

BT Financial Advice announces removal of grandfathered payments

On Wednesday, 20 June 2018 BT Financial Group announced the removal of grandfathered payments for customers of BT Financial Advice. Below are some Frequently Asked Questions to help answer any questions you may have.

What has BT announced today?

Customers of BT Financial Advice operating through the Westpac, St.George, Bank of Melbourne and BankSA networks (BT Financial Advisers) will benefit from the removal of grandfathered payments attributable to their BT products.

We are working towards the changes taking effect from 1 October 2018 to allow sufficient time for implementation across more than 12 different IT systems, two platforms and many products.

Why have grandfathered payments been in place?

The introduction of the Future of Financial Advice (FoFA) reforms in 2013 included a prospective ban on conflicted remuneration. Generally, arrangements in place prior to the commencement of FoFA were grandfathered, permitting the continuation of grandfathered payments, such as commissions, under those arrangements.

It was generally understood at the time that grandfathering of those arrangements was necessary, at least in part, because legislators could not extinguish existing contractual rights without compensating those impacted by such a change. As stated in Treasury's background paper to the recent Royal Commission hearings, the "grandfathering provisions [were designed] to facilitate a smooth transition to the new regime for industry whilst ensuring the ban on conflicted remuneration commenced as soon as practicable."

Five years on, more than 140,000 BT Advised customer accounts are still subject to these payments. We have considered this position from both a customer and a shareholder perspective and decided that it is the right time to draw a line under these past arrangements and eliminate them as far as we are contractually able.

Do these payments impact clients who have an independent financial adviser?

The move we've made today will benefit more than 140,000 customer accounts and is a positive step for BT Financial Advice customers.

BT will honour its contractual obligations to external financial advisers who are currently receiving grandfathered payments in respect of a BT financial product. Any customer of an external adviser should contact their adviser. Should their adviser request the removal of grandfathered payments, we will assist them to make similar changes.

How will customers know they have benefited?

We are working towards the changes taking effect from 1 October 2018 to allow sufficient time for implementation across more than 12 different IT systems, two platforms and many products.

Depending on the product they hold, customers will be notified about how this change will benefit them either through their periodic statements, our online portals or via letter or email as required or desirable.

For financial advisers only

I'm an external adviser or from an external dealer group. Who can I contact to unwind my grandfathered arrangements?

Dealer Groups: please speak to your Adviser Distribution account manager.

Advisers: please speak to your Dealer Group.

We're here to help

If you can't find the answer to your question or have a general question or comment about this information please contact us.

Advisers

BT: 1300 360 899

Asgard: 1800 731 804

Investors

Speak to your adviser or call:

BT: 132 135

Asgard: 1800 998 185

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