AMP Services Limited
33 Alfred Street
Sydney NSW 2000 Australia
GPO Box 4134
Sydney NSW 2001 Australia
Telephone 02 9257 5000

Email info@amp.com.au
Web amp.com.au

11 November 2013

Ai-Lin Lee
Policy Guidance Officer
Financial Advisers
Australian Securities and Investment Commission
GPO Box 9827
Melbourne VIC 3001

Dear Ms Lee

Consultation Paper 216 – Advice on SMSFs: Specific disclosure requirements and SMSF costs

AMP welcomes the opportunity to make a submission in response to Consultation Paper 216. We acknowledge the findings of the Parliamentary Joint Committee inquiry into the collapse of Trio Capital Limited and recent ASIC reviews which found there is a need to improve the quality of advice given to retail clients on SMSFs.

We believe the most effective way of assisting clients to make the right decisions about SMSFs is to ensure they have access to education and competent SMSF advice. It is also the key to advisers providing appropriate disclosure.

The findings of the Trio investigation and ASIC report 337 on the quality of advice provided to SMSF investors found many short-comings in the information provided to some SMSF investors. In many of these circumstances it was apparent that the advisers did not have the appropriate skills and knowledge to provide competent SMSF advice and therefore it is not surprising that their disclosures about the risks associated with SMSFs were lacking.

We think it may be more efficient and effective for the disclosure items listed in the Consultation Paper to be provided in a generic format and as a standalone document, leaving the Statement of Advice (SoA) to focus on the specific benefits, risks and costs of setting up and running an SMSF relevant to the client's circumstance.

In practice, many advisers already disclose many of the items listed in the Consultation Paper in that manner. That is, generic information is provided to the client by providing access to ATO SMSF support material, with specific client disclosures included in the SoA.

Rather than modifying the law to require the mandatory disclosure of the items listed in the Consultation Paper, we think a Regulatory Guide would be an appropriate regulatory response. This Regulatory Guide could enhance existing practices by clarifying what disclosures can and should be provided in a generic format and what client specific disclosures should be included in the SoA.

Rather than each licensee developing their own generic disclosure material, ASIC and the ATO in conjunction with industry bodies, could develop a user-friendly publication or booklet that must be provided to clients upfront. This approach would ensure consistency across the industry and reduce the length and complexity of SoAs.

The financial assistance entitlements of superannuation fund members who suffer a loss due to theft or fraud is a complex issue which cannot be appropriately explained or disclosed by references to the compensation arrangements in Pt. 23 of the SIS Act alone. While we think there is merit in warning clients that an SMSF is not entitled to receive compensation under Pt. 23, we think it requires a more measured and holistic approach than that being proposed in the Consultation Paper

We think the publication of points at which an SMSF becomes cost-effective compared with an APRA-regulated fund, serves no meaningful purpose and in many situations is likely to mislead clients into thinking an SMSF is less or more expensive than their current fund. Break-even points are highly subjective and require a case by case assessment of costs in order to be meaningful. We think this case by case analysis should be carried out by the advice provider as part of their existing advice and disclosure obligations under best interest duty and related obligations in Division 2 of Part 7.7A of the Corporations Act.

Our responses to the specific questions raised in the Consultation Paper are enclosed with this letter.

We would be happy to provide further information or to discuss any questions you may have about our submission.

Yours sincerely

Peter Burgess
Head of Policy & Technical, AMP SMSF

ASIC Consultation Paper 216 – Advice on self-managed superannuation funds: Specific disclosure requirements and SMSF costs

Ref no.	Proposal	Feedback
B1Q1	Do you agree with our proposed disclosure requirements in Table 1? If not, why not?	The financial assistance entitlements of superannuation fund members who suffer a loss due to theft or fraud is a complex issue which cannot be appropriately explained or disclosed by references to Pt. 23 alone. While we think there is merit in warning clients that an SMSF is not entitled to receive compensation under Pt. 23, we think it requires a more measured and holistic approach than that being proposed in Table 1. Pt. 23 is not the only compensation arrangement in place for the financial service sector. In addition to the default compensation arrangements which apply to all AFS licensees under section 912B of the Corporations Law, other arrangements have been established over time to provide additional, last resort, protection in particular areas. For example, operators of financial markets, such as a securities exchange, are required to have compensation arrangements in place to cover losses by clients who entrust property to stockbrokers and other market participants who transact through their market. The National Guarantee Fund (NGF) of the ASX provides compensation where a client suffers loss by reason of misappropriation of, or unauthorised dealing with, its funds or property[1].The Financial Claims Scheme (FCS) covers losses by depositors or policyholders due to the failure of authorised deposit-taking institutions (banks, building societies and credit unions) and policyholders of general insurance companies.[2] In any event, the financial backing, governance practices and codes of conduct of many ADIs provides some guarantee of compensation in the event of theft or fraud. The implications of not having access to Pt. 23 compensation will vary depending on the extent to which the SMSF has exposure to investment markets and products which may be covered by other compensation arrangements. Therefore, we think it is important that any warnings and related disclosures about the financial assistance rights of SMSFs acknowledge the existence of these and other compensation arrangements which may be in place. The financial assistance provided under Pt. 23 is not an automatic entitlement to compensation. It is only payable in situations where an ARPA regulated fund suffers a loss due to fraudulent conduct or theft which has caused a substantial diminution of the fund leading to difficulties in the payment of benefits. The Minister must also be satisfied that it is in the public interest that a grant of financial assistance should be made to a trustee of the fund for the purposes of restoring the loss. While in the case of Trio, these conditions were satisfied, there can be no guarantee that APRA regulated funds will receive compensation under Pt. 23 in every case where members suffer a loss due to theft or fraud.

[1] Compensation arrangements for consumers of financial services, report by Richard St. John, April 2012, Pg. 22

[2] For authorised deposit-taking institutions (ADIs), the scheme provides protection to depositors up to the limit of the scheme ($250,000 per account holder per ADI) and seeks to provide depositors with timely access to their deposits in the unlikely event of the failure of their ADI.

		We think these conditions which apply to compensation claims paid under Pt. 23 are relevant to any assessment of the compensation rights of SMSFs versus APRA regulated funds. Rather than modifying the law, we think a Regulatory Guide which provides guidance on the appropriate disclosure of the benefits and risks (including the compensation rights of SMSFs versus APRA regulated funds and the scenarios which may justify specific disclosures about the extent to which a particular investment or investment product is not covered by compensation arrangements), is an appropriate regulatory response. Please refer to our response to B2Q1 for a broader discussion on disclosure requirements.
B1Q2	Do you think that the proposed warning will benefit clients who are considering setting up or switching to an SMSF? If not, what other warnings would help clients decide whether it is appropriate in their circumstances to establish or switch to an SMSF?	As mentioned in B1Q1, the implications of not having access to Pt. 23 compensation will vary depending on the extent to which the SMSF has exposure to investment markets and products which may be covered by other compensation arrangements. Therefore, we think it is important that any warnings and related disclosures about the financial assistance rights of SMSFs acknowledge the existence of these and other compensation arrangements which may be in place. Not all investments or financial services providers compensate clients for losses incurred as a result of theft or fraud. For example, as was the case with Trio, investors in managed investment schemes do not have access to a last resort compensation scheme like the schemes which operate in the banking and stockbroking industries. Therefore, we think there is merit in warning clients about the compensation risks associated with certain investments. We think a more appropriate approach would be to warn clients that while in the event of theft or fraud, SMSFs are not entitled to compensation under Pt. 23, they may have access to other compensation arrangements and they should assess the limitations or availability of these arrangements as part of their overall assessment of risk. This warning should be accompanied with a comparison of the compensation rights of SMSFs versus APRA regulated funds and should explain the implications of not having access to Pt. 23 compensation will vary depending on the fund's exposure to certain investments or investment products. These warnings could be provided in a generic format and as part of a standalone document which outlines the other generic risks, costs and benefits of an SMSF (please refer to B2Q1 for further details). Depending on the client's circumstance, specific warnings may also be required in the Statement of Advices (SoA) and the Regulatory Guide referred to in B1Q1 could provide guidance on this matter.
B1Q3	Do you think the proposed warning should be given to clients in a prescribed format? For example, should the warning be given in a stand-alone document, or should it feature more prominently in the SoA? If you do not think the	We think the typical asset allocation of an SMSF does not warrant a stand-alone document warning clients of the compensation risks of SMSFs. Around 60% of all SMSF assets are invested in Australian-listed shares, cash and term deposits and some of these investments are covered, to varying degrees, by compensation schemes including the FCS and NGF[3]. As mentioned, the financial backing, governance practices and codes of conduct of many ADIs provides some guarantee of compensation in the event of theft or fraud.

[3] Although an investor in a listed company which is affected by theft or fraud may not be able to recover the loss via a last resort compensation scheme, if the investor is an APRA regulated fund the loss is also unlikely to be recovered under Pt 23 either.

	warnings should be given in a prescribed format, please explain why.	Around 20% of SMSF assets are invested in real property with the remaining 20% invested in trusts and managed investments not protected by statutory last resort compensation schemes (other than those which apply generally under section 912B of the Corporations Act)[4]. However, the financial backing, governance practices and codes of conduct of many managed scheme operators provide some guarantee of compensation in the event of theft or fraud. As discussed in B1Q2, we think the lack of compensation available to SMSFs under Pt. 23 should be generically and holistically disclosed as part of a standalone document which outlines the other generic risks, costs and benefits of an SMSF, with specific SoA disclosures on a needs basis. We don't believe Pt. 23 compensation should be 'singled out' by a stand-alone document or by featuring more prominently then other risks associated with an SMSF. To do so may focus attention on this particular risk to the exclusion of other risks associated with an SMSF.
B1Q4	Do you think that clients should be asked to sign a document acknowledging that they understand that SMSFs are not entitled to receive compensation under the SIS Act? Are there any alternatives to obtaining client acknowledgment that will help to ensure that investors understand the lack of compensation available to SMSFs? If so, please provide details.	For the reasons outlined in B1Q3, we don't believe clients should be required to sign a separate document acknowledging they understand that SMSFs are not entitled to receive compensation under the SIS Act. Should a requirement for clients to sign a separate document be required, we support adding this requirement to the approved declaration form referred to in section 104A of the SIS Act. Under section 104A SMSF trustees are required to sign a declaration in the approved form declaring they understand their duties as an SMSF trustee. This declaration must be signed within 21 days of becoming a trustee or a director of a corporate trustee.
B1Q5	Are our proposed disclosure requirements likely to result in additional compliance costs for AFS licensees and their authorised representatives? Please give details, including figures and reasons.	Assuming the text is prescribed and/or reasonably standardised, and there are no variable fields to insert and test, then we think this proposal should be relatively straight forward to implement.
B1Q6	Are there any practical problems with the implementation of this proposal? Please give details.	As discussed, the financial assistance entitlements of superannuation fund members who suffer a loss due to theft or fraud is a complex issue which cannot be appropriately explained or disclosed by references to Pt. 23 alone. The complexity of this issue poses a number of practical issues and challenges in terms of what warnings should be provided and what additional information and disclosures should accompany those warnings.
B2Q1	Do you agree with our proposed disclosure requirements in Table 2? If not, why not?	We believe the most effective way of assisting clients to make the right decisions about SMSFs is to ensure they have access to education and competent SMSF advice. It is also the key to advisers providing appropriate disclosure. The findings of the Trio investigation and ASIC report 337 on the quality of advice provided to SMSF investors found many short-comings in the information

[4] SMSF – A statistical overview 2010/11, ATO pg. 13, Multiport Investment Patterns survey, June 2013.

provided to some SMSF investors. However, in many of these circumstances it was apparent that the advisers did not have the appropriate skills or knowledge to provide competent SMSF advice. Therefore, it is not surprising that their disclosures about the risks associated with SMSFs were lacking.

Some of the items listed in Table 2 may not be relevant to all clients (for example the risks of inadequate insurance) and some of the information may have already been covered in the ATO support material provided by the adviser prior to the SMSF being established. Therefore, the mandatory inclusion of all of the items listed in Table 2 may have the effect of unnecessarily increasing the length and complexity of the SoA.

We think it may be more efficient and effective for the disclosure items listed in Table 2 to be provided as a standalone document and leave the SoA to deal with client specific issues. Most of the items listed in Table 2 is factual information and, at best, general advice about the costs and implications of setting up an SMSF. We think factual information about each of the items listed in Table 2 should be provided in a generic standalone document leaving the SoA to focus on the advice to the client and the specific benefits, risks and costs of setting up and running an SMSF relevant to the client's circumstance.

In practice, many advisers already disclose many of the items listed in Table 2 in that manner. That is, generic information is disclosed by providing access to ATO SMSF support material and client specific disclosures are included in the SoA[5]. Therefore, rather than modifying the law to require the mandatory disclosure of the items listed in table 2, we think a Regulatory Guide which provides guidance on the appropriate disclosure of the benefits, risks and costs of setting up and running an SMSF specific to the client's circumstance, would be an appropriate regulatory response.

We think a Regulatory Guide would enhance existing practices by clarifying what disclosures can and should be provided in a generic format and what client specific disclosures should be included in the SoA. It will also help overcome short-comings with the disclosure of compensation arrangements and some of the other items identified in Table 2 which, in the past, may not have been adequately identified or disclosed. We also think the section 104A declaration, which SMSF trustees must sign acknowledging they understand the roles and responsibilities of an SMSF trustee, could be amended to require clients to declare that they have received, or have been provided access to, the standalone document which provides the information about the items listed in Table 2 in a generic format.

Rather than each licensee developing their own commentary on these issues, ASIC and the ATO in conjunction with SPAA, the FPA and

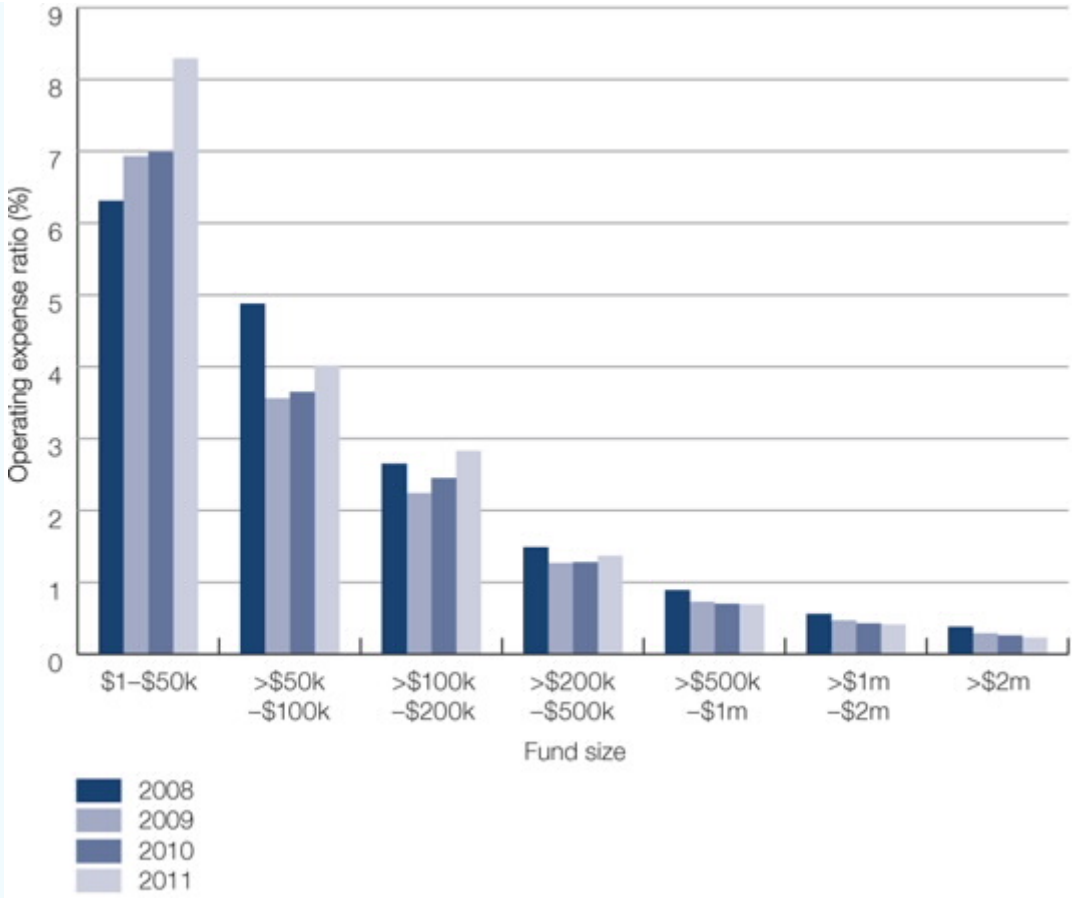
[5] The Best Interest Duty requirement and related obligations in Division 2 of Part 7.7A of the Corporations Act already require advice providers to act in the best interest of their clients and to ensure the advice provided is appropriate. Section 947D of the Corporations Act also requires advisers to provide additional information on the costs and consequences of switching their superannuation to an SMSF.

		other SMSF industry bodies could develop a user-friendly publication or booklet that must be provided to clients upfront. This approach will ensure consistency across the industry and reduce the length and complexity of SoAs. The ATO already has similar types of SMSF specific publications and, as mentioned, it is already common practice for many advisers to provide copies of some of these publications when providing a recommendation to establish an SMSF[6]. Perhaps the ATO publications can be expanded to cover the items listed in Table 2. The more user friendly the publication, the more likely a client will read or refer to it.
B2Q2	Do you think the proposed disclosure requirements will benefit clients who are considering setting up or switching to an SMSF? If not, what other disclosures do you think would help clients decide whether it is appropriate in their circumstances to establish or switch to an SMSF?	As discussed in B2Q1, we think it may be more efficient and effective for the disclosure items listed in Table 2 to be provided in a generic format and as a separate document and leave the SoA to deal with client specific issues. At the very least, we think advice providers should have the option of either providing the disclosure items in Table 2 in a generic standalone document, or in the SoA. We also think there should be a greater focus on ensuring advisers have the appropriate competencies to provide SMSF advice rather than mandating specific disclosures requirements. As discussed in B1Q1 and B2Q1, we think a Regulatory Guide which provides guidance on the client specific disclosure items is an appropriate regulatory response. In addition to the items listed in Table 2, and to avoid some of the more common SMSF compliance breaches, we think there needs to be a greater focus on the rules around in-house assets and providing financial assistance to members. We think specific information and warnings about these items could be included in the generic standalone document. We also think that having identified the risks associated with an SMSF, as part of the client specific disclosures advisers should be required to consider and disclose how those risks can be adequately mitigated, reduced or managed. This would have the effect of facilitating a deeper discussion and understanding of the specific risks associated with an SMSF. For example, explaining how the risk of non-compliance could be reduced by engaging a specialist SMSF administrator, or how the risk of losing insurance cover could be reduced or mitigated by retaining cover in their existing fund or taking out new insurance in their SMSF.
B2Q3	Do you think the proposed warning should be given to clients in a prescribed format? For example, should the warning be given in a stand-alone document, or should it feature more prominently in the SOA? If you do not think the warning should be given in a prescribed format, please explain why.	As discussed in B2Q1, we think the items listed in Table 2 should be provided in a generic format and as a separate standalone document, leaving the SoA to focus on the advice to the client and the specific benefits, risks and costs of setting up and running an SMSF relevant to the client's circumstance.

[6] For example ATO publication "Roles & Responsibilities of an SMSF trustee" and "SMSFs – Key messages for trustees".

B2Q4	Do you think that clients should also be asked to sign a document acknowledging the responsibilities and risks associated with running an SMSF? Are there any alternatives to obtaining client acknowledgment that will help to ensure that clients understand the risks associated with SMSFs? If so, please provide details.	SMSF trustees are already required under section 104A of the SIS Act to sign a declaration, in the approved form, stating that they understand their duties as an SMSF trustee. This declaration must be signed within 21 days of becoming a trustee or a director of a corporate trustee. We do not see a need for an additional declaration to be signed. As discussed in B2Q1 we think the section 104A declaration, could be amended to require clients to declare that they have received, or have been provided access to, the standalone document which provides information about the items listed in Table 2 in a generic format.
B2Q5	Are our proposed disclosure requirements likely to result in additional compliance costs for AFS licensees and their authorised representatives? Please give details, including figures and reasons.	Assuming the text is prescribed and/or reasonably standardised, and there are no variable fields to insert and test, then we think this proposal should be relatively straight forward to implement. Considering much of the proposed disclosure is already contained in some form in the SoA, or covered in the ATO support material advisers provide to the clients prior to the SMSF being set up, we don't believe the compliance costs associated with the implementation of this proposal would be material.
B2Q6	Are there any practical problems with the implementation of this proposal? Please give details.	Some of the items listed in Table 2 may not have relevance to all clients (for example the risks of inadequate insurance) and some of the information may have already been covered in the ATO support material provided by the adviser prior to the SMSF being established. Therefore, the mandatory inclusion of all of the items listed in Table 2 may have the effect of increasing the length and complexity of the SoA.
B2Q7	Do you think we should provide further guidance on the disclosure obligations? If so please provide details.	As discussed in B1Q1 and B2Q1, we think a Regulatory Guide which provides guidance on client specific disclosure items (including the requirement to warn clients about the lack of compensation available under Pt 23) together with a requirement to provide the items listed in Table 2 in a generic format, is an appropriate regulatory response. To avoid some of the more common SMSF compliance breaches, we think there should be a greater focus (for example in the Regulatory Guide and also in the generic material) on the rules around in-house assets and providing financial assistance to members.
B3Q1	Do you agree with the proposed timeframe for the implementation of proposals B1 and B2? If you think that a transition period of longer or shorter than six months is required, please explain why.	Changes to financial planning software usually require a reasonable timeframe to implement. Assuming the text is prescribed and/or reasonably standardised, and there are no variable fields to insert and test, then we think this proposal should be relatively straight forward to implement. However, as most licensees already provide this type of disclosure, this type of upgrade is unlikely to be a high priority for software providers and the industry in general which is still trying to come to terms with the impact of FOFA. We believe 12 months would be a more appropriate transition period.
C1Q1	Do you agree with Rice Warner's findings? In particular, do you agree with : a) The way that Rice Warner has described SMSF costs in its report? If	We agree with the description of annual compliance costs, non-standard assets and full administration costs in the Rice Warner report. Given most SMSFs invest in either cash or listed securities, and have access to on-line brokers, the annual investment management charges referred to in the report look excessive particularly for SMSFs with high balances. For many SMSFs, who predominately hold listed securities and cash, we think the cost of acquiring and holding assets in an SMSF would be immaterial.

	not, why not?	The sample size of SMSFs which are represented in the fee tables is unclear in the Rice Warner report. There are a large number of firms who provide SMSF administration services and the services they provide, and the way they charge for those services, varies greatly. This fragmentation makes it difficult to draw meaningly conclusions about the costs of operating an SMSF particularly if the sample size is based on a narrow cross section of funds. In the most recent SMSF statistical overview report released by the ATO (the 2010/11 report which was released in late 2012), based on data collected from annual SMSF returns, the ATO found that the majority of SMSFs had an estimated operating expense ratio of 1% or less (65.6% of SMSFs in 2011), the highest proportion (over 40%) of which had an estimated operating expense ratio of 0.25% or less. The following table in the ATO report summaries the estimated operating expense ratio for SMSFs.
b)	Rice Warner's analysis about the points at which an SMSF becomes cost-effective compared with an APRA-regulated fund? If not, why not?	**Graph 18: SMSF operating expense ratio by fund size**



The estimated operating expenses in this table suggest the points at which an SMSF becomes cost-effective compared with an APRA-regulated fund is likely to be significantly lower than those referred to in the Rice Warner report. Alternatively, it could indicate a large number of SMSFs undertake a significant proportion, or all, of the administration functions themselves. Either way, when compared to the findings of the Rice Warner report, it highlights the subjective nature of estimating and comparing the operating costs of an SMSF from an industry wide perspective.

The pricing structure of AMP's suite of full service SMSF administration platforms when compared to the cost of APRA regulated funds

		(two members) in the Rice Warner report, also indicates much lower breakeven points. In Appendix A, we have re-produced tables 27 and 30 from the Rice Warner report using fee schedules for AMP's full service SMSF administration services (Ascend, Cavendish and Multiport). This comparison shows AMP's full service SMSF administration platforms, when compared to the average mid-point cost of APRA regulated funds (2 members) in the Rice Warner report, are competitive at balances of $250,000 and above[7]. We think the publication of points at which an SMSF becomes cost-effective compared with an APRA-regulated fund, serves no meaningful purpose and may mislead clients into thinking an SMSF is less or more expensive than their current fund. Break-even points are highly subjective and require a case by case assessment of costs in order to be meaningful. We think this case by case analysis should be carried out by the advice provider as part of their existing advice and disclosure obligations under best interest duty and related obligations in Division 2 of Part 7.7A of the Corporations Act.
C1Q2	Do you agree that we should provide guidance on the costs associated with setting up, managing and winding up an SMSF?	The advice provider already has an obligation to disclosure most of the cost items listed in C1Q2. Under the best interest duty and related obligations in Division 2 of Part 7.7A of the Corporations Act, advice providers are required to act in the best interest of their clients and to ensure the advice provided is appropriate. Section 947D of the Corporations Act already requires advice providers to provide additional information on the costs and consequences of switching their superannuation to an SMSF. As discussed in B1Q1, we think there is merit in ASIC issuing a Regulatory Guide which provides guidance on the appropriate disclosure of the specific benefits, risks and costs of setting up and running an SMSF relevant to the client's circumstance. As discussed in B2Q1, these specific costs/risks should be disclosed in the SoA with generic information about the costs provided in a standalone document. Given that most of the costs that apply to SMSFs are flat or fixed dollar amounts, we think where possible, costs should be disclosed as dollar amounts.
C1Q3	Should advisers be required to consider and inform clients of the costs in Table 4 before establishing an SMSF? If not, why not?	Please refer to our response to C1Q2. The cost of operating an SMSF is only one factor which should be taken into account when deciding whether or not to establish an SMSF, and the disclosure of SMSF costs should be balanced with statements to this effect.
C1Q4	Are there any other SMSF costs that need to be disclosed to client? If so, should they be disclosed in actual dollar costs (or a range of costs)? Please provide details.	Some specialist SMSF administrators charge additional fees for supplementary services like trust deed amendments, death benefit processing, marriage breakdown benefit splitting and anti-detriment payments. Most specialist SMSF administrators also charge extra fees for segregating pension assets and for administering unlisted investments. Where possible the cost of these supplementary services should be disclosed in dollar amounts.

[7] Average mid-point costs of APRA regulated funds have been used to smooth out the large variation in costs for APRA regulated funds in the Rice Warner Report report, and to provide a reasonable comparison against AMP's SMSF full service costs.

C1Q5	Do you think that any other disclosures about the costs of setting up, running and winding up an SMSF need to be made to clients before establishing an SMSF? If not, why not?	The cost of any supplementary services which may be incurred by clients who employ the services of administration or compliance professionals should be disclosed. Some specialist SMSF administrators charge extra fees for segregating assets, unlisted assets, holding assets on external investment platforms, pension commutations and resets and these fees should be disclosed. Compliance costs are not always bundled and may not include audit fees, GST registration, BAS lodgement, ATO levies and ASIC fees, so these costs should be disclosed separately if not included elsewhere.
C1Q6	Is our proposed guidance likely to result in additional compliance costs for advisers? Please give details, including figures and reasons.	Much of the proposed disclosure around the costs of operating an SMSF is already contained in some form in the SoA, so we don't think the costs associated with the implementation of this proposal would be material.
C1Q7	Are there any practical problems with the implementation of this proposal? Please give details.	There are many different pricing structures across the SMSF sector market so for price comparison purposes, it is important that the costs are accompanied with the appropriate caveats. The range of supplementary SMSF services, and the complexity of some pricing structures, may create difficulties and result in complex and lengthy SoAs. As mentioned the cost of operating an SMSF is only one factor which should be taken into account when deciding whether or not to establish an SMSF. There can be many differences between the features and services of an SMSF versus an APRA regulated fund which are often reflected in the costs charged to clients. Therefore, a direct cost comparison between SMSFs and APRA regulated funds can be difficult and requires a holistic and balanced assessment of these services and features and how they relate to the client's specific circumstance. The SMSF disclosure regime should encourage this holistic and balanced approach.

Appendix A

Comparison of annual full service costs of AMP SMSFs

Accumulation accounts compared to average APRA regulated fund mid points (2 members)

Balance	Ascend (Platinum)[8]	Cavendish (Daily on-line)[9]	Multiport (SMSF ultimate)[10]
$50,000	$3,406	$2,900	$3,026
$100,000	$3,445	$2,939	$3,065
$150,000	$3,498	$2,992	$3,118
$200,000	$3,553	$3,047	$3,173
$250,000	$3,599	$3,093	$3,219
$300,000	$3,646	$3,140	$3,766
$400,000	$3,744	$3,238	$3,864
$500,000	$3,850	$3,344	$3,970

AMP SMSF below ave mid-point for Retail and Industry	AMP SMSF within ave mid-point for Retail and Industry	AMP SMSF above ave mid-point for Retail and Industry

[8] Includes a $280 audit fee, $259 ATO levy, mid-point investment management fees in Table 20, assumes individual trustees. Includes BAS lodgement fees.
[9] Includes $500 audit fee, $259 ATO levy, mid-point investment management fees in Table 20, no external assets, assumes individual trustee.
[10] Includes $350 audit fee for balances up to $250,000 and $550 for balances above $250,000, $259 ATO levy, mid-point investment management fees in Table 20, assumes individual trustees. Excludes $200 annual BAS lodgement fee.

Pension accounts compared to average APRA regulated fund mid points (2 members)

Balance	Ascend (Platinum)[11]	Cavendish (Daily on-line)[12]	Multiport (SMSF ultimate)[13]
$50,000	$3,406	$3,152	$3,026
$100,000	$3,445	$3,191	$3,065
$150,000	$3,498	$3,244	$3,118
$200,000	$3,553	$3,299	$3,173
$250,000	$3,599	$3,345	$3,219
$300,000	$3,646	$3,392	$3,766
$400,000	$3,744	$3,490	$3,864
$500,000	$3,850	$3,596	$3,970

AMP SMSF below ave mid-point for Retail and Industry	AMP SMSF within ave mid-point for Retail and Industry	AMP SMSF above ave mid-point for Retail and Industry

[11] Includes a $280 audit fee, $259 ATO levy, mid-point investment management fees in Table 20, assumes individual trustees with all members in the pension phase, includes BAS lodgement fees.
[12] Includes $500 audit fee, $259 ATO levy, mid-point investment management fees in Table 20, no external assets, assumes individual trustee with all members in the pension phase.
[13] Includes $350 audit fee for balances up to $250,000 and $550 for balances above $250,000, $259 ATO levy, mid-point investment management fees in Table 20, assumes individual trustees with all members in the pension phase.