

BEST REBATE SERVICE PROVIDERS

GOLD WINNER **YOURSHARE**

Getting some of those pesky fees back – now that’s got to be good, as *Money’s* new award demonstrates

The winners... were ranked by scores awarded for services, features and rebates.

	INSTITUTION	SERVICE CHARGE	TRAILING FEE & COMMISSION REBATES	ENTRY FEE REBATES	FEE-REBATED PRODUCTS				FUND MGRS
					INVT ¹	MGN LNS	CMTs	INSUR.	
1	YourShare	none	rebates 50%-70%, fees & comms	100%, new & existing invts	✓	✓	✓	✓	all
2	InvestSMART²	none	rebates 50% of trail fees >\$300pa	100%, new & existing invts	✓	✗	✗	✗	limited to 17
3	Selfinvest.com.au	none	retained by broker	100%, new & existing invts	✓	✗	✗	✗	all

Source: Infochoice. ¹Managed funds, superannuation, allocated pensions and annuities. ²InvestSMART has a "first \$300" of rebates fee; if rebates are less than \$300, the client receives no rebates.

Cutting fees you pay when investing in managed funds and other financial products can generate big savings; some of the biggest reaped by investors who use so-called rebate service providers.

These are firms that don't provide clients with investment advice but instead make a profit from arranging for their clients to get a rebate of all or part of the upfront fees charged on the investment products they invest in.

As well, several give investors a partial rebate of the annual commissions that managers of the products pay investment advisers. These fees, known as trailing commissions, range from around 0.2% to

1.0% of the amount invested. None of the firms rebates all of the trailing commissions, as the retention of at least part is how they make their profit.

The firm that provides the best rebate deal, and which wins *Money's* inaugural gold award for the Best Rebate Service Provider, is **YourShare** (www.yourshare.com.au).

Launched in early 2007 by accountants Paul and Juliet Brady, YourShare rebates 100% of the upfront fee of a long line-up of products, from managed funds and account-based pensions to margin loans and insurance policies.

This is a more comprehensive list of rebated products than any of those offered by

its competitors. YourShare also provides its clients with a great deal when it comes to the rebating of trailing commissions. Whereas most of its competitors don't rebate any of the trailing commissions, YourShare rebates between 50% and 70% on all managed funds investments.

InvestSmart, which won second place, also rebates trailing commissions, but limits this to 50% of commission in excess of \$300 a year. As well the rebates only apply to participating fund managers, of which there are 17 at present. In contrast, YourShare rebates 50% of every dollar of trailing commissions received up to \$4000 a year, and then 70% of every dollar in excess of this amount.

Selfinvest.com.au, in third, doesn't rebate trailing commissions, nor does CommSec Direct Funds, which just missed out on a place and is possibly the best-known rebate service provider. Like their main rivals both rebate 100% of upfront fees, in most cases as long as the fund manager pays them the full amount of the upfront fee as commission.

FACT FILE

Fee complications

Some managed funds promote themselves as nil-entry fee funds, but this doesn't mean a rebate service provider won't save you money. These funds sometimes hit you with an exit fee. In these cases it is better to opt for a fund that has an upfront fee and then get this refunded by using a rebate service provider.

The extra charge imposed by nil-entry-fee funds is sometimes less obvious, coming instead in the form of a higher annual management fee.

Some charge both an exit fee and an extra annual fee. While people who invest in these funds are initially no worse off than if they invested in a standard fund and received a fee

rebate, they pay a lot more over the long term.

All this means it is generally more cost-effective to avoid nil-entry-fee funds and instead get a rebate of a fund's upfront fee. But make sure you use a service provider that pays you a 100% rebate and, where possible, at least some of the trailing commission.