



## Fee advisors offer advice to embedded commission guys



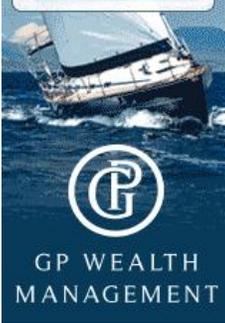
by Jordan Maxwell | 03 Feb 2015

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Regardless of the CRM2 extension, the onus is undeniably on embedded-commission advisors to prove their worth, caution their fee-based counterparts.

"I do believe that firms will have to offer more and really start to earn their compensation and maybe that takes them expanding services," said Rona Birenbaum, a wealth advisor with Caring for Clients and a member of the WP Top 50. "We have to develop to accommodate what we're seeing in the marketplace.

"Some advisors have to take more of a comprehensive approach to how they help people manage their money."

The comments echo those of other fee-only advisors, coming the same day the industry saw the deadline for implementation of the second

phase of CRM2 extended till the end of the year. The third and final phase, of course, goes ahead as planned on July 15, 2016.

But meeting those disclosure requirements is only part of the challenge for those firms and advisors relying on

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embedded commissions, say fee-based players, who suggest an overhaul of the traditional model may also be necessary in the CRM2 world of 2017.

With technology strong and a plethora of options out there in the market, advisors will inevitably have to prove their worth more than ever as consumers, clients and investors consider a do-it-yourself approach.

Those challenges come on top of the many associated with CRM2.

The changes announced by the CSA provide more time in 2015, which is much appreciated, says advisors, but the overall time for full-implementation remains the same.



## COMMENTS

Kathy Waite Your Net Worth Manager

on 03/02/2015 12:35:42 PM

Apart from the fact that the cost of CRM2 will ultimately be passed onto the investor, whose MERs are usually way too high anyway, I can only think this is all good. More transparency. Give people a choice. Clients just want to know what they are paying and what they get for it. If you don't want to tell them you are probably gouging them.

Lets treat clients like we would like to be treated .



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Harley Lockhart CLU CHFC on 03/02/2015 1:18:54 PM

My challenge with this article is that it seems to infer that commission based advisors don't provide as robust a service as their fee-based counterparts and don't earn their commissions. In the same way that method of compensation is irrelevant as to the integrity of the advisor, it is equally irrelevant as an indicator of the quality of the services provided.

I do agree that regardless of compensation method, advisors should educate their clients to the value they receive.

Being transparent helps build trust. However, making specific rules that dictate one method of providing transparency, like all narrow rules-based financial regulation, is expensive to the consumer and interferes with the client/advisor relationship.

One of the greatest benefits financial advisors bring to clients is their ability to match extensive financial knowledge to specific client values. The information/knowledge is readily available on the internet. Matching information/knowledge to values is a skill not so readily available. Restricting all advisors to one narrow behavioral channel deprives consumers of this most valuable service we can provide.

Let's all make sure the Canadian financial services industry retains choice for the consumer. Let them decide who they want to trust and what business model is acceptable to them.

Let's treat clients like we would like to be treated--freedom of choice.

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