

# **The Cost of IFA Regulation**

Brian Lentz – IFA  
1983- October 2004



# Freelance Protection Consultant

- Product design, implementation and marketing for Providers
- Training Financial Advisers on protection

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- Any views expressed here are my own and not those of any company I have worked for, am working with or may work for in the future

# Why have Regulation ?

- A light hearted look – with sound
- <http://www.adcritic.com/interactive/view.php?id=5927>



**Where have I come from**



# Where have I come from

- **Master Broker for Offshore contracts to European Broker** - 1993 until 3rd Life Directive caused Providers to pull out of EU Countries operating an escape tax due to Fiscal representation requirements

## Where have I come from

- 1998 Guest Speaker at PHI club.  
    <PHI:-- Warts and Roses>.
- 1999 . Panel Delegate - COVER Protection forum
- Jan 2000 Panel Judge for Cover Marks Ci Providers Awards

# Where have I come from

- **Feb 2000 Crucial meeting on (ADL) LTC flaws - pre-sale documentation specifically on ADL and the meanings of the assistance of another person some/most/all of the time**
- **Mar 2000 Consultant to Life Co (Product) - who produced product as a leader in Ci products**



## Where have I come from

- Oct 2000 Sky TV twice (Ci & IPI talks)
- Nov 2000. Speaker as Deputy Chairman of AIFA CIWP to the Chris Perrott Charity AGM.

# Where have I come from

- City & Westminster "Selling Menu Products - The IFA Coal Face" on the 4th July 2001 - Claridge's, London
- IFA speaker at the Infoline's *The Successful Design and Distribution of CRITICAL ILLNESS PRODUCTS and Opportunities in the Developing PROTECTION MARKET*
- *10 September 2002. Thistle Victoria Hotel. London SW1* An IFA's Viewpoint of Critical Illness Products (post lunch slot)
- IFA speaker at 15th Annual Health Insurance Conference. London 11th March 2003. (1st morning slot) An Intermediaries view of the Healthcare Market.

# Where have I come from

## **Positions attained:-**

- **1997 Creater and gatekeeper of Finservpro - Internet Professional Exams Forum (unpaid)**
- **Deputy Chairman to the IFAA Critical Illness Cover Working Party 1998 - then-**
- **Jan 2000 -Deputy Chairman to the AIFA Critical Illness Cover Working Party -then -**
- **2002 - December 2004 - Deputy Chairman to the AIFA Protection Taskforce**

- Awards won PERSONALLY:-

- Best Pension IFA (Money Marketing Awards 1997) – Winner
- Best Protection IFA (Money Marketing Awards 1997) - Finalist
- Best Protection IFA (Money Marketing Awards 1998) – Winner
- Best Individual Income Protection IFA (Health Ins Magazine Awards 1998) - Winner
- Best Critical Illness Intermediary (Health Insurance Magazine Awards 1998) 2nd
- Best Critical Illness Intermediary (Health Insurance Magazine Awards 1999) – Winner
- Best Individual Income Protection IFA (Health Ins Magazine Awards 1999) – 2nd
- Financial Adviser - Runner up Protection IFA of the Year 1999 - Runner up
- Best Individual Income Protection IFA (Health Ins Magazine Awards 2000) – Winner
- Best Individual Income Protection IFA (Health Ins Magazine Awards 2001) – Winner
- Best Individual Income Protection IFA Health Ins Magazine Awards 2003) - Highly Commended
- Best Critical Illness Intermediary (Health Ins Magazine Awards 2003) - Highly Commended
- Financial Adviser (FT Group) - Small IFA Firm of the Year 2003 - Silver Award







**Where have we come  
from?**



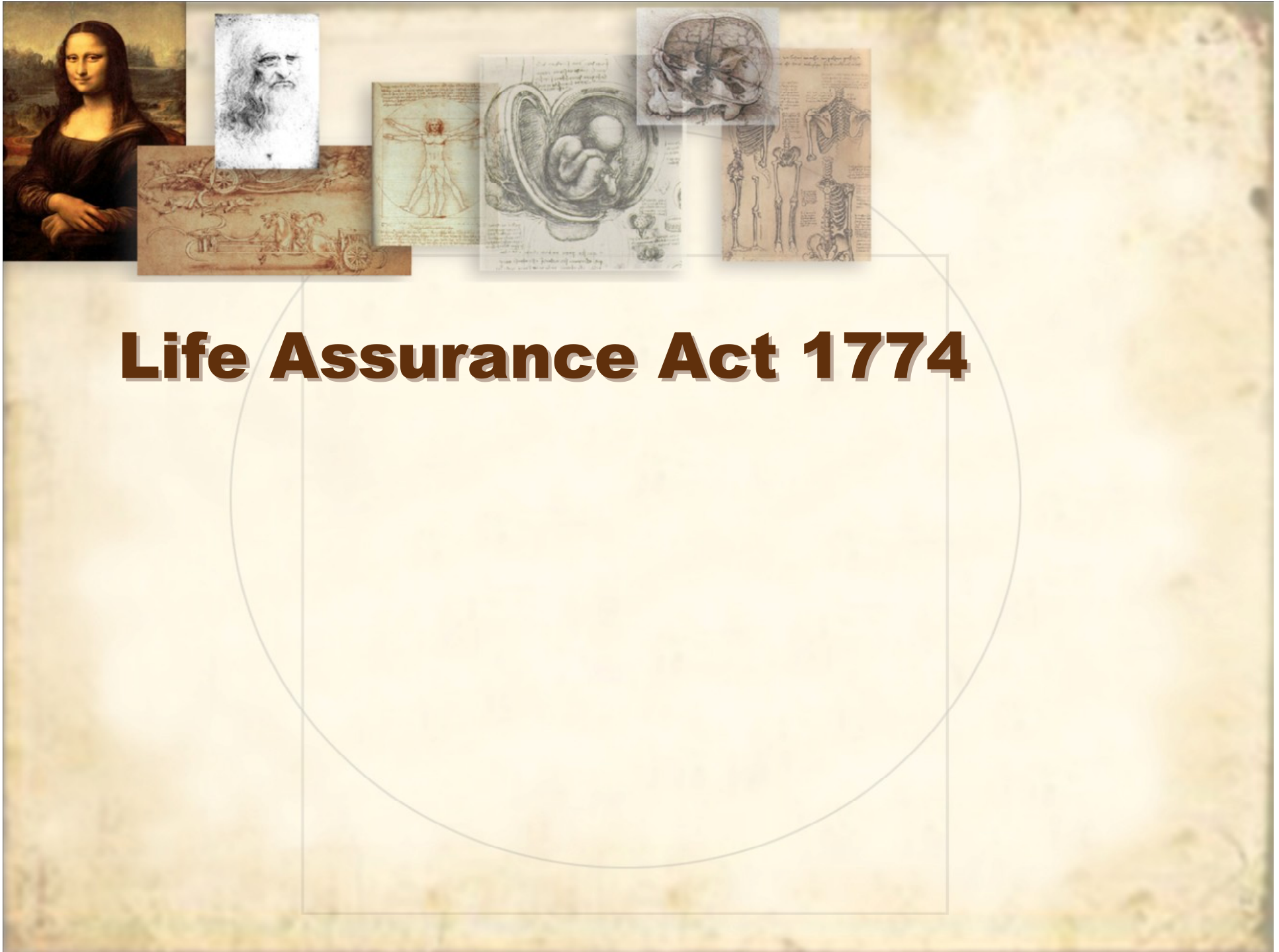
# The First Life Insurance Policy

- Life Cover goes back at least as far as 1399, when a policy was issued covering someone on a voyage from Barcelona to Italy
- Source: pensions and insurance before 1800, CG Lewin



**When did Regulation start ?**



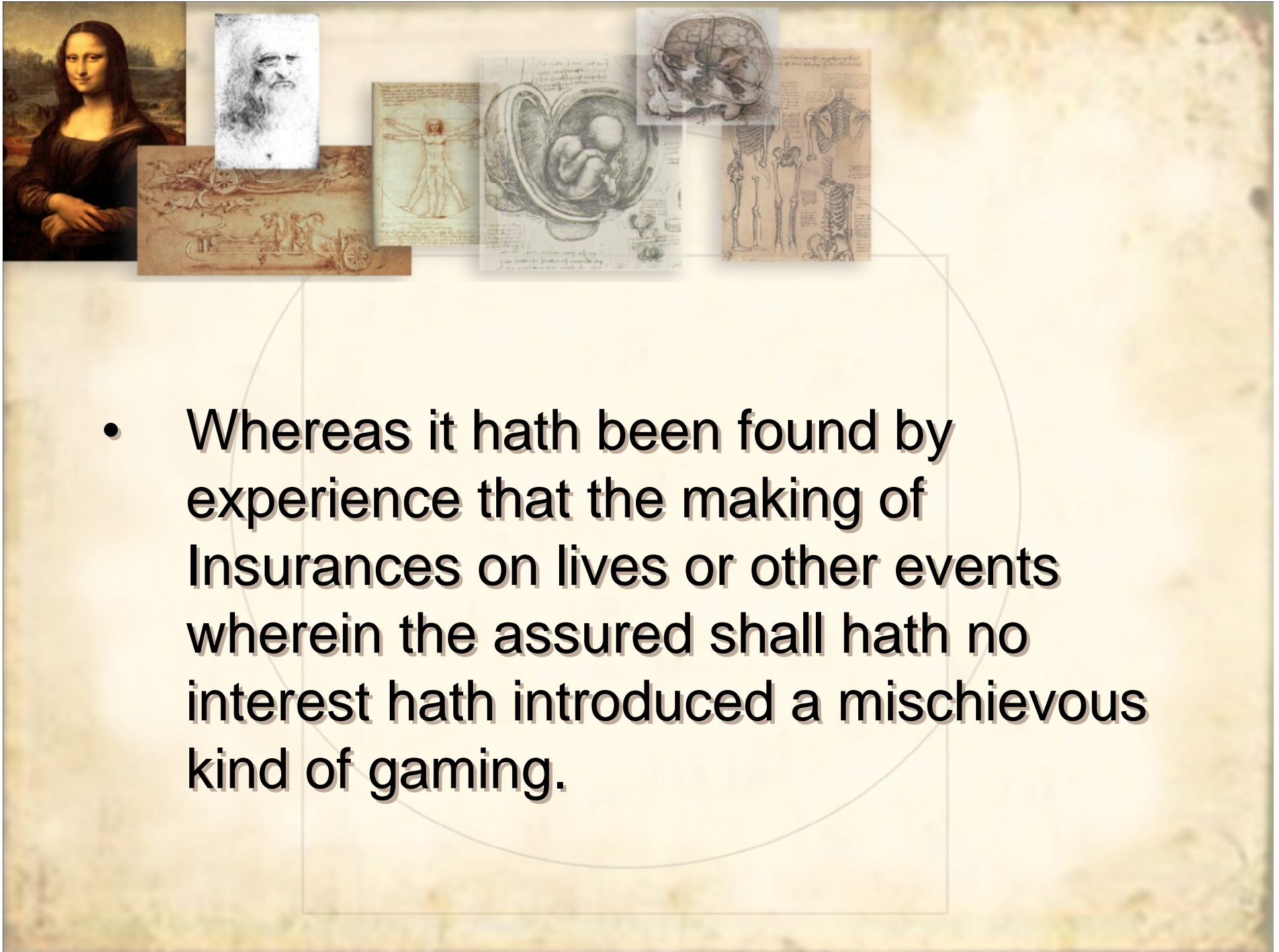


# Life Assurance Act 1774



## **Life Assurance Act 1774**

- An Act for regulating Insurances upon lives, and for prohibiting all such Insurances except in cases where the persons insuring shall have an Interest in the Life or Death of the Persons insured.



- Whereas it hath been found by experience that the making of Insurances on lives or other events wherein the assured shall hath no interest hath introduced a mischievous kind of gaming.



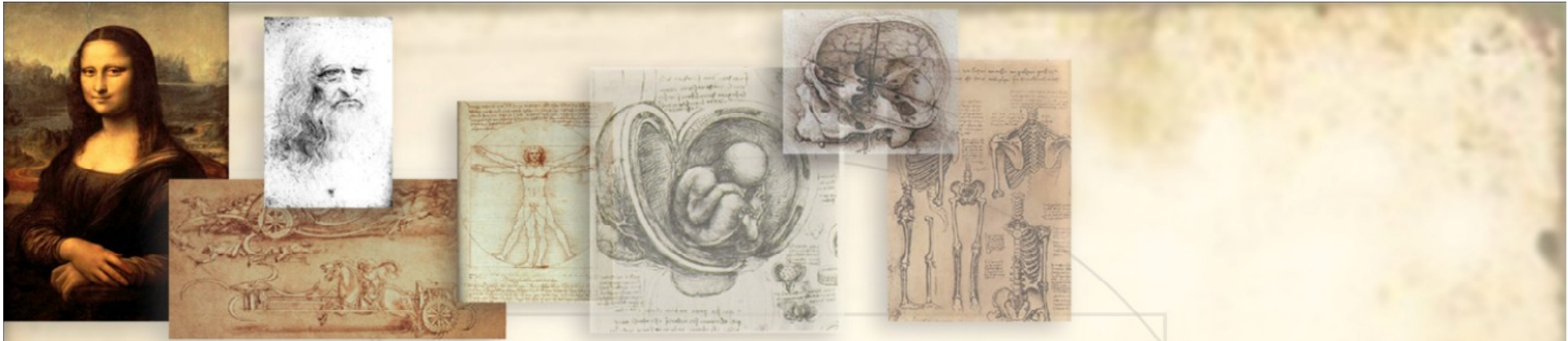


- 1. From and passing of this Act no insurance shall be made by any person or persons, bodies politick or corporate, on the life or lives of any person or persons, or on any other events whatsoever, wherein the person or persons for whose use, benefit or on whose account such policy or policies shall be made, shall have no interest, or by way of gaming or wagering, and that every assurance made contrary to the true intent and



- 2..... And....in all cases where the insured hath interest in such life or lives, event or events, no greater sum shall be recovered or received from the insurer or insurers than the amount of value of the interest of the assured in such life or lives, or other event or events.





- 2..... And....in all cases where the insured hath interest in such life or lives, event or events, no greater sum shall be recovered or received from the insurer or insurers than the amount of value of the interest of the assured in such life or lives, or other event or events.
- **Laws change and you should not rely upon anything herein as you should seek professional legal advice in respect of your own interest and circumstance.**

# 1774 – George 3<sup>rd</sup> - Hanoverians



*OMIAH, the Indian from OTAHEITE, presented to their MAJESTIES  
at Kew, by M<sup>r</sup> Banks & D<sup>r</sup> Solander July 17, 1774.*



**2005**





- **Insurable Interest is Appealing**

- **Insurable Interest is Appealing**

## **Appeal to the House of Lords – May 2005**

Feasey v Sun Life Assurance Co of Canada  
& Phoenix Home Life Mutual Insurance  
Co; Steamship Mutual Underwriting  
Association (Bermuda) Ltd v Feasey

26.6.03

- Insurable Interest is Appealing

**Newsflash – Feasey case just settled, so vacancy still exists to push on what many believe is an open door to establish Insurable Interest –  
Note: test of *love and affection* is used in other Countries. ... meantime**

- Inland Revenue website

**IHTM20085 - Definitions: “Insurable interest”**

An individual has an insurable interest if they were likely to sustain some pecuniary loss or liability as a result of the death of the life assured (IHTM20081).

Under the Life Assurance Act 1774 a contract of insurance may be avoided as between the insurance company and the person effecting the policy if that person had no insurable interest in the life of the life assured. But if the insurance company pays out under the policy the payment must be treated as made in respect of the policy - see **Worthington v Curtis** [1875] 1 Ch D 419. Lack of an insurable interest is therefore no bar to a claim for Inheritance Tax in such circumstances.

## **Not so long back**

- **Life Assurance Premium Relief  
LAPR withdrawn 14th March 1984**
- **Tax Free Cash from FSAVC's =  
ceased on 7th April 1987**

A low-angle, black and white photograph of a tall skyscraper, likely the Empire State Building, reaching towards the sky. The building's facade is composed of many windows, and the perspective creates a strong sense of height and scale. The image is slightly blurred, giving it a dynamic feel.

# Modern Day

- Financial Services Act 1986  
= <A Day> effective 29th  
April 1988.
- E-Day = 18 July 1994      date  
PIA OB had powers

A low-angle, black and white photograph of a tall skyscraper, likely the Empire State Building, reaching towards the top of the frame. The building's facade is composed of many windows, and its iconic Art Deco top is partially visible. The image is slightly blurred, giving it a sense of height and scale.

# Modern Day

- RI Day. 1st October 1998  
**INDIVIDUAL** Registration of  
RI s with the PIA. But 18th  
May 1998 where principal of a  
Life Office, Directive Friendly  
Societies, marketing associates,  
banks, IFA Networks and IFA s  
with 26 or more Financial  
Advisers.



# Modern Day

- Financial Services & Markets Act 2000 = <N2> Financial Services Authority  
Regulator in own right >  
midnight 30th November 2001
- Financial Ombudsman Service empowered  
following collapse of 6  
previous OB s into FOS .  
1st December 2001.



The background of the slide features a low-angle, black and white photograph of a tall skyscraper, likely the Empire State Building, reaching towards the top of the frame. The building's facade is composed of many windows, and its structure is clearly visible. The image is slightly blurred, giving it a sense of height and scale. The title 'Modern Day' is centered at the top in a white, serif font.

# Modern Day

- FSA N(M) takes over Mortgage Regulation from MCCB from 1st November 2004 (except Home Reversion). . LTC 1st Nov 2004.
- FSA N(Gi) 15th January 2005 takes over Regulation of General Insurance

# Modern Day

- <http://business.timesonline.co.uk/article/0,,9063-1406264,00.html>
- snip  
the Financial Services Practitioner Panel found :Smaller retail firms were even harder hit, with 36 per cent of them saying that compliance expenses had breached the 15 per cent level.  
snip  
FSA....In sharp contrast to the claims in the survey, it pointed to a study last year by European Economics, which found that compliance costs were just 1.6 per cent of total costs (one point six per cent) .



# Modern Day

- What is the true cost of IFA Regulation ?
- The FSA have started a survey, the results of which are due out later this year .
- I wanted to tell you now, so I posed the following to some IFAs



# Modern Day

- 2005/2006  
Are you an IFA/WoMFA or Multi-Tied or an AR now (has this changed and if yes, why ?). = Estimate as accurately as possible where exact figures are not available.
  1. Turnover. & No of Ri's. = £ &
  2. Total of overheads in all forms. £
  3. Pi costs as a premium. £ (XS = £ on ? types of contract/advice). Level of cover £
  4. Cap Adeq. requirements (this is very relevant if "dead money" ). How much, in what form and are you prohibited from using it to service or support your firms costs?
  5. FSA Fees £ incl any VOP's (for what ?)
  6. FSCS Fees £ 7. FOS Fees £
  8. Compliance costs (internal or external Compliance). £
  9. Training & CPD costs. £
  10. Exam - 2- function in chosen area costs. £
  11. Audit fees (specify if ONLY because an FSA regulated firm) £
  12. TIME at your hourly rate dealing with Regulatory issues estimated over the next year £ what does this include - CPD, Reporting, ?
  13. Software and Hardware costs where required to facilitate FSA reporting and other Regulatory computer generated items. £
  14. Total Turnover = £ (TO) Total Expenses = £ (TE) as % of TO = %
  15. Total Expenses = £ Total Regulatory costs = £ (TR) as % of (TE) = ? %

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  15. Total Expenses = £ Total Regulatory costs = £ (TR) as % of (TE) = ? %

# IFA Case Study no:1 – Regulatory Costs April 2005

- Feel free to call me if you wish to discuss anything. My colleague is on hols this week so a little chaotic here.
- 2005/2006 - IFA
- 1. Turnover. & No of Ri's. = £102k - 1 RI
- 2. Total of overheads in all forms. £90k
- 3. Pi costs as a premium. £6250 (XS = £2,500 but £5k on endowments, pensions, SCARPS and precipice bonds, splits, VCTs, EIS, Film Partnerships - almost everything really!!) Level of cover £1.25m in the aggregate
- 4. Cap Adeq. requirements (this is very relevant if "dead money" ). How much, in what form and are you prohibited from using it to service or support your firms costs? £15k which I have to hold in cash so it is dead money
- 5. FSA Fees £2308 inc FSCS fees
- 6. FSCS Fees £
- 7. FOS Fees £
- 8. Compliance costs (internal or external Compliance). £5,400 p.a. external fees
- 9. Training & CPD costs. £? - 4 days a year £4,000 p.a.



# IFA Case Study no:1 – Regulatory Costs April 2005

- 10. Exam - nil at present
- 11. Audit fees (specify if ONLY because an FSA regulated firm) - only just become limited company so not sure yet
- 12. TIME at your hourly rate dealing with Regulatory issues estimated - most is dealt with by my compliance consultants. However I still meet with them three times a year when they review my files as well as trying to keep updated on what is going on at The Ivory Towers so let's say, 16 hrs @ £125 p hr = £2k p.a. Reporting takes up probably another 8 hrs including applying to renew my PI = £1k total = £3,000
- 13. Software and Hardware costs where required to facilitate FSA reporting and other Regulatory computer generated items - It would be a lie to say I need 1st Software mainly for compliance reports although I need it to justify working within the rules. Annual cost £3,348; take 50% for compliance £1,674
- 14. Total Turnover = £102,000 Total Expenses = £90,000 TE as % of TO = 88%
- 15. Total Expenses = £90,000 Total Regulatory costs = £16,324  
TR as of TE = 18%
- I am happy to use the above figures in your speech but please do not attribute them to my business by name.
- Regards
- Mr IFA.

# IFA Case Study no:2 – Regulatory Costs April 2005

Year	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
T/O	£368,000	£395,000	£458,000	£525,000	£367,000	£341,000	£364,000
No.of RIs	3	3	3	3	3	3	3
Overheads	£262,000	£297,000	£350,000	£383,000	£302,000	£336,000	£334,000
PI Premium	£2,620	£3,602	£4,367	£4,642	£5,554	£10,431	£20,429
XS Ordinary Endowment Pension	£1500 each and every claim	£1500 but £2500 for Pensions	£1500 but £5000 for pension transfers and £9240 for non joiners/opt outs	£1500 £5000 £98000	£1500 £5000 £9800	£3000 Endowment £10000 Pensions £10000 £10000	£3000 £9750 £9750 £9750
Level of Cover	£1000000 in aggregate with 4 re-instatemnts	£1000000 any one claim	£1250000 in the aggregate with 1 automatic re-instatement	£1250000 in the aggregate with 1 automatic re-instatement	£1250000 in the aggregate with 1 automatic re-instatement	£1250000 in the aggregate with 1 automatic re-instatement	1000000 in the aggregate
FSA Fees	£1259	£2158	£2241	£2911	£2999	£3556	£4323



# IFA Case Study no:2 – Regulatory Costs April 2005

FSCS fees	£183 PRlevy	£264 + £421 PR Levy	£824 + £570 PR Levy	£808	£137	£312	£2801
FOS fees		£500	£500	£1000	£608	£120	£360
Compliance Costs	£6351	£11888	£12983	£17161	£12494	£34825	£40793
Training & CPD, Exams	£579	£909	£452	£153	£2117	£2991	£1419
FS only Audit Fees	£2000	£2000	£2000	£2000	£2000	£2750	£2750
Time re FS Compliance	I estimate I day every 3 months per RI + myself	4x35 hours x£150 per hour	=				Say £21000 p.a.
Software/Hard ware	£5000	£6000	£7500	£8500	£10000	£12000	£12000

# IFA Case Study no:2 – Regulatory Costs April 2005

Year	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/2004
Direct compliance services	£1,200	£1,200	£6,012	£8,136	£8,136	£8,136	£10,500
Total Expenses as percent of Turnover	71.2%	75.2%	76.4%	73%	82.3%	98.5%	91.7%
Total Regulatory costs	£19,492	£28,492	£37,449	£45,311	£44,045	£75,121	£95,375
<b>Total Regulatory costs as percent of Total Expenses</b>	<b>7.3%</b>	<b>9.7%</b>	<b>10.7%</b>	<b>11.8%</b>	<b>14.6%</b>	<b>22.36%</b>	<b>28.6%</b>

## IFA Case study no: 3 -

- In it's Annual report for 2004, IFA Network Positive Solutions said it's costs from Regulation had increased by £603,000 to £1.07 Million
- Source. Financial Adviser 21.04.2005 page 9 "Positive Negative on FSCS levy cost"



# Taking stock

- We have moved through increasing Regulatory intervention in free markets :-
- NASDIM
- FIMBRA – LAUTRO / SIB (SRO's)
- PIA – LAUTRO / SIB (SRO's)
- FSA for PIA
- FSA (Stat) – MCRI/MCCB – GIRC (SRO)
- FSA (Limited company established under Statute)

# Taking Stock

- **FSA's Polarisation website entry says:**
  - <http://www.fsa.gov.uk/pubs/other/polar.pdf>
  - **4.3.1 (page 21 of 103) Independent Financial Advisers**
  - **Consistent with IFA's success in increasing average premium size, the large increase in their volume of business has not been matched by a large increase in the number of advisers employed in the sector. In 1999, there were around 25,000 registered IFAs, only slightly higher than immediately following the introduction of polarisation. However, the number of IFAs today does represent a recovery since the early 1990s, at which point the number had fallen to between 20,000 and 21,000. (Consumer panel report 1998, PIA)**
- **Meanwhile, the structure of the IFA sector has changed in a number of important respects. In particular, there was considerable growth in the number of IFAs who were members of IFA networks during the mid 1990s. Reflecting this trend the number of IFA firms has decreased dramatically from approximately 8,500 to 4,000 since the early 1990s.**



# Taking Stock

- FSAs Polarisation website entry says:
  - <http://www.fsa.gov.uk/pubs/other/polar.pdf>
  - 4.3.2 (page 22 of 103) Tied Agents
- In contrast to the IFA sector, the number of people employed as tied agents has fallen dramatically. Before polarisation it was believed that there were over 200,000 tied agents. This has declined to approximately 60,000 today.

# Taking Stock

- FSAs Polarisation website entry says:
  - <http://www.fsa.gov.uk/pubs/other/polar.pdf>
  - 4.4.1 (page 22 of 103) Fee versus commission
- The market for fee based advice is still relatively small, and the great majority of IFA firms receive less than 10% of their income through fees. This varies significantly between different types of independent intermediary, with accountants and solicitors much more likely to be on a fee for service basis.
- Although there has been a small increase in the volume of business through fee-based channels there is no evidence to suggest that this market is likely to grow dramatically in the short run.



# Modern Day

- Nine out of ten think compliance costs will continue to rise. Many also attacked the FSA's cost-benefit analysis for underestimating the cost of new rules and overstating the likely benefits.
- <http://business.timesonline.co.uk/article/0,,9063-1406264,00.html>

snip



# Modern Day

- [http://www.ftadviser.com/dt\\_single.aspx?m=11276](http://www.ftadviser.com/dt_single.aspx?m=11276)
- Edge of reason
- I was astounded to read in a recent Sunday newspaper personal finance column of the case of a couple with two with profits endowment mortgage policies who are taking their case to the FOS despite having had their mortgage repaid in full.
- The details were as follows: a husband and wife bought 20-year with profits policies at the same time in 1984 from a company (not named) now owned by XXXX Life. The policies were to cover an £18,000 mortgage loan divided into two £9,000 policies. His premium was £315.76 pa, hers was £285.86 pa.
- In November 2002 and again a year later XXXX Life wrote to the husband telling him that his endowment was on course to repay the loan. But he wasn't happy with this because, he claimed, the agent who sold him the policy said it would provide much more, so he wrote to XXXX Life claiming mis-selling.



# Modern Day

- When his policy matured last year, his final payout was £12,568, thus paying off the mortgage loan in full and, obviously, giving him an additional lump sum of £3,568. This payout is equal to an additional 40%, which would, of course, be tax-free. The story omits to point out this particular fact, along with the fact that the return on his premium outlay represents an annual growth rate of more than 6% pa.
- His wife's policy matured with a payout of £12,393, thus paying off her half of the mortgage debt and providing an additional lump sum equal to more than 37%. Tax free. Again the story omits to point out these facts.
- So let's look at the details so far, as we know them: the husband's mortgage was paid off, he made a 40% tax-free profit, and his payout equalled over 6% pa. The wife's mortgage was paid off, she made a 37% tax-free profit, and her payout equalled over 7% pa. They are claiming for mis-selling. snip



# Modern Day

- In it s last year the MCCB had a total of 92 complaints



A low-angle, black and white photograph of a tall skyscraper, likely the Empire State Building, reaching towards the sky. The building's facade is composed of many windows, and the perspective creates a strong sense of height and scale. The image is slightly blurred, giving it a dynamic feel.

# Modern Day

- In its last year the MCCB had a total of 92 complaints
- The FOS is now receiving 2 a DAY related to mortgages.

■ Source: Chris Cummings    Director AMI reported FA 14.04.2005 page 19

A low-angle, black and white photograph of a tall skyscraper, likely the Empire State Building, reaching towards the sky. The building's facade is covered in a grid of windows, and the perspective creates a strong sense of height and scale. The image is slightly blurred, giving it a cinematic feel.

# Is it all bad news ?

- Teleunderwriting- a system in motion = Quote prepopulates details onto short form. Choice of :-
- carrying on and completing full medical details
- Tele-u/w (saves on cost to IFA and reduces risk of non-disclosure to Life Provider. Record call for better audit trail





# Is it all bad news ?

- Teleunderwriting -
- Complete form offline and go online and squirt it in.
- Downside      loss of control by IFA, some like this and some do not.



# Is it all bad news ?

- Teleunderwriting -
- Will Life Providers see the saving in IFA time as a qualified reason to reduce commission terms further ?
- James Hopegood    Mail and Kevin Carr    intermediary articles warning of Regulation pushing up protection costs

The background of the slide is a composite image. On the left side, there is a low-angle shot of a tall, modern skyscraper with a grid-like facade of windows. The right side of the background is a blurred, motion-streaked image of what appears to be a modern interior space, possibly a hallway or a large room with architectural lines, creating a sense of movement and depth.

# Is it all bad news ?

- Online application forms.

A low-angle, black and white photograph of a tall skyscraper, likely a financial building, with many windows. The building is on the left side of the frame, and the rest of the background is a dark, blurred gradient.

# Is it all bad news ?

- Online application forms.
- Is this a timesaver or a way to push marketing costs onto IFA who has to pay for all printed output ?



A low-angle, black and white photograph of a tall skyscraper with a grid-like facade, extending from the bottom left towards the top left of the frame. The rest of the background is a dark, blurred gradient.

# Good or Bad timing

- Enter ABI and the Commission report
- Who benefits by reducing commission
- Does this affect Adviser numbers and so becomes detrimental to Consumers ?



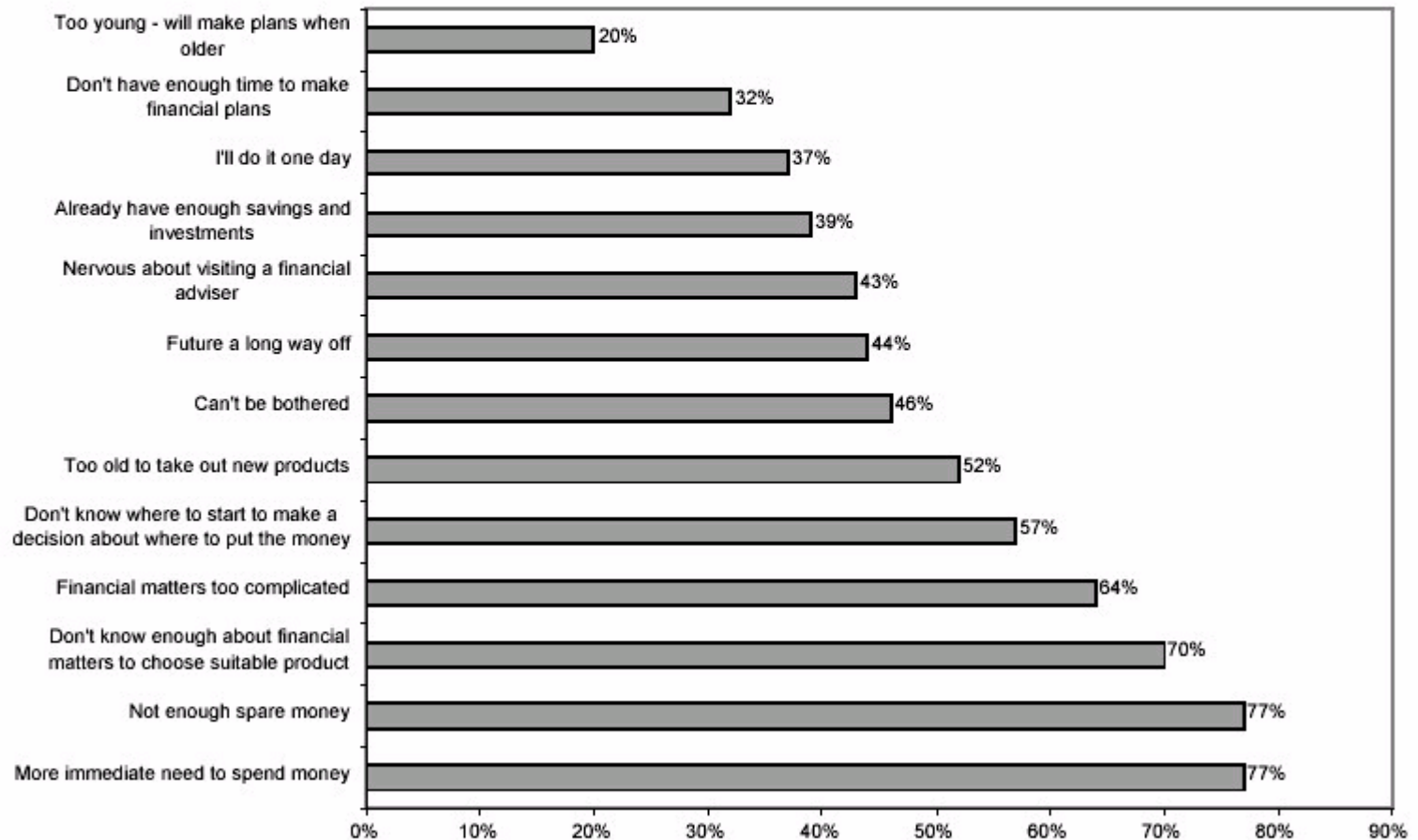


# No wonder Advice needed

- **Structure of the UK Insurance Market**
- 806 insurance companies are authorised, either by the UK or by another European Economic Area member, to carry on insurance business in the UK.
- Almost 600 of these can carry on general business only (such as motor, household and commercial insurance), 160 are authorised for long-term business only (such as life

Source: FSA Better informed consumers report, April 2000

**Figure 8: Barriers to buying financial products for inactive consumers  
(percentage definitely agreeing or tending to agree)**





# How does the Insurance Industry Compare ?

- § Around 354,000 people are employed directly or indirectly in the insurance industry. This is over one and a half times as many as employed in motor vehicle manufacturing and more than two and a half times the number employed in the electricity, gas and water supply sectors.
- § UK insurance exports (defined as premiums minus claims) amount to just under £4 billion a year, equivalent to over a third of total UK food, beverage and tobacco exports, or just over a quarter of the value of UK oil exports.
- § Every day UK insurance companies pay out over £125 million in pension benefits. This compares to the £115 million paid out daily by the UK Government in state pension provision.
- § Insurance companies are the largest domestic owners of UK shares – owning 20% of UK ordinary shares. This compares to 16% held by company pension funds, 2% by unit trusts and just under 10% by other financial institutions.

Source. ABI website





# Investor for the people

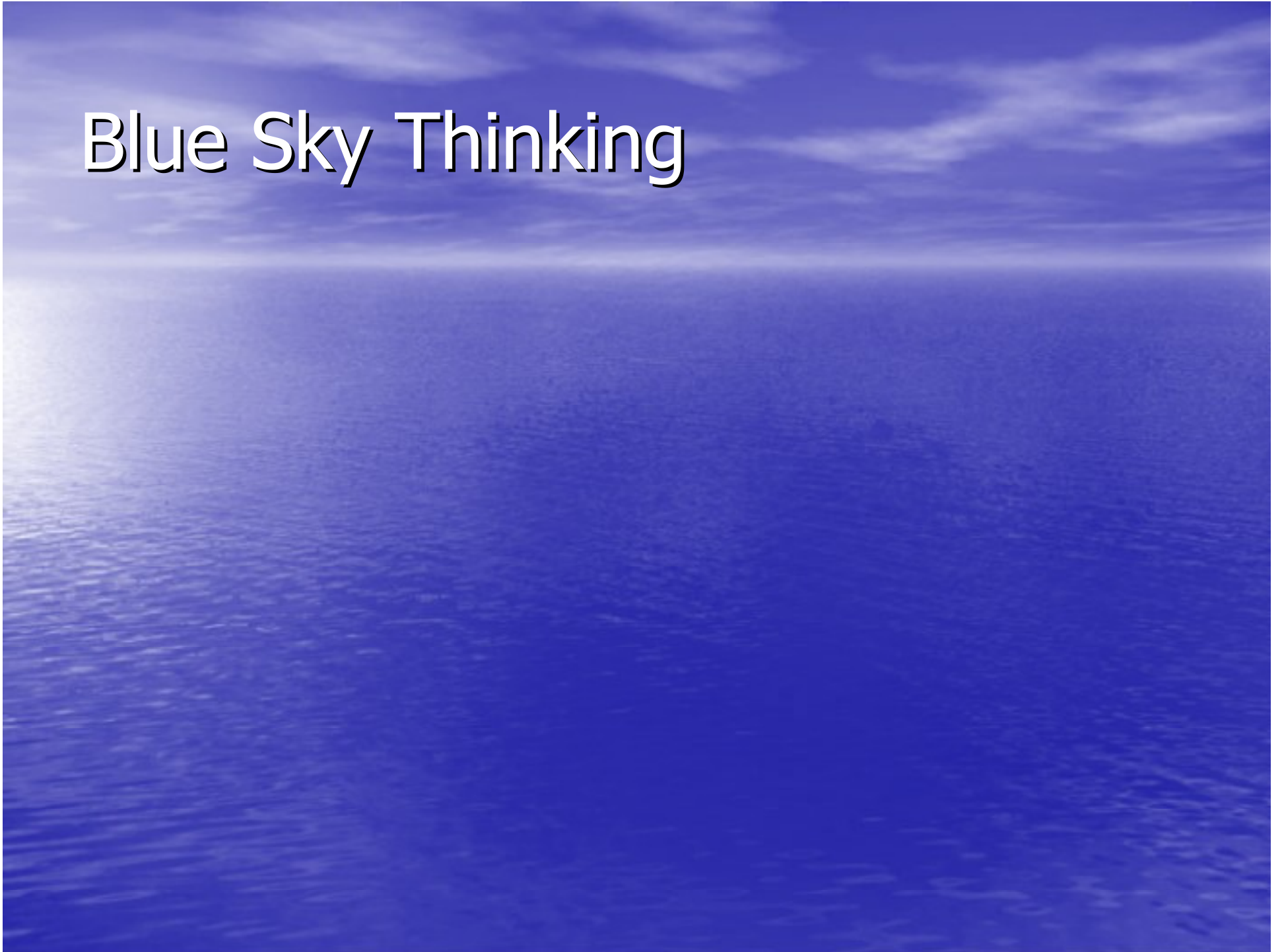
- Amount Invested in Insurance Products<sup>5</sup>
- Over £900 billion is invested in insurance products. This is 30% of UK personal sector wealth.
- £205 billion is invested in insurance administered occupational pensions, £345 billion in insurance administered personal pensions and **£250 billion in life assurance**





# ■ The Future

# Blue Sky Thinking



# Blue Sky Thinking

- **How to save on Regulatory costs whilst still protecting the public – Can it be done ?**

# Blue Sky Thinking

- Thinking outside the box – considering the unthinkable
- Some IFA suggestions



# Blue Sky Thinking

- **Abolish requirement for Professional Indemnity Insurance – Most IFAs pay thousands each and every year and never claim. Those that do have sometimes experienced problems with “sieve” cover – finding the XS greater than the claim or the Pi Insurer unwilling to pay claims for some reason ( P.R.I.D.E. refers)**

# Blue Sky Thinking

- Pay Pi premiums instead to FSCS (with EU agreement) and have cases only paid out where FOS upholds complaint.
- Introduce appeal process for defending member (as complainant has sole recourse to Courts subsequently)
- Complainant to pay “complaint fee” – refundable if claim upheld

# Blue Sky Thinking

- Abolish “bonus” payments for FOS staff who deal with complaints quickly
- Take the FOS off being funded by “Commission” and pay by fee, as per FSA and FSCS costs.



# Blue Sky Thinking

- Abolish the FOS ability to “create” new law without the Government, a Judge or Jury - even for events that have not yet happened or because the contract has yet to mature.....“such steps as the ombudsman considers just and appropriate (whether or not a court could order those steps to be taken)” - S229 (2)(b).



# Blue Sky Thinking

- **Introduce Financial Education as part of the Education curriculum – saves IFAs time and money having to take on the task daily of Educating people before Advising them. It reduces the potential for conflict between Consumer and Adviser. It must be paid by Government and NOT the Industry.**

# Blue Sky Thinking

- **Introduce “Financial Aid” for lower paid workers to allow access to Independent Financial Advice – which long term helps reduce State benefit dependents and increases IFA income streams.**

# Blue Sky Thinking

- One IFA said “ I am an original NASDIM member and I well remember the product levy of 50p per investment transaction from all clients that funded the compensation scheme so to say a product levy is unworkable is absolute nonsense”.
- Ken Davy – Founder of the DBS Network and now running SimplyBiz thinks a levy can work



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- Other IFA suggestions include :-
- Moving the FSA out of London and into cheaper rental space, somewhere centrally situated amongst the entire membership
- Restore MCCB methods of running Mortgage Regulation to restore previous costs.



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- Restore MCCB methods of running Mortgage Regulation to restore previous costs.
- Rent the works of art to art galleries instead of leaving them in the FSAs offices

# The Future

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- **Is what we will make it, but this requires thought and Courage.**

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