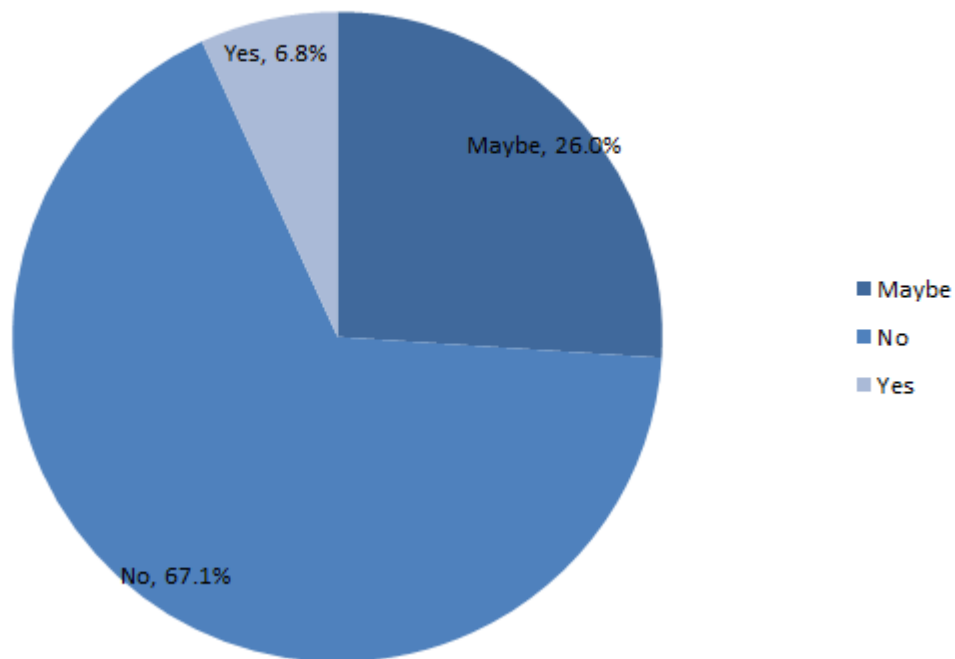


Financial Planner Movements

Whilst financial planners generally indicated a reluctance to switch dealer groups in the next twelve months (67.1% stating they are not looking to switch), they are certainly being approached by competitor dealer groups.

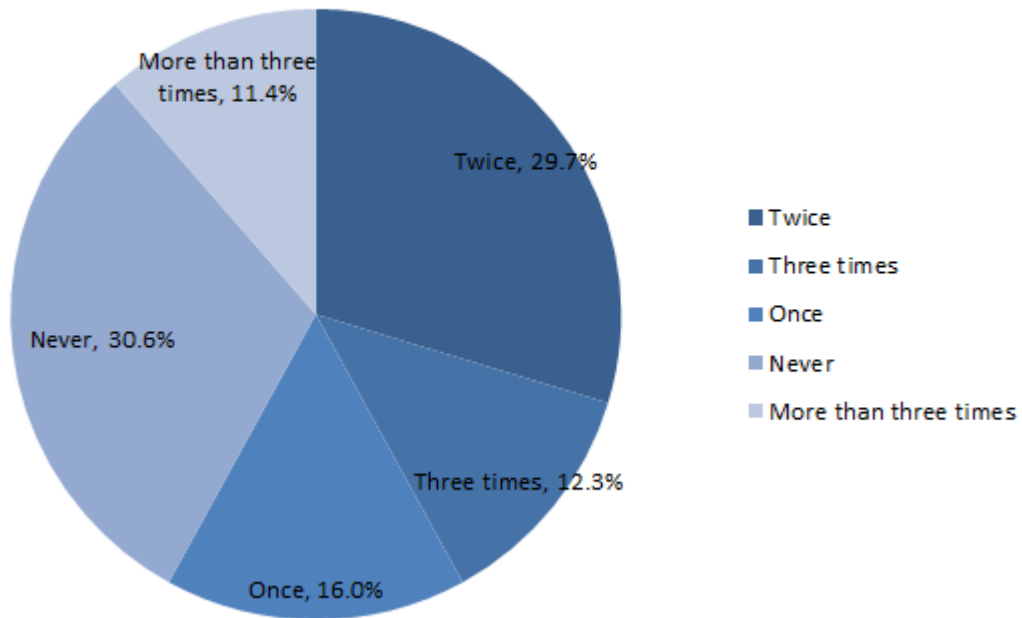
In the last twelve months 70% have been approached at least once, over half have been approached twice or more (53.4%), and nearly a quarter have been approached three times or more (23.7%).

Are you looking to move to a new licensee in the next 12 months?



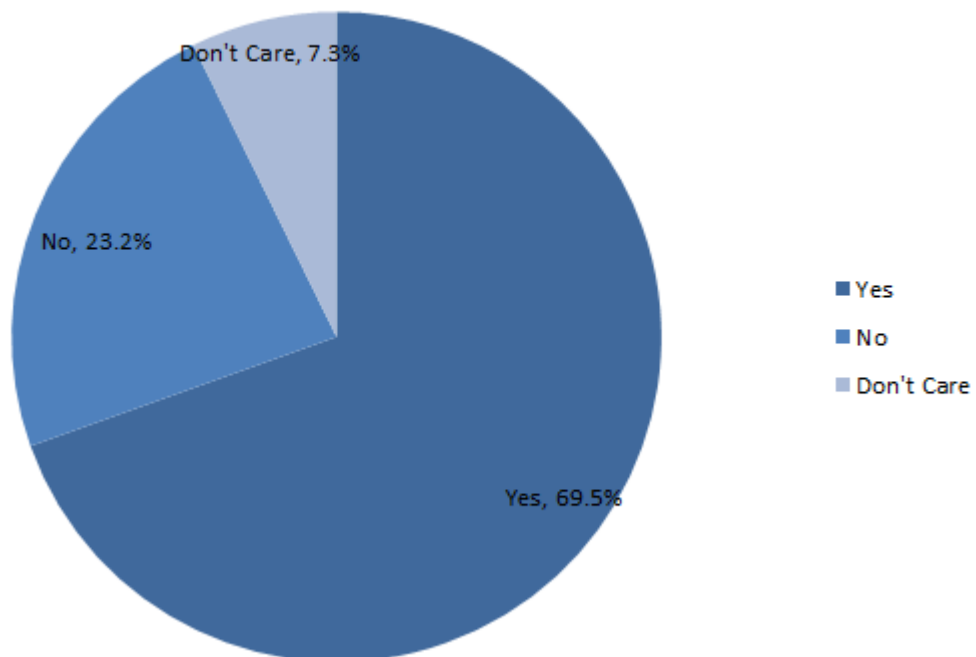
Approaches to change dealer groups

How many times have you been approached to change licensees in the last 12 months?



Comfortable with Dealer Group reaction to FOFA

Do you feel comfortable with your Licensee's reaction to FOFA?



Midwinter Advice Solutions Pty Ltd

Level 6, 99 Elizabeth St
Sydney NSW 2000
www.midwinter.com.au
info@midwinter.com.au
Toll free 1300 882 938
ACN 121 020 620



Reasonable Basis is the Midwinter software flagship. Leveraging off cutting-edge optimisation techniques and the most comprehensive super, pension, investment and insurance product fee and feature database in financial services, Midwinter's Reasonable Basis has been designed to simply and efficiently guide financial advisers in providing optimal strategy advice and compliant product replacement advice.



Client Manager is a completely web based Client Relationship Management (CRM), Practice Management and Portfolio Management solution that provides financial planners and licensees with the processes and automation required to monitor, control and grow their financial planning businesses. Client Manager has been recently enhanced to cater for the new Future of Financial Advice (FOFA) reforms, including opt-in, scaled advice and adviser remuneration.



AdviserTECH CPD is the preeminent online technical resource guide - intuitive enough to be used by financial planners, paraplanners and support staff. AdviserTECH CPD has been designed to assist in formulating strategy and answering questions in relation to super, SMSF, investment, retirement, taxation, social security, insurance and estate planning. AdviserTECH CPD now has "earn as you learn" functionality which allows users to generate CPD points while learning technical content relevant to financial planning. Licensees can now monitor and track accreditation online through AdviserTECH CPD.

To find out more about Midwinter's financial advice offering please contact us on **1300 882 938** or visit **www.midwinter.com.au**.

This guide is only intended for the general information of licensed financial advisers. The information is general in nature and is not for the purpose of providing personal financial, investment advice nor is it a securities recommendation. No account has been taken of individual needs, personal circumstances or objectives. The information in this article is given in good faith and has been derived from sources believed to be reliable and accurate; however the information may be subject to change. It should not be considered to be a comprehensive statement on any matter and should not be relied on as such. This general information must not be taken as legal advice. Neither Midwinter Advice Solutions Pty Ltd or any of its related entities, employees or directors ("Midwinter") give any warranty of reliability or accuracy nor accept any responsibility arising in any way including by reason of negligence for errors and omissions. Midwinter recommends investors seek advice from appropriately qualified financial, taxation and legal advisers. Investors should consider seeking financial, taxation and legal advice when considering their particular financial needs and objectives. No part of this document may be reproduced without prior permission from Midwinter.