



SAMPLE CLIENT ENGAGEMENT LETTER

ABC FINANCIAL PLANNING

Mr and Ms Client Name
100 Any Street
Sydney NSW 2000

1 July, 2017

Dear Mr. and Ms. Client Name,

Thank you for the opportunity to meet with you and discuss your financial situation. This letter outlines the specific terms of the financial planning engagement between:

John Smith CFP®, Mr. and Ms. Client Name

CLIENT SERVICE AGREEMENT

1. Scope of Services

- 1.1 This agreement sets out the terms and conditions of our ongoing professional relationship with you and on which we will provide you with financial planning services.
- 1.2 We will assist you to develop a strategy to manage your financial affairs and meet your financial goals.
- 1.3 We will provide you with the services set out in Item 3 of Schedule 1. From time to time, we may appoint agents to assist us in providing the services.
- 1.4 Where necessary and if you accept our recommendations, we will implement the recommendations by assisting with the completion of paperwork, arranging for the investment of funds and the acquisition of the appropriate insurances.
- 1.5 As part of our services, we will not provide you with administration support (for example, in relation to the management of insurance claims) unless specifically included as part of the services in Item 3 of Schedule 1.
- 1.6 We may provide you with tax (financial) advice as part of our engagement.
- 1.7 Unless we specify otherwise in Item 3 of Schedule 1, neither your financial planner nor any of our employees are authorised to provide any legal, or accounting advice or to prepare any legal or accounting documents or to provide tax agent services.
- 1.8 If you require us to provide other services,

and we agree to provide them, these services will be provided at an additional cost to you. If you require additional services, we will provide you with an estimate of costs associated with these services prior to commencing.

- 1.9 You acknowledge that we can only provide you with the services on the basis of the information you have provided to us.

2. Fees

- 2.1 We will charge you a fee for the services we provide under this agreement as set out in Item 4 of Schedule 1.
- 2.2 You agree that these fees will be calculated in the manner set out in Item 5 of Schedule 1.
- 2.3 Each of the fees are payable personally by you. However, we may agree with you for our fees to be paid out of your investment funds, or as a percentage of your superannuation account.
- 2.4 We will not receive any commissions from any product provider or any other party in connection with our services.

3. Prior Agreement

- 3.1 This agreement replaces any existing agreement which you may have entered into with us. Any prior agreement is terminated by entering into this agreement.

This Client Service Agreement template has been prepared to enable FPA members to comply with the requirements in the FPA Professional Ongoing Fees Code.

The template is available for download at fpa.com.au/ongoingfeescode.



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4. Our Obligations

- 4.1 We represent that we are:
- 4.1.1 members of the Financial Planning Association of Australia;
 - 4.1.2 governed by the Financial Planning Association of Australia's Code of Professional Practice (Code); and
 - 4.1.3 a Participating Member of the Financial Planning Association of Australia Professional Ongoing Fees Code (Ongoing Fees Code) Participating Member Registration Agreement.
- 4.2 Because we are subject to the Code and the Ongoing Fees Code we:
- 4.2.1 will provide you with the services set out in Item 3 of Schedule 1 with the level of due care and skill that is reasonably expected of a financial planner;
 - 4.2.2 will inform you in accordance with Clause 14.1 of any changes to the Code or the Ongoing Fee Code which impacts our fees and charges, or the terms on which we provide our services;
 - 4.2.3 will provide you with a copy of our conflicts management policy upon request;
 - 4.2.4 will provide you with access to your financial planner to hold discussions with them on a regular basis;
 - 4.2.5 may provide you with access to educational tools and guidance

5. Instructions

- 5.1 If we are providing services to you jointly, we accept instructions both jointly and severally from you.
- 5.2 You agree that any instructions you provide to us are subject to this agreement and any applicable laws
- 5.3 You agree that you will be bound by any instructions provided by you, or which we reasonably believe to be provided by you.
- 5.4 You acknowledge that you are responsible for any liability arising from your instructions.
- 5.5 You can direct us to invest, vary, transfer or convert the whole, or any part, of your

investment portfolio. All investment activity is subject to your approval.

- 5.6 You must provide us with all information requested in a clear, accurate and timely manner. Failure to do so, may contribute to delays.
- 5.7 If you do not provide us with sufficient information, there is a risk that the advice we provide will not be suitable to your circumstances.
- 5.8 All information supplied by you will be treated as confidential and in line with applicable privacy laws and our privacy policy. Information will only be disclosed to a third party with your consent or as permitted by law.

6. Associations and Remuneration

- 6.1 Any association or limitation which may impact the advice we provide to you has been disclosed in our Financial Services Guide.

7. Documents we provide to you

- 7.1 It is important for you to read documents provided by us and notify us promptly of the decision taken on any recommendation or if the meaning of any information is unclear.

8. Review Service

- 8.1 During the term of this agreement (or any further term of the agreement) you are entitled to a review annually or on a frequency as agreed by you and us. The review will evaluate your current situation against the objectives, strategies and financial planning recommendations we have previously identified with you.

9. Notice

- 9.1 If you need to contact us, you may do so by using the contact details contained at Item 1 of Schedule 1.
- 9.2 If we need to contact you, we will use the contact address you provide to us, and which is contained at Item 6 of Schedule 1. Any communication that is posted will be deemed received the next Business Day following posting. Any communication sent electronically will be deemed received at the time it is sent.

You are obliged to write to your clients informing them of any cost, benefit, risks or adverse consequences of implementing client instructions.



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- 9.3 You must inform us if you change your contact address. You are responsible for ensuring that we have up to date contact details for you.
- 9.4 If you do not respond to our communications, we will interpret this as a decision not to proceed with a recommendation. The timeframe for a response before the recommendation expires is 30 days.

10. Liability and indemnities

- 10.1 You acknowledge and agree that while we and our representatives will exercise due care and skill when recommending financial products, we do not give any assurance or warrant any particular financial product performance or rate of return.
- 10.2 We are not responsible for any loss incurred by you as a result of any act, omission, deceit, neglect, mistake or default of any third party except to the extent that the loss is attributable to our negligence, deceit or default.
- 10.3 To the extent that any loss, liability cost or expense to you is caused by our negligence, fraud or dishonesty, our liability is limited to the extent permitted by law to the value of the financial product or asset to which the liability arose at the time of the negligence, fraud or dishonesty.
- 10.4 You agree to reimburse us for the costs of all actions, proceedings, claims, demands, taxes, and expenses incurred by us as a result of providing services to you pursuant to this agreement. In this case, "taxes" include all stamp duty, registrations, and other duties, levies, deductions and charges whatsoever.
- 10.5 This clause 10 shall survive termination of this agreement.

11. Warranties

- 11.1 By entering into this agreement, you warrant that:
- 11.1.1 you have the power and authority to enter into this agreement;
- 11.1.2 the information you have provided to us is true and correct;
- 11.1.3 your obligations under this agreement are

valid and enforceable against you;

- 11.2 If you are a body corporate, you have the authorisations necessary for you to enter into this agreement and to observe and exercise your rights and obligations under the agreement.
- 11.3 If you are a trustee:
- 11.3.1 this agreement will bind you in both your personal capacity and your capacity as a trustee;
- 11.3.2 you are entitled to be indemnified out of the assets of the trust for liabilities which you may incur under this agreement;
- 11.3.3 you have authority to enter into this agreement; and
- 11.3.4 your instructions are lawful and authorised
- 11.4 This clause 11 shall survive termination of this agreement.

12. Assignment

- 12.1 You agree and warrant that we may assign our interest and responsibilities under this agreement by prior written notice to you.
- 12.2 You may not assign your interest under this agreement to any other person without our prior written consent.

13. Renewal of Agreement

- 13.1 This agreement may be renewed by further agreement prior to the expiration of the Renewal Interval set out in at Item 7 of Schedule 1.

14. Amendment of Agreement

- 14.1 We may amend the terms on which we provide our services (including the fees we charge for those services) by providing you 60 days' written notice.
- 14.2 In addition to clause 14.1, this agreement may be amended by the mutual agreement of the parties.

15. Term and termination

- 15.1 Unless this agreement is renewed, it commences from the date on which you sign and return this agreement to us and



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expires on the expiry of the term set out in Item 7 of Schedule 1.

- 15.2 This agreement may be terminated by:
- 15.2.1 either party, by providing the other party with 30 days' written notice;
- 15.2.2 by us if you breach this agreement or any relevant law, or fail to make any fee payments which are required under this agreement. If we do this we will write to you confirming that the agreement has ceased and informing you of any outstanding fees.
- 15.2.3 by you failing to renew this agreement. If this occurs, we will write to you confirming that the agreement has ceased and informing you of any outstanding fees.
- 15.3 This agreement terminates immediately if we are no longer a Participating Member of the Ongoing Fee Code.
- 15.4 Upon termination of this agreement, you may be liable to pay us any outstanding fees and charges associated with the services we have provided.

16. Complaints

- 16.1 By entering into this agreement, you have access to both our internal and external complaint handling mechanisms, including the Financial Planning Association of Australia's complaints handling system. Further details of our dispute resolution mechanisms are contained in our Financial Services Guide.

17. Governing Law

- 17.1 This agreement shall be governed by and construed in accordance with the laws of the State in which it is entered into. The parties agree to irrevocably submit to the non-exclusive jurisdiction of the courts of that State.

ACCEPTANCE OF TERMS

You acknowledge that you:

- Have received this letter dated 1 July 2017 and have read and understood it.
- Understand that this client letter is not intended for any other person.
- Understand the fees that will be incurred by implementing the recommendations.
- Have received a copy of our Financial Services Guide.
- Have read and understood our Privacy Policy, and consent to the collection, use and disclosure of your personal and other information including use in order to verify your personal information for Anti-Money Laundering/Counter Terrorism Financing (AML/CTF) purposes.



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Schedule 1

ITEM 1: ADVISER CONTACT DETAILS

John Smith CFP®
ABC Financial Planning
321 Walker Street
Sydney 2000, NSW
john@abc.com.au
02 9876 5432

ITEM 2: LICENSEE

XYZ Group AFSL no. 123456

ITEM 3: SERVICES

- Access to your financial planner (specify services, standards and frequency)
- Access to support/administration (specify services, standards and frequency)
- Portfolio monitoring services (specify services, standards and frequency)
- Reporting (specify services, standards and frequency)
- Education services (specify services, standards and frequency)
- Conduct a review (specify frequency). Each review will include:
 - evaluating your current situation against your confirmed objectives, needs and priorities and previously implemented financial planning recommendations;
 - confirming delivery of any previously agreed services;
 - identifying any services previously agreed but not utilised by you; and
 - assessing the suitability of any continuing services.

ITEM 4: FEES

(\$ amount) per year OR
(\$ amount) per month

ITEM 5: CALCULATION OF FEES

1. Asset based charging: you will be charged for financial planning and related services by (an initial or recurrent) fee calculated as a percentage of your assets where the rate of the fee is specifically agreed between us. The method we have agreed to use is (select applicable):

- The value of the portfolio assets on the last day of the month;
- The value of the portfolio assets on the fifteenth day of the month;
- The average value of the portfolio assets during the month.

Please list the relevant services in Item 3.

The fees being charged must be expressed as either an amount in Australian dollars, a percentage of funds under advice, or at an hourly rate (see Part 3.1 of the Ongoing Fee Arrangement).

The way fees are calculated should be set out here.

One of the following three methods should be used:

1. the value of the portfolio assets on the last day of the month;
2. the value of the portfolio assets on the fifteenth day of the month;
3. the average value of the portfolio assets during the month.



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OR

2. Hourly rate/time based charging: you will be charged for financial planning and related services solely upon an agreed hourly or time based rate for those services, plus disbursements. The rate we have agreed upon is (enter amount).

OR

3. Service based charging: you will be charged for financial planning and related services purely on the basis of an agreed price for the package of services agreed us.

ITEM 6: CLIENT CONTACT DETAILS

Mr and Ms Client Name
100 Any Street
Sydney NSW, 2000
client@name.com.au
(02) 3456 7890

Cannot exceed three years.

ITEM 7: RENEWAL INTERVAL (TERM)

This agreement cannot exceed a period of three years or (enter date) without being renewed.

I look forward to working with you and helping you reach your financial goals.

Yours sincerely,

Planner signature

Date

I have read, understood and accept the terms outlined in this letter of engagement.

Signed at _____
City

on _____
Day/Month/Year

Client signature

Client signature