

How low can you go?

Tony Vidler | Strictly Business | 01 November 2012

A question that continually arises is: How long should a Statement of Advice (SOA) be?

My answer is "how low can you go?"

The ideal length for a Statement of Advice would be a single page – that's aspirational, of course! However, four pages should be sufficient for most advice, to most consumers, most of the time.

Getting your SOA down to four pages (or less!) will take considerable work. It is much more difficult to communicate complex ideas with brevity and clarity than it is to fill a document with all manner of superfluous information. Or, as Mark Twain so famously put it: "I didn't have time to write a short letter, so I wrote a long one instead." He appreciated better than most how difficult a task it is.

In Australia, in their far more prescriptive environment, it is apparently fairly typical for SOAs to get towards 70 to 90 pages long. I recently heard of an Australian adviser who had presented a 140-page Statement of Advice.

In NZ, it seems that many advisers are already producing and delivering 20- to 40-page SOAs for their clients. Unbelievable! The pertinent regulation for NZ advisers demands that we must "communicate clearly, concisely, and effectively" with an over-riding objective of ensuring that a client understands our communication. How does 20-plus pages equate to concise? I'd wager that it usually isn't effective either.

Here's a template for a four-page SOA which will be compliant, if done correctly:

- Summary of key facts (client position & requirements)
- My Advice to you is... (recommendations)
- Why is my advice appropriate for you? (rationale)
- What else should you be aware of? (risks; conflicts; remuneration; disadvantages of the advice provided)

Much of the guff that lands within SOAs should be relegated to the Appendices – if, in fact, it is required at all. Strip the supplementary information out of SOAs and keep them focused on the four key points that actually matter to the clients. And to the regulator.

Tony Vidler is an AFA and principal of Strictly Business which provides advice to the financial advice industry to help financial advisers become better practitioners and build more profitable businesses. <http://www.strictlybiz.co.nz> He is the financialalert Person of the Year 2011.



[Home >](#)

Have your say

Tweet this article to your colleagues and/or clients, follow us on Twitter so you hear as soon as we release new articles on PortfolioConstruction.com.au, and/or use the comments area below to share your comments with other Members.



Tweet



Follow @finAlertNZ

Comments – add yours (max 5,000 characters)

Subject



Related Articles

[Considering client risk capacity >](#)

[Are you aiming to thrive \(or just survive\)? >](#)

[The elephant in the room >](#)

[What type of advice is needed? >](#)

[Your best defence >](#)

[Why no one should care how you're paid >](#)

[Print this article >](#)

© 2012 Portfolio Construction Forum, Brilliant Investment Publishing Pty Ltd ABN 19 122 531 337. All rights reserved. Refer Terms & Conditions of Use.

[Privacy Statement](#) [Terms & Conditions of Use](#)

another brilliant! publication