



# **Insignia Financial Strategy Text Library**

**Internal Use Only**

## About this document

This document outlines the current smart coding / automation options available in the SoA and RoA wizards that launched Monday, October 30, 2023. As you read through the document, you will notice a number of highlighted areas. The meaning of these highlights are as follows:

- **Yellow Highlight** – existing edit point once merged out of XPLAN with “automate recommendation” in the Strategy Group in wizard is selected as NO.
- **Blue Highlight** – Details the data points used to condition the output (**“automate recommendation” in the Strategy Group in wizard is selected as YES**).

## Aged care

### [No Automation Currently Available] Aged Care Services & Accommodation (a1)

As part of moving into a residential aged care facility you would like us to assess the costs associated with aged care and provide you with options to fund these costs.

#### Paying your accommodation costs

You have the following options available to you to meet your accommodation costs:

- Make a payment in full as a refundable accommodation deposit (RAD) /contribution (RAC); or
- Make a payment in part as a refundable accommodation deposit (RAD) /contribution (RAC) and the remainder as a daily accommodation payment (DAP) /contribution (DAC)

#### Scenarios considered

We considered the following options in funding your aged care costs:

- Selling your home and using the proceeds to pay the \$XXX RAD in full;
- Selling your home and using the proceeds to pay a \$XXX RAD and paying the remainder by DAP; or
- Renting out your home and paying your ongoing aged care costs of \$XX by DAP

We have provided a comparison of each of the above scenarios and their impact on your cash flow in the following table:

**Tailor Alert:** Revise the below as required and insert specific text as to how costs are paid.

	Current Position	Sale of home to pay RAD in full	Sale of home to pay \$XX RAD and part DAP	Rent out home pay \$XX by DAP
Basic daily fee (per annum)				
Means tested care fee (per annum)				
Daily Accommodation Payment/Contribution				
<b>Annual residential care fees payable</b>				
Refundable Accommodation Deposit/Contribution*				
Extra Service Fee				
<b>Total fees</b>				
Account Based Pension				
Centrelink Age Pension				
Investment Income				
Rent from Family Home				
<b>Annual Income</b>				
Estimated personal tax*				
<b>Cash flow</b>				

\*These are estimates only and you should confirm these amounts with your tax agent.

Based on our analysis of each of the scenarios considered selling your home and paying the RAD in full /

selling your home and paying the RAD in part / retaining and renting your home will increase your overall cash flow.

**Tailor Alert:** Please review and only include the relevant strategy below

### Sell your home

You have advised that the estimated value of your home is \$XXX. After allowing for XXX% in real estate agent and legal fees, we estimate the net proceeds to be \$XXX. Combining the net proceeds with your current capital reserves of \$XXX (bank account and term deposit), we estimate you will have available funds of \$XXX.

	Amount
Net proceeds after sale of home	
Less cash reserve retained	
Lump sum accommodation costs	
<b>Remaining capital</b>	

In the event you choose to sell your home, we have estimated your Age Pension income will be approximately \$XXX per week/fortnight/month/year and means tested care fees to be \$XXX per annum.

### Why this benefits you

- By selling your home, you can use the proceeds to pay XXX% of the accommodation payment upfront as a RAD/RAC, which will help your cash flow by allowing you to avoid making a daily accommodation payment.
- For Centrelink Age Pension purposes only, the value of the RAD/RAC is an exempt asset and is not subject to deeming under the income test. This could reduce your total assessable assets and income for Centrelink purposes, and in turn increase your Age Pension entitlement.
- You will receive Centrelink Age Pension of \$XXX to assist with your ongoing expenses, including aged care fees.
- Your home will not be subject to capital gains tax as it is your principal place of residence.
- Funds from your home sale can be invested as per your risk profile and used to produce income.
- The time and expense required to rent your former home is avoided.

### Things you should consider

- Proceeds from the sale of your home become assessable when determining your Centrelink Age Pension eligibility. If a surplus remains and is held in cash after the RAD/RAC is paid, it will increase your level of deemed income which may in turn negatively impact your Centrelink Age Pension entitlements.
- [If paying from exempt asset, eg protected person in home] Your home is an exempt asset for the purpose of calculating your aged care means tested care fee, whereas the refundable deposit is included as an asset. Although this strategy will cause your fee to increase by an estimated \$XX per fortnight, our projections estimate that your overall cash flow will improve because of the increase to your Centrelink entitlement.
- Surplus proceeds from the sale of your home that are invested may become assessable when determining your aged care fee, depending on how the funds are invested.
- There are costs involved in selling a home, which may include maintenance or improvements on the home to have it ready for sale, legal costs, and real estate agent fees. Once sold, you will not benefit from any further capital appreciation in the property market.
- It can take time to sell a house, and your final sale price is not guaranteed and may vary based on the prevailing market conditions.
- Generally speaking there will be no deductions from the capital value of the refundable accommodation payment while you are in care.
- Daily payments will apply for any period that the refundable deposit is outstanding. Daily

payments are essentially the interest on the outstanding amount (currently charged at the rate of **XX%** per annum).

- You will not have access to the refundable deposit whilst you are in the aged care facility. You need to be comfortable that you have enough funds to continue to support yourself and can afford to lose access to this money.
- The aged care facility will retain any interest earned from investment of the refundable deposit.
- The refundable deposit is held by the aged care facility until you leave or pass away, at which time it is repaid to you or your estate.
- You should seek legal advice to review any documentation provided by the aged care home to ensure you understand your legal obligations.
- You will need to notify Centrelink/DVA within 14 days of the change to your circumstances so your pension entitlement can be reassessed.

### **Rent out your home**

You would like to retain and rent out your family home for approximately **\$XX per week**, which means you will not have sufficient assets to pay your accommodation costs as a refundable accommodation deposit (RAD) /contribution (RAC). You will therefore have to meet your accommodation costs as a daily accommodation payment (DAP) / contribution (DAC).

We estimate your Age Pension and means tested care fees to be impacted as a result of this. Your Age Pension will **reduce to** approximately **\$XXX per week/fortnight/month/year** and means tested care fees to **\$XXX** per annum.

### **Why this benefits you**

- Choosing to make daily payments enables you to pay the accommodation **payment/contribution** even though you don't have sufficient liquid assets to pay it as a lump sum.
- It enables you to retain your investments and other assets after moving into aged care.
- Choosing daily payments gives you time to restructure your finances and/or sell assets for an appropriate market value to cover the cost of the refundable deposit.
- You may continue to benefit from any capital appreciation in the value of your home.
- If you rent out your home the income you receive will help fund the cost of your aged care fees.
- For aged care fee purposes, a capped value of the home will be assessed as an asset, which may help to reduce your total assessable assets and in turn reduce aged care fees.
- For Centrelink Age Pension purposes, the value of your former family home will be an exempt asset (and you will be classified as a home owner for age pension purposes) for two years after you or your spouse's entry to aged care, whichever is later. **This period may be increased if you or your spouse entered an aged care facility before 1 January 2017 and other conditions are met.**

### **Things you should consider**

- Once you have entered the aged care facility, the applicable interest rate is fixed for the duration of your residency.
- The aged care home can request the daily payment up to one month in advance. You need to have sufficient cash flow to meet these payments.
- For this strategy to work you must rent out your former home and be receiving some rental income. Any rental income you receive is assessable income and must be included in your tax return, which may impact your entitlement to certain tax offsets or concessions.
- The rental income is also included as assessable income for the calculation of the aged care means tested amount.
- **[If part refundable deposit]** You will not have access to the refundable deposit while you are in the aged care home. You need to be comfortable that you have enough funds to continue to support yourself and can afford to lose access to this money.

- [If part refundable deposit] The refundable deposit is held by the aged care home until you leave or pass away, at which time the balance will be repaid to you or your estate.
- It may take time to find appropriate tenants for your home and there may be costs incurred to maintain the property.
- Capital gains tax may be payable when your home is eventually sold, as it has been used for income producing purposes.
- The calculation of the aged care fees will include the net rent received from your former family home. Exemptions apply if you or your spouse entered an aged care facility before 1 January 2017 and are also paying a daily accommodation payment or contribution.
- We recommend you seek assistance from a real estate agent in relation to renting out your former home. Although we have considered your home for the purpose of this recommendation, we are not licensed to provide advice on direct property investments.
- You should seek legal advice to review any documentation provided by the aged care home to ensure you understand your legal obligations.
- You will need to notify Centrelink/DVA within 14 days of the change to your circumstances so your pension entitlement can be reassessed.

## **[No Automation Currently Available] Establish a Granny Flat Right (a2)**

[Client Name], we recommend that you establish a granny flat right by [transferring the title of your existing main residence to XX while retaining the right to reside in the property OR transferring \$XXX and/or other assets to XXX with a right to reside in another dwelling provided OR purchasing a dwelling in the name of XXX with a right to reside in the dwelling OR constructing a dwelling on XX's property in which you will have the right to reside].

The terms of the granny flat arrangement should be documented formally in writing, under the advice of a legal specialist. All parties involved should receive independent legal, tax and financial advice to understand their rights, obligations and financial implications.

In addition, we also recommend that you review your estate planning arrangements if you proceed with the establishment of a granny flat right, to ensure that they continue to meet your objectives.

### **Why this benefits you**

- You have indicated that you would like a change in your living arrangements as a result of [declining mobility making it difficult for you to access and maintain your property] OR [the loss of your spouse making it difficult for you to be alone and maintain your property] OR [the need for additional in-home support, and do not want to proceed to residential aged care at this stage] OR [your preference to be closer to your family] OR [other client specific reason].
- Establishing a 'granny flat right' will enable you to receive the much-needed support and care from your family members, while ensuring some of your independence is retained.
- The establishment of a granny flat right may provide estate planning benefits as it may allow you to provide an early inheritance or direct assets to a particular family member.

### **Things you should consider**

- Once the [home] OR [other property] OR [cash] OR [payment for construction of the new dwelling] is transferred, it is important to understand that you will no longer have legal ownership and the legal owner will be [name of person granting the right]. This means that you will no longer [have access to name of asset OR have access to this sum of money]. We have discussed with you the impact of this on your ability to fund known and potential future expenses, and we believe that you will still be able to meet these expenses by accessing your [superannuation / account-based pension / other investment] OR [if applicable] through your ongoing entitlement to Age Pension/Service Pension].
- [If applicable] Your [daughter NAME, son NAME, other NAME] has committed to helping you fund your future [aged care/OTHER] expenses if the need arises. You should discuss this agreement with a legal specialist prior to entering into the granny flat arrangement. [if applicable] This is particularly important, as we don't believe you will be able to fund [your future aged care expenses] OR [other specific expense] without this support.
- [If applicable] Capital gains tax and other tax issues may arise in the future for [insert name] on whose land the granny flat is built or where you have the right to occupy a property. Independent tax advice should be received before entering into this arrangement.
- [If applicable –asset transferred not eligible for full main residence] As you're transferring ownership of your home which hasn't been your main residence for the total period that you've owned it, capital gains tax may be payable. Independent tax advice should be received before disposing of this dwelling.
- There are possible capital gains tax implications when granting, changing or terminating a granny flat right, though capital gains tax exemptions may apply for certain granny flat arrangements that are formalised and in writing. Capital gains tax can be significant if applicable, and independent tax and legal advice should be received before entering into this arrangement to ensure it meets the requirements for capital gains tax exemptions.
- [If applicable - stamp duty] As you are establishing a granny flat right via the transfer of the title of a dwelling, stamp duty is generally payable. OR As you are moving from your existing main residence and purchase another dwelling, you may need to pay stamp duty

on the purchase of the dwelling. Your lawyer would be able to assist in determining any stamp duty liability.

- Land tax and other incidental transfer costs may apply as a result of establishing the granny flat right.
- There will also be costs associated with obtaining tax advice, legal advice and drafting up a formal arrangement.

### **Social security implications**

- Gifts are usually subject to allowable limits, and amounts gifted above these limits are treated as deprived assets and assessed for means-testing for 5 years from the date of the gift. However, where a granny flat right is entered into, the granting of a life interest is considered to be valuable consideration, and the gifting rules may not apply.
- [If applicable – transfer of residence] As you are transferring the title of your existing home with the right to reside retained and no other cash/assets are being transferred, the market value of the home is the accepted value and deprivation won't apply. Therefore, as a result of establishing the granny flat right you will retain your Age Pension entitlements OR we estimate that your Age Pension entitlements will improve by approximately \$XX p.a. [If applicable] In addition you may be eligible for rent assistance.
- [If applicable – purchase new dwelling] As you are purchasing a new dwelling in another person's name, with the right to reside and no other cash/assets are being transferred, the purchase price of the new home is the accepted value. Therefore, as a result of establishing the granny flat right you will retain your Age Pension entitlements OR we estimate that your Age Pension entitlements will improve by approximately \$XX p.a. [If applicable] In addition you may be eligible for rent assistance.
- [If applicable – paying for new construction] As you are paying for the construction of a separate structure on another person's property in which you will reside and no other cash/assets are being transferred, the construction costs are the accepted value. Therefore, as a result of establishing the granny flat right you will retain your Age Pension entitlements OR we estimate that your Age Pension entitlements will improve by approximately \$XX p.a. [If applicable] In addition you may be eligible for rent assistance.
- [If applicable – reside in a person's existing dwelling] As you are paying an amount for the right to reside in [name of person]'s existing dwelling, the value of the interest is the lower of the reasonableness value or the value of assets actually transferred. Deprivation will apply to any amount transferred above the reasonableness value and will be assessed under the deprivation rules for 5 years. We have calculated that approximately \$XXX will be included as a deprived asset and estimate this will result in a reduction of \$XXX p.a. in Age Pension entitlements.
- As certain aged care fees are calculated based on income and assets (assessed under the social security rules), a granny flat right may reduce future aged care fees.
- You must ensure that the reason for entering the granny flat arrangement is not solely for the purpose of gaining a social security advantage. Centrelink indicates that in circumstances where a granny flat right is entered into solely for the purpose of gaining a social security advantage, deprivation may be deemed to have occurred.
- Where a granny flat right is established and vacated within five years, Centrelink will undertake an assessment of circumstances. Where it is found that a care need could have been reasonably foreseen at the time of establishment, the deprivation rules may be applied, which could lead to a reduction in benefits and entitlements and may also impact aged care fees.
- [If applicable – additional cash/assets transferred] As you are entering into an arrangement to [transfer of existing title, purchase of a new home in another person's name or payment of construction of a separate structure on another person's property] and transferring additional cash or other assets, this triggers an assessment by Centrelink to determine the accepted value of the right, known as the 'reasonableness test'. If the reasonableness test value is less than the total amount of assets transferred, the difference may be a gift and deprivation may apply. If a deprived asset results, it is counted as a financial asset and deemed under the income test for five years from the date of transfer. This may impact your Centrelink entitlements and potentially future

aged care fees We have calculated that approximately \$XXX will be included as a deprived asset and estimate this will result in a reduction of \$XXX p.a. in Age Pension entitlements.

- Note that if you pay for stamp duty on transfer of a home this may result in the reasonableness test being applied and result in deprivation.

## Cashflow & Structure

### **[No Automation Currently Available] Create a budget (cf1)**

We recommend you create a budget to keep you focused on your goals and maximise opportunities to achieve your financial objectives.

To establish a disciplined and effective budget we recommend you pay yourself \$XX per week to cover living expenses and other spending/direct the balance of your income to \$XX/Set yourself a budget of \$XX per annum and review this annually/other details:

#### **Why this benefits you**

- Setting a budget helps you to identify areas where you could save money and potentially increase your savings.
- A budget gives you control over your money as it helps you to identify areas of unnecessary spending as well as highlight opportunities to make additional savings.
- Identifying areas where you can make savings can boost your potential for wealth creation and/or debt reduction.

#### **Things you should consider**

- Your budget should be realistic and achievable. This requires careful planning and flexibility. Don't underestimate your living expenses or overindulge on discretionary expenses. However, it is important to allow a buffer for additional spending on areas such as entertainment and gifts from time to time.
- Your budget should be reviewed on an ongoing basis so it can be refined and adjusted where necessary.

## **[No Automation Currently Available] Establish a cash hub account to maintain a budgeting strategy (cf2)**

To help you establish an effective budget, we recommend you structure your accounts as outlined below:

- Establish **XXX** cash management account as your cash 'hub' account and the core of your budgeting strategy.
- Transfer an initial balance of **\$XXX** to the 'hub' account to serve as a cash buffer and contact your employer to arrange for your salary to be credited to this account going forwards.
- Retain **\$XXX** per pay within your 'hub' account to provide for your anticipated annual bills and commitments.
- Continue to use your existing **XXX** account to serve as your working transactional account. You should contact any third parties who are presently direct debiting this account (for bills, donations or regular funds transfers) and ensure that any regular payments are moved to your new 'hub' account.
- Open a new **XXX** account to serve as 'regular savings vehicle', diverting approximately **\$XXX** per pay to this account in consideration of your wealth accumulation objectives.

### **Why this benefits you**

- The recommended 'hub' account offers a comparatively high rate of interest in comparison to what is commonly available for standard transactional accounts. Keeping the bulk of each pay in your 'hub' account will result in a relatively high daily balance. This, along with the compounding high rate of daily interest, can provide a suitable return over the longer term.
- The recommended transactional account offers all the features you have indicated are of importance to you in a working account.
- The recommended savings vehicle offers a suitable return given your risk profile and investment timeframe. The funds invested may be relatively inaccessible in the short term however this will also encourage you to maintain your budget.

### **Things you should consider**

- The interest you earn on your cash accounts is taxed at your marginal tax rate.
- Interest is accrued in line with short-term interest rates. If rates are low, the return will generally be low.
- Your financial position is constantly changing in response to your personal and financial situation. You should regularly review your budget to make sure that it continues to meet your objectives.

## **[No Automation Currently Available] Maintain a cash reserve (cf3)**

We recommend you keep at least \$XXX in your XXX bank account to act as a cash reserve.

**[OR]**

We recommend you retain access to your line of credit to act as your cash reserve.

### **Why this benefits you**

- Cash investments are secure, highly liquid and are generally available at short notice in case of an emergency or to meet unforeseen expenses that may arise.
- It can help to protect your wealth by reducing the likelihood of having to sell long term investments, potentially at an unfavourable time, if you need cash immediately.
- This level of cash has been recommended because you have used some of the balance/you have indicated that you would feel more comfortable having access to this amount of cash/it needs to be topped up to pay pension payments/other reason.

### **Things you should consider**

- The interest you earn on your cash reserve is taxed at your marginal tax rate.
- Interest is accrued in line with short-term interest rates. If rates are low, the return will generally be low.
- It is important to regularly review your cash reserve to check that it continues to hold sufficient funds for your needs.

## **[No Automation Currently Available] Maintain your cash flow strategy (cf4)**

We have reviewed your cash flow strategy and believe the following remains appropriate for your situation:

- Continue to transfer \$XXX per month from your XXX account to your XXX account to fund your living expenses.
- Continue to meet your mortgage repayments of \$XXX per week/fortnight/month/annum from your XXX account.
- Continue to fund goal/objective of \$XXX per week/fortnight/month/annum from your XXX account.
- Continue to withdraw \$XXX per week/fortnight/month/annum from your XXX account to fund goal/objective.
- Draw \$XXX per week/fortnight/month/annum from your investment portfolio to fund the ongoing repayments on your investment loan.
- Maintain your regular investment plan of \$XXX per fortnight/month/annum into your XXX account.
- Retain \$XXX in your XXX account as a cash reserve for emergencies.

### **Why this benefits you**

- **[Regular withdrawal]** A regular withdrawal will continue to help meet your objective of XXX.
- **[If investment loan]** Your investment loan will help you accumulate wealth outside of superannuation in a tax effective manner. It may assist by maximising the funds you have for investment, to potentially achieve higher returns more quickly than with your existing cash flow alone.
- **[Reinvesting income]** By choosing to reinvest your investment income you will boost the compound growth effect within your portfolio.
- **[Reinvesting or regular investment plan]** Reinvesting income / Investing a set amount regularly encourages a strong savings discipline. It also reduces the timing risk of investing as purchasing parcels of shares or units at different times diversifies your investment entry points.
- **[If retaining cash reserve]** A cash reserve reduces the need to sell other investments at a potentially unfavourable time. Cash investments are secure, highly liquid and are generally available at short notice in case of an emergency or to meet unforeseen expenses that may arise.

### **Things you should consider**

- **[If investment loan]** You should ensure you have sufficient cash flow and reserves to meet the loan repayments and to protect against a rise in interest rates or lower than expected investment income.
- **[Making a withdrawal from investment portfolio]** Withdrawing from your investment portfolio to cover your planned expenses will reduce the amount of capital available to you to fund future expenditure.
- **[CGT]** Capital gains tax may be payable on the growth of investments when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. Our specific product recommendations, including any potential capital gains tax are detailed in later in this document.
- **[If reinvesting investment income]** Investment income, even if it is reinvested, will generally be added to your assessable income and taxed at your marginal tax rate.

## **[No Automation Currently Available] Set aside cash to meet a planned goal (cf5)**

We recommend you set aside \$XXX into an at-call cash account/a Term Deposit for XX months to meet your goal specified below.

### **Why this benefits you**

- Cash investments are secure, highly liquid and are generally available at short notice in case of an emergency or to meet unforeseen expenses that may arise.
- Setting this amount aside ensures you have the money available when you need it.
- Using secure and stable savings accounts rather than growth assets ensures your money will not drop in value between now and when you need it.
- **[Term deposits]** Term deposits may pay a higher rate of interest than cash at-call accounts and lock in the rate today for greater certainty on returns.

### **Things you should consider**

- Any interest you earn will be taxable at your marginal tax rate.
- Interest is accrued in line with short-term interest rates. If rates are low, the return will generally be low.
- **[Term deposits]** Redemption before maturity may require advance notice and may result in a penalty which is a reduction in the interest you earn.

## [No Automation Currently Available] Salary packaging arrangements (cf6)

We recommend that you arrange with your employer to package [name of item] valued at \$XXX.

The table below illustrates the effects on your net cash flow and personal tax situation as a result of the salary packaging arrangement:

	Cash Flow before Salary Packaging	Cash Flow after Salary Packaging
Gross Salary		
Salary Packaging (per annum)		
Fringe Benefits Tax		
Taxable Salary		
Income tax payable*		
<b>Net Salary (after tax)</b>		
Less post tax expenses on packaged item		
<b>Net cash flow</b>		

\* This is an estimate only and is based on current tax rates

### Why this benefits you

- [If applicable] As you are employed by a not-for-profit organisation, you may be able to salary package up to \$XXX each year, without incurring any fringe benefits tax (FBT).
- [If applicable] By paying for eligible expenses out of your pre-tax salary instead of your after-tax salary, we estimate you could save \$XXX each year in tax. This surplus cash flow can be used to meet other goals and objectives you have.
- Although your take home pay will reduce from \$XXX to \$XXX, your after-tax expenses will reduce by a greater amount as this item will now be paid by your employer from pre-tax income.

### Things you should consider

- The amount you can salary package is limited to \$XXX or XX% of your salary and can only be used towards eligible expenses. Please contact your employer for a detailed list of eligible expenses.
- We estimate your after-tax salary will reduce as illustrated in the table above because of this arrangement.
- The full value of your salary package is used to calculate your eligibility for the Medicare levy surcharge, tax offsets, for child support payments, and for assessing entitlement to some government benefits.
- You should confirm with your employer that the superannuation guarantee contribution they pay to your superannuation fund will continue to be based upon your total salary package. If this is not the case, we may need to review the effectiveness of this arrangement.
- Please consult with your accountant or tax adviser before implementing the above arrangement to ensure your full position is considered.

## **[No Automation Currently Available] Establish a Family Trust (cf7)**

We recommend you establish a **unit/discretionary** trust with \$XXX of your available funds, to **[provide reason]**. Considering your circumstances, we recommend a **special purpose corporate / individual** trustee. You should engage with a solicitor to assist in its establishment.

### **Why this benefits you**

- **[if unit trust]** A unit trust structure is designed to provide certainty of ownership for the owners of the units in the trust.
- **[if discretionary trust]** The discretionary trust can generally distribute income to certain beneficiaries providing tax advantages compared to holding assets in your personal name.
- A trust can assist with estate planning intentions by through continuity of ownership and succession planning.
- This structure may be able to provide protection for your assets from potential creditors or from family members where there is a dispute. It can also be used to assist family members, particularly for any who are unable to manage their own financial affairs.
- A trust has the flexibility to distribute income and capital gains to one or more beneficiaries.
- **[Trustee – Corporate]** A special purpose corporate trustee provides an added level of security. It also means you will not have to change the registered owner of trust assets in circumstances where that would be required if there was a change to an individual acting as trustee.
- **[Trustee – Individual]** Having an individual trustee structure is a simple and cost effective solution as you will not be required to establish a separate corporate entity and pay the costs associated with maintaining that entity.

### **Things you should consider**

- Trust structures can be complex and have wide-ranging impacts depending on your personal circumstances. To have an appropriate trust deed in place and to understand any further impacts from a tax or legal perspective we encourage you to seek guidance from your legal adviser or tax professional.
- If you choose to nominate a Corporate Beneficiary, there are costs associated with the establishment and maintenance of this structure however, tax payable on trust distributions to a corporate beneficiary is limited to the flat corporate tax rate. This may be lower than the rate payable by individual beneficiaries depending on their personal marginal tax rates.
- **[Trustee – Individual]** Trustees are bound by law to responsibly manage the trust. There are significant administrative and compliance tasks, which must be fulfilled by the trustee. These tasks can be time consuming, however non-compliance can result in significant penalties.
- **[Trustee – Individual]** To avoid issues that may arise upon your passing, careful succession planning should be put in place to ensure the transfer of control of your trust to a new trustee.
- All income must be distributed from the family trust each financial year. Any income not distributed to beneficiaries is liable for tax at the highest marginal rate.
- Should you receive any entitlement from the Department of Human Services, they will apply tests to determine what income and assets of a private trust are considered when working out your entitlements. Where applicable, you must tell Centrelink/Department of Veterans' Affairs within 14 days of changes to your circumstances.

## **[No Automation Currently Available] Farm Management Deposits (cf8)**

**[Establish]** We recommend you establish a Farm Management Deposit for \$XXX for \$XXX, this financial year/next financial year.

**[AND/OR]**

**[Existing]** We recommend you deposit income from your farm of \$XXX, this financial year/next financial year into your existing Farm Management Deposit.

### **Why this benefits you**

- By having these funds set aside, it will reduce the effects of uneven income due to unfavourable market conditions or weather.
- You can claim a tax deduction on deposits in the year the deposit is made, so you only pay tax when you withdraw funds.
- It may allow you to defer tax to a later year and depending on your circumstances upon withdrawal, your overall tax may be reduced.
- You may receive a higher interest rate than your existing bank account.

### **Things you should consider**

- You won't have immediate access to your funds. A penalty may apply if you access your money before the term ends which will result in a reduction in interest earned.
- If you cease to be a farmer, funds held within your Farm Management Deposit must be withdrawn within 120 days.
- You should give further consideration to the tax implications of this strategy. Please consult with your accountant or tax adviser before proceeding with this advice.
- You must meet the eligibility criteria in order to benefit from this strategy.

## Centrelink / DVA planning

### **[Automation Available]** Review your entitlement for the Age Pension (c1)

We recommend you speak to Centrelink to review your entitlement to the Age Pension. We estimate you will receive a benefit of approximately \$XXX [\[Wizard Question > Strategy Group > Strategy Automation > Estimated Fortnightly Payment\]](#) per fortnight, in addition to the Pensioner Concession Card and associated Centrelink Age Pension benefits.

#### **Why this benefits you**

- The Centrelink Age Pension will provide you with fortnightly income to meet your living expenses through retirement.
- [\[If continuing to be employed\]](#) [\[Drawn from Client Current Information – Employment Status\]](#) The Government provides an incentive for pensioners who choose to continue to work while receiving the Age Pension, called the Work Bonus, where part of your income earned does not count towards the Age Pension income test. You don't need to apply for the Work Bonus, however you will need to inform Centrelink if your earnings vary through the year.
- The Pensioner Concession Card entitles you to discounted utility bills, reduced public transport fares, and reduced cost medicines under the Pharmaceutical Benefits Scheme, as well as a range of concessions from state and territory governments and local councils.

#### **Things you should consider**

- The Age Pension is assessable income for tax purposes. However, you may be entitled to offsets to help reduce your tax liability.
- Your entitlement is subject to final Centrelink assessment where they will determine whether you meet the eligibility requirements and the asset and income test. Upon meeting these requirements, you must generally remain an Australian resident living in the country to receive a benefit.
- There are many factors that determine your eligibility for the Centrelink Age Pension, primarily your age, residency status and the level of income and assets that you have access to.
- Your Centrelink entitlement may increase or decrease over time as your circumstances change.
- If you are travelling overseas, you need to advise Centrelink. Even if you're only departing temporarily, your entitlement to the Pensioner Concession Card may be affected if you're temporarily absent for six weeks or more and your payment may be reduced if absent for 26 weeks or more, or if your absence is permanent.
- These calculations are a guide only. Centrelink will work out your actual entitlement.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## **[Automation Available] Review your entitlement to the JobSeeker Payment (c10)**

We recommend you speak to Centrelink to review your entitlement to the JobSeeker Payment. Assuming you meet the eligibility requirements, we estimate you will receive a payment of approximately \$XXX [Wizard Scenario Question – Estimated Fortnightly Payment] per fortnight in addition to obtaining a Health Care Card and associated entitlements.

[Over age 60 and received allowance for over 9 months] [Based on Client Age - > 60] As you have been receiving a payment for over nine months, you qualify for the Pensioner Concession Card and the Pharmaceutical Allowance, which will provide you with even further benefits.

### **Why this benefits you**

- The payment will assist you to meet your living expenses while you are seeking work.
- You will be eligible for the Health Care Card. This card entitles you to reduced cost medicines under the Pharmaceutical Benefits Scheme, as well as a range of concessions from state and territory governments and local councils.

### **Things you should consider**

- JobSeeker Payment is treated as assessable income for tax purposes. However, you may be entitled to tax offsets to help reduce your tax liability.
- Your entitlement is subject to final Centrelink assessment where they will determine whether you meet the eligibility requirements and the asset and income test. Upon meeting these requirements, you must generally remain an Australian resident living in the country to receive a benefit.
- You will be required to undertake job search or employment activities to remain eligible for JobSeeker Payment.
- You will need to maintain a Job Plan, which outlines the activities you agree to undertake while you are looking for work, to give you the best chance of finding work.
- You will also need to participate in activities designed to increase your chances of finding work.
- [If age 55 or older] [Based on Client Age - > 55] You may perform approved volunteer work to satisfy a number of the required conditions.
- Waiting periods based on your liquid assets and/or employment termination payments may apply. Therefore, you should look to submit your application at your earliest convenience.
- Payments are generally suspended if you are travelling overseas, and you need to visit a Centrelink office to complete reporting obligations before you leave. There are limited circumstances in which your payment may continue while you're overseas.
- These calculations are an estimate only. Centrelink will work out your actual entitlement.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## **[No Automation Required] Review your entitlement to the Commonwealth Seniors Health Card (c11)**

We recommend you contact Centrelink to review your entitlement to the Commonwealth Seniors Health Card (CSHC).

### **Why this benefits you**

- The CSHC entitles you to discounts on prescription medicines through the Pharmaceutical Benefits Scheme (PBS).
- If you reach the PBS safety net, any further prescriptions are usually supplied without charge for the remainder of the calendar year.
- The CSHC also entitles you to reduced out of pocket medical expenses above a concessional threshold under the extended Medicare Safety Net.
- You may also be entitled to a range of concessions from state and territory governments and local councils. You may also be able to access an extensive range of other services and programs available through Centrelink, which they can provide you further details on.

### **Things you should consider**

- Your entitlement is subject to final Centrelink assessment and if eligible is valid for 2 years. It will then be renewed automatically if you remain eligible.
- You must remain an Australian resident living in the country and meet an income test. Your income for this purpose includes taxable income, reportable fringe benefits, reportable superannuation contributions, net investment losses, certain tax-free pensions or benefits, and foreign income (including tax exempt). It may also include deemed income from superannuation income streams. An asset test does not apply for this entitlement.
- If you travel overseas temporarily, you can only continue to be eligible for the card for up to 19 weeks. If you are away for longer you will need to reapply upon your return. You need to let Centrelink know if you're going overseas.
- Centrelink will confirm your eligibility for this card.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## **[No Automation Required] Review your entitlement to the Low Income Health Care Card (c12)**

We recommend you contact Centrelink to review your entitlement to the Low Income Health Care Card (LIHCC).

### **Why this benefits you**

- The LIHCC provides you with reduced cost medicines under the Pharmaceutical Benefits Scheme.
- You may be eligible for concessions from private companies.
- You may also be entitled to a range of concessions from state and territory governments and local councils.

### **Things you should consider**

- Your entitlement is subject to final Centrelink assessment and if eligible is valid for 1 year. You will need to reapply to renew your card annually.
- Your income will be reviewed regularly by Centrelink. During the period that you hold your card, your income will be assessed continuously and cannot exceed the maximum income limit over any 8-week period. The income threshold for claiming the card is lower than the ongoing income limit for existing card holders. Should your income exceed the limit before the card expires it may be cancelled.
- You must remain an Australian resident living in the country and meet an income test. You do not however need to pass an assets test.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## **[No Automation Currently Available] Review your entitlement to the DVA Repatriation Card (c13)**

We recommend you contact the Department of Veteran's Affairs (DVA) to review your entitlement to the Repatriation Pharmaceutical Benefits Card OR Repatriation Health Care Card.

### **Why this benefits you**

- A Repatriation Pharmaceutical Benefits Card (Orange Card) provides access to the Repatriation Pharmaceutical Benefits Scheme (RPBS) at a concessional rate.
- A Repatriation Health Card (White Card) provides access to health care and associated services for war or service-related conditions. Treatment for some non-war related illnesses may also be covered.
- A Repatriation Health Card (Gold Card) provides access to health care and related services for all health care needs, for all conditions, whether or not they are related to war service.

### **Things you should consider**

- There are many factors that determine your eligibility for the DVA Repatriation Card, primarily your military service, age, residency status and your level of income and assets.
- Your entitlement is subject to final DVA Assessment.
- If your circumstances change, you are required to inform the Department of Veterans' Affairs within 14 days.

### **[Where an Orange Card is being recommended, include:]**

- The Orange Card is for pharmaceuticals only and cannot be used for any medical or other health care treatment. It covers a much wider range of pharmaceuticals than the Pharmaceutical Benefits Scheme (PBS). Access is based on clinical needs and some items require prior approval from DVA.
- Orange Card holders may also obtain items not listed in the Schedule of Pharmaceutical Benefits and may be prescribed items for a use other than that stipulated in the Schedule.

## [Automation Available] Gifting funds (c14)

With consideration to your personal goals and wishes, we recommend that you arrange to gift funds in the following manner:

When	Who	Amount
e.g. Now	XX	\$XX,XXX
e.g. July 2024	XX	\$XX,XXX

### Why this benefits you

- Allows you to gift funds as per your wishes.
- Your assessable assets under Centrelink will reduce by XXX, increasing your Age Pension entitlement. We estimate this will increase your Centrelink entitlement by up to \$XX per fortnight.
- [If applicable] Where you remain within Centrelink's gifting guidelines this may reduce your assessable assets and improve your Centrelink entitlements.
- [If applicable] [Aged Care Scope – Relevant In OR Relevant Out of Scope] This may reduce your assessable assets and lower your Aged Care Fee

### Things you should consider

- You will lose access to the money you are gifting. You need to be comfortable that you will continue to have enough funds to support yourself and can afford to give this money away with no expectations for it to be returned.
- There are limits on how much you can give away without affecting your social security entitlements. If you gift more than \$10,000 a year or \$30,000 over a rolling five year period, the excess amount will count towards assets test and deemed under the income test even though you no longer own the asset.
- These calculations are a guide only. Centrelink / DVA will work out any gifting that is considered a deprived asset.
- We have relied on the information you provided in giving advice. If your circumstances change, you are required to inform Centrelink within 14 days.

## **[Automation Available] Pre pay your funeral expenses (c15)**

We recommend you pre-pay \$XXX of the funeral expenses in [your name/your spouse's name/joint names].

### **Why this benefits you**

- You would like to set some money aside to cover your future funeral costs to remove this burden from your family.
- It allows you to make decisions regarding your funeral and paying the costs upfront.
- The pre-paid funeral expenses are exempt from being means tested for Centrelink purposes.
- [Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] We estimate your [insert payment type] will increase by \$XXXX per fortnight because of the reduction in your assessable assets and income.
- [Aged Care] [Aged Care Scope – Relevant In OR Relevant Out of Scope] We estimate the ongoing care fees you pay for aged care services will reduce by \$XXXX per day because of the reduction in your assessable assets and income.

### **Things you should consider**

- The amount of prepayment cannot be refunded except in very limited circumstances.
- A Centrelink exemption applies to pre-paid funeral expenses. The exemption will not also extend to a funeral bond. A burial plot may also be exempt.
- It is important to read the contract relating to the pre-paid funeral expenses.
- If your circumstances change, please inform Centrelink within 14 days.

## **[No Automation Currently Available] Apply for a loan through the Centrelink Home Equity Access Scheme (c18)**

We recommend that you apply for the Centrelink Home Equity Access Scheme (HEAS). You are eligible for a maximum amount of \$XXX, we recommend you apply for the maximum/\$XXX as a fortnightly payment of \$XXX, an advance lump sum OR a fortnightly payment of \$XXX, and an advance lump sum of \$XXX.

Our calculations are based on the information you have provided and are estimates only. Centrelink will provide you with updates on any outstanding loan amounts and the maximum loan balance which is recalculated every year.

To ensure this strategy remains appropriate, we recommend you have this strategy reviewed regularly and whenever there is a significant change to your circumstances or entitlements.

### **Why this benefits you**

- We estimate that you could receive a fortnightly payment for XX years.
- You currently don't have sufficient funds to meet your ongoing expenses/complete necessary home repairs/insert other specific reason. This strategy will allow you to access equity in your property as a loan to meet this specific need.
- The loan payments are a non-taxable loan from Centrelink. The interest rate that applies to this loan is lower than the current standard interest rate.
- The loan amount can be received as a fortnightly payment, in addition to any normal social security entitlement, to receive up to 150% of the maximum fortnightly rate of Age Pension. Self-funded retiree can get the whole 150% as a loan. Up to 2 lump sum advances can be accessed in any 26-fortnight period, capped at 50% of the maximum annual rate of pension.
- You can nominate an amount of equity to be excluded from the value of the property to be held as security when your maximum loan amount is calculated.
- You are protected by a no negative equity guarantee (NNEG) which ensures the amount owed when you terminate your HEAS loan will not exceed the value of the property used as security for the loan (less any non-HEAS encumbrances).

### **Things you should consider**

- You must meet the eligibility criteria to apply.
- We estimate you would have XX% equity remaining in your property after XX years. This is based on the following assumptions:
  - The current value of the property used as security is \$XX
  - The capital growth of property is xx% p.a.
  - You draw the maximum loan amount/a loan amount of \$XX
  - [If applicable] You receive an advance loan payment of \$XX
  - [If applicable] You receive a fortnightly loan payment of \$XX
  - No voluntary repayments are made
  - The estimate does not take into consideration any increase or decrease in your fortnightly loan instalments.
- You need to use equity in Australian real estate as security for the loan. You can change which property is held as security providing the substitute property provides adequate security for the debt. It is important to note that a fall in the value of the property used as security may impact on the ability to repay the loan amount and the value of your Estate.
- The no negative equity guarantee (NNEG) will not apply if you intentionally increase encumbrances on the property held as security which may limit the Commonwealth's ability to recover the full amount of the loan balance, or you engaged in fraud or misrepresentation regarding your participation in the HEAS.
- The amount you borrow under the Home Equity Access Scheme, plus costs and interest, is a debt that must be repaid to Centrelink. You can review the details of your loan through your Centrelink online account via the 'Home Equity Access Scheme summary'

screen.

- The interest on the loan amount compounds each fortnight until the loan is repaid in full. You may vary your regular drawdown from your loan anytime. The longer you take to repay the loan, the more interest will accumulate. You can pay down the loan in part or full at any time.
- A charge or a caveat will be placed on the title deed to your property. You must pay costs to register and remove the statutory charge or caveat. You can either pay these costs at registration or have it added to your loan balance.
- The debt is recovered when you sell the property unless a substitute property with adequate security is provided. You must notify Centrelink if you intend to dispose of the secured property.
- You should consider how the repayment of this loan upon your death will impact the beneficiaries in your Will. Where needed you may need to amend your Will and ensure that your beneficiaries are aware of these impacts.
- You must notify Centrelink within 14 days if there are any changes to your situation (eg you intend to use the secured property as security for additional borrowings, leave the country, change status to a single/couple, become bankrupt or subject to a personal insolvency agreement).
- The property held as security must have adequate insurance. You must notify Centrelink within 14 days if the insured value of the property falls below the market value of all buildings on the property, your insurance ends or you change insurance providers.
- Payments under the HEAS cease once the loan balance reaches the maximum loan amount (MLA). This is based on **your age/your partners age [if partner's age is younger]** and the equity you own in the property offered as security. The MLA is recalculated every year.
- Should you pass away, your Executor must contact Centrelink to repay the loan from your Estate. You, your legal professional, power of attorney and executor should consider in advance how the loan can be repaid, especially if the home needs to be sold within a short period. **[If partner]** If you have a surviving partner at the time of your death, the recovery of the loan can be deferred until after their death if your partner is at least age pension age and still using the property (i.e. as a residence or for income purposes). If your partner has not attained age pension age the loan payments will cease. Centrelink may initiate recovery of the debt after the bereavement period (14 weeks after your death).
- If you choose the advance payment option, it will reduce the fortnightly loan amount you can receive for the following 26 fortnights.
- **[Property is co-owned]** Information about your loan may be provided to the co-owners of the property. This will allow them to agree to the loan and any charges or caveats on the property.
- **[If partner]** If you have a partner, your partner's consent and agreement to the terms and conditions is required for you to claim the Home Equity Access Scheme payments. This applies, even if your partner isn't on the title for the property used as security.
- **[If co-living]** Where you have a partner/dependant living with you, it's important that they are aware of and comfortable with this arrangement as the repayment of the loan may impact on their financial circumstances and ability to meet their future income and care requirements in the event of your passing.
- **[Property owned within company/trust]** Property owned by a company or trust can be used as security if you are an attributable stakeholder of the company or trust. The company or trust must give a guarantee for the loan.
- You should obtain legal advice before proceeding to ensure you understand the loan contract, conditions, and your responsibilities.

## **[Automation Available] Review your entitlement for the Disability Support Pension (c2)**

We recommend you contact Centrelink to review your entitlement to the Disability Support Pension. Assuming you meet the eligibility requirements, we estimate you will receive a pension of approximately \$XXX [Wizard Scenario Question – Estimated Fortnightly Payment] per fortnight.

### **Why this benefits you**

- The Disability Support Pension provides income to help with the cost of living.
- You may be eligible for the Pensioner Concession Card. This card entitles you to discounted utility bills, reduced public transport fares, and reduced cost medicines under the Pharmaceutical Benefits Scheme, as well as a range of concessions from state and territory governments and local councils.
- You may also be able to access additional benefits as well as an extensive range of other services and programs through Centrelink, which they can provide you further details on.

### **Things you should consider**

- Your entitlement is subject to final Centrelink assessment where it will be assessed whether you meet the eligibility requirements and asset and income test.
- There are many factors that determine your eligibility for the Disability Support Pension, primarily the severity of your disability, age and residency status.
- If you have not previously received this entitlement, you will need to provide a report from your doctor to substantiate your case and you may also be required to attend a Job Capacity Assessment with Centrelink.
- [Under age pension age] [Based on Client Age] The Disability Support Pension is not taxed, given that you are under Age Pension age.
- [Over age pension age] [Based on Client Age] The Disability Support Pension is taxed, given that you have reached Age Pension age. However, you may be entitled to offsets to help reduce your tax liability.
- [Client name & Partner name], if you intend to travel overseas you need to notify Centrelink at least 14 days before departure and should discuss the impact on your pension with them. You may only be paid while temporarily absent for up to 28 days in any 12 month period unless exemptions apply.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## **[No Automation Currently Available] Review your entitlement to the DVA Disability Compensation Payment (c3)**

We recommend you contact the Department of Veterans' Affairs (DVA) to review your entitlement to the DVA Disability Compensation Payment. We estimate your Disability Compensation Payment entitlement to be \$XXXX per annum.

### **Calculating your payment**

The amount of Disability Compensation Payment paid is not impacted by your assets or income. Instead, the amount of Disability Compensation Payment paid depends on your level of injury or illness. Generally, the more severe your injury or illness, the higher the amount of payment you will receive.

You have advised that you are receiving the following type of Disability Compensation Payment:

Type of Disability Compensation Payment	Pension payable (\$)
<b>General Rate</b>	\$ XXX pa
• Payable in multiples of #10% up to 100%#	
<b>Extreme Disablement Adjustment</b>	\$ XXX pa
• for over 65 years of age only	
<b>Intermediate Rate</b>	\$ XXX pa
<b>Special Rate</b>	\$ XXX pa
• T&PI, blinded or TTI	

### **Why this benefits you**

- This payment will assist you in meeting your expenditure needs.
- Your assets may last longer because you will have less need to draw on your own investments to meet expenditure needs.

### **Things you should consider**

- The Disability Compensation Payment is not taxable and will not impact your existing entitlements.
- [if applicable] If you receive another benefit that is subject to means testing, you are required to notify DVA of any changes to your circumstances within 14 days, including investment and income details.
- These calculations are approximate and act as a guide only. DVA will confirm your actual entitlement.

## **[Automation Available]** Review your entitlement for the DVA Service Pension (c4)

We recommend you apply to the Department of Veterans' Affairs (DVA) to receive the DVA [Age/Invalidity/Partner] Service Pension. We estimate your benefit will be \$XXX [Wizard Scenario Question – Estimated Fortnightly Payment] per fortnight.

### **Why this benefits you**

- The pension income will increase your cash flow and help you meet your expenditure needs.
- Your assets will last longer because you will have less need to draw on your own investments to meet expenditure needs.
- You may be entitled to the Pensioner Concession Card which provides discounts to help reduce your expenses.
- [If applicable] Upon receiving the DVA Service Pension, you may also be eligible for the Veteran Gold Card which entitles you to receive medical treatment generally paid by DVA.

### **Things you should consider**

- These calculations are a guide only. DVA will confirm your eligibility and benefit that you will receive.
- [If applicable] The DVA Pension is assessable income for tax purposes. However you may be entitled to tax offsets to help reduce your tax liability.
- The amount you receive from the DVA Service Pension is based on your assessable assets and income and may change over time as your circumstances change.
- You are required to notify DVA within 14 days about any change to your situation that may affect your entitlement.
- If you are travelling overseas, you should discuss the impact on your pension with DVA to determine if any supplementary payments or concessions are impacted. Generally DVA Service Pension will continue to be paid overseas.

## **[No Automation Currently Available] Review your entitlement to Parental Leave Pay (c5)**

We recommend you contact Centrelink [now / 3 months before your expected due date / adoption] to apply for the Parental Leave [and Dad and Partner] payment.

[Parent 1 Name], we estimate that you will be entitled to Parental Leave Pay of \$XXXX over an XX week period.

[Parent 2 Name], we estimate that you will be entitled to a Dad and Partner payment of \$XXXX over a XX week period.

### **Why this benefits you**

- To enable you to continue to meet your ongoing income requirements while you are caring for your [newborn / adopted child].
- Enable you to spend more time as a family, bonding with your [newborn / adopted child].
- [Child born/adopted on or after 1 July 2025] A superannuation contribution will be made on your behalf by the Government. The super contribution is calculated at 12% (the Superannuation Guarantee Rate) based on the parental leave payments received. A nominal interest component will also apply, representing forgone earnings, as the superannuation contribution is made annually as a lump sum at the end of the financial year in which you receive the Parental Leave Pay.

### **Things you should consider**

- Parental Leave Pay is taxable.
- Your claim for Parental Leave Pay must be made within 12 months of the child's [birth date / adoption].
- [If applicable - couples] Your partner is entitled to a minimum 10 days of Parental Leave Pay and must make their own claim for Parental Leave Pay within 24 months of the child's [birth date / adoption].
- Parental Leave Pay must be paid fully within 24 months of your child's [birth date / adoption]. Unused days after 24 months are lost. Claims can be paid for up to 100 days in the past.
- [Child born/adopted on or after 1 July 2025] Contributions tax of 15% will be deducted from the Superannuation contribution that is made on your behalf by the Government. This contribution counts towards your concessional contribution cap.
- [Child born/adopted on or after 1 July 2025] You do not need to apply for the super contribution on your Parental Leave payments. The ATO will determine your eligibility based on information from Services Australia and paid into your super fund.
- You can give permission to share additional days with your partner.
- Family Tax Benefit Part B is not payable during receipt of Parental Leave Pay.
- You will not receive a payment until you have registered the birth of your newborn baby.
- These calculations are a guide only. Centrelink will work out your actual entitlement.

## **[No Automation Currently Available] Apply to Centrelink for the Parenting Payment (c6)**

Based on your circumstances, we recommend that you contact Centrelink and apply for the parenting payment.

### **Why this benefits you**

- As you provide substantial care to your **child / foster child / grandchild** and they are under **8 [if client is single] / 6 [if client is partnered]**, we believe you are eligible to receive the Parenting Payment.
- The Payment will assist you in meeting your income needs while caring for your child.

### **Things you should consider**

- The Parenting Payment is taxable; however, you may be entitled to the seniors and pensioners tax offset (SAPTO) to help reduce your tax liability.
- Your entitlement is subject to final Centrelink assessment where it will be assessed whether you meet the eligibility requirements and asset and income test.
- Your Centrelink entitlement may increase or decrease over time as your circumstances change.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## **[Automation Available] Review your entitlement for Carer Allowance (c7)**

We recommend you review your entitlement to the Carer Allowance. Assuming you meet the eligibility requirements, we estimate you will receive an allowance of approximately \$XXX [Wizard Scenario Question – Estimated Fortnightly Payment] per fortnight.

### **Why this benefits you**

- The entitlement received can be used to provide financial support and fund additional costs that may be incurred while caring for XXX.
- You may be eligible for the Carer Supplement, which is an ongoing, non-indexed annual lump sum payment of up to \$600 which is in addition to the carer allowance.
- [If caring for child under 16] The child in your care will be eligible for the Health Care Card which entitles the child to reduced cost medicines under the Pharmaceutical Benefits Scheme.

### **Things you should consider**

- The Carer Allowance is subject to an income test.
- Your entitlement is subject to final Centrelink assessment where they will determine whether you meet the eligibility requirements. Upon meeting these requirements, you must remain an Australian resident living in the country to receive the benefit.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## **[No Automation Currently Available] Review your entitlement to the Carer Payment (c8)**

We recommend you contact Centrelink to review your entitlement to the Carer Payment. Assuming you meet the eligibility requirements, we estimate you will receive a payment of approximately \$XXX per fortnight.

### **Why this benefits you**

- The entitlement received can be used to provide financial support and fund additional costs that may be incurred while caring for XXX.
- You may be eligible for the Carer Supplement, which is an ongoing, non-indexed annual lump sum payment of up to \$XXX.
- You may be eligible for the Pensioner Concession Card. This card entitles you to reduced cost medicines under the Pharmaceutical Benefits Scheme, as well as a range of concessions from state and territory governments and local councils.

### **Things you should consider**

- The Carer Payment is subject to Centrelink's income and assets test.
- Your entitlement is subject to final Centrelink assessment where they will determine whether you meet the eligibility requirements. Upon meeting these requirements, you must both remain an Australian resident living in the country to receive a benefit.
- A medical assessment must be completed for Centrelink to determine XXX's need for care.
- If you are travelling overseas you need to advise Centrelink as your payments may be affected.
- Carer Payment is [if over Age Pension age] taxable to you because either you or the person you are caring for is over Age Pension age. [if under Age Pension age] non-taxable because you and the person you are caring for are both under Age Pension age.
- If your circumstances change including care arrangements, you are required to inform Centrelink within 14 days.

## **[Automation Available]** Review your entitlement for the Family Tax Benefit Payment (c9)

We recommend you contact Centrelink to review your entitlement to receive Family Tax Benefit Part X.

We estimate you will receive the following Family Tax Benefit entitlement:

Benefit Type	Estimated Amount
Family Tax Benefit Part A [XTOOLS+ > Individual Cashflow > Income Support > FTB]	\$ XXX
Family Tax Benefit Part B [XTOOLS+ > Individual Cashflow > Income Support > FTB]	\$ XXX
<b>Total Amount</b>	<b>\$ XXX</b>

### **Family Tax Benefit Part A**

Family Tax Benefit Part A provides a payment per child based on your family's circumstances. If eligible, the level of payment will vary depending on the age and number of children you have.

### **Family Tax Benefit Part B**

Family Tax Benefit Part B provides extra help to sole parent families and to families where there is only one main income. If eligible, the level of payment will vary depending on the age of your youngest child.

For sole parent or carer families with an annual taxable income less than the annual adjusted taxable income level you will receive the maximum amount of Family Tax Benefit Part B. If your adjusted taxable income is above this threshold, you will not be eligible for this benefit.

Family Tax Benefits can be paid in fortnightly instalments or as an annual lump sum.

#### **Why this benefits you**

- The payment of Family Tax Benefit will assist you with paying school fees / XXX.
- [If eligible for maximum FTB part A] You will be eligible for the Health Care Card. This card entitles you to reduced cost medicines under the Pharmaceutical Benefits Scheme, as well as a range of concessions from state and territory governments and local councils.
- You may also be able to access an extensive range of other services and programs available through Centrelink.

#### **Things you should consider**

- Your entitlement is subject to final Centrelink assessment where they will determine whether you meet the eligibility requirements and income test. Upon meeting these requirements, you must generally remain an Australian resident living in the country to receive a benefit.
- You cannot receive FTB Part B during Parental Leave Pay period; however, you may receive it after this period ends.
- [If client on or approaching maternity leave] Client/Partner you will only be eligible to receive the FTB Part A whilst you are on maternity leave.
- Health Care Card concessions are different in each state and territory and vary between councils.
- If your circumstances change, you are required to inform Centrelink within 14 days.

## Debt management

### **[No Automation Currently Available] Make a lump sum debt repayment (d1)**

We recommend you use \$XXX to make a lump sum debt repayment into your XXX loan.

#### **Why this benefits you**

- By making a lump sum repayment you will reduce the amount of interest paid over the life of the loan and help repay your loan sooner.
- [if variable loan and repayments reduce] This will reduce the impact of fluctuating interest rates and ongoing loan repayments on your cash flow.

#### **Things you should consider**

- [deductible] The interest expense associated with this loan is tax deductible. Repaying a large portion of your debt will reduce the associated interest expense, potentially increasing your income tax liability in future financial years. You should discuss these implications with your taxation specialist.
- [fixed loan] Some lenders may charge 'prepayment' or 'early termination' fees as a result of early repayment and there may be restrictions on lump sum repayments. Therefore, it is important you consult with your current lender(s) before making a lump sum repayment.

## **[No Automation Currently Available] Alter your loan repayments (d2)**

**[Increase]** After reviewing your cashflow position, we recommend you increase your **combined** debt repayments to \$XXX per **month/fortnight/week** into your **XXX** loan.

**[OR]**

**[Reduce]** After reviewing your cashflow position, we recommend you reduce your **combined** debt repayments to \$XXX per **month/fortnight/week** into your **XXX** loan.

### **Why this benefits you**

- **[Increase]** By making additional repayments you will reduce the interest over the life of the loan which will help repay the loan sooner.
- **[Increase - if variable loan]** This will also reduce the impact of fluctuating interest rates on your cash flow.
- **[Increase]** The quicker the loan is repaid, the sooner you will be able to boost your wealth accumulation plans using the amounts previously directed to loan repayments.
- **[Reduce]** This will free up cash flow of \$XXX p/frequency of which can be used to meet your expenditure and other objectives.
- **[Frequency of repayment]** Altering the repayment frequency on your mortgage from monthly to **fortnightly/weekly** will increase the number of repayments you make each year which may help reduce the amount of interest paid over the life of the loan and repay your loan sooner.

### **Things you should consider**

- **[Increase - deductible]** The interest expense associated with this loan is tax deductible. Increasing the rate at which you repay this debt will reduce the associated tax deduction, potentially increasing your income tax liability in future financial years. You should discuss these implications with your taxation specialist.
- **[Increase]** Increasing your repayments means that you will have less cashflow to fund your other expenses. Should you need to access these funds in the future, there may be costs associated with this.
- **[Increase - fixed loan]** Some lenders may charge 'prepayment' or 'early termination' fees as a result of early repayment and there may be restrictions on additional repayments. Therefore, it is important you consult with your current lender(s) before making a lump sum repayment.
- **[Reduce]** Decreasing regular repayments will result in a longer loan term and higher ongoing interest charged.
- An increase in variable rates will result in higher interest being paid over time which will result in a change to the projections provided.

## [Automation Available] Consolidate debt (d3)

You currently have more than one source of debt with varying interest rates and repayment terms. We recommend you consolidate your existing debt and make loan repayments as shown:

### Existing Loans

Lending Institution	Repayment Terms	Balance	Tax Status	Interest Rate	Repayment
XXX [Drawn from Client Current Information – Finance Provider]	fixed / variable [Drawn from Client Current Information – Repayment tab > Interest Rate type]	\$XXX [Drawn from Client Current Information – Outstanding Balance]	Non-deductible / Deductible	XX% [Drawn from Client Current Information – Repayment tab > Interest Rate]	\$XXX per XXX [Drawn from Client Current Information – Repayment tab > Repayment Amount & Frequency]

### Proposed Loan/s

Lending Institution	Repayment Terms	Balance	Tax Status	Interest Rate	Repayment
XXX	fixed / variable	\$XXX	Non-deductible / Deductible	XX%	\$XXX per XXX

### Why this benefits you

- [If applicable] Having a single loan to administer will be simpler and more cost effective to manage.
- [Lower interest rate] A lower interest rate will apply to your overall debt which can reduce your total interest costs over the lifetime of the loans.
- [Maintain repayments] Consolidating your debts will save you an estimated \$XXX in interest over the next XXX years.
- [Increase cash flow] We estimate your loan repayments will reduce from \$XXX to \$XXX per month/annum which increases your cash flow.
- [fixed loan] Fixing your interest rate will provide you with the certainty that your loan repayment will remain constant for the fixed period, allowing you to better plan your budget.
- We estimate you will be able to clear this debt by XXX if repayments and interest rates stay the same.
- The quicker the loan is repaid, the sooner you will be able to boost your wealth accumulation plans using the amounts previously directed to loan repayments.
- [Credit card] Due to the higher interest rates for credit cards and other personal debt, consolidating them into your home mortgage will reduce interest costs and help you reduce this debt faster.

### Things you should consider

- We have not and cannot provide you with advice on the appropriateness of refinancing your debt with a specific credit provider as we are not licensed to do so.
- You should consult directly with your lender to review the suitability of your current credit contract arrangements, or you can request a referral to a lender or mortgage broker. We are unable to assist you with completing any applications relating to the recommended strategy.
- [Reduce repayments] Decreasing regular repayments will result in a longer loan term and higher ongoing interest charged.
- [Fixed loan] A fixed interest rate is no guarantee that you will save interest; although you are protected from interest rises you will not benefit from any rate cuts.
- Some lenders may charge 'prepayment' or 'early termination' fees as a result of early repayment and there may be restrictions on lump sum repayments. It is important you consult with your credit provider to identify any other fees you may incur.

## **[No Automation Currently Available] Refinance an existing home loan (d4)**

We recommend you contact your bank or mortgage broker to discuss refinancing your home loan and adjust it to an interest only loan.

### **Why this benefits you**

- Refinancing lets you change your home loan to suit your current circumstances or take advantage of new loan features.
- Home loan refinancing can give you access to cash to allow you to [insert purpose e.g. renovate your home/make home improvements/pay off your credit cards/personal loans with a lower interest rate and monthly repayments/obtain a lower interest rate so you can reduce your monthly payments to increase available cash flow/obtain a lower interest rate so you can pay off your loan more quickly/purchase your new car].
- **[Fixed loan]** Fixing your interest rate will provide you with the certainty that your loan repayment will remain constant for the fixed period, allowing you to better plan your budget.
- **[Frequency of repayment]** Altering the repayment frequency on your mortgage from monthly to fortnightly/weekly will increase the number of repayments you make each year which may help reduce the amount of interest paid over the life of the loan and repay your loan sooner.
- **[Interest only]** Altering your loan repayments to interest only will reduce the impact on your cashflow.

### **Things you should consider**

- You may incur fees to refinance your loan. These may include application, establishment registration and handling fees on the new loan, early settlement or discharge fees on your existing loan, valuation fees and mortgage insurance.
- We have not and cannot provide you with advice on the appropriateness of refinancing your debt with a specific credit provider as we are not licensed to do so.
- You should consult directly with your lender to review the suitability of your current credit contract arrangements, or you can request a referral to a lender or mortgage broker. We are unable to assist you with completing any applications relating to the recommended strategy.
- **[Reduce repayments]** Decreasing regular repayments will result in a longer loan term and higher ongoing interest charged.
- **[fixed loan]** Some lenders may charge 'prepayment' or 'early termination' fees as a result of early repayment and there may be restrictions on lump sum repayments. It is important you consult with your credit provider to identify any other fees you may incur.
- **[Fixed loan]** A fixed interest rate is no guarantee that you will save interest; although you are protected from interest rises you will not benefit from any rate cuts.

## **[No Automation Currently Available] Establish an offset account facility (d5)**

We recommend you establish an offset account on your existing **XXX** loan and direct all of your salary and other income into this account. You should then pay your expenses as required from your offset account.

### **Why this benefits you**

- Funds held in offset against your loan reduce the effective balance when calculating the interest to be charged. This will reduce the interest cost and the term of the loan.

### **Things you should consider**

- Please be aware that, although our recommendation relates to your loan, we have not completed any analysis to determine the appropriateness of the loan product for your situation. Our recommendation only relates to the loan repayments and the impact on your cash flow.
- You should discuss this strategy with your lender to confirm whether your existing loan product allows you to implement this strategy, and whether the product continues to be suitable for you.
- We have not and cannot provide you with advice on the appropriateness of refinancing your loan with a specific credit provider as we are not licensed to do so.
- You should consult directly with your lender to review the suitability of your current credit contract arrangements, or you can request a referral to a lender or mortgage broker. We are unable to assist you with completing any applications relating to the recommended strategy.
- You should confirm with your lender whether any additional fees will apply to make changes to your loan.

## **[No Automation Currently Available] Establish a redraw facility (d6)**

We recommend you establish a redraw facility on your existing **XXX** loan and transfer any additional savings into the loan as available redraw.

### **Why this benefits you**

- You will continue to have access to the extra money that you have put into the redraw facility, this can serve as a cash reserve in case of emergency.

### **Things you should consider**

- Please be aware that, although our recommendation relates to your loan, we have not completed any analysis to determine the appropriateness of the loan product for your situation. Our recommendation only relates to the loan repayments and the impact on your cash flow.
- You should discuss this strategy with your lender to confirm whether your existing loan product allows you to implement this strategy, and whether the product continues to be suitable for you.
- We have not and cannot provide you with advice on the appropriateness of refinancing your loan with a specific credit provider as we are not licensed to do so.
- You should consult directly with your lender to review the suitability of your current credit contract arrangements, or you can request a referral to a lender or mortgage broker. We are unable to assist you with completing any applications relating to the recommended strategy.
- You should confirm with your lender whether any additional fees will apply to make changes to your loan.

# Estate planning

## [Automation Available] Establish a Will (e1)

We recommend you seek assistance from your solicitor to have your Will prepared.

### Why this benefits you

- Having an appropriate estate plan in place ensures the ownership and control of your assets are transferred to your intended beneficiaries according to your wishes. This will also ensure your family are not faced with difficult decisions or doubts about your intentions upon death.
- A robust estate plan may minimise the tax payable on the income and capital gains earned on assets transferred.
- [Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] After death, [spouse] [Spouse Name] will be assessed as a single person against the Centrelink asset and income thresholds. Reducing the amount of assets left to [spouse] [Spouse Name] after your death may help to minimise the impact on their Centrelink benefits at that time.
- [Aged care] [Aged Care Scope – Relevant In OR Relevant Out of Scope] Reducing the amount of assets left to [spouse] [Spouse Name] after your death may help to minimise the impact on their aged care fees at that time.

### Things you should consider

- If you were to pass away without a valid Will in place, the distribution of your assets will be determined by relevant State or Territory law, which may not reflect your wishes and could result in delays, conflicts and significant costs, which could otherwise have been avoided.
- Not all assets are included in your estate for distribution via your Will. Some non-estate assets potentially include superannuation, life insurance policies, jointly owned assets and assets owned through a trust or company.
- [Centrelink/Aged care] [Centrelink OR Aged Care Scope – Relevant In Scope OR Relevant Out of Scope] Gifting assets to other beneficiaries will reduce the assets available to [spouse] [Spouse Name]. You should ensure [spouse] [Spouse Name] will be left with sufficient assets to meet their ongoing needs.
- Your Will should be reviewed at least once every few years or when your circumstances change to ensure it reflects your current wishes and remains legal and valid.
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Review your Enduring Power of Attorney and/or Guardianship (e10)**

We recommend you seek legal advice to review and update your Enduring Power of Attorney and **QLD** Advance Health Directive and Statement of Choices **VIC** a Medical Treatment Decision Maker, Advance Care Directive for adults and Appointment of Support Person **TAS** appoint an Enduring Guardian and prepare an Advance Care Directive **NT** prepare an Advance Personal Plan **SA** prepare an Advance Care Directive **ACT** prepare a Health Direction and Advance Care Plan Statement of Choices **NSW** appoint an Enduring Guardian and prepare an Advance Care Directive **WA** appoint an Enduring Guardian, Advance Care Plan and Advance Health Directive **[Based on Client Residential Address]**.

### **Why this benefits you**

- Having an Enduring Power of Attorney in place gives you the peace of mind that your financial affairs can continue to be managed in the event you are unable to take care of them yourself.
- Compared to a standard Power of Attorney, an Enduring Power of Attorney offers the additional benefit of continuing to operate even after you become mentally incapacitated due to injury or illness; which is often the time you need it most.
- **[ACT/QLD - EPOA] [Based on Client Residential Address]** An Enduring Power of Attorney which grants power to make personal/health decisions allows a third party to make medical decisions on your behalf should you become unable to do so yourself.
- **[NSW/VIC/ACT/SA/TAS – Advance Care Directive] [Based on Client Residential Address]** An 'Advance Care Directive' allows you to formally make your wishes for medical care and treatment known and allows you to appoint a substitute decision maker, so that these can be considered.
- **[QLD/WA – Advance Health Directive] [Based on Client Residential Address]** An 'Advance Health Directive' allows you to formally make your wishes for medical care and treatment known and allows you to appoint a substitute decision maker, so that these can be considered.
- **[ACT – Advice Care Plan Statement of Choices] [Based on Client Residential Address]** The Advice Care Plan Statement of Choices is a supporting document that records additional information of your wishes and values regarding future medical treatments.
- **[QLD – Statement of Choices] [Based on Client Residential Address]** The Statement of Choices allows you to record your personal values and preferences for healthcare, helping family and healthcare professionals decide on medical care should you be unable to make decisions.
- **[VIC – Medical Treatment Decision Maker] [Based on Client Residential Address]** A Medical Treatment Decision Maker allows a third party to make medical decisions on your behalf should you become unable to do so yourself.
- **[VIC – Appointment of support person] [Based on Client Residential Address]** The Appointment of support person allows you to appoint a support person to help you to access health information relevant to your medical treatment. Your support person does not have the power to make medical treatment decisions on your behalf.
- **[NSW/TAS/WA – Enduring Guardianship] [Based on Client Residential Address]** Enduring Guardianship enables you to give someone the authority to make personal and lifestyle decisions on your behalf if you become unable to do so yourself. This can include providing consent for medical treatment.
- **[WA – Advance Care Plan] [Based on Client Residential Address]** The Advance Care Plan allows you to record additional personal wishes not covered in the Advance Care Directive or Enduring Guardianship.
- **[NT – Advance Personal Plan] [Based on Client Residential Address]** The Advance Personal Plan allows you to make an instructional directive which is binding and/or values directive which is not binding, in relation to medical care or treatment.

### **Things you should**

- You should take great care in deciding who you appoint as your Attorney or Guardian / substitute decision-maker. You are providing them with the ability to make very serious

**consider**

decisions on your behalf.

- An Enduring Power of Attorney and Guardianship is a legal document, so you will need to seek professional legal advice to have this prepared.
- Appointing an Attorney and a Guardian does not mean that you lose control over your affairs.
- A Power of Attorney and Guardianship ceases when you die with authority over your affairs passing to the Executor of your Will.
- If you have not appointed an Attorney and something unexpected happens, a court-appointed administrator will take control of your affairs. This may be a family member or a public official.
- Your Enduring Power of Attorney and Guardianship should be reviewed periodically, or whenever your circumstances or those of your nominated Attorney change.
- You can revoke an Enduring Power of Attorney and Guardianship at any time provided you have the capacity to understand your actions. You must inform your Attorney and Guardian in writing that you are ending their appointment. The laws governing Enduring Power of Attorney and Guardianship vary from state to state.
- It's important to regularly review and update your estate plans and nominations to ensure, especially if your situation changes, to ensure they reflect your current wishes.
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## **[No Automation Required] Review your insurance nomination (e11)**

We recommend you review your insurance beneficiary nomination and update if required.

### **Why this benefits you**

- Having a nomination in place will ensure that the insurance proceeds are paid to your preferred beneficiaries.

### **Things you should consider**

- Not all assets are included in your estate for distribution via your Will. Some non-estate assets potentially include superannuation, life insurance policies, jointly owned assets and assets owned through a trust or company.
- Should you want the benefits to bypass your estate and have certainty that they are paid directly to your preferred beneficiary, a way to achieve this is to make a beneficiary nomination on the policy.
- Where proceeds are directed to your estate, this may provide opportunity to use one or more testamentary trusts to provide a tax-effective future income for dependants as well as protecting your legacy in the event they have a relationship breakdown, face bankruptcy and so on.
- If you nominate your legal personal representative, upon your death claim proceeds will form part of your estate and will be distributed in accordance with your Will. Alternatively, your death claim proceeds will be distributed in accordance with the relevant State or Territory laws if you do not have a Will, or your Will is not valid.

## **[Automation Available] Purchase a Funeral Bond (e12)**

We recommend you invest \$XXX [WealthSolver – from Recommend and Acquire Scenario] into an XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] funeral bond.

### **Why this benefits you**

- You will have peace of mind knowing that your family won't have to worry about the cost of your funeral after your death.
- Funeral bonds are generally capital guaranteed and typically provide a rate of return closely aligned with the current cash rate. Furthermore, earnings are taxed in the hands of the bond issuer at a rate of 30% and do not need to be included in your tax return.
- [Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] Up to a certain threshold, the balance of a funeral bond is exempt from the Centrelink income and asset tests, which may increase your entitlements.

### **Things you should consider**

- If you pay in instalments and pass away before the bond is fully paid for, the recipient/s will only receive what you have paid into the bond and any money earned on the investment.
- You will be unable to cash in the value of your funeral bond prior to your death. You need to be comfortable that you will continue to have enough funds to support yourself and can afford to lose access to this money.
- Investment income generated by your investment will be retained in your bond account and taxed within the investment.
- [Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] If the total capital paid into the funeral bond is greater than the Centrelink exemption threshold, the whole value of the investment will be counted against the asset and income tests.
- Upon your death, if any or all of the bond proceeds are paid to your estate, a portion will be assessable income and taxed as part of the estate's income. The funeral bond issuer will provide this information at that time. If the amount is paid directly to a funeral director, no income is assessable to your estate.

## **[No Automation Currently Available] Include a testamentary trust provision in your Will (e13)**

We recommend you consult your solicitor to include a provision in your Will for the establishment of a testamentary trust upon your death.

### **Why this benefits you**

- You wish to provide for your **XXX** who is unable to manage their own finances. A testamentary trust can provide protection because the trustee has control over management of the funds and is able to pay income as necessary. This may provide asset protection for beneficiaries against situations such as divorce and/or bankruptcy.
- The trustee has discretion to control the distribution of both capital and income to beneficiaries, allowing the beneficiary's income and tax situation to be considered. This allows for income to be distributed in a tax-effective manner. This is particularly advantageous if there are children under age 18.

### **Things you should consider**

- You should carefully consider who you nominate as the trustee, as this person has complete control over management and distribution of trust assets and income. They also need to have the time to dedicate to running the trust.
- Similarly, if you nominate an appointer for the trust, you should carefully consider who you nominate, as this person has the power to change the trustee.
- The costs associated with a testamentary trust must be considered and weighed up against the benefits gained from having the trust.
- We note that we are only recommending that your Will be drafted in such a way as to allow for the possibility of a trust; not the establishment of the trust itself.
- The establishment of the trust may be held back if there are delays in administering the estate, for example, where a grant of probate takes time to finalise.
- If the estate is contested by potential beneficiaries, the trust may have reduced assets available for beneficiaries.
- Your estate planning specialist can provide further information to ensure this strategy fits in with your overall estate planning needs and objectives.

## **[No Automation Currently Available] Establish a special disability trust (e14)**

We recommend you consider establishing a special disability trust (SDT) for your disabled **[child/family member]**, **[Child/family member Name]**.

### **Why this benefits you**

- Special disability trusts can provide access to some significant social security, aged care and tax concessions for the primary beneficiary, and also to the individual(s) gifting to the trust.
- A gifting concession of up to \$500,000 (not indexed) combined is available for eligible family members of the principal beneficiary. This means that up to \$500,000 will not be included in the value of the assets on which the family member is assessed by Centrelink/the Department of Veterans' Affairs (DVA).
- An assets test exemption of up to \$XXX (applies in the current financial year and is indexed each year) is available to the principal beneficiary.
- Income from the special disability trust is exempt under the income test for the principal beneficiary.

### **Things you should consider**

- The trust can only have one primary beneficiary whom Centrelink/DVA must determine is severely disabled.
- A special disability trust can be established at any time. However, if you are establishing the trust through your Will, you should obtain legal advice to ensure there are appropriate provisions in your Will.
- There are specific reporting requirements to ensure that the special disability trust remains compliant with legislation.
- To be classified as a special disability trust, the trust deed must meet certain requirements. The model trust deed must contain certain clauses to access social security concessions. Clients should seek specialist legal advice in setting up a special disability trust.
- The primary purpose of the trust is to provide only for the reasonable accommodation and care needs of the beneficiary. The trust must have an independent trustee or more than one trustee.
- Costs may be incurred when setting up and running the trust.
- A gifting concession of up to \$500,000 (combined) applies to gifts made to the trust. This means Centrelink/DVA deprivation rules could arise for contributing family members for amounts above the \$500,000 limit.
- If the principal beneficiary dies within five years of the gift and an Age Pension donor doesn't benefit from the trust residue, or their share isn't proportionate with their gift, deprivation may apply for the balance of the five years.
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Nominate a binding non-lapsing death nomination (e15)**

We recommend you establish a non-lapsing binding death nomination on your **XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario OR Drawn from Client Current Information]**.

### **Why this benefits you**

- A binding death benefit nomination gives you greater control to have death benefits paid to your preferred eligible beneficiaries.
- Superannuation benefits do not automatically form part of your estate. Making a valid binding nomination gives the trustee specific direction regarding this payment. Under the rules of your superannuation fund, the trustee is obligated to follow this direction, provided that the nomination is valid at the time you pass away.
- Furthermore, making a non-lapsing binding nomination means that it will not lapse.
- A valid binding death benefit nomination can result in the death benefit being paid faster as the trustee won't need to undertake a claims process to determine an appropriate beneficiary.

### **Things you should consider**

- You can only nominate individuals who are defined as dependants under superannuation legislation or your legal personal representative. The validity of a binding nomination is only verified after your death. It is important to seek advice to ensure it is correctly completed and effective.
- If the nominated person is not an eligible superannuation dependant at the time you pass away, the nomination will be invalid and the trustees will decide who will receive your death benefit. They may pay it directly to someone the trustee identifies as a valid beneficiary, or to your legal personal representative. If it is paid to your estate, and you don't have a valid will, the proceeds could be distributed under the laws of intestacy. This could mean that your super proceeds don't end up in the hands of the intended beneficiaries.
- Tax may be payable on death benefits received as a lump sum by non-tax dependants. Certain beneficiaries entitled to receive a death benefit pension may also have to pay tax on pension payments in certain circumstances.
- If trustee discretion applies and disputes arise, it may take a long time to resolve the dispute.
- **[If SMSF] [Linked SMSF only]** You should ensure the trust deed of your fund allows non-lapsing nominations. The nomination should also follow the steps specific to your trust deed to ensure it is valid. SMSF trustees who are in dispute will need to seek recourse via legal action which may include court costs.
- A non-lapsing binding nomination will generally remain in force until cancelled even if your wishes regarding death benefit payments from superannuation change. You should review this nomination regularly to ensure that it remains in line with your wishes.
- If you nominate a child to receive your superannuation death benefit and it is paid as a death benefit pension, they will generally have full access to make withdrawals from age 18. The pension must be fully commuted (as a tax-free lump sum) by the time your child reaches age 25 (unless they are disabled).
- Your estate planning specialist can provide further information to ensure this strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Review your Will (e2)**

We recommend you seek assistance from your solicitor to review your Will.

### **Why this benefits you**

- Ensuring your Will is up to date ensures the ownership and control of your assets are transferred to your intended beneficiaries according to your wishes. This will also ensure your family are not faced with difficult decisions or doubts about your intentions upon death.
- A robust estate plan may minimise the tax payable on the income and capital gains earned on assets transferred.
- If you were to pass away without a valid Will in place, the distribution of your assets will be determined by relevant State or Territory law. This may not reflect your wishes and could result in delays, conflicts and significant costs, which could otherwise have been avoided.
- **[Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope]** After your death, **[spouse] [Spouse Name]** will be assessed as a single person against the Centrelink asset and income thresholds. Reducing the amount of assets left to **[spouse] [Spouse Name]** after your death may help to minimise the impact on their Centrelink benefits at that time.
- **[Aged care] [Aged Care Scope – Relevant In OR Relevant Out of Scope]** Reducing the amount of assets left to **[spouse] [Spouse Name]** after your death may help to minimise the impact on their aged care fees at that time.

### **Things you should consider**

- Your circumstances may have changed since the Will was last drafted. Your wishes may have changed, or the needs of beneficiaries may have changed. Without an updated Will, problems may arise with the distribution of your estate.
- Not all assets are included in your estate for distribution via your Will. Some non-estate assets potentially include superannuation, life insurance policies, jointly owned assets and assets owned through a trust or company.
- **[Centrelink/Aged care] [Centrelink OR Aged Care Scope – Relevant In OR Relevant Out of Scope]** Gifting assets to other beneficiaries will reduce the assets available to **[spouse] [Spouse Name]**. You should ensure **[spouse] [Spouse Name]** will be left with sufficient assets to meet their ongoing needs.
- Your Will should be reviewed at least once every few years or when your circumstances change to ensure it reflects your current wishes and remains legal and valid.
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Nominate a binding lapsing death nomination (e3)**

We recommend you establish a lapsing binding death nomination on your **XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario OR Drawn from Client Current Information]**.

### **Why this benefits you**

- A binding death benefit nomination gives you greater control to have death benefits paid to your preferred eligible beneficiaries.
- Superannuation benefits do not automatically form part of your estate. Making a valid binding nomination gives the trustee specific direction regarding this payment. Under the rules of your superannuation fund, the trustee is obligated to follow this direction, provided that the nomination is valid at the time you pass away.
- A valid binding death benefit nomination can result in the death benefit being paid faster as the trustee won't need to undertake a claims process to determine an appropriate beneficiary.

### **Things you should consider**

- You can only nominate individuals who are defined as dependants under superannuation legislation or your legal personal representative. The validity of a binding nomination is only verified after your death. It is important to seek advice to ensure it is correctly completed and effective.
- If the nominated person is not an eligible superannuation dependant at the time you pass away, the nomination will be invalid and the trustees will decide who will receive your death benefit. They may pay it directly to someone the trustee identifies as a valid beneficiary, or to your legal personal representative. If it is paid to your estate, and you don't have a valid will, the proceeds could be distributed under the laws of intestacy. This could mean that your super proceeds don't end up in the hands of the intended beneficiaries.
- Tax may be payable on death benefits received as a lump sum by non-tax dependants. Certain beneficiaries entitled to receive a death benefit pension may also have to pay tax on pension payments in certain circumstances.
- If trustee discretion applies and disputes arise, it may take a long time to resolve the dispute.
- **[If SMSF] [Linked SMSF only]** You should ensure the trust deed of your fund allows lapsing nominations. The nomination should also follow the steps specific to your trust deed to ensure it is valid. SMSF trustees who are in dispute will need to seek recourse via legal action which may include court costs.
- Your binding death benefit nomination should be reviewed on a regular basis or when your circumstances or those of your beneficiaries change.
- If you nominate a child to receive your superannuation death benefit and it is paid as a death benefit pension, they will generally have full access to make withdrawals from age 18. The pension must be fully commuted (as a tax-free lump sum) by the time your child reaches age 25 (unless they are disabled).
- Your estate planning specialist can provide further information to ensure this strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Nominate a non binding beneficiary (e4)**

We recommend you establish a non-binding death benefit nomination within your **XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario OR Drawn from Client Current Information]** superannuation fund.

### **Why this benefits you**

- This type of nomination allows you to indicate your preferred beneficiaries, which may be taken into consideration by the superannuation trustee when distributing your superannuation benefit in the event of your death.
- The trustee may consider any changes to your circumstances over the years, particularly where a nomination was made some time ago and relationships or dependencies have changed in the intervening period. The trustee can also consider the tax implications of any particular distribution.

### **Things you should consider**

- There is no requirement that the trustee act in accordance with a non-binding nomination, nor is the trustee required to consider any provisions you may have made in your Will.
- Before a non-binding nomination can be paid, the super fund trustee will need to undertake a claims process to determine who should receive the benefit. This claims process may delay the payment of the death benefit. Each super fund may have a different process when paying a non-binding nomination.
- The trustee has final say as to how your money is distributed and is generally required by law to distribute your money to eligible superannuation dependants, which may exclude certain individuals from the distribution.
- While this type of nomination does not generally expire, you may wish to update it periodically such as when you marry, divorce or have children.
- A binding nomination may be preferable over a non-binding nomination if there is any chance of beneficiaries challenging a payment.
- Your Will should have provisions for dealing with your superannuation benefits in the event they are paid to your estate.
- Your estate planning specialist can provide further information to ensure this strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Nominate a reversionary beneficiary (e5)**

We recommend you nominate a reversionary beneficiary on commencement of your **XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario OR Drawn from Client Current Information]** pension.

### **Why this benefits you**

- Your nominated beneficiary will receive the pension after your death (if the nomination is valid, as assessed at the time of death) which means they will have a regular income to meet their needs.
- Your beneficiary will generally have the flexibility to either stop the pension and convert it into a death benefit lump sum which they can withdraw in full or part in the future.

### **Things you should consider**

- Unless you have a reversionary or binding nomination in place, the trustee may decide how your funds are distributed.
- If your reversionary beneficiary were to die before you, you may not be able to nominate a new one on the same pension account. In this instance you can execute a binding or non-binding death benefit nomination in favour of other dependants.
- If you cannot amend a reversionary nomination after commencing the pension, then you may need to stop and re-commence a new pension. This could impact certain social security entitlements and aged care fees. You would need to contact the product provider to confirm whether or not they could amend the nomination without a requirement to commence a new pension.
- Your beneficiary will receive a credit to their transfer balance account 12 months from the date you pass away. This effectively provides a 'grace period' for your beneficiary to address their circumstances at that point, to ensure your beneficiary does not have an excess transfer balance amount.
- A pension paid to a child will automatically terminate on their 25th birthday and the remaining balance (if any) will be paid to that child as a tax-free lump sum, unless that child is permanently disabled.
- A reversionary pension can only be paid to an eligible dependant, for example a spouse or minor. Therefore, if at the time of death, the nominated reversionary beneficiary no longer meets the relevant criteria to receive a death benefit income stream, the nomination will lapse and the trustee may decide how to pay the balance of your pension.
- Your estate planning specialist can provide further information to ensure this strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Refresh pension to change your reversionary nomination (e6)**

We recommend you refresh your existing account based pension to change the nominated reversionary beneficiary.

We recommend you draw the following pension:

<b>Income Drawdown</b>	
Estimated balance at commencement	\$ XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario]
Minimum Pension (X%) [Based on Client Age] (p.a.)	\$ XXX [Math Calculation]
<b>Recommended Pension</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually year</b> [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]

### **Why this benefits you**

- The trustee will be bound to continue paying the pension to your nominated beneficiary after your death (if the nomination is valid, as assessed at the time of death).
- Your beneficiary will generally have the flexibility to either stop the pension and convert it into a death benefit lump sum in full or make lump sum commutations from the pension in the future.
- Your beneficiary will receive a credit to their transfer balance account 12 months from the date you pass away. This effectively provides a 'grace period' for your beneficiary to address their circumstances at that point, to ensure your beneficiary does not have an excess transfer balance amount.
- **[In-specie transfer]** An in-specie transfer allows you to transfer your investments within the fund without having to sell down and repurchase, this will avoid time out of the market.
- **[Over 60] [Based on Client Age - > 60]** As you are over age 60, the pension payments from your new account-based pension will continue to be tax-free.

### **Things you should consider**

- You are required to draw a minimum amount of income from an account-based pension each year. Prior to implementing the rollover, your pension fund is required to pay you the pro-rated minimum payment for this financial year.
- There is no guarantee that your pension income will last through retirement. The balance of your pension account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- Rolling to a new pension also means there may be a period where you do not receive an income payment. You need to be comfortable that you have adequate funds to meet your expected living costs during this period.
- Rolling to a new pension will cause your minimum pension to be recalculated.
- **[If under 60] [Based on Client Age - < 60]** While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60, the income received from your pension will be tax free.
- **[In-specie transfer from pension to pension]** Assets transferred in-specie may change in value between the time of leaving one fund and being received by another fund. This may have implications for your transfer balance cap.
- **[If grandfathered]** Your account-based pension commenced before 1 January 2015 and is grandfathered when assessed by Centrelink's Income Test. If you rollback your pension you will lose the grandfathered status which may impact your entitlements.
- **[Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope]** You are required to notify Centrelink within 14 days of a change in your circumstances as this may affect your entitlements.

- [\[Retirement Bonus\]](#) [\[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?\]](#) You may lose some, or all, of the retirement bonus that was paid upon the commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [\[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known\]](#) [More detailed information on the estimated retirement bonus loss will be provided later in this document.](#)
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## **[No Automation Required] Review your estate planning arrangements (e7)**

We recommend you review your estate planning arrangements to ensure they remain appropriate.

### **Why this benefits you**

- Having a Will in place ensures the ownership and control of your assets are transferred to your intended beneficiaries according to your wishes.
- A Power of Attorney can provide you with comfort, knowing that your financial affairs can continue to be managed in the event you are unable to take care of them yourself.
- Addressing your non-estate assets in your estate plan can lead to better management of your estate and reduce the opportunity for disputes after your death.
- A robust estate plan may minimise the tax payable on the income and capital gains earned on assets transferred.
- You will have peace of mind on matters relating to your estate, both financial and personal.

### **Things you should consider**

- A Will can make sure your family are not faced with difficult decisions or have any doubts about your wishes and intentions.
- Not all assets are included in your estate for distribution via your Will. Non-estate assets may include superannuation, account based pensions, life insurance policies, jointly owned assets, and assets owned through a trust or company.
- You should take great care in deciding who you appoint as your attorney or guardian / substitute decision-maker. You are providing them with the ability to make very serious decisions on your behalf.
- The laws governing a Power of Attorney vary from state to state.
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## **[No Automation Required] Establish a Guardianship (e8)**

We recommend you seek legal advice to update your Will, nominating a guardian for your children as they are under the age of 18.

### **Why this benefits you**

- Having a Guardianship in place gives you peace of mind of knowing who will care for your children if both parents were to die. Without specific instructions being provided in your Will, the Family Court will decide who should become the legal guardian.

### **Things you should consider**

- You should check with your preferred guardian to make sure they are prepared to accept the responsibility.
- The guardian nomination is not binding and can be overridden by a court if it is not in the best interests of your children.
- It is important to regularly review and update your estate plans and nominations to ensure they reflect your current wishes and changes in circumstances.
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## **[Automation Available] Establish an Enduring Power of Attorney and/or Guardianship (e9)**

We recommend you seek legal advice to establish an Enduring Power of Attorney and **QLD** Advance Health Directive and Statement of Choices **VIC** a Medical Treatment Decision Maker, Advance Care Directive for adults and Appointment of Support Person **TAS** appoint an Enduring Guardian and prepare an Advance Care Directive **NT** prepare an Advance Personal Plan **SA** prepare an Advance Care Directive **ACT** prepare a Health Direction and Advance Care Plan Statement of Choices **NSW** appoint an Enduring Guardian and prepare an Advance Care Directive **WA** appoint an Enduring Guardian, Advance Care Plan and Advance Health Directive **[Based on Client Residential Address]**.

### **Why this benefits you**

- Having an Enduring Power of Attorney in place gives you the peace of mind that your financial affairs can continue to be managed in the event you are unable to take care of them yourself.
- Compared to a standard Power of Attorney, an Enduring Power of Attorney offers the additional benefit of continuing to operate even after you become mentally incapacitated due to injury or illness; which is often the time you need it most.
- **[ACT/QLD - EPOA]** **[Based on Client Residential Address]** An Enduring Power of Attorney which grants power to make personal/health decisions allows a third party to make medical decisions on your behalf should you become unable to do so yourself.
- **[NSW/VIC/ACT/SA/TAS – Advance Care Directive]** **[Based on Client Residential Address]** An 'Advance Care Directive' allows you to formally make your wishes for medical care and treatment known and allows you to appoint a substitute decision maker, so that these can be considered.
- **[QLD/WA – Advance Health Directive]** **[Based on Client Residential Address]** An 'Advance Health Directive' allows you to formally make your wishes for medical care and treatment known and allows you to appoint a substitute decision maker, so that these can be considered.
- **[ACT – Advice Care Plan Statement of Choices]** **[Based on Client Residential Address]** The Advice Care Plan Statement of Choices is a supporting document that records additional information of your wishes and values regarding future medical treatments.
- **[QLD – Statement of Choices]** **[Based on Client Residential Address]** The Statement of Choices allows you to record your personal values and preferences for healthcare, helping family and healthcare professionals decide on medical care should you be unable to make decisions.
- **[VIC – Medical Treatment Decision Maker]** **[Based on Client Residential Address]** A Medical Treatment Decision Maker allows a third party to make medical decisions on your behalf should you become unable to do so yourself.
- **[VIC – Appointment of support person]** **[Based on Client Residential Address]** The Appointment of support person allows you to appoint a support person to help you to access health information relevant to your medical treatment. Your support person does not have the power to make medical treatment decisions on your behalf.
- **[NSW/TAS/WA – Enduring Guardianship]** **[Based on Client Residential Address]** Enduring Guardianship enables you to give someone the authority to make personal and lifestyle decisions on your behalf if you become unable to do so yourself. This can include providing consent for medical treatment.
- **[WA – Advance Care Plan]** **[Based on Client Residential Address]** The Advance Care Plan allows you to record additional personal wishes not covered in the Advance Care Directive or Enduring Guardianship.
- **[NT – Advance Personal Plan]** **[Based on Client Residential Address]** The Advance Personal Plan allows you to make an instructional directive which is binding and/or values directive which is not binding, in relation to medical care or treatment.

### **Things you should consider**

- You should take great care in deciding who you appoint as your Attorney or Guardian / substitute decision-maker. You are providing them with the ability to make very serious decisions on your behalf.

- An Enduring Power of Attorney and Guardianship is a legal document, so you will need to seek professional legal advice to have this prepared.
- Appointing an Attorney and a Guardian does not mean that you lose control over your affairs.
- A Power of Attorney and Guardianship ceases when you die with authority over your affairs passing to the Executor of your Will.
- If you have not appointed an Attorney and something unexpected happens, a court-appointed administrator will take control of your affairs. This may be a family member or a public official.
- Your Enduring Power of Attorney and Guardianship should be reviewed periodically, or whenever your circumstances or those of your nominated Attorney change.
- You can revoke an Enduring Power of Attorney and Guardianship at any time provided you have the capacity to understand your actions. You must inform your Attorney and Guardian in writing that you are ending their appointment. The laws governing Enduring Power of Attorney and Guardianship vary from state to state.
- It's important to regularly review and update your estate plans and nominations to ensure, especially if your situation changes, to ensure they reflect your current wishes.
- Your estate planning specialist can provide further information to ensure your strategy fits in with your overall estate planning needs and objectives.

## Gearing

### **[No Automation Currently Available]** Establish a margin loan (g1)

To increase the funds you have available to invest, we recommend you speak to your lending specialist, to apply for a margin loan and borrow a lump sum of \$XXX for investment in your XX portfolio.

#### **[OR]**

We recommend you combine a regular monthly savings plan of \$XXX with a margin loan advance of \$XXX per month, to make a total investment of \$XXX per month into your XX investment portfolio.

Based on our detailed analysis, a cash surplus should result after meeting your current commitments in addition to the proposed loan repayment. This is a good indication that the repayments are within your means.

The following table details how your loan should be structured:

Recommended loan structure	
Owner	Name
Total margin loan facility	\$ XXX
Initial loan amount	\$ XXX
Regular loan amount	\$ XXX
Maintenance Margin	XX%
Repayment Type	Interest only - prepaid
Interest Type	Fixed / Variable
Proposed Security	\$ XXX
Indicative Variable Interest Rate	XX%
Estimated annual interest costs	\$ XXX

**[If third party security]** This strategy will require a Guarantor and the margin loan will need to be secured against the Guarantor's assets. This will involve them entering into an agreement with the lender to guarantee your margin loan.

#### **Why this benefits you**

- This strategy may help you accumulate wealth in a tax effective manner by maximising the funds you have available to invest.
- The interest applied to the loan is generally tax deductible.
- **[If regularly borrowing]** By making monthly investments you are averaging out your investment cost bases. you will establish a strong savings discipline and may reduce the timing risks of investing.
- **[Interest only]** An interest only loan will maximise your available ongoing tax deduction and limit the impact on your cash flow.
- **[Principal and interest]** By opting to repay principal and interest, you will reduce the amount of outstanding debt over time. This reduces the associated interest expense while improving the Loan to Value Ratio (LVR) and reducing the risk of margin calls over time.

#### **Things you should consider**

- It is important that you fully understand the risks associated with gearing before implementing this strategy. While there are various strategies to help minimise these risks, borrowing to invest can still be risky. Investments may not perform as anticipated and while gearing can accelerate your returns by magnifying your gains; it can also provide greater exposure to negative performance which increases your potential for losses.

- A margin loan is suited for longer term investment of at least 5 years to give your portfolio sufficient time in the market to smooth out short-term fluctuations.
- The Loan to Value Ratio (LVR) is the balance of your loan divided by the market value of your securities held on the margin loan. This strategy represents a current LVR of XX% which is below the maximum LVR of 70%. This allows for a buffer so that minor market volatility does not automatically trigger a margin call, and reduces the risk of not being able to repay the loan.
- A margin call will be triggered if your security falls in value to a point where the LVR reaches the maintenance margin, which is the maximum loan amount required to be maintained in the account. If that occurs, you will have the option to reduce the loan balance by:
  - depositing additional funds or securities secured against the loan, and/or
  - disposing all or part of your securities.
- We have stress tested your cash flow to ensure that you can afford the interest repayments even if rates increase by up to 2%. While we are satisfied that you have sufficient disposable income from stable and reliable sources to meet the loan repayments in the long-term, you should still budget for the possibility of rising interest rates and keep a cash reserve.
- The investments may not generate the rate of income or dividends expected which may negatively impact on your cash flow.
- It is important to ensure your portfolio is appropriately diversified. By minimising overweight allocations to any one company or industry sector, investment specific risk will be reduced.
- All parties investing in this gearing strategy should acquire appropriate personal insurances, as death, disablement or critical illness may require the investments to be sold prematurely.
- You will still be required to repay the amount of the original loan regardless of the value of the investments held.
- **[Interest only]** By making interest only repayments your debt does not reduce, but you will maintain ownership of the investment.
- **[Principal and interest]** By repaying principal and interest on your loan, the tax effectiveness of the strategy will decrease over time.
- **[Interest paid in advance]** Interest paid in advance will be at a fixed interest rate, which may be greater than the variable rate available at that time.
- **[If third-party security – Guarantor WARNED]** We have verbally explained the obligations to your Guarantor, including the risks and possible consequences of being a Guarantor for your margin loan. We recommend that your Guarantor seek independent legal, tax, and financial advice before agreeing to be a guarantor for your margin loan.
- **[If third-party security – Guarantor NOT warned]** We have asked you to inform the Guarantor of their obligations and the risks involved with this strategy, but we have not received confirmation that your Guarantor has been appropriately informed of, and warned about, the risks and possible consequences of being a guarantor for your margin loan. We recommend they seek independent legal, tax and financial advice before agreeing to be a guarantor for your margin loan.
- It is important to have an appropriate exit strategy in place should things not work out as expected. This could be necessary in the event of the loss of employment, illness or death. Should one of these events occur, it may impact on your ability to generate income. You would need to consider the following options:
  - In the event of death or disability, using insurance proceeds to reduce the loan.
  - Using any cash surplus over the short term to cover repayments.
  - Sale of the investment portfolio if the situation demands.
- If you are unable to meet the loan repayments, the lender may impose a penalty for late payment, or may even sell assets that are being held as security for the loan.

- Should you decide to unwind the gearing strategy and pay out a margin loan, termination fees and charges on the loan may apply. It may also be necessary to sell investments to repay the loan. This means you could be selling investments at a lower price than what you paid for them, or too early for the strategy to have provided significant benefits.
- Transaction costs may apply when redeeming investments to unwind a gearing strategy. Capital gains tax may also be payable on the growth of an investment when sold.
- An application fee may apply when you apply for the loan, the details of which can be found in the Loan Application. Other bank fees and government fees may also apply.
- It is essential to consider any risks prior to proceeding with this strategy. Any gearing strategy should be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your exit strategy should also be reviewed on an annual basis.
- It is important you contact us should your financial situation change so that we can revisit the appropriateness of this strategy.

## **[No Automation Currently Available] Establish an investment loan (g2)**

To increase the funds you have available to invest, we recommend you speak to a lending specialist to apply for an investment loan, and borrow \$XXX as a lump sum for investment in your XX portfolio.

**[If applicable]** We also recommend combining a regular monthly savings plan of \$XXX and borrowing an additional \$XXX per month, to make a total investment of \$XXX per month into your XXX investment portfolio.

Based on our detailed analysis, a cash surplus should result after meeting your current commitments in addition to the proposed loan repayment. This is a good indication that the repayments are within your means.

The following table details how your loan should be structured:

<b>Recommended loan structure</b>	
Owner	Name
Initial loan amount	\$ XXX
<b>Regular monthly loan amount</b>	\$ XXX
Repayment Type	Interest only - prepaid
Interest Type	Fixed / Variable
Proposed Security	\$ XXX
Indicative Variable Interest Rate	XXX%
Estimated annual interest costs	\$ XXX

**[If third-party security]** This strategy will require a Guarantor and the loan will need to be secured against the Guarantor's assets. This will involve them entering into an agreement with the lender to guarantee your loan.

### **Why this benefits you**

- This strategy may help you accumulate wealth in a tax effective manner by maximising the funds you have available to invest.
- **[If regularly borrowing]** By making monthly investments you are averaging out your investment cost bases, you will establish a strong savings discipline and reduce the timing risks of investing.
- The interest applied to the loan is generally tax deductible.
- **[Interest only]** An interest only loan will maximise your available ongoing tax deduction and limit the impact on your cash flow.
- **[Principal and interest]** By opting to repay principal and interest, you will reduce the amount of outstanding debt over time. This reduces the associated interest expense while improving the LVR.

### **Things you should consider**

- Set up and transaction costs may apply when establishing your investment loan. More detailed information on the estimated costs will be provided later in this document.
- It is important that you fully understand the risks associated with gearing before implementing this strategy. While there are various strategies to help minimise these risks, borrowing to invest can still be risky. Investments may not perform as anticipated and while gearing can accelerate your returns by magnifying your gains; it can also provide greater exposure to negative performance which increases your potential for losses.
- It is important to ensure your portfolio is appropriately diversified. By minimising overweight allocations to any one company or industry sector, investment specific risk will be reduced.

- The Loan to Value (LVR) is the balance of your loan divided by the market value of your securities held on the loan. This strategy represents a current LVR of XX% which is below the maximum LVR of 70%.
- We don't recommend gearing at the maximum level and have intentionally recommended limiting your LVR to XX%. This may reduce the risk of not being able to repay the loan.
- We have stress tested your cash flow to ensure that you can afford the interest repayments even if rates increase by up to 2%. While we are satisfied that you have sufficient disposable income from stable and reliable sources to meet the loan repayments in the long-term, you should still budget for the possibility of rising interest rates and keep a cash reserve.
- The investments may not generate the rate of income or dividends expected which may negatively impact on your cash flow.
- If you are unable to meet the loan repayments, the lender may impose a penalty for late payment, or may even sell assets that are being held as security for the loan.
- An application fee may apply when you apply for the loan, the details of which can be found in the Loan Application. Bank fees and government fees may also apply. These may include stamp duty on the loan and State Government charges which differs from state to state.
- It is important to have an appropriate exit strategy in place should things not work out as expected. This could be necessary in the event of the loss of employment, illness or death. Should one of these events occur, it may impact on your ability generate income. You would need to consider the following options:
  - In the event of death or disability, using insurance proceeds to reduce the loan.
  - Using any cash surplus over the short term to cover repayments.
  - Sale of the investment portfolio if the situation demands.
- If you decide to terminate the loan facility, it may be necessary to sell investments to repay the loan. This means you could be selling investments at a lower price than what you paid for them, or too early for the strategy to have provided significant benefits.
- All parties investing in this gearing strategy should acquire appropriate personal insurances as death, disablement or critical illness may require the investments to be sold prematurely.
- **[If third-party security – Guarantor WARNED]** We have verbally explained the obligations to your Guarantor, including the risks and possible consequences of being a guarantor for your loan. We recommend that your Guarantor seek independent legal, tax, and financial advice before agreeing to be a guarantor for your loan.
- **[If third-party security – Guarantor NOT warned]** We have asked you to inform the Guarantor of their obligations and the risks involved with this strategy, but we have not received confirmation that your Guarantor has been appropriately informed of, and warned about, the risks and possible consequences of being a guarantor for your loan. We recommend they seek independent legal, tax and financial advice before agreeing to be a guarantor for your loan.
- A gearing strategy is suited for longer term investment of at least 5 years to give your portfolio sufficient time in the market to smooth out short-term fluctuations.
- You will still be required to repay the amount of the original loan regardless of the value of the investments held.
- **[interest only]** By making interest only repayments your debt does not reduce, but you will maintain ownership of the investment.
- **[principal and interest]** By repaying principal and interest on your loan, the tax effectiveness of the strategy will decrease over time.
- **[interest paid in advance]** Interest paid in advance will be at a fixed interest rate, which may be greater than the variable rate available at that time.
- Should you decide to unwind the gearing strategy, termination fees and charges on the

loan may apply.

- Transaction costs may apply when redeeming investments to unwind a gearing strategy. Capital gains tax may also be payable on the growth of an investment when sold.
- It is essential to consider any risks prior to proceeding with this strategy. Any gearing strategy should be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your exit strategy should also be reviewed on an annual basis.
- Tax advice should be sought prior to implementing or making changes to investment related borrowings.
- All borrowing requires discipline. It is important not to over-commit to ensure that ongoing interest and loan repayments can be met.
- Before making any changes to your loan, you should confirm with your lending specialist what fees and charges may apply if your loan is restructured or if you make additional repayments.
- It is important you contact us should your financial situation change so that we can revisit the appropriateness of this strategy.

## **[No Automation Currently Available] Maintain your gearing arrangements (g4)**

We have reviewed your gearing strategy and believe that it remains suitable for your circumstances.

Based on our detailed analysis, a cash surplus should result after meeting your current commitments including your ongoing loan repayments. This is a good indication that the repayments remain within your means. On this basis we are comfortable that your existing gearing strategy remains appropriate for you.

The Loan to Value (LVR) is the balance of your loan divided by the market value of your securities held on the margin loan. The LVR is currently below the maximum LVR of 70%. It is important you maintain this buffer below the maximum level to minimise the likelihood of **default / a margin call**.

### **Why this benefits you**

- This strategy may help you accumulate wealth in a tax effective manner by maximising the funds you have available to invest.
- The interest applied to the loan is generally tax deductible.
- **[Reduce LVR]** By depositing additional funds and reducing your LVR you are reducing the likelihood of a margin call and will reduce the amount of the outstanding debt over time.
- **[If regularly borrowing]** By making monthly investments you are averaging out your investment cost bases, and you may reduce the timing risk of investing.
- **[Interest only]** An interest only loan will maximise your available ongoing tax deduction and limit the impact on your cash flow.
- **[Principal and interest]** By opting to repay principal and interest, you will reduce the amount of outstanding debt over time. This reduces the associated interest expense while improving the LVR **and reducing the risk of margin calls over time**.

### **Things you should consider**

- It is important that you fully understand the risks associated with gearing before continuing with this strategy. While there are various strategies to help minimise these risks, borrowing to invest can still be risky. Investments may not perform as anticipated and while gearing can accelerate your returns by magnifying your gains; it can also provide greater exposure to negative performance which increases your potential for losses.
- A gearing arrangement is suited for longer term investment of at least 5 years to give your portfolio sufficient time in the market to smooth out short-term fluctuations.
- **[Margin loan]** We don't recommend gearing at the maximum level and have intentionally recommended limiting your LVR (total debt divided by total realisable assets) to **XX%**. This allows for a buffer so that minor market volatility does not automatically trigger a margin call, and reduces the risk of not being able to repay the loan.
- **[Margin loan]** A margin call will be triggered if your security falls in value to a point where the LVR reaches the maintenance margin, which is the minimum equity required to be maintained in the account. If that occurs, you will have the option to reduce the loan balance by:
  - depositing additional funds or securities secured against the loan, and/or
  - disposing all or part of your securities.
- If you are unable to meet the loan repayments, the lender may impose a penalty for late payment, or may even sell assets that are being held as security for the loan.
- An application fee may apply when you apply for the loan, the details of which can be found in the Loan Application. Bank fees and government fees may also apply.
- We have stress tested your cash flow to ensure that you can afford the interest repayments even if rates increase by up to 2%. While we are satisfied that you have sufficient disposable income from stable and reliable sources to meet the loan repayments in the long-term, you should still budget for the possibility of rising interest rates and keep a cash reserve.
- The investments may not generate the rate of income or dividends expected which may

negatively impact on your cash flow.

- It is important to ensure your portfolio is appropriately diversified. By minimising overweight allocations to any one company or industry sector, investment specific risk will be reduced.
- All parties investing in this gearing strategy should acquire appropriate personal insurances as death, disablement or critical illness may require the investments to be sold prematurely.
- You will still be required to repay the amount of the original loan regardless of the value of the investments held.
- **[Interest only]** By making interest only repayments your debt does not reduce, but you will maintain ownership of the investment.
- **[Principal and interest]** By repaying principal and interest on your loan, the tax effectiveness of the strategy will decrease over time.
- **[Interest paid in advance]** Interest paid in advance will be at a fixed interest rate, which may be greater than the variable rate available at that time.
- It is important to have an appropriate exit strategy in place should things not work out as expected. This could be necessary in the event of the loss of employment, illness or death. Should one of these events occur, it may impact on your ability to generate income. You would need to consider the following options:
  - In the event of death or disability, using insurance proceeds to reduce the loan.
  - Using any cash surplus over the short term to cover repayments.
  - Sale of the investment portfolio if the situation demands.
- Should you decide to unwind the gearing strategy and pay out the loan, termination fees and charges on the loan may apply. It may also be necessary to sell investments to repay the loan. This means you could be selling investments at a lower price than what you paid for them, or too early for the strategy to have provided significant benefits.
- Transaction costs may apply when redeeming investments to unwind a gearing strategy. Capital gains tax may also be payable on the growth of an investment when sold.
- Your gearing strategy should continue to be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your exit strategy should also be reviewed on an annual basis.
- Tax advice should be sought prior to implementing or making changes to investment related borrowings.
- All borrowing requires discipline. It is important not to over-commit to ensure that ongoing interest and loan repayments can be met.
- It is important you contact us should your financial situation change so that we can revisit the appropriateness of this strategy.

## **[No Automation Currently Available] Implement a debt recycling strategy (g5)**

We recommend you establish a debt recycling strategy to increase the funds you have available to invest, in a tax effective manner.

To establish this strategy, we recommend you undertake the following actions:

- use your existing **home loan/other non-deductible debt/ equity in your property** to take out an investment loan.
- structure your investment loan as an interest only loan.
- invest your loan proceeds **[if applicable]** together with \$XXX from your **[source]**.
- arrange for all investment income (after interest payments on the investment loan) to be directed to your home loan, in addition to your regular repayments.
- the extra home loan repayments will increase the equity in your home, allowing you to increase your investment loan by the amount you've repaid on your home loan. These additional funds should then be used to increase your investment portfolio.
- Provided your circumstances don't change, we recommend you repeat this process periodically, so your investment loan and investment portfolio grow, and your home loan repayments increase, until your home loan is fully repaid, and all your debt is deductible.

### **Why this benefits you**

- This strategy enables you to build your investment portfolio whilst repaying your home loan at the same time.
- Building your investment portfolio now allows it to benefit from long term investment growth and provide investment income.
- While your overall level of debt remains unchanged, the proportion of your interest costs that are tax deductible will increase over time. Your investment portfolio will grow because of the additional investments and your investment income may increase as a result.
- The tax reduction, plus the income being generated from your investments, can also help you repay your home loan.
- Structuring your investment loan as interest only means your loan payments are less than if the loan was principal and interest which allows you to direct more of your cash flow to your home loan. The cost of an investment loan is usually tax deductible if the investment is producing taxable income for you, so the interest payments on this loan can reduce the amount of income tax you pay.

### **Things you should consider**

- It is important that you fully understand the risks associated with gearing before implementing this strategy. While there are various strategies to help minimise these risks, borrowing to invest can still be risky. Investments may not perform as anticipated and while gearing can accelerate your returns by magnifying your gains; it can also provide greater exposure to negative performance which increases your potential for losses.
- It is important to ensure your portfolio is appropriately diversified. By minimising overweight allocations to any one company or industry sector, investment specific risk will be reduced.
- Using this property as security for a borrowing can put it at risk.
- It is important that your investment loan is structured correctly to be eligible for potential tax deductions. You should confirm the tax implications and benefits of this strategy with your accountant.
- The Loan to Value Ratio (LVR) is the balance of your loan divided by the market value of your securities held on the loan. This strategy represents a current LVR of XX%. This allows you to meet your interest and home loan repayments.
- We have stress tested your cash flow to ensure that you can afford the interest payments even if rates increase by up to 2%. While we are satisfied that you have

sufficient disposable income from stable and reliable sources to meet the loan repayments in the long-term, you should still budget for the possibility of rising interest rates and keep a cash reserve.

- It is important to consider potential adverse changes to your cash flow (such as changes to employment income) as these could impact your ability to service the loans in the future.
- The investments may not generate the rate of income or dividends expected which may negatively impact on your cash flow.
- As your investment loan increases over time, your interest only payments will also increase.
- Your overall level of debt is not reduced under this strategy, so it is important to consider how your debt will be repaid in the future.
- It is important to have an appropriate exit strategy in place should things not work out as expected. This may be necessary in the event of the loss of employment, illness or death. Should one of these events occur, it may impact on your ability to generate income. You would need to consider the following options:
  - In the event of death or disability, using insurance proceeds to reduce the loan.
  - Using any cash surplus over the short term to cover repayments.
  - Sale of the investment portfolio if the situation demands.
- Should you decide to unwind the gearing strategy and pay out a loan, termination fees and charges may apply.
- Transaction costs may apply when redeeming investments to unwind a gearing strategy. Capital gains tax may also be payable on the growth of an investment when sold.
- If you are unable to meet the loan repayments, the lender may impose a penalty for late payment, or may even sell assets that are being held as security for the loan.
- An application fee may apply when you apply for the loan, the details of which can be found in the Loan Application. Bank fees and government fees may also apply. These may include stamp duty on the loan and State Government charges which differs from state to state.
- If you decide to terminate the loan facility, it may be necessary to sell investments to repay the loan. This means you could be selling investments at a lower price than what you paid for them, or too early for the strategy to have provided significant benefits.
- It is essential to consider any risks prior to proceeding with this strategy. Any gearing strategy should be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your exit strategy should also be reviewed on an annual basis.
- All parties investing in this gearing strategy should acquire appropriate personal insurances as death, disablement or critical illness may require the investments to be sold prematurely.
- Tax advice should be sought prior to implementing or making changes to investment related borrowings.
- All borrowing requires discipline. It is important not to over-commit to ensure that ongoing interest and loan repayments can be met.
- Before making any changes to your loan, you should confirm with your lending specialist what fees and charges may apply if your loan is restructured or if you make additional repayments.
- It is important you contact us should your financial situation change so that we can revisit the appropriateness of this strategy.

## **[No Automation Currently Available] Review your debt recycling strategy (g6)**

We have reviewed your debt recycling strategy and recommend the following changes:

- Increase your investment loan by the amount you've repaid on your home loan. These additional funds should then be used to increase your investment portfolio.
- Provided your circumstances don't change, we recommend you continue to repeat this process periodically, so your investment loan and investment portfolio grow, and your home loan repayments increase, until your home loan is fully repaid, and all your debt is deductible.

### **Why this benefits you**

- This strategy enables you to build your investment portfolio whilst repaying your home loan at the same time.
- Building your investment portfolio now allows it to benefit from long term investment growth and to provide investment income.
- While your overall level of debt remains unchanged, the proportion of your interest costs that are tax deductible will increase over time. Your investment portfolio will grow because of the additional investments and your investment income may increase as a result.
- The tax reduction, plus the income being generated from your investments, can also help you repay your home loan.
- The cost of an investment loan is usually tax deductible if the investment is producing taxable income for you, so the interest repayments on this loan can reduce the amount of income tax you pay.

### **Things you should consider**

- It is important that you fully understand the risks associated with gearing while maintaining this strategy. While there are various strategies to help minimise these risks, borrowing to invest can still be risky. Investments may not perform as anticipated and while gearing can accelerate your returns by magnifying your gains; it can also provide greater exposure to negative performance which increases your potential for losses.
- It is important to ensure your portfolio is appropriately diversified. By minimising overweight allocations to any one company or industry sector, investment specific risk will be reduced.
- Using this property as security for a borrowing can put it at risk.
- It is important that your investment loan is structured correctly to be eligible for potential tax deductions. You should confirm the tax implications and benefits of this strategy with your accountant.
- The Loan to Value Ratio (LVR) is the balance of your loan divided by the market value of your securities held on the loan. This strategy represents a current LVR of XX%. This allows you to meet your interest and home loan repayments.
- We have stress tested your cash flow to ensure that you can afford the interest repayments even if rates increase by up to 2%. While we are satisfied that you have sufficient disposable income from stable and reliable sources to meet the loan repayments in the long-term, you should still budget for the possibility of rising interest rates.
- It is important to consider potential adverse changes to your cash flow (such as changes to employment income) as these could impact your ability to service the loans in the future.
- The investments may not generate the rate of income or dividends expected which may negatively impact on your cash flow.
- As your investment loan increases over time, your interest only repayments will also increase.
- Your overall level of debt is not reducing under this strategy, so it is important to consider how your debt will be repaid if required in the future.
- If you are unable to meet the loan repayments, the lender may impose a penalty for late

payment, or may even sell assets that are being held as security for the loan.

- If you decide to terminate the loan facility, it may be necessary to sell investments to repay the loan. This means you could be selling investments at a lower price than what you paid for them, or too early for the strategy to have provided significant benefits.
- It is important to have an appropriate exit strategy in place should things not work out as expected. This could be necessary in the event of the loss of employment, illness or death. Should one of these events occur, it may impact on your ability to generate income. You would need to consider the following options:
  - In the event of death or disability, using insurance proceeds to reduce the loan.
  - Using any cash surplus over the short term to cover repayments.
  - Sale of the investment portfolio if the situation demands.
- Should you decide to unwind the gearing strategy and pay out a loan, termination fees and charges may apply.
- Transaction costs may apply when redeeming investments to unwind a gearing strategy. Capital gains tax may also be payable on the growth of an investment when sold.
- Any gearing strategy should be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your exit strategy should also be reviewed on an annual basis.
- All parties investing in this gearing strategy should hold appropriate personal insurances as death, disablement or critical illness may require the investments to be sold prematurely.
- Tax advice should be sought prior to implementing or making changes to investment related borrowings.
- All borrowing requires discipline. It is important not to over-commit to ensure that ongoing interest and loan repayments can be met.
- Before making any changes to your loan, you should confirm with your lending specialist what fees and charges may apply if your loan is restructured or if you make additional repayments.
- It is important you contact us should your financial situation change so that we can revisit the appropriateness of this strategy.

## **[No Automation Currently Available] Replacing your margin loan (g7)**

We recommend you speak to your lending specialist about replacing your existing margin loan.

**[If applicable]** We also recommend combining a regular monthly savings plan of \$XXX and borrowing an additional \$XXX per month, to make a total investment of \$XXX per month into your XXX investment portfolio.

Based on our detailed analysis, a cash surplus should result after meeting your current commitments in addition to the proposed loan repayment. This is a good indication that the repayments are within your means.

The following table details how your loan should be structured:

<b>Recommended loan structure</b>	
Owner	Name
Total margin loan facility	\$ XXX
Initial loan amount	\$ XXX
Regular loan amount	\$ XXX
Maintenance Margin	XX%
Repayment Type	Interest only - prepaid
Interest Type	Fixed / Variable
Proposed Security	\$ XXX

**[If third party security]** The margin loan will need to be secured against your Guarantor's assets. This will involve them entering into an agreement with the lender to guarantee your margin loan.

### **Why this benefits you**

- Your lending specialist will be able to provide you with the features and benefits of various loan providers which may offer better terms than your existing loan provider.
- This strategy may help you accumulate wealth in a tax effective manner by maximising the funds you have available to invest.
- The interest applied to the loan is generally tax deductible.
- **[If regularly borrowing]** By making monthly investments you are averaging out your investment cost bases, you will establish a strong savings discipline and may reduce the timing risks of investing.
- **[Interest only]** An interest only loan will maximise your available ongoing tax deduction and limit the impact on your cash flow.
- **[Principal and interest]** By opting to repay principal and interest, you will reduce the amount of outstanding debt over time. This reduces the associated interest expense while improving the LVR and reducing the risk of margin calls over time.

### **Things you should consider**

- Set up and transaction costs may apply when replacing your margin loan. More detailed information on the estimated costs will be provided later in this document.
- While your investments are being transferred from your old facility into the facility, there may be delays if you wish to sell any of those investments.
- Assuming an interest rate of XX%, we estimate that the annual interest costs will be \$XX p.a.
- A margin loan is suited for longer term investment of at least 5 years to give your portfolio sufficient time in the market to smooth out short-term fluctuations.
- The Loan to Value (LVR) is the balance of your loan divided by the market value of your securities held on the margin loan. This strategy represents a current LVR of XX% which

is below the maximum LVR of 70%.

- We don't recommend gearing at the maximum level and have intentionally recommended limiting your LVR to XX%. This allows for a buffer so that minor market volatility does not automatically trigger a margin call and reduces the risk of not being able to repay the loan.
- A margin call will be triggered if your security falls in value to a point where the LVR reaches the maintenance margin, which is the minimum equity required to be maintained in the account. If that occurs, you will have the option to reduce the loan balance by:
  - depositing additional funds or securities secured against the loan, and/or
  - disposing all or part of your securities.
- We have stress tested your cash flow to ensure that you can afford the interest repayments even if rates increase by up to 2%. While we are satisfied that you have sufficient disposable income from stable and reliable sources to meet the loan repayments in the long-term, you should still budget for the possibility of rising interest rates and keep a cash reserve.
- The investments may not generate the rate of income or dividends expected which may negatively impact on your cash flow.
- It is important to ensure your portfolio is appropriately diversified. By minimising overweight allocations to any one company or industry sector, investment specific risk will be reduced.
- All parties investing in this gearing strategy should acquire appropriate personal insurances as death, disablement or critical illness may require the investments to be sold prematurely.
- You will still be required to repay the amount of the original loan regardless of the value of the investments held.
- **[Interest only]** By making interest only repayments your debt does not reduce, but you will maintain ownership of the investment.
- **[Principal and interest]** By repaying principal and interest on your loan, the tax effectiveness of the strategy will decrease over time.
- **[Interest paid in advance]** Interest paid in advance will be at a fixed interest rate, which may be greater than the variable rate available at that time.
- **[If third-party security – Guarantor WARNED]** We have verbally explained the obligations to your Guarantor, including the risks and possible consequences of being a guarantor for your margin loan. We recommend that your Guarantor seeks independent legal, tax, and financial advice before agreeing to be a guarantor for your margin loan.
- **[If third-party security – Guarantor NOT warned]** We have asked you to inform the Guarantor of their obligations and the risks involved with this strategy, but we have not received confirmation that your Guarantor has been appropriately informed of, and warned about, the risks and possible consequences of being a guarantor for your margin loan. We recommend they seek independent legal, tax and financial advice before agreeing to be a guarantor for your margin loan.
- It is important to have an appropriate exit strategy in place should things not work out as expected. This could be necessary in the event of the loss of employment, illness or death. Should one of these events occur, it may impact on your ability to generate income. You would need to consider the following options:
  - In the event of death or disability, using insurance proceeds to reduce the loan.
  - Using any cash surplus over the short term to cover repayments.
  - Sale of the investment portfolio if the situation demands.
- If you are unable to meet the loan repayments, the lender may impose a penalty for late payment, or may even sell assets that are being held as security for the loan.
- An application fee may apply when you apply for the loan, the details of which can be found in the Loan Application. Other bank fees may include a monthly service fee and, if

applicable a facility fee. In addition, government fees may also apply. These may include stamp duty on the loan and State Government charges which differs from state to state.

- Should you decide to unwind the gearing strategy and pay out the loan, termination fees and charges on the loan may apply. It may also be necessary to sell investments to repay the loan. This means you could be selling investments at a lower price than what you paid for them, or too early for the strategy to have provided significant benefits.
- Transaction costs may apply when redeeming investments to unwind a gearing strategy. Capital gains tax may also be payable on the growth of an investment when sold.
- Any gearing strategy should be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your exit strategy should also be reviewed on an annual basis.
- Tax advice should be sought prior to implementing or making changes to investment related borrowings.
- All borrowing requires discipline. It is important not to over-commit to ensure that ongoing interest and loan repayments can be met.
- Before making any changes to your loan, you should confirm with your lending specialist what fees and charges may apply if your loan is restructured or if you make additional repayments.
- It is important you contact us should your financial situation change so that we can revisit the appropriateness of this strategy.

## **[No Automation Currently Available] Gearing into superannuation (g9)**

To increase the funds you have available to invest in superannuation and meet your goal as specified below, we recommend you borrow \$XXX and make a lump sum contribution to your XXX superannuation fund.

The following table details how your loan should be structured:

<b>Recommended loan structure</b>	
Owner	Name
Initial loan amount	\$ XXX
Repayment Type	Interest only / P & I
Interest Type	Fixed / Variable
Proposed Security	\$ XXX
Indicative Variable Interest Rate	XXX%
Estimated annual interest costs	\$ XXX

These funds will then be contributed to superannuation as a non-concessional/concessional contribution of \$XXX for [Insert Client name] and \$XXX for [Partner name]. Further details of this recommendation are provided in this document.

### **Why this benefits you**

- This strategy may help you increase your superannuation, and provide a larger retirement income.
- [Interest only] An interest only loan will limit the impact of loan repayments on your cash flow.
- [Principal and interest] By opting to repay principal and interest, you will reduce the amount of outstanding debt over time. This reduces the associated interest expense while improving the LVR.

### **Things you should consider**

- It is important that you fully understand the risks associated with borrowing before implementing this strategy. While there are various strategies to help minimise these risks, borrowing to invest can still be risky. Investments may not perform as anticipated and while borrowing can accelerate your returns by magnifying your gains; it can also provide greater exposure to negative performance which increases your potential for losses.
- The borrowing will be used to make a large contribution into superannuation. This is based on the following:
  - You will satisfy a 'condition of release' (retirement or turning age 65) in XX months/year.
  - You have sufficient cash flow to cover the loan costs over XX months/year.
  - You expect that the sale of assets or other funds will become available to repay the loan within XX months/year.
- If, at any time, you become aware that you may not be able to repay the loan within XX months/year please contact us immediately so that we can review your strategy.
- As the investment is held by the superannuation fund trustee, it does not provide you with taxable income. This means that the loan costs are not tax deductible to you.
- We have stress tested your cash flow to ensure that you can afford the interest repayments even if rates increase by up to 2%. While we are satisfied that you have sufficient disposable income from stable and reliable sources to meet the loan repayments, you should still budget for the possibility of rising interest rates and keep a cash reserve
- All parties investing in this strategy should acquire appropriate personal insurances as

death, disablement or critical illness may impact your ability to meet loan obligations.

- If you are unable to meet the loan repayments, the lender may impose a penalty for late payment, or may even sell assets that are being held as security for the loan. The preserved nature of superannuation means that you are not able to access your benefits to repay the loan unless a 'condition of release' is met.
- An application fee may apply when you apply for the loan, the details of which can be found in the Loan Application. Bank fees and government fees may also apply. These may include stamp duty on the loan and State Government charges which differs from state to state.
- If you decide to terminate the loan facility, it may be necessary to sell investments to repay the loan. This means you could be selling investments at a lower price than what you paid for them, or too early for the strategy to have provided significant benefits.
- Capital gains tax (CGT) may be payable when you sell assets used to secure the loan. At that time, you should consult a tax agent in regard to this. You should consider the potential impact of this prior to proceeding with this recommendation.
- **[If recommendation assumes future business asset sale]** If the assets used to secure the loan are small business assets and these are sold, it may be possible to utilise the Small Business Capital Gains Tax Exemptions. Eligibility for the concessions is complex and we recommend you discuss with a registered tax agent.
- All borrowing requires discipline. It is important not to over-commit to ensure that ongoing interest and loan repayments can be met.
- It is essential to consider any risks prior to proceeding with this strategy. Any borrowing strategy should be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your exit strategy should also be reviewed on an annual basis.

## Multi Purpose

### **[No Automation Required] Maintain your current strategies (mul2)**

We have reviewed your current situation and the strategies and products you have in place. We believe that they remain appropriate for your circumstances, needs and objectives.

**Why this benefits you**

- Your current strategies continue to meet your requirements and you have indicated that you are comfortable that they meet your needs and objectives.

**Things you should consider**

- Changes to your circumstances and/or the economic or legislative environment can quickly impact your situation. We should continue to review your circumstances and strategies regularly to ensure that they remain appropriate for you and maximise your opportunities to meet your goals.

## **[Automation Available] Rebalance your investment portfolio (mul11)**

To re-align your portfolio with your risk profile and investment preferences, we recommend you rebalance your [investment/Superannuation/Pension] [WealthSolver Plan Name – from Recommend and Acquire Scenario] portfolio, by selling some of your investments and directing the proceeds to other investments.

Our proposed changes are shown later in this document.

### **Why this benefits you**

- This will help maintain your diversified asset allocation and tolerance to risk by moving the portfolio more closely in line with your agreed risk profile.

### **Things you should consider**

When you switch from one investment to another you will not have exposure to the market. During that time, markets may rise or fall.

- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.
- .
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Switch investments within your portfolio (mul1)**

Having reviewed your portfolio, we recommend switches to your [Investment/Superannuation/Pension] [WealthSolver Plan Name – from Recommend and Acquire Scenario] portfolio.

Our proposed changes are shown later in this document.

### **Why this benefits you**

- The recommended investments are more aligned to your risk profile and preferences.
- This will ensure that your portfolio continues to include investments that we believe have a positive performance outlook.

### **Things you should consider**

- [If retirement bonus paid] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document. When you switch from one investment to another you will not have exposure to the market. During that time, markets may rise or fall.
- [Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] We recommend the purchase/sale of your shares once the price reaches \$XXX. If this price is not reached within XXX timeframe, our recommendation is no longer valid and should not be acted on.
- [Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] Upon reaching the desired trading price, it will be your/our responsibility for actioning the transaction.
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Sell investments to top up your cash account (mul3)**

[Client name], to top up the cash account within your [Investment/Superannuation/Pension] [WealthSolver Plan Name – from Recommend and Acquire Scenario], we recommend selling some of the investments held within this portfolio.

Our proposed changes are shown later in this document.

### **Why this benefits you**

- This will help top up your cash account ensuring that there are sufficient funds available to [insert reason – e.g. fund regular withdrawals/fund regular pension payments/maintain the minimum cash account balance/fund insurance premiums etc.].
- Cash investments are secure, highly liquid and are generally available at short notice in case of an emergency or to meet unforeseen expenses that may arise.
- It can help to protect your wealth by reducing the likelihood of having to sell long term investments, potentially at an unfavourable time, if you need cash immediately.

### **Things you should consider**

- Interest earned on cash accounts is accrued in line with short-term interest rates. If rates are low, the return will generally be low.
- [If retirement bonus paid] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.
- [Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] We recommend the purchase/sale of your shares once the price reaches \$XXX. If this price is not reached within XXX timeframe, our recommendation is no longer valid and should not be acted on.
- [Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] Upon reaching the desired trading price, it will be your/our responsibility for actioning the transaction.
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on any estimated capital gains tax liability will be provided later in this document.
- It is important to regularly review your cash account balance to check that it continues to hold sufficient funds for your needs.

## [Automation Available] Transfer your existing administration service (mul4)

We have conducted a review of your existing account/s [WealthSolver Plan Name – from Recommend and Acquire Scenario] and recommend transferring your administration service as follows:

Administration Service	Owner	Recommendation
XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario]	XXX [WealthSolver Owner – from Recommend and Acquire Scenario]	[Partial Rollover / Full Rollover / Receiving Fund] [WealthSolver – Based on balances from Recommend and Acquire Scenario]

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### Why this benefits you

- The recommended administration service offers a range of features and benefits which you have indicated are of value to you, such as **include benefits to client**.
- [If applicable] Whilst the recommended administration service may be **cheaper / more expensive** than your existing account, it is the ability of the product to meet your needs that is the most important factor in making this recommendation.

### Things you should consider

- It is important to note that the current and recommended administration service are both administered by **XXX and the Trustees** on the account will remain the same.
- The transfer does not require the sale of assets and the underlying investments will move across automatically to the new administration service. Therefore, there are no buy/sell costs or capital gains implications.
- [If higher fees] In order to access greater benefits and features that you require, the overall fees associated with your account will increase to \$XXX. Further details in relation to this are outlined later in this document.
- [If lower or same fees] The fees associated with the recommended account will **remain at /decrease to \$XXX** pa. Further details in relation to this are outlined later in this document.
- For more information on the recommended administration service, please refer to the relevant Product Disclosure Statement (PDS).

## [No Automation Available] Protected income (mul5)

[Client name], we recommend you apply Protected Income as follows:

[Account Name - Owner]	
Initial protected amount* <i>applied to a MLC MasterKey Super or Pension Fundamentals account</i>	\$XXX
Term	10 year/20 year/Lifetime
Protected Income payment rate (%)	4% pa/5% pa/10% pa
Spouse benefit (optional)	Yes/No
Protected Income payment commencement date	##Month / Year##

\*This is an approximate value only. Due to market fluctuations between now and when the advice is implemented, the initial protected amount may vary from the estimate listed above.

### [Protected income - partial balance protected] Protected Income payment instructions

- We recommend you allow your annual Protected Income payment to be transferred by default to your MLC Cash Fund on the last day of each anniversary year, which is where your pension payment will be drawn from.  
##OR##
- We recommend your annual Protected Income payment is paid proportionately as part of your overall pension drawdown strategy.  
##OR##
- We recommend your annual protected income payment is transferred **monthly/quarterly** via a switch to your **XXXX** investment option, which is where your pension payment will be drawn from.
- **[If applicable]** For your annual Protected Income payment to be paid monthly/quarterly, we recommend setting up a recurring investment switch online after the protection has been established. The recurring switch **from** the protected investment option **to** the unprotected investment option/s will be set to equal **one month/one quarter** worth of your annual protected income payment amount.

#### Why this benefits you

- The impact of negative returns, which are possible when investing in line with your determined risk profile, can be magnified if they occur close to, at, or early in retirement when you start drawing an income, and may be difficult to recover from. This is what is known as sequence of returns risk and is unique to pre-retirees and retirees. In severe instances this may result in you having to delay your retirement or reduce your retirement income.
- Another risk that you face as you move **toward/through** retirement is the risk of outliving your money which is known as longevity risk.
- By utilising Protected Income, the protected value of your retirement income payments will be protected from negative market movement however may increase due to positive market movements.
- Ability to add up to 30% of the original protected amount each anniversary year until the protected income payments are commenced.
- Ability to revert your protected income payments to your spouse if you die within the protection term when the spouse benefit has been selected.

#### Things you should consider

- Once your protection has started, you can't change it. So before investing, please make sure you've chosen the right investment protection to suit your needs.
- The protection fee is charged to cover the cost of protection. Therefore, the cost of protection can diminish the upside as well as providing benefits of investment protection on the downside.
- To receive the full benefit of the investment protection, please make sure the term you choose is consistent with your investment time horizon. This means that if you choose a

20 year term, you're willing to remain invested in your chosen investment option for 20 years.

- You can end your protection early, but you won't receive the benefit of the protection on your account, and you'll have to wait 6 months to apply again for protection.
- You can withdraw or switch throughout your term, however this will reduce the amount you have protected. So, you may only want to protect some of your super or pension account balance.
- If you cancel the investment protection prior to the completion of the selected term you will be entitled to the Account Balance – With Protection not the Protected Income Base.
- Under superannuation law, your account balance will be paid when your provider is advised of your death. Your protected amount will only be paid if you choose the spouse benefit option.
- Changes may need to be made to the protection features even after you've started your protection.
- Changes can happen at any time as a result of legislative or regulatory changes. The changes listed below can only happen if certain events happen first, eg material or adverse long term changes on market or demographic conditions.
- Changes that may be made include:
  - the fee you pay for protection, however it won't exceed 7% pa
  - switching your protected account balance in to a new investment option
  - only allowing future contributions to a different investment option to the one you've chosen
  - how often market gains may be 'locked-in', but the lock-in will be at least every two years.
  - stopping or restricting the addition of new investments into your protection
  - reducing your protected income payments, if you choose an income for life, but by no more than 20%.
- If any of the above changes occur, MLC will let you know before the change is made.

## [No Automation Available] Protected capital (mul6)

[Client name], we recommend you apply Protected Capital to your account as follows:

[Account Name - Owner]	
Initial protected value* <i>applied to a MLC MasterKey Super or Pension Fundamentals account.</i>	\$XXX
Term	10 year/20 year
Death benefit (optional)	Yes/No
Additional Investments (available in super only)	Yes/No

\*This is an approximate value only. Due to market fluctuations between now and when the advice is implemented, the initial protected amount may vary from the estimate listed above.

### Why this benefits you

- The impact of negative returns, which are possible when investing in line with your determined risk profile, can be magnified if they occur close to, at, or early in retirement when you start drawing an income, and may be difficult to recover from. This is what is known as sequence of returns risk and is a risk unique to pre-retiree and retirees. In severe instances this may result in you having to delay your retirement or reduce your retirement income.
- Another risk you face as you move toward/through retirement is the risk of outliving your money which is known as longevity risk.
- By utilising Protected Capital, the protected value of your retirement savings will be protected from negative market movement however may increase due to positive market movements.
- Ability to add up to 15% of the original protected amount each anniversary year whilst in super if the additional investment feature is selected.
- Ability to provide your estate with the higher of the Protected Capital Value or the Account Balance – With Protection if you die within the protection term if the death benefit feature is selected.

### Things you should consider

- Once your protection has started, you can't change it. So before investing, please make sure you've chosen the right investment protection to suit your needs.
- The protection fee is charged to cover the cost of protection. Therefore, the cost of protection can diminish the upside as well as providing benefits of investment protection on the downside.
- To receive the full benefit of the investment protection, please make sure the term you choose is consistent with your investment time horizon. This means that if you choose a 20 year term, you're willing to remain invested in your chosen investment option for 20 years.
- You can end your protection early, but you won't receive the benefit of the protection on your account, and you'll have to wait 6 months to apply again for protection.
- You can withdraw or switch throughout your term, however this will reduce the amount you have protected. So, you may only want to protect some of your super or pension account balance.
- If you cancel the investment protection prior to the completion of the selected term you will be entitled to the Account Balance – With Protection not the Protected Capital Value.
- Under superannuation law, your account balance will be paid when your provider is advised of your death. Your protected amount will only be paid if you choose the death benefit option.
- [If applicable – protecting 100% of the account] A portion of the account has been left unprotected to allow for the payment of advice fees and other expenses so as not to reduce the protected value.
- Changes may need to be made to the protection features even after you've started your protection.

- Changes can happen at any time as a result of legislative or regulatory changes. The changes listed below can only happen if certain events happen first, eg material or adverse long term changes on market or demographic conditions.
- Changes that may be made include:
  - the fee you pay for protection, however it won't exceed 7% pa
  - switching your protected account balance in to a new investment option
  - only allowing future contributions to a different investment option to the one you've chosen
  - how often market gains may be 'locked-in', but the lock-in will be at least every two years reducing the withdrawal limit if you choose Protected Capital
  - stopping or restricting the addition of new investments into your protection
- If any of the above changes occur, MLC will let you know before the change is made.

# Investment

## **[Automation Available] Maintain your investment strategy (i0)**

We have reviewed your investment strategy and believe the following remains appropriate for your situation:

- Retain your existing investment portfolio through XXX administration service. [From Client Focus -> Assets & Liabilities - > Investments - > Platform > Platform name] [Ownership based on percentage]
- Continue with your regular investment plan of \$XXX per month. [From Client Focus -> Assets & Liabilities - > Investments - > Contributions tab]
- [If Applicable] Maintain your investment approach which provides you with diversification in line with your tolerance to risk.

### **Why this benefits you**

- The platform is cost effective and continues to provide you with the services and features you require.
- Investing in a range of asset classes across a range of investment types provides diversification. This diversification is designed to lower the volatility in the value of your portfolio.

### **Things you should consider**

- If you require access to your funds, you may need to sell down part of your investment. This may take time and transaction costs may apply.

## **[Automation Available] Make a lump sum investment (i1)**

We recommend you make an additional investment into your existing [investment portfolio] [WealthSolver Plan Name – from Recommend and Acquire Scenario].

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- This investment will help you to accumulate wealth outside of superannuation and progress towards your goal of XXX.
- Holding this investment in XXX's name is recommended because <insert reason>. OR As XXX is on a lower marginal tax rate, holding this investment in this way will result in the income from the portfolio being taxed at a lower rate. The compounding effect of a lower tax rate can help to maximise your wealth over the long-term [if client is partnered].
- [If joint ownership] [Joint Recommendation] Holding this investment in joint names is recommended as the income from the portfolio will be divided equally and taxed at your individual marginal tax rates. This is also beneficial for estate planning as your will both be listed as owners of the portfolio.

### **Things you should consider**

- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.
- Investment income, even if it is reinvested, is assessable income for tax purposes and taxed at your marginal tax rate.
- You will lose the Government guarantee that may apply on funds held in cash.
- Increasing your allocation to growth assets will increase the risk of your portfolio, however this may also increase your investment returns over the long term.
- Any investment income you receive may impact your entitlements to certain benefits and tax concessions.

## **[Automation Available] Make a lump sum withdrawal from your investment portfolio (i10)**

We recommend you withdraw \$XXX [WealthSolver – Based on change in account value from Recommend and Acquire] to from your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] investment portfolio.

Our proposed changes to your investment holdings to fund this withdrawal are shown later in this document.

### **Why this benefits you**

- [if applicable] This will provide you with sufficient capital to meet your planned expenditure.
- [if applicable] This will provide you with additional capital to pay down your debt which will reduce your interest expense over the life of the loan.

### **Things you should consider**

- By redeeming these funds, you may miss out on future income and capital growth that these investments would have otherwise provided.
- We will provide more information regarding specific product recommendations, our reasons for them and associated costs including any potential capital gains tax in the 'Recommend Investments' section in this advice.
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Make a regular withdrawal (i11)**

To assist in meeting your income requirements, we recommend you commence a regular withdrawal of \$XXX per week/fortnight/month [WealthSolver Plan Name – Contribution Tab from Recommend and Acquire Scenario] from your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] investment portfolio and direct these funds to your chosen bank account.

Our proposed changes to your investment holdings to fund this withdrawal are shown later in this document.

### **Why this benefits you**

- A regular drawdown will provide you with the extra income you need to [e.g. meet your ongoing living requirements/other].

### **Things you should consider**

- A regular withdrawal will result in a reduction in the size of your investment portfolio and may impact on the longevity of your savings. This means that you may miss out on future income and capital growth that these funds may have otherwise provided.
- If your investments need to be sold down to meet your withdrawals any realised capital gains or losses will form part of your assessable income and taxed at your marginal rate.
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.
- Before proceeding with this recommendation, we recommend confirming the tax implications with your accountant.

## **[No Automation Currently Available] Retain your share portfolio (i12)**

We recommend you retain your share portfolio.

**[if recommendation from a broker/other professional]** We have utilised the services of **XXX** to comprehensively review your share portfolio. Please refer to the attached research papers for details of the recommendations provided including the specific buys and/or sells required to achieve the recommended portfolio.

### **Why this benefits you**

- Investing in shares provides the potential for higher investment returns than assets like cash and bonds as well as tax-effective returns through capital gains discounts and dividend income that may include franking credits.
- Direct shares are generally considered to be liquid investments and can be sold at short notice at the prevailing market price.
- Investing in direct shares provides you with greater control over the investment process ensuring that your portfolio is only exposed to companies of your choosing.

### **Things you should consider**

- Direct shares are expected to experience greater levels of volatility compared to cash or fixed interest investments. Share prices can rise and fall rapidly and the value of the shares may fluctuate considerably over time.
- Companies are not obliged to declare a dividend payment every year to shareholders and may retain profits for reinvestment or to pay company expenses.
- If a company becomes insolvent, equity shareholders are the last creditors to receive any funds that may be realised.
- Tax will usually be payable at your marginal tax rate on any assessable income and realised capital gains arising from your investments.
- **[If applicable]** Where funds are sold, there may be a period of time where you are not invested. During this time, you will not benefit from any market upside or, conversely, be subject to any market falls during this period.
- **[If applicable]** Capital gains tax may be payable on the growth of investment upon the sale of investments. Where a capital loss is realised on an investment, this loss may be used or carried forward to offset against future capital gains within the portfolio.

## **[Automation Available] Transfer your investment portfolio (i13)**

We recommend you transfer your existing investments held through **XXX** into **XXX** **[WealthSolver Plan Name – from Recommend and Acquire Scenario]**.

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- **[If applicable]** Holding these investments through an administration service is designed to make holding an investment portfolio simple and easy to administer, offering consolidated tax, transaction, and investment reporting as well as online access to reports.
- **[If applicable]** The **XXX** product has lower ongoing costs than your existing **XXX product**. We estimate you will save **\$XXX** per annum in product fees by transferring into the recommended product.
- **[If applicable]** The **XXX** product offers **[XX feature]** which is important to you and which isn't offered by your existing product.

### **Things you should consider**

- **[If applicable]** Whilst the recommended product will be more expensive than your existing ones, it is the ability of the product to meet your needs that is the most important factor in making this recommendation.
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.
- Before proceeding with this recommendation, you should confirm the tax implications with your accountant.

## **[No Automation Currently Available] Invest into a term deposit (i14)**

We recommend you invest:

- \$XXX into a term deposit at a rate of X% p.a. for XX period.

When the term deposit matures, arrange to have the proceeds deposited into your nominated bank account including the interest earned.

**[OR]**

When the term deposit matures, arrange to have the proceeds reinvested into a new term deposit with the interest earned deposited into your nominated bank account.

**[OR]**

When the term deposit matures, arrange to have the proceeds including the interest earned reinvested into a new term deposit.

**[OR]**

We will review your circumstances closer to the maturity date in order to determine how to invest the proceeds.

We will provide more specific investment and product recommendations later in this advice.

### **Why this benefits you**

- You have indicated that you will not need access to the invested funds for the duration of the term above.
- Investing into this term deposit gives you exposure to a secure investment generating a fixed rate of interest higher than that offered by a bank account.
- You will have the added guarantee of the government on deposits with Approved Deposit-taking Institutions.

### **Things you should consider**

- The interest rate quoted above is correct at the time of preparing this document but may change prior to implementation.
- Income from the term deposit is assessable income and must be included in your tax return.
- Withdrawing the funds before maturity may require advance notice and may incur additional costs.
- If you do nothing when the term ends, your cash may be reinvested in a new term deposit with a different interest rate.
- You cannot add to the investment until the end of the term, when you will also need to review the interest rates available.
- A cap of \$250,000 per person per institution applies to the government guarantee for term deposits.

## **[Automation Available] Investing in hybrid securities (i15)**

We recommend you establish an investment portfolio of hybrid securities, to be held in **[insert name/structure]** **[WealthSolver Plan Name – from Recommend and Acquire Scenario]**.

**[Trade at specific price]** **[Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?]** We recommend the purchase of your hybrid securities once the price reaches \$XXX. If this price is not reached within XXX timeframe, our recommendation is no longer valid and should not be acted on.

**[If receive income]** The income distributions should be received and paid to **[your personal bank account/Wrap cash account as detailed in the Product Disclosure Statement]**.

**[If reinvest income]** The income distributions should be reinvested to maximise growth of your investment portfolio.

We will provide more specific investment and product recommendations later in this advice.

### **Why this benefits you**

- You will be purchasing investments that are in line with your investment risk profile and preferences.
- You will receive a known (fixed or floating) rate of return or dividend until a certain date.
- Ability to convert the securities into ordinary shares after a certain date.
- Hybrid securities are generally considered to be liquid investments and can be sold at short notice at the prevailing market price.
- The dividend income generated by your portfolio will be included as assessable income and taxed at your marginal tax rate. As XXX **[Recommendation Name]** has a lower marginal tax rate, investing in their name will reduce the tax payable on the portfolio's earnings **[Hidden if Joint]**.
- Investing in hybrid securities provides you with greater control over the investment process ensuring that your portfolio is only exposed to companies of your choosing.
- **[Reinvesting income]** Reinvesting investment income allows you to take advantage of compounding returns which helps to accelerate your portfolio's growth.
- **[Receive income]** Receiving the income into your bank account will allow you the option of using this to fund your expenditure needs or redirect this to meet your objectives.

### **Things you should consider**

- Hybrid securities are complex investments that need extra care to understand the risks involved.
- Hybrid securities are generally unsecured. If a company fails, investors rank behind creditors and bondholders, and ahead of shareholders. This means you may not get your money back.
- Hybrid securities are expected to experience greater levels of volatility compared to cash. Share prices can rise and fall rapidly and the value of the shares may fluctuate considerably over time.
- Companies are not obliged to pay income distributions every year and may retain profits for reinvestment or to pay company expenses.
- Brokerage fees will apply on the purchase and sale of hybrid securities. In addition, tax will usually be payable at your marginal tax rate on any assessable income and realised capital gains arising from your investments.
- **[Reinvest income]** Where income received is reinvested, you will not have access to these funds unless an investment is sold which may result in fees and costs being incurred.
- **[Investment income to cash]** Receiving your investment income in cash means you will not benefit from the compound growth effect of reinvesting these funds within your portfolio.
- **[Trade at specific price]** **[Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?]** Upon reaching the desired trading price, it will be **your/our**

responsibility for actioning the transaction.

## **[Automation Available] Investing in managed funds (i16)**

We recommend you establish an investment portfolio consisting of managed funds, to be held in **[your/XXX name /structure]** **[WealthSolver Plan Name – from Recommend and Acquire Scenario]**.

**[If receive income]** The income distributions should be received and paid to **[your personal bank account/Wrap cash account as detailed in the Product Disclosure Statement]**.

**[If reinvest income]** The income distributions should be reinvested to maximise growth of your investment portfolio.

We will provide more specific investment and product recommendations later in this advice.

### **Why this benefits you**

- Using managed funds allows you to diversify your investments across a range of assets and/or asset classes. This diversification is designed to lower the volatility in the value of your portfolio.
- Fund managers have the expertise and resources to research investment opportunities.
- Managed funds pool your money with that of other investors, enabling you to share the transactional costs of investing. This offers exposure to investments that would otherwise have been expensive or inaccessible if you invested directly.
- Managed funds can provide you with access to a range of professional investment managers and investment classes which may not be directly available to individual investors such as large retail property complexes.
- **[Reinvesting income]** Reinvesting investment income allows you to take advantage of compounding returns which helps to accelerate your portfolio's growth.
- **[Receive income]** Receiving the income into your bank account will allow you the option of using this to fund your expenditure needs or redirect this to meet your objectives.

### **Things you should consider**

- In some circumstances you may not be able to withdraw your investments from a managed fund at short notice.
- Income and realised capital gains that are distributed by the fund manager are taxable.
- As the investments are managed by a fund manager you have no control over the timing of transactions or selection of the investments held within the portfolio. This means, for example, you have no control over the timing of any capital gains or losses arising.
- Managed funds generally charge an ongoing fee for managing your investments.
- Market movements (up and down) will impact on the performance of a managed fund. Similarly, currency movements will impact on the performance of certain managed funds holding investments offshore.
- **[Trade at specific price]** **[Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?]** We recommend the purchase of your shares once the price reaches \$XXX. If this price is not reached within XXX timeframe, our recommendation is no longer valid and should not be acted on.
- **[Trade at specific price]** **[Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?]** Upon reaching the desired trading price, it will be your/our responsibility for actioning the transaction.
- **[Reinvest income]** Where income received is reinvested, you will not have access to these funds unless an investment is sold which may result in fees and costs being incurred.
- **[Investment income to cash]** Receiving your investment income in cash means you will not benefit from the compound growth effect of reinvesting these funds within your portfolio.

## **[Automation Available] Investing in shares (i17)**

We recommend establish an investment portfolio of direct shares, to be held in **[insert name/structure]** **[WealthSolver Plan Name – from Recommend and Acquire Scenario]**.

**[Trade at specific price]** **[Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?]** We recommend the purchase of your shares once the price reaches **\$XXX**. If this price is not reached within **XXX** timeframe, our recommendation is no longer valid and should not be acted on.

**[If receive income]** The income distributions should be received and paid to **[your personal bank account/Wrap cash account as detailed in the Product Disclosure Statement]**.

**[If reinvest income]** The income distributions should be reinvested to maximise growth of your investment portfolio.

We will provide more specific investment and product recommendations later in this advice.

### **Why this benefits you**

- Investing in shares provides the potential for higher investment returns than assets like cash and bonds as well as tax-effective returns through capital gains discounts and dividend income that may include franking credits.
- Direct shares are generally considered to be liquid investments and can be sold at short notice at the prevailing market price.
- Investing in direct shares provides you with greater control over the investment process ensuring that your portfolio is only exposed to companies of your choosing.
- **[Reinvesting income]** Reinvesting investment income allows you to take advantage of compounding returns which helps to accelerate your portfolio's growth.
- **[Receive income]** Receiving the income into your bank account will allow you the option of using this to fund your expenditure needs or redirect this to meet your objectives.

### **Things you should consider**

- Direct shares are expected to experience greater levels of volatility compared to cash or fixed interest investments. Share prices can rise and fall rapidly and the value of the shares may fluctuate considerably over time.
- Companies are not obliged to declare a dividend payment every year to shareholders and may retain profits for reinvestment or to pay company expenses.
- If a company becomes insolvent, equity shareholders are the last creditors to receive any funds that may be realised.
- Brokerage fees will apply on the purchase and sale of shares. In addition, tax will usually be payable at your marginal tax rate on any assessable income and realised capital gains arising from your investments.
- **[Reinvest income]** Where income received is reinvested, you will not have access to these funds unless an investment is sold which may result in fees and costs being incurred.
- **[Investment income to cash]** Receiving your investment income in cash means you will not benefit from the compound growth effect of reinvesting these funds within your portfolio.
- **[Trade at specific price]** **[Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?]** Upon reaching the desired trading price, it will be **your/our** responsibility for actioning the transaction.

## **[Automation Available] Investing in exchange traded funds (ETFs) (i18)**

We recommend you establish an investment portfolio of exchange traded funds (ETFs) to be held in [insert name/structure] [WealthSolver – Based on balances from Recommend and Acquire Scenario].

[Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] We recommend the purchase of your ETFs once the price reaches \$XXX. If this price is not reached within XXX timeframe, our recommendation is no longer valid and should not be acted on.

[If receive income] The income distributions should be received and paid to [your personal bank account/Wrap cash account as detailed in the Product Disclosure Statement].

[If reinvest income] The income distributions should be reinvested to maximise growth of your investment portfolio.

We will provide more specific investment and product recommendations later in this advice.

### **Why this benefits you**

- Investing in listed securities has the potential for higher investment returns than assets like cash and bonds as well as tax-effective returns through capital gains discounts and dividend income that may include franking credits.
- ETFs are generally considered to be liquid investments and can be sold at short notice at the prevailing market price.
- The income generated by your ETF portfolio will be included as assessable income and taxed at your marginal tax rate. As XXX [Recommendation Name] has a lower marginal tax rate, investing in their name will reduce the tax payable on the portfolio's earnings [Hidden if Joint].
- ETFs increase the diversification of your portfolio and are professionally managed investments.
- [Reinvesting income] Reinvesting investment income allows you to take advantage of compounding returns which helps to accelerate your portfolio's growth.
- [Receive income] Receiving the income into your bank account will allow you the option of using this to fund your expenditure needs or redirect this to meet your objectives.

### **Things you should consider**

- ETFs are expected to experience greater levels of volatility compared to cash or fixed interest investments. The unit price can rise and fall rapidly, and the value of the fund may fluctuate considerably over time.
- Income distributions from the ETF may vary. The companies are not obliged to declare a dividend payment every year to shareholders and may retain profits for reinvestment or to pay company expenses.
- Brokerage fees will apply on the purchase and sale of ETFs. In addition, tax will usually be payable at your marginal tax rate on any assessable income and realised capital gains arising from your investments.
- Where ETFs form part of the portfolio you may pay ongoing fees and charges for someone else to manage these particular investments.
- [Reinvest income] Where income received is reinvested, you will not have access to these funds unless an investment is sold which may result in fees and costs being incurred.
- [Investment income to cash] Receiving your investment income in cash means you will not benefit from the compound growth effect of reinvesting these funds within your portfolio.
- [Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] Upon reaching the desired trading price, it will be your/our responsibility for actioning the transaction.

## **[Automation Available] Investing in listed investment companies (LICs) (i19)**

We recommend you establish an investment portfolio of listed investment companies (LICs), to be held in [insert name/structure] [WealthSolver Plan Name – from Recommend and Acquire Scenario].

[Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] We recommend the purchase of your LICs once the price reaches \$XXX. If this price is not reached within XXX timeframe, our recommendation is no longer valid and should not be acted on.

[If receive income] The income distributions should be received and paid to [your personal bank account/Wrap cash account as detailed in the Product Disclosure Statement].

[If reinvest income] The income distributions should be reinvested to maximise growth of your investment portfolio.

We will provide more specific investment and product recommendations later in this advice.

### **Why this benefits you**

- Investing in LICs provides the potential for higher investment returns than assets like cash and bonds as well as tax-effective returns through capital gains discounts and dividend income that may include franking credits.
- LICs are generally considered to be liquid investments and can be sold at short notice at the prevailing market price.
- The dividend income generated by your portfolio will be included as assessable income and taxed at your marginal tax rate. As XXX [Recommendation Name] has a lower marginal tax rate, investing in their name will reduce the tax payable on the portfolio's earnings [Hidden if Joint].
- LICs increase the diversification of your portfolio and are professionally managed investments.
- [Reinvesting income] Reinvesting investment income allows you to take advantage of compounding returns which helps to accelerate your portfolio's growth.
- [Receive income] Receiving the income into your bank account will allow you the option of using this to fund your expenditure needs or redirect this to meet your objectives.

### **Things you should consider**

- LICs are expected to experience greater levels of volatility compared to cash or fixed interest investments. Share prices can rise and fall rapidly and the value of the shares may fluctuate considerably over time.
- Companies are not obliged to declare a dividend payment every year to shareholders and may retain profits for reinvestment or to pay company expenses.
- If a company becomes insolvent, equity shareholders are the last creditors to receive any funds that may be realised.
- Brokerage fees will apply on the purchase and sale of shares. In addition, tax will usually be payable at your marginal tax rate on any assessable income and realised capital gains arising from your investments.
- Where LICs form part of the portfolio you may pay ongoing fees and charges for someone else to manage these particular investments.
- [Reinvest income] Where income received is reinvested, you will not have access to these funds unless an investment is sold which may result in fees and costs being incurred.
- [Investment income to cash] Receiving your investment income in cash means you will not benefit from the compound growth effect of reinvesting these funds within your portfolio.
- [Trade at specific price] [Wizard Question > Strategy Group > Automation > Are you trading at a specific Price?] Upon reaching the desired trading price, it will be your/our responsibility for actioning the transaction.

## **[Automation Available] Invest available funds into a diversified investment portfolio (IDPS) (i2)**

We recommend you contribute \$XXX [WealthSolver – Fund Balances from Recommend and Acquire Scenario] into an investment portfolio, to be held through the XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario].

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- An administration service is designed to make holding an investment portfolio simple and easy to administer, offering consolidated tax, transaction, and investment reporting as well as online access to reports.
- [If applicable] Automatic portfolio rebalancing and cash management will also assist to reduce the time you spend in managing your portfolio on an ongoing basis. This will also ensure that your portfolio remains aligned and on track to meet your financial objectives.
- [If applicable] [WealthSolver – Ownership Based from Recommend and Acquire Scenario] Holding this investment in XXX's name is recommended because <insert reason>. OR As XXX is on a lower marginal tax rate, holding this investment in this way will result in the income from the portfolio being taxed at a lower rate. The compounding effect of a lower tax rate can help to maximise your wealth over the long-term.
- [If joint ownership] [WealthSolver – Ownership Based from Recommend and Acquire Scenario] Holding this investment in joint names is recommended as the income from the portfolio will be divided equally and taxed at your individual marginal tax rates. This is also beneficial for estate planning as your will both be listed as owners of the portfolio.

### **Things you should consider**

- Using an administration service can be more expensive than other options due to the more extensive services provided.
- Investment income, even if it is reinvested, is assessable income for tax purposes.
- Redemption of investments may require advanced notice and may incur additional costs.
- Some investments may not be able to be transferred to or from your account which means that they may need to be sold or redeemed potentially resulting in transaction costs and capital gains tax.
- When switching investment options within an administration service consideration should be given to the taxation consequences associated with the transaction as well as any costs which may apply.
- You will lose the Government guarantee that may apply on funds held in cash.
- We will provide more specific investment and product recommendations and our reasons for them later in this document.
- [If applicable] [WealthSolver – Based on Proposed Asset Allocation from Recommend and Acquire Scenario] Increasing your allocation to growth assets will increase the risk of your portfolio, however this may also increase your investment returns over the long term.
- Any investment income you receive may impact your entitlements to certain benefits and tax concessions.

## **[Automation Available] Investing in a separately managed account (i20)**

We recommend you invest in a separately managed account (SMA), to be held in **[insert name/structure]** **[WealthSolver Plan Name – from Recommend and Acquire Scenario]**.

**[If receive income]** The income distributions should be received and paid to **[your personal bank account/Wrap cash account as detailed in the Product Disclosure Statement]**.

**[If reinvest income]** The income distributions should be reinvested to maximise growth of your investment portfolio.

We will provide more specific investment and product recommendations later in this advice.

### **Why this benefits you**

- **[If franked income]** You will receive tax-effective income due to the benefits of franking credits.
- **[If applicable]** You will be able to invest in growth-based and income-based assets, providing you with a portfolio which is diversified across asset classes and investments.
- **[If applicable]** You will receive professional management of your portfolio.
- **[If applicable]** The costs for an SMA are lower than most managed funds.
- **[If applicable]** You will retain ownership of the underlying investment assets or managed funds.
- **[If applicable]** By transfer your existing assets into the SMA and still retain beneficial ownership without triggering a capital gains tax event.
- The dividend income generated by your SMA will be included as assessable income and taxed at your marginal tax rate. **As XXX [Recommendation Name] has a lower marginal tax rate, investing in their name will reduce the tax payable on the portfolio's earnings [Hidden if Joint]**.
- **[Reinvesting income]** Reinvesting investment income allows you to take advantage of compounding returns which helps to accelerate your portfolio's growth.
- **[Receive income]** Receiving the income into your bank account will allow you the option of using this to fund your expenditure needs or redirect this to meet your objectives.

### **Things you should consider**

- Ongoing fees and charges apply for a professional to manage the investments within the SMA
- SMAs can include exposure to growth assets, such as shares, so are often suitable for investors who seek long-term capital growth. In such cases, if you withdraw within a shorter timeframe, there is an increased risk of loss.
- Where growth assets are held such as shares and property, there may be higher levels of volatility compared to cash or fixed interest investments.
- Income distributions may vary as companies are not obliged to declare a dividend payment every year to shareholders and may retain profits for reinvestment or to pay company expenses.
- Transaction fees will apply on the purchase and sale of investments within the SMA. In addition, tax will usually be payable at your marginal tax rate on any assessable income and realised capital gains arising from your investments.
- **[Reinvest income]** Where income received is reinvested, you will not have access to these funds unless an investment is sold which may result in fees and costs being incurred.
- **[Investment income to cash]** Receiving your investment income in cash means you will not benefit from the compound growth effect of reinvesting these funds within your portfolio.
- We will provide more specific investment and product recommendations and our reasons for them later in this advice.

## **[No Automation Required] Choose to reinvest your income distributions (i21)**

As you do not need the income generated from your investment portfolio, we recommend you reinvest the earnings you receive from interest payments and dividends.

### **Why this benefits you**

- Reinvesting income generated by your investments allows you to take advantage of compounding returns which helps to accelerate your portfolio's growth.
- Reinvesting income encourages a strong savings discipline and reduces the timing risk of investing. Purchasing parcels of shares / units at different times diversifies your investment entry points.

### **Things you should consider**

- Investment income, even if it is reinvested, is assessable income for tax purposes.

## **[No Automation Currently Available] Choose to have investment distributions paid out to cash (i22)**

To assist you in meeting your expenditure needs, we recommend you retain all investment income, including earnings from interest payments and dividends, in cash and direct it to your nominated account.

### **Why this benefits you**

- The investment income may be used for **[state purpose]**.

### **Things you should consider**

- Investment income is assessable income for tax purposes and taxed at your marginal tax rate.
- You should ensure you have a plan for the cash held in your bank account, otherwise it will just accumulate.
- Receiving your investment income in cash means you will not benefit from the compound growth effect of reinvesting these funds within your portfolio. This means that you may miss out on future income and capital growth that these funds may have otherwise provided.

## **[No Automation Currently Available] Direct property investment - Buy / Not Sell (i23)**

We have conducted an analysis which compares the likely outcome of investing in a direct property with alternative uses for those funds. Our analysis is based on estimates and assumptions relating to numerous factors including rent, expenses, values and growth rates.

**[Buy]** Based on our analysis, we recommend you invest into a direct property which has similar characteristics to those in our analysis.

**[Not Sell]** Based on our analysis, we recommend you retain your existing direct property.

### **Why this benefits you**

- You will be invested into an asset type with which you are comfortable and familiar with.
- You will earn rental income and potentially benefit from capital growth.
- You will be able to claim tax deductions and depreciation to offset ongoing costs in maintaining the property.
- **[Not Sell]** By continuing to hold the property you will avoid triggering a Capital Gains Tax (CGT) event ensuring that you will not have any additional tax liabilities this financial year.
- **[If 2% Net Surplus Rule OK]** If interest rates rose by 2% pa, you should have enough surplus cash flow to pay the increased cost for all your debt.

### **Things you should consider**

- As a significant amount of capital is required to purchase a direct property, purchasing direct property investments may require you to give up the opportunity to use that money to invest into other assets and may reduce the diversification of your portfolio.
- You may have to use your personal income to cover the loan repayments and other costs if the rental income is not enough.
- There may be times where your property is not being rented. During this time, you may have to use your personal income to cover loan repayments and ongoing costs.
- Your direct property is a long term investment and is not a liquid investment should you require cash in a hurry. There are also significant costs with selling a property should you require access to the capital.
- There are many costs associated with purchasing direct property. This includes the time and cost of researching for a suitable property, pest and building reports, legal and conveyancing fees, loan establishment costs and stamp duty. We estimate the costs to be **[insert details of any pest and building reports/legal and conveyance/stamp duty/loan establishment costs]**. We have estimated these costs to be \$XXX as illustrated in the projections section of this document.
- **[2% Net Surplus Rule – OK only IF client alters finances]** If interest rates rose by 2% pa, you will have to stop your Superannuation contributions / your regular savings plan / reinvesting investment income in order to pay the increased cost for all your debt. This will affect your ability to achieve your goals.
- **[2% Net Surplus Rule – OK only IF client uses cash reserve]** If interest rates rose by 2% pa, you will need access to funds in order to pay the increased cost for all your debt. You must set aside \$XXXX in a cash account and keep this available. This amount will help you to meet the cost of an interest rate increase of up to 2% pa of your debt for a period of 4 years.
- **[2% Net Surplus Rule – OK only IF client uses undrawn debt]** If interest rates rose by 2% pa, you will need access to funds in order to pay the increased cost for all your debt. You must maintain access to \$XXXX currently held in your Offset Account / redraw facility. This amount will help you to meet the cost of an interest rate increase of up to 2% pa of your debt for a period of 4 years. Note that funding increased interest cost from further debt will by itself also increase your total ongoing interest expense.
- Our recommendation is based on assumptions and estimates. Prior to acting on our recommendation, it is important that you review the appropriateness of the assumptions and projected estimated income and growth figures on which our analysis is based on.

- We are only able to provide you with strategic advice in relation to direct property. We have not provided you with advice about the individual features of a specific direct property, other than capital expenses, ongoing costs and income. If you require advice in relation to a specific direct property, location or likely value of a direct property, you should contact a registered real estate agent.

## **[No Automation Currently Available] Direct property investment - Not Buy / Sell (i24)**

We have conducted an analysis which compares the likely outcome of investing in a direct property with alternative uses for those funds. Our analysis is based on estimates and assumptions relating to numerous factors including rent, expenses, values and growth rates.

**[Not Buy]** Based on our analysis, we recommend you do not invest into a direct property.

**[Sell]** Based on our analysis, we recommend you sell your existing direct property.

### **Why this benefits you**

- **[if applicable]** You can use the funds to invest through other investment structures, such as superannuation which is more tax effective.
- You will have the ability to invest into assets more in line with your attitude to risk, provide greater diversification and liquidity.
- **[Sell - loan]** The proceeds from the sale of the property can be used to pay down your debt, reducing the interest expense associated with this loan.
- **[If 2% Net Surplus Rule NOT OK]** Our analysis indicates that if interest rates increased by 2% p.a. you would not have enough surplus cash flow to fund the loan on this property. Therefore, by **not buying/selling** the property, this won't be an issue.

### **Things you should consider**

- **[SELL]** Capital gains tax may be payable if you make a capital gain on the sale of the property. Based on an estimated sale price of \$XXX, we estimate that the proposed sale will result in a capital gain/loss of \$XXX. This estimate is based on the cost base information you provided/a cost base of \$0 as you have not provided us with the cost base information for this property. Based on a marginal tax rate of XX%, we estimate this may result in a capital gains tax liability of \$XXX. You should seek advice from your registered tax agent to understand any tax implications.
- **[SELL]** There may be costs associated with the property sale. These costs include legal and conveyancing fees, advertising costs, agent fees and potential tax costs. We have estimated these costs to be \$XXX as illustrated in the projections section of this document.
- Our recommendation is based on assumptions and estimates. Prior to acting on our recommendation, it is important that you review the appropriateness of the assumptions and projected estimated income and growth figures on which our analysis is based on.
- We are only able to provide you with strategic advice in relation to direct property. We have not provided you with advice about the individual features of a specific direct property, other than capital expenses, ongoing costs and income. If you require advice in relation to a specific direct property, location or likely value of a direct property, you should contact a registered real estate agent.

## **[No Automation Currently Available] Continue to invest through the Managed Portfolio Service (i28)**

We have reviewed your situation and recommend you continue to invest through the Managed Portfolio Service (MPS) as it remains appropriate for your current circumstances.

### **Why this benefits you**

- It provides ongoing access to the expertise of our specialist research team.
- By delegating the day-to-day decisions about your investments to experts within an agreed framework it allows for decisions to be taken and implemented quickly accounting for changing market conditions and new opportunities.
- Using this service will provide ease of administration and reduced time spent on the management of your investment portfolio.
- You will have the opportunity to take advantage of time-sensitive opportunities that you may have missed and potentially avoid threats if your adviser did not have the authority to make immediate investment decisions on your behalf.
- **[Platforms with shares]** The ability to include direct shares in the service means that you can access the tax benefits of direct share ownership and participate in corporate actions.
- **[Platforms with shares]** Brokerage on share transactions may also be discounted.

### **Things you should consider**

- MPS is an in-house product provided by our licensee's parent company, Insignia Financial. While recommending this product to you will benefit Insignia Financial, first and foremost our recommendation is based on meeting your best interest and why it meets your goals and objectives is listed in the benefits section outlined above.
- As investment decisions are implemented on your behalf, the use of an MDA service may result in a higher level of trading than a more passive approach. This may result in more frequent capital gains and/or losses being realised.
- The specialist research team makes a default decision on any applicable corporate actions and the MPS operator carries them out in the best interests of account holders. You may provide a different instruction through your adviser on request.
- When making investment decisions, assets outside of the MPS are not considered. This is one of the reasons that we review the investment strategy and program each year to ensure that it is still appropriate for you.
- Your investment program is a crucial part of the MPS. Through it we lay out the framework within which your portfolio is managed on a day-to-day basis. If you are at all uncomfortable with this recommendation, please discuss it with us immediately.
- Please contact us or refer to your MPS agreement for any questions about the ongoing operation of your MPS. If you are unable to locate a copy of your agreement, we can provide a replacement copy for you.

## **[No Automation Currently Available] Use a managed discretionary account service (the MPS) (i29)**

We recommend you arrange to have your portfolio actively managed using a managed discretionary account, specifically the Managed Portfolio Service (MPS) which is available within the recommended platform account.

### **Why this benefits you**

- Your account will be reviewed on an ongoing basis and the model rebalanced as needed when individual assets move away from the target asset allocation.
- Regular rebalancing of your account allows you to lock in gains when investments have increased in value and buy more of investments that have decreased in value for which our research and investment team retains a positive outlook. **Contributions may be added to the MPS account.**
- An MDA model offers full transparency of the underlying assets and their weightings in your portfolio.
- Investments within the model portfolios are regularly reviewed by our specialist research and investment team to check they remain the preferred options in each asset class.
- MPS is designed to be dynamic. Portfolio changes can be implemented without approval. This significantly increases efficiency and results in a faster response to market changes and opportunities.
- **SPS clients going into Core or Core+Satellite model (non-equities models only)** There is no additional cost to use this service in the Shadforth Portfolio Service.
- Overall, we believe this is appropriate for you as **insert reason linked to client objective e.g. you were comfortable to delegate the day to day decisions about your portfolio to experts who will operate within a pre-agreed framework to save you time from having to constantly complete paperwork to implement changes/you wanted an investment solution that is simple and easy to administer while keeping you informed of changes at regular intervals/you wanted access to a professionally managed portfolio that is regularly rebalanced.**

### **Things you should consider**

- MPS is an in-house product provided by our licensee's parent company, Insignia Financial. While recommending this product to you will benefit Insignia Financial, first and foremost our recommendation is based on meeting your best interest and why it meets your goals and objectives is listed in the benefits section above.
- As investment decisions are implemented on your behalf, the use of an MDA service may result in a higher level of trading than a more passive approach. This may result in more frequent capital gains and/or losses being realised.
- Buying and selling units in managed funds incurs a buy/sell spread. Please refer to the relevant PDS for further details.
- Buying and selling shares in listed securities incurs brokerage fees. Please refer to the relevant PDS for further details. **Equities models**
- When MPS is recommended, a review with your adviser is required every 13 months to continue to use the Service.
- MPS is only available through accredited advisers. If you change your adviser, the new adviser must be accredited in order to continue the service. If you change to a non-accredited adviser, you will be unlinked from the MPS service. Your model assets will remain invested on the platform but will no longer undergo specialist reviews and rebalances.
- When making investment decisions, any assets you hold outside of the MDA structure are not considered.
- Please read the MPS Investor Agreement & FSG for further details about the service. You should read this together with the MPS Investment Program that is outlined within the appendices of this advice.
- Transferring investments into the MPS portfolio may trigger capital gains or losses that can impact your tax payable.

- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio.
- We will provide more information regarding specific product recommendations, our reasons for them and associated costs including any potential capital gains tax later in this advice.
- Before proceeding with this recommendation, you should confirm the tax implications with your accountant.

## **[Automation Available] Purchase an investment bond (i3)**

We recommend you purchase an **XXX investment bond** **[WealthSolver Plan Name – Balances from Recommend and Acquire Scenario]**.

**[OR if investing on behalf of grandchild through a child advancement policy]** **[Client name]**, we recommend you invest \$**XXX** **[WealthSolver– Balances from Recommend and Acquire Scenario]** of your available funds to purchase an **XXX investment bond** **[WealthSolver Plan Name – Balances from Recommend and Acquire Scenario]** for your **child/grandchild**; and set the vesting age to be **XX**.

**[If applicable]** You should nominate a beneficiary to ensure your investment is transferred upon death as you wish.

**[If applicable]** To maximise the tax benefits available to you we recommend you make additional contributions over the life of the bond of up to 125% of the previous year's contribution.

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- An investment bond is designed to be held for at least 10 years. As you do not believe you will need to access the capital invested over this time, using a bond as an investment vehicle will provide you with significant tax benefits as the maximum tax on earnings is 30% which compares favourably to your marginal tax rate.
- The bond is tax paid while invested, so there is no personal assessable income. If, you make a withdrawal within 8 years, all earnings will be included in your assessable income, less a 30% tax offset for the tax already paid within the investment bond. Withdrawals made in year 9 and 10 will have a reduced portion of the earnings included, less the 30% tax offset.
- Withdrawals made after 10 years are free of personal income tax, provided the annual contribution limits are not exceeded.
- You can make additional contributions over the life of the bond to maximise the tax benefits and build your savings.
- You can access and switch between a range of investments options that align with your risk profile.
- This will assist you to invest with more certain estate planning outcomes as the proceeds from your investment bond will be paid tax free to your nominated beneficiary upon your death.
- **[If applicable]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** Investment bonds do not generate income and do not count towards the income threshold for the Commonwealth Seniors Health Card. Lowering your income will enable you to become eligible for the Card.

**Things you should consider**

- The bond may not be tax-effective for those with marginal tax rates below 30%. Therefore, you should let us know if you feel your income may reduce over the next few years.
- It is important to note that the 10 year period resets if one year's contribution exceeds 125% of the previous year's contribution or where no contributions are made in one year, and additional contributions are made in the following year. You will then have to wait a further 10 years from this date to gain the full tax benefits.
- The value of the investment bond will rise or fall with the performance of the underlying investments.
- A bond is treated as a financial asset and is fully assessable by Centrelink under the Assets Test and will be subject to deeming under the Income Test.
- In the event of your passing, the ownership of the investment bond will be transferred to your nominated beneficiary. If you have not nominated a beneficiary, the account balance will be paid to your estate.

## **[No Automation Currently Available] Update your Managed Portfolio Service Investment Program (i30)**

We recommend you update your XXX investment portfolio to be more conservative/aggressive/ include direct shares/ include alternative assets.

### **Why this benefits you**

- You have advised that your circumstances have changed as a result of [insert details of change].
- Client's risk profile has changed – [detail the change and whether anything specific has driven it].
- You have confirmed that you continue to be comfortable with the benefits offered by the MPS including the professional and active management of your portfolio without the need to be regularly contacted for investment decisions. On this basis, the MPS remains appropriate for your needs.
- An update to your investment strategy outlined in the MPS Investment Program, is required due to [detail the change and whether anything specific has driven it].
- Increasing your allocation to [growth/defensive] assets as recommended will assist with meeting your goal of [examples only, building wealth over the next XX years to provide an income stream of \$XXX in retirement/preserving your retirement capital].

### **Things you should consider**

- Increasing the amount of growth assets as recommended will increase the inherent risk and short-term volatility in your portfolio.
- Increasing the amount of defensive assets as recommended will decrease the inherent risk and short-term volatility in your portfolio; but the cost of this may be potentially lower returns.
- Adopting a more active approach to investing, by including specialist fund managers, will mean that your portfolio will be exposed to the investment choices of these fund managers, both good and bad, potentially leading to increased volatility.
- Your Investment Program is a critical aspect of the MPS as it sets out the framework within which your portfolio is managed on a day-to-day basis. If you are at all uncomfortable with this recommendation or would like to amend the Investment Program, please discuss it with us at your earliest convenience.
- The changes to your investment strategy are reflected in the updated MPS Investment Program attached to this advice document.

## **[No Automation Currently Available] Discontinue use of the Managed Portfolio Service (i31)**

Having reviewed your situation we no longer believe that our Managed Portfolio Service (MPS) is suitable for you and recommend that it be discontinued.

### **Why this benefits you**

- Terminating the MPS will allow you to be more actively involved in decisions regarding the asset allocation and investments held within your portfolio.
- **[If applicable]** You wish to make regular withdrawals from your investment, which in the MPS will increase the amount of rebalancing required and dramatically impact the transaction costs incurred on your portfolio.
- **[If applicable]** You would like to have greater ability to manage the tax implications of these withdrawals.
- **[If applicable]** There are capital gains within your portfolio and continuing the MPS Service may result in significant tax consequences and transaction costs.
- **[If applicable]** Your account balance has reduced to a level where **[the MPS no longer offers strategic value/it no longer benefits from investment in professionally constructed model portfolios]**.
- **[Adviser to explain any other benefits or rationale as to why it is in the client's best interest, e.g. for low balances, you will no longer pay a fee for the professional management of your portfolio]**.

### **Things you should consider**

- Before accepting this recommendation, you should consider that by exiting the MPS, your portfolio will no longer be automatically updated to reflect the best ideas from our specialist research team. This makes it imperative that we meet regularly to review your portfolio.
- Your portfolio will not be rebalanced as frequently which means that your portfolio may not align to your agreed risk profile. Therefore, at times your portfolio may have a higher to growth assets resulting in higher risk within the portfolio, or a higher exposure to defensive assets which means that you may miss out on some capital growth; Please read the MPS Investor Agreement and FSG for further information about terminating the service. If you would like an additional copy of the Investor Agreement, please ask us and we will provide it free of charge.

## **[No Automation Currently Available] Retain your existing Managed Portfolio Service (MPS) investment program (i32)**

Having considered your personal situation and objectives, we recommend you maintain your existing Managed Portfolio Service (MPS) Investment Program.

### **Why this benefits you**

- As your personal situation and objectives have not changed significantly, we believe that the current Investment Program **<Investment Program name, e.g. G60 Core + Satellite>** remains appropriate for you. If you cannot locate a copy of your Investment Program document, we would be happy to provide you with a copy free of charge.

### **Things you should consider**

- Your Investment Program is a critical aspect of the MPS. Through it we lay out the framework within which your portfolio is managed on a day-to-day basis. If you are at all uncomfortable with this recommendation, please discuss it with us immediately.

## **[Automation Available] Establish a child savings plan (i4)**

We recommend you make an investment of \$XXXX [WealthSolver– Balances from Recommend and Acquire Scenario] for [Child's name] into [specify investment product] [WealthSolver Plan Name – Balances from Recommend and Acquire Scenario]. The investment should be owned in the child's name/your name as trustee for the child/your own name for the future benefit of [child's name].

[OR] We recommend you commence a regular savings plan by investing \$XXXX per [frequency] [WealthSolver – Contribution Tab from Recommend and Acquire Scenario] for [Child's name] into [specify investment product]. The investment should be owned in the child's name/your name as trustee for the child/your own name for the future benefit of [child's name].

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- This will help you meet your goal of providing future financial assistance to [Child's name].
- Holding the investment for your child is recommended to minimise the tax applicable / maintain control over the investment.
- [If applicable - Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] This will reduce your Centrelink/Department of Veterans' Affairs assessable income and assets and may increase your entitlements.

### **Things you should consider**

- Investment income, even if it is reinvested, is assessable income for tax purposes and taxed at your marginal tax rate.
- Penalty tax rates apply to income earned by a child except in limited circumstances. This may be higher than if the investment was held in your name. If you hold the investment and pay tax yourself, there may be tax implications when the investment is redeemed or passed to the child in the future, such as capital gains tax.
- [If applicable - Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] This investment is considered a gift by Centrelink/Department of Veterans' Affairs. Amounts that exceed the gifting limits (\$10,000 per financial year with a limit of \$30,000 over a five year period) will still count under your income and assets tests for five years from the date of the gift.
- [If applicable] As the investment is to be held in your name you may wish to nominate a replacement trustee in your Will. You should seek legal advice to confirm implications.
- [If applicable – regular investment plan] You may need to be more mindful of your expenditure to ensure your income needs are met while regularly investing any surplus income.

## **[Automation Available] Establish an education savings plan (i5)**

We recommend you make an investment of \$XXXX [WealthSolver– Balances from Recommend and Acquire Scenario] for [Child's name] into [specify education bond name] [WealthSolver Plan Name – Balances from Recommend and Acquire Scenario]. The investment should be owned in the child's name/your name as trustee for the child/your own name for the future benefit of [child's name].

[Regular investment plan] We recommend you commence a regular savings plan by investing \$XXXX per [frequency] into this plan.

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- Commencing a child education savings plan will help you meet your goal of providing future education funding for [Child's name].
- Holding the investment for your child is recommended to manage the tax applicable / maintain control over the investment.
- [If applicable] [Centrelink Scope – Relevant In OR Relevant Out of Scope] This will reduce your Centrelink/Department of Veterans' Affairs assessable income and assets and may increase your entitlements.
- [If applicable] As this is a specific education fund, tax concessions may apply if the money is ultimately used for education purposes.

### **Things you should consider**

- Investment income, even if it is reinvested, is assessable income for tax purposes and taxed at your marginal tax rate.
- Penalty tax rates apply to income earned by a child except in limited circumstances. This may be higher than if the investment was held in your name. If you hold the investment and pay tax yourself, there may be tax implications when the investment is redeemed or passed to the child in the future, such as capital gains tax.
- [If applicable - Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] This investment is considered a gift by Centrelink / Department of Veterans' Affairs. Amounts that exceed the gifting limits (\$10,000 per financial year with a limit of \$30,000 over a five year period) will count under your income and assets tests for five years from the date of the gift.
- [If applicable] As the investment is to be held in your name you may wish to nominate a replacement trustee in your Will. You should seek legal advice to confirm implications.
- [If applicable] You should nominate a plan guardian to ensure that your wishes are carried out should anything happen to you.
- [If applicable] If you choose to discontinue contributions or the money needs to be accessed earlier or is not used for education purposes, penalties may apply including the loss of investment earnings. Details should be checked carefully in the Product Disclosure Statement.
- If you withdraw earnings for non-education purposes a different tax treatment may apply.
- Changes can occur to the taxation of the education investment fund which may affect the value of your investment.
- [If applicable – regular investment plan] You may need to be more mindful of your expenditure to ensure your income needs are met while regularly investing any surplus income.

## **[Automation Available] Regular investment plan (i6)**

We recommend you implement a regular investment plan of \$XXX per week/fortnightly/month/year [WealthSolver Plan Name – Contribution Tab from Recommend and Acquire Scenario] from your surplus cashflow into your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] account.

### **Why this benefits you**

- A regular savings plan enables you to start investing without a large upfront investment.
- Investing a set amount regularly reduces the timing risk of investing one large transaction at one point in time. Purchasing parcels of shares / units at different times diversifies your investment entry points.

### **Things you should consider**

- All assessable income and capital gains which you earn from your investment will generally be taxable at your marginal tax rate.
- You may need to be more mindful of your expenditure to ensure your income needs are met while regularly investing your surplus income.
- Any short term or unexpected expenses should be funded from your cash reserve where possible.
- We will provide more specific investment and product recommendations and our reasons for them later in this advice.

## **[Automation Available]** Consolidate your existing investment funds (i7)

We recommend you consolidate your investment funds as listed below.

Investment fund	Owner	Type of rollover
XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario]	XXX [WealthSolver Owner – from Recommend and Acquire Scenario]	[Partial Rollover / Full Rollover / Receiving Fund] [WealthSolver – Based on balances from Recommend and Acquire Scenario]

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- Consolidating these investments will simplify the administration of your investments. It will be easier to keep track of your investments and ensure they remain in line with your long-term goals and objectives.
- We will provide specific product and investment recommendations and our reasons for them later in this advice.

### **Things you should consider**

- Where funds are sold, there may be a period of time where you are not invested. During this time, you will not benefit from any market upside or, conversely, be subject to any market falls during this period.
- Before proceeding with this recommendation, you should confirm the tax implications with your accountant.
- Capital gains tax may be payable on the growth of investment upon the in-specie transfer. Where a capital loss is realised on an investment, this loss may be used or carried forward to offset against future capital gains within the portfolio. More detailed information on any estimated capital gains tax liability will be provided later in this document.
- Transaction costs apply when redeeming investments or switching investment platforms. More information is provided later in this document.

## **[No Automation Required] Dynamic Portfolio Update Service (i8)**

We recommend you use our Dynamic Portfolio Update (DPU) service to manage your portfolio.

We will help you select an appropriate investment strategy, which establishes the framework within which your portfolio is to be managed.

A specialist research team will then be engaged to develop an investment portfolio to suit your investment strategy and provide you with written updates and recommendations on a half yearly basis.

### **Why this benefits you**

- You have indicated that you would prefer less involvement in the investment decisions impacting your portfolio.
- Dynamic Portfolio Update service provides you access to the expertise of a specialist research team, who are responsible for choosing the appropriate investments for your portfolio.
- Your portfolio is reviewed regularly as the DPU service delivers the benefits of disciplined portfolio rebalancing, keeping your asset allocation in line with your risk profile. This process has been shown to help investors reach their goals more effectively while avoiding unnecessary risk.
- To minimise the administration and paperwork associated with your portfolio the DPU service undertakes all of the buying, selling and reporting of investments for you. All the necessary documentation is provided to you with your half yearly recommendations, making it easy for you to review and authorise the rebalancing of your portfolio with minimal administration and implementation fuss.
- The DPU service offers access to wholesale investments which have lower management costs and no transaction fees are charged for implementing any of the recommended changes to your portfolio.

### **Things you should consider**

- The DPU operator makes decisions on any applicable corporate actions and implements them in the best interests of account holders – you will not be engaged in these matters.
- When making investment decisions, assets outside of the DPU are not considered. It is for this reason that we should review your investment strategy each year to ensure that it is still appropriate for you.
- There may be tax consequences, transaction costs and potentially capital losses resulting from any transaction validly executed as part of the DPU Service.
- If you do not promptly inform us of any changes in your situation, needs or objectives, there is a risk that we may make inappropriate investment decisions.

## **[Automation Available] Make a withdrawal from your investment bond (i9)**

We recommend you redeem \$XXX from your insurance bond. [WealthSolver – Based on change in account value from Recommend and Acquire] [WealthSolver Plan Name – from Recommend and Acquire Scenario]

We will provide more specific investment and product recommendations and our reasons for them later in this document.

### **Why this benefits you**

- [if applicable] The proceeds can be used to reduce your debt which will save on interest costs.
- [if applicable] You will be able to use the proceeds to fund your planned expenditure.

### **Things you should consider**

- If you make a partial or full withdrawal within the first ten years of your bond, all/part of the growth achieved is added to your taxable income. This is taxed at your marginal tax rate however you will receive a tax offset of 30% on this amount reflecting the tax already paid in the bond.
- By redeeming these funds, you may miss out on future income and capital growth that these investments would have otherwise provided.
- Before proceeding with this recommendation, you should confirm the tax implications with your accountant.

## **[Automation Available] Reduce your regular investment plan**

[Client name], we recommend you reduce your regular investment plan to nil / \$XXX per week/fortnightly/month/year [WealthSolver Plan Name – Contribution Tab from Recommend and Acquire Scenario] to your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] investment portfolio from [date].

### **Why this benefits you**

- Reducing your regular investment plan will provide you with the extra cash flow you need to meet your goal.

### **Things you should consider**

- Reducing or cancelling your regular investment plan will mean that you will accumulate less funds in your investment portfolio and you may miss out on future income and capital growth that these investments would have otherwise provided.

# Retirement planning

## [Automation Available] Commence an account based pension income stream (ret1)

We recommend you use your superannuation benefits to commence an account-based pension, as shown in the table below:

Existing account(s)	Owner	Action
XXX account [WealthSolver Plan Name – from Recommend and Acquire Scenario]	XXX [WealthSolver Owner – from Recommend and Acquire Scenario]	Partial / Full Rollover [WealthSolver – Based on status from Recommend and Acquire Scenario]

Draw a pension as follows:

Income Drawdown	
Estimated balance at commencement	\$ XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario]
Minimum Pension (XXX%) [Based on Client Age] (p.a.)	\$ XXX [Math Calculation]
<b>Recommended Pension</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually</b> [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]
	\$XXX p.a. [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]
Tax free amount (p.a.)	\$ XXX
Draw pension payments from	Cash account/pro rata/insert specific investment

Our proposed changes to your investment holdings are shown later in this document.

### Why this benefits you

- Commencing a pension will provide you with a regular income to help meet your cash flow needs.
- [Retirement income achieved] Our projections indicate that the pension income will provide you with sufficient income to achieve your retirement goals.
- [If applicable – defensive investment drawdown] Initially drawing income from the options outlined above will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility.
- [If applicable – growth investment drawdown] Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- [If applicable – pro rata drawdown] A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- [If applicable – cash account] Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.
- If you choose to take any extra income requirements as withdrawals (instead of pension payments) this will create a debit in your transfer balance account. Debits can free up your transfer balance cap allowing for the commencement of other superannuation pensions.
- [If under 60] [Based on Client Age - < 60] While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After

reaching age 60 the income received from your pension will be tax free.

- Investment earnings and any realised capital gains within an account-based pension are tax free.
- **[Retirement bonus]** **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** By commencing an account based pension, you will be eligible to receive a retirement bonus, which your superannuation fund pays if you move your funds from accumulation phase into retirement phase. This represents the tax savings by the fund as a result of moving assets from accumulation phase to retirement phase. **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known]** More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.

### Things you should consider

- There is no guarantee that your pension income will last through retirement. The balance of your pension account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- The value of your pension will count towards your transfer balance cap. Our records show that your transfer balance account is currently below the maximum threshold and the commencement of this pension will not cause you to exceed the cap. You should ensure you have advised us of any other income streams you hold before taking this step, as there are penalties for exceeding the transfer balance cap.
- You are required to draw a minimum pension amount each year based on your age and account balance.
- **[If applicable]** Receiving pension payments above the minimum may affect your ability to generate sufficient income in later years.
- If you have made personal contributions for which you wish to claim a tax deduction, you must lodge a notice of deductibility with your superannuation fund and receive an acknowledgement prior to commencing the pension.
- Where insurance is held in your superannuation fund, rolling over some or all of your superannuation benefit to a pension may result in the loss of any personal risk insurance cover held within the fund.
- **[Centrelink]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** Rolling over your superannuation benefit to a pension will increase the amount of assets and income that are included when determining your entitlement for social security benefits from Centrelink / DVA. As such, you are required to notify Centrelink / DVA within 14 days of the pension commencement as this may affect your entitlements.
- **[Preservation age but under 60]** **[Based on Client Age – Hide if > 60]** We estimate that XX% of each pension payment is taxable income and must be included in your tax return. This is taxed at your marginal tax rate less a 15% tax offset to reduce tax payable.
- **[Retirement bonus]** **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** You may lose some, or all, of the retirement bonus that was paid upon the commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known]** More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.
- Transaction costs may apply when commencing an account based pension. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Convert your TTR Pension into an Account Based Pension (ret11)**

We recommend you notify your superannuation fund that you have met a condition of release to convert your transition to retirement pension into a retirement phase account-based pension.

### **Why this benefits you**

- Investment earnings and any realised capital gains within retirement phase are tax free. This compares favourably to your transition to retirement pension which is taxed at up to 15%.
- Once you've met a full condition of release there is no maximum annual limit on pension payments and lump sums can be withdrawn at any time.
- **[If transfer balance cap reached]** The level of funds recommended to commence the account-based pension is the maximum available under your transfer balance cap, thus maximising the funds held in this tax free environment.
- Your funds will not spend any time out of the market and you will not incur buy/sell costs or pay any capital gains tax.
- **[Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** By commencing an account based pension, you will be eligible to receive a retirement bonus, which represents a tax saving paid into your account by your superannuation fund. The benefit will be calculated by your super fund on transfer and based on a variety of factors. **[Yes – Amount Known]** More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.

### **Things you should consider**

- You will receive a credit to your transfer balance account. Penalties apply if your transfer balance account exceeds your transfer balance cap. Our records show that implementation of this strategy will not cause you to exceed your cap.
- There is no guarantee that your pension income will last through retirement. The balance of your account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- You are required to draw a minimum pension amount each year based on your age and account balance.
- **[If applicable]** Receiving pension payments above the minimum may affect your ability to generate sufficient income in later years.
- While under age 60 the taxable portion of your pension payments is taxed at your marginal tax rate less a 15% tax offset. From age 60, your pension payments are received tax free.
- **[Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. **[Yes – Amount Known]** More detailed information on the estimated retirement bonus loss will be provided later in this document.

## **[Automation Available] Contribute your home sale proceeds to super (ret13)**

We recommend you contribute \$XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] from the proceeds of the sale of your home into superannuation as a 'downsizer' contribution.

**OR**

We recommend you each contribute \$XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] and \$XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] respectively from the proceeds of the sale of your home into superannuation as 'downsizer' contributions.

Our proposed changes to your investment holdings are shown later in this document.

### **Why this benefits you**

- Making extra super contributions, together with compounding interest, will boost your superannuation savings over time.
- The contribution is not assessed against your concessional or non-concessional contribution caps if your contribution is valid.
- These contributions are not taxed on entry to superannuation and when accessed will be returned to you completely tax-free. They will also be paid tax free to your 'non-dependant' beneficiaries after your death.
- Superannuation is a tax-effective way to save for retirement as income and earnings (including capital gains) within the superannuation environment are taxed at a maximum of 15%.
- You are able to make this type of superannuation contribution without the need to satisfy normal eligibility criteria.

### **Things you should consider**

- Based on the information you have provided you are eligible to make this contribution. If any of the information is incorrect, please let us know as the advice may be inappropriate to your situation.
- The contribution can only be made from the sale of one property under a single contract of sale and must be made within 90 days after the date of settlement to be valid. If you're unable to make the contribution within 90 days of settlement, you may be able to obtain an extension by contacting the ATO within the 90-day timeframe.
- The maximum amount that can be contributed as a downsizer contribution is the lesser of \$300,000 per individual or the total proceeds from the sale of the house.
- The downsizer contribution can only be made once per person and cannot be applied against another home.
- Downsizer contributions do not receive an exemption when calculating your social security entitlements. This may impact the benefits and entitlements you're eligible to receive
- An approved election form must be provided to the superannuation fund either:
  - before the contribution is made, or
  - at the time the contribution is madeto ensure the contribution is treated as a downsizer and not assessed against your non-concessional contribution cap.
- The trustee of the superannuation fund may refund the contribution if you are not eligible to contribute to superannuation.
- If the requirements are not met, the contribution is treated as a non-concessional contribution and will be assessed against your available cap. If you exceed your non-concessional cap, additional tax implications apply, and you could pay tax up to 45% plus Medicare and other levies that may apply.

## **[Automation Available] Maintain your existing pension strategy (ret15)**

Upon review of your pension strategy, we believe the following remains appropriate for your situation:

- Retain your existing XXX pension fund.
- Continue to draw down \$XXX per month to fund your living expenses.
- [Automation Strategy Line – Drawn from Client Current Information] Retain your existing XXX fund, continuing to draw down \$XXX to fund your living expenses.
- [If applicable] Maintain your investment approach which provides you with diversification in line with your tolerance to risk.

### **Why this benefits you**

- Your existing pension account provides you with income to support your living costs and planned expenditure.
- [If applicable] You have indicated that you are comfortable with this pension fund and the level of income received is sufficient to meet your needs.
- [Grandfathered pensions] Your pension receives favourable treatment from Centrelink which would be lost if transferred to a new pension.
- [If applicable] By maintaining your investment approach, you will continue to be invested across a range of investments providing diversification and aligned to your agreed risk profile and preferred tolerance to risk.

### **Things you should consider**

- You are required to draw a minimum pension amount each year based on your age and account balance. This is designed to reduce your balance over time. Receiving pension payments above the minimum may affect your ability to generate sufficient income in later years.
- You should review your cash account regularly to ensure you have sufficient cash available to fund pension payments and fees as they fall due.
- Your investment portfolio should be reviewed on an ongoing basis to check that it continues to be in line with your goals and investor risk profile.
- There is no guarantee that your pension income will last through retirement. The balance of your account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.

## **[Automation Available] Refresh your account based pension with additional contribution (ret16)**

We recommend you make a personal contribution to superannuation, combine with existing pension funds, and commence a new account-based pension with the combined balance.

### **Account details**

Existing account-based pension	\$ XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario]
Contributions to super	\$ XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario]
<b>New account-based pension</b>	<b>\$ XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario]</b>

We recommend you draw the following pension:

### **Income drawdown**

Balance	\$ XXX [WealthSolver – Based on balance from Recommend and Acquire Scenario]
Minimum Pension (XXX%) [Based on Client Age] (p.a.)	\$ XXX [Calculation]
<b>Recommended Pension</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]</b>
Tax free amount (p.a.)	\$ XXX [WealthSolver – Based on Recommend and Acquire Scenario]
Draw pension payments from	Cash account/pro rata/insert specific investment

Our proposed changes to your investment holdings are shown later in this document.

### **Why this benefits you**

- **[In-specie transfer]** An in-specie transfer allows you to transfer your investments within the fund without having to sell down and repurchase, this will avoid time out of the market.
- **[If over 60] [Based on Client Age - > 60]** As you are over age 60, the pension payments from your new account-based pension will continue to be tax-free.
- **[Retirement income achieved]** Our projections indicate that the pension income will provide you with sufficient income to achieve your retirement goals.
- Your new pension will provide you with a larger income stream to meet your living expenses.
- **[If applicable – defensive investment drawdown]** Initially drawing income from the options outlined above will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility.
- **[If applicable – growth investment drawdown]** Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- **[If applicable – pro rata drawdown]** A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- **[If applicable – cash account]** Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.
- **[Retirement bonus gained - mastertrust only] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** By commencing an account based pension, you will be eligible to receive a retirement bonus, which your superannuation fund pays

if you move your funds from accumulation phase into retirement phase. This represents the tax savings by the fund as a result of moving assets from accumulation phase to retirement phase. [Yes – Amount Known] More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.

### Things you should consider

- If you have made personal deductible super contributions, you must lodge a 'notice of intent to claim a deduction' form with the super fund to claim the tax deduction before rolling over your superannuation fund.
- You are required to draw a minimum amount of income from an account-based pension each year. Prior to implementing the rollover, your pension fund is required to pay you the pro-rated minimum payment for this financial year.
- There is no guarantee that your pension income will last through retirement. The balance of your pension account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- [New pension] Rolling to a new pension also means there may be a period where you do not receive an income payment. You need to be comfortable that you have adequate funds to meet your expected living costs during this period.
- [New pension] Rolling to a new pension will cause your minimum pension and tax components to be recalculated.
- [If under 60] [Based on Client Age - < 60] While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60 the income received from your pension will be tax free.
- The value of your pension will count towards your transfer balance cap. Our records show that your transfer balance account is currently below the maximum threshold and the commencement of this pension will not cause you to exceed the cap. You should ensure you have advised us of any other income streams you hold before taking this step, as there are penalties for exceeding the transfer balance cap.
- [In-specie transfer from pension to pension] Assets transferred in-specie may change in value between the time of leaving one fund and being received by another fund. This may have implications for your transfer balance cap.
- [If grandfathered] Your account-based pension commenced before 1 January 2015 and is grandfathered when assessed by Centrelink's Income Test. If you rollback your pension you will lose the grandfathered status which may impact your entitlements.
- [Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] You are required to notify Centrelink within 14 days of a change in your circumstances as this may affect your entitlements.
- [Retirement bonus loss - mastertrust only] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.
- When you change super funds, redeem or switch investments, you may not have exposure to the market. During that time, markets may rise or fall.
- Transaction costs may apply when commencing an account based pension. For more information, please refer to the relevant Product Disclosure Statement (PDS).

## [Automation Available] Elect to take a death benefit pension (ret17)

We recommend you commence an account based pension with \$XXX [WealthSolver– Amount from Recommend and Acquire Scenario] that you have inherited from [deceased's name] XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation fund.

We recommend you draw the following pension:

Income drawdown	
Estimated balance at commencement	\$ XXX [WealthSolver– Balance from Recommend and Acquire Scenario]
Minimum Pension (X%) (p.a.) [Based on Client Age]	\$ XXX [Math Calculation]
<b>Recommended Pension</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually</b> [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]
Tax free amount (p.a.)	\$ XXX
Draw pension payments from	Cash account/pro rata/insert specific investment

### Why this benefits you

- The income drawn from your account based pension will help you meet your cash flow needs.
- Choosing to take a pension rather than a lump sum keeps the money inside superannuation where it can benefit from ongoing tax concessions. Lump sum withdrawals are tax free. [If tax-free to beneficiary] The income payments are also tax-free.
- Earnings and capital gains within the pension are exempt from tax which helps to increase the overall return from the investment portfolio.
- [Retirement income achieved] Our projections indicate that the account based pension income will last until age XX/for your life expectancy/other which Should allow you to achieve your retirement goal.
- [If child pension] Once you reach age 25, any remaining balance will be paid to you (or your representative) as a tax-free lump sum.
- [Retirement bonus gained - mastertrust only] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] By commencing an account based pension, you will be eligible to receive a retirement bonus, which represents a tax saving paid into your account by your superannuation fund. The benefit will be calculated by your super fund on transfer and based on a variety of factors. [Yes – Amount Known] More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.
- [If applicable – defensive investment drawdown] Initially drawing income from the options outlined above will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility.
- [If applicable – growth investment drawdown] Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- [If applicable – pro rata drawdown] A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- [If applicable – cash account] Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.

### Things you should consider

- You are required to draw a minimum pension amount each year based on your age and account balance. This is designed to reduce your balance over time. Receiving pension payments above the minimum may affect your ability to generate sufficient income in later years.

- There is no guarantee that your pension income will last through retirement. The balance of your pension account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- **[If taxable to beneficiary]** The pension will have a taxable proportion of approximately XX%, which means that XX% of each pension payment will be taxable (and entitled to a 15% tax offset). The pension fund will provide you with a payment summary after the end of the financial year. Once you reach age 60, the payments will be tax-free.
- **[Centrelink]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** The account based pension will be assessed by Centrelink as a financial investment. As such, you are required to notify Centrelink / DVA within 14 days of the pension commencement as this may affect your entitlements.
- **[Preservation age but under age 60]** **[Based on Client Age - < 60]** We estimate that XX% of each pension payment is taxable income and must be included in your tax return. This is taxed at your marginal tax rate less a 15% tax offset to reduce tax payable. The pension fund will provide you with a payment summary after the end of the financial year. Once you reach age 60, the payments will be tax-free.
- The value of your pension will count towards your transfer balance cap. Our records show that your transfer balance account is currently below the maximum threshold and the commencement of this pension will not cause you to exceed the cap. You should ensure you have advised us of any other income streams you hold before taking this step, as there are penalties for exceeding the transfer balance cap.
- **[Retirement bonus loss]** **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** You may lose some or all of any entitlement that was paid upon commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. **[Yes – Amount Known]** **More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.**

## [Automation Available] Refresh your transition to retirement income stream (ret18)

We recommend you commence a new transition to retirement pension by refreshing your existing pension with a contribution from your superannuation.

A portion of your superannuation will be retained to accept ongoing contributions as outlined below.

Account details	
Existing account-based pension	\$ XXX WealthSolver Owner – from Recommend and Acquire Scenario]
Contributions to super	\$ XXX WealthSolver Owner – from Recommend and Acquire Scenario]
<b>New account-based pension</b>	\$ XXX WealthSolver Owner – from Recommend and Acquire Scenario]
<b>Retained in Superannuation</b>	\$ XXX WealthSolver Owner – from Recommend and Acquire Scenario]

Income drawdown	
Minimum Pension (X%) [Based on Client Age] (p.a.)	\$ XXX [Math Calculation]
Maximum Pension (10%) (p.a.)	\$ XXX [Math Calculation]
<b>Recommended Pension</b>	\$ XXX fortnightly/monthly/quarterly/annually [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]
Tax free amount (p.a.)	\$ XXX
Draw pension payments from	Cash account/pro rata/insert specific investment

### Why this benefits you

- As the balance of the account will be higher, the maximum amount that you can draw from your pension will also increase. This means you can sacrifice more of your salary to super and gain more tax benefits.
- [If under 60] [Based on Client Age - < 60] While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60 the income received from your pension will be tax free. Your pension fund will provide you with a payment summary after the end of the financial year.
- [If applicable – defensive investment drawdown] Initially drawing income from the options outlined above will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility.
- [If applicable – growth investment drawdown] Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- [If applicable – pro rata drawdown] A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- [If applicable – cash account] Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.

### Things you should consider

- There is no guarantee that the income from your transition to retirement pension will last through retirement. The balance of your pension account will fluctuate depending on market movements, investment performance and pension payments
- You are required to draw a minimum pension amount each year based on your age and account balance. This is designed to reduce your balance over time. Receiving pension payments above the minimum may affect your ability to generate sufficient income in

later years.

- The income payments from the pension will continue until your account runs out. How long the pension lasts will depend on investment performance, fees and the amount of income you take.
- **[If under 60]** **[Based on Client Age - < 60]** Your pension will have a taxable proportion of approximately **XX%**, which means that **XX%** of each pension payment will be taxable.
- If you have made personal contributions for which you wish to claim a tax deduction, you must lodge a notice of deductibility with your superannuation fund and receive an acknowledgement prior to commencing the pension.
- Investment earnings, including realised capital gains, are taxed at a maximum of 15%.
- **[Retirement bonus]** **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** You may lose some or all of any entitlement that was paid upon commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. **[Yes – Amount Known]** **More detailed information on the estimated retirement bonus loss will be provided later in this document.**
- **[Centrelink]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** Rolling over your superannuation benefit to a pension will increase the amount of assets and income that are included when determining your entitlement for social security benefits. As such, you are required to notify Centrelink / DVA within 14 days of the pension commencement as this may affect your entitlements.
- Where insurance is held in your superannuation fund, rolling over some or all of your superannuation benefit to a pension may result in the loss of any personal risk insurance cover held within the fund.

## **[Automation Available] Commence a transition to retirement income stream (ret19)**

We recommend you rollover \$XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario] of your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation benefits to commence a transition to retirement income stream. The remaining balance will be retained in your superannuation account to accept ongoing contributions.

We recommend you draw the following pension:

<b>Income drawdown</b>	
Estimated balance at commencement	\$ XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario]
Minimum Pension (X%) [Based on Client Age] (p.a.)	\$ XXX [Math Calculation]
Maximum pension (10%) (p.a.)	\$ XXX [Math Calculation]
<b>Recommended Pension</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually</b> [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]
Tax free amount (p.a.)	\$ XXX
Draw pension payments from	Cash account/pro rata/insert specific investment

Our proposed changes to your investment holdings are shown later in this document.

### **Why this benefits you**

- Commencing a pension will provide you with a regular income to help meet your cash flow needs.
- As your income needs will be met with this additional cash flow, you have the option of reducing your working hours and meeting your objectives.
- [If under 60] [Based on Client Age - < 60] While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60 the income received from your pension will be tax free. Your pension fund will provide you with a payment summary after the end of the financial year.
- [If applicable – defensive investment drawdown] Initially drawing income from the options outlined above will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility.
- [If applicable – growth investment drawdown] Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- [If applicable – pro rata drawdown] A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- [If applicable – cash account] Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.

### **Things you should consider**

- There is no guarantee that the income from your transition to retirement pension will last through retirement. The balance of your pension account will fluctuate depending on market movements, investment performance and pension payments.
- You are required to draw a minimum pension amount each year based on your age and account balance. This is designed to reduce your balance over time. Receiving pension payments above the minimum may affect your ability to generate sufficient income in later years.
- [If under 60] [Based on Client Age - < 60] We estimate that XX% of each pension payment is taxable income and must be included in your tax return. This amount is taxed at your marginal tax rate less a 15% tax offset to reduce tax payable.

- **[Centrelink]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** Rolling over your superannuation benefit to a pension will increase the amount of assets and income that are included when determining your entitlement for social security benefits. As such, you are required to notify Centrelink / DVA within 14 days of the pension commencement as this may affect your entitlements.
- If you have made personal contributions for which you wish to claim a tax deduction, you must lodge a notice of deductibility with your superannuation fund and receive an acknowledgement prior to commencing the pension.
- Where insurance is held in your superannuation fund, rolling over some or all of your superannuation benefit to a pension may result in the loss of any personal risk insurance cover held within the fund.
- **[Retirement Bonus]** **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** You may lose some, or all, of the retirement bonus that was paid upon the commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. **[Yes – Amount Known]** **More detailed information on the estimated retirement bonus loss will be provided later in this document.**
- Investment earnings, including realised capital gains, are taxed at a maximum of 15%.

## [Automation Available] Adjust your account based pension income stream payments (ret2)

We recommend you adjust your pension payments as illustrated below:

Income Drawdown	Current	Proposed
Account Balance* [XTOOLS+ > Individual Pension > Opening Value]	\$ XXX	\$ XXX
Minimum Pension (X%) [Based on Client Age] (p.a.)		
[XTOOLS+ > Individual Pension > Income Drawdown > Minimum Income]	\$ XXX	\$ XXX
<b>Recommended Pension</b> [XTOOLS+ > Individual Pension > Income Drawdown]	<b>\$ XXX fortnightly/monthly/quarterly/annually</b> \$xxx (p.a.)	<b>\$ XXX fortnightly/monthly/quarterly/annually</b>
Tax free amount (p.a.)	\$ XXX	\$ XXX
Draw pension payments from	Cash account/pro rata/insert specific investment	Cash account/pro rata/insert specific investment

\* The account balance as at 1 July. Alternatively, if commenced in the current financial year, the account balance at commencement.

### Why this benefits you

- **[Increase]** You currently don't have sufficient income to meet your needs. Increasing the drawdown from your pension will increase your total cash flow to approximately \$XXX per annum.
- **[Reduce]** By reducing your payments, more funds will be retained within the pension environment which is concessionally taxed.
- **[If applicable – specific investment drawdown]** Initially drawing income from the [Insert name] option will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility and achieve investment growth over time/insert reason.
- **[If applicable – pro rata drawdown]** A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- **[If applicable – cash account]** Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.
- **[Retirement income achieved]** Our projections indicate that the pension income will provide you with sufficient income to achieve your retirement goals.
- **[If under 60]** **[Based on Client Age - < 60]** While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60 the income received from your pension will be tax free.

### Things you should consider

- You are required to draw a minimum pension amount each year based on your age and account balance.
- **[If applicable]** Receiving pension payments above the minimum may affect your ability to generate sufficient income in later years.
- Subject to meeting the minimum pension requirement, there is no maximum limit to the amount you can draw as a pension or withdrawal.
- There is no guarantee that your pension income will last through retirement. The balance of your account will fluctuate depending on market movements, investment

performance, pension payments and lump sum withdrawals.

- **[If under 60]** **[Based on Client Age - < 60]** Your assessable income may increase this financial year as a result of the increase in your pension payments. As a result, you may pay tax (plus Medicare Levy) on the taxable component of the amount withdrawn. This may also affect your social security entitlements such as any childcare and family tax benefits you may receive.
- **[If Centrelink / DVA]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** You are required to notify Centrelink / DVA within 14 days about the change in your pension payments as it may affect your existing entitlements.

## **[Automation Available] Make a lump sum withdrawal from your account based pension (ret3)**

To fund your planned expenses, we recommend you make a lump sum withdrawal of \$XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario] from your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] pension account. This payment should be requested as a partial commutation, and not an additional pension payment.

Our proposed changes to your investment holdings to fund this withdrawal are shown later in this document.

### **Why this benefits you**

- This will provide you with sufficient capital to meet your planned expenditure.
- Choosing to meet your additional expenditure as a withdrawal (instead of pension payments) creates a debit in your transfer balance account. Debits can free up your transfer balance cap allowing for the commencement of other superannuation pensions.
- [If over 60] [Based on Client Age - > 60] Withdrawals from your pension are tax free after reaching age 60.
- [If under 60 and under the low rate cap] [Based on Client Age - < 60] The taxable proportion of your total lump sum withdrawal will be under the low rate cap. Therefore, this withdrawal will be tax free.

### **Things you should consider**

- Withdrawing funds from your pension account will reduce the capital available to support your income payments in retirement. This may impact the longevity of your account, increasing the risk of running out of funds to support your retirement.
- By redeeming these funds, you may miss out on future income and capital growth that these investments would have otherwise provided.
- There is no guarantee that your pension income will last through retirement. The balance of your account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- [If under 60 and over the low rate cap] [Based on Client Age - < 60] We estimate \$XXX in lump sum tax will apply upon this withdrawal. Any tax payable will be deducted from your account at the time of withdrawal.
- [If under 60] [Based on Client Age - < 60] The taxable portion of the withdrawal is added to your assessable income. This may impact your entitlement to certain Government benefits and concessions, such as social security entitlements, family tax benefits and certain tax offsets.
- [If grandfathered - Centrelink] Your account-based pension commenced before 1 January 2015 and is grandfathered when assessed by Centrelink's Income Test. The withdrawal will increase the amount assessed under the Income Test. We estimate that this will reduce your entitlement by \$XXX per fortnight/won't impact your entitlement.
- [Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] You are required to notify Centrelink within 14 days about any changes as it may affect your existing entitlements.
- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that was paid upon the commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.

## **[Automation Available] Withdraw a lump sum from your account based pension and re-contribute to spouse (ret31)**

We recommend you make a lump sum withdrawal of \$XXX from your XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario] pension account and make an after-tax contribution into [Spouse Name]'s XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation fund. This payment should be requested as a partial commutation, and not an additional pension payment.

### **Why this benefits you**

- [Recontribute to younger spouse for Centrelink benefit] [Based on Spouse Age, Centrelink in scope] Redistributing your retirement savings into [spouse name's] superannuation will reduce your assessable assets for Centrelink purposes as [spouse name] has not reached their age pension age. Superannuation in an accumulation account is not assessed by Centrelink if the member is below age pension age.
- This strategy will increase the tax-free component of [Spouse name]'s superannuation. This may reduce tax payable by any 'non-dependants' on a death benefit.
- [Where client has a large super balance] [WealthSolver – Based on balances from Recommend and Acquire Scenario] Redistributing your retirement savings into [spouse name] superannuation will help you maximise the combined amount, that as a couple, may be used to commence an account-based pension.
- [Where client has a large super balance] [WealthSolver – Based on balances from Recommend and Acquire Scenario] Redistributing your retirement savings into [spouse name] superannuation will help you manage your total super balance. This will help maximise the combined amount, that as a couple, may be contributed to super as a non-concessional contribution.
- [Govt co-contribution] [Spouse name]'s may be eligible for a Government superannuation co-contribution payment of \$XX.

### **Things you should consider**

- Withdrawing funds from your pension account will reduce the capital available to support your income payments in retirement. This may impact the longevity of your account, increasing the risk of running out of funds to support your retirement.
- It may take time to re-contribute your superannuation benefits. During this time, you will not be fully invested and will not benefit from any market upside or conversely be subject to any market falls.
- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Investment earnings are taxed up to 15% within the superannuation environment. If the earnings are capital gains from an asset owned through your super for more than 12 months, a CGT discount may apply. Conversely, while in pension phase investment earnings are tax free.
- The re-contribution will count towards [Spouse name]'s non concessional contribution cap. There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- The contribution will be preserved until a condition of release is met by your spouse; you need to be comfortable that you will not need access to these funds until this time. Conditions of release include reaching age 65 or retiring after preservation age.
- [Using bring forward rule] By making the recommended non-concessional contribution, you will trigger the bring-forward rule in the current financial year. This means that you will be limited to contributing \$XXX before 1 July 20XX.
- [Exhaust bring forward limit] This contribution will exhaust your bring forward cap. This means you will not be able to make any further non-concessional contributions before 1 July 20XX.
- [Centrelink] [Centrelink Scope – Relevant In OR Relevant Out of Scope] You are required to notify Centrelink of changes in your situation within 14 days

- [If under 60, and over the low rate cap] [Based on Client Age - < 60] We estimate \$XXX in lump sum tax will apply upon this withdrawal. Any tax payable will be deducted from your account at the time of withdrawal.
- [If under 60] [Based on Client Age - < 60] The taxable portion of the withdrawal is added to your assessable income. This may impact your entitlement to certain Government benefits and concessions, such as social security entitlements, family tax benefits and certain tax offsets.
- [Govt co-contribution] You must meet the eligibility requirements to receive the Government superannuation co-contribution payment. In addition, you must also lodge a tax return to allow the ATO to determine your eligibility for the co-contribution as it will not be credited to your superannuation account until your personal income tax return has been processed.
- [If retirement bonus paid] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that was paid upon the commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund provider. [Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.
- There is no guarantee that your pension income will last through retirement. The balance of your account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.

## **[Automation Available]** Rollover your account based pension (ret4) **[single fund only]**

We recommend you rollover your **XXX** account based pension and commence an account based pension in your new **XXX** fund. **[WealthSolver Plan Name – from Recommend and Acquire Scenario]**

We recommend you draw the following pension from your new account based pension:

<b>Income drawdown</b>	
Estimated balance at commencement*	\$ <b>XXX</b> <b>[WealthSolver Plan Name – from Recommend and Acquire Scenario]</b>
Minimum Pension ( <b>X%</b> ) (p.a.) <b>[Based on Client Age]</b>	\$ <b>XXX</b> <b>[Calculation]</b>
<b>Recommended Pension</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually</b> <b>[WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]</b> \$ <b>XXX</b> p.a.
Tax free amount (p.a.)	\$ <b>XXX</b>
Draw pension payments from	<b>Cash account/pro rata/insert specific investment</b>

\* The account balance as at 1 July. Alternatively, if commenced in the current financial year, the estimated account balance at commencement.

### **Why this benefits you**

- **[If lower management fee]** By rolling over your account based pension, you can reduce your overall management fees. Details in relation to this are outlined later in this document.
- **[If applicable]** Your current fund does not allow your preferred payment frequency of **weekly/fortnightly/monthly/quarterly/annual**. The recommended fund provides you with the flexibility to alter your payment frequency to your preferred option.
- The recommended pension payment will assist you in meeting your ongoing expenditure requirements.
- **[If applicable – defensive investment drawdown]** Initially drawing income from the options outlined above will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility.
- **[If applicable – growth investment drawdown]** Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- **[If applicable – pro rata drawdown]** A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- **[Retirement income achieved]** Our projections indicate that the pension income will provide you with sufficient income to achieve your retirement goals.
- **[Over age 60]** **[Based on Client Age > 60]** As you are over age 60 the income received from your pension will be tax free.

### **Things you should consider**

- It may take time to rollover your account based pension. During this time, you will not be fully invested and will not benefit from any market upside or conversely be subject to any market falls.
- You are required to draw a minimum pension amount each year based on your age and account balance. Prior to implementing the rollover, your pension fund is required to pay you the pro-rated minimum payment for this financial year.
- Rolling over to a new pension will cause your minimum pension payment to be recalculated. There may also be a period where you do not receive an income payment. We have reviewed your situation and you will have sufficient income during this time **and you will have adequate funds to meet your expected living costs during this period.**

- Subject to meeting the minimum pension requirement, there is no maximum limit to the amount you can draw as a pension or withdrawal.
- There is no guarantee that your pension income will last through retirement. The balance of your account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- [If under 60] [Based on Client Age < 60] Your assessable income may increase this financial year as a result of the increase in your pension payments. As a result, you may pay tax (plus Medicare Levy) on the taxable component of the amount withdrawn. [If applicable] This may also affect your social security entitlements such as any childcare and family tax benefits you may receive.
- [If Centrelink / DVA] [Centrelink Scope – Relevant In OR Relevant Out of Scope] You are required to notify Centrelink/DVA within 14 days of any change in your pension payments as it may affect your existing entitlements.
- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that was paid upon the commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Yes – Amount Known] More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.
- [If grandfathered] Your account based pension commenced before 1 January 2015 and is grandfathered when assessed by Centrelink's Income Test. If you rollback your pension you will lose the grandfathered status which may impact your entitlements.
- [If under 60] [Based on Client Age < 60] While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60 the income received from your pension will be tax free.
- The value of your pension will count towards your transfer balance cap. Our records show that your transfer balance account is currently below the maximum threshold and the commencement of this pension will not cause you to exceed the cap. You should ensure you have advised us of any other income streams you hold before taking this step, as there are penalties for exceeding the transfer balance cap.
- Any accrued administration fees will be deducted from your account balance prior to the transfer taking place.
- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on any estimated capital gains tax liability if applicable, will be provided later in this document.

## [No Automation Currently Available] Commence a fixed term annuity (ret6)

We recommend you commence a fixed term annuity with \$XXX from your superannuation fund / savings to provide you with a regular income payments.

Lifetime Annuity	
Annuity Owner	XXX
Investment Amount	\$XXX
Investment Term	XXX
Residual Capital Value	\$XXX
Total Annual Payment	\$XXX
<b>Payment Frequency &amp; Amount</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually</b>
Withdrawal period	XXX
Option to voluntarily withdraw	XXX
Withdrawal guarantee	XXX
Benefit reduction	XXX

### Why this benefits you

- An annuity will provide you with a regular income for the duration of the term to help meet your living expenses. This provides you with greater certainty and removes some of your longevity risk.
- Your annuity can include a residual capital value payable on maturity of the annuity.
- **[RCV]** Choosing an RCV of XX% means you will receive \$XXX of your investment back as a lump sum at the end of the term.
- **[Guarantee period]** A minimum payment period is set when you buy the annuity. If you pass away during this period your beneficiary will get your payments, either as a lump sum or income stream.
- **[Superannuation annuity – if between preservation age and 60]** This will provide you with a tax-effective income stream as you are able to claim a 15% tax offset on the taxable portion of the annuity income. Once you turn 60, all income will be received tax-free.
- **[Superannuation annuity – if over 60]** Your annuity income is received tax-free.
- Payments may remain the same each year or can be increased at a chosen rate e.g. in line with inflation.

### Things you should consider

- The annuity details quoted above are valid until XXX. If you wish to purchase an annuity after this date, a new quote will be required which may have a different interest rate and annual income.
- **[If non-commutable]** The annuity cannot be commuted or varied once the cooling-off period has passed. You should ensure that you are comfortable with this restriction.
- **[If commutable]** After commencement you cannot vary the terms of the annuity, but you will have an option to commute if it is no longer suitable. The withdrawal value will depend on the remaining term, how much income has been paid and market interest rates at the time. You may receive less than the amount you invested.
- **[Indexation]** In the event of deflation (negative CPI), your annuity payments may reduce.
- **[No indexation]** We have not recommended indexing your income payments because indexation results in lower initial payments. However, it is important for you to be aware that this means your payments will not increase over time and may be insufficient to meet your living expenses in the future.

- **[Centrelink]** Investing in an annuity may affect your eligibility for a benefit issued by Centrelink or the Department of Veterans' Affairs.
- In the event of your passing, payments may continue to the nominated beneficiary, or a lump sum may be payable.
- You will forgo all potential growth on the capital invested in the recommended annuity in exchange for the regular payments.
- **[Non-Super annuity]** A portion of the payment you receive each year is not included in your assessable income as it is a return of capital. The assessable part of the regular payments will be taxed at your marginal tax rate. Your annuity provider will provide you with a payment summary after the end of each financial year.
- **[Superannuation annuity]** If you have made personal deductible super contributions, you must lodge the appropriate form with the super fund to claim the tax deduction before commencing the annuity.
- You are required to notify Centrelink within 14 days about any change to your situation that may affect your entitlement.

## **[No Automation Currently Available] Commence a guaranteed lifetime annuity (ret61)**

We recommend you commence a lifetime annuity with \$XXX from your superannuation fund / savings to provide you with regular income payments.

### Lifetime Annuity

Annuity Owner	XXX
Investment Amount	\$XXX
Total Annual Payment	XXX
<b>Payment Frequency &amp; Amount</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually</b>
Option to voluntarily withdraw	XXX
Withdrawal guarantee	XXX

#### Why this benefits you

- A lifetime annuity will provide you with the security of guaranteed income for the rest of your life. This helps to manage longevity risk as annuities provide you with guaranteed income regardless of how markets perform.
- **[Withdrawal guarantee]** The recommended annuity has a withdrawal guarantee (part, or all of the initial investment) can be paid out to you at the end of the withdrawal period.
- **[Guarantee period]** Choosing a guarantee period means that, if you pass away during this period, your beneficiaries will receive a death benefit.
- **[If indexation]** Applying indexation to the payments will help to maintain its value in line with inflation.
- **[Superannuation annuity – if between preservation age and 60]** This will provide you with a tax-effective income stream as you are able to claim a 15% tax offset on the taxable portion of the annuity income. Once you turn 60, all income will be received tax-free.
- **[Superannuation annuity – if over 60]** Your annuity income is received tax-free.
- Payments may remain the same each year or can be increased at a chosen rate e.g. in line with inflation.
- **[lifetime annuity]** You have the flexibility to cancel the annuity at any time during the withdrawal period, however you may receive a lesser amount back than you invested. If you cancel at the end of the withdrawal period, you will receive XX% or \$XX of the initial capital you invested.
- **[Centrelink]** The income payments are reduced by a deductible amount for Centrelink income test purposes, which is generally more favourable compared to deeming.

#### Things you should consider

- The annuity details quoted above are valid until XXX. If you wish to purchase an annuity after this date, a new quote will be required which may have a different interest rate and annual income.
- Once the annuity is purchased, the contract cannot be varied or altered in any way.
- **[Indexation]** In the event of deflation (negative CPI), your annuity payments may reduce.
- **[No indexation]** We have not recommended indexing your income payments because indexation results in lower initial payments. However, it is important for you to be aware that this means your payments will not increase over time and may be insufficient to meet your living expenses in the future.
- **[Lifetime income streams that meet Capital Access Schedule requirements]** Under the Centrelink assets test, the asset value of the annuity will be assessed as 60% of the purchase amount until age 84 (or a minimum of 5 years) then 30% of the purchase amount is assessable for the remainder of life.

- Access to lump sums from the annuity is limited. If allowed, any withdrawal value may be considerably less than your purchase price less income payments made to date.
- Investing in an annuity may affect your eligibility for a benefit issued by Centrelink or the Department of Veterans' Affairs. You are required to notify Centrelink within 14 days about any change to your situation that may affect your entitlement.
- Under the Centrelink income test, 60% of the income payments will be assessable.
- In the event of your passing, payments may continue to the nominated beneficiary or a lump sum may be payable.
- You will forgo all potential growth on the capital invested in the recommended annuity in exchange for the regular payments.
- **[Non-Super annuity]** A portion of the payment you receive each year is not included in your assessable income as it is a return of capital. The assessable part of the regular payments will be taxed at your marginal tax rate. Your annuity provider will provide you with a payment summary after the end of each financial year.
- **[Super - concessional contribution made this year]** If you have made personal deductible super contributions, you must lodge the appropriate form with the super fund to claim the tax deduction and receive written acknowledgement before rolling over your funds.

## [Automation Available] Refresh your account based pension (ret8)

We recommend you consolidate your superannuation benefits, and commence a new account-based pension with the combined balance as follows:

Fund Name	Owner	Action
XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario]	XXX [WealthSolver Owner – from Recommend and Acquire Scenario]	[Partial Rollover / Full Rollover / Receiving Fund] [WealthSolver – Based on balances from Recommend and Acquire Scenario]

We recommend you draw the following pension:

Income drawdown	
Minimum Pension (X%) (p.a.) [Based on age]	\$ XXX [Calculation based on min% and balance]
<b>Recommended Pension</b>	\$ XXX fortnightly/monthly/quarterly/annually [WealthSolver– Pension Details tab from Recommend and Acquire Scenario for Specific Dollar Amount]
Tax free amount (p.a.)	\$ XXX
Draw pension payments from	Cash account/pro rata/insert specific investment

### Why this benefits you

- [If existing insurance cover] Maintaining \$XXX in your accumulation account will ensure that you retain your existing level of insurance cover.
- [if larger] [WealthSolver – Based on balances from Recommend and Acquire Scenario] Your new pension will provide you with a larger income stream to meet your living expenses.
- Consolidating these funds will simplify the administration of your retirement savings.
- [Retirement income achieved] Our projections indicate that the pension income will provide you with sufficient income to achieve your retirement goals.
- [If applicable – defensive investment drawdown] Initially drawing income from the options outlined above will provide a greater opportunity for the growth based assets to ride out any short-term market volatility.
- [If applicable – growth investment drawdown] Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- [If applicable – pro rata drawdown] A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- [If applicable – cash account] Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.
- [If under 60] [Based on Client Age - < 60] While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60 the income received from your pension will be tax free.
- Combining your benefits maximises the amount you have invested in the tax-exempt pension environment where the investment earnings, including realised capital gains, are not taxable.
- [in-specie / interdivisional transfer] By transferring the funds in-specie your investments will not spend any time out of the market and you will not incur buy/sell costs or pay any capital gains tax.
- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement

**bonus relevant?]** By commencing an account based pension, you will be eligible to receive a retirement bonus, which your superannuation fund pays if you move your funds from accumulation phase into retirement phase. This represents the tax savings by the fund as a result of moving assets from accumulation phase to retirement phase. **[Yes – Amount Known]** More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.

### Things you should consider

- Rolling to a new pension also means there may be a period of time where you do not receive an income payment. You need to be comfortable that you have adequate funds to meet your expected living costs during this period.
- Rolling to a new pension will cause your minimum pension and tax components to be recalculated.
- You will need to ensure you have drawn the minimum payment from your existing pension prior to the rollback. The income level we have recommended from the new pension meets the minimum you are required to draw this financial year.
- There is no guarantee that your pension income will last through retirement. The balance of your pension account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.
- The value of your pension will count towards your transfer balance cap. Our records show that your transfer balance account is currently below the maximum threshold and the commencement of this pension will not cause you to exceed the cap. You should ensure you have advised us of any other income streams you hold before taking this step, as there are penalties for exceeding the transfer balance cap.
- If you have made personal contributions for which you wish to claim a tax deduction, you must lodge a notice of deductibility with your superannuation fund prior to commencing the new pension.
- Any accrued administration fees and insurance premiums, as well as any applicable superannuation fund tax, will be deducted from your account balance prior to the transfer.
- **[If grandfathered]** Your account based pension commenced before 1 January 2015 and is grandfathered when assessed by Centrelink's Income Test. If you rollback your pension you will lose the grandfathered status which may impact your entitlements.
- **[Centrelink]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** You are required to notify Centrelink within 14 days of a change in your circumstances as this may affect your entitlements.
- **[Retirement bonus loss]** **[Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?]** You will forgo any entitlement to the retirement bonus which your existing fund pays to eligible members upon commencement of an income stream. The amount of bonus depends on a range of factors and is determined on an individual basis by your fund's provider. **[Yes – Amount Known]** More detailed information on the estimated retirement bonus you are eligible for will be provided later in this document.
- When you change super funds, redeem or switch investments, you may not have exposure to the market. During that time, markets may rise or fall.
- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## Risk insurance

### [Automation Available] Apply for new personal insurance cover (ri1)

To address the shortfalls in your personal insurance cover identified earlier, we recommend the following:

- [Wizard Question > Strategy Group > Automation > Life - Personal Name or Superannuation] Life Insurance
- [Wizard Question > Strategy Group > Automation > TPD - Personal Name or Superannuation or Super Linked] Total and Permanent Disability (TPD) Insurance
- [Wizard Question > Strategy Group > Automation > Trauma - Personal Name] Trauma Insurance
- [Wizard Question > Strategy Group > Automation > IP - Personal Name or Superannuation or Super Linked] Income Protection
- [Wizard Scenario Question – Severity Based - Personal Name or Superannuation or Super Linked] Severity Based insurance.

[Analysis completed] We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

[Replacing Existing Cover] We recommend these policies as a replacement for your existing policies.

#### [Wizard Scenario Question – Life section hidden if Life = Not Recommended] Life insurance

We recommended a new Life benefit which will provide you with a lump sum of \$XXXX in the event of your death. This can assist your family with any immediate financial concerns. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum premiums and that the cover to be held within [Wizard Question > Strategy Group > Automation > Life – Superannuation Ownership] / outside [Wizard Question > Strategy Group > Automation > Life - Personal Ownership] superannuation.

We recommend the below options in your cover.

- Future insurability
- Waiver of premium upon disability
- Business safeguard
- Child future insurability
- Accidental death benefit
- Child cover
- Forward underwriting
- Needlestick cover
- Terminal illness support benefit

[Accident Only] We recommend this as an Accident only policy.

**[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] Total Permanent Disability (TPD) insurance**

We recommended a new TPD benefit which will provide you with a lump sum of \$XXXX in the event of your Total and Permanent Disablement. This can assist your family with any immediate financial concerns. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum premiums and an any / own / Non-Occupation occupation definition for your policy.

**[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation]** We recommend this as Stand-alone policy. We recommend Linking / Flexi Linking / your TPD cover.

**[Wizard Question > Strategy Group > Automation > TPD Ownership = Super Linked]** We recommend Super Linking your TPD cover, with \$XXXX of your TPD be "super linked".

We recommend the below options in your cover.

- Life cover buy back for TPD - with a buy back period of XXXX.
- Double TPD
- Future insurability TPD benefit
- Business safeguard TPD
- Activities of daily living benefit
- Partial Extended Activities Daily Living (ADL) option

**[Accident Only]** We recommend this as an Accident only policy.

**[Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] Trauma insurance**

We have recommended a Trauma benefit of \$XXXX, with variable age-stepped / variable to age (55/60/65/70) / optimum premiums, which will provide a lump sum for short term medical and recovery expenses.

We recommend Linking / Flexi Linking your Trauma cover / We recommend this as Stand-alone policy.

We recommend the below options in your cover.

- Trauma Reinstatement Cover
- Life cover buy back for Trauma
- Waiver of premium upon disability
- Accidental death benefit
- Business safeguard
- Crisis Severity Extension
- Female Crisis
- Forward Underwriting
- Future insurability
- Life cover purchase Needlestick cover

**[Wizard Scenario Question – IP section hidden if IP = Not Recommended] Income Protection insurance**

We recommended a monthly Standard / Comprehensive Income Protection benefit of \$XXXX with a waiting period of XXXX and a benefit period of XXXX. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum premiums and for your cover to be held within [Wizard Scenario Question – IP Ownership = Superannuation or Super Linked] / outside [Wizard Scenario Question – IP Ownership = Personal Name or Super Linked] superannuation.

**[Wizard Question > Strategy Group > Automation > IP Ownership = Personal Name OR Superannuation]**

We recommend a Cancellable / non-cancellable Income Protection policy / We recommend this as Cancellable / non-cancellable Stand-alone policy.

**[Wizard Question > Strategy Group > Automation > IP Ownership =Super Linked]** We recommend a Cancellable / non-cancellable Super Linked Income Protection policy.

We recommend the below options in your cover.

- Accidental benefit
- Claims indexation
- Critical conditions
- Super continuance - with a benefit of \$XXXX per month.
- Booster benefit
- Cash back option
- Disability plus - with a benefit of \$XXXX per month.
- Extended indemnity / 3-year Pre-Disability Earnings
- Family care option
- Future insurability - with a benefit of \$XXXX.
- Home support
- Involuntary unemployment
- Non-occupational cover
- Occupation acquired HIV, Hep B and C
- Priority income option
- TPD lump sum option

[Accident Only] We recommend this as an Accident only policy.

#### [Wizard Scenario Question – Severity section hidden if Severity = Not Recommended] **Severity Based insurance**

We have recommended Severity Based Insurance of \$XXXX which provides a lump sum in the occurrence of covered health events, (such as heart attack, stroke, cancer, digestive conditions and psychiatric conditions), terminal illness and death.

The amount payable for a health event depends on how serious the condition is.

We have recommended variable age-stepped / variable / optimum premiums and that the cover to be held within [Wizard Scenario Question – Severity Ownership = Superannuation or Super Linked] / outside [Wizard Scenario Question – Severity Ownership = Personal Name or Super Linked] superannuation.

We recommend the below options in your cover.

- Child Cover - with a benefit of \$XXXX.
- Extended Care Option

[Wizard Scenario Question – Severity Ownership = Personal Name OR Superannuation] We recommend Flexi Linking your Severity Based Insurance. / We recommend this as Stand-alone policy.

[Wizard Scenario Question – Severity Ownership = Super Linked] We recommend \$XXXX of your Severity Based Insurance be “super linked”.

#### **Why this benefits you**

#### **How insurance benefits you**

- [Variable to age premium] A variable to age XX premium price structure policy remains constant with your current age each year up until your XX birthday (adjusted with inflation). Insurers may still increase variable premiums however this is more cost effective over the longer term. After this time, your premiums will continue on a variable age-stepped premium basis until the benefit expiry date. The consistent nature of the premium cost will help you plan your budget year to year.
- [Variable age-stepped premium] A variable age-stepped premium price structure is initially a lower cost premium option, where the price of the policy increases at each

policy anniversary in line with your age until expiry. The lower initial cost limits the impact on your cash flow during the earlier years of the policy, allowing you to focus on meeting more immediate needs.

- **[Optimum premiums]** An optimum premium price structure allows you to take advantage of the lower initial cost that variable age-stepped premiums provide while benefiting from the long-term cost saving variable to age premiums offer.
- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for **XXX** years.

#### **[Wizard Scenario Question – Life section hidden if Life = Not Recommended] How Life insurance benefits you**

- **[Accident & Sickness]** Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.
- **[Accident Only]** Accidental Life insurance will generally pay a lump sum benefit if you die because of an accident to help cover expenses and provide ongoing funds for your family. We have recommended an Accident only policy over a comprehensive policy because **XXX**.

#### **[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] How TPD insurance benefits you**

- **[Accident & Sickness]** Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.
- **[Accident Only]** Accident only Total and permanent disability (TPD) insurance pays a lump sum benefit if you are totally and permanently disabled as a result of an accident and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings. We have recommended an Accident only policy over a comprehensive policy because **XXX**.
- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for **XXX** years.
- **[Any occupation]** An 'any' occupation policy will provide a benefit in the event that you are unlikely to ever work again in any job to which you are suited by education, training and experience as a result of an illness or injury.
- **[Own occupation]** An 'own' occupation policy will provide a benefit in the event that an illness or disability affects your ability to ever work again in your current job. The 'own' occupation definition provides a more effective level of cover than an 'any' occupation definition, which only pays a benefit in the event you are unable to perform the duties of any job you are suitably trained for.
- **[Home duties definition]** As you are currently working part-time, the 'any' occupation definition of TPD will cover you for your home duties and work **OR** As you are not currently employed the 'home duties' definition of TPD will be appropriate for your situation.
- **[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation] [Linked TPD]** We have linked your Life insurance with your Total and Permanent Disability (TPD) benefits, so if you make a TPD claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring TPD cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation] [Flexi-Linked TPD]** We recommend flexi linking your TPD cover. Flexi linking gives you options to bundle insurance inside and outside superannuation

across 2 separate policies. One policy contains the Life cover of \$XXXX owned by the trustee of your superannuation fund and the other contains the TPD cover \$XXXX which is owned by you. Structuring TPD cover this way allows you access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.

- [Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation] [Standalone TPD] When a stand-alone TPD policy is taken out, there is no link to any additional term life policy. The full benefit of TPD will be paid out if the life insured were to suffer an illness or injury that leaves you totally and permanently disabled and unable to work ever again. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a TPD benefit.
- [Wizard Question > Strategy Group > Automation > TPD Ownership = Super Linked] [Super-Linked TPD] With a super linked TPD cover, the policy is separated into two. One policy contains the "any occupation" TPD definition owned by the trustee of your superannuation fund, and the other with the "own occupation" TPD definition is owned by you. This structure maximises the amount of cover which is held within superannuation whilst providing sufficient cover outside of superannuation in the event you do not meet a condition of release.
- In the event that you do make a claim, you may access your benefit as a lump sum payment, disability pension or a combination of the two.

#### [Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] **How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery and can be life-changing and costly.
- [if child trauma] Child trauma cover will help ease the financial burden involved in the event of your child being diagnosed with a specific illness or injury as specified in the policy.
- [Linked Trauma] We have linked your Life insurance with your Trauma benefits, so if you make a Trauma claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring Trauma cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- [Flexi-Linked Trauma] We recommend flexi linking your Trauma cover. Flexi linking gives you options to bundle insurance inside and outside superannuation across 2 separate policies. One policy contains the Life cover of \$XXXX owned by the trustee of your superannuation fund and the other contains the Trauma cover \$XXXX which is owned by you. Structuring Trauma cover this way allows you access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- [Standalone Trauma] When a stand-alone trauma policy is taken out, there is no link to any additional term life policy. The full benefit of trauma will be paid out if the life insured were to suffer from one or more of a listed condition such as heart attack, cancer or stroke. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a trauma benefit.

#### [Wizard Scenario Question – IP section hidden if IP = Not Recommended] **How Income Protection insurance benefits you**

- [Accident & Sickness] Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage you and your family's expenses.
- [Accident Only] Accident only Income protection cover will replace a portion of your income if you are unable to work for a period due to an accident to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage you and your family's expenses. We have

recommended an Accident only policy over a comprehensive policy because XXX.

- **[30 day Waiting Period]** If your income stops, you have limited ability to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) so a 30-day waiting period is a sensible option for you. **(If applicable)** A shorter 14-day waiting period is available with an increased premium, but you have indicated that it will be too expensive for your budget situation. We have recommended this because **[insert reason]**.
- **[60 day Waiting Period]** A 60-day waiting period is appropriate for you as you have indicated that you should be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 days). We have recommended this because **[insert reason]**.
- **[90 day Waiting Period]** A 90-day waiting period is appropriate for you as you have indicated that you have strong short-term cashflow independent of your income **OR** adequate liquid assets **OR** should be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 or 60 days). **OR [If client has requested the WP]** You have requested a 90-day waiting period for budgetary reasons so if your situation improves down the track, we can apply to shorten the waiting period (subject to underwriting assessment). We have recommended this because **[insert reason]**.
- **[Split Waiting Period]** Splitting your cover will assist you with premium affordability while also ensuring you are covered for short term claims.
- **[Custom Benefit Period]** We recommend a Benefit Period of XXXX years. Whilst a longer benefit period is preferable, this is the longest benefit period available for your occupation category. **OR**
- **[Custom Benefit Period]** We recommend a Benefit Period to age XXXX. This is the longest benefit period available and will provide more comprehensive protection as you will be covered for the potential of long-term injuries or illnesses.
- **[To Age 65 Benefit Period]** We recommend a Benefit Period to age 65. This benefit period will provide greater protection in the event that you suffer a long-term injury or illness.
- **[Wizard Scenario Question – IP Ownership = Superannuation OR Super Linked]** You do not have sufficient cash flow to pay the premiums for your required insurance. By owning this cover in your superannuation fund, your employer superannuation contributions/accumulated savings can be used to pay the premiums.
- **[Super-Linked IP]** **[Wizard Scenario Question – IP Ownership = Super Linked]** Super linking allows you to reduce the total premium and fund premiums from super, while also reducing the restrictions and limitation of IP policies when they are wholly owned through super. These restrictions do not allow ancillary benefits and some definitions to be included on superannuation owned policies when the resulting claim could not be released from super.
- **[if applicable]** **[Wizard Scenario Question – IP Ownership = Superannuation OR Super Linked]** A portion of the premium will be paid for from superannuation, your superannuation fund will be able to claim a tax deduction for the portion that is funded from superannuation, effectively reducing the cost of your cover **OR** **reducing the tax payable on contributions and fund earnings OR** **and can be funded via salary sacrifice/personal deductible/employer contributions.**
- **[Wizard Scenario Question – IP Ownership = Personal Name OR Super Linked]** Owning the policy in your own name is right for you because **[insert reason(s) e.g.]** **you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you.**
- **[Wizard Scenario Question – IP Ownership = Personal Name OR Super Linked]** For Income Protection policies outside of superannuation, the premiums paid are generally deductible to you at your marginal tax rate, which may reduce your overall cost of

cover.

- [if applicable] [Wizard Scenario Question – IP Ownership = Personal Name OR Super Linked] Holding a portion income protection cover in your personal name means you will have access to a greater number of ancillary benefits including rehabilitation, nursing care, scheduled injury benefits.
- [Non-cancellable] Having a Guaranteed Renewable, non-cancellable policy in place means the terms and conditions of your insurance policy can never be altered to be worse than they were on the day your policy with insert policy started.

#### [Wizard Scenario Question – Severity section hidden if Severity = Not Recommended] **How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.
- Owning the policy in your own name is right for you because [insert reason(s) e.g.] you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you.
- [Wizard Scenario Question – Severity section hidden if Severity = Super Linked] [Super-Linked Severity Based] Super linking allows you to reduce the total premium and fund premiums from super, while also reducing the restrictions and limitation of Severity Based policies when they are wholly owned through super. These restrictions do not allow ancillary benefits and some definitions to be included on superannuation owned policies when the resulting claim could not be released from super.

#### **How the Product Features selected benefit you**

- <If Accidental benefit included> [Wizard Scenario Question – Life OR Trauma OR IP Selected] We recommended the Accidental death benefit feature for your policy as this feature will typically pay out a lump sum amount upon an event causing death directly by accident.
- <If Activities of daily living benefit included> [Wizard Scenario Question – TPD Selected] We recommended the Activities of daily living benefit for your policy as this feature allows you to extend cover to include an additional benefit, should you be unable to perform the "Activities of Daily Living".
- <If Booster benefit included> [Wizard Scenario Question – IP Selected] We recommended the Booster benefit for your as, should you receive a total disability or a partial disability benefit, the Insurer will increase the benefit payable by one third for a specified number of days.
- <If Business safeguard Life included> [Wizard Scenario Question – Life Selected] We recommended the Business safeguard benefit for your policy as this feature allows you to apply to increase your life cover benefit amount, upon the occurrence of a specified business event, without the need for providing further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).
- <If Business safeguard TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the TPD benefit amount, upon the occurrence of a specified business event, without the need for further evidence of health, occupation, or pastimes, subject to appropriate financial evidence being provided.
- <If Business safeguard Trauma included> [Wizard Scenario Question – Trauma Selected] We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the Trauma benefit amount for a life insured, upon the occurrence of a specified business event, without the need for further evidence of health, occupation or pastimes, subject to appropriate financial evidence being provided.
- <If Cash back included> [Wizard Scenario Question – IP Selected] We recommended the Cash back feature for your policy as this feature refunds a percentage of all

premiums paid upon the cessation of the policy if no claim was made during the life of the policy.

- <If Child Cover included> [Wizard Scenario Question – Life Selected] We recommended the Child cover benefit for your policy as this feature allows children to be insured in the event of death, critical illnesses and/or trauma. It provides financial support should the unforeseen happen to your child and most importantly takes away the financial stress, to provide choices to aid in your child's recovery.
- <If Child future insurability included> [Wizard Scenario Question – Life Selected] We recommended the Child future insurability benefit for your policy as this feature provides your nominated child with an option to purchase life cover on standard terms and conditions without having the need to provide evidence of their health when they turn a specified age or when a specific event happens (such as getting married).
- <If Child trauma cover included> [Wizard Scenario Question – Trauma Selected] We recommended the Child trauma benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden involved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.
- <If Claims Indexation included> [Wizard Scenario Question – IP Selected] We recommended the Claims indexation benefit for your policy as this feature will ensure that the monthly benefit amount paid out to you during claim time is indexed by the CPI to make sure the benefits keep pace with inflation.
- <If Crisis Severity Extension included> [Wizard Scenario Question – Trauma Selected] We recommended the Crisis Severity Extension benefit for your policy as this feature allows you to be further insured for an additional amount of trauma cover that will be payable if your listed condition or crisis event were to worsen or become more serious. This is paid on top of your already paid trauma benefit for the initial listed condition or crisis event.
- <If Critical Conditions included> [Wizard Scenario Question – IP Selected] We recommended the Critical conditions benefit for your policy as this feature will typically provide 6 months of benefits (regardless as to whether you are totally disabled or not) if you suffer one of the specified trauma events.
- <If Disability Plus included> [Wizard Scenario Question – IP Selected] We recommended the Disability plus benefit for your policy as this feature will provide an additional monthly benefit where you are either total or partial disabled, and you are permanently unable to perform at least two of the five Activities of Daily Living without the physical assistance of another person. Activities of daily living (ADL) are routine activities that people tend to do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- <If Double TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Double TPD benefit for your policy as in the event you make a TPD claim and your TPD policy is linked to your life cover, the life cover will be immediately re-instated and the premiums under the re-instated life cover will be waived. Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.
- <If Extended Care included> [Wizard Scenario Question – IP Selected] We recommended the Extended indemnity / 3 year Pre Disability Earnings benefit for your policy as this features a more generous definition of pre-disability earnings (i.e. 3 years before disability) being applied to the policy.
- <If Family Care included> [Wizard Scenario Question – TPD Selected] We recommended the Family care option benefit for your policy as under this option if you die while you are receiving the monthly benefit, the Insurer will continue to pay the monthly benefit to your spouse for up to five years after the Insured's death.
- <If Female Crisis included> [Wizard Scenario Question – Trauma Selected] We recommended the Female Crisis benefit for your policy as this feature provides a lump sum payment to you in the event you are diagnosed with any one of a range of female specific medical events.

- <If Forward Underwriting included> [Wizard Scenario Question – Life OR Trauma Selected] We recommended the Forward Underwriting benefit for your policy as this feature allows you to lock in the right to purchase further insurance cover in the future without the need for medical underwriting. The option may be exercised upon certain personal events and policy anniversaries. The option may be used to purchase life, TPD or trauma cover, regardless of which cover is currently held.
- <If future insurability included> [Wizard Scenario Question – Life OR Trauma OR IP Selected] We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided). The option to increase the benefit may be available for personal events and, in some cases, business events.
- <If future insurability TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).
- <If Home Support included> [Wizard Scenario Question – IP Selected] We recommended the Home support benefit for your policy as this feature recognises the important contributions made to family lifestyle by spouses who are not in paid work. This option is available for your spouse as they carry out full-time home duties. A benefit is payable where your spouse is unable to perform their daily domestic duties and a medical practitioner confirms the need for domestic help for your spouse.
- <If Involuntary unemployment benefit included> [Wizard Scenario Question – IP Selected] We recommended the Involuntary unemployment benefit for your policy as this feature will pay the monthly benefit in the event you become involuntarily unemployed for a maximum period of 90 days in respect of any one claim after the end of the waiting period.
- <If Life Cover Buy Back TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Life cover buy back for TPD benefit for your policy because this feature allows you to buy back after a certain period, the life cover that was reduced following a TPD claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.
- <If Life Cover Buy Back Trauma included> [Wizard Scenario Question – Trauma Selected] We recommended the Life cover buy back Trauma benefit for your policy because this feature allows you to buy back after a certain period, the life cover that was reduced following a Trauma claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you suffer a listed condition, without having to provide further evidence of your health.
- <If Life Cover purchase included> [Wizard Scenario Question – Trauma Selected] We recommended the Life cover purchase benefit for your policy as this feature allows you to purchase Life Cover up to the amount of the Trauma benefit paid, following a standalone Trauma claim.
- <If Needlestick cover included> [Wizard Scenario Question – Life OR Trauma Selected] We recommended the Needlestick cover benefit for your policy as this feature is specifically designed for medical professionals and will pay a lump sum if you become infected with HIV (Human Immunodeficiency Virus), Hepatitis B or Hepatitis C because of an accident occurring during your normal occupation.
- <If Non-occupational cover included> [Wizard Scenario Question – IP Selected] We recommended the Non-occupational benefit for your policy as under this feature you pay a lower premium if you do not need work related cover. If you choose this option, your income protection insurance will not cover you for disabilities caused at work or as a result of work, or for which you can claim benefits under any Workers Compensation Act or similar legislation.
- <If Occupation acquired HIV, Hep B and C included> [Wizard Scenario Question – IP Selected] We recommended the Occupation acquired HIV, Hep B and C benefit for

your policy as under this feature if you become infected with HIV, Hepatitis B or Hepatitis C because of an occupational incident then this option will payout a lump sum benefit to you.

- <If Partial Extended Activities Daily Living included> [Wizard Scenario Question – TPD Selected] We recommended the Partial Extended Activities Daily Living (ADL) benefit for your policy as under this feature This will pay you part of the TPD sum insured if you suffer functional impairment of a specified number of extended ADLs. Activities of daily living (ADL) are routine activities that people tend do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- <If Priority Income included> [Wizard Scenario Question – IP Selected] We recommended the Priority income option benefit for your policy as this feature will assist you in maintaining your mortgage or superannuation commitments during periods of disability. Where this option has been selected, the monthly insured amount will increase by a fixed amount of 5% based on your monthly earnings.
- <If Super Continuance included> [Wizard Scenario Question – IP Selected] We have recommended the Super continuance benefit for your policy as this feature allows you to also insure up to 100% of regular superannuation contributions so that that your superannuation will continue to accumulate while you are unable to work due to Sickness or Injury.
- <If Terminal Illness Support included> [Wizard Scenario Question – Life Selected] We recommended the Terminal illness support benefit for your policy as this feature may be payable if you suffer a Terminal Illness and live for another 30 days, for an amount that is in addition to the life cover insured amount.
- <If TPD Lump Sum included> [Wizard Scenario Question – IP Selected] We recommended the TPD lump sum option benefit for your policy as this feature allows you to choose between a lump sum payment or an income stream if you are classified as Totally and Permanently Disabled.
- <If Trauma Reinstatement Cover included> [Wizard Scenario Question – Trauma Selected] We recommended the Trauma Reinstatement Cover benefit for your policy as this feature provides the option to reinstate up to 100% of the trauma cover, 12 months after a trauma benefit has been paid, without underwriting.
- <If Waiver of premium upon disability included> [Wizard Scenario Question – Life OR Trauma Selected] We recommended the Waiver of premium upon disability benefit for your policy as this feature will waive premiums for all benefits under a policy, if you become totally and permanently disabled or, in some cases, totally and temporarily disabled.
- <If Child Severity cover included> [Wizard Scenario Question – Severity Selected] We recommended the Child benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden in-volved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This can ease the financial burden of ongoing medical costs, al-owing you to afford better medical treatment.
- <If Severity Extended Care included> [Wizard Scenario Question – Severity Selected] We recommended the Extended Care benefit for your policy as this pays an additional benefit amount if the life insured suffers certain health events as specified in the policy to help ease the financial burden involved. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.

### Things you should consider

#### Things you should consider with Insurance

- It's important that you nominate a beneficiary to receive the claim proceeds upon your death and record this person(s) as a nominated beneficiary on your policy. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes. If no-one is nominated, payment will be made to your estate.
- All quotes are based on standard premium rates and circumstances you have informed us of. The insurance provider will confirm the final premium offered after assessing your application.

- Do not cancel any existing cover until you have received policy documents for the recommended cover. Until your new insurance policy is in place and you have cancelled your current insurance, you could be paying some fees and charges twice - once for your current policy and once for your new policy.
- Applications may be subject to medical acceptance by the underwriter. After their assessment they may vary your level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to your insurance cover, or they may choose to reject your application. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- You are required to disclose all relevant information to the insurer which may affect the cover provided to you. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- **[Not Self Owned]** If a policy has a different owner to the life insured, responsibility of the policy falls with the policy owner. In the event of a claim, the benefit will be paid to the policy owner and may be subject to taxation.
- **[Personal ownership]** **[Wizard Scenario Question – If Life OR TPD OR Trauma OR IP OR Severity based = Personal Name Ownership]** Owning insurance in your own name means this cost needs to be met from your cash flow, thereby reducing the amount available to meet your other objectives. Our projections indicate that you will have sufficient income to meet your expenditure requirements.
- **[SMSF ownership]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- **[Superannuation Ownership]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership]** Funding the premiums from your superannuation balance will reduce the growth of your superannuation unless you make additional contributions to offset the premium payments.
- **[Superannuation Ownership]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership]** Any insurance proceeds will be first paid to your superannuation fund; the trustees of your fund will then give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- There may be tax payable on the benefit in the event of a successful claim.
- Your insurance needs can change over time, so it is important to regularly review your cover.
- **[Under-insurance]** Being under-insured means that you may not have sufficient funds to cover your needs in the event of **[death/TPD/Trauma/illness/injury]**. To manage any gap, you may need to consider asking for family support and/or claim Social Security benefits.
- **[Over-insurance]** Being over-insured means that you may be paying premiums for cover that you do not require.
- **[Different cover level due to product]** The level of **[life/TPD/trauma/income protection]** cover we have recommended differs to what you need because the insurance product requires **[explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need]**.
- **[Reduced cover due to cost]** The insurance cover we have recommended is less than what we calculated you need because you told us that cost is an important consideration. After discussing options to reduce the premium cost, you have decided to **[eg self-insure \$XXX of your insurance needs/under-insure \$XXX of your insurance needs/accept a longer waiting period/other option]**.
- Your account may become 'inactive' which could result in your insurance policies being cancelled. It is important to ensure your contact details are up to date with your

superannuation fund to prevent this from occurring.

- **[Linked Policies]** Linking insurance policies means that any payout under one policy will reduce the cover on your other policies by the amount of the payout. Please refer to the PDS for further information about linking policies.
- **[Replacing]** If you cancel your existing cover immediately you may be uninsured for a period until the new cover is in place. **You should retain all existing insurance until you have received the policy documents for the new cover.** Please note that for a short period of time you may be paying premiums on both your new and existing policies.
- **[Replacing]** If your health has changed since you took out your existing policy, there may be more restrictions in your new policy, and you may have to pay higher premiums. If this is the case, we may not proceed.
- **[Accident Only]** Accident only policies pay a benefit in the event of an accident occurring and meeting the PDS requirements for a claim. This means you are not covered as comprehensively as an Accident & Illness policy.

#### **[Wizard Scenario Question – Life section hidden if Life = Not Recommended] Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement.

#### **[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.
- **[Super-Linked TPD]** It's important to note that in a super link arrangement, the TPD benefit is only ever payable once – either under the superannuation owned policy or the policy owned by you. Any benefit amount paid in respect of you under one policy will reduce the TPD amount insured under the other linked policy.
- **[Super-Linked TPD]** For super-linked TPD policies, the claim will be first assessed under the superannuation policy, where it will be determined whether you meet the 'any' occupation TPD definition. If you do not qualify under this definition within the superannuation owned policy, the insurer will then assess your claim under the personally held policy, based on an 'own' occupation TPD definition.
- **[Flexi-Linked TPD]** It's important to note that in a flexi linked TPD arrangement, any TPD claims that are paid out to you will reduce the amount of remaining cover on your superannuation owned Life cover.
- **[Any occupation]** Any insurance proceeds paid under the 'any' occupation policy will first be paid to your superannuation fund; the trustees of your fund will generally give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.

#### **[Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] Things you should consider with Trauma Insurance**

- **[stand-alone trauma]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.
- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

#### **[Wizard Scenario Question – IP section hidden if IP = Not Recommended] Things you should consider with Income Protection Insurance**

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.
- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.
- You can claim a tax deduction for the premiums but in return, the benefits that you receive for a claim are assessable at your marginal tax rate. Premiums on policies that offer benefits that are unrelated to absence from work, may be partially tax deductible and partially tax free on receipt.
- Income tax may not be withheld from the amount payable, and you will be responsible for paying part or all of the PAYG instalments.
- **[Wizard Scenario Question – IP Ownership = Superannuation]** As the income protection policy is owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the monthly income payments.
- **[If New or replacing Pre-APRA Mandated IP]** After 2 years, the insurer will review the eligibility of your claim based upon a different definition of disability. This wider definition of disability will contemplate your ability to work in any occupation for which you are reasonably suited by education, training or experience. This means that your benefits may no longer be paid if the insurer deems you are able to earn income in such an occupation.
- **[If replacing Pre-APRA Mandated IP]** The policy we are recommending you replace, retains the same initial disability definition throughout the claim period.
- **[If replacing Agreed Value]** By replacing your Agreed Value policy, the benefit amount in the event of a claim will no longer be certain. You will move from a known 'agreed benefit' to one that will be reduced if you are earning less in the 12 months before the claim event.
- **[If replacing Pre-APRA Mandated Indemnity]** By replacing your existing Indemnity policy, the benefit amount you receive in the recommended policy, may be lower in the event of claim. You will move from a policy that would have considered your income earned in multiple years prior to the claim event, to one that will generally only consider your income in the 12 months prior to the claim event.
- **[Cancellable]** The insurer has the ability to change policy wording if they provide 30 days' notice. This means there is a possibility that it may become more difficult to meet a claim event in the future.

**[Wizard Scenario Question – Severity section hidden if Severity = Not Recommended]**

**Things you should consider with Severity Based Insurance**

- As the Severity Based policy is owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the payments.

## **[Automation Available] Increase your personal insurance cover (ri3)**

To address the shortfalls in your personal insurance cover identified earlier, we recommend an increase to your existing:

- **[Wizard Question > Strategy Group > Automation > Life - Personal Name or Superannuation]** Life Insurance
- **[Wizard Question > Strategy Group > Automation > TPD - Personal Name or Superannuation or Super Linked]** Total and Permanent Disability (TPD) Insurance
- **[Wizard Question > Strategy Group > Automation > Trauma - Personal Name]** Trauma Insurance
- **[Wizard Question > Strategy Group > Automation > IP - Personal Name or Superannuation or Super Linked]** Income Protection
- **[Wizard Scenario Question – Severity Based - Personal Name or Superannuation or Super Linked]** Severity Based insurance

**[Analysis completed]** We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

**[Analysis completed but limited to specific cover]** We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to **[cashflow/other reason]**.

**[Analysis not completed]** You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

### **[Wizard Scenario Question – Life section hidden if Life = Not Recommended] Life insurance**

We recommended you increase your existing Life benefit from \$XXXX to \$XXXX.

**[Accident Only]** We recommend this as an Accident only policy.

### **[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] Total Permanent Disability (TPD) insurance**

We recommended you increase your existing TPD benefit from \$XXXX to \$XXXX.

**[Accident Only]** We recommend this as an Accident only policy.

### **[Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] Trauma insurance**

We recommended you increase your existing Trauma benefit from \$XXXX to \$XXXX.

### **[Wizard Scenario Question – IP section hidden if IP = Not Recommended] Income Protection insurance**

We recommended you increase your existing Income Protection benefit from \$XXXX to \$XXXX per month.

**[Accident Only]** We recommend this as an Accident only policy.

### **[Wizard Scenario Question – Severity section hidden if Severity = Not Recommended] Severity Based insurance**

We recommended you increase your Severity Based Insurance from \$XXXX to \$XXXX.

#### **Why this benefits you**

#### **How insurance benefits you**

- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for XXX years.

#### **[Wizard Scenario Question – Life section hidden if Life = Not Recommended] How Life insurance benefits you**

- **[Accident & Sickness]** Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.
- **[Accident Only]** Accidental Life insurance will generally pay a lump sum benefit if you die because of an accident to help cover expenses and provide ongoing funds for your

family. We have recommended an Accident only policy over a comprehensive policy because XXX.

**[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] How TPD insurance benefits you**

- **[Accident & Sickness]** Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.
- **[Accident Only]** Accident only Total and permanent disability (TPD) insurance pays a lump sum benefit if you are totally and permanently disabled as a result of an accident and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings. We have recommended an Accident only policy over a comprehensive policy because XXX.

**[Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery and can be life-changing and costly.

**[Wizard Scenario Question – IP section hidden if IP = Not Recommended] How Income Protection insurance benefits you**

- **[Accident & Sickness]** Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage your/you and your family's expenses.
- **[Accident Only]** Accident only Income protection cover will replace a portion of your income if you are unable to work for a period due to a accident to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage your/you and your family's expenses. We have recommended an Accident only policy over a comprehensive policy because XXX.

**[Wizard Scenario Question – Severity section hidden if Severity = Not Recommended] How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.

**Things you should consider**

**Things you should consider with Insurance**

- Your insurance needs can change over time, so it is important to regularly review your cover.
- **[Under-insurance]** Being under-insured means that you may not have sufficient funds to cover your needs in the event of [death/TPD/Trauma/illness/injury]. To manage any gap, you may need to consider asking for family support and/or claim Social Security benefits.
- **[Over-insurance]** Being over-insured means that you may be paying premiums for cover that you do not require.
- **[Different cover level due to product]** The level of [life/TPD/trauma/income protection] cover we have recommended differs to what you need because the insurance product requires [explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need].

- **[SMSF ownership]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership or Super Linked]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- **[Accident Only]** Accident only policies pay a benefit in the event of an accident occurring and meeting the PDS requirements for a claim. This means you are not covered as comprehensively as an Accident & Illness policy.
- Applications may be subject to medical acceptance by the underwriter. After their assessment they may vary your level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to your insurance cover, or they may choose to reject your application. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.

**[Wizard Scenario Question – Life section hidden if Life = Not Recommended] Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement, this applies to the increase in cover only.

**[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.

**[Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] Things you should consider with Trauma Insurance**

- **[Stand-Alone Trauma]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.
- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims, this applies to the increase in cover only.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

**[Wizard Scenario Question – IP section hidden if IP = Not Recommended] Things you should consider with Income Protection Insurance**

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.
- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.



## **[Automation Available] Decrease your personal insurance cover (ri4)**

To address the XXXX in your personal insurance cover identified earlier, we recommend a decrease to your existing:

- [Wizard Question > Strategy Group > Automation > Life - Personal Name or Superannuation] Life Insurance
- [Wizard Question > Strategy Group > Automation > TPD - Personal Name or Superannuation or Super Linked] Total and Permanent Disability (TPD) Insurance
- [Wizard Question > Strategy Group > Automation > Trauma - Personal Name] Trauma Insurance
- [Wizard Question > Strategy Group > Automation > IP - Personal Name or Superannuation or Super Linked] Income Protection
- [Wizard Scenario Question – Severity Based - Personal Name or Superannuation or Super Linked] Severity Based insurance

[Analysis completed] We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

### **[Wizard Scenario Question – Life section hidden if Life = Not Recommended] Life insurance**

We recommended you decrease your existing Life benefit from \$XXXX to \$XXXX.

### **[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] Total Permanent Disability (TPD) insurance**

We recommended you decrease your existing TPD benefit from \$XXXX to \$XXXX.

### **[Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] Trauma insurance**

We recommended you decrease your existing Trauma benefit from \$XXXX to \$XXXX.

### **[Wizard Scenario Question – IP section hidden if IP = Not Recommended] Income Protection insurance**

We recommended you decrease your existing Income Protection benefit from \$XXXX to \$XXXX per month.

### **[Wizard Scenario Question – Severity section hidden if Severity = Not Recommended] Severity Based insurance**

We recommended you decrease your Severity Based Insurance from \$XXXX to \$XXXX.

#### **Why this benefits you**

##### **How insurance benefits you**

- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you and your family for XXX years.

##### **How Life insurance benefits you**

- Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.

##### **How TPD insurance benefits you**

- Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.

##### **How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery and can be life-changing and costly.

### **How Income Protection insurance benefits you**

- Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage you and your family's expenses.

### **How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.

## **Things you should consider**

### **Things you should consider with Insurance**

- Your insurance needs can change over time, so it is important to regularly review your cover.
- **[Under-insurance]** Being under-insured means that you may not have sufficient funds to cover your needs in the event of **[death/TPD/Trauma/illness/injury]**. To manage any gap, you may need to consider asking for family support and/or claim Social Security benefits.
- **[Over-insurance]** Being over-insured means that you may be paying premiums for cover that you do not require.
- **[Different cover level due to product]** The level of **[life/TPD/trauma/income protection]** cover we have recommended differs to what you need because the insurance product requires **[explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need]**.
- **[Reduced cover due to cost]** The insurance cover we have recommended is less than what we calculated you need because you told us that cost is an important consideration. After discussing options to reduce the premium cost, you have decided to **[e.g. self-insure \$XXX of your insurance needs/under-insure \$XXX of your insurance needs/accept a longer waiting period/other option]**.
- We encourage that you consider making an appointment with a health professional to undergo a full medical check-up before reducing your insurance sum insured.
- If you decide to increase your insurance cover again in the future, the new cover may be difficult to obtain and/or may be more expensive or it may be declined. This is because your age and health are two important factors that determine eligibility for cover and the premiums you pay.
- **[SMSF ownership]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership or Super Linked]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.

### **Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement.

### **Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.

### **Things you should consider with Trauma Insurance**

- **[Stand-Alone Trauma]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.
- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

### **Things you should consider with Income Protection Insurance**

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.
- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.

## **[Automation Available] Vary your existing personal insurance cover (ri5)**

To address the shortfalls in your personal insurance cover identified earlier, we recommend the following variances to your:

- [Wizard Question > Strategy Group > Automation > Life - Personal Name or Superannuation] Life Insurance
- [Wizard Question > Strategy Group > Automation > TPD - Personal Name or Superannuation or Super Linked] Total and Permanent Disability (TPD) Insurance
- [Wizard Question > Strategy Group > Automation > Trauma - Personal Name] Trauma Insurance
- [Wizard Question > Strategy Group > Automation > IP - Personal Name or Superannuation or Super Linked] Income Protection
- [Wizard Scenario Question – Severity Based - Personal Name or Superannuation or Super Linked] Severity Based insurance

[Analysis completed] We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

### **[Wizard Scenario Question – Life section hidden if Life = Not Recommended] Life insurance**

We have recommended you vary the existing conditions of your Life benefit which will provide you with a lump sum of \$XXXX in the event of your death. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum premiums and that the cover to be held within [Wizard Question > Strategy Group > Automation > Life – Superannuation Ownership] / outside [Wizard Question > Strategy Group > Automation > Life - Personal Ownership] superannuation.

We recommend the below options be added to your cover.

- Future insurability
- Waiver of premium upon disability
- Business safeguard
- Accidental death benefit
- Child cover
- Child future insurability
- Needlestick cover
- Terminal illness support benefit
- Forward Underwriting

### **[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] Total Permanent Disability (TPD) insurance**

We have recommended you vary the existing conditions of your TPD benefit which will provide you with a lump sum of \$XXXX in the event of your Total and Permanent Disablement. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum premiums and an any / own / Non-Occupation occupation definition for your policy.

[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation] We recommend this as Stand-alone policy. We recommend Linking / Flexi Linking / your TPD cover.

[Wizard Question > Strategy Group > Automation > TPD Ownership = Super Linked] We recommend Super Linking your TPD cover, with \$XXXX of your TPD be "super linked".

We recommend the below options be added to your cover.

- Life cover buy back for TPD - with a buy back period of XXXX.
- Double TPD
- Future insurability TPD benefit
- Business safeguard TPD
- Activities of daily living benefit
- Partial Extended Activities Daily Living (ADL) option

**[Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] Trauma insurance**

We have recommended you vary the existing conditions of your Trauma benefit which will provide you with a lump sum of \$XXXX, with variable age-stepped / variable to age (55/60/65/70) / optimum premiums, which will provide a lump sum for short term medical and recovery expenses.

We recommend Linking / Flexi Linking your Trauma cover / We recommend this as Stand-alone policy.

We recommend the below options be added to your cover.

- Trauma Reinstatement Cover
- Life cover buy back for Trauma
- Waiver of premium upon disability
- Accidental death benefit
- Business safeguard
- Child trauma cover
- Crisis Severity Extension
- Female Crisis
- Forward Underwriting
- Future insurability
- Life cover purchase
- Needlestick cover

**[Wizard Scenario Question – IP section hidden if IP = Not Recommended] Income Protection insurance**

We have recommended you vary the existing conditions of your monthly Standard / Comprehensive Income Protection benefit of \$XXXX with a waiting period of XXXX and a benefit period of XXXX. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum premiums and for your cover to be held within [Wizard Scenario Question – IP Ownership = Superannuation or Super Linked] / outside [Wizard Scenario Question – IP Ownership = Personal Name or Super Linked] superannuation.

**[Wizard Question > Strategy Group > Automation > IP Ownership = Personal Name OR Superannuation]**

We recommend a Cancellable / non-cancellable Income Protection policy / We recommend this as Cancellable / non-cancellable Stand-alone policy.

**[Wizard Question > Strategy Group > Automation > IP Ownership =Super Linked]** We recommend a Cancellable / non-cancellable Super Linked Income Protection policy.

We recommend the below options be added to your cover.

- Accidental benefit
- Claims indexation
- Critical conditions
- Super continuance
- Booster benefit
- Cash back option
- Disability plus

- Extended indemnity / 3 year Pre Disability Earnings
- Family care option
- Future insurability
- Home support
- Involuntary unemployment
- Non-occupational cover
- Occupation acquired HIV, Hep B and C
- Priority income option
- TPD lump sum option

**[Wizard Scenario Question – Severity section hidden if Severity = Not Recommended] Severity Based insurance**

We have recommended you vary the existing conditions of your Severity Based Insurance of \$XXXX which provides a lump sum in the occurrence of covered health events, (such as heart attack, stroke, cancer, digestive conditions and psychiatric conditions), terminal illness and death.

The amount payable for a health event depends on how serious the condition is.

We have recommended variable age-stepped / variable / optimum premiums and that the cover to be within [Wizard Scenario Question – Severity Ownership = Superannuation or Super Linked] / outside [Wizard Scenario Question – Severity Ownership = Personal Name or Super Linked] superannuation.

We have included the below options be added to your cover.

- Child Cover – with a benefit of \$XXXX.
- Extended Care Option.

**[Wizard Scenario Question – Severity Ownership = Personal Name OR Superannuation] We recommend Flexi Linking your Severity Based Insurance. / We recommend this as Stand-alone policy.**

**[Wizard Scenario Question – Severity Ownership = Super Linked] We recommend \$XXXX of your Severity Based Insurance be “super linked”.**

**Why this benefits you**

**How insurance benefits you**

- [Variable to age premium] A variable to age XX premium price structure policy remains constant with your current age each year up until your XX birthday (adjusted with inflation). Insurers may still increase variable premiums however this is more cost effective over the longer term. After this time, your premiums will continue on a variable age-stepped premium basis until the benefit expiry date. The consistent nature of the premium cost will help you plan your budget year to year.
- [Variable age-stepped premium] A variable age-stepped premium price structure is initially a lower cost premium option, where the price of the policy increases at each policy anniversary in line with your age until expiry. The lower initial cost limits the impact on your cash flow during the earlier years of the policy, allowing you to focus on meeting more immediate needs.
- [Optimum premiums] An optimum premium price structure allows you to take advantage of the lower initial cost that variable age-stepped premiums provide while benefiting from the long-term cost saving variable to age premiums offer.
- You can rollover benefits from XX superannuation fund to pay your insurance premiums and be entitled to a 15% rollover rebate to further reduce your premiums payable.
- Holding cover within superannuation will reduce the impact on your personal cash flow as the insurance premiums will be drawn from your superannuation account balance. The premiums are also tax deductible to the fund, reducing the cost of cover.
- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you and your family for XXX years.

**[Wizard Scenario Question – Life section hidden if Life = Not Recommended] How Life**

## insurance benefits you

- Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.

### [Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] **How TPD insurance benefits you**

- Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.
- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for **XXX** years.
- **[Any occupation]** An 'any' occupation policy will provide a benefit in the event that you are unlikely to ever work again in any job to which you are suited by education, training and experience as a result of an illness or injury.
- **[Own occupation]** An 'own' occupation policy will provide a benefit in the event that an illness or disability affects your ability to ever work again in your current job. The 'own' occupation definition provides a more effective level of cover than an 'any' occupation definition, which only pays a benefit in the event you are unable to perform the duties of any job you are suitably trained for.
- **[Home duties definition]** As you are currently working part-time, the 'any' occupation definition of TPD will cover you for your home duties and work **OR** As you are not currently employed the 'home duties' definition of TPD will be appropriate for your situation.
- **[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation] [Linked TPD]** We have linked your Life insurance with your Total and Permanent Disability (TPD) benefits, so if you make a TPD claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring TPD cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation] [Flexi-Linked TPD]** We recommend flexi linking your TPD cover. Flexi linking gives you options to bundle insurance inside and outside superannuation across 2 separate policies. One policy contains the Life cover of \$**XXXX** owned by the trustee of your superannuation fund and the other contains the TPD cover \$**XXXX** which is owned by you. Structuring TPD cover this way allows you access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation] [Stand-Alone TPD]** When a stand-alone TPD policy is taken out, there is no link to any additional term life policy. The full benefit of TPD will be paid out if the life insured were to suffer an illness or injury that leaves you totally and permanently disabled and unable to work ever again. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a TPD benefit.
- **[Wizard Question > Strategy Group > Automation > TPD Ownership = Super Linked] [Super-Linked TPD]** With a super linked TPD cover, the policy is separated into two. One policy contains the "any occupation" TPD definition owned by the trustee of your superannuation fund, and the other with the "own occupation" TPD definition is owned by you. This structure maximises the amount of cover which is held within superannuation whilst providing sufficient cover outside of superannuation in the event you do not meet a condition of release.
- In the event that you do make a claim, you may access your benefit as a lump sum payment, disability pension or a combination of the two.

### [Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended] **How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery can be life-changing and costly.
- **[if child trauma]** Child trauma cover will help ease the financial burden involved in the event of your child being diagnosed with a specific illness or injury as specified in the policy.
- **[Linked Trauma]** We have linked your Life insurance with your Trauma benefits, so if you make a Trauma claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring Trauma cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Flexi-Linked Trauma]** We recommend flexi linking your Trauma cover. Flexi linking gives you options to bundle insurance inside and outside superannuation across 2 separate policies. One policy contains the Life cover of \$XXXX owned by the trustee of your superannuation fund and the other contains the Trauma cover \$XXXX which is owned by you. Structuring Trauma cover this way allows you access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Stand-Alone Trauma]** When a stand-alone trauma policy is taken out, there is no link to any additional term life policy. The full benefit of trauma will be paid out if the life insured were to suffer from one or more of a listed condition such as heart attack, cancer or stroke. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a trauma benefit.

#### **[Wizard Scenario Question – IP section hidden if IP = Not Recommended] How Income Protection insurance benefits you**

- Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage you **and your family's** expenses.
- **[30 day Waiting Period]** If your income stops, you have limited ability to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) so a 30-day waiting period is a sensible option for you. **(If applicable)** A shorter 14-day waiting period is available with an increased premium, but you have indicated that it will be too expensive for your budget situation. We have recommended this because **[insert reason]**.
- **[60 day Waiting Period]** A 60-day waiting period is appropriate for you as you have indicated that you should be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 days). We have recommended this because **[insert reason]**.
- **[90 day Waiting Period]** A 90-day waiting period is appropriate for you as you have indicated that you have strong short-term cashflow independent of your income **OR** adequate liquid assets **OR** should be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 or 60 days). **OR [If client has requested the WP]** You have requested a 90-day waiting period for budgetary reasons so if your situation improves down the track, we can apply to shorten the waiting period (subject to underwriting assessment). We have recommended this because **[insert reason]**.
- **[Custom Benefit Period]** We recommend a Benefit Period of XXXX years. Whilst a longer benefit period is preferable, this is the longest benefit period available for your occupation category. **OR**
- **[Custom Benefit Period]** We recommend a Benefit Period to age XXXX. This is the longest benefit period available and will provide more comprehensive protection as you will be covered for the potential of long-term injuries or illnesses.

- **[To Age 65 Benefit Period]** We recommend a Benefit Period to age 65. This benefit period will provide greater protection in the event that you suffer a long-term injury or illness.
- **[Wizard Scenario Question – IP Ownership = Superannuation or Super Linked]** You do not have sufficient cash flow to pay the premiums for your required insurance. By owning this cover in your superannuation fund, your **employer superannuation contributions/accumulated** savings can be used to pay the premiums.
- **[Super-Linked IP]** **[Wizard Scenario Question – IP Ownership = Super Linked]** Super linking allows you to reduce the total premium and fund premiums from super, while also reducing the restrictions and limitation of IP policies when they are wholly owned through super. These restrictions do not allow ancillary benefits and some definitions to be included on superannuation owned policies when the resulting claim could not be released from super.
- **[Wizard Scenario Question – IP Ownership = Personal Name or Super Linked]** Owning the policy in your own name is right for you because **[insert reason(s) e.g.] you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you.**
- **[Wizard Scenario Question – IP Ownership = Personal Name or Super Linked]** For Income Protection policies outside of superannuation, the premiums paid are generally deductible to you at your marginal tax rate, which may reduce your overall cost of cover.
- **[if applicable]** **[Wizard Scenario Question – IP Ownership = Personal Name or Super Linked]** Holding a portion income protection cover in your personal name means you will have access to a greater number of ancillary benefits including rehabilitation, nursing care, scheduled injury benefits.
- **[Wizard Scenario Question – IP Ownership = Superannuation or Super Linked]** A portion of the premium will be paid for from superannuation, your superannuation fund will be able to claim a tax deduction for the portion that is funded from superannuation, effectively **reducing the cost of your cover OR reducing the tax payable on contributions and fund earnings OR and can be funded via salary sacrifice/personal deductible/employer contributions.**
- **[Non-cancellable]** Having a Guaranteed Renewable, non-cancellable policy in place means the terms and conditions of your insurance policy can never be altered to be worse than they were on the day your policy with **insert policy** started.

**[Wizard Scenario Question – Severity section hidden if Severity = Not Recommended] How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.

**How the Product Features selected benefit you**

- **<If Accidental benefit included>** **[Wizard Scenario Question – Life OR Trauma OR IP Selected]** We recommended the Accidental death benefit feature for your policy as this feature will typically pay out a lump sum amount upon an event causing death directly by accident.
- **<If Activities of daily living benefit included>** **[Wizard Scenario Question – TPD Selected]** We recommended the Activities of daily living benefit for your policy as this feature allows you to extend cover to include an additional benefit, should you be unable to perform the "Activities of Daily Living".
- **<If Booster benefit included>** **[Wizard Scenario Question – IP Selected]** We recommended the Booster benefit for your as, should you receive a total disability or a partial disability benefit, the Insurer will increase the benefit payable by one third for a specified number of days.
- **<If Business safeguard Life included>** **[Wizard Scenario Question – Life Selected]** We

recommended the Business safeguard benefit for your policy as this feature allows you to apply to increase your life cover benefit amount, upon the occurrence of a specified business event, without the need for providing further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).

- <If Business safeguard TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the TPD benefit amount, upon the occurrence of a specified business event, without the need for further evidence of health, occupation, or pastimes, subject to appropriate financial evidence being provided.
- <If Business safeguard Trauma included> [Wizard Scenario Question – Trauma Selected] We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the Trauma benefit amount for a life insured, upon the occurrence of a specified business event, without the need for further evidence of health, occupation or pastimes, subject to appropriate financial evidence being provided.
- <If Cash back included> [Wizard Scenario Question – IP Selected] We recommended the Cash back feature for your policy as this feature refunds a percentage of all premiums paid upon the cessation of the policy if no claim was made during the life of the policy.
- <If Child Cover included> [Wizard Scenario Question – Life Selected] We recommended the Child cover benefit for your policy as this feature allows children to be insured in the event of death, critical illnesses and/or trauma. It provides financial support should the unforeseen happen to your child and most importantly takes away the financial stress, to provide choices to aid in your child's recovery.
- <If Child future insurability included> [Wizard Scenario Question – Life Selected] We recommended the Child future insurability benefit for your policy as this feature provides your nominated child with an option to purchase life cover on standard terms and conditions without having the need to provide evidence of their health when they turn a specified age or when a specific event happens (such as getting married).
- <If Child trauma cover included> [Wizard Scenario Question – Trauma Selected] We recommended the Child trauma benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden involved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.
- <If Claims Indexation included> [Wizard Scenario Question – IP Selected] We recommended the Claims indexation benefit for your policy as this feature will ensure that the monthly benefit amount paid out to you during claim time is indexed by the CPI to make sure the benefits keep pace with inflation.
- <If Crisis Severity Extension included> [Wizard Scenario Question – Trauma Selected] We recommended the Crisis Severity Extension benefit for your policy as this feature allows you to be further insured for an additional amount of trauma cover that will be payable if your listed condition or crisis event were to worsen or become more serious. This is paid on top of your already paid trauma benefit for the initial listed condition or crisis event.
- <If Critical Conditions included> [Wizard Scenario Question – IP Selected] We recommended the Critical conditions benefit for your policy as this feature will typically provide 6 months of benefits (regardless as to whether you are totally disabled or not) if you suffer one of the specified trauma events.
- <If Disability Plus included> [Wizard Scenario Question – IP Selected] We recommended the Disability plus benefit for your policy as this feature will provide an additional monthly benefit where you are either total or partial disabled, and you are permanently unable to perform at least two of the five Activities of Daily Living without the physical assistance of another person. Activities of daily living (ADL) are routine activities that people tend to do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- <If Double TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Double TPD benefit for your policy as in the event you make a TPD

claim and your TPD policy is linked to your life cover, the life cover will be immediately re-instated and the premiums under the re-instated life cover will be waived.

Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.

- <If Extended Care included> [Wizard Scenario Question – IP Selected] We recommended the Extended indemnity / 3 year Pre Disability Earnings benefit for your policy as this features a more generous definition of pre-disability earnings (i.e. 3 years before disability) being applied to the policy.
- <If Family Care included> [Wizard Scenario Question – TPD Selected] We recommended the Family care option benefit for your policy as under this option if you die while you are receiving the monthly benefit, the Insurer will continue to pay the monthly benefit to your spouse for up to five years after the Insured's death.
- <If Female Crisis included> [Wizard Scenario Question – Trauma Selected] We recommended the Female Crisis benefit for your policy as this feature provides a lump sum payment to you in the event you are diagnosed with any one of a range of female specific medical events.
- <If Forward Underwriting included> [Wizard Scenario Question – Life OR Trauma Selected] We recommended the Forward Underwriting benefit for your policy as this feature allows you to lock in the right to purchase further insurance cover in the future without the need for medical underwriting. The option may be exercised upon certain personal events and policy anniversaries. The option may be used to purchase life, TPD or trauma cover, regardless of which cover is currently held.
- <If future insurability included> [Wizard Scenario Question – Life OR Trauma OR IP Selected] We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided). The option to increase the benefit may be available for personal events and, in some cases, business events.
- <If future insurability TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).
- <If Home Support included> [Wizard Scenario Question – IP Selected] We recommended the Home support benefit for your policy as this feature recognises the important contributions made to family lifestyle by spouses who are not in paid work. This option is available for your spouse as they carry out full-time home duties. A benefit is payable where your spouse is unable to perform their daily domestic duties and a medical practitioner confirms the need for domestic help for your spouse.
- <If Involuntary unemployment benefit included> [Wizard Scenario Question – IP Selected] We recommended the Involuntary unemployment benefit for your policy as this feature will pay the monthly benefit in the event you become involuntarily unemployed for a maximum period of 90 days in respect of any one claim after the end of the waiting period.
- <If Life Cover Buy Back TPD included> [Wizard Scenario Question – TPD Selected] We recommended the Life cover buy back for TPD benefit for your policy because this feature allows you to buy back after a certain period, the life cover that was reduced following a TPD claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.
- <If Life Cover Buy Back Trauma included> [Wizard Scenario Question – Trauma Selected] We recommended the Life cover buy back Trauma benefit for your policy because this feature allows you to buy back after a certain period, the life cover that was reduced following a Trauma claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you suffer a listed condition, without having to provide further evidence of your health.

- <If Life Cover purchase included> [Wizard Scenario Question – Trauma Selected] We recommended the Life cover purchase benefit for your policy as this feature allows you to purchase Life Cover up to the amount of the Trauma benefit paid, following a standalone Trauma claim.
- <If Needlestick cover included> [Wizard Scenario Question – Life OR Trauma Selected] We recommended the Needlestick cover benefit for your policy as this feature is specifically designed for medical professionals and will pay a lump sum if you become infected with HIV (Human Immunodeficiency Virus), Hepatitis B or Hepatitis C because of an accident occurring during your normal occupation.
- <If Non-occupational cover included> [Wizard Scenario Question – IP Selected] We recommended the Non-occupational benefit for your policy as under this feature you pay a lower premium if you do not need work related cover. If you choose this option, your income protection insurance will not cover you for disabilities caused at work or as a result of work, or for which you can claim benefits under any Workers Compensation Act or similar legislation.
- <If Occupation acquired HIV, Hep B and C included> [Wizard Scenario Question – IP Selected] We recommended the Occupation acquired HIV, Hep B and C benefit for your policy as under this feature if you become infected with HIV, Hepatitis B or Hepatitis C because of an occupational incident then this option will payout a lump sum benefit to you.
- <If Partial Extended Activities Daily Living included> [Wizard Scenario Question – TPD Selected] We recommended the Partial Extended Activities Daily Living (ADL) benefit for your policy as under this feature This will pay you part of the TPD sum insured if you suffer functional impairment of a specified number of extended ADLs. Activities of daily living (ADL) are routine activities that people tend to do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- <If Priority Income included> [Wizard Scenario Question – IP Selected] We recommended the Priority income option benefit for your policy as this feature will assist you in maintaining your mortgage or superannuation commitments during periods of disability. Where this option has been selected, the monthly insured amount will increase by a fixed amount of 5% based on your monthly earnings.
- <If Super Continuance included> [Wizard Scenario Question – IP Selected] We have recommended the Super continuance benefit for your policy as this feature allows you to also insure up to 100% of regular superannuation contributions so that that your superannuation will continue to accumulate while you are unable to work due to Sickness or Injury.
- <If Terminal Illness Support included> [Wizard Scenario Question – Life Selected] We recommended the Terminal illness support benefit for your policy as this feature may be payable if you suffer a Terminal Illness and live for another 30 days, for an amount that is in addition to the life cover insured amount.
- <If TPD Lump Sum included> [Wizard Scenario Question – IP Selected] We recommended the TPD lump sum option benefit for your policy as this feature allows you to choose between a lump sum payment or an income stream if you are classified as Totally and Permanently Disabled.
- <If Trauma Reinstatement Cover included> [Wizard Scenario Question – Trauma Selected] We recommended the Trauma Reinstatement Cover benefit for your policy as this feature provides the option to reinstate up to 100% of the trauma cover, 12 months after a trauma benefit has been paid, without underwriting.
- <If Waiver of premium upon disability included> [Wizard Scenario Question – Life OR Trauma Selected] We recommended the Waiver of premium upon disability benefit for your policy as this feature will waive premiums for all benefits under a policy, if you become totally and permanently disabled or, in some cases, totally and temporarily disabled.
- <If Child Severity cover included> [Wizard Scenario Question – Severity Selected] We recommended the Child benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden involved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This

can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.

- <If Severity Extended Care included> [Wizard Scenario Question – Severity Selected] We recommended the Extended Care benefit for your policy as this pays an additional benefit amount if the life insured suffers certain health events as specified in the policy to help ease the financial burden involved. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.

## Things you should consider

### Things you should consider with Insurance

- It's important that you nominate a beneficiary to receive the claim proceeds upon your death and record this person(s) as a nominated beneficiary on your policy. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes. If no-one is nominated, payment will be made to your estate.
- All quotes are based on standard premium rates and circumstances you have informed us of. The insurance provider will confirm the final premium offered after assessing your application.
- [Moving policies] Moving insurance into superannuation involves implementing a new policy within superannuation, prior to cancelling the current policy outside superannuation. Do not cancel any existing cover until you have received policy documents for the recommended cover. Until your new insurance policy is in place and you have cancelled your current insurance, you could be paying some fees and charges twice - once for your current policy and once for your new policy.
- Applications may be subject to medical acceptance by the underwriter. After their assessment they may vary your level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to your insurance cover, or they may choose to reject your application. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- You are required to disclose all relevant information to the insurer which may affect the cover provided to you. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- [Not Self Owned] If a policy has a different owner to the life insured, responsibility of the policy falls with the policy owner. In the event of a claim, the benefit will be paid to the policy owner and may be subject to taxation.
- [Personal Ownership] [Wizard Scenario Question – If Life OR TPD OR Trauma OR IP OR Severity based = Personal Name Ownership] Owning insurance in your own name means this cost needs to be met from your cash flow, thereby reducing the amount available to meet your other objectives. Our projections indicate that you will have sufficient income to meet your expenditure requirements.
- [SMSF ownership] [Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership or Super Linked] SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- [Superannuation Ownership] [Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership or Super Linked] Funding the premiums from your superannuation balance will reduce the growth of your superannuation unless you make additional contributions to offset the premium payments.
- [Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership or Super Linked] Any insurance proceeds will be first paid to your superannuation fund; the trustees of your fund will then give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- There may be tax payable on the benefit in the event of a successful claim.
- [Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation

**Ownership or Super Linked** Paying insurance premiums from superannuation will mean that your personal tax deduction notice will need to be submitted prior to the annual rollover of the premium amount so that your tax deduction is not limited.

- Your insurance needs can change over time, so it is important to regularly review your cover.
- **[Different cover level due to product]** The level of **[life/TPD/trauma/income protection]** cover we have recommended differs to what you need because the insurance product requires **[explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need]**.
- **[Reduced cover due to cost]** The insurance cover we have recommended is less than what we calculated you need because you told us that cost is an important consideration. After discussing options to reduce the premium cost, you have decided to **[eg self-insure \$XXX of your insurance needs/under-insure \$XXX of your insurance needs/accept a longer waiting period/other option]**.
- **[Superannuation Ownership]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership or Super Linked]** Your account may become 'inactive' which could result in your insurance policies being cancelled. It is important to ensure your contact details are up to date with your superannuation fund to prevent this from occurring.
- **[Linked Policies]** Linking insurance policies means that any payout under one policy will reduce the cover on your other policies by the amount of the payout. Please refer to the PDS for further information about linking policies.

**[Wizard Scenario Question – Life section hidden if Life = Not Recommended] Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement.

**[Wizard Scenario Question – TPD section hidden if TPD = Not Recommended] Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.
- **[Super-Linked TPD]** **[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation]** It's important to note that in a super link arrangement, the TPD benefit is only ever payable once – either under the superannuation owned policy or the policy owned by you. Any benefit amount paid in respect of you under one policy will reduce the TPD amount insured under the other linked policy.
- **[Super-Linked TPD]** **[Wizard Question > Strategy Group > Automation > TPD Ownership = Super Linked]** For super-linked TPD policies, the claim will be first assessed under the superannuation policy, where it will be determined whether you meet the 'any' occupation TPD definition. If you do not qualify under this definition within the superannuation owned policy, the insurer will then assess your claim under the personally held policy, based on an 'own' occupation TPD definition.
- **[Flexi-Linked TPD]** **[Wizard Question > Strategy Group > Automation > TPD Ownership = Personal Name or Superannuation]** It's important to note that in a flexi linked TPD arrangement, any TPD claims that are paid out to you will reduce the amount of remaining cover on your superannuation owned Life cover.
- **[Any occupation]** Any insurance proceeds paid under the 'any' occupation policy will first be paid to your superannuation fund; the trustees of your fund will generally give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.

## [Wizard Scenario Question – Trauma section hidden if Trauma = Not Recommended]

### Things you should consider with Trauma Insurance

- **[Stand-Alone Trauma]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.
- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

## [Wizard Scenario Question – IP section hidden if IP = Not Recommended]

### Things you should consider with Income Protection Insurance

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.
- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.
- You can claim a tax deduction for the premiums but in return, the benefits that you receive for a claim are assessable at your marginal tax rate. Premiums on policies that offer benefits that are unrelated to absence from work, may be partially tax deductible and partially tax free on receipt.
- Income tax may not be withheld from the amount payable, and you will be responsible for paying part or all of the PAYG instalments.
- **[Wizard Scenario Question – IP Ownership = Superannuation or Super Linked]** As the income protection policy is owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the monthly income payments.
- **[If New or replacing Pre-APRA Mandated IP]** After 2 years, the insurer will review the eligibility of your claim based upon a different definition of disability. This wider definition of disability will contemplate your ability to work in any occupation for which you are reasonably suited by education, training or experience. This means that your benefits may no longer be paid if the insurer deems you are able to earn income in such an occupation.
- **[If replacing Pre-APRA Mandated IP]** The policy we are recommending you replace, retains the same initial disability definition throughout the claim period.
- **[If replacing Agreed Value]** By replacing your Agreed Value policy, the benefit amount in the event of a claim will no longer be certain. You will move from a known 'agreed benefit' to one that will be reduced if you are earning less in the 12 months before the claim event.
- **[If replacing Pre-APRA Mandated Indemnity]** By replacing your existing Indemnity policy, the benefit amount you receive in the recommended policy, may be lower in the event of claim. You will move from a policy that would have considered your income earned in multiple years prior to the claim event, to one that will generally only consider your income in the 12 months prior to the claim event.

- **[Cancellable]** The insurer has the ability to change policy wording if they provide 30 days' notice. This means there is a possibility that it may become more difficult to meet a claim event in the future.

## **[Automation Available] Cancel your existing personal insurance cover (ri6)**

We have reviewed your personal insurance cover and as you have sufficient cover in your XXX policy/your debts are repaid, have sufficient assets to self-insure/outline other reasons, cancel the following cover:

- [Wizard Question > Strategy Group > Automation > Life - Personal Name or Superannuation or Super Linked] Cancel your XXX life insurance cover of \$XXX
- [Wizard Question > Strategy Group > Automation > TPD - Personal Name or Superannuation or Super Linked] Cancel your XXX total and permanent disability insurance cover of \$XXX
- [Wizard Question > Strategy Group > Automation > Trauma - Personal Name or Superannuation or Super Linked] Cancel your XXX trauma insurance cover of \$XXX
- [Wizard Question > Strategy Group > Automation > IP - Personal Name or Superannuation or Super Linked] Cancel your XXX income protection insurance cover of \$XXX per month
- [Wizard Scenario Question – Severity Based - Personal Name or Superannuation or Super Linked] Cancel your XXX Severity Based Insurance

### **Why this benefits you**

- Cancelling your insurance cover will increase your surplus cash flow. The additional monies can be used for your living expenses/XXX.
- Cancelling your insurance cover will mean your superannuation fund balance will no longer be reduced by the insurance premiums which may increase your overall retirement benefit.
- [If applicable] Self-insurance can be more economical than buying insurance from a third party.
- [If applicable] Your high levels of assets mean you have the ability to absorb a high level of losses before your lifestyle is significantly impacted.

### **Things you should consider**

- It is important to be aware that, if an event were to occur, treatments and ongoing living expenses can add up which could have a detrimental impact on you and your family.
- If you decide to apply for insurance cover again in the future, the new cover may be difficult to obtain and/or may be more expensive as you will be required to go through a new application process. This is because your age and health are two important factors that determine eligibility for cover and the premiums you pay.
- We encourage that you consider making an appointment with a health professional to undergo a full medical check up before reducing your insurance sum insured.
- If you decide to increase your insurance cover again in the future, the new cover may be difficult to obtain and/or may be more expensive or it may be declined. This is because your age and health are two important factors that determine eligibility for cover and the premiums you pay.
- [Grandfathered income protection] Your current income protection policy has features that are no longer available if you were to reapply in the future.
- [SMSF ownership] [Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation Ownership or Super Linked] SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.

## **[Automation Available]** Hold your existing personal insurance cover (ri7)

We have reviewed your personal insurance strategy and believe you should maintain your existing insurance cover as it remains appropriate for your situation.

**[Analysis completed]** We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

**[Analysis completed but limited to specific cover]** We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to **[cashflow/other reason]**.

**[Analysis not completed]** You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

Underwriter	Owner	Life	TPD	Trauma	Income Protection	Annual Premium
<b>Client Name</b>						
		<b>[Drawn from Client Current Information]</b>				

**Total for Client Name:**

### **Why this benefits you**

- **[Analysis completed but limited to specific cover]** These levels of cover continue to reflect the specific levels of cover you have requested due to **[cashflow/other reason]** and you have indicated that you are comfortable with this cover.
- **[Analysis not completed]** These levels of cover continue to reflect the specific levels of cover you have requested, and you have indicated that you are comfortable with this cover.
- The amount of cover recommended aims to pay your existing debts, any necessary expenses (medical, funeral, estate costs etc.) and provide enough money to support you **and your family** for **XXX** years.
- **[if income protection]** The amount of income protection recommended will provide you with **70%** of your current gross income monthly to help manage you **and your family's** expenses if you are temporarily or permanently unable to work due to illness or injury.
- **[if within super]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation or Super Linked]** Holding cover within superannuation will reduce the impact on your personal cash flow as the insurance premiums will be drawn from your superannuation account balance. The premiums are also tax deductible to the fund, reducing the cost of cover.
- You can rollover benefits from **XX** superannuation fund to pay your insurance premiums and be entitled to a 15% rollover rebate to further reduce your premiums payable.
- You will be appropriately insured and be paying for premiums suitable for your circumstances.
- By retaining your existing insurance cover, you will not be subjected to the underwriting required to obtain a new policy.
- **[If applicable]** Your current insurance policy has **[insert feature]**, which would not be available if you were to obtain a new insurance policy.
- **[SMSF ownership]** **[Wizard Scenario Question – If Life OR TPD OR IP OR Severity based = Superannuation or Super Linked]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or

minutes of trustee meetings.

**Things you should consider**

- **[Income test]** Although the cost of premiums causes a reduction to your cash flow, our projections indicate you will continue to have sufficient income to meet your needs and goals going forward. **[OR]** The cost of premiums may impact your other goals and objectives. **[Discuss these impacts, eg Our projections indicate that you will not have sufficient income to fund your expected education needs]**. Your options to manage this shortfall include **[explain other options]**.
- **[IP Agreed Value]** **[Wizard Question > Strategy Group > Automation > IP - Personal Name or Superannuation]** We have recommended you retain your 'agreed value' contract because **your income can fluctuate over time and this type of contract provides you with more certainty of the actual monthly benefit when making a claim / you are able to substantiate your income and you want peace of mind at time of claim**. In addition, this type of contract is no longer offered and remains suitable for your circumstances.
- **[Retirement benefit and cash flow impact]** Your current level of superannuation **[contributions and/or earnings]** **[is/are]** **[sufficient/insufficient]** to cover the cost of premiums at this time. Our projections estimate that the premium cost could reduce your forecast superannuation savings over the next **10 years/ at retirement** by an estimated \$XX. **[If applicable]** We recommend making additional super contributions to help negate this impact. Please see our separate recommendation in this document.
- Your superannuation trustee will be required by law to obtain your positive consent in writing to retain the insurances within your superannuation account where the account is deemed to be an inactive account. An inactive account is defined as an account that has not received contributions or received funds from a rollover within the previous 16 months. It is important to ensure your contact details are up to date with your superannuation fund and you read and reply to all correspondence from them, otherwise you could lose the insurances you have within your superannuation fund which may place you **and/or your dependants** in financial hardship in the event of **[your passing, total and permanent disability, injury, or illness]**.
- **[Accident Only]** Accident only policies pay a benefit in the event of an accident occurring and meeting the PDS requirements for a claim. This means you are not covered as comprehensively as an Accident & Illness policy.

## **[No Automation Currently Available] Enduring rollover to pay your insurance premiums (ri15)**

To fund the premium on your **XXX** insurance policy, we recommend you establish an enduring rollover from your **XXX** superannuation fund.

### **Why this benefits you**

- Holding cover within superannuation will reduce the impact on your personal cash flow as the insurance premiums will be drawn from your superannuation account balance.
- By rolling over benefits from your superannuation fund to pay your insurance premiums you will be entitled to a 15% rollover rebate, further reducing the premiums payable.

### **Things you should consider**

- Your current level of superannuation **[contributions and/or earnings]** **[is/are]** **[sufficient/insufficient]** to cover the cost of premiums at this time. Our projections estimate that the premium cost could reduce your forecast superannuation savings over the next **10 years/ at retirement** by an estimated \$**XX**. **[If applicable]** We recommend making additional super contributions to help negate this impact. Please see our separate recommendation in this document.
- If you have made personal contributions which you intend to claim as a tax deduction, you must lodge a notice of intent form with the super fund to claim the relevant deduction and receive written acknowledgement before rolling over your funds. If you don't, you may not be eligible to claim a deduction.
- An amount equal to the premium payable will be requested as a rollover from your external super fund account near the anniversary date for your insurance policy.
- Premium payments can only be requested once a year on the anniversary due to **XXX's** obligation to only process one rollover per annum. If any changes to the insurance policy are made mid-way between anniversaries dates, any additional premiums may need to be funded from your personal cash flow.
- You should ensure there is a sufficient balance in your account to cover the rollover each year. If the rollover is rejected, **XXX** as trustee of your insurance policy will request alternative payment details from you, otherwise the policy will lapse. You may have to re-apply for insurance cover if it lapses, and any application may be declined.
- **[Retirement bonus loss]** You may lose some, or all, of the retirement bonus that was paid upon the commencement of your retirement income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. **More detailed information on the estimated retirement bonus loss will be provided later in this document.**
- 
- Your insurance needs can change over time, so it is important to regularly review your cover.
- You must notify the Trustee in writing if you wish to terminate the ongoing annual rollover arrangement.
- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## [Automation Available] Transfer your personal insurance cover out of superannuation into your personal name (RI8)

[Client Name], we recommend that the following cover be transferred from the following fund/s into your personal name.

Underwriter	Life	TPD	Trauma	Income Protection	Annual Premium
Client Name					
<b>Total for Client Name:</b>					

[Maintain levels] Based on our assessment of your personal risk insurance, [Client name] we recommend maintaining the transferred levels of cover.

### Why this benefits you

- Owning the policy in your own name is right for you because [insert reason(s) e.g. you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you]. As the policy owner, you (rather than your super fund) have full control over it.
- [If yes IP in personal name] [IP] For Income Protection policies outside of superannuation, the premiums paid are generally deductible to you at your marginal tax rate, which may reduce your overall cost of cover.
- [If yes IP in personal name] [IP] Holding your income protection cover in your personal name means you will have access to a greater number of ancillary benefits including rehabilitation, nursing care, scheduled injury benefits. [If applicable (product text not included)] We believe the following features of this product are relevant to your situation [list applicable ancillary benefits that you deem to be relevant to the client circumstances per each PDS heading].
- [If yes TPD in personal name] [TPD – Own Occupation] You will not need to meet the superannuation fund's payment conditions in order to receive the claim proceeds where you meet the 'Own occupation' definition.
- [If Yes to Life or TPD in personal name] [Life & TPD] Holding the policy in your personal name also means that any claim proceeds will be paid to you or the nominated beneficiary as a tax-free lump sum.

### Things you should consider

- Transferring insurance involves implementing a new policy subject to approval from the new insurer. **Do not** cancel your existing insurance cover until you receive confirmation in writing that your transfer has been accepted.
- If the new insurer accepts your application, any exclusions, restrictions, premium loadings or individual conditions which applied under your previous policy will continue to apply to your transferred cover amount (unless they specify otherwise).
- [If applicable – unitised cover] Your existing unitised cover (which is linked to your age or salary) will become a fixed amount once transferred. This means that your level of cover remains the same and your premiums will increase with your age. The amount of insurance will reduce from age XX.
- [If yes to Life in personal name] [Life] It's important that you nominate a beneficiary to receive the claim proceeds upon your death and record this person(s) as a nominated beneficiary on your policy. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes or claims from creditors. If no-one is nominated, payment will be made to your estate.
- [If yes to IP in personal name] [IP] While you can claim a tax deduction for the premiums in return, the benefits that you receive for a claim are assessable at your marginal tax rate. Premiums on policies that offer benefits that are unrelated to absence from work, may be partially tax deductible and partially tax free on receipt.

- [If yes to IP in personal name] [IP] Income tax may not be withheld from the amount payable, and you will be responsible for paying part or all of the PAYG instalments.
- Owning insurance in your own name means this cost needs to be met from your cash flow, thereby reducing the amount available to meet your other objectives.
- [Income test] Although the cost of premiums causes a reduction to your cash flow, our projections indicate you will continue to have sufficient income to meet your needs and goals going forward. [OR] The cost of premiums may impact your other goals and objectives. [Discuss these impacts, e.g. Our projections indicate that you will not have sufficient income to fund your expected education needs]. Your options to manage this shortfall include [explain other options].

## [Automation Available] Transfer your personal insurance cover into superannuation (RI9)

[Client Name], we recommend that the following cover be transferred into your XXX superannuation fund.

Underwriter	Owner	Life	TPD	Trauma	Income Protection	Annual Premium
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Client Name

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**Total for Client Name:**

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[If applicable] We recommend this be funded via rollovers from XX superannuation fund.

[Maintain levels] Based on our assessment of your personal risk insurance, [Client name] we recommend you maintain the transferred levels of cover.

### Why this benefits you

- You do not have sufficient cash flow to pay the premiums for your required insurance. By owning this cover in your superannuation fund, your employer superannuation contributions/accumulated savings can be used to pay the premiums. This will reduce the impact on your personal cash flow. The premiums are also tax deductible to the fund, reducing the cost of cover.
- [Premium funded from rollovers] By rolling over benefits from XX superannuation fund to pay your insurance premiums you will be entitled to a 15% rollover rebate which will reduce your premiums payable.
- [If yes IP in superannuation] [IP] Your superannuation fund will be able to claim a tax deduction for most of the premium for your income protection policy, effectively reducing the cost of your cover OR reducing the tax payable on contributions and fund earnings OR and can be funded via salary sacrifice/personal deductible/employer contributions.

### Things you should consider

- As the trustee of your super fund owns the policy, the owner rather than you has ultimate control of your cover.
- Transferring insurance involves implementing a new policy subject to approval from the new insurer. **Do not** cancel your existing insurance cover until you receive confirmation in writing that your transfer has been accepted.
- If the new insurer accepts your application, any exclusions, restrictions, premium loadings or individual conditions which applied under your previous policy will continue to apply to your transferred cover amount (unless they specify otherwise).
- [If applicable] Your existing unitised cover (which is linked to your age or salary) will become a fixed amount once transferred. This means that your level of cover remains the same and your premiums will increase with your age. The amount of insurance will reduce from age XX.
- It's important that you have a superannuation nomination in place to receive the claim proceeds upon your death. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes. If no-one is nominated, payment will be made to your estate.
- [SMSF ownership] SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- [If applicable] Your current level of superannuation [contributions and/or earnings] [is/are] [sufficient/insufficient] to cover the cost of premiums at this time. Our projections estimate that the premium cost could reduce your forecast superannuation savings over the next 10 years/ at retirement by an estimated \$XX. [If applicable] We recommend making additional super contributions to help negate this impact. Please see our separate recommendation in this document.

- Any insurance proceeds will be first paid to your superannuation fund; the trustees of your fund will then give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- There may be tax payable on the benefit in the event of a successful claim.
- **[If yes TPD in superannuation]** **[TPD]** Any insurance proceeds paid under the 'any' occupation policy will first be paid to your superannuation fund. You will then need to meet the fund's payment conditions. If your claim is successful, the trustees of your fund will generally give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- **[If yes IP in superannuation]** **[IP]** As the policy will be owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the ents.
- **[If yes IP in superannuation]** **[IP]** Any payments from an income protection policy are assessable income and taxed at your marginal tax rate. The trustee of your superannuation fund will deduct PAYG instalments from the amount payable.
- Your superannuation trustee will be required by law to obtain your positive consent in writing to retain the insurances within your superannuation account where the account is deemed to be an inactive account. An inactive account is defined as an account that has not received contributions or received funds from a rollover within the previous 16 months. It is important to ensure your contact details are up to date with your superannuation fund and you read and reply to all correspondence from them, otherwise **you could lose the insurances** you have within your superannuation fund which may place you **and/or your dependants** in financial hardship in the event of **[your passing, total and permanent disability, injury, or illness]**.

## [No Automation Currently Available] Asset Protection (ri11)

We recommend the following types and amounts of cover to protect (select) personal assets of the owners at risk due to the providing of personal guarantees/ amounts the business owe the owners/ business assets:

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/superannuation contributions/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs. We recommend / Your lawyer has advised / Your accountant has advised that these policies should be owned [select] in the name of the business / life insured / under a cross-insurance arrangement.

Life Insured	Type of Cover	Need (\$)	Sum Insured (\$)	Detail	Beneficial Owner
<b>Insured Name</b>					
	Life				
	TPD				
	Trauma				
	IP				
	BE				

### Why this benefits you

- Asset protection can provide your business with enough cash to preserve its asset base so it can repay debts, free up cash flow and maintain its credit standing if a business owner dies or becomes disabled. It can also release personal guarantees secured by the business owner's assets (such as the family home).
- Where possible, we have recommended that TPD and critical illness cover be arranged as an extension of the life cover to reduce overall costs. This means that if a TPD or critical illness event occur and sum insured paid, your life cover will be reduced by the amount that is paid.
- We believe this is appropriate as this cover is solely for the purpose of funding a reduction or repayment of business debt. In the event (for example) of TPD proceeds funding repayment of debt on loss of an owner, the life cover will no longer be required. However, the life cover can be reinstated after a set period such as a year.
- [Analysis completed] The insurance recommendations have been made as a result of our discussions about your business risks and funding requirements. Please refer to the 'Business Risk Needs Analysis' elsewhere in this document.
- [Analysis not completed] You/Your accountant/Your lawyer have nominated the types and amounts of cover as well as the ownership structure.
- [If any type of cover excluded] We have not made a recommendation on [insert type] of insurance because [insert reason e.g. you/your accountant/your lawyer] has instructed that this trigger will not be covered in the agreement through an insurance funding mechanism or you will self-fund these events.
- This cover can be used to repay or reduce the debts which were directly associated with the key person - such as early termination fees for leases and/or hire purchase agreements.
- Release personal guarantees provided by key person owners, freeing personal assets (such as the family home) that support the guarantees.
- The cover can be used to repay business debts which were secured by the insured, such as overdrafts and/or business loans.
- Provide for Capital Gains Tax (CGT) associated with the proceeds from Critical Illness and TPD. As proceeds from Critical Illness and TPD are generally subject to CGT where the policies are owned by the business, we have grossed up the cover to allow for CGT implications which may arise in the event a policy claim is triggered.

- Repay loan accounts owed to the owners of the business that have accrued as a result of re-invested dividends, distributions or amounts otherwise invested in the business.
- **[#1 Business-owned]** A business owned policy is the simplest way for the business to repay its debts in the event of a loss of a key person owner. While premiums are not tax-deductible for the business given the purpose of the cover is for a capital purpose, the premiums will not be subject to Fringe Benefits Tax (FBT).
- **[#2 Self-owned]** Self-owned policies mean policy proceeds will not be subject to CGT and can provide the insured (or their beneficiary/ legal personal representative) with greater control over the policy proceeds to ensure they are used for the purpose intended and release any personal guarantee provided to the lending institution.
- **[#3 Cross-owned]** Cross-owned policies provide the policy proceeds to the continuing owners of the business in order for them to on-lend those proceeds to the business in order for it to repay both internal debts (for example, shareholder or beneficiary loan accounts) to an existing owner or repay debts to a lending institution.
- **[Insurance and gearing]** It is important you are covered to ensure that your long-term gearing strategy is less likely to be affected by death, disablement or critical illness.

### Things you should consider

- Your application for insurance cover will be subject to underwriting by the life insurance company. After their assessment they may vary the level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to the insurance cover, or, they may choose to reject your application for insurance cover.
- Premiums for asset protection are generally not tax-deductible as they are for a capital purpose.
- Although the cost of premiums will reduce the business' cash flow, our projections indicate the business will continue to have sufficient income to meet its needs going forward.
- **[#1 Business-owned]** TPD and Critical Illness proceeds from a business owned policy will generally be subject to CGT. Accordingly, the sum insured we've recommended has been grossed up to achieve the desired level of debt clearance subject to the maximum permitted by the insurer.
- **[#2 Self-owned]** Self-owned policies taken out for asset protection is generally only appropriate to cover repayment of loans in certain circumstances to an existing owner (or associate) or for some family businesses because in the event of a claim being paid to an exiting owner or their beneficiary, the exiting owner could replace the existing lender as the new lender to the business. Premiums will generally be deductible to the business, with Fringe Benefits Tax applying.
- **[Binding debt agreement drafted by solicitor or law firm]** As discussed self-owned policies are appropriate where the owners enter into a binding debt agreement drafted by specialist lawyers. Broadly, the way these agreements work is an exiting owner will pass some or all of the asset protection insurance proceeds on to the continuing owners where certain conditions are met – typically, the release of personal guarantees. The continuing owners then on-lend these proceeds to the business in order for it to repay the lending institution. This is referred to as the 'on-lend approach'.
- As we are using the on-lend approach, it is recommended that you arrange for the preparation of an agreement by your legal adviser that allows for the **Life / TPD / Critical Illness** proceeds from the recommended asset protection policy to be used for the purpose of business debt reduction in the name of **[Business Name]**.
- **[#3 Cross-owned]** TPD and Critical Illness proceeds of cross-owned policies may be subject to CGT where owners are not related to each other. Accordingly, the sum insured we've recommended has been grossed up to achieve the desired level of debt clearance subject to the maximum permitted by the insurer.
- **[Analysis completed but limited to specific cover]** Implementing less than the cover you need (as per our analysis) will expose you and/or your dependants to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.

- **[Analysis not completed]** Implementing specific amounts of insurance cover (as per your instructions) and not having any analysis of your insurance needs undertaken, means that you could be underinsured and therefore may expose you and/or your dependants to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.
- **[New or increasing policies]** In order for the insurer to accurately assess your application for cover, you may have a duty to disclose anything that you know, or could reasonably be expected to know, that may affect their decision to insure you and on what terms. Alternatively, the insurer can elect to apply the duty to take reasonable care not to make a misrepresentation, requiring questions to be answered honestly, accurately and completely. Failure to do so may result in outcomes such as the insurer avoiding the policy, amending the terms or declining to pay a claim. It is important to understand and confirm, via the Product Disclosure Statement, which duty applies to you.

## [No Automation Currently Available] Business Expense Insurance (ri10)

We recommend business expenses insurance on your life with a benefit of \$XXXX per month. Your cover should be owned by your business.

[Analysis completed but limited to specific cover] We have completed a full analysis of your insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your insurance needs.

[Analysis completed] We have completed a full analysis of your insurance needs; and our recommendations reflect the analysis completed.

Insured entity	Ownership structure	Waiting period	Recommended cover
Business name	Personal name/ company name	X days	\$X per month

### Why this benefits you

- Business expenses cover will help to keep your business running while you are unable to work due to illness or injury. This will help to ensure you have a business to return to or maintain a saleable asset.
- The cover will reimburse you for specified fixed business expenses that continue to be incurred while you are unable to work to reduce some of the worry and financial stress while you recover.
- The cover protects your wealth so you do not have to use your own savings to keep the business running.
- [Insurance and gearing] It is important you are covered to ensure that your long-term gearing strategy is less likely to be affected by death, disablement or critical illness.
- The waiting period of X has been recommended because XXX.
- The benefit period of X has been recommended because XXX.
- The premiums are tax deductible to your business when it is the owner of the policy.
- [Variable age-stepped premium] A variable age-stepped premium price structure is initially a lower cost premium option, where the price of the policy increases at each policy anniversary in line with your age until expiry. The lower initial cost limits the impact on your cash flow during the earlier years of the policy, allowing you to focus on meeting more immediate needs.
- [Variable to age premium] A variable to age XX premium price structure policy remains constant with your current age each year up until your XX birthday (adjusted with inflation). Insurers may still increase variable premiums however this is more cost effective over the longer term. After this time, your premiums will continue on a variable age-stepped premium basis until the benefit expiry date. The consistent nature of the premium cost will help you plan your budget year to year.
- [Optimum premiums] An optimum premium price structure allows you to take advantage of the lower initial cost that variable age-stepped premiums provide while benefiting from the long-term cost saving variable to age premiums offer.

### Things you should consider

- Your application for insurance cover will be subject to underwriting by the life insurance company. After their assessment they may vary the level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to the insurance cover, or, they may choose to reject your application for insurance cover.
- This recommended level of cover is based on the business documentation you provided.
- In the event of a claim you need to make sure you can substantiate your fixed business expenses.

- Business expenses insurance does not cover your salary, which should be covered by a traditional income protection insurance policy.
- The amounts insured are based on an estimate of current needs. There is no guarantee that this will be sufficient to cover all your business operations if an event occurs. You should continue to review your needs on a regular basis.
- Your first monthly benefit will be paid one month after a waiting period of **XX** days. Payments are made monthly in arrears.
- Premiums for business expenses insurance are tax-deductible but in return the benefits received will be assessable as income to the business. This may be offset by the deductions for expenses paid. You should check the tax implications with your accountant or tax adviser.
- The accumulated cost of premiums over the next 5 years is estimated to be **\$XXX**. This cost needs to be met from your business' cash flow, thereby reducing the amount available for reinvestment or distribution to business owners.

[Adviser: if affordability guidelines are not met, ensure you include an explanation of why you deemed the strategy appropriate. If affordability guidelines are met, complete the dot point below].

- Although the cost of premiums will reduce the business' cash flow, our projections indicate the business will continue to have sufficient income to meet its needs going forward.
- All quotes are based on standard premium rates and circumstances you have informed us of. The insurance provider will confirm the final premium offered after assessing your application.
- [Analysis completed but limited to specific cover] Implementing less than the cover you need (as per our analysis) will expose you and/or your business to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.
- [Analysis not completed] Implementing specific amounts of insurance cover (as per your instructions) and not having any analysis of your insurance needs undertaken, means that you could be underinsured and therefore may expose you and/or your dependants to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.
- [New or increasing policies] In order for the insurer to accurately assess your application for cover, you may have a duty to disclose anything that you know, or could reasonably be expected to know, that may affect their decision to insure you and on what terms. Alternatively, the insurer can elect to apply the duty to take reasonable care not to make a misrepresentation, requiring questions to be answered honestly, accurately and completely. Failure to do so may result in outcomes such as the insurer avoiding the policy, amending the terms or declining to pay a claim. It is important to understand and confirm, via the Product Disclosure Statement, which duty applies to you.

## **[No Automation Currently Available] Business Succession Agreement (ri14)**

We recommend you have a formal Business Succession Agreement prepared to ensure the orderly transfer of ownership in the event of the involuntary departure of one or more business owners.

The agreement should be drafted by a lawyer with business valuations as calculated by your accountant or by an appropriately qualified valuer.

We can then work with you to structure an insurance funding arrangement to make the buy-out affordable.

The agreement should recognise the means of funding the buy/sell obligations of the respective owners and include alternative funding methods where insurance for owners is not available or viable.

### **Why this benefits you**

- The Business Succession Agreement is a legal contract between business owners that outlines what will happen to each owner's business interest if certain 'trigger' events occur and how the interests will be valued. This may help to avoid disputes and protect each business partner and their family.
- A buy/sell arrangement can help to ensure the business continues to operate. The departing owner, estate or their associated entity can receive fair value for their share of the business and the remaining owner(s) are able to continue to run the business the way they want to.
- The sale price payable to terminating business owners or their estate is agreed in advance. The insurance proceeds can enable continuing business owner/s to buy out the terminating owner's share without having to borrow additional funds
- The 'trigger' events that can be matched to insurance funding can include death, Terminal Illness, TPD, and/or suffering a critical illness.
- [Trigger events #1] We recommend that your agreement caters for these 'trigger' events - Death, Terminal Illness, TPD and Critical Illness.

### **Things you should consider**

- The details need to match the funding agreements to ensure they operate effectively or disputes may occur and the funds may not be available for the correct person.
- Your agreement should be reviewed on a regular basis to ensure it continues to be appropriate to your needs.
- Resignation and retirement are voluntary exits which cannot specifically be insured against and, therefore, cannot be funded with insurance proceeds. Therefore, you may need to consider a form of 'self-insurance' to provide for such events.
- Failure to implement the Business Succession Agreement may result in the recommended cover being unable to assist in achieving your specified objectives.

## [No Automation Currently Available] Ownership Protection (ri12)

We recommend the following types, ownership and amounts of cover to give effect to the insurance funding arrangements of your Business Succession Agreement:

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/superannuation contributions/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

We recommend / Your lawyer has advised / Your accountant has advised that these policies should be owned [select] in the name of the life insured / under a cross-insurance arrangement / through superannuation / by the trustee of your family trust. Your preferred beneficiary should be nominated to receive the insurance policy proceeds.

[If cover via super] Where your cover is held in super, you or your beneficiaries (if eligible) may wish to consider taking some or all of your benefits in the form of a pension as this may have certain advantages.

Life Insured	Type of Cover	Need (\$)	Sum Insured (\$)	Detail	Beneficial Owner
<b>Insured Name</b>					
	Life				
	TPD				
	Trauma				
	IP				
	BE				

### Why this benefits you

- The appropriate insurance funding to match your Business Succession Agreement will ensure that funds are available and affordable for a departing owner (or estate) to receive fair value for their equity sale and allow the remaining owners to continue to operate the business.
- [Analysis completed] The insurance recommendations have been made as a result of our discussions about your business risks and funding requirements. Please refer to the 'Business Risk Needs Analysis' elsewhere in this document.
- [If grossing up cover] Where Capital Gains Tax (CGT) or superannuation tax applies, the level of cover may be 'grossed up' to ensure that the net amount received in the event of a claim (after the tax is paid) is equal to the level of cover recommended. Our recommended levels of cover take this into account. Where the insurer sets maximum limits there may sometimes be a shortfall as detailed above.
- [Analysis not completed] You/Your accountant/Your lawyer have nominated the types and amounts of cover as well as the ownership structure.
- [If any type of cover excluded] We have not made a recommendation on [insert type] of insurance because [insert reason e.g. you/your accountant/your lawyer has instructed that this trigger will not be covered in the agreement through an insurance funding mechanism or you will self-fund these events].
- [#1 Self-owned] A self-ownership option [if applicable] with any spouse or legal representative as the nominated beneficiary keeps the arrangements simple and flexible. It also allows each business owner to remain in control of their own insurance policy. Claim proceeds will be paid tax-free to the life insured or spouse/estate as full/part payment for their share of the business in line with the Business Succession Agreement terms.
- [#2 Cross-ownership] A cross-ownership option can provide greater certainty for the remaining owners that funding will be available as they have control over the policy and receive the funds directly to then facilitate the buy-out in line with terms in the Business Succession Agreement.

- **[#3 Super-ownership with spouse or legal representative as nominated beneficiary]** This allows each business owner to fund their premiums tax-effectively by holding the insurance in superannuation.
- **[#4 Family Trust-ownership]** Family trust-owned can apply where an owner holds their interest in the business via their family trust. If a claim is made, the proceeds will be paid into the family trust that is transferring the business interest to the continuing owners or their associated trusts.
- **[#6 If ownership has been directed]** Your lawyer/accountant has recommended the policies be owned by **[Insert details]** to ensure the Business Succession Agreement operates effectively.
- **[If applicable]** Where possible, we have recommended that TPD and critical illness cover be arranged as an extension of the life cover to reduce overall costs. This means that if a TPD or critical illness event occurs and sum insured is paid, your life cover will be reduced by the amount that is paid.
- We believe this is appropriate as this cover is solely for the purpose of funding an exit from the business. In the event (for example) of TPD proceeds funding an exit from the business, the life cover will no longer be required. However, the life cover can be reinstated after a set period such as a year.
- **[Insurance and gearing]** It is important you are covered to ensure that your long-term gearing strategy is less likely to be affected by death, disablement or critical illness.

### Things you should consider

- Your application for insurance cover will be subject to underwriting by the life insurance company. After their assessment they may vary your level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to your insurance cover, or, they may choose to reject your application for insurance cover.
- Prior to implementation, you should check with your lawyer to ensure the structure of your Business Succession Agreement and the ownership of the insurance policies are consistent with your objectives. Please confirm the tax implications of the ownership structure and premium payments with your accountant.
- The insurance arrangements should be reviewed on a regular basis to ensure these continue to be appropriate for your needs and the level of cover continues to be sufficient.
- Business partners should come to an agreement on the equitable payment of premiums to ensure premiums are paid and the policies stay in force.
- Alternative funding options should be considered for departures triggered by a resignation or retirement as these are not covered by the insurance arrangements.
- The insurance premiums are tax-deductible where they are paid by the business. However, the business will generally pay Fringe Benefits Tax (FBT) which is at the top marginal rate of tax, unless the premiums are paid from the owners' superannuation fund or by alternative arrangements.
- Although the cost of premiums will reduce the business' cash flow, our projections indicate the business will continue to have sufficient income to meet its needs going forward.
- **[Cross-ownership]** Note that Capital Gains Tax (CGT) can apply to life insurance proceeds in certain circumstances such as new owners joining the business in the future and taking part in the buy sell agreement. Unless you have indicated that there is a reasonable likelihood of this occurring, we have not taken CGT into account in the recommendation.
- **[Cross-ownership]** Proceeds paid for TPD and/or critical illness will be subject to CGT unless the recipient is a spouse or other close relative according to tax definitions. This would reduce the amount of funds available to fund the buy-out.
- **[Super-ownership]** Proceeds paid from superannuation funds are subject to lump sum tax in some circumstances. If this is the case, the amount of insurance has been grossed up to allow for any superannuation tax subject to the maximum amount of life insurance

permitted by the insurer. However, arranging the cover to be held in superannuation means the premiums are funded tax-effectively and this more than compensates for the cost of the additional cover.

- The departing owner will be deemed to have sold their share of the business if the Business Succession Agreement is triggered, and CGT liabilities may arise. The insurance cover has not been set to cover these liabilities.
- There will be a shortfall of insurance cover because of the insurer's maximum limits. The shortfall will be approximately \$XXXX for life cover/TPD/critical illness.
- **[Superannuation owned]** Funding the premiums from your superannuation balance will reduce the growth of your superannuation unless you make additional contributions to offset the premium payments. These extra contributions will count towards your contribution caps.
- **[Superannuation-owned]** Unless you have a binding death benefit nomination in place the superannuation fund trustee may decide who is to receive your death benefits (including the insurance proceeds). This may not be in line with your objectives. If disputes occur the timeframe to resolve can be lengthy which could place financial stress on your family.
- **[Superannuation-owned]** Where life cover is held in superannuation, tax will only apply on a death benefit paid to certain beneficiaries (such as independent children). If this is the case, the amount of insurance has been grossed up to allow for any superannuation tax subject to the maximum amount of life insurance permitted by the insurer. However, arranging the cover to be held in superannuation means the premiums are funded tax-effectively and this more than compensates for the cost of the additional cover.
- **[Superannuation-owned]** Where TPD cover is held in superannuation, some tax may apply – if this is the case, the amount of insurance has been grossed up to allow for any superannuation tax subject to the maximum amount of life insurance permitted by the insurer.
- **[Analysis completed but limited to specific cover]** Implementing less than the cover you need (as per our analysis) will expose you and/or your dependants to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.
- **[Analysis not completed]** Implementing specific amounts of insurance cover (as per your instructions) and not having any analysis of your personal insurance needs undertaken, means that you could be underinsured and therefore may expose you and/or your dependants to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.
- **[New or increasing policies]** In order for the insurer to accurately assess your application for cover, you may have a duty to disclose anything that you know, or could reasonably be expected to know, that may affect their decision to insure you and on what terms. Alternatively, the insurer can elect to apply the duty to take reasonable care not to make a misrepresentation, requiring questions to be answered honestly, accurately and completely. Failure to do so may result in outcomes such as the insurer avoiding the policy, amending the terms or declining to pay a claim. It is important to understand and confirm, via the Product Disclosure Statement, which duty applies to you.

## [No Automation Currently Available] Revenue Protection (ri13)

We recommend the following types and amounts of cover to give effect to the insurance funding arrangements of your Business Succession Agreement to protect your business revenue in the event a key person is lost to the business.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/superannuation contributions/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

The policy owner will be the entity through which your business is conducted.

Life Insured	Type of Cover	Need (\$)	Sum Insured (\$)	Detail	Beneficial Owner
<b>Insured Name</b>					
	Life				
	TPD				
	Trauma				
	IP				
	BE				

### Why this benefits you

- A drop in revenue is often inevitable when a key person is no longer there. Losses may also result from demand that can't be met while finding and training a suitable replacement, errors of judgement by a less experienced replacement or through the reduced morale of employees.
- If there isn't a suitable replacement within the business, it may take substantial time and financial inducement to find and train a successor.
- Revenue protection can provide your business with cash to compensate for the loss of revenue and costs of replacing a key employee or business owner should they die or become disabled.
- Most businesses have one or more key persons whose skill, knowledge, experience and leadership ensures the success of the business. A key person in any business may generally be defined as one whose death, disablement or early retirement may have a significant adverse economic effect on the business.
- It is important to identify these key people and to quantify the adverse effect that is likely to be suffered by the business in the event of death, disablement or illness.
- [Analysis completed] The insurance recommendations have been made as a result of our discussions about your business risks and funding requirements. Please refer to the 'Business Risk Needs Analysis' elsewhere in this document.
- These recommendations are based on your/your accountant's estimate of the impact the loss of a key person is anticipated to have on the business revenue.
- [Analysis not completed] You/Your accountant/Your lawyer have nominated the types and amounts of cover as well as the ownership structure.
- [If any type of cover excluded] We have not made a recommendation on [insert type] of insurance because [insert reason e.g. you/your accountant/your lawyer has instructed that this trigger will not be covered in the agreement through an insurance funding mechanism or you will self-fund these events].
- Policies which are taken up for the purpose of protecting revenue are tax-deductible to the business and the proceeds on payment are assessable income.
- Revenue protection can give a business breathing space, time and funding to recruit and train a replacement for the lost key person, to restructure or arrange a sale.

- Revenue protection can protect a business' credit-standing by helping to ensure loan covenants (conditions) relating to drops in revenue are not breached.
- Where possible, we have recommended that TPD and critical illness cover be arranged as an extension of the life cover to reduce overall costs. This means that if a TPD or critical illness event occurs and sum insured paid, your life cover will be reduced by the amount that is paid.
- We believe this is appropriate as this cover is solely for the purpose of reducing the impact a loss of a key person may have on the business. In the event (for example) of TPD proceeds funding the loss of a key person, the life cover will no longer be required. However, the life cover can be reinstated after a set period such as a year.
- **[Insurance and gearing]** It is important you are covered to ensure that your long-term gearing strategy is less likely to be affected by death, disablement or critical illness.

### **Things you should consider**

- Your application for insurance cover will be subject to underwriting by the life insurance company. After their assessment they may vary the level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to the insurance cover, or, they may choose to reject your application for insurance cover.
- Deductibility of revenue protection premiums is contingent upon the purpose for cover and how the sum insured was calculated being clearly documented at the time the cover was taken out and at every review. Policy proceeds should not be intended for capital purposes, such as repaying loans.
- Deductibility of cover on the life of a key person is also contingent on the expectation that resultant loss of revenue is expected to be 'significant'.
- It is therefore prudent for you to prepare minutes which explains the purpose of the policy (i.e. to protect revenue) and the treatment of premiums and proceeds. This is required for auditing and taxation purposes.
- The insurance arrangements should be reviewed on a regular basis to ensure these continue to be appropriate for your needs and the level of cover continues to be sufficient.
- Although the cost of premiums will reduce the business' cash flow, our projections indicate the business will continue to have sufficient income to meet its needs going forward.
- Alternative funding options should be considered for key person absences triggered by a resignation or retirement as these are not covered by the insurance arrangements.
- **[Analysis completed but limited to specific cover]** Implementing less than the cover you need (as per our analysis) will expose you and/or your dependants to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.
- **[Analysis not completed]** Implementing specific amounts of insurance cover (as per your instructions) and not having any analysis of your personal insurance needs undertaken, means that you could be underinsured and therefore may expose you and/or your dependants to the risk of financial hardship in the event of death. This may result in having to sell assets, reduce expenses, and/or cease trading.
- **[New or increasing policies]** In order for the insurer to accurately assess your application for cover, you may have a duty to disclose anything that you know, or could reasonably be expected to know, that may affect their decision to insure you and on what terms. Alternatively, the insurer can elect to apply the duty to take reasonable care not to make a misrepresentation, requiring questions to be answered honestly, accurately and completely. Failure to do so may result in outcomes such as the insurer avoiding the policy, amending the terms or declining to pay a claim. It is important to understand and confirm, via the Product Disclosure Statement, which duty applies to you.

## Risk insurance – Risk Researcher

### [Automation Available – Risk Researcher] Apply for new personal insurance cover (ri1)

To address the shortfalls in your personal insurance cover identified earlier, we recommend the following:

- Life Insurance [Risk Researcher – Cover Recommendation from Recommend and Acquire status]
- Total and Permanent Disability (TPD) Insurance [Risk Researcher – Cover Recommendation from Recommend and Acquire status]
- Trauma Insurance [Risk Researcher – Cover Recommendation from Recommend and Acquire status]
- Income Protection [Risk Researcher – Cover Recommendation from Recommend and Acquire status]
- Severity Based insurance [Risk Researcher – Cover Recommendation from Recommend and Acquire status]

[Analysis completed] We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

[Replacing Existing Cover] [Risk Researcher – Has Policy status of Replace] We recommend these policies as a replacement for your existing policies.

[Life section hidden if no cover recommendation from Recommend and Acquire status] **Life insurance**  
We recommended a new Life benefit which will provide you with a lump sum of \$XXXX [Risk Researcher – Total of all cover Recommendation from Recommend and Acquire status] in the event of your death. This can assist your family with any immediate financial concerns. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Recommend and Acquire status] premiums and that the cover to be held within / outside superannuation [Risk Researcher – Cover Recommendation from Recommend and Acquire status].

We recommend the below options in your cover.

- [Risk Researcher – Cover Options from Recommend and Acquire status] Future insurability
- [Risk Researcher – Cover Options from Recommend and Acquire status] Waiver of premium upon disability
- [Risk Researcher – Cover Options from Recommend and Acquire status] Business safeguard
- [Risk Researcher – Cover Options from Recommend and Acquire status] Child future insurability
- [Risk Researcher – Cover Options from Recommend and Acquire status] Accidental death benefit
- [Risk Researcher – Cover Options from Recommend and Acquire status] Child cover
- [Risk Researcher – Cover Options from Recommend and Acquire status] Forward underwriting
- [Risk Researcher – Cover Options from Recommend and Acquire status] Needlestick cover
- [Risk Researcher – Cover Options from Recommend and Acquire status] Terminal illness support benefit

[Accident Only] We recommend this as an Accident only policy.

[TPD section hidden if no cover recommendation from Recommend and Acquire status] **Total Permanent Disability (TPD) insurance**

We recommended a new TPD benefit which will provide you with a lump sum of \$XXXX [Risk Researcher – Total of all cover Recommendation from Recommend and Acquire status] in the event of your Total and Permanent Disablement. This can assist your family with any immediate financial concerns. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Recommend and Acquire status] premiums and an any / own / Non-Occupation [Risk

[Risk Researcher – Cover Recommendation from Recommend and Acquire status] occupation definition for your policy.

We recommend Linking / Flexi Linking / Super Linking your TPD cover / We recommend this as Stand-alone policy. We recommend \$XXXX of your TPD be "super linked". [Risk Researcher – for standalone only from Recommend and Acquire status]

We recommend the below options in your cover.

- [Risk Researcher – Cover Options from Recommend and Acquire status] Life cover buy back for TPD - with a buy back period of XXXX.
- [Risk Researcher – Cover Options from Recommend and Acquire status] Double TPD
- Buy back of TPD
- [Risk Researcher – Cover Options from Recommend and Acquire status] Future insurability TPD benefit
- [Risk Researcher – Cover Options from Recommend and Acquire status] Business safeguard TPD
- Activities of daily living benefit
- [Risk Researcher – Cover Options from Recommend and Acquire status] Partial Extended Activities Daily Living (ADL) option

[Accident Only] We recommend this as an Accident only policy.

### [Trauma section hidden if no cover recommendation from Recommend and Acquire status] **Trauma insurance**

We have recommended a Trauma benefit of \$XXXX [Risk Researcher – Total of all cover Recommendation from Recommend and Acquire status], with variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Recommend and Acquire status] premiums, which will provide a lump sum for short term medical and recovery expenses.

We recommend Linking / Flexi Linking your Trauma cover / We recommend this as Stand-alone policy. [Risk Researcher – for standalone only from Recommend and Acquire status]

We recommend the below options in your cover.

- [Risk Researcher – Cover Options from Recommend and Acquire status] Trauma Reinstatement Cover
- [Risk Researcher – Cover Options from Recommend and Acquire status] Life cover buy back for Trauma
- [Risk Researcher – Cover Options from Recommend and Acquire status] Waiver of premium upon disability
- [Risk Researcher – Cover Options from Recommend and Acquire status] Accidental death benefit
- [Risk Researcher – Cover Options from Recommend and Acquire status] Business safeguard
- Crisis Severity Extension
- [Risk Researcher – Cover Options from Recommend and Acquire status] Female Crisis
- [Risk Researcher – Cover Options from Recommend and Acquire status] Forward Underwriting
- [Risk Researcher – Cover Options from Recommend and Acquire status] Future insurability
- [Risk Researcher – Cover Options from Recommend and Acquire status] Life cover purchase Needlestick cover

### [IP section hidden if no cover recommendation from Recommend and Acquire status] **Income Protection insurance**

We recommended a monthly Standard / Comprehensive Income Protection benefit of \$XXXX [Risk Researcher – Total of all Cover Recommendation from Recommend and Acquire status annualised] with a waiting period of XXXX [Risk Researcher – Cover Recommendation from Recommend and Acquire status] and a benefit period of XXXX [Risk Researcher – Cover Recommendation from Recommend and Acquire status]. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Recommend and Acquire status] premiums and for your cover to be held within/outside superannuation [Risk Researcher – Cover Recommendation from Recommend and Acquire status].

We recommend a Cancellable / non-cancellable Super Linked Income Protection policy / We recommend this as Cancellable / non-cancellable Stand-alone policy. [Risk Researcher – for standalone only from Recommend and Acquire Scenario]

We recommend the below options in your cover.

- [Risk Researcher – Cover Options from Recommend and Acquire status] Accidental benefit
- [Risk Researcher – Cover Options from Recommend and Acquire status] Claims indexation
- [Risk Researcher – Cover Options from Recommend and Acquire status] Critical conditions
- [Risk Researcher – Cover Options from Recommend and Acquire status] Super continuance - with a benefit of \$XXXX per month.
- [Risk Researcher – Cover Options from Recommend and Acquire status] Booster benefit
- [Risk Researcher – Cover Options from Recommend and Acquire status] Cash back option
- [Risk Researcher – Cover Options from Recommend and Acquire status] Disability plus - with a benefit of \$XXXX per month.
- [Risk Researcher – Cover Options from Recommend and Acquire status] Extended indemnity / 3-year Pre-Disability Earnings
- [Risk Researcher – Cover Options from Recommend and Acquire status] Family care option
- [Risk Researcher – Cover Options from Recommend and Acquire status] Future insurability - with a benefit of \$XXXX.
- [Risk Researcher – Cover Options from Recommend and Acquire status] Home support
- [Risk Researcher – Cover Options from Recommend and Acquire status] Involuntary unemployment
- Non-occupational cover
- [Risk Researcher – Cover Options from Recommend and Acquire status] Occupation acquired HIV, Hep B and C
- Priority income option
- [Risk Researcher – Cover Options from Recommend and Acquire status] TPD lump sum option

[Accident Only] We recommend this as an Accident only policy.

### [Severity section hidden if no cover recommendation from Recommend and Acquire status] **Severity Based insurance**

We have recommended Severity Based Insurance of \$XXXX [Risk Researcher – Total of all Cover Recommendation from Recommend and Acquire status] which provides a lump sum in the occurrence of covered health events, (such as heart attack, stroke, cancer, digestive conditions and psychiatric conditions), terminal illness and death.

The amount payable for a health event depends on how serious the condition is.

We have recommended variable age-stepped / variable / optimum [Risk Researcher – Cover Recommendation from Recommend and Acquire status] premiums and that the cover to be held within / outside superannuation [Risk Researcher – Cover Recommendation from Recommend and Acquire status].

We recommend the below options in your cover.

- Child Cover - with a benefit of \$XXXX.
- Extended Care Option

We recommend Flexi Linking / Super Linking your Severity Based Insurance / We recommend this as Stand-alone policy. We recommend \$XXXX of your Severity Based Insurance be "super linked" [Risk Researcher – for standalone only from Recommend and Acquire Scenario]

**Why this benefits**      **How insurance benefits you**

you

- **[Variable to age premium]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** A variable to age **XX** premium price structure policy remains constant with your current age each year up until your **XX** birthday (adjusted with inflation). Insurers may still increase variable premiums however this is more cost effective over the longer term. After this time, your premiums will continue on a variable age-stepped premium basis until the benefit expiry date. The consistent nature of the premium cost will help you plan your budget year to year.
- **[Variable age-stepped premium]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** A variable age-stepped premium price structure is initially a lower cost premium option, where the price of the policy increases at each policy anniversary in line with your age until expiry. The lower initial cost limits the impact on your cash flow during the earlier years of the policy, allowing you to focus on meeting more immediate needs.
- **[Optimum premiums]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** An optimum premium price structure allows you to take advantage of the lower initial cost that variable age-stepped premiums provide while benefiting from the long-term cost saving variable to age premiums offer.
- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for **XXX** years.

**[Life section hidden if no cover recommendation from Recommend and Acquire status]**

#### **How Life insurance benefits you**

- **[Accident & Sickness]** Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.
- **[Accident Only]** Accidental Life insurance will generally pay a lump sum benefit if you die because of an accident to help cover expenses and provide ongoing funds for your family. We have recommended an Accident only policy over a comprehensive policy because **XXX**.

**[TPD section hidden if no cover recommendation from Recommend and Acquire status]**

#### **How TPD insurance benefits you**

- **[Accident & Sickness]** Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.
- **[Accident Only]** Accident only Total and permanent disability (TPD) insurance pays a lump sum benefit if you are totally and permanently disabled as a result of an accident and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings. We have recommended an Accident only policy over a comprehensive policy because **XXX**.
- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for **XXX** years.
- **[Any occupation]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** An 'any' occupation policy will provide a benefit in the event that you are unlikely to ever work again in any job to which you are suited by education, training and experience as a result of an illness or injury.
- **[Own occupation]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** An 'own' occupation policy will provide a benefit in the event that an illness or disability affects your ability to ever work again in your current job. The 'own' occupation definition provides a more effective level of cover than an 'any' occupation definition, which only pays a benefit in the event you are unable to perform the duties of any job you are suitably trained for.

- **[Home duties definition]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** As you are currently working part-time, the 'any' occupation definition of TPD will cover you for your home duties and work **OR** As you are not currently employed the 'home duties' definition of TPD will be appropriate for your situation.
- **[Linked TPD]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** We have linked your Life insurance with your Total and Permanent Disability (TPD) benefits, so if you make a TPD claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring TPD cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Flexi-Linked TPD]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** We recommend flexi linking your TPD cover. Flexi linking gives you options to bundle insurance inside and outside superannuation across 2 separate policies. One policy contains the Life cover of \$XXXX owned by the trustee of your superannuation fund and the other contains the TPD cover \$XXXX which is owned by you. Structuring TPD cover this way allows you access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Standalone TPD]** **[Risk Researcher – standalone only from Recommend and Acquire Scenario]** When a stand-alone TPD policy is taken out, there is no link to any additional term life policy. The full benefit of TPD will be paid out if the life insured were to suffer an illness or injury that leaves you totally and permanently disabled and unable to work ever again. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a TPD benefit.
- **[Super-Linked TPD]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** With a super linked TPD cover, the policy is separated into two. One policy contains the "any occupation" TPD definition owned by the trustee of your superannuation fund, and the other with the "own occupation" TPD definition is owned by you. This structure maximises the amount of cover which is held within superannuation whilst providing sufficient cover outside of superannuation in the event you do not meet a condition of release.
- In the event that you do make a claim, you may access your benefit as a lump sum payment, disability pension or a combination of the two.

#### **[Trauma section hidden if no cover recommendation from Recommend and Acquire status]**

##### **How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery and can be life-changing and costly.
- **[if child trauma]** Child trauma cover will help ease the financial burden involved in the event of your child being diagnosed with a specific illness or injury as specified in the policy.
- **[Linked Trauma]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire recommendation]** We have linked your Life insurance with your Trauma benefits, so if you make a Trauma claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring Trauma cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Flexi-Linked Trauma]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire recommendation status]** We recommend flexi linking your Trauma cover. Flexi linking gives you options to bundle insurance inside and outside superannuation across 2 separate policies. One policy contains the Life cover of \$XXXX owned by the trustee of your superannuation fund and the other contains the Trauma cover \$XXXX which is owned by you. Structuring Trauma cover this way allows you access to 'linked' rates instead of 'stand- alone' rates (which are generally higher) helping reduce the premium paid.

- **[Standalone Trauma]** **[Risk Researcher – standalone only from Recommend and Acquire status]** When a stand-alone trauma policy is taken out, there is no link to any additional term life policy. The full benefit of trauma will be paid out if the life insured were to suffer from one or more of a listed condition such as heart attack, cancer or stroke. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a trauma benefit.

**[IP section hidden if no cover recommendation from Recommend and Acquire status] How Income Protection insurance benefits you**

- **[Accident & Sickness]** Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with **XX%** of your current gross income monthly to help manage you **and your family's** expenses.
- **[Accident Only]** Accident only Income protection cover will replace a portion of your income if you are unable to work for a period due to a accident to protect your lifestyle. The amount of cover recommended will provide you with **XX%** of your current gross income monthly to help manage you **and your family's expenses**. We have recommended an Accident only policy over a comprehensive policy because **XXX**.
- **[30 day Waiting Period]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** If your income stops, you have limited ability to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) so a 30-day waiting period is a sensible option for you. **(If applicable)** A shorter 14-day waiting period is available with an increased premium, but you have indicated that it will be too expensive for your budget situation. We have recommended this because **[insert reason]**.
- **[60 day Waiting Period]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** A 60-day waiting period is appropriate for you as you have indicated that you should be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 days). We have recommended this because **[insert reason]**.
- **[90 day Waiting Period]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** A 90-day waiting period is appropriate for you as you have indicated that you have strong short-term cashflow independent of your income **OR** adequate liquid assets **OR** should be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 or 60 days). **OR [If client has requested the WP]** You have requested a 90-day waiting period for budgetary reasons so if your situation improves down the track, we can apply to shorten the waiting period (subject to underwriting assessment). We have recommended this because **[insert reason]**.
- **[Split Waiting Period]** Splitting your cover will assist you with premium affordability while also ensuring you are covered for short term claims.
- **[Custom Benefit Period]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** We recommend a Benefit Period of **XXXX** years. Whilst a longer benefit period is preferable, this is the longest benefit period available for your occupation category. **OR**
- **[Custom Benefit Period]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** We recommend a Benefit Period to age **XXXX**. This is the longest benefit period available and will provide more comprehensive protection as you will be covered for the potential of long-term injuries or illnesses.
- **[To Age 65 Benefit Period]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** We recommend a Benefit Period to age 65. This benefit period will provide greater protection in the event that you suffer a long-term injury or illness.

- You do not have sufficient cash flow to pay the premiums for your required insurance. By owning this cover in your superannuation fund, your employer superannuation contributions/accumulated savings can be used to pay the premiums.
- **[Super-Linked IP]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** Super linking allows you to reduce the total premium and fund premiums from super, while also reducing the restrictions and limitation of IP policies when they are wholly owned through super. These restrictions do not allow ancillary benefits and some definitions to be included on superannuation owned policies when the resulting claim could not be released from super.
- **[if applicable]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** A portion of the premium will be paid for from superannuation, your superannuation fund will be able to claim a tax deduction for the portion that is funded from superannuation, effectively reducing the cost of your cover OR **reducing the tax payable on contributions and fund earnings OR and can be funded via salary sacrifice/personal deductible/employer contributions.**
- **[Personal Name]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** Owning the policy in your own name is right for you because **[insert reason(s) e.g.] you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you.**
- **[Personal Name]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** For Income Protection policies outside of superannuation, the premiums paid are generally deductible to you at your marginal tax rate, which may reduce your overall cost of cover.
- **[Personal Name]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** Holding a portion income protection cover in your personal name means you will have access to a greater number of ancillary benefits including rehabilitation, nursing care, scheduled injury benefits.
- **[Non-cancellable]** Having a Guaranteed Renewable, non-cancellable policy in place means the terms and conditions of your insurance policy can never be altered to be worse than they were on the day your policy with **insert policy** started.

**[Severity section hidden if no cover recommendation from Recommend and Acquire status]**

### **How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.
- **[Personal Name]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** Owning the policy in your own name is right for you because **[insert reason(s) e.g.] you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you.**
- **[Super-Linked Name]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** Super linking allows you to reduce the total premium and fund premiums from super, while also reducing the restrictions and limitation of Severity Based policies when they are wholly owned through super. These restrictions do not allow ancillary benefits and some definitions to be included on superannuation owned policies when the resulting claim could not be released from super.

### **How the Product Features selected benefit you**

- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Accidental benefit included>** We recommended the Accidental death benefit feature for your policy as this feature will typically pay out a lump sum amount upon an event causing death directly by accident.

- **<If Activities of daily living benefit included>** We recommended the Activities of daily living benefit for your policy as this feature allows you to extend cover to include an additional benefit, should you be unable to perform the "Activities of Daily Living".
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Booster benefit included>** We recommended the Booster benefit for your as, should you receive a total disability or a partial disability benefit, the Insurer will increase the benefit payable by one third for a specified number of days.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Business safeguard Life included>** We recommended the Business safeguard benefit for your policy as this feature allows you to apply to increase your life cover benefit amount, upon the occurrence of a specified business event, without the need for providing further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Business safeguard TPD included>** We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the TPD benefit amount, upon the occurrence of a specified business event, without the need for further evidence of health, occupation, or pastimes, subject to appropriate financial evidence being provided.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Business safeguard Trauma included>** We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the Trauma benefit amount for a life insured, upon the occurrence of a specified business event, without the need for further evidence of health, occupation or pastimes, subject to appropriate financial evidence being provided.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Cash back included>** We recommended the Cash back feature for your policy as this feature refunds a percentage of all premiums paid upon the cessation of the policy if no claim was made during the life of the policy.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Child Cover included>** We recommended the Child cover benefit for your policy as this feature allows children to be insured in the event of death, critical illnesses and/or trauma. It provides financial support should the unforeseen happen to your child and most importantly takes away the financial stress, to provide choices to aid in your child's recovery.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Child future insurability included>** We recommended the Child future insurability benefit for your policy as this feature provides your nominated child with an option to purchase life cover on standard terms and conditions without having the need to provide evidence of their health when they turn a specified age or when a specific event happens (such as getting married).
- **<If Child trauma cover included>** We recommended the Child trauma benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden involved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Claims Indexation included>** We recommended the Claims indexation benefit for your policy as this feature will ensure that the monthly benefit amount paid out to you during claim time is indexed by the CPI to make sure the benefits keep pace with inflation.
- **<If Crisis Severity Extension included>** We recommended the Crisis Severity Extension benefit for your policy as this feature allows you to be further insured for an additional amount of trauma cover that will be payable if your listed condition or crisis event were to worsen or become more serious. This is paid on top of your already paid trauma benefit for the initial listed condition or crisis event.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Critical Conditions included>** We recommended the Critical conditions benefit for your policy as

this feature will typically provide 6 months of benefits (regardless as to whether you are totally disabled or not) if you suffer one of the specified trauma events.

- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Disability Plus included>** We recommended the Disability plus benefit for your policy as this feature will provide an additional monthly benefit where you are either total or partial disabled, and you are permanently unable to perform at least two of the five Activities of Daily Living without the physical assistance of another person. Activities of daily living (ADL) are routine activities that people tend to do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Double TPD included>** We recommended the Double TPD benefit for your policy as in the event you make a TPD claim and your TPD policy is linked to your life cover, the life cover will be immediately re-instated and the premiums under the re-instated life cover will be waived. Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Extended Care included>** We recommended the Extended indemnity / 3 year Pre Disability Earnings benefit for your policy as this features a more generous definition of pre-disability earnings (i.e. 3 years before disability) being applied to the policy.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Family Care included>** We recommended the Family care option benefit for your policy as under this option if you die while you are receiving the monthly benefit, the Insurer will continue to pay the monthly benefit to your spouse for up to five years after the Insured's death.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Female Crisis included>** We recommended the Female Crisis benefit for your policy as this feature provides a lump sum payment to you in the event you are diagnosed with any one of a range of female specific medical events.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Forward Underwriting included>** We recommended the Forward Underwriting benefit for your policy as this feature allows you to lock in the right to purchase further insurance cover in the future without the need for medical underwriting. The option may be exercised upon certain personal events and policy anniversaries. The option may be used to purchase life, TPD or trauma cover, regardless of which cover is currently held.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If future insurability included>** We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided). The option to increase the benefit may be available for personal events and, in some cases, business events.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If future insurability TPD included>** We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Home Support included>** We recommended the Home support benefit for your policy as this feature recognises the important contributions made to family lifestyle by spouses who are not in paid work. This option is available for your spouse as they carry out full-time home duties. A benefit is payable where your spouse is unable to perform their daily domestic duties and a medical practitioner confirms the need for domestic help for your spouse.
- **[Risk Researcher – Cover Options from Recommend and Acquire status] <If Involuntary unemployment benefit included>** We recommended the Involuntary unemployment benefit for your policy as this feature will pay the monthly benefit in the event you

become involuntarily unemployed for a maximum period of 90 days in respect of any one claim after the end of the waiting period.

- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Life Cover Buy Back TPD included>** We recommended the Life cover buy back for TPD benefit for your policy because this feature allows you to buy back after a certain period, the life cover that was reduced following a TPD claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Life Cover Buy Back Trauma included>** We recommended the Life cover buy back Trauma benefit for your policy because this feature allows you to buy back after a certain period, the life cover that was reduced following a Trauma claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you suffer a listed condition, without having to provide further evidence of your health.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Life Cover purchase included>** We recommended the Life cover purchase benefit for your policy as this feature allows you to purchase Life Cover up to the amount of the Trauma benefit paid, following a standalone Trauma claim.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Needlestick cover included>** We recommended the Needlestick cover benefit for your policy as this feature is specifically designed for medical professionals and will pay a lump sum if you become infected with HIV (Human Immunodeficiency Virus), Hepatitis B or Hepatitis C because of an accident occurring during your normal occupation.
- **<If Non-occupational cover included>** We recommended the Non-occupational benefit for your policy as under this feature you pay a lower premium if you do not need work related cover. If you choose this option, your income protection insurance will not cover you for disabilities caused at work or as a result of work, or for which you can claim benefits under any Workers Compensation Act or similar legislation.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Occupation acquired HIV, Hep B and C included>** We recommended the Occupation acquired HIV, Hep B and C benefit for your policy as under this feature if you become infected with HIV, Hepatitis B or Hepatitis C because of an occupational incident then this option will payout a lump sum benefit to you.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Partial Extended Activities Daily Living included>** We recommended the Partial Extended Activities Daily Living (ADL) benefit for your policy as under this feature This will pay you part of the TPD sum insured if you suffer functional impairment of a specified number of extended ADLs. Activities of daily living (ADL) are routine activities that people tend to do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- **<If Priority Income included>** We recommended the Priority income option benefit for your policy as this feature will assist you in maintaining your mortgage or superannuation commitments during periods of disability. Where this option has been selected, the monthly insured amount will increase by a fixed amount of 5% based on your monthly earnings.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Super Continuance included>** We have recommended the Super continuance benefit for your policy as this feature allows you to also insure up to 100% of regular superannuation contributions so that that your superannuation will continue to accumulate while you are unable to work due to Sickness or Injury.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Terminal Illness Support included>** We recommended the Terminal illness support benefit for your policy as this feature may be payable if you suffer a Terminal Illness and live for another 30 days, for an amount that is in addition to the life cover insured amount.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If TPD Lump Sum included>** We recommended the TPD lump sum option benefit for your policy as this feature allows you to choose between a lump sum payment or an income stream if you are classified as Totally and Permanently Disabled.

- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Trauma Reinstatement Cover included>** We recommended the Trauma Reinstatement Cover benefit for your policy as this feature provides the option to reinstate up to 100% of the trauma cover, 12 months after a trauma benefit has been paid, without underwriting.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Waiver of premium upon disability included>** We recommended the Waiver of premium upon disability benefit for your policy as this feature will waive premiums for all benefits under a policy, if you become totally and permanently disabled or, in some cases, totally and temporarily disabled.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Child Severity cover included>** We recommended the Child benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden involved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.
- **[Risk Researcher – Cover Options from Recommend and Acquire status]** **<If Severity Extended Care included>** We recommended the Extended Care benefit for your policy as this pays an additional benefit amount if the life insured suffers certain health events as specified in the policy to help ease the financial burden involved. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.

### Things you should consider

#### Things you should consider with Insurance

- It's important that you nominate a beneficiary to receive the claim proceeds upon your death and record this person(s) as a nominated beneficiary on your policy. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes. If no-one is nominated, payment will be made to your estate.
- All quotes are based on standard premium rates and circumstances you have informed us of. The insurance provider will confirm the final premium offered after assessing your application.
- Do not cancel any existing cover until you have received policy documents for the recommended cover. Until your new insurance policy is in place and you have cancelled your current insurance, you could be paying some fees and charges twice - once for your current policy and once for your new policy.
- Applications may be subject to medical acceptance by the underwriter. After their assessment they may vary your level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to your insurance cover, or they may choose to reject your application. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- You are required to disclose all relevant information to the insurer which may affect the cover provided to you. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- **[Not Self Owned]** If a policy has a different owner to the life insured, responsibility of the policy falls with the policy owner. In the event of a claim, the benefit will be paid to the policy owner and may be subject to taxation.
- **[Personal ownership]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** Owning insurance in your own name means this cost needs to be met from your cash flow, thereby reducing the amount available to meet your other objectives. Our projections indicate that you will have sufficient income to meet your expenditure requirements.
- **[SMSF ownership]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status (Superannuation Ownership)]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.

- [Superannuation Ownership] [Risk Researcher – Cover Recommendation from Recommend and Acquire status] Funding the premiums from your superannuation balance will reduce the growth of your superannuation unless you make additional contributions to offset the premium payments.
- Any insurance proceeds will be first paid to your superannuation fund; the trustees of your fund will then give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- There may be tax payable on the benefit in the event of a successful claim.
- Your insurance needs can change over time, so it is important to regularly review your cover.
- [Under-insurance] Being under-insured means that you may not have sufficient funds to cover your needs in the event of [death/TPD/Trauma/illness/injury]. To manage any gap, you may need to consider asking for family support and/or claim Social Security benefits.
- [Over-insurance] Being over-insured means that you may be paying premiums for cover that you do not require.
- [Different cover level due to product] The level of [life/TPD/trauma/income protection] cover we have recommended differs to what you need because the insurance product requires [explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need].
- [Reduced cover due to cost] The insurance cover we have recommended is less than what we calculated you need because you told us that cost is an important consideration. After discussing options to reduce the premium cost, you have decided to [eg self-insure \$XXX of your insurance needs/under-insure \$XXX of your insurance needs/accept a longer waiting period/other option].
- insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- [Superannuation Ownership] [Risk Researcher – Cover Recommendation from Recommend and Acquire status] Your account may become 'inactive' which could result in your insurance policies being cancelled. It is important to ensure your contact details are up to date with your superannuation fund to prevent this from occurring.
- [Linked Policies] [Risk Researcher – hidden for standalone only from Recommend and Acquire status] Linking insurance policies means that any payout under one policy will reduce the cover on your other policies by the amount of the payout. Please refer to the PDS for further information about linking policies.
- [Replacing] [Risk Researcher – Has Policy status of Replace] If you cancel your existing cover immediately you may be uninsured for a period until the new cover is in place. **You should retain all existing insurance until you have received the policy documents for the new cover.** Please note that for a short period of time you may be paying premiums on both your new and existing policies.
- [Replacing] If your health has changed since you took out your existing policy, there may be more restrictions in your new policy, and you may have to pay higher premiums. If this is the case, we may not proceed.
- [Accident Only] Accident only policies pay a benefit in the event of an accident occurring and meeting the PDS requirements for a claim. This means you are not covered as comprehensively as an Accident & Illness policy.

[Life section hidden if no cover recommendation from Recommend and Acquire status]

#### **Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement.

**TPD section hidden if no cover recommendation from Recommend and Acquire status]**

### **Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.
- **[Super-Linked TPD]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** It's important to note that in a super link arrangement, the TPD benefit is only ever payable once – either under the superannuation owned policy or the policy owned by you. Any benefit amount paid in respect of you under one policy will reduce the TPD amount insured under the other linked policy.
- **[Super-Linked TPD]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** For super-linked TPD policies, the claim will be first assessed under the superannuation policy, where it will be determined whether you meet the 'any' occupation TPD definition. If you do not qualify under this definition within the superannuation owned policy, the insurer will then assess your claim under the personally held policy, based on an 'own' occupation TPD definition.
- **[Flexi-Linked TPD]** **[Risk Researcher – hidden for standalone only from Recommend and Acquire status]** It's important to note that in a flexi linked TPD arrangement, any TPD claims that are paid out to you will reduce the amount of remaining cover on your superannuation owned Life cover.
- **[Any occupation]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** Any insurance proceeds paid under the 'any' occupation policy will first be paid to your superannuation fund; the trustees of your fund will generally give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.

**[Trauma section hidden if no cover recommendation from Recommend and Acquire status]**

### **Things you should consider with Trauma Insurance**

- **[stand-alone trauma]** **[Risk Researcher – Cover Recommendation from Recommend and Acquire status]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.
- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

**[IP section hidden if no cover recommendation from Recommend and Acquire status]**

### **Things you should consider with Income Protection Insurance**

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.
- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.
- You can claim a tax deduction for the premiums but in return, the benefits that you receive for a claim are assessable at your marginal tax rate. Premiums on policies that

offer benefits that are unrelated to absence from work, may be partially tax deductible and partially tax free on receipt.

- Income tax may not be withheld from the amount payable, and you will be responsible for paying part or all of the PAYG instalments.
- As the income protection policy is owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the monthly income payments.
- **[If New or replacing Pre-APRA Mandated IP]** After 2 years, the insurer will review the eligibility of your claim based upon a different definition of disability. This wider definition of disability will contemplate your ability to work in any occupation for which you are reasonably suited by education, training or experience. This means that your benefits may no longer be paid if the insurer deems you are able to earn income in such an occupation.
- **[If replacing Pre-APRA Mandated IP]** The policy we are recommending you replace, retains the same initial disability definition throughout the claim period.
- **[If replacing Agreed Value]** By replacing your Agreed Value policy, the benefit amount in the event of a claim will no longer be certain. You will move from a known 'agreed benefit' to one that will be reduced if you are earning less in the 12 months before the claim event.
- **[If replacing Pre-APRA Mandated Indemnity]** By replacing your existing Indemnity policy, the benefit amount you receive in the recommended policy, may be lower in the event of claim. You will move from a policy that would have considered your income earned in multiple years prior to the claim event, to one that will generally only consider your income in the 12 months prior to the claim event.
- **[Cancellable]** The insurer has the ability to change policy wording if they provide 30 days' notice. This means there is a possibility that it may become more difficult to meet a claim event in the future.

**[Severity section hidden if no cover recommendation from Recommend and Acquire status]**

#### **Things you should consider with Severity Based Insurance**

- As the Severity Based policy is owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the payments.

## **[Automation Available – Risk Researcher] Increase your personal insurance cover (ri3)**

To address the shortfalls in your personal insurance cover identified earlier, we recommend an increase to your existing:

- Life Insurance **[Risk Researcher – Cover Recommendation from Vary status]**
- Total and Permanent Disability (TPD) Insurance **[Risk Researcher – Cover Recommendation from Vary status]**
- Trauma Insurance **[Risk Researcher – Cover Recommendation from Vary status]**
- Income Protection **[Risk Researcher – Cover Recommendation from Vary status]**
- Severity Based insurance **[Risk Researcher – Cover Recommendation from Vary status]**

**[Analysis completed]** We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

**[Analysis completed but limited to specific cover]** We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to **[cashflow/other reason]**.

**[Analysis not completed]** You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

### **[Life section hidden if no cover recommendation from Vary status] Life insurance**

We recommended you increase your existing Life benefit from \$XXXX to \$XXXX. **[Risk Researcher – Cover Recommendation from Vary status]**

**[Accident Only]** We recommend this as an Accident only policy.

### **[TPD section hidden if no cover recommendation from Vary status] Total Permanent Disability (TPD) insurance**

We recommended you increase your existing TPD benefit from \$XXXX to \$XXXX. **[Risk Researcher – Cover Recommendation from Vary status]**

**[Accident Only]** We recommend this as an Accident only policy.

### **[Trauma section hidden if no cover recommendation from Vary status] Trauma insurance**

We recommended you increase your existing Trauma benefit from \$XXXX to \$XXXX. **[Risk Researcher – Cover Recommendation from Vary status]**

### **[IP section hidden if no cover recommendation from Vary status] Income Protection insurance**

We recommended you increase your existing Income Protection benefit from \$XXXX to \$XXXX per month. **[Risk Researcher – Cover Recommendation from Vary status]**

**[Accident Only]** We recommend this as an Accident only policy.

### **[Severity section hidden if no cover recommendation from Vary status] Severity Based insurance**

We recommended you increase your Severity Based Insurance from \$XXXX to \$XXXX. **[Risk Researcher – Cover Recommendation from Vary status]**

#### **Why this benefits you**

#### **How insurance benefits you**

- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for XXX years.

#### **[Life section hidden if no cover recommendation from Vary status] How Life insurance benefits you**

- **[Accident & Sickness]** Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.
- **[Accident Only]** Accidental Life insurance will generally pay a lump sum benefit if you die because of an accident to help cover expenses and provide ongoing funds for your family. We have recommended an Accident only policy over a comprehensive policy because **XXX**.

**[TPD section hidden if no cover recommendation from Vary status] How TPD insurance benefits you**

- **[Accident & Sickness]** Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.
- **[Accident Only]** Accident only Total and permanent disability (TPD) insurance pays a lump sum benefit if you are totally and permanently disabled as a result of an accident and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings. We have recommended an Accident only policy over a comprehensive policy because **XXX**.

**[Trauma section hidden if no cover recommendation from Vary status] How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery and can be life-changing and costly.

**[IP section hidden if no cover recommendation from Vary status] How Income Protection insurance benefits you**

- **[Accident & Sickness]** Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with **XX%** of your current gross income monthly to help manage **your/you and your family's** expenses.
- **[Accident Only]** Accident only Income protection cover will replace a portion of your income if you are unable to work for a period due to a accident to protect your lifestyle. The amount of cover recommended will provide you with **XX%** of your current gross income monthly to help manage **your/you and your family's** expenses. We have recommended an Accident only policy over a comprehensive policy because **XXX**.

**[Severity section hidden if no cover recommendation from Vary status] How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.

**Things you should consider**

**Things you should consider with Insurance**

- Your insurance needs can change over time, so it is important to regularly review your cover.
- **[Under-insurance]** Being under-insured means that you may not have sufficient funds to cover your needs in the event of **[death/TPD/Trauma/illness/injury]**. To manage any gap, you may need to consider asking for family support and/or claim Social Security benefits.
- **[Over-insurance]** Being over-insured means that you may be paying premiums for cover that you do not require.

- **[Different cover level due to product]** The level of **[life/TPD/trauma/income protection]** cover we have recommended differs to what you need because the insurance product requires **[explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need]**.
- **[SMSF ownership]** **[Risk Researcher – Cover Recommendation from Vary status (Superannuation Ownership)]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- **[Accident Only]** Accident only policies pay a benefit in the event of an accident occurring and meeting the PDS requirements for a claim. This means you are not covered as comprehensively as an Accident & Illness policy.
- Applications may be subject to medical acceptance by the underwriter. After their assessment they may vary your level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to your insurance cover, or they may choose to reject your application. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.

**[Life section hidden if no cover recommendation from Vary status] Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement, this applies to the increase in cover only.

**[TPD section hidden if no cover recommendation from Vary status] Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.

**[Trauma section hidden if no cover recommendation from Vary status] Things you should consider with Trauma Insurance**

- **[Stand-Alone Trauma]** **[Risk Researcher – standalone only Vary Scenario]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.
- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims, this applies to the increase in cover only.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

**[IP section hidden if no cover recommendation from Vary status] Things you should consider with Income Protection Insurance**

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.

- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.

## [Automation Available – Risk Researcher] Decrease your personal insurance cover (ri4)

To address the XXXX in your personal insurance cover identified earlier, we recommend a decrease to your existing:

- Life Insurance [Risk Researcher – Cover Recommendation from Vary status]
- Total and Permanent Disability (TPD) Insurance [Risk Researcher – Cover Recommendation from Vary status]
- Trauma Insurance [Risk Researcher – Cover Recommendation from Vary status]
- Income Protection [Risk Researcher – Cover Recommendation from Vary status]
- Severity Based insurance [Risk Researcher – Cover Recommendation from Vary status]

[Analysis completed] We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

### [Life section hidden if no cover recommendation from Vary status] Life insurance

We recommended you decrease your existing Life benefit from \$XXXX to \$XXXX. [Risk Researcher – Cover Recommendation from Vary status]

### [TPD section hidden if no cover recommendation from Vary status] Total Permanent Disability (TPD) insurance

We recommended you decrease your existing TPD benefit from \$XXXX to \$XXXX. [Risk Researcher – Cover Recommendation from Vary status]

### [Trauma section hidden if no cover recommendation from Vary status] Trauma insurance

We recommended you decrease your existing Trauma benefit from \$XXXX to \$XXXX. [Risk Researcher – Cover Recommendation from Vary status]

### [IP section hidden if no cover recommendation from Vary status] Income Protection insurance

We recommended you decrease your existing Income Protection benefit from \$XXXX to \$XXXX per month. [Risk Researcher – Cover Recommendation from Vary status]

### [Severity section hidden if no cover recommendation from Vary status] Severity Based insurance

We recommended you decrease your Severity Based Insurance from \$XXXX to \$XXXX. [Risk Researcher – Cover Recommendation from Vary status]

#### Why this benefits you

#### How insurance benefits you

- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you and your family for XXX years.

#### [Life section hidden if no cover recommendation from Vary status] How Life insurance benefits you

- Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.

#### [TPD section hidden if no cover recommendation from Vary status] How TPD insurance benefits you

- Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.

**[Trauma section hidden if no cover recommendation from Vary status] How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery can be life-changing and costly.

**[IP section hidden if no cover recommendation from Vary status] How Income Protection insurance benefits you**

- Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage you and your family's expenses.

**[Severity section hidden if no cover recommendation from Vary status] How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.

**Things you should consider**

**Things you should consider with Insurance**

- Your insurance needs can change over time, so it is important to regularly review your cover.
- **[Under-insurance]** Being under-insured means that you may not have sufficient funds to cover your needs in the event of **[death/TPD/Trauma/illness/injury]**. To manage any gap, you may need to consider asking for family support and/or claim Social Security benefits.
- **[Over-insurance]** Being over-insured means that you may be paying premiums for cover that you do not require.
- **[Different cover level due to product]** The level of **[life/TPD/trauma/income protection]** cover we have recommended differs to what you need because the insurance product requires **[explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need]**.
- **[Reduced cover due to cost]** The insurance cover we have recommended is less than what we calculated you need because you told us that cost is an important consideration. After discussing options to reduce the premium cost, you have decided to **[e.g. self-insure \$XXX of your insurance needs/under-insure \$XXX of your insurance needs/accept a longer waiting period/other option]**.
- We encourage that you consider making an appointment with a health professional to undergo a full medical check-up before reducing your insurance sum insured.
- If you decide to increase your insurance cover again in the future, the new cover may be difficult to obtain and/or may be more expensive or it may be declined. This is because your age and health are two important factors that determine eligibility for cover and the premiums you pay.
- **[SMSF ownership]** **[Risk Researcher – Cover Recommendation from Vary status (Superannuation Ownership)]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.

**[Life section hidden if no cover recommendation from Vary status] Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement.

**[TPD section hidden if no cover recommendation from Vary status] Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.

**[Trauma section hidden if no cover recommendation from Vary status] Things you should consider with Trauma Insurance**

- **[Stand-Alone Trauma]** **[Risk Researcher – Cover Recommendation Vary status]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.
- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

**[IP section hidden if no cover recommendation from Vary status] Things you should consider with Income Protection Insurance**

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.
- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.

## [Automation Available – Risk Researcher] Vary your existing personal insurance cover (ri5)

To address the shortfalls in your personal insurance cover identified earlier, we recommend the following variances to you:

- Life Insurance [Risk Researcher – Cover Recommendation from Vary status]
- Total and Permanent Disability (TPD) Insurance [Risk Researcher – Cover Recommendation from Vary status]
- Trauma Insurance [Risk Researcher – Cover Recommendation from Vary status]
- Income Protection [Risk Researcher – Cover Recommendation from Vary status]
- Severity Based insurance [Risk Researcher – Cover Recommendation from Vary status]

[Analysis completed] We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

### [Life section hidden if no cover recommendation from Vary status] Life insurance

We have recommended you vary the existing conditions of your Life benefit which will provide you with a lump sum of \$XXXX [Risk Researcher – Cover Recommendation from Vary status] in the event of your death. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Vary status] premiums and that the cover to be held within / outside [Risk Researcher – Cover Recommendation from Vary status] superannuation.

We recommend the below options be added to your cover.

- Future insurability
- Waiver of premium upon disability
- Business safeguard
- Accidental death benefit
- Child cover
- Child future insurability
- Needlestick cover
- Terminal illness support benefit
- Forward Underwriting

### [TPD section hidden if no cover recommendation from Vary status] Total Permanent Disability (TPD) insurance

We have recommended you vary the existing conditions of your TPD benefit which will provide you with a lump sum of \$XXXX [Risk Researcher – Cover Recommendation from Vary status] in the event of your Total and Permanent Disablement. We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Vary status] premiums and an any / own / Non-Occupation [Risk Researcher – Cover Recommendation from Vary status] occupation definition for your policy.

We recommend Linking / Flexi Linking / Super Linking your TPD cover / We recommend this as Stand-alone policy. We recommend \$XXXX of your TPD be "super linked". [Risk Researcher – for standalone only from Vary status]

We recommend the below options be added to your cover.

- Life cover buy back for TPD - with a buy back period of XXXX.

- Double TPD
- Future insurability TPD benefit
- Business safeguard TPD
- Activities of daily living benefit
- Partial Extended Activities Daily Living (ADL) option

[Trauma section hidden if no cover recommendation from Vary status] **Trauma insurance**

We have recommended you vary the existing conditions of your Trauma benefit which will provide you with a lump sum of \$XXXX [Risk Researcher – Cover Recommendation from Vary status], with variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Vary status] premiums, which will provide a lump sum for short term medical and recovery expenses.

We recommend Linking / Flexi Linking your Trauma cover / We recommend this as Stand-alone policy. [Risk Researcher – for standalone only from Vary status]

We recommend the below options be added to your cover.

- Trauma Reinstatement Cover
- Life cover buy back for Trauma
- Waiver of premium upon disability
- Accidental death benefit
- Business safeguard
- Child trauma cover
- Crisis Severity Extension
- Female Crisis
- Forward Underwriting
- Future insurability
- Life cover purchase
- Needlestick cover

[IP section hidden if no cover recommendation from Vary status] **Income Protection insurance**

We have recommended you vary the existing conditions of your monthly Standard / Comprehensive Income Protection benefit of \$XXXX [Risk Researcher – Cover Recommendation from Vary status] with a waiting period of XXXX [Risk Researcher – Cover Recommendation from Vary status] and a benefit period of XXXX. [Risk Researcher – Cover Recommendation from Vary status]

We have recommended variable age-stepped / variable to age (55/60/65/70) / optimum [Risk Researcher – Cover Recommendation from Vary status] premiums and for your cover to be held within/outside superannuation [Risk Researcher – Cover Recommendation from Vary status]

.

We recommend a Cancellable / non-cancellable Super Linked Income Protection policy / We recommend this as Cancellable / non-cancellable Stand-alone policy. [Risk Researcher – for standalone only from Vary Recommendation]

We recommend the below options be added to your cover.

- Accidental benefit
- Claims indexation
- Critical conditions
- Super continuance
- Booster benefit
- Cash back option

- Disability plus
- Extended indemnity / 3 year Pre Disability Earnings
- Family care option
- Future insurability
- Home support
- Involuntary unemployment
- Non-occupational cover
- Occupation acquired HIV, Hep B and C
- Priority income option
- TPD lump sum option

**[Severity section hidden if no cover recommendation from Vary status] Severity Based insurance**

We have recommended you vary the existing conditions of your Severity Based Insurance of \$XXXX [Risk Researcher – Cover Recommendation from Vary status] which provides a lump sum in the occurrence of covered health events, (such as heart attack, stroke, cancer, digestive conditions and psychiatric conditions), terminal illness and death.

The amount payable for a health event depends on how serious the condition is.

We have recommended variable age-stepped / variable / optimum [Risk Researcher – Cover Recommendation from Vary status] premiums and that the cover to be held within / outside [Risk Researcher – Cover Recommendation from Vary status] superannuation.

We have included the below options be added to your cover.

- Child Cover – with a benefit of \$XXXX.
- Extended Care Option.

We recommend Flexi Linking / Super Linking your Severity Based Insurance / We recommend this as Stand-alone policy. We recommend \$XXXX of your Severity Based Insurance be "super linked". [Risk Researcher – for standalone only from Vary status]

**Why this benefits you**

**How insurance benefits you**

- [Variable to age premium] [Risk Researcher – Cover Recommendation from Vary status] A variable to age XX premium price structure policy remains constant with your current age each year up until your XX birthday (adjusted with inflation). Insurers may still increase variable premiums however this is more cost effective over the longer term. After this time, your premiums will continue on a variable age-stepped premium basis until the benefit expiry date. The consistent nature of the premium cost will help you plan your budget year to year.
- [Variable age-stepped premium] [Risk Researcher – Cover Recommendation from Vary status] A variable age-stepped premium price structure is initially a lower cost premium option, where the price of the policy increases at each policy anniversary in line with your age until expiry. The lower initial cost limits the impact on your cash flow during the earlier years of the policy, allowing you to focus on meeting more immediate needs.
- [Optimum premiums] [Risk Researcher – Cover Recommendation from Vary status] An optimum premium price structure allows you to take advantage of the lower initial cost that variable age-stepped premiums provide while benefiting from the long-term cost saving variable to age premiums offer.
- You can rollover benefits from XX superannuation fund to pay your insurance premiums and be entitled to a 15% rollover rebate to further reduce your premiums payable.
- Holding cover within superannuation will reduce the impact on your personal cash flow as the insurance premiums will be drawn from your superannuation account balance. The premiums are also tax deductible to the fund, reducing the cost of cover.

- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for **XXX** years.

**[Life section hidden if no cover recommendation from Vary status] How Life insurance benefits you**

- Life insurance pays a lump sum and/ or pension if you pass away or meet the terminal illness requirements to help cover expenses and provide ongoing funds for your family.

**[TPD section hidden if no cover recommendation from Vary status] How TPD insurance benefits you**

- Total and permanent disability (TPD) insurance pays a lump sum if you meet the policy definition of totally and permanently disabled and are unable or unlikely to ever work again in suitable employment as defined in product disclosure statement, to help cover expenses and/or provide ongoing income to replace your lost earnings.
- The amount of cover recommended aims to cover your existing debts, pay for any necessary expenses (medical and associated ongoing care costs etc.) and provide enough money to support you **and your family** for **XXX** years.
- **[Any occupation] [Risk Researcher – Cover Recommendation from Vary status]** An 'any' occupation policy will provide a benefit in the event that you are unlikely to ever work again in any job to which you are suited by education, training and experience as a result of an illness or injury.
- **[Own occupation] [Risk Researcher – Cover Recommendation from Vary status]** An 'own' occupation policy will provide a benefit in the event that an illness or disability affects your ability to ever work again in your current job. The 'own' occupation definition provides a more effective level of cover than an 'any' occupation definition, which only pays a benefit in the event you are unable to perform the duties of any job you are suitably trained for.
- **[Home duties definition] [Risk Researcher – Cover Recommendation from Vary status]** As you are currently working part-time, the 'any' occupation definition of TPD will cover you for your home duties and work **OR** As you are not currently employed the 'home duties' definition of TPD will be appropriate for your situation.
- **[Linked TPD] [Risk Researcher – hidden for standalone only from Vary status]** We have linked your Life insurance with your Total and Permanent Disability (TPD) benefits, so if you make a TPD claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring TPD cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Flexi-Linked TPD] [Risk Researcher – hidden for standalone only from Vary status]** We recommend flexi linking your TPD cover. Flexi linking gives you options to bundle insurance inside and outside superannuation across 2 separate policies. One policy contains the Life cover of \$**XXXX** owned by the trustee of your superannuation fund and the other contains the TPD cover \$**XXXX** which is owned by you. Structuring TPD cover this way allows you access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Stand-Alone TPD] [Risk Researcher – hidden for standalone only from Vary status]** When a stand-alone TPD policy is taken out, there is no link to any additional term life policy. The full benefit of TPD will be paid out if the life insured were to suffer an illness or injury that leaves you totally and permanently disabled and unable to work ever again. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a TPD benefit.
- **[Super-Linked TPD] [Risk Researcher – hidden for standalone only from Vary status]** With a super linked TPD cover, the policy is separated into two. One policy contains the "any occupation" TPD definition owned by the trustee of your superannuation fund, and the other with the "own occupation" TPD definition is owned by you. This structure maximises the amount of cover which is held within superannuation whilst providing

sufficient cover outside of superannuation in the event you do not meet a condition of release.

- In the event that you do make a claim, you may access your benefit as a lump sum payment, disability pension or a combination of the two.

### **[Trauma section hidden if no cover recommendation from Vary status] How Trauma insurance benefits you**

- Trauma (or Critical Illness) cover is designed to pay you a lump sum or partial benefit in the event that you are diagnosed with a specific illness or injury that may not leave you disabled long term but is traumatic at the time of occurrence. Treatment and recovery and can be life-changing and costly.
- **[if child trauma]** Child trauma cover will help ease the financial burden involved in the event of your child being diagnosed with a specific illness or injury as specified in the policy.
- **[Linked Trauma]** **[Risk Researcher – hidden for standalone only from Vary status]** We have linked your Life insurance with your Trauma benefits, so if you make a Trauma claim and are paid out, the other cover levels will reduce by this amount. This feature reduces your premium. "Structuring Trauma cover this way allows you to access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Flexi-Linked Trauma]** **[Risk Researcher – hidden for standalone only from Vary status]** We recommend flexi linking your Trauma cover. Flexi linking gives you options to bundle insurance inside and outside superannuation across 2 separate policies. One policy contains the Life cover of \$XXXX owned by the trustee of your superannuation fund and the other contains the Trauma cover \$XXXX which is owned by you. Structuring Trauma cover this way allows you access to 'linked' rates instead of 'stand-alone' rates (which are generally higher) helping reduce the premium paid.
- **[Stand-Alone Trauma]** **[Risk Researcher – hidden for standalone only from Vary status]** When a stand-alone trauma policy is taken out, there is no link to any additional term life policy. The full benefit of trauma will be paid out if the life insured were to suffer from one or more of a listed condition such as heart attack, cancer or stroke. Any additional term life policy will also pay a full benefit should the life insured dies after receiving a trauma benefit.

### **[IP section hidden if no cover recommendation from Vary status] How Income Protection insurance benefits you**

- Income protection cover will replace a portion of your income if you are unable to work for a period due to illness or injury to protect your lifestyle. The amount of cover recommended will provide you with XX% of your current gross income monthly to help manage you **and your family's** expenses.
- **[30 day Waiting Period]** **[Risk Researcher – Cover Recommendation from Vary status]** If your income stops, you have limited ability to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) so a 30-day waiting period is a sensible option for you. **(If applicable)** A shorter 14-day waiting period is available with an increased premium, but you have indicated that it will be too expensive for your budget situation. We have recommended this because **[insert reason]**.
- **[60 day Waiting Period]** **[Risk Researcher – Cover Recommendation from Vary status]** A 60-day waiting period is appropriate for you as you have indicated that you should be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 days). We have recommended this because **[insert reason]**.
- **[90 day Waiting Period]** **[Risk Researcher – Cover Recommendation from Vary status]** A 90-day waiting period is appropriate for you as you have indicated that you have strong short-term cashflow independent of your income **OR** adequate liquid assets **OR** should

be able to meet your regular fixed operating expenses from your own resources (such as accumulated savings or leave) for this length of time. This is a longer waiting period, so your premiums are lower compared to a shorter waiting period option (e.g. 30 or 60 days). OR [If client has requested the WP] You have requested a 90-day waiting period for budgetary reasons so if your situation improves down the track, we can apply to shorten the waiting period (subject to underwriting assessment). We have recommended this because [insert reason].

- [Custom Benefit Period] [Risk Researcher – Cover Recommendation from Vary status] We recommend a Benefit Period of XXXX years. Whilst a longer benefit period is preferable, this is the longest benefit period available for your occupation category. OR
- [Custom Benefit Period] [Risk Researcher – Cover Recommendation from Vary status] We recommend a Benefit Period to age XXXX. This is the longest benefit period available and will provide more comprehensive protection as you will be covered for the potential of long-term injuries or illnesses.
- [To Age 65 Benefit Period] [Risk Researcher – Cover Recommendation from Vary status] We recommend a Benefit Period to age 65. This benefit period will provide greater protection in the event that you suffer a long-term injury or illness.
- [Superannuation Name] [Risk Researcher – Cover Recommendation from Vary status] You do not have sufficient cash flow to pay the premiums for your required insurance. By owning this cover in your superannuation fund, your employer superannuation contributions/accumulated savings can be used to pay the premiums.
- [Super-Linked IP] [Risk Researcher – hidden for standalone only from Vary status] Super linking allows you to reduce the total premium and fund premiums from super, while also reducing the restrictions and limitation of IP policies when they are wholly owned through super. These restrictions do not allow ancillary benefits and some definitions to be included on superannuation owned policies when the resulting claim could not be released from super.
- [Personal Name] [Risk Researcher – Cover Recommendation from Vary status] Owning the policy in your own name is right for you because [insert reason(s) e.g.] you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you.
- [Superannuation Name] [Risk Researcher – Cover Recommendation from Vary status] For Income Protection policies outside of superannuation, the premiums paid are generally deductible to you at your marginal tax rate, which may reduce your overall cost of cover.
- [Personal Name] [Risk Researcher – Cover Recommendation from Vary status] Holding a portion income protection cover in your personal name means you will have access to a greater number of ancillary benefits including rehabilitation, nursing care, scheduled injury benefits.
- [Superannuation Name] [Risk Researcher – Cover Recommendation from Vary status] A portion of the premium will be paid for from superannuation, your superannuation fund will be able to claim a tax deduction for the portion that is funded from superannuation, effectively reducing the cost of your cover OR reducing the tax payable on contributions and fund earnings OR and can be funded via salary sacrifice/personal deductible/employer contributions.
- [Non-cancellable] Having a Guaranteed Renewable, non-cancellable policy in place means the terms and conditions of your insurance policy can never be altered to be worse than they were on the day your policy with [insert policy] started.

#### [Severity section hidden if no cover recommendation from Vary status] **How Severity Based insurance benefits you**

- We have recommended Severity Cover as this cover can provide financial protection for yourself and your family in the event of personal health crises. In the event of a claim, you and your family can focus on overcoming or managing your disablement instead of financial concerns.

#### **How the Product Features selected benefit you**

- **<If Accidental benefit included>** We recommended the Accidental death benefit feature for your policy as this feature will typically pay out a lump sum amount upon an event causing death directly by accident.
- **<If Activities of daily living benefit included>** We recommended the Activities of daily living benefit for your policy as this feature allows you to extend cover to include an additional benefit, should you be unable to perform the "Activities of Daily Living".
- **<If Booster benefit included>** We recommended the Booster benefit for your as, should you receive a total disability or a partial disability benefit, the Insurer will increase the benefit payable by one third for a specified number of days.
- **<If Business safeguard Life included>** We recommended the Business safeguard benefit for your policy as this feature allows you to apply to increase your life cover benefit amount, upon the occurrence of a specified business event, without the need for providing further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).
- **<If Business safeguard TPD included>** We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the TPD benefit amount, upon the occurrence of a specified business event, without the need for further evidence of health, occupation, or pastimes, subject to appropriate financial evidence being provided.
- **<If Business safeguard Trauma included>** We recommended the Business safeguard TPD benefit for your policy as this feature allows you to apply to increase the Trauma benefit amount for a life insured, upon the occurrence of a specified business event, without the need for further evidence of health, occupation or pastimes, subject to appropriate financial evidence being provided.
- **<If Cash back included>** We recommended the Cash back feature for your policy as this feature refunds a percentage of all premiums paid upon the cessation of the policy if no claim was made during the life of the policy.
- **<If Child Cover included>** We recommended the Child cover benefit for your policy as this feature allows children to be insured in the event of death, critical illnesses and/or trauma. It provides financial support should the unforeseen happen to your child and most importantly takes away the financial stress, to provide choices to aid in your child's recovery.
- **<If Child future insurability included>** We recommended the Child future insurability benefit for your policy as this feature provides your nominated child with an option to purchase life cover on standard terms and conditions without having the need to provide evidence of their health when they turn a specified age or when a specific event happens (such as getting married).
- **<If Child trauma cover included>** We recommended the Child trauma benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden involved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.
- **<If Claims Indexation included>** We recommended the Claims indexation benefit for your policy as this feature will ensure that the monthly benefit amount paid out to you during claim time is indexed by the CPI to make sure the benefits keep pace with inflation.
- **<If Crisis Severity Extension included>** We recommended the Crisis Severity Extension benefit for your policy as this feature allows you to be further insured for an additional amount of trauma cover that will be payable if your listed condition or crisis event were to worsen or become more serious. This is paid on top of your already paid trauma benefit for the initial listed condition or crisis event.
- **<If Critical Conditions included>** We recommended the Critical conditions benefit for your policy as this feature will typically provide 6 months of benefits (regardless as to whether you are totally disabled or not) if you suffer one of the specified trauma events.

- **<If Disability Plus included>** We recommended the Disability plus benefit for your policy as this feature will provide an additional monthly benefit where you are either total or partial disabled, and you are permanently unable to perform at least two of the five Activities of Daily Living without the physical assistance of another person. Activities of daily living (ADL) are routine activities that people tend to do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- **<If Double TPD included>** We recommended the Double TPD benefit for your policy as in the event you make a TPD claim and your TPD policy is linked to your life cover, the life cover will be immediately re-instated and the premiums under the re-instated life cover will be waived. Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.
- **<If Extended Care included>** We recommended the Extended indemnity / 3 year Pre Disability Earnings benefit for your policy as this features a more generous definition of pre-disability earnings (i.e. 3 years before disability) being applied to the policy.
- **<If Family Care included>** We recommended the Family care option benefit for your policy as under this option if you die while you are receiving the monthly benefit, the Insurer will continue to pay the monthly benefit to your spouse for up to five years after the Insured's death.
- **<If Female Crisis included>** We recommended the Female Crisis benefit for your policy as this feature provides a lump sum payment to you in the event you are diagnosed with any one of a range of female specific medical events.
- **<If Forward Underwriting included>** We recommended the Forward Underwriting benefit for your policy as this feature allows you to lock in the right to purchase further insurance cover in the future without the need for medical underwriting. The option may be exercised upon certain personal events and policy anniversaries. The option may be used to purchase life, TPD or trauma cover, regardless of which cover is currently held.
- **<If future insurability included>** We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided). The option to increase the benefit may be available for personal events and, in some cases, business events.
- **<If future insurability TPD included>** We recommended the Future insurability benefit for your policy as this feature entitles you to increase your life cover benefit amount upon the occurrence of a specified event, without the need for further evidence of health, occupation, or pastimes (subject to appropriate financial evidence being provided).
- **<If Home Support included>** We recommended the Home support benefit for your policy as this feature recognises the important contributions made to family lifestyle by spouses who are not in paid work. This option is available for your spouse as they carry out full-time home duties. A benefit is payable where your spouse is unable to perform their daily domestic duties and a medical practitioner confirms the need for domestic help for your spouse.
- **<If Involuntary unemployment benefit included>** We recommended the Involuntary unemployment benefit for your policy as this feature will pay the monthly benefit in the event you become involuntarily unemployed for a maximum period of 90 days in respect of any one claim after the end of the waiting period.
- **<If Life Cover Buy Back TPD included>** We recommended the Life cover buy back for TPD benefit for your policy because this feature allows you to buy back after a certain period, the life cover that was reduced following a TPD claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you become totally and permanently disabled, without having to provide further evidence of your health.
- **<If Life Cover Buy Back Trauma included>** We recommended the Life cover buy back Trauma benefit for your policy because this feature allows you to buy back after a

certain period, the life cover that was reduced following a Trauma claim at standard rates. Reinstating the life cover will ensure you continue to hold life insurance if you suffer a listed condition, without having to provide further evidence of your health.

- **<If Life Cover purchase included>** We recommended the Life cover purchase benefit for your policy as this feature allows you to purchase Life Cover up to the amount of the Trauma benefit paid, following a standalone Trauma claim.
- **<If Needlestick cover included>** We recommended the Needlestick cover benefit for your policy as this feature is specifically designed for medical professionals and will pay a lump sum if you become infected with HIV (Human Immunodeficiency Virus), Hepatitis B or Hepatitis C because of an accident occurring during your normal occupation.
- **<If Non-occupational cover included>** We recommended the Non-occupational benefit for your policy as under this feature you pay a lower premium if you do not need work related cover. If you choose this option, your income protection insurance will not cover you for disabilities caused at work or as a result of work, or for which you can claim benefits under any Workers Compensation Act or similar legislation.
- **<If Occupation acquired HIV, Hep B and C included>** We recommended the Occupation acquired HIV, Hep B and C benefit for your policy as under this feature if you become infected with HIV, Hepatitis B or Hepatitis C because of an occupational incident then this option will payout a lump sum benefit to you.
- **<If Partial Extended Activities Daily Living included>** We recommended the Partial Extended Activities Daily Living (ADL) benefit for your policy as under this feature This will pay you part of the TPD sum insured if you suffer functional impairment of a specified number of extended ADLs. Activities of daily living (ADL) are routine activities that people tend to do every day without needing assistance such as bathing, dressing, toileting, moving and eating.
- **<If Priority Income included>** We recommended the Priority income option benefit for your policy as this feature will assist you in maintaining your mortgage or superannuation commitments during periods of disability. Where this option has been selected, the monthly insured amount will increase by a fixed amount of 5% based on your monthly earnings.
- **<If Super Continuance included>** We have recommended the Super continuance benefit for your policy as this feature allows you to also insure up to 100% of regular superannuation contributions so that that your superannuation will continue to accumulate while you are unable to work due to Sickness or Injury.
- **<If Terminal Illness Support included>** We recommended the Terminal illness support benefit for your policy as this feature may be payable if you suffer a Terminal Illness and live for another 30 days, for an amount that is in addition to the life cover insured amount.
- **<If TPD Lump Sum included>** We recommended the TPD lump sum option benefit for your policy as this feature allows you to choose between a lump sum payment or an income stream if you are classified as Totally and Permanently Disabled.
- **<If Trauma Reinstatement Cover included>** We recommended the Trauma Reinstatement Cover benefit for your policy as this feature provides the option to reinstate up to 100% of the trauma cover, 12 months after a trauma benefit has been paid, without underwriting.
- **<If Waiver of premium upon disability included>** We recommended the Waiver of premium upon disability benefit for your policy as this feature will waive premiums for all benefits under a policy, if you become totally and permanently disabled or, in some cases, totally and temporarily disabled.
- **<If Child Severity cover included>** We recommended the Child benefit for your policy as the cover will provide a lump sum payment to you to help ease the financial burden involved in the event of your nominated child being diagnosed with an illness or injury as specified in the policy. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.
- **<If Severity Extended Care included>** We recommended the Extended Care benefit for your policy as this pays an additional benefit amount if the life insured suffers certain

health events as specified in the policy to help ease the financial burden involved. This can ease the financial burden of ongoing medical costs, allowing you to afford better medical treatment.

## Things you should consider

### Things you should consider with Insurance

- It's important that you nominate a beneficiary to receive the claim proceeds upon your death and record this person(s) as a nominated beneficiary on your policy. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes. If no-one is nominated, payment will be made to your estate.
- All quotes are based on standard premium rates and circumstances you have informed us of. The insurance provider will confirm the final premium offered after assessing your application.
- **[Moving policies]** Moving insurance into superannuation involves implementing a new policy within superannuation, prior to cancelling the current policy outside superannuation. Do not cancel any existing cover until you have received policy documents for the recommended cover. Until your new insurance policy is in place and you have cancelled your current insurance, you could be paying some fees and charges twice - once for your current policy and once for your new policy.
- Applications may be subject to medical acceptance by the underwriter. After their assessment they may vary your level of insurance cover or alter the estimated premium by applying a premium loading. In addition, they may place exclusions or exemptions to your insurance cover, or they may choose to reject your application. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- You are required to disclose all relevant information to the insurer which may affect the cover provided to you. Should this be the case, we may need to adjust our recommendations and may provide further advice to you at that time.
- **[Not Self Owned]** If a policy has a different owner to the life insured, responsibility of the policy falls with the policy owner. In the event of a claim, the benefit will be paid to the policy owner and may be subject to taxation.
- **[Personal Ownership]** **[Risk Researcher – Cover Recommendation from Vary status]** Owning insurance in your own name means this cost needs to be met from your cash flow, thereby reducing the amount available to meet your other objectives. Our projections indicate that you will have sufficient income to meet your expenditure requirements.
- **[SMSF ownership]** **[Risk Researcher – Cover Recommendation from Vary status (Superannuation Ownership)]** SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- **[Superannuation Ownership]** **[Risk Researcher – Cover Recommendation from Vary status]** Funding the premiums from your superannuation balance will reduce the growth of your superannuation unless you make additional contributions to offset the premium payments.
- **[Superannuation Ownership]** **[Risk Researcher – Cover Recommendation from Vary status]** Any insurance proceeds will be first paid to your superannuation fund; the trustees of your fund will then give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- There may be tax payable on the benefit in the event of a successful claim.
- Paying insurance premiums from superannuation will mean that your personal tax deduction notice will need to be submitted prior to the annual rollover of the premium amount so that your tax deduction is not limited.
- Your insurance needs can change over time, so it is important to regularly review your cover.

- **[Different cover level due to product]** The level of **[life/TPD/trauma/income protection]** cover we have recommended differs to what you need because the insurance product requires **[explain product rule and implication, e.g., life and TPD to be the same levels. To have sufficient TPD cover you therefore need to take out more life cover than you need]**.
- **[Reduced cover due to cost]** The insurance cover we have recommended is less than what we calculated you need because you told us that cost is an important consideration. After discussing options to reduce the premium cost, you have decided to **[eg self-insure \$XXX of your insurance needs/under-insure \$XXX of your insurance needs/accept a longer waiting period/other option]**.
- **[Superannuation Ownership]** Your account may become 'inactive' which could result in your insurance policies being cancelled. It is important to ensure your contact details are up to date with your superannuation fund to prevent this from occurring.
- **[Linked Policies]** Linking insurance policies means that any payout under one policy will reduce the cover on your other policies by the amount of the payout. Please refer to the PDS for further information about linking policies.

**[Life section hidden if no cover recommendation from Vary status] Things you should consider with Life Insurance**

- For Life insurance policies, benefits will generally not be paid on claims made as a result of suicide within the first 13 months from policy commencement.

**[TPD section hidden if no cover recommendation from Vary status] Things you should consider with TPD Insurance**

- Any claim for TPD may take considerable time to be reviewed due to medical requirements and administration. You should ensure you have sufficient cash reserves to see you through this period.
- **[Super-Linked TPD]** **[Risk Researcher hidden for standalone only from Vary status]** It's important to note that in a super link arrangement, the TPD benefit is only ever payable once – either under the superannuation owned policy or the policy owned by you. Any benefit amount paid in respect of you under one policy will reduce the TPD amount insured under the other linked policy.
- **[Super-Linked TPD]** **[Risk Researcher hidden for standalone only from Vary status]** For super-linked TPD policies, the claim will be first assessed under the superannuation policy, where it will be determined whether you meet the 'any' occupation TPD definition. If you do not qualify under this definition within the superannuation owned policy, the insurer will then assess your claim under the personally held policy, based on an 'own' occupation TPD definition.
- **[Flexi-Linked TPD]** **[Risk Researcher hidden for standalone only from Vary status]** It's important to note that in a flexi linked TPD arrangement, any TPD claims that are paid out to you will reduce the amount of remaining cover on your superannuation owned Life cover.
- **[Any occupation]** **[Risk Researcher – Cover Recommendation from Vary status]** Any insurance proceeds paid under the 'any' occupation policy will first be paid to your superannuation fund; the trustees of your fund will generally give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.

**[Trauma section hidden if no cover recommendation from Vary status] Things you should consider with Trauma Insurance**

- **[Stand-Alone Trauma]** **[Risk Researcher hidden for standalone only from Vary status]** A 14-day survival period applies to all stand-alone trauma policies. This means a trauma benefit would not be paid where the insured suffered a predefined illness or injury and didn't survive for a minimum of 14 days from the date of the predefined event.

- Some critical conditions are covered only after a period known as a qualifying period. You are not covered for a specific condition until after the qualifying period for that condition ends. A 90-day exclusion period applies on all coronary and cancer claims.
- For trauma claims to be paid, the diagnosis must meet the policy definition of the critical illness that is the subject of the claim.

**[IP section hidden if no cover recommendation from Vary status] Things you should consider with Income Protection Insurance**

- The funds received from your income protection cover may not replace 100% of your pre-claim income. As a result, you may have insufficient ongoing income to meet your cashflow requirements after a claim event.
- These payments are assessable income and taxed at your marginal tax rate. If the superannuation fund pays part or all of the benefit, the trustee will deduct PAYG instalments from the amount payable. If part or all of the benefit is paid from the linked policy you personally own, you will generally be responsible for paying some or all of the PAYG instalments.
- The policy calculates your benefit based on what you earn at the time of claim. In the event of a claim, you will need to provide evidence of your income as part of the claim review process.
- Your monthly benefit will be adjusted if you receive benefits from other sources such as investment income, another insurer, your superannuation fund, employer, worker's compensation, or other legislated payment.
- You can claim a tax deduction for the premiums but in return, the benefits that you receive for a claim are assessable at your marginal tax rate. Premiums on policies that offer benefits that are unrelated to absence from work, may be partially tax deductible and partially tax free on receipt.
- Income tax may not be withheld from the amount payable, and you will be responsible for paying part or all of the PAYG instalments.
- As the income protection policy is owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the monthly income payments.
- **[If New or replacing Pre-APRA Mandated IP]** After 2 years, the insurer will review the eligibility of your claim based upon a different definition of disability. This wider definition of disability will contemplate your ability to work in any occupation for which you are reasonably suited by education, training or experience. This means that your benefits may no longer be paid if the insurer deems you are able to earn income in such an occupation.
- **[If replacing Pre-APRA Mandated IP]** The policy we are recommending you replace, retains the same initial disability definition throughout the claim period.
- **[If replacing Agreed Value]** By replacing your Agreed Value policy, the benefit amount in the event of a claim will no longer be certain. You will move from a known 'agreed benefit' to one that will be reduced if you are earning less in the 12 months before the claim event.
- **[If replacing Pre-APRA Mandated Indemnity]** By replacing your existing Indemnity policy, the benefit amount you receive in the recommended policy, may be lower in the event of claim. You will move from a policy that would have considered your income earned in multiple years prior to the claim event, to one that will generally only consider your income in the 12 months prior to the claim event.
- **[Cancellable]** The insurer has the ability to change policy wording if they provide 30 days' notice. This means there is a possibility that it may become more difficult to meet a claim event in the future.

## **[Automation Available – Risk Researcher] Cancel your existing personal insurance cover (ri6)**

We have reviewed your personal insurance cover and as you have sufficient cover in your XXX policy/your debts are repaid, have sufficient assets to self-insure/outline other reasons, cancel the following cover:

- Cancel your XXX life insurance cover of \$XXX [Risk Researcher – Cover Recommendation from Cancel status]
- Cancel your XXX total and permanent disability insurance cover of \$XXX [Risk Researcher – Cover Recommendation from Cancel status]
- Cancel your XXX trauma insurance cover of \$XXX [Risk Researcher – Cover Recommendation from Cancel status]
- Cancel your XXX income protection insurance cover of \$XXX per month [Risk Researcher – Cover Recommendation from Cancel status]
- Cancel your XXX Severity Based Insurance [Risk Researcher – Cover Recommendation from Cancel status]

### **Why this benefits you**

- Cancelling your insurance cover will increase your surplus cash flow. The additional monies can be used for your living expenses/XXX.
- Cancelling your insurance cover will mean your superannuation fund balance will no longer be reduced by the insurance premiums which may increase your overall retirement benefit.
- [If applicable] Self-insurance can be more economical than buying insurance from a third party.
- [If applicable] Your high levels of assets mean you have the ability to absorb a high level of losses before your lifestyle is significantly impacted.

### **Things you should consider**

- It is important to be aware that, if an event were to occur, treatments and ongoing living expenses can add up which could have a detrimental impact on you and your family.
- If you decide to apply for insurance cover again in the future, the new cover may be difficult to obtain and/or may be more expensive as you will be required to go through a new application process. This is because your age and health are two important factors that determine eligibility for cover and the premiums you pay.
- We encourage that you consider making an appointment with a health professional to undergo a full medical check up before reducing your insurance sum insured.
- If you decide to increase your insurance cover again in the future, the new cover may be difficult to obtain and/or may be more expensive or it may be declined. This is because your age and health are two important factors that determine eligibility for cover and the premiums you pay.
- [Grandfathered income protection] Your current income protection policy has features that are no longer available if you were to reapply in the future.
- [SMSF ownership] [Risk Researcher – Cover Recommendation from Cancel status (Superannuation Ownership)] SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.

## [Automation Not Available - Risk Researcher] Hold your existing personal insurance cover (ri7)

We have reviewed your personal insurance strategy and believe you should maintain your existing insurance cover as it remains appropriate for your situation.

[Analysis completed] We have completed a full analysis of your personal insurance needs; and our recommendations reflect the analysis completed.

[Analysis completed but limited to specific cover] We have completed a full analysis of your personal insurance needs; however, you have told us to implement specific levels of cover due to [cashflow/other reason].

[Analysis not completed] You have told us to implement specific levels of cover, so we have not completed a full analysis of your personal insurance needs.

Underwriter	Owner	Life	TPD	Trauma	Income Protection	Annual Premium
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Client Name

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Total for  
Client Name:

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### Why this benefits you

- [Analysis completed but limited to specific cover] These levels of cover continue to reflect the specific levels of cover you have requested due to [cashflow/other reason] and you have indicated that you are comfortable with this cover.
- [Analysis not completed] These levels of cover continue to reflect the specific levels of cover you have requested and you have indicated that you are comfortable with this cover.
- The amount of cover recommended aims to pay your existing debts, any necessary expenses (medical, funeral, estate costs etc.) and provide enough money to support you and your family for XXX years.
- [if income protection] The amount of income protection recommended will provide you with 70% of your current gross income monthly to help manage you and your family's expenses if you are temporarily or permanently unable to work due to illness or injury.
- [if within super] Holding cover within superannuation will reduce the impact on your personal cash flow as the insurance premiums will be drawn from your superannuation account balance. The premiums are also tax deductible to the fund, reducing the cost of cover.
- You can rollover benefits from XX superannuation fund to pay your insurance premiums and be entitled to a 15% rollover rebate to further reduce your premiums payable.
- You will be appropriately insured and be paying for premiums suitable for your circumstances.
- By retaining your existing insurance cover, you will not be subjected to the underwriting required to obtain a new policy.
- [If applicable] Your current insurance policy has [insert feature], which would not be available if you were to obtain a new insurance policy.
- [SMSF ownership] SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.

### Things you should consider

- [Income test] Although the cost of premiums causes a reduction to your cash flow, our projections indicate you will continue to have sufficient income to meet your needs and goals going forward. [OR] The cost of premiums may impact your other goals and

objectives. [Discuss these impacts, eg Our projections indicate that you will not have sufficient income to fund your expected education needs]. Your options to manage this shortfall include [explain other options].

- [IP Agreed Value] We have recommended you retain your 'agreed value' contract because your income can fluctuate over time and this type of contract provides you with more certainty of the actual monthly benefit when making a claim / you are able to substantiate your income and you want peace of mind at time of claim. In addition, this type of contract is no longer offered and remains suitable for your circumstances.
- [Retirement benefit and cash flow impact] Your current level of superannuation [contributions and/or earnings] [is/are] [sufficient/insufficient] to cover the cost of premiums at this time. Our projections estimate that the premium cost could reduce your forecast superannuation savings over the next 10 years/ at retirement by an estimated \$XX. [If applicable] We recommend making additional super contributions to help negate this impact. Please see our separate recommendation in this document.
- Your superannuation trustee will be required by law to obtain your positive consent in writing to retain the insurances within your superannuation account where the account is deemed to be an inactive account. An inactive account is defined as an account that has not received contributions or received funds from a rollover within the previous 16 months. It is important to ensure your contact details are up to date with your superannuation fund and you read and reply to all correspondence from them, otherwise you could lose the insurances you have within your superannuation fund which may place you and/or your dependants in financial hardship in the event of [your passing, total and permanent disability, injury, or illness].
- [Accident Only] Accident only policies pay a benefit in the event of an accident occurring and meeting the PDS requirements for a claim. This means you are not covered as comprehensively as an Accident & Illness policy.

## [Automation Available – Risk Researcher] Transfer your personal insurance cover out of superannuation into your personal name (RI8)

[Client Name], we recommend that the following cover be transferred from the following fund/s into your personal name.

[Code table from risk researcher – Vary status]

Underwriter	Life	TPD	Trauma	Income Protection	Annual Premium
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Client Name

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Total for Client Name:

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[Maintain levels] Based on our assessment of your personal risk insurance, [Client name] we recommend maintaining the transferred levels of cover.

### Why this benefits you

- Owning the policy in your own name is right for you because [insert reason(s) e.g. you have sufficient cash flow to meet the ongoing cost of the premiums/ you are able to better tailor your cover to suit your individual requirements/ it ensures any claim proceeds are paid directly to you]. As the policy owner, you (rather than your super fund) have full control over it.
- [If IP in risk researcher outside super – vary status] [IP] For Income Protection policies outside of superannuation, the premiums paid are generally deductible to you at your marginal tax rate, which may reduce your overall cost of cover.
- [If IP in risk researcher outside super – vary status] [IP] Holding your income protection cover in your personal name means you will have access to a greater number of ancillary benefits including rehabilitation, nursing care, scheduled injury benefits. [If applicable (product text not included)] We believe the following features of this product are relevant to your situation [list applicable ancillary benefits that you deem to be relevant to the client circumstances per each PDS heading].
- [If TPD risk researcher outside super – vary status] [TPD – Own Occupation] You will not need to meet the superannuation fund's payment conditions in order to receive the claim proceeds where you meet the 'Own occupation' definition.
- [If Life or TPD risk researcher outside super – vary status] [Life & TPD] Holding the policy in your personal name also means that any claim proceeds will be paid to you or the nominated beneficiary as a tax-free lump sum.

### Things you should consider

- Transferring insurance involves implementing a new policy subject to approval from the new insurer. **Do not** cancel your existing insurance cover until you receive confirmation in writing that your transfer has been accepted.
- If the new insurer accepts your application, any exclusions, restrictions, premium loadings or individual conditions which applied under your previous policy will continue to apply to your transferred cover amount (unless they specify otherwise).
- [If applicable – unitised cover] Your existing unitised cover (which is linked to your age or salary) will become a fixed amount once transferred. This means that your level of cover remains the same and your premiums will increase with your age. The amount of insurance will reduce from age XX.
- [If Life in risk researcher outside super – vary status] [Life] It's important that you nominate a beneficiary to receive the claim proceeds upon your death and record this person(s) as a nominated beneficiary on your policy. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes or claims from creditors. If no-one is nominated, payment will be made to your estate.

- [If IP risk researcher outside super – vary status] [IP] While you can claim a tax deduction for the premiums in return, the benefits that you receive for a claim are assessable at your marginal tax rate. Premiums on policies that offer benefits that are unrelated to absence from work, may be partially tax deductible and partially tax free on receipt.
- [If IP risk researcher outside super- vary status] [IP] Income tax may not be withheld from the amount payable, and you will be responsible for paying part or all of the PAYG instalments.
- Owning insurance in your own name means this cost needs to be met from your cash flow, thereby reducing the amount available to meet your other objectives.
- [Income test] Although the cost of premiums causes a reduction to your cash flow, our projections indicate you will continue to have sufficient income to meet your needs and goals going forward. [OR] The cost of premiums may impact your other goals and objectives. [Discuss these impacts, e.g. Our projections indicate that you will not have sufficient income to fund your expected education needs]. Your options to manage this shortfall include [explain other options].

## [Automation Available – Risk Researcher] Transfer your personal insurance cover into superannuation (RI9)

[Client Name], we recommend that the following cover be transferred into your XXX superannuation fund.

[Code table from risk researcher – Vary status]

Underwriter	Owner	Life	TPD	Trauma	Income Protection	Annual Premium
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Client Name

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**Total for Client Name:**

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[If applicable] We recommend this be funded via rollovers from XX superannuation fund.

[Maintain levels] Based on our assessment of your personal risk insurance, [Client name] we recommend you maintain the transferred levels of cover.

### Why this benefits you

- You do not have sufficient cash flow to pay the premiums for your required insurance. By owning this cover in your superannuation fund, your employer superannuation contributions/accumulated savings can be used to pay the premiums. This will reduce the impact on your personal cash flow. The premiums are also tax deductible to the fund, reducing the cost of cover.
- [Premium funded from rollovers] By rolling over benefits from XX superannuation fund to pay your insurance premiums you will be entitled to a 15% rollover rebate which will reduce your premiums payable.
- [If IP in risk researcher inside super – vary status] [IP] Your superannuation fund will be able to claim a tax deduction for most of the premium for your income protection policy, effectively reducing the cost of your cover OR reducing the tax payable on contributions and fund earnings OR and can be funded via salary sacrifice/personal deductible/employer contributions.

### Things you should consider

- As the trustee of your super fund owns the policy, the owner rather than you has ultimate control of your cover.
- Transferring insurance involves implementing a new policy subject to approval from the new insurer. Do not cancel your existing insurance cover until you receive confirmation in writing that your transfer has been accepted.
- If the new insurer accepts your application, any exclusions, restrictions, premium loadings or individual conditions which applied under your previous policy will continue to apply to your transferred cover amount (unless they specify otherwise).
- [If applicable] Your existing unitised cover (which is linked to your age or salary) will become a fixed amount once transferred. This means that your level of cover remains the same and your premiums will increase with your age. The amount of insurance will reduce from age XX.
- It's important that you have a superannuation nomination in place to receive the claim proceeds upon your death. By nominating a beneficiary, the payment may bypass your estate and be paid to your beneficiaries faster and without encountering disputes. If no-one is nominated, payment will be made to your estate.
- [SMSF ownership] SMSF trustees are required to consider insurance for their members as part of the fund's investment strategy. Any decisions relating to a member's insurance needs should be documented in the investment strategy or minutes of trustee meetings.
- [If applicable] Your current level of superannuation [contributions and/or earnings] [is/are] [sufficient/insufficient] to cover the cost of premiums at this time. Our projections estimate that the premium cost could reduce your forecast superannuation savings over the next 10 years/ at retirement by an estimated \$XX. [If applicable] We recommend making additional super contributions to help negate this impact. Please see our separate recommendation in this document.

- Any insurance proceeds will be first paid to your superannuation fund; the trustees of your fund will then give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- There may be tax payable on the benefit in the event of a successful claim.
- [If TPD risk researcher inside super – vary status] [TPD] Any insurance proceeds paid under the 'any' occupation policy will first be paid to your superannuation fund. You will then need to meet the fund's payment conditions. If your claim is successful, the trustees of your fund will generally give you the option of either retaining the proceeds in superannuation where you can commence a pension on these funds or pay them as a superannuation benefit.
- [If IP in risk researcher inside super – vary status] [IP] As the policy will be owned by your superannuation fund, claim proceeds are paid to your superannuation fund. You need to meet the payment conditions within the fund to receive the payments.
- [If IP in risk researcher inside super – vary status] [IP] Any payments from an income protection policy are assessable income and taxed at your marginal tax rate. The trustee of your superannuation fund will deduct PAYG instalments from the amount payable.
- Your superannuation trustee will be required by law to obtain your positive consent in writing to retain the insurances within your superannuation account where the account is deemed to be an inactive account. An inactive account is defined as an account that has not received contributions or received funds from a rollover within the previous 16 months. It is important to ensure your contact details are up to date with your superannuation fund and you read and reply to all correspondence from them, otherwise **you could lose the insurances** you have within your superannuation fund which may place you **and/or your dependants** in financial hardship in the event of **[your passing, total and permanent disability, injury, or illness]**.

## **[No Automation Currently Available] Enduring rollover to pay your insurance premiums (ri15)**

To fund the premium on your **XXX** insurance policy, we recommend you establish an enduring rollover from your **XXX** superannuation fund.

### **Why this benefits you**

- Holding cover within superannuation will reduce the impact on your personal cash flow as the insurance premiums will be drawn from your superannuation account balance.
- By rolling over benefits from your superannuation fund to pay your insurance premiums you will be entitled to a 15% rollover rebate, further reducing the premiums payable.

### **Things you should consider**

- Your current level of superannuation **[contributions and/or earnings]** **[is/are]** **[sufficient/insufficient]** to cover the cost of premiums at this time. Our projections estimate that the premium cost could reduce your forecast superannuation savings over the next **10 years/ at retirement** by an estimated \$**XX**. **[If applicable]** We recommend making additional super contributions to help negate this impact. Please see our separate recommendation in this document.
- If you have made personal contributions which you intend to claim as a tax deduction, you must lodge a notice of intent form with the super fund to claim the relevant deduction and receive written acknowledgement before rolling over your funds. If you don't, you may not be eligible to claim a deduction.
- An amount equal to the premium payable will be requested as a rollover from your external super fund account near the anniversary date for your insurance policy.
- Premium payments can only be requested once a year on the anniversary due to **XXX's** obligation to only process one rollover per annum. If any changes to the insurance policy are made mid-way between anniversaries dates, any additional premiums may need to be funded from your personal cash flow.
- You should ensure there is a sufficient balance in your account to cover the rollover each year. If the rollover is rejected, **XXX** as trustee of your insurance policy will request alternative payment details from you, otherwise the policy will lapse. You may have to re-apply for insurance cover if it lapses, and any application may be declined.
- **[Retirement bonus loss]** You will forgo any entitlement to the retirement bonus which your existing fund pays to eligible members upon commencement of an income stream. We have estimated the amount of bonus that you would forgo to be \$**XXX**. **[OR]** The amount of bonus depends on a range of factors and is determined on an individual basis by your fund's provider, we are unable to provide you with an estimate at this point.
- Your insurance needs can change over time, so it is important to regularly review your cover.
- You must notify the Trustee in writing if you wish to terminate the ongoing annual rollover arrangement.
- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.



# SMSF

## [No Automation Currently Available] Establish a Self Managed Superannuation Fund (smsf1)

We recommend you establish a Self Managed Superannuation Fund (SMSF) as follows:

<b>Members</b>	XXX
<b>Trustee Structure</b>	Corporate / Individual
<b>Trustee</b>	[Insert Names]
<b>Administered by</b>	Administrator name / Accountant

Your lawyer / accountant / administrator should establish the Trust Deed of your SMSF. An investment strategy must be developed and implemented for your SMSF, taking into consideration a number of issues including the asset allocation, investment objective, types of investments, membership profile and consideration of insurances for members of the fund.

### Why this benefits you

- An SMSF can offer you greater investment flexibility with a wider range of options such as business real property. For example, in certain situations the SMSF can acquire assets from members of the fund, allowing better consolidation of investment assets. In some instances, borrowing arrangements can also be entered into to purchase assets.
- You have indicated an interest in being actively involved in managing your retirement savings as you would like control over investment choice / the opportunity to invest in different asset classes such as direct property / the ability to implement tax and estate planning strategies / other reason. An SMSF structure will provide you with more flexibility and control than a typical superannuation fund to enable you to meet this objective.
- [If applicable] SMSFs can be cost effective compared to a retail superannuation fund as the balance of the fund increases. This is because some of the costs of running the fund may remain fixed.
- Flexibility exists in your estate planning elections and assets can be transferred more effectively according to the member's wishes. This depends on the rules contained in the trust deed for your SMSF for which you should seek specialist legal advice.
- [Individual trustee] An individual trustee structure is appropriate for you because it meets your requirements and is the simpler and cost effective alternative.
- [Corporate trustee] By utilising a corporate trustee the administration and ownership of the fund's investment assets will be clearer and easier to manage, particularly where members join or leave the fund. In addition, your personal liability as a director of a corporate trustee is generally limited to the assets held within the SMSF.
- [Corporate trustee] As you are considering undertaking a borrowing arrangement via the SMSF, a corporate trustee is appropriate as some lenders will only provide funds if there is a corporate trustee in place.

### Things you should consider

- There are a broad range of administration obligations that accompany running an SMSF, including the preparation and lodgement of tax returns, audits, and other ongoing reporting requirements. Significant penalties may be imposed for breaches, including requirements to attend education courses, fines, disqualification as trustee or loss of compliance status which results in significant tax penalties. You need to be able to commit the time to managing your fund appropriately.
- We recommend you seek legal and tax advice to help set up and manage your fund. However, as trustee /director of the corporate trustee of your fund, you are still responsible for the decisions made in respect of the fund, even if you pay for advice from professionals.
- Although you do have more flexibility in the investments you can make through a SMSF, regulatory restrictions apply, and it is important that you are aware of these.
- We will need to regularly review the appropriateness of the SMSF structure, because it

may cease to be appropriate if your circumstances change or **post-retirement when you are drawing down on your capital**, or if there are changes in the laws and policies that affect SMSFs and superannuation.

- A professional fund manager with considerable investment expertise and resources is likely to outperform an amateur investor, even one with relatively sophisticated market knowledge. If your preference is to manage your retirement assets you need to consider whether you have the time, skills, and experience to do this now and in the future.
- Engaging professionals for the establishment and maintenance of a SMSF will incur additional costs to the fund.
- The cost to establish your fund will be approximately \$XXX. This includes unavoidable costs of \$XXX (for trust deed) and additional costs of \$XXX for **[give list of services or reasons e.g. having a corporate trustee]**.
- The table below provides an estimate of the ongoing costs that may apply to the administration of the SMSF. Please note that these are estimates only and therefore may vary.

**Tailor alert:** Add or delete items as appropriate, however, costs must be split by unavoidable (must be included if you have an SMSF) and optional expenses. The table below has been completed based on information provided from [www.ato.gov.au/Super/Self-managed-super-funds](http://www.ato.gov.au/Super/Self-managed-super-funds) and is based on an average balance of \$500,000

	Cost \$
<b>Unavoidable Expenses</b>	
Annual ATO SMSF supervisory levy*	259
Annual Independent Audit fee*	400 – 700
Annual financial statement and tax return	XXX – XXX
<b>Additional Expenses based on choices made</b>	
Annual ASIC fee (special purpose company)*	59
Administration fee (incl. accounting and tax)	XXX – XXX
Annual actuarial certificate*	200 – 1,000
Investment costs	XXX - XXX
Investment administration and management	XXX - XXX
Trust Deed amendments (only if required)	XXX - XXX
<b>Total</b>	<b>XXXX - XXXX</b>

\* These figures are based on figures provided by the ATO for the 2020/21 financial year.

- **[If applicable]** The estimated annual ongoing cost is more than the ongoing costs of your current superannuation fund but this is necessary to meet your goal of **[insert details of goal being met by SMSF]**. Details regarding these costs are outlined later in this document.
- **[If SMSF has unusual membership structures]** set out any considerations and the plan for how to deal with the fund in the event of a relationship breakdown.
- **[Single member fund]** Legislation does not allow a single member fund to have a sole individual trustee, so you will need to either appoint a second individual to act as trustee with you or establish a corporate trustee.
- **[corporate trustee]** There are costs associated with the establishment and maintenance of a corporate trustee. We believe the benefits of **administrative flexibility / asset protection / additional protection against individual liability** outweigh the additional costs.
- **[Corporate trustee]** The company established as the corporate trustee should have no other purpose than to act as trustee of your SMSF. This will reduce corporate

registration fees and avoid complications with who owns the assets. It is a legal requirement that superannuation assets are kept separate from other assets, such as your personal or business assets, to protect fund assets in the event of a creditor dispute and prevent costly legal action.

- **[Corporate trustee – if not a sole member fund]** You need to have a plan for dealing with incapacity or death of a director of the trustee company. We have discussed this, and you have a plan for this which includes **[explain the plan e.g. having an Enduring Power of Attorney that specifically covers the trustee duties / removing the incapacitated member from the Fund and hence trustee role]**.
- **[Directors of corporate trustees and individual trustees]** Each trustee will need to sign the ATO Trustee Declaration within 21 days of becoming trustee. This declaration needs to be kept for the life of the SMSF and at least 10 years after your SMSF winds up.
- **[individual trustees]** As an individual trustee, you are personally liable which may expose assets you personally own.
- **[individual trustees]** You should carefully consider who will be members of your fund. All members are trustees and therefore equally responsible for managing the fund and making decisions.
- **[individual trustees]** As all members are trustees, the fund may incur additional costs if the members of your SMSF change (i.e. if a member leaves or a new member is admitted) because the ownership of every asset must be changed to reflect the change in trustees.
- **[individual trustees]** You need to have a plan for dealing with incapacity or death of a trustee. We have discussed this, and you have a plan for this which includes **[explain the plan e.g. having an Enduring Power of Attorney that specifically covers the trustee duties / removing the incapacitated member from the Fund and hence trustee role / appointing an alternative trustee who will not be a member of the Fund]**.
- Cash reserves need to be maintained in order to ensure that there is sufficient liquidity within the fund to meet any planned or potential expense obligations.
- Should your SMSF need to be wound up in future, there are unavoidable costs of doing so. These costs include final accounting and ATO reporting. We estimate these costs would be in the realm of \$XXX to \$XXX. There would also be costs if you need to realise assets to wind up that can't be predicted in advance, including **capital gains tax, share brokerage and investment transaction costs. We have discussed and have a plan for succession issues or wind up if required.**
- Records should be kept for 10 years after the wind up of the fund.
- As a member of your own SMSF, you do not have access to the Australian Financial Complaints Authority (AFCA). AFCA which helps retail super members resolve disputes between themselves and trustees. It also allows access to the government financial assistance which can be available when a retail fund suffers substantial losses as result of fraudulent conduct or theft. SMSF trustees who are in dispute will need to seek recourse via legal action which may include court costs.

## **[No Automation Currently Available] Appoint an Enduring Power of Attorney as trustee for your Self Managed Superannuation Fund (smsf10)**

As you are no longer able to undertake the duties of a trustee for the **[insert fund name]** we recommend that you seek legal advice to appoint an Enduring Power of Attorney (EPOA) as trustee of your Self Managed Superannuation Fund (SMSF) in your place.

### **Why this benefits you**

- **[If applicable]** To be a complying fund, the central management and control of your SMSF must ordinarily be in Australia. As you are intending to be overseas for an extended period of time, appointing an Enduring Power of Attorney to someone residing in Australia will enable your fund to remain compliant.
- **[If applicable]** As you no longer wish to undertake the responsibilities as trustee of your SMSF, appointing an Enduring Power of Attorney will enable someone else to take over these duties so that your fund can remain compliant.

### **Things you should consider**

- Your SMSF trust deed will need to allow for the appointment of an EPOA.
- You should carefully consider who to appoint as your Enduring Power of Attorney, because this person will have full authority to make transactions on the assets of the SMSF without your consent.
- The appointed person should be someone who is willing to undertake the full responsibilities and liabilities of being trustee and is legally able to fulfil the role (i.e. cannot be a disqualified person e.g. undischarged bankrupt).
- The Power of Attorney must be an Enduring Power of Attorney.
- You will be required to resign as trustee to allow the Attorney to be appointed. Consideration should be given to including a provision in your trust deed for automatic resignation if you lose mental capacity.
- **[If corporate trustee]** As you have a corporate trustee, the Attorney will become a director of the trustee company. This needs to be allowed under the company's constitution.
- The Power of Attorney may need to sign a declaration stating that they understand the role and responsibilities of being a trustee of an SMSF.
- You can cancel or change the Enduring Power of Attorney at any time while you still have mental capacity.

## **[No Automation Currently Available] Establish a limited recourse borrowing arrangement (smsf11)**

You have advised that you would like to purchase a property within your Self Managed Superannuation Fund (SMSF). As you do not have sufficient funds available within your SMSF to acquire a property, we recommend you apply for a loan via a limited recourse borrowing arrangement (LRBA).

You have confirmed with your lawyer that the trust deed of your SMSF allows for an LRBA strategy. OR Prior to proceeding with this recommendation you will need to consult with your lawyer to amend your trust deed and/or investment strategy to allow for the LRBA.

The recommended LRBA arrangement should be set up as follows:

<b>Recommended loan facility</b>	<b>Amount</b>
Loan amount	\$XXX
Repayment Type	Interest only - prepaid
Interest type	Fixed / Variable
Loan term	XX years
Indicative Variable Interest Rate	XX%
Estimated repayments – first year (to be retained in the cash account)	\$ XXXX
Initial estimated loan to value ratio (LVR)	XX%

We suggest you speak to your / a mortgage broker / lender / home loan provider who can assist you with arranging a suitable loan facility.

The rules to establish an LRBA can be complex and significant penalties may apply if they are not followed precisely, therefore we recommend that you, as trustees of the SMSF, seek independent legal and tax advice to ensure the borrowing arrangement is in accordance with your trust deed and investment strategy.

We also recommend you establish a fixed/bare trust with a corporate custodian to purchase the property and maintain adequate cash reserves to meet the repayments over the life of the loan in a separate bank account. You should consult with an appropriately qualified superannuation lawyer to ensure that this is established correctly.

It is important that the documentation used to establish the LRBA is carefully and clearly drafted to ensure the arrangement satisfies the following provisions:

- The borrowing must be applied against the acquisition of a single acquirable asset.
- The acquirable asset must be held on trust through a fixed/bare trust, such that the SMSF obtains a beneficial interest in the asset.
- The SMSF has the right (but not the obligation) to acquire legal ownership of the asset.
- The rights of the lender, or any other person, against the trustee/s in connection with default are limited to the acquirable asset used as security for the loan (limited recourse loan).

### **Why this benefits you**

- An LRBA will enable you to purchase your desired investment property within your SMSF.
- Any future capital gains will be realised in a concessional tax environment. Significant tax savings (in comparison to member acquisition of property outside of the superannuation environment) may potentially be achieved.
- Earnings are taxed up to 15% within the superannuation environment. If the earnings are capital gains from an asset owned through your super for more than 12 months, additional CGT discounts may apply. Conversely, if the fund is fully in retirement phase at the time the gain is realised, it will be tax free.
- Interest paid on the loan may be tax deductible. You should seek confirmation with the fund's tax adviser.
- Establishing an LRBA is a form of gearing which allows you to increase the funds you

have available to invest thereby accelerating your returns in the event of growth in the underlying asset.

- **[Commercial loan]** Using a commercial loan arrangement will minimise the risk of non-compliance and paying non-arm's length income tax penalties on the income from the investment.
- **[Related party]** The setup of your loan complies with the ATO's guidance and provides you with the benefit of keeping the interest on the loan within your entity group.
- Ensuring sufficient liquidity by holding at least **12 months** of repayments in cash is a prudent strategy to ensure the loan can be serviced in the instance there are interruptions to the SMSF's cash flow e.g. loss of a tenant in a property, inability of a member to make contributions that year, tax payable.
- A corporate trustee is appropriate for the holding trust as this allows for greater flexibility to add or remove directors. **[If current SMSF trustee is a company]** A new entity will be required as it cannot be the same as the SMSF's trustee company.

### Things you should consider

- Prior to entering into an LRBA, the trust deed should be reviewed and updated by a qualified legal adviser to ensure it gives the fund trustees the power to borrow, hold assets via a nominee and where applicable the ability to distribute the proceeds of life insurance payouts received at the discretion of the trustees without restriction.
- The investment strategy should be reviewed and consideration given to the target asset allocation of the fund and whether using an LRBA to acquire a single additional asset will adopt an undue exposure towards a particular asset class which may skew your anticipated returns. The trustees must consider all the fund members and the dates at which they intend to retire and manage the fund assets to be able to make the retirement benefits available on these dates.
- A holding trust, i.e., a fixed/bare trust will need to be established to hold the asset until the loan has been repaid. If the property should remain vacant for a period of time, you should ensure member contributions or existing liquidity within the fund is sufficient to meet interest expenses in the absence of rental income.
- The trustee of the fixed/bare trust can be either an individual or a company. However, most lenders will require a corporate trustee. This trustee cannot be the same company as an SMSF's corporate trustee; however, it can have the same directors.
- Should you decide to use your own company as trustee of the fixed/bare trust for the LRBA, you should obtain legal advice from an appropriately qualified lawyer to ensure there are no double capital gains tax, stamp duty, in-house asset or associated issues on transfer of the investment.
- The loan arrangement must be on a full arm's length commercial basis and in keeping with the sole purpose test (investments must be for the provision of retirement benefits for the members of the fund).
- Establishing a borrowing arrangement within your fund may incur significant fees and charges. In addition to the associated interest expense, the fund may also be required to pay fees for professional services rendered by third parties as well as a range of costs including stamp duty, property management fees and bank fees.
- The fund may be required to borrow at a higher interest rate than would otherwise be available to members personally.
- Interest rates are subject to change over time. You should carefully consider whether the assets of the fund and ability of members to contribute to superannuation are sufficient to accommodate a protracted period of higher interest rates.
- Stamp duty may apply on the acquisition of the property. The laws relating to stamp duty vary from state to state and their application should be confirmed with your tax adviser.
- While gearing, or borrowing for investment purposes, can increase returns throughout a positive market cycle, it can also magnify losses in the event of a downturn in the property market. Increasing the fund's exposure to a growth asset class such as property, may increase the volatility and the potential for capital loss should the chosen

property not perform in line with the broader property market.

- This is a long term strategy and, as with any property investments, the market value of the property acquired using a lending facility may significantly change through the term of the loan.
- Appropriate personal insurances should be acquired by all parties involved in the gearing strategy as death, disablement or critical illness may require the investments to be sold prematurely.
- You should review the need for general insurance and third party liability insurance on any property purchased to ensure the asset is protected.
- It is important to have an appropriate exit strategy in place should things not work out as expected. This could be necessary in the event of the loss of employment, illness or death of a member. Should one of these events occur, it may impact on the ability of the fund to continue receiving contributions that support cashflow requirement of the fund. If circumstances arise, as trustees some option that could be considered are:
  - If insurance is held in the event of death or disability, using insurance proceeds to reduce the loan.
  - Using any cash surplus over the short term to cover repayments.
  - Sale of the property if the situation demands.
- The insurance, legal expenses and ongoing management of the asset will be the responsibility of the trustees of the SMSF. The management of a property can however be outsourced to an agent, engaged by the fund trustee.
- The trustees of the SMSF are responsible for the collection and accounting of income derived from the asset and any ongoing expenses relating to the asset. It is important that any of these transactions occur directly within the SMSF and are not personally paid for by the trustee.
- The legislation allows for an asset subject to a borrowing to be maintained or repaired using borrowed funds, but not improved. You may use money from other sources to improve the asset, provided that the refurbishment does not change the nature of the asset. For example, if an existing commercial property being used as a chemist is converted to a café, the asset remains a commercial property which doesn't change the nature of it or the rights of the trustee. However, if a block of land is purchased under an LRBA, a home cannot then be built on the land as this would alter the nature of the originally acquired asset – the land.
- **[Related party LRBA]** The ATO will accept that the SMSF loan provided by a related party for the purchase of real property is at arm's length were the LVR (the balance of your loan divided by the market value of the asset held as security for the loan) does not exceed 70%, loan repayments consist of principal and interest with certain interest rates applying, and the loan is repaid within 15 years (as well as other requirements).
- **[All]** We don't recommend gearing at the maximum level and recommend a cash reserve and regular contributions if eligible to pay down the loan faster/ensure the fund can meet loan repayments.
- **[2% NET SURPLUS RULE – OK]** We have stress tested your cash flow to ensure that you can afford the interest repayments even if rates go up 2%. While we are satisfied that you have sufficient disposable income from stable and reliable sources to meet the loan repayments in the long-term, you should still budget for the possibility of rising interest rates.
- **[2% NET SURPLUS RULE – OK only IF SMSF alters finances]** If interest rates rose by 2% pa, you will have to stop the SMSF's regular savings plan / reinvesting investment income in order to pay the increased cost for all the SMSF's debt. This will affect your ability to achieve your goals.
- **[2% NET SURPLUS RULE – OK only IF client uses cash reserve]** If interest rates rose by 2% pa, the SMSF will need access to funds to pay the increased cost for all fund debt. You must set aside \$XXX in the SMSF's cash account and keep this available. This amount will help the fund to meet the cost of an interest rate increase of up to 2% pa of your debt for a period of 4 years.

- When the debt attached to the asset has been repaid, the fixed/bare trust may be wound up. At this time, the ownership of the asset passes directly from the trust to the SMSF without a change in beneficial ownership (merely a change in legal ownership). Therefore, no capital gains tax event will have occurred. However, if the trust sells the property prior to it being transferred to the SMSF, this may constitute a change in beneficial ownership and a capital gains tax event. Again, the above information should be confirmed with the fund's tax adviser.
- Stamp duty and other costs may also apply should the investment acquired via the LRBA be sold in the future.
- Although there are potential wealth creation benefits to be gained from gearing, these benefits carry additional risks. It is essential to consider these risks prior to proceeding with this strategy. Any gearing strategy should be carefully monitored and reviewed at least annually to ensure it remains appropriate to your circumstances, needs and objectives. Your contribution strategy should also be reviewed on an annual basis.

## **[No Automation Currently Available] Wind up your Self Managed Superannuation Fund (smsf12)**

As the Self Managed Superannuation Fund (SMSF) is no longer an appropriate structure for you, we recommend you wind up your SMSF [and rollover the proceeds into the recommended fund/existing fund/withdraw the money from superannuation].

A balance of approximately \$XX should be retained in the SMSF cash account until the wind up is complete as a provision for any final costs.

### **Why this benefits you**

- **[No longer want responsibilities]** You have indicated that you no longer want the responsibilities of being a trustee of your own SMSF because [e.g. you find the law complex/managing the fund is too time consuming/other reason]. Winding up your SMSF will reduce your responsibilities and the administrative burden associated with managing the fund.
- **[Insufficient balance]** The value of member's superannuation savings has fallen below the level where the SMSF is cost effective and members are likely to pay lower ongoing fees if their superannuation savings are transferred to a retail fund.
- **[Overseas member]** One or more of the members wishes to relocate overseas, so winding up the SMSF will avoid the fund from becoming non-complying.

### **Things you should consider**

- It will be necessary to determine the fund's liabilities which includes the minimum member benefits, any outstanding taxes and expenses (including insurance, investment and administration fees) as well as expenses payable to wind up (these might include actuarial, legal, administrative and investment fees). The wind-up costs generally need to be dealt with before member benefits can be apportioned.
- Each member should provide a written request to the trustees requesting their full account balance be rolled over to another superannuation fund or withdrawn (if eligibility requirements are met).
- To wind up the fund, you need to notify the ATO within 28 days of the fund being wound up.
- You also need to deal with all the fund assets and liabilities, so none remain, arrange a final audit of the fund and complete all reporting responsibilities.
- Where insurance is held in your superannuation fund, winding up your SMSF may result in the loss of any personal risk insurance cover held within the fund.
- We estimate the wind up costs will be \$XXX. There is also the cost of realising assets, including [share brokerage and investment transaction costs]. More detailed information on these costs will be provided later in this document.
- **[For corporate trustee]** In the case of a corporate trustee, ASIC must be notified of the decision to wind up the company (if relevant) as well as the resignation of the directors. The cost of winding up the trustee company is estimated at \$X.
- **[If withdrawing under age 60 - all within low rate cap]** We estimate the withdrawal will include \$XXX taxable component which must be included in your assessable income. **[If applicable]** You should not be liable for tax on this amount due to tax offsets that are available, but it may impact your entitlement to certain Government benefits and concessions.
- **[If withdrawing under age 60 - all or some above low rate cap]** We estimate the withdrawal will include \$XXX taxable component which must be included in your assessable income. The tax payable on this amount is expected to be \$XXX. It may also impact your entitlement to certain Government benefits and concessions.
- **[If withdrawing over age 60]** This amount is tax-free and is not included as assessable income in your tax return.
- You should ensure the fund retains sufficient cash to pay final expenses and tax liabilities, including potential capital gains tax that may apply to the sale of assets.
- You should also consult your accountant and/or fund administrator to ensure that the capital, income and liabilities of the fund are identified, benefits are paid or transferred,

and sufficient money is held to pay remaining expenses such as taxation.

- Once all tax responsibilities have been met, the ATO will send you a letter stating that they have cancelled the fund's ABN and closed the SMSF's record on their systems. It is important that you do not close your SMSF bank account until you have received this confirmation from the ATO.
- There may be a period of time where your funds are not fully invested. During this time, your funds will not benefit from any market upside or, conversely, be subject to any market falls during this period.
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on any estimated capital gains tax liability will be provided later in this document.
- Legal advice should be sought to ensure that trustees comply with the wind-up provisions of the trust deed, particularly in the distribution of income and capital of the fund.
- You should seek independent legal advice to address any estate planning consequences of winding up your SMSF.
- Records should be kept for 10 years after the wind up of the fund.
- Once the fund is wound up, it can't be reactivated.

## **[No Automation Currently Available] Establish a cash account for your Self Managed Superannuation Fund (smsf2)**

We recommend you establish a cash account in the name of your Self Managed Superannuation Fund (SMSF) trustee, with an initial deposit of \$XXX.

### **Why this benefits you**

- Your SMSF is required to have a bank account to manage the fund's operations and accept cash contributions and rollovers of superannuation benefits. The money is then invested according to the fund's investment strategy and used to pay the fund's expenses and liabilities. This enables the smooth operation of the fund.

### **Things you should consider**

- The interest earned from the cash account may be assessable income and will need to be included in the SMSF's annual tax return.
- It is important to regularly review the cash account balance to check that it continues to hold sufficient funds for the SMSF's ongoing expenses. We will review the cash account balance at each advice review to determine if it needs to be topped up.

## **[No Automation Currently Available] Appoint an administrator for your Self Managed Superannuation Fund (smsf3)**

To assist you with the ongoing administration of your Self Managed Superannuation Fund (SMSF), we recommend you appoint **[Administrator Name]** as the administrator.

### **Why this benefits you**

- There are a broad range of administrative obligations imposed on SMSF trustees, including the preparation and lodgement of complex tax returns and benefit payment reporting to the ATO. Appointing an administration service will assist with the ongoing management of the fund, reducing the time you spend running your fund.
- The service will assist with the administration aspects of your SMSF, assisting to keep your fund compliant. As trustees, you will continue to retain control over the SMSF's investment decisions.

### **Things you should consider**

- Although you are employing a service to assist with the SMSF's administration, as trustee you are still ultimately responsible for all actions and decisions of the SMSF.
- The fees for this administration service are detailed later in this document. Although this fee increases the cost of running your SMSF, some or all of the cost may be offset if the administrative, compliance and tax services reduce the time spent managing your fund (including the time to prepare and lodge the fund's annual tax return).
- A termination fee may apply if you terminate the administration service.

## **[No Automation Currently Available] Review your Self Managed Superannuation Fund trust deed (smsf4)**

In your capacity as Trustee(s) / director of the corporate trustee, we recommend you review the trust deed for your Self Managed Superannuation Fund (SMSF). In particular you should review the [ability to an appoint an Enduring Power of Attorney (EPOA) as a trustee / death benefit nomination types / other].

### **Why this benefits you**

- It is important that you review the trust deed periodically so that it reflects changes in superannuation legislation which ensures your SMSF remains compliant.
- [Death benefit nominations] This will ensure that your nominations continue to reflect your wishes.
- [EPOA] Updating the trust deed to allow for the appointment of an Enduring Power of Attorney (EPOA), will ensure that in the event that a trustee is no longer able to undertake their responsibilities as trustee, someone will be able to take their place as an EPOA. Ensuring that the fund can continue and remain compliant.
- [insert any other section to be reviewed and benefit of reviewing this].

### **Things you should consider**

- [Pension commencement] The trust deed may include restrictions, such as restrictions on when a member's benefits can be released or the ability of the fund to pay an account based pension.
- There are constant changes to superannuation and taxation laws, and it's important to maintain an up to date trust deed. You should review your trust deed at least every 3 years to ensure it remains up to date.
- You should seek specialist advice to review and update your trust deed.

## **[No Automation Currently Available] Make a contribution to the Self Managed Superannuation Fund suspense account (smsf5)**

We recommend you make a concessional contribution in [insert date] and allocate the full amount/\$XXX to a suspense account. The full amount/\$XXX will then be allocated to [Member's Name] next financial year.

### **Why this benefits you**

- Making extra super contributions will help you save for retirement.
- Contributing to superannuation is a tax effective way to save for retirement as earnings (including capital gains) within the superannuation environment are taxed at a maximum rate of 15%. This compares favourably to your marginal tax rate outside superannuation.
- The tax deduction is expected to reduce your tax payable by an estimated \$XXX after allowing for the tax paid on these contributions in the superannuation fund. This will also boost your overall wealth accumulation.
- [if applicable] We recommend the use of a suspense account because [insert reason e.g. you want to make a contribution (or an employer wants to make a contribution for you) prior to 30 June, but you are already at your contribution cap limits].
- [if applicable] You are able to claim a tax deduction for the full amount of the contribution in the 20XX/XX financial year, even though the allocation to your concessional contribution cap is across two financial years.
- [Carry forward contributions used] By using your available carry forward unused concessional contributions you maximise the tax deduction available to you.
- [If under Age Pension age and Centrelink is relevant] These funds will be exempt from the Centrelink income and assets tests until you reach your Age Pension age (unless you commence an account based income stream earlier).
- [If used to fund insurance premiums] Contributions can be used to fund the cost of your insurance premiums in superannuation, which will minimise the impact on your balance over the long term.

### **Things you should consider**

- You should discuss with your fund administrator or accountant if your fund is able to accept this contribution.
- Contributions must be allocated to a specific member's account within 28 days of the month following that of the contribution (e.g. a contribution made anytime in June must be allocated by the 28th of July).
- The contribution tax is deducted in the financial year of the contribution and any tax deduction available would be in that year also. When the net contribution is allocated in the next financial year it is grossed up by the tax for the purposes of the caps.
- A fee may be levied by your SMSF administrator for implementation.
- These contributions count towards your concessional contributions cap. If you exceed this cap, the excess amounts are taxed at your marginal tax rate (less the 15% already paid in the fund) plus an additional tax penalty. If the excess is not withdrawn from superannuation, it will also count against your non concessional contribution cap. Additional tax penalties may apply if you breach your non concessional contribution cap.
- [If using carry forward unused CC rule] You are eligible to make this contribution under the carry forward unused concessional contribution rule which allows you to contribute a greater amount of concessional contributions based on the unused cap from previous years. Unused cap amounts expire after 5 years. Your total super balance must have been below \$500,000 at last 30 June to be eligible to use this rule in the current financial year.
- [If under 65 and funds preserved] The contributions are preserved (i.e., cannot be accessed), until you meet a condition of release (such as retirement after your preservation age), so you need to be comfortable that you will not need access to this money before retirement.
- [If turning 75] Personal contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.

- You must lodge a notice of intent form with your superannuation fund (and wait for confirmation that they have received the notice) before the earlier of:
  - the time you submit your tax return for the financial year, or
  - the end of the financial year following the year in which the contribution was made.
- This must also be completed before you rollover any funds in the account to another superfund, make a withdrawal or commence an account-based pension.
- We recommend you confirm with your registered tax agent or accountant that you are eligible to claim the personal tax deduction and that the amount we have recommended is appropriate for your tax situation.
- Concessional contributions are taxed at 15% which is payable by your superannuation fund. Additional tax may apply if your income exceeds \$250,000.
- We have taken into account concessional contributions and non concessional contributions that you may have made in the last three financial years. Our recommendations are within your concessional cap. If this is incorrect, please contact us as our advice above may not be appropriate.
- The arrangement should be reviewed each year to ensure it is still providing a benefit or to adjust for taxation changes to the rules or concessional limits.

## **[No Automation Currently Available] Investment strategy for your Self Managed Superannuation Fund (smsf6)**

In your capacity as trustee(s) / director(s) of the corporate trustee of your Self Managed Superannuation Fund (SMSF), you must prepare an/update your investment strategy. Based on your circumstances, this should be a [pooled/separate] investment strategy.

[If applicable] We have prepared an investment strategy statement for consideration by the fund trustees.

[If applicable – update to existing] This update is required due to a member entering pension phase / the recent change to fund members / other reason for recommending the update.

### **Why this benefits you**

- In your role as trustee, it is important that you have a clear understanding of the SMSF investment aims as they are the key to achieving the objective of providing benefits to members; it is also a legal requirement.
- As well as being a legal requirement, the investment strategy provides the trustees with a framework for making investment decisions. It considers the appropriate diversification, risk and likely return from investments; liquidity of fund assets; whether the fund should hold insurances for members; the ability for the fund to pay expenses and member benefits, as well as the members' needs and circumstances.
- The recommended investment profile is appropriate for your fund because it balances the risk tolerance of the members and the investment returns required to meet the funds objectives.
- [If Pooled] A pooled investment strategy is appropriate for your fund because the members all have similar investment profiles, [If applicable] and the nature of the underlying assets makes it difficult to divide them into separate parcels.
- [If Segregated] A segregated investment strategy is appropriate for your fund because the members have very different risk profiles, and the segregated approach will allow them to match their investments with their own risk profile and goals.

### **Things you should consider**

- The investment strategy should be in writing so you can show that your investment decisions comply with it and the superannuation laws. All investment decisions must be made in accordance with this strategy. The fund's investment approach can be changed at any time in the future by amending the documented investment strategy.
- You should refer to the fund's trust deed whilst preparing the investment strategy statement to determine if the deed contains any investment restrictions.
- The investment strategy must be reviewed at least annually to ensure it continues to be appropriate for the goals and needs of the members. You are required to prepare minutes documenting the trustee decisions every time a meeting is held to discuss this.
- [If Pooled] By having one pooled investment strategy for your fund, members will not be able to choose their own specific investments to suit their own risk profile. However, trustees will still need to ensure investment selection is in line with the members collective risk profile.
- [If Segregated] The individual investment strategy preferences for each member should be collected by the trustees in writing.
- [If SMSF is being established to invest in a single asset or asset class] explain reasons for this and how retirement income stream funding/liquidity will be met by the asset's returns.
- You have obligations in acting as a trustee. Trustees are bound by law to responsibly manage the SMSF for the members. There are significant administrative and compliance tasks, which must be fulfilled by you in your role as trustee of the fund. These tasks can be time consuming, however non-compliance can result in significant penalties. In addition, trustees need to keep up to date with superannuation legislation, as they are liable for any contravention of legislation.
- If your preference is to manage your retirement assets you need to consider whether you have the time, skills and experience to do this now and in the future.

- There is a danger that trustees will not give due consideration to diversification and, accordingly, medium to long term returns may be lower than those achieved from a public superannuation fund. In formulating an investment strategy, trustees must consider when each of the fund members are likely to retire and whether the preferred asset allocation and risk profile is best positioned to generate sufficient returns to meet their living expenses at that time.
- Trustees of an SMSF need to measure their fund's performance in the same way as a public superannuation fund. The additional responsibility taken to ensure this should be well considered.

## **[No Automation Currently Available] Commence an account based pension from your Self Managed Super Fund (smsf7)**

**[Partial use of member interest]** We recommend you use \$XXX of your superannuation benefits to commence an account based pension. We recommend that you draw the following pension::

**[Full use of member interest]** We recommend your use your entire balance of your XXX superannuation fund to commence an account based pension. We recommend you draw the following pension:

Income drawdown	
Estimated balance at commencement	\$ XXX
Minimum Pension (X%) (p.a.)	\$ XXX
<b>Recommended Pension</b>	<b>\$ XXX fortnightly/monthly/quarterly/annually</b>
Tax free amount (p.a.)	\$ XXX
Draw pension payments from	Cash account/pro rata/insert specific investment

You will need to provide the trustee with a written request confirming that a condition of release has been met and your intention to access benefits as an account based pension. This request should provide the information contained above, as well as the intended commencement date and where pension payments should be directed.

The trustee should provide then provide you with a written confirmation that the fund can pay the requested pension.

### **Why this benefits you**

- Commencing a pension will provide you with a regular income to help meet your cash flow needs.
- **[If applicable – defensive investment drawdown]** Initially drawing income from the options outlined above will provide a greater opportunity for the growth-based assets to ride out any short-term market volatility.
- **[If applicable – growth investment drawdown]** Initially drawing income from the options outlined above will reduce your exposure to growth assets over time to align your portfolio to your risk profile and preferred tolerance to risk.
- **[If applicable – pro rata drawdown]** A pro rata drawdown will draw funds proportionately from the investments of your portfolio which will assist in maintaining your asset allocation.
- **[If applicable – cash account]** Holding an amount in cash to cover pension payments for a period of time reduces the need to sell investments at a potentially unfavourable time.
- If you choose to take any extra income requirements as withdrawals (instead of pension payments) this will create a debit in your transfer balance account. Debits can free up your transfer balance cap allowing for the commencement of other superannuation pensions.
- **[If under 60]** While under age 60 the taxable portion of your pension income is taxed at your marginal tax rate less a 15% tax offset. After reaching age 60 the income received from your pension will be tax free.
- Investment earnings and any realised capital gains associated with your account based pension are tax free.

### **Things you should consider**

- As trustee, you should first check the fund's trust deed to determine if there are any restrictions. In particular, the trustee should check that your member benefits can be released and that the fund is able to pay an account based pension.
- Trustees should verify the value of each member's superannuation account and the underlying tax components. This will require obtaining a current valuation of assets.
- There is no guarantee that your pension income will last through retirement. The

balance of your pension account will fluctuate depending on market movements, investment performance, pension payments and lump sum withdrawals.

- The value of your pension will count towards your transfer balance cap. Our records show that your transfer balance account is currently below the maximum threshold and the commencement of this pension will not cause you to exceed the cap. You should ensure you have advised us of any other income streams you hold before taking this step, as there are penalties for exceeding the transfer balance cap.
- You are required to draw a minimum pension amount each year based on your age and account balance. This is designed to reduce your balance over time. Receiving pension payments above the minimum may affect your ability to generate sufficient income in later years.
- If you have made personal contributions for which you wish to claim a tax deduction, you must lodge a notice of intent with your superannuation fund and receive an acknowledgement prior to commencing the pension.
- Where insurance is held in your superannuation fund, rolling over some or all of your superannuation benefit to a pension may result in the loss of any personal risk insurance cover held within the fund.
- [Centrelink] Using your superannuation benefit to start an account based pension will increase the amount of assets and income that are included when determining your entitlement for social security benefits from Centrelink / Department of Veterans' Affairs (DVA). As such, you are required to notify Centrelink /DVA within 14 days of the pension commencement as this may affect your entitlements.
- [Preservation age but under age 60] We estimate that XX% of each pension payment is taxable income and must be included in your tax return. This is taxed at your marginal tax rate less a 15% tax offset to reduce tax payable.
- As this pension will be commenced from your SMSF, there are additional administrative obligations that the trustee must complete. Your chosen SMSF administrator will be able to assist the trustee / you with these requirements.

## **[No Automation Currently Available] Retain your Self Managed Superannuation Fund (smsf8)**

You have indicated that you are comfortable with your Self Managed Superannuation Fund (SMSF) and continue to have the time and ability to fulfil the responsibilities. Given this, we recommend you retain the [insert name of fund].

### **Why this benefits you**

- An SMSF is an appropriate investment vehicle for your retirement savings because it gives you additional flexibility and control of how your funds are invested. It also provides some additional flexibility to implement tax and estate planning strategies.
- [If applicable] Your existing SMSF continues to be appropriate for your needs, in particular because you would like to use / are using your retirement savings to invest in direct property / business real property / other reason(s) which would not be available in an APRA regulated fund.
- [Cost effective] Our estimations indicate that your SMSF continues to be more cost effective than if you were invested in a retail superannuation fund. This is because many of the costs of running the fund are fixed, so as the fund's balance increases, its costs as a percentage of the balance decrease.

### **Things you should consider**

- Each trustee is wholly responsible for the decisions made, even if you pay for and rely on advice from professionals.
- As a member of your own SMSF, you do not have access to the same government services and assistance that are available to members of APRA regulated funds. These include access to the Australian Financial Complaints Authority (AFCA) and the possibility of government financial assistance that may be available if an APRA regulated fund suffers substantial losses as result of fraud or theft.
- If you have any concerns about your superannuation, or if your circumstances change, please let us know so we can check that an SMSF continues to be appropriate for you.

## **[No Automation Currently Available] Transfer business real property into superannuation (smsf9)**

We recommend you continue to hold your business property located at [property address] and transfer this property, into your Self Managed Superannuation Fund (SMSF). You should elect for \$XXX of the transfer value to be a sale to the fund, \$XXX to be a concessional contribution and \$XXX to be a non concessional contribution.

[If applicable] You should also lodge a notice of intent to claim a deduction form with the superannuation fund for \$XXX of the transfer value.

It is necessary that any amount to be treated as a non concessional contribution is appropriately documented to avoid any income from the property being treated as non-arms length income.

[Small business CGT] Your registered tax agent has stated you are eligible to utilise the small business capital gains tax (CGT) concessions and stated a contribution of \$XXX be made under the 15-year concession/retirement exemption.

This should take place in this financial year / the next financial year to minimise the amount of tax payable upon transfer and ensure you remain under the non-concessional / concessional contribution cap.

Prior to proceeding with this recommendation, you will need to review and update your investment strategy. The investment strategy sets out what the fund can invest in, and all investment decisions must be made in accordance with the investment strategy.

We recommend a balance of \$XXX be retained within the cash account of your Self Managed Superannuation Fund to assist in funding any ongoing expenses.

### **Why this benefits you**

- Your key objective is to build your retirement savings. This contribution to your fund will help to build these savings.
- Although legislation generally restricts an SMSF from acquiring assets from members, business real property is an asset allowed by legislation. By transferring this property into your SMSF you will be invested into an asset type with which you are comfortable and familiar with.
- Your property will be able to grow in the concessionally taxed superannuation environment for your retirement. Earnings from the property will be taxed at the maximum superannuation fund rate of 15% which is less than your current marginal tax rate.
- The fund will be entitled to tax deductions and depreciation to offset ongoing costs in maintaining the property.
- [If contribution] We have recommended a concessional contribution of \$XXX and non concessional contribution of \$XXX because [insert reason e.g. and will remain within your contribution caps].
- This will contribute to protecting the business premises from potential creditors to the company.
- [Concessional] This will entitle you to a tax deduction for this financial year, which will reduce your taxable income.
- [Concessional] The concessional contribution will be taxed at 15%/30% in the super fund, however we estimate you will save overall tax of \$XXX this financial year because the tax deduction reduces the income tax you pay.
- [NCC] Non concessional contributions are not taxed when received by the super fund and make up what is called the 'tax free component' of your account. They are not taxable when withdrawn and will also be paid tax free to your beneficiaries after your death.
- [Deduction for CGT purposes] The tax deduction can be used to reduce your capital gains tax (CGT) liability from the sale of your [insert type of asset]. The tax deduction is expected to reduce your tax payable by an estimated \$XXX after allowing for the 15% tax paid on these contributions in the superannuation fund. This will also boost your

overall wealth accumulation.

- **[If applicable]** Your ability to utilise the small business CGT concessions allow you to manage the CGT payable on the transfer of this asset. All contributions made under the CGT cap are excluded from the non concessional cap and will be considered to be a tax-free portion of your superannuation account.
- **[If applicable]** While you are under Age Pension/Service pension age your superannuation balance in the accumulation phase is exempt which will help to increase your Centrelink/Department of Veterans' Affairs (DVA) entitlements.
- Ensuring sufficient liquidity by retaining a cash buffer in the fund is a prudent strategy to ensure that ongoing costs can be met in the instance there are interruptions to the SMSF's cash flow for example, due to the loss of a tenant in a property, inability of a member to make contributions that year, tax payable etc.
- **[Centrelink /DVA]** While you are **Age Pension/Service pension age** your superannuation balance in the accumulation phase is exempt which may help to increase your Centrelink / DVA entitlements.

### Things you should consider

- We have conducted an analysis which compares the likely outcome of investing in a direct property with alternative uses for those funds. Our analysis is based on estimates and assumptions relating to numerous factors including rent, expenses, values and growth rates.
- As a significant amount of capital is required to purchase a direct property, purchasing direct property investments may require you to give up the opportunity to use that money to invest into other assets and may reduce the diversification of your portfolio.
- Direct property is a long term investment and is not a liquid investment should you require cash in a hurry. There are also significant costs with selling a property should you require access to the capital.
- We are only able to provide you with strategic advice in relation to direct property. We have not provided you with advice about the individual features of a specific direct property, other than capital expenses, ongoing costs and income.
- If you require advice in relation to a specific direct property, location or likely value of a direct property, you should contact a registered real estate agent.
- The acquisition of the property must be permitted by the fund's trust deed and must be consistent with your fund's investment strategy. If necessary, your trust deed and investment strategy should be updated prior to transferring the property into your SMSF which can be done with your **[e.g. solicitor/specialist SMSF provider/etc]**. When reviewing your investment strategy there are a range of considerations including:
  - the **[lack of/reduced]** diversification by holding the property in the SMSF and the associated risk, and
  - risks to the liquidity and ability for the funds to meet obligations as these arise particularly if no rental income is being received.
- There may be times where the rental income from the property is not sufficient or where the property is not being rented. During this time, it may be necessary to draw on other investments within the fund to cover ongoing costs and loan repayments.
- If there are liquidity issues within your fund, you may need to consider making additional contributions. However, you need to be mindful of your contribution caps to avoid exceeding your cap and possibly incurring tax penalties. We recommend you speak to us prior to making any additional contributions.
- The property must also meet the definition of business real property, which requires it to be used wholly and exclusively in a business.
- **[If deductible contribution]** Where a concessional contribution is made, you are required to lodge a notice of intent form with your superannuation fund before the earlier of:
  - the time you submit your tax return for the financial year, or
  - the end of the financial year following the year in which the contribution was made.
- You also need to wait for confirmation that the trustee has received a valid notice before

you can claim the tax deduction in your tax return). This must also be completed before you rollover any funds in the account to another super fund or commence an income stream. We recommend you confirm with your registered tax agent or accountant that you are eligible to claim the personal tax deduction and that the amount we have recommended is appropriate for your tax situation.

- You are deemed to have disposed of the asset and may incur capital gains tax (CGT). In addition, stamp duty may apply on the acquisition of the asset by the SMSF. Further details regarding these costs are outlined further in this document and should be confirmed with your accountant.
- **[If deductible contribution for CGT]** As you are making a concessional contribution, the tax deduction can be used to reduce your capital gains tax (CGT) liability from the sale of the asset. The tax deduction is expected to reduce your tax payable by an estimated \$XXX after allowing for the 15% tax paid on these contributions in the superannuation fund. **[If applicable]** If you have income (including concessional contributions) over \$250,000 an additional 15% tax may be payable.
- **[If concessional contribution]** The contributions will count towards your concessional contributions cap. If you exceed this cap, the excess amounts are taxed at your marginal tax rate (less the 15% already paid in the fund). If the excess is not withdrawn from superannuation, it will also count against your non-concessional contribution cap. Significant tax penalties apply if you also exceed your non-concessional contribution cap.
- **[If non-concessional contribution]** The personal contribution you make to superannuation counts towards your non concessional contribution cap. If you exceed this cap and wish to retain the excess amount in superannuation, additional tax will apply and you could pay tax up to 45% plus Medicare and other levies.
- **[If applicable]** Caps apply to limit how much you can contribute to superannuation when using the CGT cap. You have provided information from your accountant as to the appropriate amount to contribute under the CGT cap. To ensure that the correct amount is made, it is also important that you advise us, and your accountant of any previous contributions made under this cap, as this may affect the recommendations made.
- **[If applicable - small business CGT]** When contributing to superannuation the CGT cap election form needs to be completed by you and submitted to the fund before or at the time of contributing. You need to do this so the superannuation fund trustee is aware the contribution is to be applied against the CGT small business cap. If you do not provide this form at the appropriate time, you may be ineligible for the contribution to be assessed against this cap and it may impact your other contributions cap. Breaches of the contribution caps may result in significant tax penalties. You should discuss the completion of this form with your registered tax agent including the amount you claim under the CGT cap.
- The transaction must be completed at market value for both CGT and superannuation contribution purposes. It is necessary to have a basis for determining the market value and a professional valuation may be required.
- There may be other costs associated with the transfer of the property. We estimate the costs to be **[insert details of early prepayment to loans/ legal and conveyancing costs]**.
- **[If contributions]** The contributions are preserved until you meet a condition of release so you need to be comfortable that you will not need access to this money before retirement (or other release condition).
- We have taken into account the contributions that you may have made in the last three financial years. Our recommendations are within your relevant superannuation cap, if this isn't correct, please contact us as our advice above may not be appropriate.
- **[If applicable – Transfer balance]** The contribution will increase your total superannuation balance above the general transfer balance cap. This means you are not eligible to make further non concessional contributions to superannuation. The total superannuation balance includes your accumulation accounts, retirement income streams, in transit rollovers and may also include certain limited recourse borrowing arrangements in SMSFs. **[If applicable – NCC cap exhausted]** By making the recommended contributions you will not have the ability to make any further non concessional contributions into superannuation **[If applicable]** until the 20XX/XX financial

year.

- You should review your investment strategy to ensure it continues to be appropriate for the goals and needs of the members. You are required to prepare minutes documenting the trustee decisions every time a meeting is held to discuss this. The investment strategy should be reviewed at least annually.
- [Single asset] explain reasons for the fund holding a single asset and risks of this including how retirement income stream funding and general liquidity requirements (such as costs of maintaining the asset) will be met by the asset's returns.

# Superannuation

## [Automation Available] Commence a salary sacrifice strategy (s1)

Arrange with your employer to commence salary sacrificing \$XX per week/month/year [WealthSolver-Superannuation Contribution tab from Recommend and Acquire Scenario] to your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation fund.

The table below illustrates the outcome with your current and new salary sacrificing arrangement in place.

	Current	Proposed
Total Assessable Income [XTOOLS+ > Individual Cashflow > Taxation > Total Assessable Income + Salary Sacrifice]	\$XXX	\$XXX
Salary Sacrifice (per annum) [XTOOLS+ > Individual Cashflow > Taxation > Salary Sacrifice]	\$XXX	\$XXX
Other Deductions [XTOOLS+ > Individual Cashflow > Taxation > Total Deductions]	\$XXX	\$XXX
Taxable Income [XTOOLS+ > Individual Cashflow > Taxation > Taxable Income]	\$XXX	\$XXX
Estimated Tax Payable (After Offsets) [A] [XTOOLS+ > Individual Cashflow > Taxation > Net Amount Payable]	\$XXX	\$XXX
Net Income [Maths Calculation > Taxable Income – Estimated Tax Payable]	\$XXX	\$XXX
Contribution Tax [B] [Maths Calculation > Salary Sacrifice * Legislative Contribution Rate]	\$XXX	\$XXX
Div 293 Tax [C] [XTOOLS+ > Individual Super > Limits and Thresholds > Super Contribution Surcharge > Contribution Surcharge / Div 293]	\$XXX	\$XXX
<b>Total Tax Paid [A+B+C] [Maths Calculation &gt; Row A + B + C]</b>	\$XXX	\$XXX
<b>Total Tax Saved [Maths Calculation &gt; Difference between Tax Paid]</b>		\$XXX

### Why this benefits you

- Your key long-term objective is to build your retirement savings. Additional contributions will help to build these savings.
- Salary sacrificing a portion of your gross salary reduces your assessable income and may reduce your personal income tax, as illustrated in the table above.
- This level of contributions [maximises your concessional contributions cap this financial year/is the amount you nominated/available cash flow/pay for insurance premiums/other reason].
- Funds within the superannuation environment are concessionally taxed; earnings are taxed up to 15%, which is less than your marginal tax rate.

### Things you should consider

- Your available cash flow may reduce as a portion of your income is being contributed to superannuation. You should monitor your expenditure to ensure your income needs continue to be met.
- [If using carry forward rule] [Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?] You are eligible to make this contribution under the carry forward rule which allows you to utilise unused concessional contributions cap from previous years. Unused cap amounts expire after 5 years. Your total super balance must have been below \$500,000 at last 30 June to be eligible to use this rule in the current financial year.
- Salary sacrifice contributions are treated as concessional contributions and as such count towards your concessional contributions cap. These contributions incur tax of 15% or more depending on your income. Additional tax may apply if your total income exceeds

\$250,000.

- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- It is important that you inform us of any change to your salary or the level of employer superannuation, as this may cause your concessional contributions to breach your cap.
- Not all employers allow a salary sacrificing arrangement so please confirm with your employer that you can set up this arrangement.
- There may be reductions in benefits such as leave loading and holiday pay as these benefits are often calculated on your base salary. You should confirm this with your employer and advise us immediately if this is the case.
- **[If under 65]** **[Based on Client Age - < 65]** In order to gain access to your superannuation savings you will need to meet a condition of release (such as retirement).
- **[if turning 75]** **[Based on Client Age – Between 74 and 75-1 Month]** Salary sacrifice contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.

## [Automation Available] Increase salary sacrifice contributions (s11)

We recommend you arrange with your employer to increase your salary sacrifice to \$XX per week/month/year [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] to your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation fund from [date].

The table below illustrates the outcome with your current and new salary sacrificing arrangement in place.

	Current	Proposed
Total Assessable Income [XTOOLS+ > Individual Cashflow > Taxation > Total Assessable Income + Salary Sacrifice]	\$XXX	\$XXX
Salary Sacrifice (per annum) [XTOOLS+ > Individual Cashflow > Taxation > Salary Sacrifice]	\$XXX	\$XXX
Other Deductions [XTOOLS+ > Individual Cashflow > Taxation > Total Deductions]	\$XXX	\$XXX
Taxable Income [XTOOLS+ > Individual Cashflow > Taxation > Taxable Income]	\$XXX	\$XXX
Estimated Tax Payable (After Offsets) [A] [XTOOLS+ > Individual Cashflow > Taxation > Net Amount Payable]	\$XXX	\$XXX
Net Income [Maths Calculation > Taxable Income – Estimated Tax Payable]	\$XXX	\$XXX
Contribution Tax [B] [Maths Calculation > Salary Sacrifice * Legislative Contribution Rate]	\$XXX	\$XXX
Div 293 Tax [C] [XTOOLS+ > Individual Super > Limits and Thresholds > Super Contribution Surcharge > Contribution Surcharge / Div 293]	\$XXX	\$XXX
<b>Total Tax Paid [A+B+C] [Maths Calculation &gt; Row A + B + C]</b>	\$XXX	\$XXX
<b>Total Tax Saved [Maths Calculation &gt; Difference between Tax Paid]</b>		\$XXX

### Why this benefits you

- Increasing your salary sacrifice contributions maximises your concessional contributions cap this financial year/is a tax-effective way to invest your surplus cash flow/other reason and enables you to increase your retirement savings over time.
- Increasing your salary sacrifice contributions will further reduce your assessable income and may reduce your personal income tax, as illustrated in the table above.
- Funds within the superannuation environment are concessional tax; earnings are taxed up to 15%, which is less than your marginal tax rate.

### Things you should consider

- Your take-home pay will reduce to as a result of increasing your salary sacrifice contributions. Our cash flow projections estimate you will continue to have sufficient income to meet your needs. However, you should monitor your expenditure to ensure your income needs continue to be met.
- Salary sacrifice contributions are treated as concessional contributions and as such count towards your concessional contributions cap. These contributions incur tax of 15% or more depending on your income. Additional tax may apply if your total income exceeds \$250,000.
- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- It is important that you inform us of any change to your salary or the level of employer superannuation, as this may cause your concessional contributions to breach your cap.
- [If using carry forward rule] [Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?] You are eligible to make this

contribution under the carry forward rule which allows you to utilise unused concessional contributions cap from previous years. Unused cap amounts expire after 5 years. Your total super balance must have been below \$500,000 at last 30 June to be eligible to use this rule in the current financial year.

- Not all employers allow a salary sacrificing arrangement so please confirm with your employer that you can set up this arrangement.
- There may be reductions in benefits such as leave loading and holiday pay as these benefits are often calculated on your base salary. You should confirm this with your employer and advise us immediately if this is the case.
- [If under 65] [Based on Client Age - < 65] In order to gain access to your superannuation savings you will need to meet a condition of release (such as retirement).
- [if turning 75] [Based on Client Age – Between 74 and 75-1 Month] Salary sacrifice contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.

## [Automation Available] Reduce salary sacrifice contributions (s111)

We recommend you arrange with your employer to reduce your salary sacrifice contributions to \$XX per week/fortnightly/month/year to your XXX [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] superannuation fund from [date].

The table below illustrates the outcome with your current and new salary sacrificing arrangement in place.

	Current	Proposed
Total Assessable Income [XTOOLS+ > Individual Cashflow > Taxation > Total Assessable Income + Salary Sacrifice]	\$XXX	\$XXX
Salary Sacrifice (per annum) [XTOOLS+ > Individual Cashflow > Taxation > Salary Sacrifice]	\$XXX	\$XXX
Other Deductions [XTOOLS+ > Individual Cashflow > Taxation > Total Deductions]	\$XXX	\$XXX
Taxable Income [XTOOLS+ > Individual Cashflow > Taxation > Taxable Income]	\$XXX	\$XXX
Estimated Tax Payable (After Offsets) [A] [XTOOLS+ > Individual Cashflow > Taxation > Net Amount Payable]	\$XXX	\$XXX
Net Income [Maths Calculation > Taxable Income – Estimated Tax Payable]	\$XXX	\$XXX
Contribution Tax [B] [Maths Calculation > Salary Sacrifice * Legislative Contribution Rate]	\$XXX	\$XXX
Div 293 Tax [C] [XTOOLS+ > Individual Super > Limits and Thresholds > Super Contribution Surcharge > Contribution Surcharge / Div 293]	\$XXX	\$XXX
<b>Total Tax Paid [A+B+C] [Maths Calculation &gt; Row A + B + C]</b>	\$XXX	\$XXX
<b>Total Tax Saved [Maths Calculation &gt; Difference between Tax Paid]</b>		<b>\$XXX</b>

### Why this benefits you

- Reducing your salary sacrifice will provide you with the extra cash flow you need/keep you within the concessional contributions cap that applies from 1 July 20XX/other reason.

### Things you should consider

- Reducing your superannuation contributions will mean that you will accumulate less funds in superannuation.
- Should your account be 'inactive' for a period of 16 months and be less than \$6,000, it may be transferred to the ATO.
- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- It is important that you inform us of any change to your salary or the level of employer superannuation, as this may cause your concessional contributions to breach your cap.
- [If under 65] [Based on Client Age - < 65]** In order to gain access to your superannuation savings you will need to meet a condition of release.
- [if turning 75] [Based on Client Age – Between 74 and 75-1 Month]** Salary sacrifice contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.

## [Automation Available] Make salary sacrifice contributions (notional taxed) (s112)

We recommend you arrange with your employer to salary sacrifice \$XXXX per week/fortnightly/month/year [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] of your employment income into your defined benefit fund.

The table below illustrates the outcome with your current and new salary sacrificing arrangement in place.

	Current Salary Sacrifice	New Salary Sacrifice
Total Assessable Income [XTOOLS+ > Individual Cashflow > Taxation > Total Assessable Income + Salary Sacrifice]	\$XXX	\$XXX
Salary Sacrifice (per annum) [XTOOLS+ > Individual Cashflow > Taxation > Salary Sacrifice]	\$XXX	\$XXX
Other Deductions [XTOOLS+ > Individual Cashflow > Taxation > Total Deductions]	\$XXX	\$XXX
Taxable Income [XTOOLS+ > Individual Cashflow > Taxation > Taxable Income]	\$XXX	\$XXX
Estimated Tax Payable (After Offsets) [A] [XTOOLS+ > Individual Cashflow > Taxation > Net Amount Payable]	\$XXX	\$XXX
Net Income [Calculation > Taxable Income – Estimated Tax Payable]	\$XXX	\$XXX
Contribution Tax [B] [Calculation > Salary Sacrifice * Legislative Contribution Rate]	\$XXX	\$XXX
Div 293 Tax [C] [XTOOLS+ > Individual Super > Limits and Thresholds > Super Contribution Surcharge > Contribution Surcharge / Div 293]	\$XXX	\$XXX
<b>Total Tax Paid [A+B+C]</b> [Calculation > Row A + B + C]	<b>\$XXX</b>	<b>\$XXX</b>
<b>Total Tax Saved</b> [Calculation > Difference between Tax Paid]		<b>\$XXX</b>

### Why this benefits you

- The recommended salary sacrifice is within your contribution limits based on your total notional contributions and will ensure that you maximise your contributions/pay for insurance premiums/based on your total notional contributions/ other reason.
- Increasing your salary sacrificing contributions will further reduce your assessable income and may reduce your personal income tax. As illustrated in the table above.

### Things you should consider

- Because your superannuation is a defined benefit, the amount of employer contributions counted towards your concessional contribution cap are based on your total notional contributions. When the recommended salary sacrificed amount and the notional taxed contributions are combined it will be below the contribution limit.
- Salary sacrifice contributions are treated as concessional contributions and as such count towards your concessional contributions cap. These contributions incur tax of 15% or more depending on your income. Additional tax may apply if your total income exceeds \$250,000.
- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- It is important that you inform us of any change to your salary or the level of employer superannuation, as this may cause your concessional contributions to breach your cap.
- Not all employers allow a salary sacrificing arrangement so please confirm with your employer that you can set up this arrangement.

- There may be reductions in benefits such as leave loading and holiday pay as these benefits are often calculated on your base salary. You should confirm this with your employer and advise us immediately if this is the case.
- Your available cash flow may reduce as a portion of your income is being contributed to superannuation. You should monitor your expenditure to ensure your income needs continue to be met.
- [If under 65] [Based on Client Age - < 65] In order to gain access to your superannuation savings you will need to meet a condition of release (such as retirement).
- [if turning 75] [Based on Client Age – Between 74 and 75-1 Month] Salary sacrifice contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.

## [Automation Available] Reduce your salary sacrifice contributions (notional taxed) (s113)

We recommend you arrange with your employer to reduce your salary sacrifice contributions to \$XXX per week/fortnightly/month/year. [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario].

The table below illustrates the outcome with your current and new salary sacrificing arrangement in place.

	Current Salary Sacrifice	New Salary Sacrifice
Gross Salary [XTOOLS+ > Individual Cashflow > Taxation > Total Assessable Income + Salary Sacrifice]	\$XXX	\$XXX
Salary Sacrifice (per annum) [XTOOLS+ > Individual Cashflow > Taxation > Salary Sacrifice]	\$XXX	\$XXX
Taxable Income [XTOOLS+ > Individual Cashflow > Taxation > Taxable Income]	\$XXX	\$XXX
Estimated Tax payable (After Offsets) [A] [XTOOLS+ > Individual Cashflow > Taxation > Net Amount Payable]	\$XXX	\$XXX
Net Salary (i.e after tax) [Calculation > Taxable Income – Estimated Tax Payable]	\$XXX	\$XXX
Contributions Tax on Salary Sacrifice [B] [Calculation > Salary Sacrifice * Legislative Contribution Rate]	\$XXX	\$XXX
Div 293 Tax [C] [XTOOLS+ > Individual Super > Limits and Thresholds > Super Contribution Surcharge > Contribution Surcharge / Div 293]	\$XXX	\$XXX
<b>Total Tax Paid (A+B+C):</b> [Calculation > Row A + B + C]	\$XXX	\$XXX
<b>Additional Tax Paid:</b> [Calculation > Difference between Tax Paid]		\$XXX

### Why this benefits you

- Based on your current salary sacrifice contributions and total notional contributions, we have recommended this change to ensure that you do not exceed your concessional contribution cap/provide you with the extra cash flow you need/other reason.

### Things you should consider

- Reducing your superannuation contributions will mean that you will accumulate less funds in superannuation.
- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- It is important that you inform us of any change to your salary or the level of employer superannuation, as this may cause your concessional contributions to breach your cap.
- [If under 65] [Based on Client Age - < 65] In order to gain access to your superannuation savings you will need to meet a condition of release.
- [Reduce - if turning 75] [Based on Client Age – Between 74 and 75-1 Month] Salary sacrifice contributions must be received by your superannuation fund no later than 28 days after the end of the month in which you turn 75.

## **[Automation Available] In Specie transfer investments into superannuation (s12)**

We recommend you transfer your personally held [investments] into your XXX superannuation fund, via an 'in specie' transfer, as a non-concessional/concessional [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] contribution.

### **Why this benefits you**

- Making extra super contributions, together with compounding returns, may boost your superannuation savings over time.
- This level of concessional/non-concessional [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] contribution maximises your superannuation contributions cap this financial year/is the amount you nominated/other reason.
- [Concessional] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Concessional] This will entitle you to a tax deduction for this financial year, which will reduce your taxable income. [If CGT applies] This will help to reduce the capital gains tax due on the sale of XXX.
- [Concessional] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Concessional] The concessional contribution will be taxed at 15%/30% in the super fund, however we estimate you will save overall tax of \$XXX this financial year because the tax deduction reduces the income tax you pay.
- [Concessional - Carry forward contributions used] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Concessional] [Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?] By using your available carry forward unused concessional contributions, you maximise the tax deduction available.
- [NCC] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Non Concessional] Non-concessional contributions are not taxed when received by the super fund and make up what is called the 'tax-free component' of your account. They are not taxable when withdrawn, and will also be paid tax free to your beneficiaries after your death.
- [If MTR>15%] [Based on Client Income - > \$18,200 per annum] Superannuation is a tax-effective way to save for retirement as income and earnings (including capital gains) within the superannuation environment are taxed at a maximum of 15%. This compares favourably to your marginal tax rate outside superannuation.
- [If non-approved / sentimental assets held] You will continue to hold your desired assets however now held within a tax effective environment.
- An in-specie transfer allows you to change the ownership of your assets or investments, without having to sell and repurchase the asset and therefore spend no time out of the market.
- [If under Age Pension age and Centrelink relevant] [Centrelink Scope – Relevant In OR Relevant Out of Scope] These assets and income generated by these assets, will be exempt from the Centrelink means testing until you reach Age Pension age (unless you commence an account based income stream).
- [Govt co-contribution] [WealthSolver Contributions Tab – from Recommend and Acquire Scenario OR Based on Client Income - < \$57,016 per annum] You may be eligible for a Government superannuation co-contribution payment of \$XX.

### **Things you should consider**

- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- [Concessional] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Concessional] As this in-specie transfer will be a concessional contribution it will count towards your concessional contributions cap. These contributions generally incur a maximum tax rate of 15%. Additional tax may apply if

your total income exceeds \$250,000.

- **[Concessional - if using carry forward rule]** **[Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?]** You are eligible to make this contribution under the carry forward rule which allows you to utilise unused concessional contributions cap from previous years. Unused cap amounts expire after 5 years. Your total super balance must have been below \$500,000 at last 30 June to be eligible to use this rule in the current financial year.
- **[Concessional]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Concessional]** Please confirm with your accountant that you are eligible for the tax deduction and that the deduction amount is appropriate for your circumstances.
- **[Concessional – non-SMSF]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Concessional]** You must lodge a notice of intent form with your superannuation fund (and wait for confirmation that they have received the notice) before the earlier of:
  - the time you submit your tax return for the financial year, or
  - the end of the financial year following the year in which the contribution was made.
- This must also be completed before you rollover any funds in the account to another superfund, make a withdrawal or commence an account based pension.
- **[Concessional - SMSF]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Concessional]** **[Advice Wizard - > If Linked SMSF included]** You will need to lodge a 'notice of intent' form with the SMSF trustees to claim a tax deduction on your concessional contribution. The SMSF trustees are required to send you an acknowledgement of your intention to claim a tax deduction. The SMSF will record the amount of the contribution claimed as a tax deduction as a concessional contribution.
- **[NCC – SMSF]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Non Concessional]** **[Advice Wizard - > If Linked SMSF included]** The SMSF will record the **full/balance of the** contribution **\$XXX** as a non-concessional contribution.
- **[NCC – using bring forward rule]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Non Concessional]** **[Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?]** By making the recommended non-concessional contribution, you will trigger the bring-forward rule in the current financial year. This means that you will be limited to contributing **\$XXX** before 1 July 20XX.
- **[NCC – exhaust bring forward limit]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario - > Non Concessional]** **[Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?]** This contribution will exhaust your bring forward cap. This means you will not be able to make any further non-concessional contributions before 1 July 20XX.
- **[If under 65]** **[Based on Client Age < 65]** The contributions are preserved (i.e., cannot be accessed), until you meet a condition of release (such as retirement after your preservation age).
- **[If Applicable]** There may be stamp duty applicable on this transfer. More detailed information on the estimated stamp duty costs will be provided later in this document.
- **[If Applicable]** Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Maintain your superannuation strategy (s13)**

We reviewed your superannuation strategy and believe the following remains appropriate for your situation:

- Retain your existing **XXX** superannuation fund. **[Drawn from Client Current Information]** **[If applicable]** Continue to contribute \$**XXX** per **XXX** as **salary sacrifice/non-concessional/personal deductible** **[Drawn from Client Current Information – Superannuation Contribution tab]** contributions.
- **[If applicable]** Maintain your investment approach which provides you with diversification in line with your tolerance to risk.

### **Why this benefits you**

- The platform is cost effective and continues to provide you with the services and features you require.
- **[If applicable]** By maintaining your investment approach, you will continue to be invested across a range of investments providing diversification and aligned to your agreed risk profile and preferred tolerance to risk.
- **[Insurance]** **[Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?]** Retaining this super fund enables you to retain the insurances that are held through this account.
- **[Centrelink]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** Your superannuation is not assessed by Centrelink while you are under Age Pension age. If you commence an account based income stream, this may impact your Centrelink entitlements.
- **[If applicable]** Contributing to superannuation is a tax-effective way to save for retirement as investment earnings (including any capital gains) are concessionaly taxed at a maximum rate of 15%. This compares favourably to your marginal tax rate outside superannuation.

### **Things you should consider**

- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in making a recommendation.
- Your investment portfolio should be reviewed on an ongoing basis to check that it continues to be in line with your goals and investor risk profile.
- **[If applicable – no choice]** Your employment agreement requires you to retain this super fund to accept future employer super contributions.
- **[If concessional contribution]** **[Drawn from Client Current Information – Superannuation Contribution tab]** Concessional contributions are taxed at 15% which is payable by your superannuation fund. Additional tax may apply if your total income exceeds \$250,000.
- **[If personal deductible contribution]** **[Drawn from Client Current Information – Superannuation Contribution tab]** You must lodge a notice of intent form with your superannuation fund and notify them of your intent to claim a tax deduction within specific timeframes. If you are not eligible to claim a deduction, the contribution cannot be refunded and will count towards your non-concessional contribution cap.
- **[If turning 75]** **[Based on Client Age – Between 74 and 75-1 Month]** Contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.

## **[Automation Available] Establish a new superannuation fund (s14)**

We recommend you use \$XXX [WealthSolver – Based on balances from Recommend and Acquire Scenario] to establish a new superannuation fund with XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario].

### **Why this benefits you**

- Investing through superannuation will allow you to build your retirement savings in a tax-effective environment. Income and earnings (including capital gains) within the superannuation environment are taxed at a maximum of 15%.
- [If applicable] year [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] Arranging to have your employer contributions directed to your XXX super fund keeps all of your superannuation savings in one place.
- [if insurance held in super] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] You can hold insurance cover through your new superannuation fund.
- [Centrelink relevant] [Centrelink Scope – Relevant In OR Relevant Out of Scope] Superannuation in accumulation phase is exempt from the Centrelink assets and income tests while you are under your Age Pension age.

### **Things you should consider**

- [if applicable] Superannuation choice rules allow you to change where your Superannuation Guarantee is directed once in every 12-month period.
- [If under 65] [Based on Client Age - < 65] In order to gain access to your superannuation savings you will need to meet a condition of release. You need to be comfortable that you won't be able to access your contributions until this time.
- Should your account be 'inactive' for a period of 16 months and be less than \$6,000, it may be transferred to the ATO.

## [Automation Available] Rollover your superannuation fund (s18)

We recommend you rollover your superannuation as listed below.

Superannuation fund	Owner	Type of rollover
XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario]	XXX [WealthSolver Owner – from Recommend and Acquire Scenario]	[Partial Rollover / Full Rollover / Receiving Fund] [WealthSolver – Based on balances from Recommend and Acquire Scenario]

[If applicable] You should also arrange with your employer to have your future superannuation contributions re-directed to the new fund.

### Why this benefits you

- [If lower management fee] By rolling over your superannuation, you can reduce your overall management fees. Details in relation to this are outlined later in this document.
- [Insurance in Super – group cover only] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] You would like to structure your personal insurances via superannuation however your current funds only provide group life cover and is inadequate when compared to our recommendations.
- [Partial rollover – retain insurance] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] A portion will be retained in your existing superannuation fund to maintain your existing insurance cover.
- [If transferring existing insurance] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] You can transfer your existing insurance cover to your new superannuation fund without having to provide further health evidence or undergo any further underwriting. Please note, that your insurance premiums will be recalculated based on your current personal circumstances.
- [If recommending insurance within superannuation & existing fund is inadequate] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] You would like to structure your personal insurances via superannuation; however, your current funds do not provide adequate cover.
- [If applicable] Consolidating these funds will simplify the administration of your superannuation. It will be easier to manage and keep track of your investments to ensure your superannuation is invested in line with your long term goals and objectives.

### Things you should consider

- [Partial rollover – employer plan] [WealthSolver – Based on balances from Recommend and Acquire Scenario] Your employer has an agreement in place which only allows contributions to be made to your existing superannuation fund.
- [If applicable (no EBA)] Prior to rollover, you should also confirm with your employer that they will be able to direct your future superannuation contributions to the recommended fund.
- Any accrued administration fees, insurance premiums and applicable superannuation fund tax, will be deducted from your account balance prior to the transfer taking place.
- If you have made personal contributions which you intend to claim as a tax deduction, you must lodge a notice of intent form with the super fund to claim the relevant deduction and receive written acknowledgement before rolling over your funds.
- [If existing insurance in current fund] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] We note your current superannuation fund has existing insurance cover. You should review your insurance needs and ensure that any replacement covers are in place prior to closing your existing superannuation fund. You may have to provide further health evidence or undergo further underwriting to obtain insurance cover in the recommended fund.
- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply

upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.

- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Make a superannuation contribution on behalf of your spouse (s2)**

Make a spouse contribution of \$XXX [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] into [spouse name]'s [Recommendation's Partner Name] XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation fund.

### **Why this benefits you**

- Making extra super contributions, together with compounding interest, will boost your superannuation savings over time.
- By making this contribution you may receive a tax offset of approximately \$XXX based on [spouse name]'s [Recommendation's Partner Name] estimated income for the year the spouse contribution is made.
- Spouse contributions are not taxed on entry into your superannuation fund and are received tax free upon withdrawal.
- Superannuation is a tax effective way to save for retirement as income and earnings (including capital gains) within the superannuation environment are taxed at a maximum of 15%. This compares favourably to your marginal tax rate outside superannuation.
- [Centrelink] [Centrelink Scope – Relevant In Scope OR Relevant Out of Scope] These funds will be exempt from the Centrelink income and assets tests until you reach your Age Pension age.

### **Things you should consider**

- There are caps placed on the contributions that can be made and penalties may apply if you exceed your cap. We have relied on the superannuation contributions information provided by you when making our recommendation. Spouse contributions will count towards [spouse name]'s [Recommendation's Partner Name] non-concessional contributions cap which is influenced by the total superannuation balance at the previous 30 June.
- [If spouse under 65] [Based on Recommendation's Partner Age - < 65] The contributions are preserved (i.e. cannot be accessed), until you meet a condition of release (such as retirement).
- [If spouse turning 75] [Based on Recommendation's Partners Age – Between 74 and 75-1 Month] Spouse contributions must be received by your [spouse's name] [Recommendation's Partner Name] superannuation fund no later than 28 days after the month in which [spouse's name] [Recommendation's Partner Name] turns 75.
- The tax offset can be claimed when you lodge your tax return. You should consult with your accountant to see if you are eligible.

## **[Automation Available] Make a lump sum withdrawal from superannuation (s20)**

As you are eligible to access funds from superannuation, we recommend you withdraw \$XXX [WealthSolver Transfer to Liquid Assets Cash on Hand – from Recommend and Acquire Scenario] from your XXX superannuation fund [WealthSolver Plan Name – from Recommend and Acquire Scenario], to meet your planned expenses.

Our proposed changes to your investment holdings are shown later in this document.

### **Why this benefits you**

- This will provide you with sufficient capital to meet your planned expenditure.
- [If over 60] [Based on Client Age - > 60] As you are over age 60, these funds can be accessed tax-free.  
[If applicable] We have maintained \$XXXX [WealthSolver – Based on balances from Recommend and Acquire Scenario] within your existing superannuation fund to retain the existing insurance.

### **Things you should consider**

- The withdrawal will reduce your retirement savings and may impact future earnings. Over time this might affect your ability to meet your long term retirement planning objectives.
- Where insurances are held within your superannuation fund, withdrawing this amount may cause any insurance cover in the fund to cease if the future balance falls below the minimum required to sustain the cover.
- [If under compassionate grounds] In order to gain access to your superannuation savings you will need to make an application under compassionate grounds to the ATO, to determine whether funds will be released. Withdrawals made under compassionate grounds are limited to what is reasonably needed and may only be used to cover certain expenses, including:
  - Medical treatment for you or a dependant.
  - Payment on a loan to prevent you from losing your home if you are already in arrears and have received a default notice from your lender.
  - Modifying your home or vehicle for the special needs of you or a dependant due to a severe disability.
  - Expenses associated with your dependant's death, funeral or burial.
- [If under grounds of financial hardship] In order to gain access to your superannuation savings you will need to make an application under the grounds of financial hardship to the trustee, to determine whether funds will be released.
- If you have made personal super contributions that you intend to claim as a tax deduction, you must lodge the appropriate form with the super fund and receive written acknowledgement before requesting the withdrawal.
- [Centrelink] [Centrelink Scope – Relevant In Scope OR Relevant Out of Scope] A lump sum withdrawal from superannuation accumulation is not in itself considered to be 'income' for Centrelink / DVA purposes. However, where this amount is retained, invested or used to purchase an asset it may become assessable for social security purposes. You will need to notify Centrelink / DVA within 14 days of the change to your assets.
- [If under 60] [Based on Client Age - < 60] Please let us know immediately if you have made any other superannuation withdrawals or have received any income not disclosed to us as it may affect our advice.
- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the

estimated retirement bonus loss will be provided later in this document.

- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.
- [Lump sum tax] Tax is payable on this withdrawal. We estimate the tax liability will be \$XXX. Your super fund will send you a payment summary which you will need to include in your tax return. The withdrawal also increases your assessable income which may impact your entitlement to income related benefits, such as certain tax offsets. Before proceeding with this recommendation, we recommend confirming the tax implications with your accountant.
- Should your account be 'inactive' for a period of 16 months and be less than \$6,000, it may be transferred to the ATO.

## **[Automation Available] Contribute business sale proceeds into superannuation (s24)**

We recommend you make a capital gains tax (CGT) cap election and contribute \$XXX as a small business CGT contribution into your XXX superannuation fund from the sale of your eligible small business assets.

### **Why this benefits you**

- Making extra super contributions, together with compounding returns, may boost your superannuation savings over time.
- **[If MTR>15%]** **[Drawn from Client Current Income Information]** Superannuation is a tax effective way to save for retirement as income and earnings (including capital gains) within the superannuation environment are taxed at a maximum of 15%. This compares favourably to your marginal tax rate outside superannuation.
- Your CGT cap is a lifetime limit whereas your unused non-concessional contribution cap is lost at the end of each year. Using your unused non-concessional contribution cap allows you to retain some CGT cap in case you sell another business asset.
- **[Centrelink]** **[Centrelink Scope – Relevant In OR Relevant Out of Scope]** These funds will be exempt from the Centrelink income and assets tests until you reach Age Pension age (unless you commence an account-based income stream).

### **Things you should consider**

- You have confirmed with your accountant that you meet the eligibility for the small business CGT concession. Specifically, you meet the XXX concession. We have relied on this confirmation when making our recommendation.
- You must complete a 'Capital gains tax (CGT) cap election' form which is available from the Australian Tax Office (ATO) or your super fund. This form must be provided to your super fund on or before the date the contribution is made. If the timeframes are not met, the contribution will count towards your non-concessional contribution cap.
- Your CGT cap is a lifetime (indexed) cap. Our records show that you have not used any of your cap/have previously used \$XXX of your CGT cap and this contribution is within your remaining cap.
- **[If under 65 and funds preserved]** **[Based on Client Age - < 65]** The contributions are preserved (i.e., cannot be accessed), until you meet a condition of release (such as retirement after your preservation age).
- **[If turning 75]** **[Based on Client Age – Between 74 and 75-1 Month]** Small business CGT contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.

## **[No Automation Currently Available] Re-contribute early access to Superannuation (COVID-19) (s25)**

We recommend you contribute back into superannuation \$XXX of the funds released under the temporary early access Coronavirus compassionate grounds.

### **Why this benefits you**

- Making extra super contributions, together with compounding interest, will boost your superannuation savings over time.
- Superannuation is a tax-effective way to save for retirement as income and earnings (including capital gains) within the superannuation environment are taxed at a maximum of 15%.
- This contribution will not be taxed on entry to superannuation and, when withdrawn, will be returned to you completely tax-free.

### **Things you should consider**

- You must make an election in an approved form to your superannuation provider, before or at the time the contribution is made, for it to be excluded from your non-concessional contribution cap. If the form is not submitted within the timeframe, the contribution will count towards your non-concessional contribution cap. Penalties may apply if you exceed your non-concessional contributions cap.
- Contributions under this provision cannot exceed the total of all amounts released under the temporary COVID-19 measures during 2019/20 and 2020/21 financial years. You cannot re-contribute amounts that you withdrew from super under another condition of release.
- You cannot claim a personal tax deduction for this contribution.

## **[Automation Available] First home super saver (FHSS) scheme contribution (s26)**

We recommend you invest \$XXX into superannuation as a personal non-concessional (after-tax) contribution / personal concessional contribution / via salary sacrifice] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] in this current financial year as a means for saving a deposit for your first home.

### **Why this benefits you**

- The Government will allow you to release funds under the First Home Super Saver (FHSS) scheme to assist in purchasing your first home.
- It provides a disciplined way of saving for your home deposit as the amount can only be released from superannuation for that purpose.
- Earnings that accrue on these amounts are only taxed at a maximum rate of 15% in the fund which is less than your marginal tax rate. This will assist to boost your savings.
- [Concessional] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] This will entitle you to a tax deduction for this financial year, which will reduce your assessable income for tax purposes.
- [Non-concessional - Govt co-contribution] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] You may be eligible for a Government superannuation co-contribution payment of \$XX [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario].

### **Things you should consider**

- The contributions for the FHSS scheme must be voluntary and excludes any contributions made on your behalf such as employer or spouse contributions.
- You can apply to have a maximum of \$15,000 of your voluntary contributions from any one financial year included in your eligible contributions to be released under the FHSS scheme, up to a total of \$50,000 contributions across all years from 1 July 2017. You will also receive an amount of earnings that relate to those contributions. The ATO will confirm the amount you're able to withdraw under the scheme.
- You can apply to the ATO for a FHSS determination to confirm the amount you're able to withdraw under the scheme. You must have applied for a FHSS determination from the ATO before any property contract is completed (generally upon settlement) and ownership of the real property transfers to you.
- You can make changes to the FHSS release request (including withdrawing the application) prior to the ATO processing amounts paid from your super fund, using the approved ATO form. If an application to release is withdrawn, you can reapply at a later date.
- Upon release of FHSS amounts, 85% of concessional contributions and associated earnings (earnings on both concessional and non-concessional contributions) are included in your assessable income and taxed at your marginal tax rate less a 30% tax offset. The ATO will make an estimate of your income for that financial year and withhold tax if necessary. Non-concessional contributions are returned tax-free.
- If you do not sign a contract to purchase or construct a home within 12 months from the date you requested a release the ATO will grant you an extension of time to do so for a further 12 months. There is no need to apply for this extension, it will be automatically granted to you, and they will notify you of this.
- You must genuinely intend to occupy the property as a home and demonstrate this by occupying the property as soon as practicable after purchase and for at least 6 of the first 12 months from when it is practicable to occupy it.
- If you sign a contract to purchase or construct your home, you must notify the ATO within 90 days of signing the contract using an approved form for this purpose, unless an extension to the notification timeframe is granted by the ATO.
- The withdrawn amount must generally be used to enter a contract to purchase or construct your first home within 12 months of the date you make a valid release request,

however a further 12-month extension is automatically granted by the ATO. If you have signed your contract before making a release request, you need to ensure you:

- already have a FHSS determination (before the purchase is completed), and
  - make a valid release request within 90 days of entering that contract.
  - You must establish this property as your home as soon as practical and reside there for at least six months of the first 12 months from when it was practical to occupy it.
  - Once you enter a contract to purchase or construct your first home, you must notify the ATO within 90 days using an approved form for this purpose, unless an extension to the notification timeframe is granted by the ATO.
  - If you do not use the funds to purchase or construct a property, you can recontribute an amount back into your superannuation fund. This amount must be a non-concessional contribution and be at least equal to your assessable FHSS released amount, less any tax withheld. You can keep the released amount and be subject to FHSS tax. This is a flat tax equal to 20% of your assessable FHSS released amounts and not the total amount released.
  - There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you when making our recommendation.
  - **[Using bring forward rule]** **[Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?]** By making the recommended non-concessional contribution, you will trigger the bring-forward rule in the current financial year. This means that you will be limited to contributing \$XXX before 1 July 20XX.
  - **[Exhaust bring forward limit]** **[Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?]** This contribution will exhaust your bring forward cap. This means you will not be able to make any further non-concessional contributions before 1 July 20XX.
  - **[Salary sacrifice]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario]** You will need to arrange with your employer to have the salary sacrifice arrangement established. You should confirm with your employer whether any employment benefits will be impacted before salary sacrificing.
  - **[Concessional - If applicable]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario]** As your income (from certain sources plus concessional contributions) exceeds \$250,000 per annum, you will be subject to an additional 15% tax on some or all of your concessional superannuation contributions.
  - **[Concessional]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario]** You must lodge a notice of intent form with your superannuation fund to claim a tax deduction for contributions before you apply for your FHSS determination and release request before the earlier of:
    - the time you submit your tax return for the financial year, or
    - the end of the financial year following the year in which the contribution was made.
- You should also wait for an acknowledgement from your fund that your notice of intent is valid and has been processed. Also, if you are going to rollover your funds to another account during the year, it is important that the Notice of Intent is submitted to the fund prior (and confirmation of notice is received from the fund). Otherwise, you may not be entitled to claim the tax deduction (either in part or in full).
- **[Concessional]** **[WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario]** Please confirm with your accountant that you are eligible for the tax deduction and that the deduction amount is appropriate for your circumstances.

## **[No Automation Currently Available] Transfer your overseas pension fund to Australia (s27)**

You have told us that you wish to transfer your **XXX** overseas pension fund to Australia.

**[Growth taxed in super]** We recommend you elect for the growth portion of the transfer to be taxed within your superannuation fund. **OR [Growth taxed at MTR]** We recommend you do not make the election for the growth portion of the transfer to be taxed within your superannuation fund.

### **Why this benefits you**

- **[Growth taxed in super]** You will benefit from having the growth taxed within superannuation because the super fund tax rate of 15% is lower than your marginal tax rate.
- **[Growth taxed at MTR]** Not making the election to have the growth taxed within super means it will be taxed at your marginal tax rate. This will benefit you because your marginal tax rate is lower than the super fund rate of 15%.

### **Things you should consider**

- Please be aware that we have not completed any analysis to determine the appropriateness of this transfer for your situation. Our recommendation relates to the receipt of the pension fund and how this may be treated in Australia.
- We estimate that the growth portion of the transfer will be **\$XXX**. The transfer may take some time to process. During this time, the value of the balance transferred may change due to fluctuations in earnings and foreign currency exchange rates.
- To understand the cost of the transfer, such as any taxes or fees that may apply and what benefits you will lose (e.g., pensions, insurance, death benefits), you should contact your overseas pension fund or an overseas pension fund specialist.
- **[Growth taxed in super]** The non-growth portion of the transfer counts towards your non-concessional contribution cap. There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you when making our recommendation. The growth portion does not count towards any cap because you will be electing for it to be taxed within super.
- **[Growth taxed at MTR]** The entire transfer counts towards your non-concessional contribution cap. There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you when making our recommendation.
- **[Non-concessional]** Our records show that your super balance last 30 June was **\$XXX**. If you think our records are incorrect, please let us know as you should not proceed with this recommendation if your total super balance is close to the general transfer balance cap.

## **[No Automation Currently Available] Make an election on your defined benefit (s31)**

You have the following options regarding your **XXX** defined benefit fund:

- **[Insert Option] – [Insert Option Detail]**
- **[Insert Option] – [Insert Option Detail]**
- **[Insert Option] – [Insert Option Detail]**

We recommend you elect to take the **[Insert Option]** from your existing defined benefit fund.

We have made specific recommendations regarding the chosen **lump sum / pension / [or insert other option]** received in the following sections of this document.

### **Why this benefits you**

- It should enable you to **[insert detail client specific text as to why the chosen option is appropriate]**.
- You will receive an indexed pension income stream to help meet your living expenses.
- **[If applicable]** It will provide you with access to capital and additional funds to maintain your current living expenses **[and fund your future planned expenditures]**.
- **[If applicable]** You will have more flexibility in the longer term to commence a tax free pension.

### **Things you should consider**

- Once you elect to receive an option, you lose access to the other options.
- **[Pension option – under 60]** Tax will apply to the recommended pension benefit.
- **[Pension option – over 60]** As you are over age 60 and based on the value of your annual pension payments, your pension payments are tax free.
- **[Pension option]** Lifetime pensions have no residual capital value and no lump sum benefit is payable in the event of your death. **[if applicable]** The pension may continue to an eligible dependant such as your spouse.
- **[Pension option]** Choosing the pension option may result in you receiving **less / more** than if you chose to receive a lump sum.
- **[Pension option]** The lifetime pension is indexed according to the Consumer Price Index, subject to rules of the defined benefit.
- **[Pension option]** The pension is assessed against the transfer balance cap. Based on the information you have provided, your transfer balance cap is \$XXX. **[The value determined for this purpose is within your transfer balance cap/The value determined is in excess of your transfer balance cap.]** This means income from this defined benefit pension above **XXX** will have reduced tax concessions as you are over age 60/once you reach age 60.
- **[Pension option]** In the event of your death, a spouse pension equal to **XX%** of your pension at the date of death may be payable. At that time, this will be assessed against your spouse's transfer balance cap. We would recommend reviewing the implications at that time.
- **[Lump sum option]** By electing the lump sum, when this amount is invested you will be accepting all the risks associated with the underlying investments, including market fluctuations.
- By electing to receive this payment, we expect your Centrelink / DVA payment to **[increase/decrease/remains unchanged]**. This is because **[Insert reason]**.

## **[Automation Available] Make a non-concessional contribution into superannuation (s4)**

We recommend you make a non-concessional contribution of \$XXX per week/fortnightly/month/year [WealthSolver Contributions Tab – from Recommend and Acquire Scenario] to your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation fund.

### **Why this benefits you**

- Making extra contributions, together with compounding returns, may boost your superannuation savings over time.
- Non-concessional contributions are not taxed when received by the super fund. They also make up what is called the 'tax-free component' of your account and aren't taxable when withdrawn. They will also be paid tax free to your beneficiaries after your death.
- [If MTR>15%] [Based on Client Income - > \$18,200 per annum] Superannuation is a tax effective way to save for retirement as income and earnings (including capital gains) within the superannuation environment are taxed at a maximum of 15%. This compares favourably to your marginal tax rate outside superannuation.
- [Centrelink] [Centrelink Scope – Relevant Scope OR Relevant Out of Scope] These funds will be exempt from the Centrelink income and assets tests until you reach Age Pension age (unless you commence an account based income stream).
- [Govt co-contribution] [WealthSolver Contributions Tab – from Recommend and Acquire Scenario OR Based on Client Income - < \$57,016 per annum] You may be eligible for a Government superannuation co-contribution payment of \$XX.

### **Things you should consider**

- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you when making our recommendation.
- [If under 65] [Based on Client Age - < 65] The contributions are preserved (i.e. cannot be accessed), until you meet a condition of release (such as retirement after your preservation age).
- [If turning 75] [Based on Client Age – Between 74 and 75-1 Month] Non-concessional contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.
- [Using bring forward rule] [Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised??] By making the recommended non-concessional contribution, you will trigger the bring-forward rule in the current financial year. This means that you will be limited to contributing \$XXX before 1 July 20XX.
- [Exhaust bring forward limit] [Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised??] This contribution will exhaust your bring forward cap. This means you will not be able to make any further non-concessional contributions before 1 July 20XX.
- [Govt co-contribution] [WealthSolver Contributions Tab – from Recommend and Acquire Scenario OR Based on Client Income - < \$57,016 per annum] You must meet the eligibility requirements to receive the Government superannuation co-contribution payment. In addition, you must also lodge a tax return to allow the ATO to determine your eligibility for the co-contribution as it will not be credited to your superannuation account until your personal income tax return has been processed.

## [Automation Available] Make a concessional contribution into superannuation (s5)

We recommend you make a personal contribution of \$XXX into your XXX [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] superannuation fund and submit a notice of intent to claim a tax deduction.

OR

We recommend you make regular personal contributions of \$XXX per week/fortnightly/month/year [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] into your XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation fund and submit a notice of intent to claim a tax deduction.

	No Contribution	With Contribution
Total Assessable Income [XTOOLS+ > Individual Cashflow > Taxation > Total Assessable Income + Concessional Contributions]	\$XXX	\$XXX
Pre-Tax Super Contribution [XTOOLS+ > Individual Cashflow > Taxation > Concessional Contribution]	Nil	\$XXX
Other Deductions [XTOOLS+ > Individual Cashflow > Taxation > Total Deductions]	\$XXX	\$XXX
Taxable Income [XTOOLS+ > Individual Cashflow > Taxation > Taxable Income]	\$XXX	\$XXX
Estimated Tax Payable (After Offsets) [A] [XTOOLS+ > Individual Cashflow > Taxation > Net Amount Payable]	\$XXX	\$XXX
Net Income [Calculation > Taxable Income – Estimated Tax Payable]	\$XXX	\$XXX
Contribution Tax [B] [Calculation > Concessional Contribution * Legislative Contribution Rate]	\$XXX	\$XXX
Div 293 Tax [C] [XTOOLS+ > Individual Super > Limits and Thresholds > Super Contribution Surcharge > Contribution Surcharge / Div 293]	\$XXX	\$XXX
<b>Total Tax Paid [A+B+C] [Calculation &gt; Row A + B + C]</b>	<b>\$XXX</b>	<b>\$XXX</b>
<b>Additional Tax Paid: [Calculation &gt; Difference between Tax Paid]</b>		<b>\$XXX</b>

### Why this benefits you

- Making additional contributions will help you save for retirement in a tax-effective way.
- This will entitle you to a tax deduction for this financial year, which will reduce your assessable income for tax purposes.
- [Catch up contributions used] [Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?] By using your available carry forward unused concessional contributions you maximise the tax deduction available to you.
- Contributing to superannuation is a tax effective way to save for retirement as earnings (including capital gains) within the superannuation environment are taxed at a maximum rate of 15%. This compares favourably to your marginal tax rate outside superannuation.
- [Centrelink] [Centrelink Scope – Relevant In Scope OR Relevant Out of Scope] These funds will be exempt from the Centrelink income and assets tests until you reach Age Pension age (unless you commence an account-based income stream earlier).
- [If used to fund insurance premiums] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] Contributions can be used to fund the cost of your insurance premiums in superannuation, which will minimise the impact on your balance over the long term.

**Things you should consider**

- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you when making our recommendation.
- These count towards your concessional contributions cap. These contributions incur tax of 15% or more depending on your income. Additional tax may apply if your total income exceeds \$250,000.
- **[If using carry forward unused CC rule]** **[Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised?]** You are eligible to make this contribution under the carry forward unused concessional contribution rule which allows you to contribute a greater amount of concessional contributions based on the unused cap from previous years. Unused cap amounts expire after 5 years. Your total super balance must have been below \$500,000 at last 30 June to be eligible to use this rule in the current financial year.
- **[If under 65]** **[Based on Client Age - < 65]** The contributions are preserved (i.e. cannot be accessed), until you meet a condition of release (such as retirement after your preservation age).
- **[If turning 75]** **[Based on Client Age – Between 74 and 75-1 Month]** Personal contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.
- You must lodge a notice of intent form with your superannuation fund (and wait for confirmation that they have received the notice) before the earlier of:
  - the time you submit your tax return for the financial year, or
  - the end of the financial year following the year in which the contribution was made.
- This must also be completed before you rollover any funds in the account to another superfund, make a withdrawal or commence an account-based pension.
- **[Where ongoing contributions are recommended]** The arrangement should be reviewed each year to ensure it is still providing a benefit or to adjust for taxation, changes to the rules or concessional limits.
- Please confirm with your accountant that you are eligible for the tax deduction and that the deduction amount is appropriate for your circumstances.

## [Automation Available] Reduce your concessional superannuation contributions (s50)

We recommend you reduce your personal deductible contributions to \$XXXX per week/fortnightly/month/year, [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] this current financial year and claim this amount as a personal tax deduction.

	Current	Proposed
Total Assessable Income [XTOOLS+ > Individual Cashflow > Taxation > Total Assessable Income + Concessional Contributions]	\$XXX	\$XXX
Pre-Tax Super Contribution [XTOOLS+ > Individual Cashflow > Taxation > Concessional Contribution]	\$XXX	\$XXX
Other Deductions [XTOOLS+ > Individual Cashflow > Taxation > Total Deductions]	\$XXX	\$XXX
Taxable Income [XTOOLS+ > Individual Cashflow > Taxation > Taxable Income]	\$XXX	\$XXX
Estimated Tax Payable (After Offsets) [A] [XTOOLS+ > Individual Cashflow > Taxation > Net Amount Payable]	\$XXX	\$XXX
Net Income [Calculation > Taxable Income – Estimated Tax Payable]	\$XXX	\$XXX
Contribution Tax [B] [Calculation > Concessional Contribution * Legislative Contribution Rate]	\$XXX	\$XXX
Div 293 Tax [C] [XTOOLS+ > Individual Super > Limits and Thresholds > Super Contribution Surcharge > Contribution Surcharge / Div 293]	\$XXX	\$XXX
<b>Total Tax Paid [A+B+C] [Calculation &gt; Row A + B + C]</b>	\$XXX	\$XXX
<b>Additional Tax Paid: [Calculation &gt; Difference between Tax Paid]</b>		<b>\$XXXX</b>

### Why this benefits you

- There are limits to how much you can contribute to superannuation in a financial year. This will ensure you will not exceed the concessional contribution cap.
- You will have extra cash flow to meet ongoing expenditure needs.

### Things you should consider

- [Reduce] We recommend you confirm with your accountant that you continue to be eligible to claim the reduced contribution made to superannuation as a tax deduction.
- Based on the information provided, our recommendations are within your relevant superannuation caps. This arrangement should be reviewed each year to ensure it remains appropriate or to adjust for legislative changes.
- [Under 75] [Based on Client Age – Between 74 and 75-1 Month] You will accumulate less funds in superannuation which may affect your ability to meet your long term retirement planning objectives.
- It is important that you inform us of any change to your salary or the level of employer paid superannuation, as this may cause your concessional contributions to breach your cap.
- Should your account be 'inactive' for a period of 16 months and be less than \$6,000, it may be transferred to the ATO.

## [Automation Available] Consolidate your superannuation funds (s6)

We recommend you consolidate your superannuation funds as listed below.

Fund Name	Owner	Type of rollover
XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario]	XXX [WealthSolver Owner – from Recommend and Acquire Scenario]	[Partial Rollover / Full Rollover / Receiving Fund] [WealthSolver – Based on balances from Recommend and Acquire Scenario]

### Why this benefits you

- Consolidating these funds will simplify the administration of your superannuation. It will be easier to manage and keep track of your investments to ensure your superannuation is invested in line with your long-term goals and objectives.
- [If recommending insurance within superannuation & existing fund is inadequate] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] You would like to structure your personal insurances via superannuation; however, your current funds do not provide adequate cover.
- [If transferring existing insurance] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] You can transfer your existing insurance cover to your new superannuation fund without having to provide further health evidence or undergo any further underwriting. Please note, that your insurance premiums will be recalculated based on your current personal circumstances.
- [Partial rollover – retain insurance] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] A portion will be retained in your existing superannuation fund to maintain your existing insurance cover.

### Things you should consider

- When your funds are rolled over, there may be a period of time where your funds are not fully invested. During this time, your funds will not benefit from any market upside or, conversely, be subject to any market falls during this period.
- [If Applicable] You should inform your employer to direct your future superannuation contributions to the new fund.
- Any accrued administration fees, risk insurance premiums, applicable capital gains and superannuation fund tax, will be deducted from your account balance prior to the transfer taking place.
- If you have made personal contributions for which you wish to claim a tax deduction you must lodge a notice of deductibility form with your superannuation fund before you rollover your funds.
- [If existing insurance in current fund] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] We note your current superannuation fund has existing insurance cover. You should review your insurance needs and ensure that any replacement covers are in place prior to closing your existing superannuation fund. You may have to provide further health evidence or undergo further underwriting to obtain insurance cover in the recommended fund.
- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.
- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a

capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Split your superannuation contributions (s7)**

We recommend you split \$XXX (XX%) of your concessional contributions to [spouse name's] [Spouse Name] XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] superannuation account.

### **Why this benefits you**

- Splitting contributions will help equalise your retirement savings, meaning that in the future you can both establish retirement income streams which may help reduce your income tax liability.
- [Transfer Balance Cap reached] Redistributing your retirement savings will help maximise your combined superannuation benefits within the concessional taxed superannuation environment.
- [Spouse under pension age, Centrelink relevant] [Centrelink Scope – Relevant In Scope OR Relevant Out of Scope] Redistributing your retirement savings means that your social security entitlements may increase as [spouse name's] [Spouse Name] superannuation is not yet assessable under the means tests.

### **Things you should consider**

- To be able to receive these contributions, [spouse name] [Spouse Name] must not have met a condition of release yet.
- Only concessional contributions can be split and will remain preserved in [spouse name's] [Spouse Name] superannuation account until they meet a condition of release.
- Up to 85% of last financial year's 'taxed splittable contributions,' subject to your maximum concessional contribution cap, can be transferred to your spouse.
- The split contributions will not count towards your spouse's contribution caps because these have already counted towards your concessional contribution cap.
- Your splitting application must be lodged with your super fund in the financial year immediately following the financial year in which the contributions were made.
- [If making personal concessional contribution] [WealthSolver– Superannuation Contribution tab from Recommend and Acquire Scenario] You must lodge a Notice of intent with your superannuation fund and receive their acknowledgement of this before you request a contribution split. Please be aware there are strict timeframes for lodgement of the notice of intent and splitting request.
- The superannuation split should occur prior to transferring your superannuation funds or making any withdrawals during the year that the contributions have been made.
- [Centrelink relevant] [Centrelink Scope – Relevant In Scope OR Relevant Out of Scope] You are required to notify Centrelink / DVA within 14 days about any change to your situation that may affect your entitlement.

## [Automation Available] Cash out and re-contribute to Superannuation (s8)

We recommend you withdraw \$XXX from your XXX superannuation fund and re-contribute \$XXX as a non-concessional contribution this/next financial year into your/spouse's name XXX superannuation.

The below table outlines the impact of this recommendation on the components of your total super:

	Current situation	Proposed situation
Taxable	\$XXX (XX%)	\$XXX (XX%)
Tax-free	\$XXX (XX%)	\$XXX (XX%)
<b>Total balance</b>	<b>\$XXX</b>	<b>\$XXX</b>

### Why this benefits you

- Withdrawing and recontributing your superannuation will increase the tax-free component of your superannuation benefits. Increasing the tax-free component of your superannuation may reduce the tax payable by your 'non-dependant' beneficiaries if accessing these benefits after death.
- [If under 60 & drawing a pension] [Based on Client Age - < 60] Increasing the tax-free portion of your pension will reduce the tax payable on your income stream.
- [If appropriate where recontributing to spouse] Redistributing your retirement savings will help maximise your combined superannuation benefits within the tax-free retirement phase as there will be more funds held under the Transfer Balance Cap. This will also provide the opportunity to commence tax effective income streams for both of you while allowing you to make further non-concessional contributions to superannuation in the future.
- [Recontribute to younger spouse for Centrelink benefit] [Centrelink Scope – Relevant In Scope OR Relevant Out of Scope] Redistributing your retirement savings into [spouse name's] [Spouse Name] superannuation will reduce your assessable assets for Centrelink purposes as they have not reached their age pension age, and so superannuation in an accumulation account is exempt.

### Things you should consider

- There are limits placed on the contributions that can be made and penalties may apply if you exceed these limits. We have relied on the superannuation contributions information provided by you in providing advice.
- [Using bring forward rule] [Wizard Question > Strategy Group > Automation > Is the Carry Forward / Bring Forward rule being utilised??] By making the non-concessional contribution, you will trigger the bring-forward rule in the current financial year. As a result, the amount you will be able to contribute over the next two financial years will be reduced.
- [If under 60 and may exceed low rate cap] [Based on Client Age - < 60] We estimate the withdrawal will include a taxable component (as illustrated in the 'current' column in the table above) which must be included in your assessable income. This increases your assessable income this financial year. As a result, you may pay tax (plus Medicare Levy) on the taxable component of the lump sum withdrawn. This may also impact your entitlement to certain Government benefits and concessions.
- [If turning 75] [Based on Client Age - < 75] Non-concessional contributions must be received by your superannuation fund no later than 28 days after the month in which you turn 75.
- [Retirement bonus loss] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You will forgo any entitlement to the retirement bonus which your existing fund may pay to eligible members upon commencement of an income stream. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.

- [If insurance held in super] [Wizard Question > Strategy Group > Automation > Are there any Super owned Insurance considerations?] Withdrawing the full amount of your superannuation may cause any personal insurance cover in that fund to cease. Some funds also have a minimum balance requirement to maintain your cover. You should ensure you have sufficient cover elsewhere prior to making the withdrawal.
- If you have made personal super contributions that you intend to claim as a tax deduction, you must lodge the appropriate form with the super fund and receive written acknowledgement before requesting the withdrawal.
- It may take time to re-contribute your superannuation benefits. During this time, you will not be fully invested and will not benefit from any market upside or conversely be subject to any market falls.
- Transaction costs apply when redeeming investments or switching superannuation funds. For more information, please refer to the relevant Product Disclosure Statement (PDS).
- Capital gains tax may be payable on the growth of investment when sold. Where a capital loss is realised on an investment, this loss may be carried forward to offset against future capital gains within the portfolio. More detailed information on the estimated capital gains tax liability will be provided later in this document.

## **[Automation Available] Transfer the balance of your account based pension back to superannuation (s9)**

We recommend you commute \$XX / the full balance [WealthSolver – Based on balances from Recommend and Acquire Scenario] of your existing XXX [WealthSolver Plan Name – from Recommend and Acquire Scenario] account-based pension back into the accumulation account of your super fund.

### **Why this benefits you**

- [If approaching transfer balance cap] By reducing your account balance by this amount, you will avoid breaching the transfer balance cap.
- [If applicable] Due to your circumstances, you no longer require the pension income. As such, ceasing your pension will ensure that the balance of your retirement capital is not unnecessarily depleted.
- Transferring the funds to an accumulation account rather than withdrawing from superannuation and investing in your own name will ensure that the tax rate on future earnings and capital gains will be capped at 15% rather than your marginal tax rate.
- [Centrelink] [Centrelink Scope – Relevant In Scope OR Relevant Out of Scope] As you are below age pension age, funds held within the accumulation phase are not means tested. Therefore, by rolling back your pension you may now become eligible to receive Centrelink entitlements and apply for Jobseeker payment.

### **Things you should consider**

- [If transfer balance cap reached/maxed] The amount retained in your existing account based pension is the maximum amount you can retain in your pension account due to the transfer balance cap rules. The balance rolled over should be retained in the accumulation account which remains more tax-effective than holding these funds outside superannuation.
- You are required to draw a minimum amount of income from an account based pension each year. If you have not received the minimum amount for the year, your pension fund will pay you the pro-rated minimum payment for this financial year prior to the rollover.
- Reversionary nominations are only available in pension phase, so you may need to update your superannuation death benefit nominations.
- Where funds are being sold, there may be a period of time where you are not invested. During this time, you will not benefit from any market upside or, conversely, be subject to any market falls during this period.
- Any accrued administration fees and insurance premiums, as well as any applicable superannuation fund tax, will be deducted from your account balance prior to the transfer.
- Investment earnings are taxed up to 15% within the superannuation accumulation environment. Earnings on assets in retirement pension phase are tax free.
- [Where account has been grandfathered] Your account based pension commenced before 1 January 2015 is 'grandfathered' under Centrelink's Income Test. If you rollback your pension in full you will lose the grandfathered status / If you partially rollover your pension your existing deductible amount will be reduced. As such, you are required to notify Centrelink / DVA within 14 days of the pension commencement as this may affect your entitlements.
- [Retirement bonus] [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant?] You may lose some, or all, of the retirement bonus that may apply upon the commencement of a retirement income stream in future. The amount of bonus that you will lose depends on a range of factors and is determined on an individual basis by your fund's provider. [Wizard Question > Strategy Group > Automation > Is retirement bonus relevant? Yes – Amount Known] More detailed information on the estimated retirement bonus loss will be provided later in this document.