



# **FIRST PRINCIPLES**

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## **FINANCIAL PLANNING**

### **Services and Advice**

#### **What's the difference?**

The professional services environment of financial planning is currently subject to enormous change and highly prescriptive regulatory requirements. Whilst we are adapting to these changed requirements, we continue to hear from clients that the Services and Advice you seek from us, remain largely unchanged. So, we are attempting to bridge that gap, and deliver what you need, within a framework that also allows us to meet our professional obligations.

To help deal with these new requirements, when considering the assistance we provide to you, we now make a distinction between Services and Advice. A great deal of what we do would generally be regarded as providing a Service, whereas Advice is normally only called for when a change in your situation arises or there is a choice and a decision to be made.

In line with this, we determine the fees we charge for Services and Advice differently, as the following couple of pages explain. We'll usually invite you to meet for a formal review of your situation each year and we will confirm our meeting discussions with a Record of Advice (ROA). The fee for the meeting and the ROA are included in your Services fee because they are a planned part of our Services. However, should your situation point to the need for further Advice, we will calculate and quote an Advice fee for what is needed. So, you will instead likely pay less in years when you have a low need for Advice and more in years when you have a greater need for Advice. In this way, you will have greater control over what you choose to engage us to do, but will always have us available for support.

The following lists aren't intended to be exhaustive, nor do they mean that we will necessarily be called upon to do these things in any given year. They are simply an example of some of the elements we commonly do for our clients. This document is intended to help you understand the difference between Services and Advice.



# Services

## ***Services might involve us:***

- *being there to answer your calls and emails and assisting you with your queries*
- *maintaining records and information about you and your situation so that we can quickly determine the facts required to assist you*
- *communicating with you from time to time, to keep you informed on matters that could be relevant for you*
- *assisting with cash management elements, including withdrawals and transfers*
- *undertaking and maintaining technical research related to the structure of your financial affairs*
- *undertaking and maintaining investment research related to your portfolio, and communicating that to you on a regular basis*
- *assisting with the administration of your investment structures, such as a Trust or an SMSF*
- *liaising with your tax and legal professionals to support their work for you*
- *liaising with government service providers, such as Services Australia, regarding your benefits and entitlements*
- *contacting you in situations where we believe that changes in elements relating to your situation may call for "Advice" to be provided.*

## ***Services Fee***

We undertake an assessment of the Services that we believe your circumstances are likely to require over the coming year and determine an appropriate fee on that basis.

We then provide you with a Client Services Agreement, for no more than a 12 month period, which permits you to access our team when required over the time and entitles you to have us maintain the other records and communicate information and reports to you as necessary.

Signing the Client Services Agreement (CSA) and/or paying the Tax Invoice for the CSA fee constitutes acceptance and enables us to provide Services to you.



# Advice

## **Advice might involve:**

- *us providing a professional opinion on a matter you have raised*
- *any matter where we are required to make recommendations, such as:*
  - *changes to the structure of your financial affairs*
  - *changes to the investments in your portfolio*
  - *updates to your insurance*
  - *changes to your estate planning documents.*

*Note: It is a legal requirement that Advice must be provided as a formal document called a Statement of Advice (SOA), or in certain circumstances a more concise Record of Advice (ROA) may be permitted.*

## **Advice Fee**

We can usually make a reasonable assessment of the Services you are likely to need over the period ahead, usually a year. However, Advice needs can vary widely and are more difficult to anticipate.

Typically, we will offer you the opportunity to meet each year for a formal review of your situation. That review meeting and the necessary ROA that we produce to document the discussions, are included as part of your Services Fee.

However, where it is apparent that further Advice is called for, we will seek to undertake an Advice Assessment, to ensure we have all of the facts and understand your specific Advice need. We will then provide information about the estimated work required and the cost.

In situations where we're dealing with a new client, or the situation calls for it, we will provide a Letter of Engagement. In any case, it will set out what Advice is to be given and the Advice fee applicable for the SOA or ROA. Once you have accepted this we will proceed to prepare and provide your Advice.