

## Ongoing Advisory & Consultancy Services (OA&CS) Agreement.

**Version: 20220228 - 28<sup>th</sup> Feb 2022**

Collins House Private Wealth is one of only a handful of firms in Australia that satisfies Sec 923A of the Corporations Act and provides Independent Financial Planning and Investment Advice.

This document explains how we deliver those service to you, how we charge for those services and is the basis of our agreement with you.

You should read this Agreement in its entirety and direct any questions that you may have to your adviser before you agree to the terms

There are **two components** within our OA&CS offering namely:

- Ongoing Independent Financial Planning Advice, and
- Ongoing Independent Investment Advice.

You may choose **either component or both components.**

Please note that almost 95% of our clients chose both components, as the combination of Independent Financial Planning Advice and Independent Investment Advice, covers nearly all scenarios and provides them with peace of mind.

You may cancel this Agreement at any time in writing, and we may cancel the agreement by giving you 30 days' notice in writing.

### The Ongoing Independent Financial Planning Advice component:

We deliver Ongoing Independent Financial Advice through at least one face-to-face meeting at our Collins Street Offices each year, or through Video/Telephone Meetings, as well as providing reasonable telephone and email contact during the year.

Our costs for providing the Ongoing Independent Financial Advice component of our OA&SC offering, is based upon your relevant personal circumstances and usually starts at \$440pm Incl. GST, although the range can be between \$220pm Incl GST and \$2,200pm Incl. GST.

When we agree on the flat dollar fee, we review the same annually at the end of June for the year ahead, so as to ensure that you are not paying for services you may not need and so that we can cover our costs for the provision of the appropriate level of service your relevant personal circumstances demand.

Ongoing Independent Financial Planning Advice is generally paid on a monthly retainer basis from a Macquarie Cash Management Account (CMA) we establish for all clients, and the retainer is set for up to 12 months to the 30th June each year.

You may decide not to subscribe to the monthly Ongoing Independent Financial Advice component of our OA&CS offering and engage us on an "ad hoc" basis.

However, as the Corporations Law requires us to prepare Advice Documents after nearly every interaction with you, it is likely that you will incur higher annual costs than the monthly retainer option, given Advice Documents often cost between \$4,400 to \$8,800 Incl. GST per interaction.



The range of services we can provide under the Independent Financial Planning Advice Component includes:

- Assisting you review your cash flow situation and making relevant recommendations where required,
- Reviewing your overall Tax situation and providing recommendations where appropriate,
- If you are employed, assisting you make Salary Sacrifice and other Superannuation Contribution,
- If you are Transitioning to Retire, assisting with Recontribution Strategies where appropriate,
- If you are retired, adjusting your Superannuation Income Streams as required by law,
- Providing you with updates on Legislative changes and how they may affect your situation,
- Checking if your Financial Plan is still appropriate given your relevant personal circumstances,
- Reviewing your relevant personal circumstances and making new recommendations where required,
- Reviewing any Debt Reduction Strategies in place to ensure you continue to be on track,
- Reviewing any Savings Strategies to ensure you continue to be on target,
- Reviewing your Salary Packaging options especially if your employment situation changes,
- Regularly updating your Superannuation Death Benefit Nominations as required by law,
- Reviewing your Estate Planning needs, including Tax Effective Intergenerational Wealth transfers,
- Executing your instructions to buy and sell listed and unlisted securities on your behalf,
- Reviewing your Personal Insurance requirements and making recommendations where required,
- Regularly preparing a Risk Tolerance Report, to ensure there is not a mismatch with Investments,
- Assisting your accountant or bookkeeper with investment information regarding your personal holdings or holdings in SMSFs, Family Trusts, Companies or Fixed Trusts
- Dealing with Education funding for Children & Grandchildren, or others, where appropriate
- Assisting with Family Law matters and dealing with asset divisions,
- Assisting with the sale of Assets such as Rental Properties, Shares, Art and Collectables etc.,
- Assisting with the sale of a Family Businesses, or Farms etc.,
- Assistance with vesting Employee Share schemes etc.,
- Assisting with Downsizing your family home, and making Downsizer Contributions to Super
- Assisting with cash flow planning to accommodate a Sea Change, or Tree Change,
- Assistance with Inheritances, windfalls etc.,
- Dealing with Gifting and Charitable Trusts,
- Assisting with Aged Care issues including cash flow planning,
- Assist with Centrelink and My Gov Registrations,
- Assistance with Refundable Accommodation Bond Funding,
- Assisting with Succession Planning and Bereavements.

We provide at least 4 of the above services each year as part of our commitment to you however the type of service will vary from year to year depending on your relevant personal circumstances.

## Ongoing Independent Investment Advice component:

We actively manage your investments throughout the year and will provide you with recommendations where appropriate which you may or may not wish to action, however in the case of our **Model Portfolios** which are set up as Separately Managed Accounts (SMA) by Praemium Ltd., we advise you of any underlying investment changes we have made on your behalf.

A Macquarie CMA is also set up for all clients so that the appropriate Taxable Income and Tax Deductible expenses can be monitored, and for directing cash flow to and from your nominated Bank Account.

Our Investment Committee meets on a regular basis (10 to 15 times per year) and communicates changes to the recommended Asset Allocation for both our Model Portfolios and Non – Model Portfolios and makes specific Investment Recommendations.

For this proactive active management of your investments using our **Model Portfolios** our Ongoing Independent Investment Advice fee is calculated on the value of the portfolio at the 30<sup>th</sup> June each, and set for the next 12 months using the following sliding scale:

**First \$2,000,000 - 0.550% p.a. Incl. GST**

**For the next \$5,000,000 - 0.275% p.a. Incl GST**

**For the remainder, - 0.165% p.a.. Incl GST.**

Where our **Model Portfolios are not utilised** our Ongoing Independent Investment Advice fee **may be higher or lower** than the above sliding scale, depending upon the nature and complexity of the work involved.

For example, should you prefer to hold a Portfolio of Listed and Unlisted Investments “off platform” we are required under the Corporations Law to prepare Statements of Advice and or other Records of Advice each and every time we have an interaction with a Retail Client, hence there may be a 50% or more loading placed on the above sliding scale, to reflect the additional work involved, although the actual loading will depend on the frequency of transactions and your relevant personal circumstances.

Where we are required to provide Ongoing Independent Investment Advice on funds that we have less involvement with there may be a reduction of 50% or more depending on the nature and frequency of the transactions.

Unlike most firms, we refund all commissions, such as “stamping fees” paid by Stockbrokers or Investment Banks when they raise capital through Initial Public Offerings (IPOs), all ongoing or trailing commissions paid by Fund Managers, Life Insurance Companies, Banks, or Issuers of Structured Products etc., which has the effect of reducing our OA&CS costs.

Banks such as Macquarie pay a commission of 0.275%pa on CMA account balances whilst Fund Managers like La Trobe pay a commission of 0.5% pa on deposits into their 12-month term investment, whilst Stockbrokers and Investment Banks pay IPO “stamping fees” ranging from 0.5% to 1.5% “up front” and Issuers of Structured Products pay up front commission of up to 3%.

## Examples of how we calculate our Ongoing Independent Investment Advice fee:

For an investment of \$1,500,000 in our **Model Portfolios**, our Ongoing Independent Investment Advice fee would be 0.55%pa Incl. GST which equates to \$8,250pa or \$687.50pm Incl. GST

The flat dollar amount of \$687.50 would be deducted on a monthly basis from your Macquarie CMA until the 30<sup>th</sup> June each year when it would be reset based on you portfolio value at that time.

For an investment of \$4,000,000 in our Model Portfolios our Ongoing Independent Investment Advice fee would be \$16,500pa Incl GST or 0.41%pa Incl GST.

For an investment of \$10,000,000 in our Model Portfolios our Ongoing Independent Investment Advice fee would be \$24,750 Incl GST or 0.24%pa Incl GST.

If there were significant withdrawals or deposits of capital during the period of the Agreement an adjustment may need to be made so as to ensure you are not being over or under charged as the case may be.

There are other costs associated with Investments within our Model Portfolios which Collins House **does not receive any benefit from**, such as platform fees and the underlying costs of any Exchange Traded or Managed funds, that may form part of the portfolio, and those fees will be fully disclosed in your Statement of Advice.

For larger portfolios the commission we receive which and refund to you may significantly reduce the Independent Investment Advice component of our OA&CS fee even after a 50% loading.

For example, for an investment portfolio of \$4m, not on our Model Portfolios, the Independent Investment Advice component using the above sliding scale would be 0.41% plus a loading of 50% which equates to \$24,800 or 0.62% pa

Depending on the blend of the underlying investments within your portfolio commissions we receive and rebate you could average \$18,333 or 0.45% or

Alternatively, should you prefer to maintain a set and forget portfolio of investments, Index Funds, or fixed Multi Asset Type holdings, there would be discount of up to a 50% to the above sliding scale, to reflect the lower amount of work involved.

Again, the actual discount will depend on the frequency of transactions and your relevant personal circumstances.

For information on our Model Portfolios please refer to

[https://landing.praemium.com/au/sites/default/files/Collins\\_House\\_PDS\\_FINAL.pdf](https://landing.praemium.com/au/sites/default/files/Collins_House_PDS_FINAL.pdf)

Should you have any questions about this Agreement or any other matters relating to the services we provide please do not hesitate to contact your Advisor.

## Examples of our costs for the complete OA&CS package:

Assuming you subscribed to the Ongoing Independent Financial Planning Advice component at say \$220pm Incl. GST and held \$1,000,000 in our **Model Portfolios**, our total OA&SC fee would be \$678.33pm Incl GST or \$8,140 pa Incl GST which equates to 0.81% Incl GST.

Assuming you required additional Ongoing Independent Financial Planning Advice at say \$440pm Incl. GST, and held \$1,500,000 in our **Model Portfolios**, our total OA&CS fee would be \$1,127.50pm or \$13,530 pa which equates to 0.90%pa Incl GST.

For larger sums the effect of the sliding scale Investment Advice fee and a \$440pm Ongoing Independent Financial Planning Advice fee results in a lower percentage cost as outlined below:

For a \$4m investment in our **Model Portfolios** and a \$440pm Ongoing Independent Financial Planning fee, the total OA&CS fee would be \$1,815pm or \$21,780pa which equates to 0.54% pa Incl. GST

For a \$10m investment in our **Model Portfolios** and a \$440pm Ongoing Independent Financial Planning fee, the total OA&CS fee would be \$2,915pm or \$34,980pa which equates to 0.35% pa Incl GST

For a \$20m investment in our **Model Portfolios** and a \$440pm Ongoing Independent Financial Planning fee, the total OA&CS fee would be \$4,290pm or \$51,480pa which equates to 0.26% pa Incl. GST.

## Agreement Commencing and Termination:

The Agreement commences when you sign a notice of acceptance which we will send to you with a Financial Disclosure Document and terminates on 30th June each year when we will send you an invitation to commence a new Agreement for the next 12 months.

In setting your fees for the next 12 months we will take into consideration your needs for Ongoing Independent Financial Planning advice and the value of your investment portfolio.

You can terminate this Agreement at any time by notifying us in writing, and we can terminate this Agreement at any time by providing you with at least 30 days' notice in writing.

Should the Agreement be terminated, your **Model Portfolio** investments will need to be transferred to an alternate platform or broker sponsor, and you will incur transaction costs for these transfers such as "off market transfers" and "transfers in specie" which are imposed by third parties, and not Collins House.

If the investments need to be liquidated there will be a Capital Gains Tax Event which could give rise to a Tax liability, as well as costs imposed by third parties, such as "buy/sell spreads" and other chargers, so planning needs to be undertaken when contemplating any termination of our Agreement.

## Summary:

We provide Independent Financial Planning and Investment advice that is in Your Best Interests and at a fair and reasonable cost. We do not accept any benefits that influence our advice have no conflicts of interest.