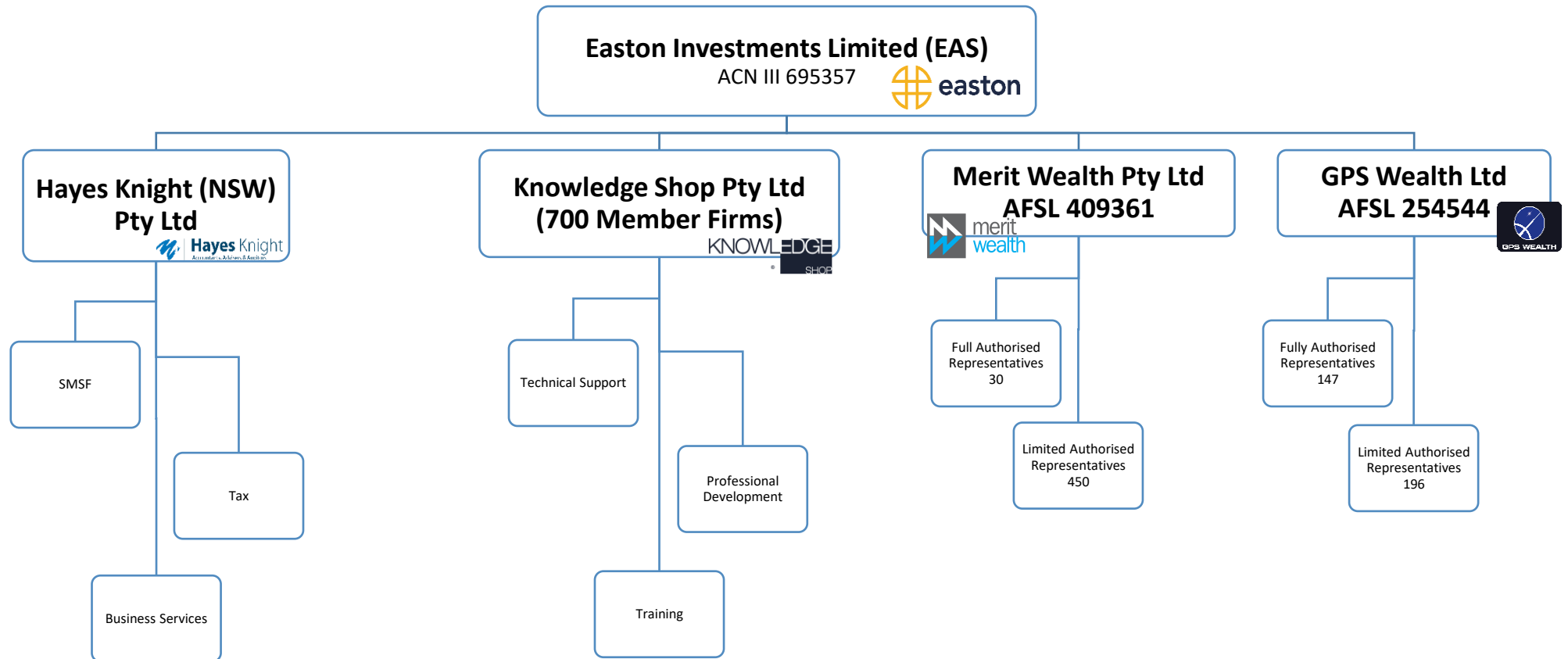


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Client Value Proposition ...

These are the key values we bring to our client relationships.

- Our job is to bring order and purpose to a client's financial affairs and keep them in good order, for the long term.
- Good financial advice begins with a complete understanding of a client's financial circumstances and their lifestyle goals. We will develop financial objectives and strategies designed to help the client reach their goals.
- We are the client's financial coach and educator. We help them to get things done, to take the actions required to implement their financial plan and improve their financial health.
- We are the trusted adviser for our clients. Using plain language to explain how investing works and what to expect from investment markets, clients have peace of mind and confidence in their investment decisions.

The Value of a Fee for Service Financial Adviser

Many people receive financial advice which is provided by employees or agents of banks or insurance companies. There is nothing wrong with this, so long as the client is expecting to be sold products used by the bank.

In the same way, if you walk into a Ford showroom, the sales person is not likely to encourage you to buy a Holden or Toyota.

The fee for service financial adviser receives their income from the clients they service, not from the products they recommend. This means that the adviser can be client focused and take the role of a client's financial coach and educator, looking after the client's best interests for the long term.

The core values of a fee for service adviser begin with understanding the client's entire financial affairs, knowing their personal goals, such as retirement, lifestyle and travel plans, then setting financial objectives and putting strategies in place to ensure that the client achieves their goals.

There is more to the role than this. A client's circumstances will change over time. Births, deaths and marriages, work promotions or retrenchment. Seldom will a year go by without some adjustment to a financial plan. The greater proportion of a fee for service adviser's work is client service.

- Regular review meetings to remain aware of the client's financial affairs.
- Review investment portfolios and possible investment changes.
- Keeping clients focused on the aspects of investing that can be controlled.
- Avoiding speculating and taking risks. These cannot be controlled.

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- Helping clients to understand investment performance, how investment markets behave and what to expect from their investment portfolio.
- Encouraging the client to stay with their long-term investment strategy and stay disciplined when investment markets are volatile.
- Assisting clients with major decisions and with difficult circumstances.
- Working with the client's accountant to provide a comprehensive service.
- Estate planning and business succession work, together with your accountant and lawyer.
- Reviewing personal insurance (Life, TPD, Trauma, Income Protection) to provide suitable levels of insurance cover, with good policy conditions at a reasonable price.

Families

- Household expenses budget, mortgage, children
- Savings and controlling debt
- Insurance, life TPD, income protection, trauma
- Goals and financial progress over time

Business Owners

- Build up business assets and manage debt
- Savings to put aside money for the future
- Insurance for business owners
- Proceeds from business sale
- Retirement and lifestyle

Retirees

- Relax, enjoy retirement, free of worry
- How much money is required, how long will it last
- Budgeting for maor expenses, travel
- Tax effective investing, age pension

The Financial Advice Process and Fees

Four Steps

1. Initial Meeting and Fact Finding. (First Meeting.)
2. Planning Process, Statement of Advice (SoA) and Agreement to Proceed documents. (Second Meeting.)
3. Implementation of Advice Recommendations, Documents and Paperwork. Review the results. (Third Meeting.)
4. Ongoing Service and Advice. (Annual Meeting.)

Initial Meeting

Up to one hour without cost or obligation.

- Introductions
- Provision of Financial Services Guide (FSG) showing services available, privacy and range of fees
- Client encouraged to discuss their home lives and family, work, lifestyle and health, personal and professional goals and plans for the future
- Adviser will assist with the Fact Finding process, to note and understand the client's financial affairs
- Adviser will request copies of statements for bank accounts, superannuation, investment and insurance
- Additional information may be needed, such as the family budget, copy of trust deeds and tax returns
- Completion of a Client Risk Profile questionnaire if the advice is to include investing
- Adviser will request copies of documents for self-managed super funds, companies and trusts
- Adviser may offer general advice and information about investment time horizons, asset classes, types of insurance, estate planning and related matters
- Agreement to commence the planning process and prepare a Statement of Advice
- Adviser to provide a follow up email, to confirm next steps, outline the scope of advice, and quote a set advice fee

Planning Process

Between ten and twenty hours.

Agreed Advice fee.

- The initial meeting and fact finding notes are reviewed by the adviser and additional information may be requested from the client
- A Statement of Advice (SoA) document (usually 30 to 50 pages) is prepared. The SoA details the client's financial and lifestyle goals, with the strategies and recommendations required to put the client's financial affairs into good order to reach those goals
- The SoA usually includes a 10-year financial model, with year by year tables, showing expected incomes, expenses, growth of superannuation and investments and debt repayment. For retirees the model will show longevity for superannuation pensions, other sources of income and if applicable, age pension projections
- The SOA will include product recommendations, research and supporting information
- The second meeting is arranged with the client, to present and discuss the Statement of Advice

Implementation of Advice

Between two and ten hours

Agreed Implementation fee

- With the client's Agreement to Proceed with the recommendations set out in the Statement of Advice, the adviser will implement the advice
 - Prepare and populate forms for investments, insurance, identification, asset transfer
 - Manage the paperwork process, including application forms for superannuation, investments, and insurance
 - Confirm with reports for the client, once the super/pension/investments/insurance are established
 - The Third Meeting is arranged to review implementation of the Statement of Advice and report on the changes and improvements to the client's financial affairs
 - The adviser will help to arrange introductions and meetings if required, with the specialist advisers, such as lawyers, accountants, and stockbrokers

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Ongoing Service and Advice

Agreed Ongoing Service Fee (Retainer)

Merit Planning (NB) offers a range of services to our clients during each year.

Ongoing services are not limited to this list. If clients have unusual or occasional financial concerns, we will assist you.

- Clients experience personal service from their adviser and support staff, you will not be transferred to a call centre. Clients have access to your adviser by phone, email, or meeting.
- Annual meetings to review your goals and financial affairs, lifestyle objectives, changes in circumstances, helping you towards achieving your goals. Discussions include health matters, major expenses, income needs. Review of your investment risk profile. The annual review is followed by an email summary of the review meeting and agreed action steps to be taken by the adviser.
- Every two to three years or to assist with significant changes in financial circumstances, we prepare a new statement of advice with a comprehensive review of expenditure, incomes, assets and liabilities.
- The new Statement of Advice usually includes a new ten year model which is a financial forecast, helping to view the expected outcomes for retirement, work changes, major asset purchases or sales.
- We will arrange additional meetings with clients as required.
- We provide periodical valuation for your shares, superannuation and pensions to help with keeping you up to date with your investments.
- We will assist your accountant with your investment reports for end of financial year and tax returns.
- We provide occasional emails with investment and economic updates, current affairs and topical information, to help keep you informed and to keep investment markets concerns in perspective.
- Emailed recommendations for share portfolio changes, corporate actions, sell recommendations, new or additional shares as required.

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- Management of superannuation and pension accounts, switches and changes as needed.
- Management of cash reserves, term deposits or special purpose savings accounts.
- Personal insurance reviews to ensure that Life, TPD, Income Protection and Trauma policies remain current and competitive.
- Contact on your behalf (with your approval) with your accountant, lawyer, finance/loan provider and other service providers.

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Introduction Service & Fee Guide

Initial Meeting

Up to 1 hour

Review and discuss your financial affairs

Quote a set fee for preparing advice

Agreement to proceed with planning process

**No Cost or
obligation**

Preparing and Presenting Statement of Advice

Planning Process

Between 10 to 20 hours

- Basic **\$2,400.00 + GST**
- Intermediate **\$3,600.00 + GST**
- Complex **\$4,800.00 + GST**

Implementation of Advice

Documents, applications, establishing new accounts

Between 2 to 10 hours

Ongoing Service and Advice

- Minimum **\$1,800.00 pa + GST**
- Standard **\$3,000.00 pa + GST**
- Assets Under Management 250-750 **\$4,000.00 pa + GST**
- Assets Under Management 750-1.25 **\$6,000.00 pa + GST**
- Assets Under Management 1.25-1.75 **\$8,000.00 pa + GST**
- Assets Under Management 1.75+ **\$10,000.00 pa + GST**

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