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Kelly Power
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product
Colonial First State

The next chapter

Colonial First State is listening, and is reducing fees for over 500,000 Australians

As competition heats up across the platform market, Colonial First State is overhauling the price structures attached to its FirstChoice Wholesale, FirstChoice Employer Super and FirstWrap Plus offerings to lower costs for its members and make it easier for financial advisers to service their clients.

Determined to ensure advisers and their clients are accessing more cost and feature-driven value, Colonial First State is introducing large-scale fee reductions across all three of its platforms from June 2019.

“This is about more than just fees though,” Colonial First State general manager, product Kelly Power⁰¹ says.

“It’s about our continued investment in our market-leading platforms to ensure our technology meets the changing needs of our customers, and continuing to build on our reputation for putting people first and providing best-in-market service.”

What’s changing?

On FirstChoice Wholesale, the cost of investing will be lowered via new fee rebates for balances over \$100,000. This is significant as, until now, those fee rebates have only applied to balances greater than \$800,000.

This move will benefit more than 60% of clients on the platform. To put this into perspective, a super or pension member in FirstChoice Wholesale with a balance of \$500,000 will pay \$240 less in fees per year, including the removal of regulatory reform fees.

“This will maintain our position as one of the lowest cost platforms for advisers using managed fund portfolios,” Power explains.

The change is also in response to positive adviser feedback Colonial First State has received over the years in regards to the simplicity of the fees on FirstChoice; “And we want to ensure we live up to this reputation.”

On FirstChoice Employer Super, the annual percentage-based administration fees will drop from 0.60% to 0.50% while FirstChoice Lifestage (MySuper) investment fees are being reduced to 0.40%.

These changes will make an immediate difference to 94% of employer plans and more than 65% of members.

Fees for members with a balance of \$50,000 in MySuper options and no current discounts will reduce by \$100 per annum including the removal of regulatory reform fees.

Meanwhile, on FirstWrap Plus, tiered administration fee rates are being reduced by 30% across all account balances to reduce fees

and make investing even more affordable.

A super or pension member with a balance of \$400,000 will pay \$782 less each year in administration fees, including the removal of regulatory reform fees.”

The reductions will benefit every single client on the platform and, when it can often be difficult to measure the pros and cons of a service, they can be confident they are getting the service and choice they need at a competitive price,” Power says.

FirstWrap Plus also continues to offer unlimited fee aggregation for family members.

“This is a key differentiator for us in helping to bring the cost of investing down even further and is currently utilised by over 65% of accounts,” Power says.

There will also continue to be no additional dollar-based account or members fees on FirstChoice Wholesale or FirstWrap Plus.

Colonial First State prides itself on having always actively responded to the challenges facing the industry and continuously evolving to meet the needs of financial advisers and their clients.

Again, it’s the feedback from these advisers and members that has shaped the changes being made now.

“We’ve always been committed to providing advisers and members with market-leading platforms and these fee changes, combined with the improvements we’re continuing to make to our platforms, are a commitment to maintaining that position in our industry,” Power says.

The importance of passive

At the same time as reducing fees across its platforms, Colonial First State is also gearing up to expand its FirstChoice Wholesale and FirstWrap Plus investment menus.

Responding to an increasing demand for a larger range of competitive, multi-sector index options, three new low-cost index options will be made available on FirstChoice Wholesale and FirstWrap Plus from June 2019.

Offering a choice of conservative, diversified and growth options, clients can access a diverse range of assets and keep the cost of investing down thanks to a low fee.

On FirstChoice Wholesale, clients can access the solutions for between 0.31-0.35% per annum – as a bundled investment and administration fee.

For FirstWrap Plus clients, the solutions attract an annual investment fee of just 0.21% (plus the applicable administration fee).



The quote

This will maintain our position as one of the lowest cost platforms for advisers using managed fund portfolios.



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“All members have a different appetite for risk and cost – and advisers are looking for more ways to deliver cost-effective investment advice to their clients and deliver outcomes that meet their objectives,” Power says.

“This is where low-cost passive investments are starting to play a bigger role in advice delivery.”

More than money

However, the changes Colonial First State is making now go beyond price.

“We have always prided ourselves on how well we support advisers in delivering advice to clients,” Power says.

“So, the pricing changes we’re making are just one part of a series of improvements that collectively aim to help advisers deliver both quality and efficient advice.”

To support the overhauled investment offerings, Colonial First State has also simplified the user experience of its platforms, investing significantly in the technology that underpins its offering.

Advisers will have access to a simpler, more modern suite of client review reports, enabling more relevant and meaningful client reviews.

Advisers will also benefit from the recent transformation of the online FirstWrap platform and members will benefit from an enhanced digital experience on offer via the new-look FirstNet.

“In my first few months at Colonial First State, the key feedback I got from advisers was that they loved our product but there was one report that needed fixing or switching needed to be made easier,” Power recalls.

“Advisers have asked us to deal with these pain points, so we’re investing in solving these for our advisers in a consistent and agile way. The main objective is to always offer a better experience to advisers and members.” **FS**

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