

# Financial Services Guide

## Merit Wealth Pty Ltd

ABN 89 125 557 002

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An “Easton Investments Limited” company ACN 111 695 357

*Please note that all rates and amounts in this FSG are inclusive of GST unless otherwise stated.*

# Financial Services Guide – Part 1

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## About this Guide

This Financial Services Guide Part 1 (**'FSG', 'FSG Part 1', 'Guide'**) provides you with important information about:

Who we are

- The financial services we provide
- How we and our associates are paid
- Any arrangements which may influence our advice to you
- How we protect your privacy
- Who you should contact if you have a complaint.

Merit Wealth Pty Ltd has approved this FSG.

## Who is providing the Advice?

The financial services offered in this FSG are provided by Merit Wealth Advisers (**'Adviser'**), who are Authorised Representatives of Merit Wealth Pty Ltd. Merit Wealth, as the holder of an Australian Financial Services Licence is responsible for the advice services offered in the FSG.

Merit Wealth Pty Ltd (**'Merit Wealth', 'Merit', 'We/Us' or 'the Licensee'**), ABN 89 125 557 002, Australian Financial Services Licence (**'AFSL'**) No. 409361, is a wholly owned subsidiary of Easton Investments Limited (**'EAS'**) ABN: 48 111 695 357, an ASX listed company.

**FSG Part 2** (separate document) is a profile of your Adviser who is authorised by Merit Wealth to provide you with the financial services described in this FSG.

## Information you will receive

You will be provided with various documents that explain how our recommendations will work towards achieving your goals, the fee and potential conflicts that may exist that could influence the advice provided. These documents are designed to help you make informed decisions about our recommendations.

### Statements of Advice and Records of Advice

When we provide you with initial personal financial product advice you will receive a Statement of Advice (**'SOA'**) that confirms the discussions you have had with us, the recommendations we are making and the basis for those recommendations. We will keep a record of further advice. We retain these documents for seven years.

You may not receive an SOA for further advice we provide to you if you have already received a Statement of Advice. You may request a copy of your records of advice by contacting us.

### Fee Disclosure Statement and Opt-In

If you have entered into an ongoing fee arrangement with your Adviser for a period of more than 12 months, you will also receive a Fee Disclosure Statement ('FDS') on an annual basis.

The FDS will contain details for the previous 12 month period of the services you were entitled to receive, the services you actually received and the fees which were paid.

At least once every two years we must provide you with a renewal **Opt-In** form in respect of continuing with these ongoing fee arrangements.

### Product Disclosure Statements

When a financial product is recommended to you, you will be provided with a Product Disclosure Statement ('PDS') or other disclosure document issued by the product provider. These documents contain information about the risks, benefits, features and fees payable for the product.

## Financial Services that we provide

### What financial products are available?

We only advise on financial products after considering your individual objectives, financial situation and needs. Merit Wealth maintains details of products that are researched and pre-approved in an Approved Product List ('APL').

- Basic deposit products
- Life risk products & investment life insurance products
- Managed investment, including investor directed portfolio services
- Retirement savings accounts
- Securities
- Standard margin lending facility
- Superannuation, including SMSF
- Government debentures, stocks and bonds
- Retirement Income streams.

Merit Wealth is not licensed to provide and does not authorise advice on:

- Lending Products
- Agricultural Business
- Direct Property
- MDA Service.

## Other services

Representatives of Merit Wealth may provide services other than financial product advice services.

For example, accounting or legal advice, or advise you on real estate investments or lending products.

These other services are not provided under Merit Wealth's AFSL and Merit Wealth does not train, support or supervise the provision of these other services and has no responsibility in relation to those services.

Examples of the services which Merit Wealth is not responsible for include:

- General insurance services (for example, car insurance)
- Real estate and direct property advice
- Taxation services, such as completion of tax returns
- Accounting and audit services
- Legal services
- Consulting services
- Administration and compliance of Self-Managed Superannuation Funds.

## How are we paid for our services?

Merit Wealth may receive:

- Service Fees paid by clients
- Some commissions paid by product providers, for example, life insurance products
- Other payments by product providers
- Other benefits.

All fees and commissions are payable to Merit Wealth Pty Ltd.

Details of fees, commissions or other benefits that we are entitled to receive in relation to a specific financial product recommendation will be disclosed to you in dollar and percentage terms in an advice document if known at the time. In circumstances where an amount or percentage is not known at the time of providing advice an estimate will be provided at the time.

Merit Wealth may receive up to 100% of any fees and commissions and may pass on to your Adviser up to 100% of these fees and commissions.

## What type of fees, commissions, payments and other benefits do we receive for our services?

### Service fees

We will discuss and agree our fee structure with you before we provide you with services. We provide ongoing services in addition to advice. Types of fees you can be charged with are listed below. You may be charged a combination or part of any of these fees.

### Fees for advice

We may charge fees for the preparation, presentation and implementation of our advice. These fees will be based on your individual circumstances, the complexity involved in your situation and the time it takes to prepare personal financial advice for you. We will discuss these fees with you and gain your agreement on the fees before we provide you with advice.

### Ongoing advice and Service fees

We charge a fee for ongoing administration, advice and service to attend to client investment portfolios, including reviews. This fee will be agreed with you and is either a set amount per year or an amount based on the amount of funds under our advice and/or the time involved in reviewing your portfolio and circumstances.

## Payment methods

In most instances you will be able to select the method of payment. Our fees are either invoiced to you directly or deducted from your investments or portfolio accounts at your direction, or a combination of both methods.

We will discuss and agree the method of payment with you before we provide you with services.

Further information about these fees and methods of payments will be provided in your Statement of Advice or Record of Advice ('ROA').

## Commissions

Merit Wealth works on a fee for service basis. However, in some circumstances, if you take out a financial product, Merit Wealth may receive payments in the form of initial commissions and/or ongoing commissions from the financial product providers.

Commission is not a cost to you; it is a payment from the product provider.

Commissions are included in the product costs and are not a charge by the Adviser or Merit Wealth. However, your Adviser may agree to offset commission from your agreed advice fees.

The fees and or commissions payable for different classes of financial products are listed below.

## Investment products

A commission for the placement of investment products is no longer allowed.

Commissions may be payable in certain circumstances where Merit Wealth has an existing arrangement with the product issuers prior to 1 July 2013. Where you acquired an investment product before 1 July 2014, commissions may be payable where Merit Wealth has an existing arrangement with the product issuer prior to 1 July 2013.

Initial commissions on investment products can range between 0% and 5% of your initial investment	Range: 0 - 5% - Once off Example: \$10,000 invested = \$500 commission
Ongoing commissions range between 0% and 2% pa of your investment balance.	Range: 0 - 2% pa Example: \$10,000 invested = \$200 pa commission

## Life insurance products

Initial and ongoing commissions from insurance providers may be received by Merit Wealth. These commissions are paid to Merit Wealth by the company that issues the product that Merit Wealth's Advisers recommend to you and they are included

in what you pay for the product. The commissions vary and are based on the policy cost, which is the sum of the premiums you pay and may include other fees related to the product.

The initial commission is paid in the first year by the product issuer to Merit Wealth. Ongoing commissions are payments paid by product issuers to Merit Wealth in the years after the first year. These commissions may be passed onto the Adviser.

If you initiate an increase to your cover, Merit Wealth may receive initial and ongoing commissions on the increase to your policy cost. The ongoing commission on a client-initiated increase is only paid in respect of the period that starts from the first anniversary of the increase.

<b>Date a new product is issued</b>	<b>Initial commission (% of annual policy cost or increase excl. GST)</b>	<b>Ongoing commission pa (% of annual policy cost or increase excl. GST)</b>
1 January 2018 - 31 December 2018	0 - 80%	0 - 20%
1 January 2019 - 31 December 2019*	0 - 70%	0 - 20%
From 1 January 2020*	0 - 60%	0 - 20%



**Example**

You have an existing policy with us, issued in 2017, and in 2018 you decide to increase the cover on that policy with a corresponding increase in policy cost of \$100 pa. Merit Wealth may receive up to \$140 (140% excl. GST) as initial commission on that increase and may pass up to \$140 pa to your Adviser. The ongoing commission may be up to \$38.50 (38.5% excl GST).

After 1 January 2018, on any new policy, the upfront commission would be up to 80% (\$800) with the on-going commission of up to 20%, resulting in an on-going payment of \$200 per annum.

You will find details of how your insurance policy cost is calculated in the relevant PDS that we provide you. Where personal advice is provided to you, you will also find details of the commission that Merit Wealth and your Adviser are entitled to receive if you decide to purchase a life insurance product, in your SoA or RoA.

**Other product provider payments****Merit Wraps**

Merit Wealth has an arrangement with BT Financial Group to assist in the administration of client funds held in managed funds and shares and other investments. These are the Merit Wealth Superannuation Service and the Merit Wealth Investor Services, an Investor Directed Portfolio Service, i.e. Wraps or Platforms.

Where you invested through the Merit Wraps before 1 July 2014, 95% of the fee collected for administration is retained by the administrator and up to 5% may be paid to Merit Wealth for printing the PDS documents and maintaining the systems. This fee is not paid to your Adviser.

**CARE Philosophy**

Merit Wealth is associated with GPS Wealth Ltd (AFSL 254 544), also a subsidiary of Easton Investments Limited (ASX Code: EAS). GPS Wealth manages the investments in the CARE investment process, (please contact your Adviser for more details of our CARE investment process). Should your Merit Wealth Adviser recommend any of the CARE portfolios to you, Merit Wealth's parent company, Easton Investments Limited, may benefit as the owner of GPS Wealth. Any such fee will be outlined in the SOA, should it be applicable and relates to the work done by GPS Wealth's Investment Committee in maintaining the CARE portfolios.

**Other benefits**

**Alternative Remuneration** - in accordance with industry requirements, Merit Wealth and your Adviser each maintain an Alternative Remuneration register that contains information about any alternative forms of payments or benefits over a specified dollar amount that may be received, (e.g. tickets to events and conferences).

If you wish to inspect the Alternative Remuneration register or ask any questions about this, please ask your Adviser.

**Professional Development Sponsorship** – Merit Wealth may receive sponsorships from various product providers. Fees associated with these sponsorships help Merit Wealth offset the organisational running costs of its conferences and serves as a valuable education and training tool for our Advisers.

## Referral Fees

If a client is referred to your Adviser we may pay the referrer a fee. We may also provide the referrer with thank you gifts such as branded promotional items, hampers, gift vouchers etc. The fee varies according to the client, referrer and financial products involved. The fee may be a percentage of our fees, a percentage of the total amount invested paid through the referral, or a flat fee.

We may pay these fees upfront when the financial service is provided or the financial product is provided, or periodically as ongoing fees. The details of that fee will be in the Statement of Advice or Record of Advice, if a Record of Advice is requested.

Please note that all rates and amounts in this FSG are inclusive of GST unless otherwise stated.

## Anti-Money Laundering

Merit Wealth is required, pursuant to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ('**AML/CTF**') Act and its corresponding rules and regulations to implement certain customer identification processes. We may be required to obtain information about you at the time of providing financial services to you and from time to time thereafter in order to meet our legal obligations. We have certain reporting obligations pursuant to the AML/CTF Act and information obtained from or about you may be provided to external third parties and regulators in accordance with the requirements imposed on us.

## Privacy

Your privacy is important to us. In general, we collect and verify information about you (and where applicable, persons acting on your behalf) to manage our relationship with you, to ensure that we provide the products and services most appropriate to your needs and to make certain that we comply with our legal obligations.

The information required to be collected and verified by us depends on who you are and the nature of the service to be provided by us. If you fail to provide us with the required information, or if you provide us with incomplete, or inaccurate information we may not be able to provide you with the products or services you are seeking within the time periods contemplated.

Information acquired by us in the course of providing our services may be provided to external service providers, including our fund's custodian, auditors, taxation and legal Advisers and information technology consultants. Otherwise your personal information will not be disclosed unless:

- the law requires us, e.g. AML/CTF Act; or
- you ask us to disclose it to a 3rd Party, e.g. your tax Adviser.

We maintain a record of your personal information that includes details of your investment objectives, financial situation and needs. We also maintain copies of any recommendations that we have made to you.

The Merit Wealth Privacy Policy details how we collect, use and protect your personal information.

Please ask us if you would like a copy of the Merit Wealth Privacy Policy or you can view a copy on the [Merit Wealth website](#). If you would like to view your file at any time, please ask us and we will arrange for you to do so.

## Professional Indemnity

Merit Wealth holds a Professional Indemnity ('PI') Insurance Policy, which complies with the requirements for compensation arrangements under the Corporations Act. (Subject to its terms and conditions) This Policy covers claims relating to the professional services provided by Merit Wealth and its representatives.

Merit Wealth's Professional Indemnity insurance only covers advice in relation to professional services provided by representatives of Merit Wealth while authorised by us, even where that representative has subsequently ceased to be an authorised representative of Merit Wealth

## How to instruct us

You may specify how you would like to give us instructions, for example, by phone, fax or email. Alternatively, you may provide instructions to us in person. Where instructions are provided by telephone, these must be confirmed in writing.

## Complaints

We are committed to providing quality advice to our clients. This commitment extends to providing accessible complaint resolution mechanisms for our clients. If you have a complaint about any of our Advice Services, you should take the following steps.

### Contact your Merit Wealth Representative:

In the first instance please contact the Merit Adviser or representative who provided you with the particular service and tell them about your complaint and they will try to resolve your complaint quickly and fairly.

### Internal Dispute Resolution:

If you have raised your concern with a Merit Wealth Adviser or representative and the matter has not been resolved to your satisfaction, our Dispute Resolution Department can assist. There are three ways you can lodge your complaint:

By telephone:	Call 1300 785 611
In writing (by mail):	Mail your written complaint to: Compliance Officer Merit Wealth Pty Ltd Level 15, 115 Pitt Street, Sydney, NSW 2001
By email:	<a href="mailto:contactus@meritwealth.com.au">contactus@meritwealth.com.au</a>

Once you have contacted Merit Wealth we will begin the process of investigating and resolving your complaint. We will try to resolve your complaint quickly and fairly. We will endeavour to resolve your complaint within 5 business days however some complaints do take more time than others. If we anticipate that your complaint will take longer than 21 days to resolve, we will contact you within this time to provide you with an update on our progress. Should it take longer than 45 days, we will contact you in writing to provide an explanation of the reason for the delay.]

## External Dispute Resolution

If you do not feel your complaint has been resolved in a satisfactory manner, or if you have not received a response after 45 days, you can lodge a complaint with the Australian Financial Complaints Authority, or **AFCA**.

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

AFCA\* accepts complaints in regards to either:

- a financial planning or advice matter;
- a credit assistance matter; or
- a superannuation matter

AFCA can be contacted by one of the following alternatives –

By telephone:	1800 931 678 (free call)
In writing (by mail):	Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001
By email:	info@afca.org.au
Website:	www.afca.org.au

\* Effective 1 November 2018 the AFCA scheme replaced the previous schemes managed by the Superannuation Complaints Tribunal (SCT), Financial Ombudsman Service Australia (FOS) and Credit and Investments Ombudsman (CIO).

The Australian Securities and Investments Commission (**'ASIC'**) also has a free call Info line on 1300 300 630. You can call this number to make a complaint and to obtain further information about your rights.

### **Financial Planning Association of Australia**

If your concerns involve ethical conduct you may wish to consider raising your concerns in writing with the [Financial Planning Association of Australia](#) (FPA).

Financial Planning Association of Australia

PO Box 109, Collins Street, West Melbourne VIC 8007

## How to Contact Merit Wealth

Please contact your Adviser in the first instance if you have any questions about this Guide or the advice services we provide. This Guide should be retained by you in a safe place for future reference. Alternatively, you can contact Merit Wealth directly at:

Address:	Merit Wealth Pty Ltd Level 15, 115 Pitt Street, Sydney, NSW 2001
Phone: 1300 785 611	
Email <a href="mailto:contactus@meritwealth.com.au">contactus@meritwealth.com.au</a>	