

BEST CASH-BACK PROVIDERS

GOLD WINNER **YOURSHARE**

YourShare wins again for retrieving fees on a wide range of products

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

	PROVIDER	COMMISSION & FEE REBATES, MANAGED FUNDS <sup>1</sup>	REBATED PRODUCTS						SERVICE <sup>1</sup>		
			MGD FNDs	Mrgn LNs	CMTs	SH. TRG	INS.	HOME LOAN	PERS LOAN	PH.	FACE-TO-FACE
1	YourShare	50% of first \$590; 100% of rest	✓	✓	✓	✓	✓	✓	✓	✓	X
2	iRefund	50% of first \$790; 100% of rest	✓	✓	X	X	✓	✓	X	✓	X
3	Refund Easy <sup>2</sup>	100% minus fee of up to \$25p/m	✓	✓	X	X	✓	✓	X	✓	✓

Source: CANSTAR CANNEX. <sup>1</sup>Commissions and ongoing fees; entry fees are 100% rebated by all providers. <sup>2</sup>Rebates paid quarterly. <sup>3</sup>Only on life insurance.

The rise and rise of cash-back providers, also known as rebate service providers, who claw back the myriad fees you pay on your financial products and services and share the booty with you, is one of the best things that has happened for consumers.

Most big financial product providers – banks, fund managers and retail super funds – use financial advisers as their sales force. They pay them a commission from your investments, usually for as long as you stay invested in a particular product (see Alan Kohler's *Outlook*, page 136).

And even if these so-called trailing commissions – often fees paid to some adviser you may never have set eyes on, let alone got advice from – are

outlawed as they should be, cash-back providers will have a role to play as they are moving into new areas, including mortgages and insurance.

Cash-back providers also generally offer a 100% rebate on entry fees on managed funds, for new investments and ongoing top-ups.

It's pretty simple to sign up with the cash-back provider of your choice, by registering your investments with that provider and nominating them as your broker. You pay your new "broker" by agreeing to let them keep a percentage of fees they collect on your behalf.

"It's great to see that there is an option for consumer to get their money back from these rebate service providers," says Harry Senlitonga,

senior financial analyst with Canstar Cannex, which judged these awards for *Money*.

"This is a way for consumers to save hundreds of dollars."

For the second year in a row **YourShare** ([www.yourshare.com.au](http://www.yourshare.com.au)) has taken the gold medal as *Money's* Best Cash-Back Provider. "YourShare rebates on a wide range of products and services including online broking, cash management trusts and personal loans," Senlitonga says.

YourShare founder Paul Brady says: "Highlights for 2009 were introducing an ever expanding range of products we help consumers get money back on, including; loans and mortgages, home and contents insurance, car insurance, travel insurance, CTP green slips and share trading online."

**Irefund** is second placegetter. It also offers refunds and rebates on a wide array of products. In third place, **Refund Easy** has a flat monthly fee of \$25 on annual refunds of more than \$600. Up to \$600 it keeps 50% of refunds due. It pays refunds quarterly rather than annually and has a fee-for-service financial planning arm.

FACT FILE

ASIC wants to shake up the whole system of paying advisers

It's good to see that cash-back providers are expanding the range of products and services on which they claw back fees. It will probably also prove necessary for their survival because if the corporate watchdog, the Australian Securities & Investments Commission, has its way, many of the

hidden fees paid by investors will be wiped out.

In its submission to a joint parliamentary inquiry into financial products and services which is due to report soon, ASIC recommends that advisers be required to act only in the best interest of their clients.

To facilitate that, ASIC recommends that the way many are paid needs to change. It says commissions, volume-based bonuses, fees paid on the percentage of funds under advice and other "soft-dollar" payments (kickbacks and non-monetary incentives) should be banned.