



STEP ONE

EXAMPLE ONLY

Totara Financial Services



PUBLICLY AVAILABLE INFORMATION

LICENSING INFORMATION

Totara Financial Services FSP777888, holds a licence issued by the Financial Markets Authority to provide financial advice.

CONTACT DETAILS

Totara Financial Services is the Financial Advice Provider.

You can contact us at:

Phone: 06 281 1111

Email: help@totara.nz

Address: 1190 Beach View Road, Taranaki

NATURE AND SCOPE OF ADVICE

Totara Financial Services advisers provide advice about:

- Personal insurance (risk), including health insurance

We provide advice in relation to the following products:

- Life insurance
- Trauma insurance
- Income Protection Insurance
- Total and Permanent Disability Insurance
- Mortgage Protection Insurance
- Health Insurance
- Business Keyperson covers

We provide advice in relation to products provided by the following companies:

- Aardvark Insurance
- Bear Insurance
- Camel Insurance
- Dragon Insurance

FEES AND EXPENSES

Service fee

Totara Financial Services may charge a fee for financial advice provided to a client if the client cancels a life or health insurance policy within two years of inception. Specific fee information will be advised when the advice is provided. This fee will be payable by the client by the 20th of the month after the policy is cancelled.\

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CONFLICTS OF INTEREST

For life insurance and health insurance, **Totara Financial Services** will receive commissions from the insurance companies whose policies we can recommend. If you decide to take out insurance that we recommend, the insurer will pay a commission to **Totara Financial Services**. The amount of the commission is based on the amount of premium associated with your cover; specific commissions will be advised to you when advice is provided. Your financial adviser is remunerated by way of salary.

From time to time, product providers may also reward us for the overall business we provide to them. They may give us tickets to sports events, hampers, or other incentives.

To ensure that our financial advisers prioritise the client's interests above their own, we follow an advice process that ensures our personalised recommendations are made on the basis of the client's goals and circumstances, as advised to us. **Totara Financial Services** financial advisers complete regular training, including how to manage conflicts of interest. Each adviser has a regular compliance review of their advice process and our compliance programme is reviewed annually by our external compliance adviser.

DISPUTES AND COMPLAINTS

If you are not satisfied with our financial advice service you can make a complaint by emailing service@totara.nz or by calling 0800 123456. You can also write to us at: PO Box 234, Taranaki. When we receive a complaint, we will consider it using our internal complaints process:

- We will consider your complaint and let you know how we intend to resolve it. We may need to contact you to get further information about your complaint.
- We aim to resolve complaints within 10 working days of receiving them. If we can't, we will contact you within that time to let you know we need more time to consider your complaint.
- We will contact you by phone or email to let you know whether we can resolve your complaint and how we propose to do so.

If we can't resolve your complaint, or you aren't satisfied with the way we propose to do so, you can contact Solvelt Disputes Resolution Scheme. Solvelt provides a free, independent dispute resolution service that may help investigate or resolve your complaint, if we haven't been able to resolve your complaint to your satisfaction. You can contact Solvelt by:

Phone: 0800 987654

Email: Service@Solvelt.co.nz

Mail: PO Box 007, Wellington

DUTIES INFORMATION

Totara Financial Services and anyone who gives financial advice on our behalf, has duties under the Financial Markets Conduct Act 2013 relating to the way that we give advice. We are required to:

- give priority to your interests by taking all reasonable steps to make sure our advice isn't materially influenced by our own interests

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- exercise care, diligence, and skill in providing you with advice
- meet standards of competence, knowledge and skill set by the Code of Professional Conduct for Financial Advice Services (these are designed to make sure that we have the expertise needed to provide you with advice)
- meet standards of ethical behaviour, conduct and client care set by the Code of Professional Conduct for Financial Advice Services (these are designed to make sure we treat you as we should and give you suitable advice).

This is only a summary of the duties that we have. More information is available by contacting us, or by visiting the Financial Markets Authority website at <https://www.fma.govt.nz>.

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IMPORTANT INFORMATION ABOUT OUR AGREED SCOPE OF ADVICE

YOUR FINANCIAL ADVISER

Kahu Solomon, FSP7788; I am a financial adviser and I am giving advice on behalf of Totara Financial Services Ltd FSP777888. My details are as follows:

Name: Kahu Henare Solomon
Phone: 021 777 888
Email: kahu@totara.nz
Address: 1190 Beach View Road, Taranaki

SCOPE OF ADVICE

I will provide you with financial advice in relation to:

Personal risk insurance solutions to ensure you can continue to meet your mortgage repayments if you are off work.

A review of your existing personal life insurance cover to determine if it is sufficient to meet your needs and objectives.

Specific objectives and/or limitations of this advice:

You have asked me not to provide advice about medical insurance, as you are part of a group scheme. This means that I cannot advise you on whether the types and levels of cover for your medical insurance are appropriate for your situation and objectives.

RELIABILITY HISTORY

Neither Totara Financial Services Ltd nor I have been subject to a reliability event. A reliability event is something that might materially influence you in deciding whether to seek advice from me or from Totara Financial Services Ltd. As an example, it would include legal proceedings against me, or if I had been discharged from bankruptcy in the last four years.

CONFLICTS OF INTEREST AND INCENTIVES

Totara Financial Services Ltd receives commissions from the relevant insurance company if you take out insurance following my advice. The commissions are between 75% and 220% of the first year's premiums of your policy — the amount depends on which insurance company and what insurance policy(ies) you decide to put in place.

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Totara Financial Services Ltd also receives a renewal commission of between 10% and 25% of the premium each year the policy remains in force.

If you were referred to me by another adviser or entity, Totara Financial Services Ltd may pay that entity a fee or part of the commission earned should you choose to put in place any policies I recommend to you.

I am remunerated by salary from Totara Financial Services Ltd, and do not receive any incentive for recommending any particular provider.

To ensure that I prioritise your interests above my own, I follow an advice process that ensures my recommendations are made on the basis of your individual goals and circumstances. I complete regular training and learning relevant to my advice, which may include training on managing conflicts of interest, and have a regular review of my advice process completed by my employer.

CLIENT SIGN OFF AND ACKNOWLEDGEMENT

- I/we have had the information on this document explained to us, and I/we understand the information provided, including the adviser and financial advice provider's remuneration.
- I/we understand the scope of advice to be provided by Kahu Solomon, and also understand the implication of any limitations to the advice as documented.
- I/we have been provided a copy of the publicly available information for Totara Financial Services Ltd.
- I/we have been advised a copy of the scope of advice information will be provided to us in hardcopy on request at any time.
- The information provided to my/our adviser is true and correct, and I/we consent to the use and storage of my/our information in accordance with the Privacy Act 2020.

Signature

Name

Signature

Name

Date:



STEP TWO

EXAMPLE ONLY

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CLIENT INFORMATION

MAE WEST

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Personal Information

Client One

Client Two

First Names:	Mae Meryl	
Surname:	West	
Business or Trust Name	N/A	
DOB:	17/08/1989	
Marital Status	Single	
Home Phone	N/A	
Cellphone:	021 888777	
Address:	77 Hollywood Ave Christchurch	
Employer:	Self-Employed	
Occupation	Wedding Planner	
Employment Status:	Self	
Kiwisaver contributions:	\$300 per month voluntary	
Dependants:	0	
Do you have a Will?	No	
Do you have an EPA?	Yes	
Do you have a Family Trust?	No	

Risk tolerance: Mae is on a single income, and is also self-employed. However, she does have approximately 4 months living costs put aside, so can take some risk on herself. Having the mortgage paid off is not currently a priority for Mae; she has no dependants or anyone else relying on her income. However, ensuring she can keep paying off the mortgage if she was unable to work is extremely important for her, as is being able to return to work quickly in the event of illness or injury.

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INCOME			EXPENSES	
	Source	Amount		Amount
Client One	Self	\$8500 pr month (net)	Monthly living costs	\$2500
Client Two			Insurance Payments	\$340
Rental Income			Debt repayments	\$2600
Other			Other	
Total		\$8500	Total	\$5440

Net budget deficit/surplus: \$3060

(circle one)

ASSET	Type	Ownership structure	Value
Family home		Own	\$750,000
Vehicles	Mustang	Own	\$45,000
Savings	Term Deposit	Own	\$25,000
KiwiSaver	XYZ Provider	Own	\$42,870
Other			
Total			\$862,870

DEBT	Time left to pay	Ownership structure	Amount
Mortgage	25 years	Own	\$611,300
HP/Loans			
Credit Card		Limit \$5000 but paid each month	
Other			
Other			
Total			\$611,300

Net asset position: \$251,570

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Risk Planning

Current Risk Cover

Cover type	Provider	Amount	Premium
Life	XYZ	\$250,000	\$12.51

Cover priorities (goals and objectives for cover)

Lump Sum for	Life	TPD	Trauma
Mortgage	\$100,000	\$620,000	
Debts	0	0	0
Funeral	\$25,000	0	0
Medical costs	0	\$100,000	\$100,000
Replacement income: number of years: 3 amount: \$50,000	0	\$150,000	\$150,000
Future education	0	0	0
Other	0	0	0

Income Protection

Monthly Income required to meet outgoings: \$5500

Length of time savings would last 4 months
(risk tolerance)

Sick leave available: 0

Health Insurance Priorities

	Surgical	Specialists	Tests/imaging	Doctor/Dentist	Max excess (risk tolerance)
Client 1	Yes	Yes	Yes	No	1000.00
Client 2					
Additional					
Additional					

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Notes

Paying off the mortgage is not a priority. However, Mae wanted enough cover to give her parents (her current beneficiaries) time to sell the house without having to worry about making the payments themselves. In addition, if she was diagnosed with a terminal illness, she would want some money to cover the payment so she didn't have to move out of her own house.

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Privacy Act 2020

I/We need to collect your personal information for the purpose of:

- Evaluating and determining your request for advice;
- Maintaining relevant records and advice documents

In providing our adviser services to you, you consent and give authority to me/us to obtain your personal information from or disclose your information to, the following parties:

- the Regulator and external compliance personnel when required for legal purposes, or to help with my business compliance and improvement
- Product providers whom I/we have an agreement with, insurance companies, any claims investigators and claims assessors, ACC, financial institutions and any other persons or agencies required for the assessment, implementation and maintenance of any policies you choose to put in place
- any other individual or organisation where disclosure is required by law.

In providing our adviser services to you, you consent to your information being used by me, members of my staff, and administrators on our behalf, product providers whom I/we have an agreement with, reinsurers and other companies for the purposes for which your information was collected.

The information is held by me at the offices listed in the publicly available information available at our website www.totaraadvice.co.nz. It will also be held on laptop and desktop devices with appropriate security protocols and firewalls in place.

Under the Privacy Act 2020 you have the right to access and correct your information that I/we hold about you. I/We will rely on you to keep us informed of any changes to all of your contact details and any other personal information. If you wish to obtain access to or correct the information we hold about you please contact me/us.

Responsibilities

Your adviser:

- Understand your needs and objectives
- Provide you with recommendations reasonably likely to be appropriate for your needs and objectives
- Prioritise your interests
- Explain any product recommendations in a way that you can understand
- Provide an on-going service to review your insurances and assist in the unfortunate event of a claim

You:

- Provide your adviser and any product provider when you complete an application, full and accurate information (non-disclosure could affect any future insurance claims, resulting in them being declined)
- Ask questions if you don't understand anything being discussed
- Request more information if you require it

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Declaration

I/we understand the services being provided are restricted to those areas indicated on the scope of service.

I/we consent to my information being held by Totara Financial Services in accordance with the Privacy Act 2020 requirements.

The information provided in this document is complete and accurate to the best of my/our knowledge

I/we understand that neither my adviser nor Totara Financial Services will accept any responsibility for advice given on the basis of incomplete or inaccurate information supplied by me/us

I/we have been made aware of, and read and understood, the public information about the financial advice provider Totara Financial Services Ltd.

Name:

Name:

Date:

Date:

EXAMPLE ONLY

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Step 3:

Research and Analysis for Mae West – example ONLY (note that the calculations may not match the fact find information)

Premium Comparison (monthly)

Mae already has more than enough life cover with Company 1 – need to consider whether she should stay with this provider or move to a new one.

Income Protection \$6950.00, benefit period until age 65 with a 13 week wait.

Company 1:

Life Cover – stepped)	TPD	Income Protection	Trauma	Waiver of Premiums
\$14.73	\$29.89	\$89.63	\$16.99	\$1.65

Company 2:

Life Cover – stepped)	TPD	Income Protection	Trauma	Waiver of Premiums
\$12.83	\$32.33	\$81.35	\$16.22	\$1.57

Difference between income protection and mortgage protection cover premiums:

\$2990 = 115% of mortgage payments – cost \$33.45

\$5610 = 45% of gross income – sufficient to cover monthly living costs and mortgage payments. No ACC offsets. Cost \$93.55 (age 65, 13 week wait period)

- Company 1 also has airpoints which is good for the client as she travels a lot
- Company 2 does have a better income protection product for self-employed people – it will cover any occupation and will allow up to 10 hours per week for 4 weeks to complete work – so she can keep the business going without having to give up replacement income.
- Premium costs are very similar across the companies, so recommendations will be based on which product features are most suited to Mae.
- Mae has plenty of disposable income each month, but if she only insures \$5500 per month (her spending) then once tax comes off, she won't have sufficient to meet her living costs. So I will recommend she insures for the full 75% of her gross income.



STEP FOUR

EXAMPLE ONLY

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Information for this EXAMPLE portfolio of evidence

- **This is an example portfolio only and does not infer that these templates may be used when you provide advice to real-life clients.**
- The quotes and figures are not based on any premiums from any insurer
- The risks and benefits may or may not be reflective of any insurer
- Not all insurance covers the client has a need for have been discussed in the example statement of advice. This is because this is an example only to guide you as you put together your own portfolio of evidence. If you submit a client with multiple insurance needs, you are expected to make a recommendation for each need, documented in terms of features, risks and benefits.
- You can use your own (your financial advice provider's) template documents, provided you meet all the requirements to meet the steps of the advice process
- You can include ANY relevant additional information you need to include in any of the steps, if you are using the case studies (ie – you will need to make some assumptions and document these to meet the requirements of the assessment, if you do not have real clients)
- You may use and adapt these templates and examples for the purposes of your assessment – but your submission and information must be in your own words (apart from where certain legal terms or explanations are required)
- You need to discuss across the THREE client files, FOUR different product types.

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Recommendations for Mae West

SITUATION

Mae, you are 32 and currently single, with no dependants. You have recently bought your first house and you wanted to look at covers to ensure you could meet your repayments if you were unable to work. Being single, replacement income is a priority for you, as you would not want to rely on ACC or Government benefits.

SCOPE OF SERVICE

Personal risk insurance solutions to ensure you can continue to meet your mortgage repayments if you are off work.

A review of your existing personal life insurance cover to make sure it is appropriate for your needs

SPECIFIC OBJECTIVES AND/OR LIMITATIONS OF THIS ADVICE:

You have asked me not to provide advice about medical insurance, as you are part of a group scheme through your professional association. This means that I cannot advise you on whether the medical insurance plan you have is appropriate for your situation and objectives.

SPECIALIST ADVICE (INCLUDING SOLICITORS FOR EPA'S, OWNERSHIP AND WILLS)

You advised you have an enduring power of attorney, but you don't currently have a Will. I recommend you talk to a solicitor who specialises in estate planning or a trustee company, to put a Will in place. If you don't have a Will, you risk your assets not being distributed according to what you want to happen with them upon your death.

SUMMARY OF RECOMMENDATIONS (TYPE OF COVER AND PREMIUMS)

Cover type	Amount	Provider	Structure	Monthly premium
Life cover	Reduce your existing cover by \$125,000	Leave this cover with your existing provider as you are on level cover	Level cover	\$43.99
Trauma Cover	\$250,000	Company 2	Stepped, stand alone	\$16.22
TPD Cover	\$870,000	Company 2	Stepped, accelerated	\$32.33
Income Protection	\$125,000 p.a	Company 2	Stepped, 13 week wait and benefit period to age 65	\$81.35

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SPECIFIC RECOMMENDATIONS AND FEATURES

I recommend you put in place income protection cover with Company B, for the maximum available insured amount of \$6950.00 per month. This will allow you to continue to meet your costs and not have to dip into your emergency funds, except to fund the wait period.

I have recommended own occupation cover, as this means that you will continue to receive claim payments if you are unable to perform your own (current) job, rather than ANY job you could do, due to your illness or injury.

RATIONALE (WHY IS THIS APPROPRIATE?)

When we discussed your needs and objectives, you advised that being able to pay your mortgage and continue to meet your financial obligations is important to you. The level of cover recommended means that you will be able to continue to meet your current living costs.

RISKS

- If you are on an ACC claim, this cover will only pay any difference between your ACC amount and the level of insurance cover you have with this policy
- There may be tax obligations associated with a claim payment; I recommend you talk to your tax specialist.
- If you return to ANY type of work for more than 10 hours per week, then your income protection payments will be affected.

REPLACEMENT BUSINESS

I recommend you keep your existing cover but reduce the amount if you feel that the level of cover is too much for your current needs. The current provider offers cover that is appropriate for your needs and no terms or loadings are applied to your existing cover.

IMPORTANT INFORMATION ABOUT THIS ADVICE

Totara Financial Services Ltd will receive the following commissions if you choose to implement my recommendations. The commission is calculated on your annual premium.

Provider: Company 2	Initial Premium	Ongoing (renewal commission)
Income protection cover	130%	10%
Trauma Cover	180%	15%
TPD Cover	175%	10.5%

I have previously provided you information about Totara Financial Services Ltd. More information about Totara Financial Services Ltd, including our complaints process and external disputes resolution scheme information, can be found at www.totaraadvice.nz.

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Totara Financial Services Ltd and anyone who gives financial advice on our behalf, has duties under the Financial Markets Conduct Act 2013 relating to the way that we give advice. We are required to:

- give priority to your interests by taking all reasonable steps to make sure our advice isn't materially influenced by our own interests
- exercise care, diligence, and skill in providing you with advice
- meet standards of competence, knowledge and skill set by the Code of Professional Conduct for Financial Advice Services (these are designed to make sure that we have the expertise needed to provide you with advice)
- meet standards of ethical behaviour, conduct and client care set by the Code of Professional Conduct for Financial Advice Services (these are designed to make sure we treat you as we should and give you suitable advice).

This is only a summary of the duties that we have. More information is available by contacting us, or by visiting the Financial Markets Authority website at <https://www.fma.govt.nz>.

NEXT STEPS

- Complete the application form
- The application form is submitted to the insurer
- The insurer considers the details of your application
- The insurer may request more information from your or your doctor (or other medical specialist)
- If there are risk factors in your application, the underwriter may offer terms (this means the premium could be higher than the indicative cost I have advised you, or they may offer you cover with some medical conditions or pastimes excluded). If the underwriter does offer terms, I will discuss the implications of these, and we can decide on other options if you do not want to proceed with the offer
- If you are happy with the offer of insurance cover, your premiums will start on the date you specify in the application form.
- **I will contact you on an annual basis to review the covers you put in place**, to make sure they are still appropriate for your needs and objectives at review time.



STEP FIVE

EXAMPLE ONLY

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AUTHORITY TO PROCEED

- I acknowledge that I have read and understand this advice and confirm that it accurately reflects the information that I/we have provided.
- I/we acknowledge that I/we have read and understood the fees and remuneration associated with the advice given

Select one option:

- I/we wish to proceed in full with the recommendations from my adviser

OR

- To proceed to implement with the following changes.** I/we understand that the changes I/we make may not be entirely appropriate for my/our needs and objectives as advised to my/our adviser.

Requested changes:

OR

- Not to proceed** at this time and I/we accept and understand the risks of my/our decision.

In addition, I/we agree:

- To future reviews and would like a review every _____. I/we also agree to receiving emails from time to time where relevant to me/us. I can opt out of receiving any marketing emails by notifying my/our adviser. I/we understand emails will still be sent where required for the maintenance of my/our products implemented.

Date:

Date:

Totara Financial Services



Step 6:

Annual Review

17th May 2021

Mae@yourwedding.nz

Dear Mae

Your new insurance policies have now been in place for a year. I am touching base to see if anything has changed in your situation that may require a review of the types and levels of cover you put in place. For example:

- You have started a new relationship
- You have had a child
- You have changed jobs or income
- You have taken on debt or repaid debt

If any of the above (or any other changes that could impact on you financially have occurred), or you would like to review the covers you have in place even if there have not been any changes, please let me know by return email or phone 021 777888.

From: Mae@yourwedding.nz

To: Kahu@totara.nz

Hi Kahu

Nice to hear from you – gosh I can't believe it has been a year. Well, I should really as I had a baby girl about 8 weeks ago now! I am planning on another two weeks maternity leave; I have hired an assistant to manage some of the day to day stuff in the meantime. It would be great to catch up, as of course, having a new baby has meant my priorities have changed a bit. Would 2pm Thursday work OK? You can meet Ava 😊

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From: kahu@totara.nz

To: Mae@yourwedding.nz

Hi Mae

Great to catch up the other day – and lovely to meet baby Ava 😊 I'm sending this email to summarise our discussions and the outcome from our meeting:

1. You want to increase your life cover, as you want to have some funds available to pay for Ava's costs if anything happened to you. You decided that \$100,000 in addition to having a freehold house would be sufficient to provide for her financially. You will be making your sister the beneficiary of your policy until Ava turns 18.
2. As you are receiving some financial support from Ava's father, you want to reduce your level of income protection cover, and use the premium savings to cover the extra life cover.
3. We completed the applications to increase your life cover (the stepped premium part of your cover) and also to reduce the income protection.
4. Both of these have been processed by the underwriter. There was no change to the life cover premium I indicated to you, and your income protection cover has reduced by \$12.80 per month.
5. Apart from having baby Ava, there have been no other changes in your personal and financial situation.

Let me know if you have any questions; I will touch base again in a year. All the best with baby Ava and returning to work.