



Australian Financial
Services Limited

Financial Services and Credit Guide

PART 1

Adviser Owned Adviser Driven[®]

This Financial Services and Credit Guide was prepared and approved by Australian Financial Services Limited (AFSL and ACL number 297239) and issued on 31 January 2012 as Version 6.0

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Financial security is of vital importance...

Your financial security will play an important role in the quality of life experienced by you and your family in the years to come. Australian Financial Services Limited (AFS) is a national financial advisory group and our objective is to provide the advice, services, products and carefully planned strategies that you need to reach your financial goals and objectives.

The purpose of this document

This Financial Services Guide (FSG) is intended to inform you about us and our relationship with you before we provide you with financial advice. It is intended that this FSG should assist you in deciding whether to use any of the services provided by our Authorised Representatives.

The term Authorised Representative means a person whom AFS has authorised to provide financial services (that is, provide advice and dealing in financial products) on our behalf under our Australian Financial Services Licence. Throughout this document our Authorised Representatives are described as "Your Adviser" or "Advisers".

This FSG consists of two parts – Part 1 contains information regarding the licensee of your Adviser, and Part 2 contains information specific to your Adviser. It also contains information about remuneration that may be paid to Advisers, AFS and other relevant persons in relation to the services offered. It also contains information on how we handle your personal information and how complaints against Advisers are handled.

Other documents you may receive

Statement of Advice

If you have been provided with personal advice, your Adviser will confirm their recommendations in writing so that you can make an informed decision about the suitability of the advice to you. Their recommendations are contained in a written Statement of Advice (SOA) and will be provided to you.

Record of Advice

A Record of Advice (ROA) will be used to record any personal advice where we are providing you with ongoing or subsequent advice and your personal circumstances have not changed. The ROA will be added to your file and is available to you on request within seven years. If you have not received a ROA from your Adviser, or you require a copy, you may request a copy of the ROA by contacting your Adviser or us on any of the contact details set out on page 1 of this FSG.

Product Disclosure Statement

If a financial product recommendation has also been made, you will be provided with access to a Product Disclosure Statement (PDS) containing specific and important information about each recommended investment product that will enable you to make an informed decision about the product is appropriate for you. It is imperative that you read and understand any PDS provided by your Adviser before you make any decisions relating to a financial product recommendation.

Strength and competence...Adviser owned adviser driven

AFS is a wholly owned subsidiary of AFS Group Ltd which is 100% owned by its advisers, directors and staff.

We believe that this ownership structure provides clients with the confidence and security that business decisions are made with you the client in mind and are not influenced by Corporate or Institutional ownership.

AFS is the holder of Australian Financial Services licence number 297239. Under the Corporations Act, our primary responsibility, and that of our Advisers, is to you, our client. When providing services authorised by AFS, our Advisers act on our behalf as Authorised Representatives of AFS. You may wish to give your Adviser specific instructions and you should contact them directly using the contact details set out on page 1 of Part 2 of this FSG.

Education and knowledge for your security...

You want to be sure that the advice you receive is up-to-date and accurate. Whilst your Adviser has many years of practical experience, continuing education is a requirement of both AFS and the industry regulator, the Australian Securities and Investments Commission (ASIC). Full details of your Adviser's experience and expertise are set out in Part 2 of this FSG "Authorised Representative Disclosure Statement.

Research for your peace-of-mind...

Advisers are provided with a comprehensive and research driven Approved Product List from which they can choose a product suited to your needs.

The recommended investment products that your Adviser selects from our Approved Product List are subject to an approval process that includes external research and analysis and are sourced from over 50 leading fund managers.

Advisers are not restricted to products or administration platforms associated with any particular institution and the selection of an appropriate product is made on a "client first" principle.

Insurance products are sourced from all the major insurers and are examined not only for their policy wording, product benefits and competitive cost structures but for their long term market presence.

Financial services and advice to meet your requirements...

The kinds of financial products that your Adviser may advise on or deal in on your behalf include:

- a) Deposit and payment products;
- b) Debentures, stocks or bonds issued by a government;
- c) Life products;
- d) Interests in managed investment schemes;
- e) Retirement savings accounts products;
- f) Securities;
- g) Standard margin lending facilities; and
- h) Superannuation.

Your Adviser can provide a wide range of services from comprehensive financial planning to tailored advice on selected products. The financial product advice and services we provide fall into three broad categories.

1. **Strategic Advice.** One of the most important things we do for you is to match our recommended strategies with your goals and objectives. Whether you require a strategy to protect your family, or save for a specific goal such as children's education, or early retirement we will tailor a strategy to your needs.
2. **Investment Advice.** Where authorised by us (see Part 2 of this FSG your Authorised Representative's Disclosure Statement), your Adviser is able to provide advice on managed funds, shares and debentures as well as superannuation advice.
3. **Insurance.** Advisers are authorised to advise on a wide range of insurance products such as Life, Trauma, Income Protection and Disability insurance.

Some Advisers may also be authorised to operate managed discretionary accounts. If so, further information will be contained in part 2 of this FSG.

Our Advisers may provide general advice or personal advice. Before providing personal advice, your Adviser will want to ensure that the advice is appropriate and suitable for your needs. To do so, he/she will need to find out about your current financial position and your financial goals and objectives.

You have the right not to disclose this information should you not wish to. If you do not disclose this information, the advice may be based on incomplete or inaccurate information relating to your personal circumstances and you should, before acting on the advice, consider the appropriateness of the advice, having regard to your relevant personal circumstances.

In providing personal advice, your Adviser will explain any significant risks relating to any recommended financial products or strategies. If you do not understand these risks you should ask your Adviser to explain them to you.

Credit services and advice to meet your requirements...

If you require advice involving mortgages or other lending products, several Advisers are credit representatives of AFS and are authorised to provide credit advice regarding how to structure debt, suitability of existing loan structures and repayment options.

When providing credit assistance, the 6 credit providers who AFS Advisers conduct the most business with are:

- CBA
- NAB
- Westpac
- ANZ
- ING
- Suncorp

Advisers may also conduct business with a number of other banking, or bank owned, credit providers.

In accordance with the National Consumer Credit Protection Act, your Adviser must not advise you to enter into a credit contract with a particular credit provider, or suggest you increase the credit limit, if the contract is unsuitable for you. The contract will be unsuitable if it is likely that:

- you will be unable to comply with your financial obligations under the contract, or could not comply without substantial hardship; or
- the contract will not meet your requirements or objectives.

Before entering into a contract or increasing your existing credit limit, your Adviser must make a preliminary assessment whether the contract will be suitable.

You can request a copy of your Adviser's preliminary assessment. Your Adviser must give you a copy:

- before suggesting you enter into a credit contract or before the credit limit is increased, if a request is made before then;
- within 7 business days, if your request is made within 2 years of entering into the contract or the credit limit increase;
- otherwise within 21 business days.

Your Adviser will not be required to give you a copy of the preliminary assessment if:

- your request is made more than 7 years after entering into the contract or the credit limit increase; or
- you do not enter into the credit contract recommended or increase the credit limit as recommended.

Adviser remuneration

Advisers may be remunerated in various ways. Advisers who are shareholders of AFS Group Ltd may receive dividends in their capacity as shareholders. Advisers who are employees of AFS or its Authorised Representatives may receive salary only,

or a combination of salary and bonus, dependent upon the amount of client income generated for their employer. Further information regarding remuneration is disclosed in Part 2 of this FSG.

Fees and Charges

Advisers may receive payment for their services in a number of ways.

AFS prefers that clients be asked to pay a fee for service, or pay a charge for the amount of funds that the advice covers. Where appropriate, AFS may receive brokerage or commission which is paid by a financial product issuer. Advisers may also choose to offer a mix of both methods to suit your needs. (See part 2 of this FSG for further details).

Advisers, who are also Authorised Credit Representatives (Credit Advisers), may be remunerated by a fee for service from the client or receive commission or brokerage from the credit provider. Credit Advisers are able to recommend credit products from banks and approved mortgage aggregators, or franchisors who provide support to mortgage brokers. A list of the credit providers that your Credit Adviser is accredited to use and the remuneration to be paid by that credit provider will be disclosed in Part 2 of this FSG.

If an upfront fee is to be charged for the preparation of this advice then it will be disclosed prior to you incurring that fee (refer to Part 2 of this FSG for further information).

In addition to the above, Advisers may receive additional benefits either of hospitality or training and support. Any benefit either monetary or goods valued at greater than \$300 will be recorded in a public register and maintained at AFS' office and any benefits that may be reasonably considered to have an influence on the advice or services provided to you will be disclosed to you.

Preferred Business Partners, Alliances and Sponsors...

AFS maintains preferred business partner arrangements with many leading companies who provide us with access to products on favourable terms. This involves a payment to AFS by the preferred partner of between \$10,000 - \$25,000 and/or a volume bonus payment dependent on funds under management. In exchange, the preferred partner receives the opportunity to provide training at professional development days and at AFS' annual conference for which they make a financial contribution. This relationship is beneficial to both AFS and our clients.

The Salisbury Group, a related entity of AFS and an AFS licensee has the same preferred business partner arrangements as AFS.

Please note that the inclusion of a product or service on our recommended list is not dependent on support from a product supplier.

Your SOA will fully disclose these arrangements and will be presented to you by your Adviser.

The preferred business partners of AFS and The Salisbury Group as at 3 December 2011 were:

- Abacus Property Group
- AIA Australia Limited
- Alpha Structured Investments
- AMP Capital Investors
- Asgard Wealth Solutions
- Asteron Limited
- Australian Unity
- Aviva Investors
- Bendigo and Adelaide Bank Limited
- BT Financial Group
- Colonial First State
- Commlnsure
- INstreet Investment Limited
- IOOF Investment Management
- Macquarie Bank Limited
- Macquarie Life
- MLC/ NAB / Aviva
- Next Financial Limited
- Oasis Asset Management / OnePath
- Russell Investment Group
- Tower Australia Limited
- UBS Global Asset Management (Aust) Ltd
- Zurich Australia Limited

If one of our preferred business partners changes throughout the year, our website will be updated to reflect our most current preferred business partners. Please refer to our website for our most up-to-date list of partners.

Strategy Portfolio Limited

Strategy Portfolio Limited (SPL) is a marketing entity associated with the Strategy Personal Superannuation and investment platforms and is wholly owned by AFS Group Limited, of which AFS, the licensee of your adviser, is also a subsidiary.

Your Adviser may receive a volume based bonus for recommending that you invest via the Strategy platforms. Your adviser is, or may in the future become, a shareholder in AFS Group Limited, and may therefore indirectly benefit as a result of recommending that you invest via the strategy platforms.

Some AFS advisers were previously shareholders in SPL. In 2007, these shares were sold to AFS Group Limited. The sale price is being paid in three tranches and determined using a formula which includes a reference to the amount of client funds under management (FUM) that the former shareholder retains in the SPL platform.

Your SOA will disclose whether your Adviser or a related entity is, or was, an AFS shareholder and whether any specific remuneration arrangements are received as a result of that shareholding, or as a result of recommending that you invest via the strategy platforms.

UMA Select Pty Ltd

UMA Select Pty Ltd (UMA Select) is a Corporate Authorised Representative of AFS and acts as the promoter for the SMSF Select service which is an end to end self managed superannuation service. AFS is a substantial shareholder in this entity. UMA Select Pty Ltd will receive a maximum of 0.3% pa of the total administration fee. As shareholder and licensee of UMA Select Pty Ltd, AFS will receive this amount in due course. If your Adviser is a shareholder of AFS, they may then indirectly receive a portion of this amount as a dividend the amount of which cannot be estimated at this time. Your SOA will disclose the actual costs of the services to you.

Personal Choice Private

AFS Group Limited, the parent company of AFS, is a substantial shareholder in Personal Choice Management Pty Ltd (PCM), the owner of the Personal Choice Private (PCP) product offered in the PCP/Asgard Public Disclosure Document. PCM meets the costs of the services provided by the Administrator and the Trustee and is thereby entitled to receive an administration fee of up to 1% from investors for such services based on a formula which relates to the total funds under management (FUM). PCM Shareholders are entitled to receive a dividend/capital (if any) based on the success of the PCM which is not related to the returns on, or performance of, clients' capital.

Managed Discretionary Account - MDA Private Pty Ltd

AFS Group Limited, the parent company of AFS, is a substantial shareholder in MDA Private Pty Ltd, the owner of a managed discretionary account offering to retail clients, and is entitled to charge administration fees of up to 1%. As a shareholder, AFS will receive this amount in due course. If your Adviser is a shareholder of AFS they may then indirectly receive a portion of this amount as a dividend, the amount of which cannot be ascertained at this time.

Volume Bonuses

AFS may receive volume bonuses from mastertrust and wrap platform suppliers if the total of all AFS client funds invested reach a pre-determined dollar amount.

How is my personal information dealt with?

Your personal information that we have collected is contained in your file. This includes information about your financial objectives and also contains the recommendations made to you. If you wish to examine your file you should ask your Adviser, who will make arrangements for you to do so.

We are committed to ensuring the privacy and security of the information provided. Information on this is included in our privacy policy.

AFS Privacy Policy

In order to comply with the requirements of the Privacy Act, we are required to advise you that AFS holds personal information about you. The information has been and will continue to be collected by us for the purpose of providing you with financial services including:

- a) the preparation of your financial plan;
- b) the provision of financial planning advice to you;
- c) making securities and investment recommendations;
- d) reviewing your financial plan;
- e) reviewing securities and investment recommendations; and
- f) for other related matters.

We are required, pursuant to the Corporations Act, certain regulations issued by the Australian Securities and Investment Commission and the Rules of Professional Conduct of the Financial Planning Association, of which this organisation is a principal member, to collect information about you for the purpose of providing you with the services referred to above.

We will from time to time disclose information about you to Advisers of AFS and to other professionals, insurance providers, superannuation trustees and product issuers in connection with the purposes detailed above. We may also be required by law to disclose your personal information to government agencies, including the Australian Taxation Office, the Australian Transaction Reports and Analysis Centre (Austrac) or a court of law. In the event we consider it necessary to use or disclose information about you for purposes other than those detailed above, or related purposes, we will seek your consent.

If you choose not to provide your personal information to your Adviser, your Adviser may decline to provide personal advice to you, or the advice you receive may not be appropriate to your circumstances, needs and objectives.

If your Adviser leaves AFS, AFS will continue to hold your personal information in accordance with our Privacy Policy.

You are entitled to obtain access to the information which we hold about you by contacting the AFS Head of Compliance on 03 8320 1517 or by writing to PO Box 630, Collins Street West P.O Melbourne, Vic 8007.

What happens if I have a complaint?

AFS is serious about providing a quality service and resolving any complaints in regard to that service internally however in the event that complaint needs to be referred to an External Dispute Resolution service AFS is a member of the Credit Ombudsmen Service Limited (COSL). COSL is an independent body which has been approved by the Australian Securities and Investments Commission (ASIC) to deal with complaints against its members.

If you have any complaint about the service provided to you, you should take the following steps.

1. Contact your Adviser and tell them about your complaint. The Adviser will advise the Head of Compliance of AFS about the details of your complaint.

Alternatively, you may contact the Head of Compliance at AFS directly in writing at PO Box 630 Collins St West, Melbourne, VIC 8007, or fax 03 8320 1599, or by email compliance@afs.au.com. AFS will try and resolve your complaint quickly and fairly.

2. If we have not resolved your complaint within 45 days of making your complaint, we may ask you for an extension of time from you to resolve your complaint. However, if you have not received a satisfactory outcome within 45 days of making the complaint to us, you can make a complaint to our external dispute resolution scheme as follows:

Send your complaint to the:

Credit Ombudsman Service Limited (COSL)

Address: PO Box A252 Sydney South NSW 1235

Phone: 1800 138 422 (Free call)

Website: www.cosl.com.au.

Please note that the complaints service is free of charge to you.

Prior to 30 November 2011 AFS utilized the Financial Ombudsmen Service (FOS) as its External Dispute Resolution Service before switching our membership to COSL. Should you have a complaint that was lodged with FOS prior to that date the matter will continue to be handled by FOS.

FOS's contact details are:

Address: GPO Box 3 Melbourne VIC 3001

Phone: 1300 78 08 08

9am - 5pm Melbourne time weekdays

Fax: (03) 9613 6399

Website: www.fos.org.au

ASIC also has a free call Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

In the event it is ever necessary, AFS holds a professional indemnity insurance policy. The policy includes coverage for the advice given by your adviser whilst an AFS Authorised Representative even if they are no longer authorised by AFS or have left the industry.



Authorised Representative Disclosure Statement

Ian Bruce BSc(For), BEc, DipFP, AFA
Authorised Representative number 239714

Capital Idea Financial Planning Pty Ltd
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Mail: **P.O. Box 1101, Dickson ACT 2602**
Phone: (02) **6247 3399**
Fax: (02) **6247 9267**
Email: capitalidea@grapevine.net.au
Website: www.capitalidea.com.au

Ian Bruce is an authorised representative of Australian Financial Services Limited (AFS), which is the holder of the Australian Financial Services Licence number 297239. AFS is responsible for the advice Ian provides to clients.



Ian has been in practice since 1998. He was a member of the *Australian Financial Review Smart Investor Masterclass 2011*. It was the eighth time that Ian achieved this prestigious award for being in the top 50 Australian Financial Planners. He came equal first in Australia in 2010. Ian's skills are particularly appropriate if you are seeking professional advice in planning for your retirement, your life insurances, your investments and your estate planning. He also specialises in advising on the financial strategies pertaining to residing in Hostels and Nursing Homes. Ian is a member of the Association of Financial Advisers.

Authorisations

Ian is authorised to provide both general and specific advice on these financial services and products:

Advice

- Full Financial Planning
- Pre- and Post-Retirement Planning
- Superannuation
- Aged Care Fees and Accommodation Bonds
- Investment Advice
- Social Security Planning (Centrelink and Veterans' Affairs)
- Life and Risk Insurances*
- Estate Planning
- Salary Packaging
- Wealth Creation
- Portfolio Reviews**

Products

- Basic deposit products
- Pensions and Annuities
- Managed funds
- Personal superannuation
- Corporate superannuation
- Direct shares
- Life, disability & trauma Insurance
- Tax-effective products

* AFS does not provide advice on general insurances such as public liability, travel, home contents or building cover, or health insurance.

** Ian does not offer continuous portfolio monitoring services. Rather, Investment Reviews from time to time, such as annually, are offered.

Financial Advice Preparation

Preparing your Advice includes investigation, design, research, recommendations, production and the presentation meeting. The fees are determined by the complexity and time involved, and will be estimated to you in writing during the first general discussion meeting.

More complex cases usually involve advice about one or more of these:

- Very large and diverse investment portfolios
- More than one entity, for example a company or trust as well as individuals
- Knotty matters pertaining to defined benefit superannuation funds (such as the CSS, PSS or UniSuper).

Our Remuneration

We are paid with a combination of fees that we charge you directly, and commissions or service fees that we may receive from the managed investments and insurances that you place through us. Our Fee Schedule is shown overleaf.

Your initial interview with Ian Bruce is free of charge. We will seek all pertinent information about your personal situation including your needs and financial objectives. In this way, we will ascertain the scope of the work that we could do for you. We will aim to provide you with a quotation for those services. The initial meeting is free of obligation and does not include any Advice to you.

As a very approximate example, our initial advice for a client might take around 12.5 hours' of our professional time after the first general discussion, indicating a fee of \$4125. However, the plan preparation time can vary widely, ranging from a minimum of six hours up to more than 20 hours. This is a direct consequence of the high variability among individual's investment objectives, financial circumstances and particular needs.

Fee Schedule

Initial consultation	Free
Statement of Advice preparation	\$330 per hour (minimum \$2500)
General advice	\$330 per hour
Placement fees	Will be shown in your Statement of Advice
Ongoing fees	0.94% - 1.10% pa
AAA Level Clients	Min \$6,000 pa
AA Level Clients	Min \$3,000 pa
A Level Clients	Min \$1,800 pa
Salary packaging advice	Min \$500
Risk insurance advice	
Single policy	\$660
Family Package	\$1980

All fees shown include GST and are subject to change without notice. Percentage amounts are rounded to two decimal places.

Where fees are payable, you will be provided with a tax invoice for the service provided on request. You will need to provide either electronic funds transfer or a cheque payable to Australian Financial Services Ltd.

How will I pay for the services provided?

You may directly pay a fee for the services we provide, or we may receive payments called commissions or service fees, which are paid to us by the financial product issuers, or we may receive a combination of fee for service, commissions and service fees collected on our behalf. These details will be contained in your Statement of Advice.

Paying Fees

You may pay our Fees in one of two ways:

- electronically from your Bank Account, in which case please transfer as follows and send Ian an email with confirming you have done so:
Account Name: **AFS Brokerage Account**
BSB: **083 347**
A/c Number: **51777 1801**
Reference: **Your surname – Ian Bruce**
- or by giving or posting us a cheque payable to Australian Financial Services Ltd and crossed “not negotiable”. Please note that we are unable to accept cash, credit cards or debit cards.

Our usual terms for payment are:

- Plan Preparation Fees: 14 days from when you receive your written Plan.
- Investment Placement Fees: 14 days from when you receive our written confirmation of the completion of the Placement.

Commissions and Collected Service Fees

Generally the commissions we receive, or service fees collected on our behalf, will be based on the amount you invest or insure. They may vary from one product issuer to another.

Details of the payments we receive are contained in the Product Disclosure Statements for most financial product issuers, which are available from your financial planner. If you receive personal advice, before proceeding to act on your instructions, we will tell you in your Statement of Advice about any commissions, ongoing service fees, placement fees and any other benefits payable, where possible in actual dollar amounts, and when and how they are payable. Generally, we will not know the amount of commission that we will receive until we have provided your Statement of Advice and have obtained your authority to proceed to implement your product recommendations.

Where we receive commissions or service fees from a product issuer, they will be based on:

- For investment products: the amount you invest. The amount of upfront commission, which is a one-off payment payable at the time of purchase, received for investment products will vary up to 5.5% of the amount invested. Ongoing remuneration, via commissions, service fees or some combination of these will be up to 1.0% plus GST (deducted from the funds invested).
- For life and disability insurance products: the premium paid. The upfront commission on insurance products will be between 11% and 125% of the annual premium and the ongoing commission will be up to 40% of the renewal premium.

Disclosures

Once AFS receives payment for the services provided, it will pass on up to 90% of any initial fees, initial commissions or ongoing commissions or service fees that it has received to Capital Idea Financial Planning Pty Ltd for the services provided.

Ian Bruce advises that he, or entities which are associated with him, holds shares in AFS Group Ltd which may pay dividends from time to time.

From time to time various product suppliers, including strategic business partners may provide incentives, or gifts of a minor nature. AFS is committed to making full disclosure and, where these are known and capable of being disclosed, they will be included in your Statement of Advice.

Ongoing Services

Reviewing your financial plan is a vital part of your financial health. The level of review will depend upon your instructions to us. Although we can help you review your situation at the time, you will need to advise us of any change to your circumstances and if the strategies we have implemented cease to be appropriate for you or your family. It is therefore important that you consult with your planner on a regular basis.

Once we have prepared Financial Advice for you, you may choose to become a Continuing Client of this Practice. We recognise three levels of Continuing Client:

Level	Funds Under Advice
AAA	Over \$600,000
AA	\$300,000 to \$600,000
A	\$180,000 to \$299,999

Services to Level A Clients

Level A Clients have access to our Recurrent Remuneration Offset System, which is described on the next page. Our standard annual fee, excluding GST, is based on 1.0% of your Funds Under Advice.

We maintain comprehensive files and can conduct reviews of your financial strategy, asset allocation and investments. Apart from occasional newsletters, such as in the event of major legislative changes or unusual fluctuations on relevant financial markets, and minor communications from us, we offer annual reviews of your investments. These are charged at our standard hourly rate.

Our chargeable duration includes time reasonably taken in preparing for your Review, speaking with you in person and over the telephone, corresponding with you, associated research, writing up file notes, and confirming any oral recommendations in writing as required by AFS. To reduce administration, minor telephone advice consultation work may be aggregated and billed annually or with a Review.

Level A Clients may use Master Funds or wrap services under our advice. Additional strategic advice will be supplied in a reasonable time period upon your request for it.

Services to Level AA Clients

Over and above the services we supply at Level A, we will supply AA Clients with pro-active strategic advice from time to time when we think your financial interests may be advanced.

Such advice is charged under the Recurrent Remuneration Offset System in the first instance, and there will be no out-of-pocket cost to you unless you agree after we notify you. This would only occur when your Offset account is likely to run down to a zero suspense balance.

Services to Level AAA Clients

AAA Clients receive the same service level as at AA, but our standard annual fee for funds under advice in excess of \$600,000 is reduced to 0.85%, excluding GST.

Recurrent Remuneration Offset System

Once your initial financial plan has been prepared, when we review your financial situation, or provide other advice to you, the fee will be charged at our hourly rate at that time. However, this fee may be partly or wholly OFFSET. We will credit you with any regular fees you arrange to pay AFS, either directly or via your financial administration service providers (including any trail commissions), net of:

- any GST paid or payable thereon; and
- work we have already charged to you in that time period.

Offsets can be made for regular fees and other payments received within the previous 12 months up to the month before the Review or Advice is invoiced. If the precise level of trailing commissions cannot be established readily, you must accept our estimate of their value.

Example: Based on a Review requiring 8 hours of our professional time

Gross Review Fee (includes GST)		\$2640
Trail Commissions*	\$1500	
Retainer Fees*	\$800	
Fee Offset		\$2300
Net Review Fee (includes GST)		\$340

* As received by AFS over the past 12 months, net of GST.

Any payments made from your investments and regular retainer fees received more than 12 months ago cannot be offset. This provides a good reason for you to have your finances reviewed by us at least once each year.

We will supply a statement of your current recurrent remuneration credits for a fee of \$110 including GST, payable in advance via a cheque made out to Australian Financial Services Ltd.

Life Insurance Services

There are six major phases in setting a life insurance strategy in place and maintaining it.

Phase One—Advice

We will supply you with written advice as to the appropriate type and level of cover, whom should be the owner, selection of the most appropriate product from those available, and the creation of a formal premium quotation. The quoted premium is indicative and can only be calculated definitively after Phase Three has been completed.

We formally test your attitudes and preferences regarding the key types of provisions offered within each type of policy. This information is exercised against what is available in the market place in arriving at our specific product recommendations. That is, we do look across a wide range of Life Insurance Companies to whom we are not tied (since AFS is a Life Insurance Broker), and we do not base our recommendations on commission rates. The commissions will be disclosed in your Statement of Advice.

How we are paid:

We charge a flat fee based on the average length of time that it takes us and based on our prevailing hourly rates for our professional services. Our standard Advice Fees including GST are:

- **Single Policy Advice: \$660**
Here we give advice on the most appropriate policy on one person's life in a single category, such as income protection.
- **Standard Family Package: \$1980**
This entails full consideration of cover for death, total and permanent disability and trauma as well as income protection for a married couple who have dependant children. Due consideration is given to existing covers that may be held through superannuation, including defined benefit schemes (eg ComSuper, UniSuper).

Different fees may apply for more complex work.

Advice is our main role in the process and we will require payment for it regardless of whether Policies may subsequently be sought or accepted.

Phase Two—Application

Completion of the Policy Application papers and despatching them with the initial premium payment to the Life Insurance company.

We assist you with the more difficult questions, and despatch the papers for you after copying them for our file.

Phase Three—Underwriting

The Life Insurance company completes its due diligence process to ensure that the applicant does not pose an unusually high risk of claiming under the policy, be it on financial or medical grounds. This process can take as little as two weeks, or it can take months and may involve medical reports and/or tests, blood tests, and supplementary questionnaires or statements to be signed by the applicant and/or by the person whose life is to be insured.

We assist in this process by liaising with the underwriters and other parties as necessary. Often our efforts provide lubrication when the process has "seized up" for one reason or another.

Life Insurers may decide upon one of five possible outcomes from their Underwriting Phase:

1. Accept your cover at standard rates as per the premium quote.
2. Accept your cover with a premium loading.
3. Accept your cover with an exclusion, which means the Policy Owner will be ineligible to claim as a result of the condition which has been excluded.
4. Defer covering you for a period during which a known medical condition does not recur.
5. Decline to offer you any cover.

In situations 2 and 3, the Policy cannot be implemented unless the intended Policy Owner agrees to the revised terms. If declined or deferred, any premium that has been paid when the Application was lodged will be refunded in full by the Life Insurance Company.

How we are paid:

We charge no direct fee for preparing the Application and liaising with the underwriters and other parties. However, if the Application succeeds, we receive the normal brokerage payable from the Life Insurance Company when Phase Four is completed. We select the brokerage rate on a “level” or “hybrid” basis whenever the Life Insurance Company offers it, rather than “upfront” or “stepped.”

If the Application is unsuccessful, we receive nothing. We think that this gives us an appropriate incentive to try and ensure that applications will be successful and that we do not cause any undue delay in assisting you with them.

Phase Four—Policy Acceptance

Assuming the application has succeeded, the Life Insurance Company writes to the Applicant and to us enclosing a Policy Schedule, which we check carefully.

Phase Five—Reviews

From time to time, your strategy should be reviewed, answering such questions as:

- Do we still need these covers?
- Have we enough cover?
- Do we have the best policies for our needs?
- Should we add some new cover in a different category?

How we are paid:

We make no charge for minor alterations to your existing cover if these do not entail new underwriting. Major alterations to existing cover purchased through us are treated as for Phase Two. New covers are treated as in Phase One, although a discount of 15% applies to our Fee in recognition of the fact that we already have you as a life insurance client.

Phase Six—Claiming

Hopefully, this will never happen. If it does, we will help.

How we are paid:

Free for the first five hours work by us for each life insured. Then, with your agreement, we will charge at our standard hourly professional rate.