ONGOING ANNUAL REVIEW PROCESS

THE COMPLETE PLANNER

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Executive Summary

The Annual Review Process is one of the most important components in the financial planning process. It is crucial for a financial plan to be reviewed on an annual basis to ensure that it remains in line with client's goals, financial circumstances, and the changing legislative environment.

This document is a guideline for financial advisors to execute the Ongoing Annual Review process. The Annual review process has been divided into seven (7) steps, under two main categories: Pre-Review Steps and Post-Review Steps.

The seven (7) steps required to conduct the Review have been outlined below in detail. *The steps mention the use of Midwinter (a financial planning software) and Product Providers as examples only to demonstrate and explain certain steps.*

Aim and Purpose

To assist and provide guidance to all the financial advisors regarding the important steps that must be undertaken to conduct an Annual Review.

Points to consider for All Advisors

- Must document the Ongoing Service Agreement with the Client.
- Advisors must maintain adequate file notes and record all forms of communication with the clients related to Annual Review Process.
- Implement a Tracking System for Reviews, FDS and Opt-in Obligations.
- The Review should be based on up to date and accurate information.

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Annual Review Procedure for Ongoing Clients

The Ongoing Annual Review Process is a compulsory process that must be conducted for each client to remain compliant with the ASIC Regulations. The Complete Planner's Annual Review process is divided into two steps: 1) Pre-Review Steps and 2) Post-Review Steps

1. Pre-Review Steps – Gathering and Updating Current Client details

Prior to conducting an annual review and meeting the client, each advisor must prepare the below essential documents that contain the most recent or up-to-date information of each client's portfolio.

Step 1: Monthly Review Report

Download a report on a monthly basis listing ongoing client to arrange review appointments with clients. The report may be segregated based on Annual Reviews, Opt-in, and FDS. Each advisor can download this report from their own respective financial planning software such as Midwinter or Xplan.

Step 2: Review Documents Preparation

The documents to be prepared for the Annual review are as follows:

a) **Portfolio Valuation/Snapshots: -** This document provides the client information regarding the performance of their funds over the last 12 months. Download or print the policy snapshots (Super, Pension, Insurances) for a specific period or for the period used in previous review(Example – Year ended 2019 – 1st July 2018 – 30th June 2019)

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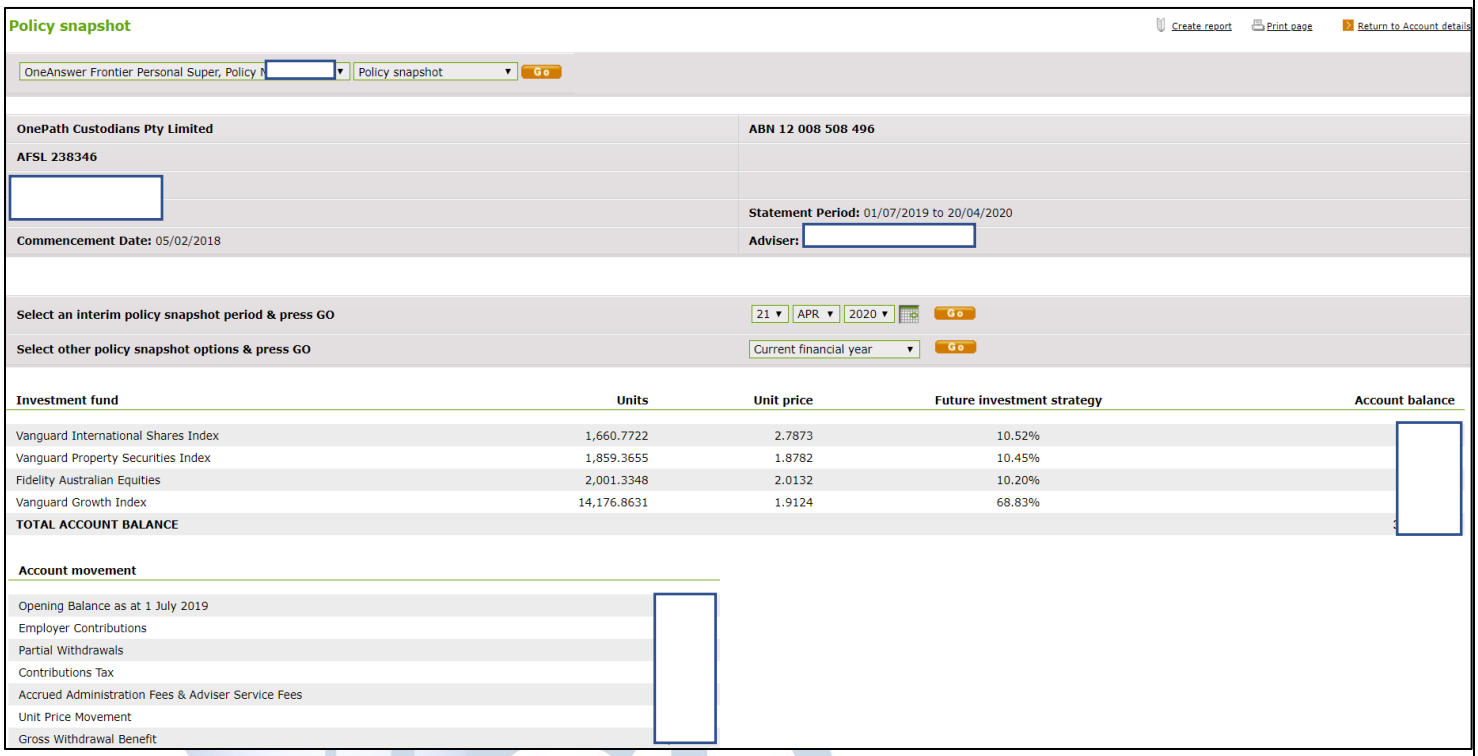
Below is an example of a Policy Valuation Statement or Snapshot:

Source: A OnePath Policy Snapshot



Policy snapshot

Create report | Print page | Return to Account details

OneAnswer Frontier Personal Super, Policy N [redacted] | Policy snapshot | Go

OnePath Custodians Pty Limited	**ABN 12 008 508 496**
AFSL 238346	
[redacted]	
	Statement Period: 01/07/2019 to 20/04/2020
Commencement Date: 05/02/2018	**Adviser:** [redacted]

Select an interim policy snapshot period & press GO 21 | APR | 2020 | Go

Select other policy snapshot options & press GO Current financial year | Go

Investment fund	Units	Unit price	Future investment strategy	Account balance
Vanguard International Shares Index	1,660.7722	2.7873	10.52%	[redacted]
Vanguard Property Securities Index	1,859.3655	1.8782	10.45%	
Fidelity Australian Equities	2,001.3348	2.0132	10.20%	
Vanguard Growth Index	14,176.8631	1.9124	68.83%	
TOTAL ACCOUNT BALANCE				

Account movement

Opening Balance as at 1 July 2019	[redacted]
Employer Contributions	
Partial Withdrawals	
Contributions Tax	
Accrued Administration Fees & Adviser Service Fees	
Unit Price Movement	
Gross Withdrawal Benefit	

Note: Policy Snapshots are available online for each client on their respective platforms (OnePath, TAL, Grow Wrap etc.)

Approved Product List check: Ensure all the investments are a part of the TCP APL. The ratings of all funds in the portfolio must be Recommended or Highly Recommended (Lonsec Rating).

If the rating of any fund in the portfolio is Investment Grade or below, prior permission is required from The Complete Planner's Investment Committee before including the investment in the client's portfolio.

b) Update Financial Planning Software and Client Files:-

i. Each client's database must be updated with the latest values/balances using the policy snapshots on the software (e.g. Midwinter)

ii. Review other client details and update all the necessary sections (Personal Details, Compliance, Contact Details, Income and Expenses etc.). Use the previous ROA or SOA to confirm details.

c) Fact Find (Most Recent) and Portfolio Analysis Reports:- Once all the details have been updated, we need to generate two reports.

i. **Fact Find:** This report aims to provide a summary of the client's most recent and up-to-date personal and financial details. All advice provided is based on the information in this document.

ii. **Portfolio Analysis:** This report provides a summary of the client's individual investments within the portfolio and advises the client regarding the performance, if it is on track to meet their investment objectives as well as being aligned with their Risk Profile.
Note: It maybe necessary to remove non-performing investments from the portfolio.

d) Other important documents: Depending on the circumstances of each client, certain other documents need to be presented as well.

i. New FSG (**latest version**) – *For more details refer to **s13.5 chapter 13** of The Complete Planner's **Compliance Manual.***
ii. New Proof of Identification (if the existing one provided has expired)
iii. AML form (if their existing proof of identification has expired)
iv. Risk Profile Questionnaire (every 2 years- in case the client has changed their risk preferences)
v. Diary Note

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Annual Ongoing Review Documents Checklist:

Annual Ongoing Review Documents Checklist

Date : _____

Client Name : _____

- ☐ Current FSG (version)
- ☐ Policy Snapshots
- ☐ Portfolio Analysis
- ☐ Reverse Fact Find
- ☐ AML Form (if required)
- ☐ Risk Profile Questionnaire (if required)
- ☐ Review Diary Note
- ☐ New ID Proof Required : Yes / No

Additional Comments:

_____

_____

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2. Post review Steps

Step 3: Update Information and Changes to be Implemented

Once the Review is completed, if the client provides any new information or any changes in regard to their personal or financial details or have been suggested any changes (i.e. re-balance portfolio, top up of cash bucket, etc.) then these changes must be:

i. Updated in the Financial Planning software and/or client file before implementing the above changes.
ii. Based on the changes either a ROA or an SOA needs to be prepared.

Step 4: Record of Advice (ROA) v/s Statement of Advice (SOA)

i. **Record of Advice (ROA):** If there are "**No** significant changes" (e.g. Rebalancing, top up cash etc.) or "No Changes", we must then prepare a Record of Advice (ROA) noting any adjustments or recommending "No change".

ii. **Statement of Advice:** If there are "Significant changes" (e.g. Change of risk profile, introduction of new asset class, switching platforms or insurance products, substantial inheritance, retiring, divorce, etc.), we must then prepare a Statement of Advice (SOA). *For more details refer to **s13.5 chapter 13** of The Complete Planner's **Compliance Manual**.*

Step 5: Present/Send Documents to Clients

Once the ROA or SOA is prepared, the document maybe presented to the client in-person or incase the client is unable to meet in-person, the document maybe be sent to the client, either via email or post. (The date on which the documents are sent must be recorded).

Step 6: Implementation of the Recommendation

If any changes have been recommended to the client, they must be implemented **ONLY** after we have received the **client's confirmation or consent**.

Note: *Conducting a **Desktop Review***

A desktop review must be conducted only under the following circumstances:

i. If the client is unable to meet in person for their annual review and have provided their consent via email or over the phone.

ii. *If the client is unreachable via the phone or emails and does not respond within 30 days (**document the number of attempts made to contact the client**)*

Step 7: Financial Disclosure Statements (FDS) and Opt-In Letters

a) **Financial Disclosure Statements:** To prepare this document the following steps must be undertaken:

i) Download the Fee statement for the last 12 months for each individual client from their respective product/platform websites (Macquarie Wrap, CFS, etc.)

ii) The FDS template must contain necessary details such as (Key Dates, Type of fees, Total Fees amount, services offered)

iii) Total Fees charged – The total fee amount to be mentioned in the FDS must reflect the amount that has been charged to the client in the past 12 months (starting from the date on which the new agreement, opt-in letter or SOA was signed)

Note 1: *The fees reflected on the online fee statements will reflect a rebated amount inclusive of the Reduced Input Tax Rebate (ITR) for Super and Pension and Earnings Tax rebate (ETR) if applicable).*

Note 2: The FDS template is available on the TCP website or can be made available upon request. *For more details refer to **s13.5 chapter 13** of The Complete Planner's **Compliance Manual**.*

b) **Opt-In Requirement:** means that all advisers who have ongoing fee arrangements with their clients must obtain their client's agreement at least every two years to continue the ongoing fee arrangement. The Opt-in template is available on the TCP website or can be made available upon request.

The details of the requirement are as follows:

i. Fee recipients are required to give a renewal notice to clients who have entered an ongoing fee arrangement on or after 1 July 2013.

ii. An Opt In renewal notice is required to be sent all new clients (post 1 July 2013) along with their FDS within 60 days of the second anniversary of their disclosure date. A fee recipient can meet their Opt-In obligations prior to the second anniversary should they chose to do so, for example to align with a disclosure date that has been reset.

iii. The client must confirm in writing that they wish to continue the ongoing fee arrangement within the renewal period (30 days).

iv. If the client chooses not to renew the agreement, then the ongoing fees must cease immediately.

v. If the client doesn't respond to the renewal notice, the ongoing fees must cease no later than 60 days after the renewal notice was issued.

vi. This document can be combined with the FDS and provided to client if both are due to together in any particular year.

Note: *For more details refer to* ***s13.5.20 chapter 13*** *of The Complete Planner's* ***Compliance Manual****.*

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