If you’re pleased with the status quo in the investment advice business, there’s a petition you should sign.

An organization of investment advisers called Advocis is behind the initiative. Advocis is fighting regulatory proposals that would dramatically change the way advisers are paid. On a website called Financial Advice For All, the group is trying to rally everyday people to its cause.

Just add your name and e-mail address, and you’ll be lining up with a group that is fighting efforts to fix the No. 1 problem in financial advice today. Too much of what passes as advice is really about selling products. The e-mail I get from readers suggests people are increasingly sniffing this out and rebelling.

Regulators want to address the mixing of sales and advice by requiring advisers to charge clients directly for the advice they provide. Advocis wants advisers to keep the option of folding the price of advice into the fees paid to own mutual funds. A typical fund covering the Canadian stock market might have fees in the 2-per-cent range, with one percentage point paid by the fund company to advisers and their firm to cover the cost of advice and client service.

Thanks to new investment industry disclosure rules, people now see the amount they pay their adviser every year in dollar terms. Advocis wonders what will happen if mutual-fund investors have to pay their advisory firm directly. Worried that some will fire their advisers, the group is claiming in its lobbying of politicians that the financial security of Canadians is at risk if regulators go ahead with their proposed changes. Advocis also hints that the changing economics of the advice business might force some advisers to go up-market. Small accounts might get bounced.

The possibility that some clients would be without an adviser is being described as a potential advice gap. But that’s a term that better applies to the existing advice business, where people come in for advice about their finances and get sucked into conversations about buying mutual funds and other investments.

“Given that compensation for advice is directly related to investing, it kind of keeps advice in that domain,” said Karin Mizgala, chief executive officer of Money Coaches Canada, a financial-planning firm that offers flat-rate services and doesn’t sell products.
“Where the advice gap truly is, is in helping people manage things like cash flow and debt.”

Money Coaches is an example of new styles of financial advice that are emerging in time to fill any advice gap that might occur if regulators move to separate the cost of advice and products. Now six years old, it employs 21 people in British Columbia, Alberta and Toronto. Clients in other provinces can access the firm through electronic options such as Skype.

Nine of the coaches have the certified financial planner (CFP) designation, a top financial-planning standard, with the rest in the process of earning their CFP. Costs for clients range from $2,500 to $3,500 for financial plans that address client needs both in terms of getting the numbers right and changing behaviour where required. Ms. Mizgala said she’s piloting a more scaled-down investment coaching service that would cost as little as $500.

Her target audience: Households with incomes in the $150,000 range. “They’re grappling with the foundational aspects of money,” she said. “Why is it that they get bonuses, and yet they have to put that down on their line of credit? They don’t feel like they’re getting ahead.”

Robo-advisers are another option – they manage your investments for you online at a lower cost than traditional advisers. One robo firm, Nest Wealth, reports assets under management are growing at a rate of 500 per cent on a year-over-year basis, and the average account is $150,000.

Nest CEO Randy Cass dismisses the idea of an advice gap. “Innovation abhors any type of gap,” he said. “Products are already out there to fill any perceived notion of a gap that might exist.”

A big part of the appeal of money coaches and robo-advisers is that they offer advice, priced transparently. A lot of investment advisers already do business this way – they typically charge 1 per cent to 1.5 per cent or your account value a year.

The Advocis petition is about preserving the option for advisers to keep advice welded to product sales. If you’re happy with the status quo, sign that petition.