



# Financial Services Guide

A guide to our relationship with you

8 January 2020

The purpose of this Financial Services Guide (FSG) is to help you decide whether to use any of the financial services we offer. After reading this FSG, you will know:

1. Who is Financial Index Wealth Accountants?
2. The financial services and products we provide
3. Providing instructions to your financial adviser
4. Fees/commissions that may apply
5. Our process in helping you achieve your goals
6. Information you need to know about acting as an external MDA adviser
7. Relationships or Associations
8. How we look after your privacy
9. If you have a complaint
10. Professional Indemnity Insurance
11. Who I can contact for more information

## 1. Who is Financial Index Wealth Accountants?

Although you may only see the local face of our business, we are part of the wider group operating in city and regional areas.

Financial Index Wealth Accountants (FIWA) is a trading name of Financial Index Australia Pty Ltd ABN 90 094 287 037 which holds Australian Financial Services Licence number 240559.

Our contact details are as follows:

Financial Index Wealth Accountants

Head office:

Level 17, 181 William Street

Melbourne VIC 3000

Telephone: (03) 9292 0101

Your financial adviser is an employee representative, and as such FIWA is responsible for the financial services provided by your financial adviser. FIWA has authorised your financial adviser to distribute this FSG.

Your financial adviser's details are set out in the 'Adviser Profile' which forms part of this FSG. These documents should be read together.

On the first occasion that we provide you with personal financial advice, you will receive a statement of advice (SoA). If the advice becomes ongoing in nature, we will provide additional advice documentation to you depending on the type of advice.

These documents will:

- explain our advice and how our advice is in your best interest,
- provide information about our remuneration (including commissions and fees), and
- disclose any associations or relationships that could potentially influence us in providing advice to you.

Copies of all advice documents will be retained on your file.

If we make a product recommendation to you, we will also provide you with, or explain how to access, a product disclosure statement (PDS) issued by the product provider. The PDS contains information about the costs, benefits, risks and other features of the financial product. To help you make an informed decision, you should read this information before purchasing any recommended financial products.

## 2. The financial services and products we provide

We can offer financial services and advice that covers the following areas:

- Wealth creation,
- Retirement planning including superannuation and strategies for transitioning to retirement,
- Risk insurance and asset protection,
- Portfolio management,
- Social security, and aged care.

Our services are designed for people and organisations serious about professionally managing their current resources. Creating and building assets is your first step towards ensuring your financial security.

We owe our success in building clients' assets to the commitment we make to you and to the sound advice we provide, time after time. You benefit from:

- our extensive experience,
- our straightforward professional approach and
- our ability to draw on information and support from other divisions of Findex.

Our advisers will direct you through the wide range of products and strategies with confidence. Unless we tell you otherwise, our advisers are authorised to advise and deal in the following financial products:

- Managed Investments, including Investor Directed Portfolio Services (IDPS) and Managed Discretionary Account (MDA) services;
- Standard Margin Lending facilities;
- Securities;
- Term Deposits and Cash Management Accounts;
- Derivatives (limited to old law securities options contracts and warrants);
- Government Debentures, Stocks or Bonds;
- Superannuation, including Self Managed Super Funds (SMSF), and Retirement Savings Accounts;
- Annuities and Pensions;
- Life products such as:
  - life insurance,
  - income protection,
  - key person insurance,
  - business risk insurance,
  - disability cover, and
  - life investment products.

FIWA **does not** currently provide advice or products with relation to:

- Real estate or direct property advice; or
- Legal services.

FIWA advisers are generally restricted to FIWA's Approved Product List (APL), which is compiled through a stringent collaborative process using external consultants and internal expertise. FIWA advisers will always consider products outside of their APL in any given situation where required to do so by relevant laws or regulatory obligations.

Your financial adviser is authorised as either a registered tax (financial) adviser or a registered tax agent. They are authorised to provide a tax service, where the advice is:

- provided in the context of the personal advice authorised by the licensee, and
- part of the financial advice which interprets and applies the tax laws (including tax, superannuation and SMSF laws) to your personal circumstances.

Registered tax (financial) advisers are not authorised to provide tax agent services (ie those services in relation to the preparation and filing of tax returns and liaison with the ATO, etc). Where tax agent services are provided (ie those services in relation to the preparation and filing of tax returns, and liaison with the ATO, etc), these services constitute a separate business activity and are not provided under the licensee's AFSL. We are only responsible for advice relating to the financial products and service.

### 3. Providing instructions to your financial adviser

You may provide specific instructions to your financial adviser by letter, email, telephone, fax or other means as agreed. If you provide your financial adviser with instructions via email or telephone, your financial adviser may request a signed instruction in order to confirm your authority.

### 4. Fee/commissions that may apply

FIWA is paid by fees or commissions or a combination of both, depending on the service we provide and product you invest in. We will tell you about any payments and other benefits we receive as a result of preparing and implementing your financial plan. We will include the information in our advice to you, or as soon as practicable afterwards. Product Disclosure Statements (PDSs) also contain more detail on the fees that the product provider will receive.

If we can, we will tell you the exact amount. If we don't know that when we advise you, we will explain how the payments (including commission) and any other benefits are calculated.

If you have been introduced to us by a professional third party– we may pay an introductory fee or commission rebate to that third party. That introductory fee or commission rebate would be calculated according to various factors which may include the number or size of referrals. Where we pay a fee or a commission for a referral, we fully disclose to you who will receive that fee or commission and the amount they receive.

You can always ask for more information about payment arrangements, including information about the range of amounts or rates of remuneration. Even if personal advice is not given to you, you can request this information within a reasonable time of receiving the FSG and before any financial service is provided to you.

FIWA advisers are paid a salary. They may also receive a bonus if they achieve certain performance standards for quality, compliance and productivity.

#### **Initial Appointment**

This is free and doesn't oblige you to do anything.

## Strategy fees

Commonly there is a fee for developing a strategy for you. This may be an agreed initial advice fee or an agreed fee for further advice at any other time you require us to undertake this on your behalf. The fee amount depends on the complexity of your situation and will be agreed prior to us undertaking the work. We will invoice you for the work once the strategy has been presented to you.

## Ongoing fees

Ongoing advice and administration services may be provided to you to ensure the strategy and products recommended continue to meet your needs, objectives and financial situation.

If your adviser is involved with you on an ongoing basis we will generally charge you ongoing fees for advice and for portfolio construction and management.

Fees may be fixed or linked to the value of your portfolio. A combination of the two is not uncommon.

Example of a fixed fee arrangement:

You may wish to agree to a fixed fee with your adviser. This could be \$5000 per annum or an amount that you agree upon depending on the complexity of advice.

Example of a % based fee arrangement:

This could be 1% per annum of the value of your portfolio which is charged monthly on the average daily portfolio value.

Assuming a constant average daily portfolio value of \$500,000 this fee would be \$417 each month.

The fee component will be agreed upon with you prior to provision of advice and will be stated in your Client Service Agreement and/or SoA. We will continue to charge the agreed ongoing fee until you notify us that our services are no longer required.

## Brokerage fee

FIWA may receive commissions in relation to facilitating share trades through our preferred brokers. If you receive personal advice, more detailed information about fees, commissions or other benefits will be contained in your SoA.

## Risk insurance fees and commissions

For risk insurance products, you may be charged an administration service fee of up to 45% of the insurance premium or for new insurance policies placed from 1 January 2020, FIWA will accept:

- Upfront commission (excl. GST) of up to 60% and/or
- Trail commission of up to 20% (excl. GST) per annum

Our fees may be deducted from your policy each month or payable directly to us.

All fees and commissions will be detailed in your SoA and you must give us signed approval before we will proceed to implement your plan.

Alternatively, some of our advisers will rebate this commission and charge you an agreed set fee instead. That agreed fee will be calculated based on the complexity of the work and the amount of time required by the planner to give the advice and/ or implement it. The fee will be agreed with you prior to advice being provided and be disclosed in the advice document.

For example, if your premium for life insurance is \$1,000 in the first year and then \$1,100 each year thereafter, we may levy an administration fee of up to \$450 in the first year and up to \$495 each year after this.

Full details of fees and commissions will be provided in your SoA.

### **Product Issuer and Wrap Provider Fees**

FIWA may receive ongoing commissions from providers of investment and wrap products (paid directly by the provider) that we arranged on your behalf before 1 July 2014. These vary depending on the product provider. They are paid by the product provider and are not an additional cost to you.

### **Execution Service**

If we arrange for you to purchase an investment on which we have not provided advice, we may charge a fee for carrying out your instructions. This may be either a flat fee or be based on a percentage of the value of the transaction with a minimum charge. The fee will be agreed with you in advance.

### **Mandate fees**

Whilst this fee may initially be received by Findex, it is fully passed onto the respective mandate manager. In the rare event, that a manager may need to be replaced we may elect to internalise the management within Findex for a period of time. In such instances Findex will continue to charge you the mandate manager fee and retain this fee. We will notify you in such instances should this occur.

## **5. Our process in helping you achieve your goals**

You need to provide us with your personal details, goals and objectives, your current financial situation and any other relevant information we may ask of you so that we can offer you advice most appropriate to your circumstances. If you do not do so, the advice may be inappropriate to your needs. You may, by agreement, instruct your adviser to limit the scope of the advice you are seeking.

We ask that you carefully read the information (and any warnings) contained in the Statement of Advice provided to you before making any decision relating to a financial product.

Because managing risk is a critical element of sound financial planning we will, where possible, explain the risks involved in any financial products and/or strategies we recommend.

Understanding and managing risk centres on a two-part process known as the risk/return trade-off.

1. Do the strategies and investment recommendations have the capacity to meet your financial objectives?
2. Are you prepared for the volatility (up and down swings in the market) or changes to the economic or regulatory environment that can negatively impact on your plans?

The two concepts can be quite different. On the one hand you may have significant financial capacity to take on risk but little emotional tolerance for it. On the other hand you may have significant appetite to take on risk but little financial capacity to absorb adverse market volatility or regulatory change. The risks need to be very carefully considered (and understood) before proceeding.

The FIWA advice process measures your risk profile as a reference point in order to minimise glaringly inappropriate asset allocation or strategies. In portfolio construction, we use sophisticated probability modelling tools to try and predict portfolio outcomes that are likely to meet your performance objectives relative to your risk tolerance. If the two were incompatible, we would need to agree with you to raise your risk tolerance and/or scale back your objectives.

Except under special circumstances permitted by FIWA and agreed with you, FIWA does not allow its advisers to:

- Act as a trustee or operate a trust account on behalf of clients;
- Hold a Power of Attorney (other than LifeFocus or Portfolio Solutions specific authorities or via a Limited Power of Attorney in relation solely to the provision of rebalancing portfolios);
- Hold funds or have access to withdraw client funds;
- Act on behalf of another Australian Financial Services Licensee unless dual authority is permitted by both Licensees; or
- Ask clients to sign documents, which have not been fully completed with your details, and carrying instructions approved by you.



FIWA ensures its advisers:

- Are only authorised to provide services to you where appropriate qualifications are held;
- Remain up to date with relevant industry and legislative changes to maintain advice credentials and capabilities;
- Are provided with appropriate support and tools to provide technically compliant financial advice;
- Are provided with high quality financial product research; and
- Are monitored and supervised to ensure they comply with the requirements of the law and FIWA's standards.

## 6. Information you need to know about acting as an external MDA adviser

In broad terms, a Managed Discretionary Account (MDA) is an arrangement that involves an MDA provider managing a portfolio of assets for you on a segregated basis – that is, the client's assets are not pooled with other clients' assets. This may include arrangements that are commonly marketed in the industry as separately managed accounts, investment advisory programs, and managed discretionary portfolio services and discretionary portfolio accounts.

FIWA has access to its internal MDA provider being Findex Advice Services Pty Ltd (FAS).

Through FAS, your financial adviser is able to manage client portfolios using a discretionary service ('MDA services').

Typically model portfolios, together with any customisation, form the basis of an Investment Program. The Investment Program, which is a schedule to the MDA Contract you enter with FAS, constitutes the instructions for the implementation of your Managed Account Service.

If you choose to invest via the MDA service, your financial adviser will recommend an Investment Program containing an investment strategy. Your financial adviser will also consider whether that Investment Program should be customised to better suit your needs. FAS will ensure that the Investment Program that it implements for you is what has been agreed by you. Your financial adviser will be responsible for reviewing your Investment Program at least annually to ensure it remains suitable for you.

FAS will work with your financial adviser, who is also acting on your behalf, to ensure that any investment formulated for you is in accordance with the MDA contract between yourself and FAS.

## MDA Contract and Investment Program

As the MDA provider, FAS has the following responsibilities:

- Validation (analytics) of each Investment Program to be implemented;
- Annual Review reminder, reminding your financial adviser to conduct an annual review meeting with you regarding your MDA arrangements, suitability and Investment Program;
- Providing you with quarterly and annual reports which include information regarding the transactions undertaken on your behalf, holdings, valuation and revenue and expenses incurred during the period;
- Periodic rebalancing of your portfolio, at least annually, for existing monies and within reasonable days of receipt of new monies or a withdrawal request (subject to market and regulatory conditions).

The Investment Program and/or SoA (prepared by your financial adviser) will contain information on:

- Investment choice(s) recommended by your adviser and asset allocation weightings forming part of your Investment Program;
- The nature and scope of the discretions that FAS will be authorised and required to exercise;
- Any risks associated with the MDA Contract;
- The basis on which the MDA Contract is considered to be suitable for you; and warnings about the importance of any limitations relating to the MDA Contract which you must consider before signing it.

Further information in relation to MDA services and cost are available on the FAS Financial Services Guide which you will be provided at the time of signing the contract.

## 7. Relationships or Associations

FIWA is owned by Findex Group Limited ABN 40 128 588 714 (Findex). Findex is one of Australia's largest privately owned providers of wealth, accounting, lending and risk protection advisory services. Findex has developed a proprietary system for identifying the individual needs of its clients and providing advice and services to meet those specific needs. As a result, it has solutions to suit Australians at every stage of their lives, delivered via Crowe Horwath, Findex Advice Services and Findex Lending Services. From time to time Findex will share client information between its divisions for the sole purpose of delivering an improved level of service and comprehensive financial solutions to its clients.

Findex holds a number of other Australian Financial Services Licenses including Findex Advice Services, ABN 88 090 684 521 AFSL No. 243253, which provides and operates Managed Discretionary Account (MDA) services. Findex Advice Services is a wholly owned subsidiary of Findex Group Limited ABN 40 128 588 714.

Specialised Private Capital Ltd (SPC) ABN 87 095 773 390 AFSL No. 246744 and Alliance Capital Management Pty Ltd (ACM) which is a Corporate Authorised Representative (Number 401978) of SPC both of which hold supplier agreements with a number of the financial product providers (including managed investment schemes and administration (wrap) platforms) that FIWA recommends to its clients, are a part of Findex. SPC receives payments and rebates from a number of those product providers.

Findex and its sub-entities hold exclusive distribution rights to LifeFocus, Portfolio Solutions eWrap and encircle platforms. These may be recommended to you if deemed appropriate to your circumstances and not in contravention of your best interests. These platform services have an independent Trustee and Custodian (Super/Pension) or independent Operator and Custodian (Investment) who supervise administration and approved investments. The approved investments are all provided by external professional Fund Managers or purchased directly on the ASX.

In performing its role as Promoter of the LifeFocus and Portfolio Solutions platforms, ACM retains a share of the total administration fee. Some of the fees go to external providers for funds management, portfolio administration services, trustee services, responsible entity services, custodial services and research and asset consulting. ACM may also receive rebates from fund managers, which are used to offset promotional activities. Any rebates are not expected to exceed 0.4% of invested funds.

Findex also has supplier agreements with a number of administrative platforms. We may receive additional payments for arrangements entered into prior to 1 July 2013.

These payments are usually based on the amount invested with the product provider. If the relevant products are recommended to you, more details about this arrangement will be provided in the SoA and your consent for such payments to be made will be required.

If you purchase or sell direct securities through us, we may receive a fee for these transactions. Details of which will be disclosed in your advice document.

Your financial adviser may also receive a range of other benefits from product providers such as marketing support or sponsorship, entertainment, conferences, accommodation and travel which will be disclosed in your SoA.

We maintain a public register outlining the forms of alternative remuneration that we both pay and receive. A copy of this register can be accessed upon request. Any of the payments listed above will be made to the extent permitted by law.

## 8. How we look after your privacy

Australian Privacy Principles apply to the collection of personal or sensitive information. This means that information provided by you in the course of receiving financial planning services must only be used:

- To provide you with information, products or services that you might reasonably expect or request;
- To fully understand or anticipate your needs during our relationship;
- To manage rights and obligations under any laws applying to the services provided, or
- To conduct research, or planning and marketing, which includes direct marketing,
- Although you do have the right to specifically instruct that your details aren't used for these purposes.

The type of information which will usually be requested will include details about your financial, taxation, health, employment and estate planning matters. This may include details relating to your partner or family members.

As a financial service provider, we have an obligation under the Anti-Money Laundering and Counter-Terrorism Finance Act 2006 to verify your identity and the source of any funds.

This means that we will ask you to present identification documents such as passports and driver's licence and we will retain copies of this information.

You are entitled to request access to your file for the purpose of reviewing and correcting the information held. However, you cannot access information where it would have an unreasonable impact on the privacy of another person or if the information is relevant to legal obligations or legal proceedings.

In providing services to you, from time-to-time we will disclose information about you to other professionals, including insurance providers, superannuation trustees, product issuers as well as our service providers. It is generally unlikely that we will disclose your personal information to overseas recipients.

However, any overseas disclosure does not affect our commitment to safeguarding your personal information and we will take reasonable steps to ensure any overseas recipient of your personal information complies with Australian privacy law.

You are entitled to obtain access to the information we hold about you by contacting the Privacy Officer on (03) 9292 0101 or by writing to:

Privacy Officer  
Findex Group Limited  
Level 17, 181 William Street  
Melbourne VIC 3000

For more information about how we collect, use, store and disclose your personal information, our Privacy Policy can be accessed on our website at [www.findex.com.au](http://www.findex.com.au).

## 9. If you have a complaint

If you have a complaint about the financial services provided to you, you should take the following action:

1. Speak to your financial adviser about your concerns, or
2. Call us on (03) 9292 0101.

If, after speaking to us or your financial adviser, your complaint is not resolved within five (5) business days, please write to:

Disputes Manager  
Findex Group Limited  
PO Box R1851  
Royal Exchange NSW 1225

If we have not resolved your complaint within 45 days, or the issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA).

AFCA provides fair and independent financial services complaint resolution that is free to consumers. They can be contacted on 1800 931 678, online at [www.afca.org.au](http://www.afca.org.au), via email at [info@afca.org.au](mailto:info@afca.org.au) or in writing to Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001.

You can also make a complaint and obtain information about your rights on the Australian Securities and Investments Commissions free call information line: 1300 300 630 or online at [www.moneysmart.gov.au](http://www.moneysmart.gov.au).

## 10. Professional Indemnity Insurance

We maintain professional indemnity insurance that satisfies the requirements for compensation arrangements under section 912B of the Corporations Act 2001. The insurance provides indemnity up to the sum insured for FIWA and for our advisers in respect of authorisations and obligations under our Australian Financial Services Licence (subject to terms and conditions). This insurance covers former advisers and employees for work done whilst they were engaged with us.

## 11. Who can I contact for more information about this guide?

If you have any further questions about the financial services FIWA provides, please contact our head office on (03) 9292 0101.

Please retain this document for your reference and any future dealings with FIWA.

Financial Index Wealth Accountants

Level 17, 181 William Street

MELBOURNE VIC 3000

Ph: (03) 9292 0101

This FSG was issued on 8 January 2020 by Financial Index Australia Pty Ltd trading as Financial Index Wealth Accountants ABN: 90 094 287 037, AFSL No. 240559.