



# Lead Adviser

## Training

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2018 Training Manual and Workbook







LEAD ADVISER

# Lead Adviser Virtual

## Explore our digital resources!

The Lead Adviser training emphasises the return on learning, blending the hard skills of reflecting business practice, while implementing the soft skills of relationship building.

A project management style of advice delivery to ensure strong integration and outcomes for you and your clients

WHAT IS LEAD ADVISER?

Lead Adviser takes learning to a whole new level in the profession of financial advice. Our training has been developed through the evolution of delivering traditional financial advice into a client centric, non product based approach, aimed at servicing the needs of high net worth individuals, families and successful businesses.

Lead Adviser is built on the premise of the hard and soft skills required to provide strategic advice. The hard skills are the technical elements of advice with the soft skills being the people, emotions and communication based skills, which in many cases are the hardest to learn.

10-3-NOW TRAINING VIDEO

Founder of Financial Privacy Health and renowned Lead Adviser Scott Fitzpatrick, explores the meeting and engagement skills of the 10-3-NOW process on the whiteboard and the steps you need to take during the client interview to create a desired experience and outcome.

RESOURCES

**LEAD ADVISER MANUAL**  
Download our digital version of the Lead Adviser manual.  
[Read more](#)

**10-3-NOW CHEAT SHEET**  
A quick guide on how to implement the 10-3-NOW process on the whiteboard.  
[Read more](#)

**MY IDEAL WEEK**  
Have your own professional and personal goals for the week. Download this template.  
[Read more](#)

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As a participant of Lead Adviser 2-day course, we invite you to explore **Lead Adviser Virtual**, a digital education platform designed to enhance your business planning and market positioning activities with clients and centres of influence.

[READ MORE](#)

Download our Lead adviser e-manual and other actionable documents.

[HOW TO ACCESS](#)

**Lead Adviser Virtual** is a password protected site and is only exclusive to Lead Adviser alumni. For complimentary access, please email [anthony.vaiente@ftz.com.au](mailto:anthony.vaiente@ftz.com.au).

[SEE MORE](#)

Refresh your Lead Adviser skills and discover our training videos led by Scott Fitzpatrick and Brian Fitzpatrick, facilitators of Lead Adviser.



**NEED MORE INFORMATION?**

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# Introduction to Lead Adviser

## WHAT IS LEAD ADVISER?

- We project manage client's affairs, incorporating tax, legal, estate, strategy, insurance and investment;
- We are "specialised generalists" versus "generalised specialists" (accounting, legal, investment, insurance);
- Our organisation is across all areas, and "not in it";
- Our role is to co-ordinate, project manage and consolidate the advice of all professionals to ensure the best result for the client;
- Collaborative advice, working with other advisers.

## AS TRUSTED ADVISER?

- Relationship focused;
- We outsource to the very best of breed – tax, legal, investment (MDA), insurance, other;
- Balance of intellectual and emotional intelligence.

## LEAD ADVISER MODEL?

- Relationship focus – client, distribution and staff
- Project manage – clients and distribution;
- Implement clients plans
- Ongoing – form strong relationships, intimate with clients affairs, ensure clients are on track;
- Our headspace is therefore not "in" insurance, investment, tax, legal, etc. We are across the issues but not in them. We know how to solve the client's problems and where to look. Our skill set is in communication and helping clients to articulate other concerns, circumstances and feelings toward their financial progress to date;
- Strong communication skills.



# Perception of Value



To know how to think about their problems – all of them.



They want a greater sense of direction, confidence, and capability in all areas of life.



They want financial solutions to be part of much larger lifetime solutions.



They want everything based on their D.O.S – not the adviser's needs for commission.



They want advisers independent of Bureaucratic dependencies.



They want advisers whose finances are independent of commodity sales – and commissions.



They want advisers who can construct a lifetime plan for them.

# Content Versus Context

## EXAMPLE

**All too often, when meeting with a client for an initial interview, financial planners delve straight into the content.**

A client has \$500k and the financial planner goes straight into what will produce the best investment returns for the client. They will delve straight into the content of how he/she can deal with issues or how he/she will invest the money



Our method is to first consider the context for the meeting and then work within that context. Context adds meaning to the content. For example, in the client's mind, the context may be making sure the family is provided for and wanting to feel they are secure. By setting this context, we can then deal with the content and, for the client and planner, the context will now give meaning to the content.

Another example of content and context could be if the client does not have a Will. If we go straight to the content, we would suggest the client obtains a Will. Without the context, this has no relevance for the client. If the context of the discussion is about looking after the family, then we would suggest a financial strategy, asset protection and estate planning. Now we have the context, it makes more sense to get the Wills updated.

Context is almost like the higher purpose or ultimate purpose of the meeting. It adds meaning to content.

Tips for the financial planner at the beginning of every meeting is to set a context for the meeting, help the client understand the difference between content and context. By setting a context it makes it very easy to deal with the content.

The content may not change, but decisions are made easier when we look to the higher purpose or the context from which people are operating.

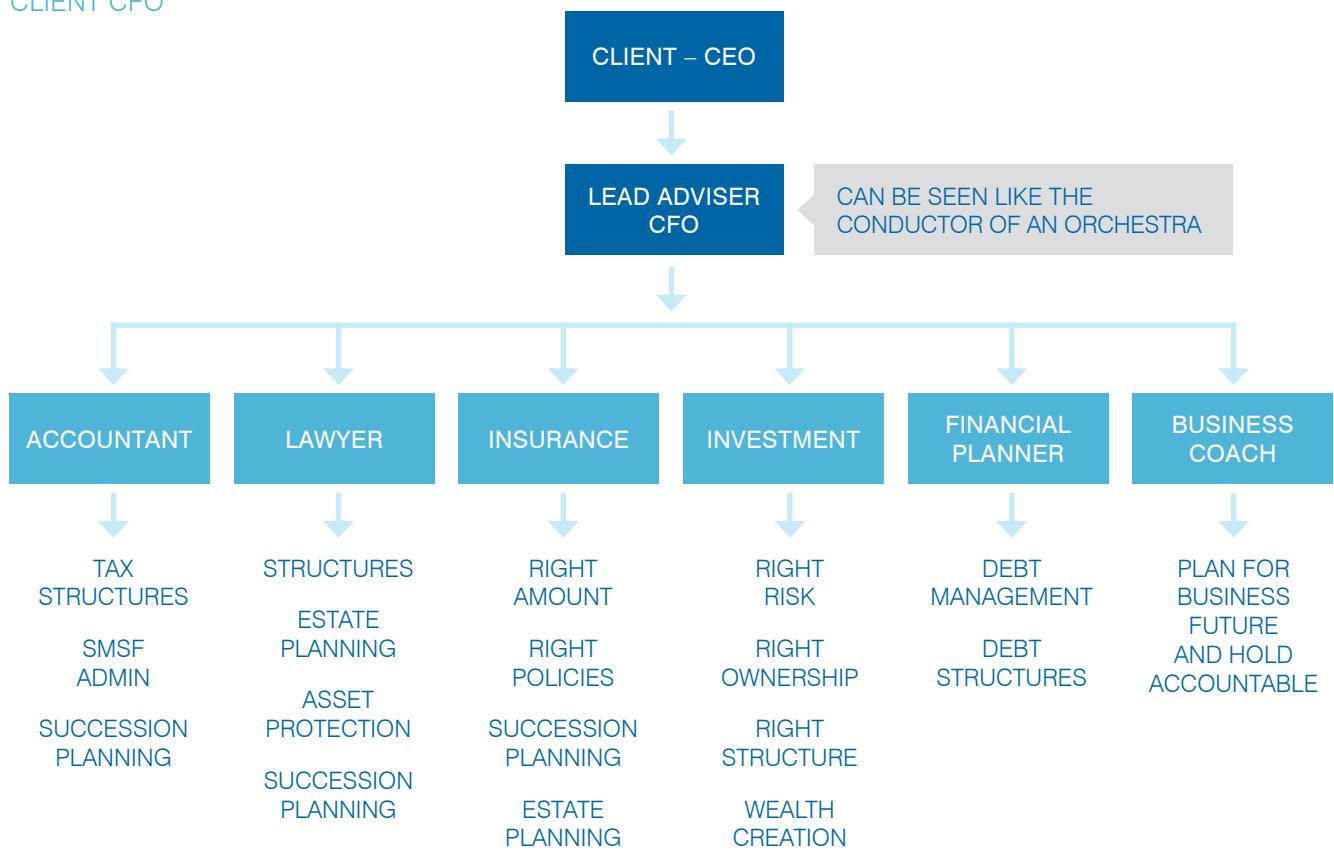
! Most planners dive straight into content.

# Lead Adviser Framework

168 HOURS – WHERE DOES THE CLIENT WANT TO SPEND THEIR TIME?



CLIENT CFO



# Becoming an Orchestra Conductor

## Your commitment to no longer be a Subject Matter Expert

### "ONE MAN BAND" V. ORCHESTRATOR

Have you ever seen a "One Man Band?" Whether a street performer, a carnival musician, or a circus act, the "One Man Band" is distinctive. First of all, it's often not a man. A "One Man Band" could be a man or a woman. They might have a guitar with a harmonica held up to the mouth by a brace, an accordion under one arm, a bicycle horn under the other arm and cymbals between their knees. Got the visual? This one person does it all. The whole band is represented by one person. The music never sounds like a symphony orchestra; as a matter of fact, the music barely sounds like music at all. Creating ghastly music, the most complimentary thing you can summon up to say about a "One Man Band" is "Wow, how do they manage all that? It's quite a spectacle to see all limbs moving at once to slightly different cadences while the harmonica and guitar struggle to set some kind of a structure for the rest of the "band" to follow. The reality is that none of us make very competent "One Man Bands."

How so many of us came to believe "we can do it all" is unclear, but we do. Whether it's changing the oil in our car, wallpapering the kitchen or decorating a birthday cake, why so many of us seek to do things outside the scope of our obvious competencies, rather than bringing in someone better skilled, is a mystery.

When it comes to providing comprehensive financial services for our Ideal Clients, many advisors take a similar "One Man Band" view. Whether it's creating a financial plan, establishing an asset allocation, making buy and sell decisions on individual investments, recommending specific insurance policies, giving advice on tax qualified plan contributions or describing how a trust operates to our Clients, many advisors attempt to do it all.

OK, let's be fair; some advisors do, indeed, draw lines as to where their advice ends and another expert will need to be brought in. But are the lines clear and is it smart to dabble into all these areas of expertise?

Let's consider the difference in approaches between a "one man band" and what we'll call an "Orchestrator" or Orchestra Conductor.

### THE "ONE MAN BAND"

Let's describe how a "One Man Band" typically operates in a financial services practice. A financial advisor who behaves like a "One Man Band" frequently considers themselves a "one stop shop" for their Clients; which is actually a good thing in principle. But in application they attempt to give advice in many areas of finance which are outside of their expertise.

Whether this tendency comes from the fact that an advisor has been in business for many years and actually does know quite a bit, or it's because there's a fear that the Client won't value their services if they "betray any ignorance" is irrelevant. The fact is that there are countless people who have devoted their entire careers to very narrow

aspects of financial services raises doubts as to whether any single advisor is an expert in all areas. There are people who have spent decades of their lives studying and applying narrow areas of the income tax code or pouring-over estate tax case-law or can describe which of the S&P 500 companies showed a profit last quarter and which did not. Given that experts exist who have devoted many, many years of their lives to excelling in the areas of Financial Planning, Tax, Money Management, Insurance, and Estate Planning it's ridiculous to think that a single advisor could be Best-in-Class in all these areas.

Imagine you're a Potential Ideal Client (PIC) interviewing a financial advisor (FA) who responds like this,

PIC: "Does your firm manage money?"

FA: "Why yes, I do that myself."

PIC: "Really? How have you done?"

FA: "Well, I'm good at it if I do say so myself. I've managed to beat my benchmark in 3 of the last 5 consecutive rolling quarters. I use a dynamic fundamental model focusing on relative performance. You know a top down model, but ever mindful of earnings multiples and the betas, of course."

PIC: "Of Course" (Help)

FA: "I establish the overall asset allocation as well."

PIC: "You do that too?"

FA: "Why yes, I am an expert at

# Becoming an Orchestra Conductor

Your commitment to no longer be a Subject Matter Expert continued

selecting ideal asset allocations for people in your situation. I'm experienced in all sectors of assets and will help you not only structure your portfolio across all asset classes, but I'll manage the specific investments as well. I pick the stocks and bonds and mutual funds and everything in your portfolio and I'll monitor them closely.

PIC: "Amazing that you have the time to do all that."

FA: "Yes, It's taken many years to learn how to juggle everything for all my Clients. Do you have any equity investments currently?"

PIC: "Yes, and almost all of my equity investments are in one single stock. The company I work for. I've got stock options and deferred compensation plans. I would really appreciate advice on those, especially with all the tricky tax consequences to consider."

FA: "Yikes, that allocation will need some major work right away. Good thing I'm a tax expert as well."

PIC: "Is that so?" (worried now)  
"Sounds like you have multiple PhD's or something."

FA: "Ahhhemm. No, but I've been around the block with my Clients' tax issues and I will handle the tax planning for you as well. I'll even review your tax return for you too." (wink)

PIC: "What else do you do?"

FA: "Well, I create better financial plans than anyone else here at the firm, which is quite a challenge. Good thing I'm expert in the areas of estate planning and insurance. Otherwise I would have to invest more time creating plans for people like you. As

it is, I can create a comprehensive financial plan in less than 2 hours."

PIC: "Is there anything you don't do?"

FA: "Yes, sleep." (wink. wink. smile)  
"So when do we get started creating your plan, advising you on your insurance, reading your estate plan, making tax recommendations, allocating your assets and managing your money for you?"

PIC: "Let me think about it. I'll call you."

OK, you get the picture. But no matter how close you come to the blurry line of appearing to be a "One Man Band" to Clients, it always begs the question, "Can they really be skilled in all the areas they seem to imply?"

A financial orchestrator takes a 180 degree opposite viewpoint. Even if the Financial Orchestrator knows a lot about many areas of finance, they resist the temptation to weigh-in on issues. They recognize that no matter how skilled they may be in a particular area of finance that there are people far more skilled and competent to weigh-in on any particular issue. So, the issue for an orchestrator is not to seem knowledgeable or even give a good or plausible response to an issue. The goal of the orchestrator is to arrange to get the best response available from the most skilled person who's accessible.

Let's examine in greater detail how a "financial orchestrator" operates.

## ORCHESTRATOR

The visual is an Orchestra Conductor. Most of us can picture the scene where the orchestra is up on stage tuning before a concert. The sound is a cacophony of every

instrument in the orchestra belting out noises that each musician requires to tune their instrument and warm-up for the concert. It sounds like a disorganized musical mess. No beat, no melody, just musical anarchy. But then the Orchestra Conductor takes the stage. After much applause, he takes to the podium and taps his baton three times on the music stand; all instruments immediately go silent.

He raises his baton with both hands as every musician watches for instruction and then the beautiful music begins. First, a lonely violin makes beautiful music, then joined by the rest of the stringed instruments. The music builds dramatically as the pace quickens, then slows as the Orchestra Conductor is the unquestioned leader of all these musical experts. The horned instruments add to the symphony and the volume rises as emotions peak. The timpani begins to roll as the climactic point of the concert is reached. All instruments are blaring, but unlike when they were tuning before the concert, now they are making beautiful and emotional music designed to move those listening.

The metaphor is appropriate for financial services. A Trusted Advisor (TA) who is an Orchestrator is, metaphorically, the Orchestra Conductor. The Deliverables Team Member of Best-in-Class (BIC) Subject Matter Experts (SME) are, metaphorically, the expert musicians in the orchestra.

Even the words in the metaphor are excellent. A symphony orchestra plays concerts. The word concert means to work jointly in unison and in harmony. Sounds like the job for

# Becoming an Orchestra Conductor

## Your commitment to no longer be a Subject Matter Expert continued

an effective leader to make happen. Even the word orchestrate, which is what Orchestra Conductors do for orchestras, creates wonderful visuals. The word orchestrate means to arrange, to integrate, to manage and to unify. A perfect picture of what an effective Financial Orchestrator does with the Deliverables Team Members for their Ideal Clients.

Imagine how an Orchestra Conductor might look if they decided one day to try their hand at being more of a "One Man Band." No, I don't mean attempting to play ALL of the instruments in the orchestra. Like many financial advisors, let's imagine they'll play just a couple of instruments, and only ones they have some experience with.

Visualize the same setting. The orchestra conductor raises the baton & the music begins. But there's a brief pause as he immediately puts his baton down on the music stand, runs down to the first violin chair, picks up the violin and begins the concert. After his solo, he drops the violin and jumps back up to the podium to continue conducting the rest of the orchestra. A minute later, he races down to pick up a trombone & plays with the rest of the orchestra, except that without the conductor, the pace begins to break up and there's a discernible disorganization that creeps into the music. They're not playing in unison like before; it begins to sound sloppy.

Get the picture. The fact that this scenario would be unnecessarily distracting to the audience (the Clients) is secondary to the obvious problem that what is occurring here is not

optimal. Rather than have the best person playing each instrument, we've settled for something less. In addition, because the Orchestra Conductor is not always up at the podium setting the pace and leading the others the overall performance of the group suffers as does the overall result.

So what's the role of the financial orchestrator? Let's briefly examine their two primary duties.

### SELECTS THE TEAM

One of the things important to a Trusted Advisor is having belief in their team and fostering enough confidence to delegate important responsibilities to them. That belief and confidence, in large measure, is supported by the fact that most financial advisors can choose who serves on the team.

The ability to choose a team that is skilled, has demonstrated Client service abilities, and possess a chemistry that fits well with the rest of the team all support the Trusted Advisor's growing confidence. While building a team that works well together will take time and careful consideration of each member, it is what ultimately allows the TA to let go, and delegate all of the client deliverables.

Even in rare instances where a TA works for a large institution that provides Subject Matter Experts to provide services for Ideal Clients, it is the TA who ultimately decides if their team is "up to the job," and only recommends the work to those competent to do it, even if the work is outside of the company. Anything less describes something other than a Trusted Advisor, since the Client is the one who confers the term "Trusted" before the title "Advisor." It

is a term bestowed by Clients upon advisors, not their firms and certainly not themselves. Trusted Advisor is a commission to be lived up to; it serves the Client, not the other way round.

### LEADER

As we visualized with the Orchestra Conductor who kept jumping up & down from the podium to play one of the instruments. The overall result, the music, suffered not only because the conductor was not a Best-in-Class (BIC) musician (Subject Matter Expert), but also because they were absent in their role of leader while they were distracted playing their individual instrument. The music lost its pace and got sloppy while there was no leader at the helm.

So, the other primary role of the TA as financial orchestrator is a leadership role.

### SETS STANDARDS

It is the job of the Trusted Advisor to set the standards for the Deliverables Team. Just as an Orchestra Conductor has the printed music sheets as a guide for what the musicians should be doing, it is also the job to assess the performance of each musician and create an environment for continual improvement.

As you will see in this module, you will be provided with resources to establish processes, the printed music to be followed, as well as ways to assess and improve the performance of each Deliverables Team Member.

### ENFORCES PROCESSES

Written documented process will be the "glue" in this module, which hold the Deliverables Team Member

# Becoming an Orchestra Conductor

Your commitment to no longer be a Subject Matter Expert continued

together. This module will show you how to create a “process culture” as your Team grows by implementing the easy method outlined in this material to document any process in your practice in writing in 20 minutes or less, no matter how complicated. Your Team will develop most of the processes and your job as financial orchestrator will be to enforce their use.

Most financial advisory practices don’t have many written documented processes, but, as you’ll see, embracing this “process culture” will place your practice in a unique and desirable class due to the consistency and quality of service that only a clear process can provide.

## ASSESSES PERFORMANCE

In many organizations the idea of “performance assessments” or “job performance reviews” make everyone cringe. All too often they feel like a trip to the Principal’s office. As you’ll see in this module, the opportunity to improve performance can be made an inspiring interaction.

Through the use of the Success Road Map® (SRM), individual members should and will look forward to these discussions with the financial orchestrator as a time to update their progress towards their own goals while gaining clarity in ways to improve communication and interactions with other members of the DT in order ensure that we’re delivering upon all our promises to our Ideal Clients.

## COORDINATES EFFORTS

Just like an Orchestra Conductor, a financial orchestrator develops great leadership skills. Recognizing that you’ve gathered a team of highly skilled individuals to serve your Clients, you help the team stay focused on the goals. Your job is not to dominate the group, but rather your job is to inspire and lead the group to bring out the skills you’ve identified for the benefit of your Ideal Clients.

Sometimes you play the leadership role of enforcer and at other times you playing the statesman or healing wounds. Whatever your role as leader, your job is to stay focused on ensuring that your Clients have the best that each of these Deliverables Team Members have to give.

## TRANSITIONING TO THE ORCHESTRATOR

The main ingredient in fully transitioning to financial orchestrator is your desire. You have to really want this. You have to want to live up to the moniker Trusted Advisor. You have to want to offer comprehensive financial services. The idea of your Ideal Clients being served by a Deliverables Team of Best-in-Class Subject Matter Expert has to really appeal to you. Once you’ve made up your mind, the material in this module will help you get from wherever you are now to where you need to be as an authentic and very effective financial orchestrator.

Even if you, indeed, actually are a BIC expert in some area of finance; even if you dread seeking someone to replace you because you are great at what you do; consider that being a Subject Matter Expert is no longer your job. The moment you committed to being the Ideal Clients’ Trusted Advisor and made the decision to orchestrate more fully comprehensive financial services, your job changed. In that moment you became a financial orchestrator.

## THE CLIENT WINS

As have you probably imagined already, by eliminating all notions of being a “One Man Band,” and fully embracing your role as financial orchestrator, it is your Clients who win the most. This is the financial advisory relationship that so many affluent people dream about but are secretly sceptical exists in the real world.

Put yourself in the shoes of your Ideal Client for a moment. How do you feel they would react if you explained that you are working aggressively to offer fully comprehensive financial services? Your practice will offer conflict-free advice and guidance in all areas of finance. That you’ll provide these comprehensive services through a team of Best-in-Class Subject Matter Experts who you have carefully recruited so that your Ideal Client community can be assured their “financial houses” are completely in order at all times.

A powerful offering.

# Becoming an Orchestra Conductor

Your commitment to no longer be a Subject Matter Expert continued

## BUSINESS IS SCALABLE

As your Ideal Client community grows, you'll gain even greater appreciation for your decision to recruit a team. What may have been somewhat manageable as a "One Man Band" is not possible with between 75 - 150 Ideal Clients. Only having a team that is skilled at providing their narrow area of expertise without much involvement by you, other than to orchestrate, allows your practice to grow.

What a relief to be able to maintain the highest levels of BIC service even when your Ideal Client community exceeds 75. As you'll see in this material, you're able to ensure this because you have carefully selected your Deliverables Team Members because they have demonstrated they are able to handle the additional Ideal Clients you will acquire at the pace you plan to acquire them.

By orchestrating a team of skilled professionals who already have a great Client service structure, every Deliverables Team Member you acquire actually increases the positive Client experience you offer since their team now becomes part of yours.

## CREATES TIME FOR THE TRUSTED ADVISOR

Even though one of the results of embracing this form of delegation by orchestrating a team actually creates time for the TA, the main argument for you to consider is that being the "relationship manager" between the DT and your Ideal Clients is your real job. As expert as each member of your Deliverables Team are, you are the Client's Trusted Advisor. It's your job to understand and communicate on a very deep level what the Client is trying to accomplish with all Deliverables Team Members. Then, as they perform their talented work, it's still your job to hear and understand what each Deliverables Team Member is recommending to achieve that high level of belief required to place your "seal of approval" on the team's recommendations as those you recommend, as well.

You are at the forefront of the team in your Ideal Clients' mind and, you hold a unique position of representing the Client to the team and representing the Client's interests when you present recommendations back to them from your team.

Source: [Becoming an Orchestra Conductor — Trusted Advisor Toolkit – Mark McKenna Little](#)



# Lead Adviser

## Training Workbook

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# Introduction to Framing Up the 2 Days: Perception of Value (US Industry Feedback)



To know how to think about their problems – all of them.



They want a greater sense of direction, confidence, and capability in all areas of life.



They want financial solutions to be part of much larger lifetime solutions.



They want everything based on their D.O.S – not the adviser's needs for commission.



They want advisers independent of Bureaucratic dependencies.



They want advisers whose finances are independent of commodity sales – and commissions.



They want advisers who can construct a lifetime plan for them.



# Engagement Skills:

## 10-3-Now

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## Engagement Skills:

10-3-Now continued

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## Engagement Skills: 10-3-Now continued

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# Emotional Intelligence for Lead Advisers: SCARF Model

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A photograph of two men in professional attire. The man on the left, with dark hair and a beard, is wearing a light blue suit jacket over a white shirt and a red tie. He is looking down at a silver tablet held by the man on the right. The man on the right has light-colored hair and a beard, and is wearing a grey suit jacket over a yellow shirt. He is smiling and looking at the tablet screen. The background is blurred, suggesting an office or public space.

“

When it comes to the implementation stage, the client will need to receive advice from the area specialists...

# Width and Depth of an Adviser's Scope

	AWARENESS	EDUCATION	CHOICES	IMPLEMENTATION INTEGRATION	REVIEW
GOAL SETTING					
FINANCE					
WEALTH CREATION/ INVESTMENT					
WILLS & EPAS					
MANAGEMENT					
STRATEGY/PROJECT					
LIFE INSURANCE					
GENERAL INSURANCE					
ASSET PROTECTION					
SUPERANNUATION					
TAX					
STRUCTURES					
FUNCTIONALITY					
ADMINISTRATION					

A Lead Adviser will come across many different areas when discussing issues with clients. They should be able to add value in raising awareness and providing education. When it comes to the implementation stage, the client will need to receive advice from the area specialists.

The Lead Adviser should be able to help the client understand the advice given and discuss how this integrates into other areas.

# Overview

## Hard and Soft Skills | Front and Back Stage

**The Lead Adviser training recognises the need for a balanced approach. A blend of “hard and soft” subjects is on offer. In short, hard skills reflect business practice, whilst soft skills refer to relationships with other people. The offerings include:**

### HARD

- Advice process/ implementation
- Technical
- Super
- MDA/Investments
- Tax
- Insurance
- Estate planning
- Asset protection
- Lead generation/ distribution
- Outsource/ business models
- Services
- Pricing
- Templates
- Workflows
- Risk management
- Functional chart
- Business planning
- Project management

### SOFT

- Communication
- Presentation skills
- Emotional intelligence
- Leadership
- Culture
- Relationships
- Self awareness and self value
- Values
- Feelings
- Common language
- Unique ability
- Time management
- Recruitment
- Appraisals
- Motivation
- Recognize prior learning (PPL)
- Balance/Harmony/ Life mapping
- Personal Learning Styles
- Staff supervision and selection

### FRONT STAGE

- 1ST Interview process
- Client agenda
- Presentation Skills
- Whiteboard technique
- Emotional Intelligence
- Building relationship/ accounting and legal
- Value proposition for clients
- The outsource model
- Fees and Service model
- Client agreements
- Pricing

### BACK STAGE

- Workflow
- Templates
- Standard letters
- Statements of Advice
- IT
  - Xplan
  - Task orientated
- MDA contracts
- SLA contracts
- Client agreements
- Standard investment plans
- Education packs
  - Estate planning
  - Asset protection
  - Financial plans
- Fact finders
- Estate planning documents
- Starter kits for discovery
- FSG
- One page plan

# Introduction to Core and Critical Framework

## The Content of an Advising Practice

HOW PRACTICES CAN LOOK!

CAPACITY PLANNING	INVESTMENT (REV)	LEGAL-ESTATE	SOAS (REV)
TRAINING	BUSINESS COACHING	SMSF SPECIALIST	DISTRIBUTION
BUSINESS PLAN WRITING	CLIENT RELATIONSHIP (REV)	GENERAL INSURANCE	LIFE INSURANCE (REV)
		BUSINESS FINANCIAL MODEL	
		ACCOUNTANT – LOW COMPLEXITY	ADVERTISING/PROMOTIONS
			MARKETING
		ACCOUNTING (SPECIALIST)	COMMERCIAL PROPERTY
		CLIENT PERSONAL TRAINING	
SPP DOCUMENTS (3 MEETINGS) (REV)	BOOKKEEPING	STATIONARY/OFFICE SUPPLIES	
RESIDENTIAL PROPERTY	LEGAL-TAX	CASH FLOW PLANNING	COUNSELING
BANKING	LEGAL-COMMERCIAL	STRATEGIST ADVISER FUNCTION	
DATE BASE MANAGEMENT	LIFE COACHING	BUSINESS PERFORMANCE MANAGEMENT	
PREMISES			
DISTRIBUTION			
	IMPLEMENTATION MANAGEMENT (REV)		
	ACCOUNTANT – COMPLEX CLIENT	CLIENT BASE ANALYSIS	LEGAL
		ACCOUNTING (ANNUAL TAX RETURNS)	SERVICE OFFERING (INV/SPP)

LEAD ADVISERS CHOOSE ANOTHER PATH...

The Context of a Lead Adviser Business – Focus on the Client



# Emotional Intelligence for Lead Advisers

## PERSONAL COMPETENCE

These capabilities determine how we manage ourselves.

### SELF AWARENESS

- Emotional self-awareness: reading your own emotions and recognising its impact, using “gut sense” to guide decisions;
- Accurate self-assessment: knowing your strengths and limits;
- Self-confidence: a sense of your self-worth and capabilities

### SELF-MANAGEMENT

- Emotional self-control: keeping disruptive emotions and impulses under control;
- Transparency: displaying honesty and integrity, trustworthiness;
- Adaptability: flexibility in adapting to changing situations or overcoming obstacles;
- Achievement: the drive to improve performance to meet inner standards of excellence;
- Optimism: seeing the upside in events.

## SOCIAL COMPETENCE

These capabilities determine how we handle relationships.

### SOCIAL AWARENESS

- Empathy: sensing other individual emotions, understanding perspective, taking active interest in their concerns;
- Organizational awareness: reading what is current, decision networks and politics at the organizational level
- Service: recognizing and meeting follower, client or customer needs

### RELATIONSHIP MANAGEMENT

- Inspirational leadership: guiding and motivating with a compelling vision;
- Influence: wielding a range of tactics for persuasion;
- Developing others: bolstering others’ abilities through feedback and guidance;

- Change catalyst: initiating, managing and leading a new direction;
- Conflict management: resolving disagreements;
- Building bonds: cultivating and maintaining a web of relationships;
- Teamwork and collaboration: cooperation and team building.

From *The New Leaders* by Daniel Goleman

# Emotional Intelligence for Lead Advisers

## Feelings Model



### SAD

Grief, sorrowful, cheerless, gloomy, melancholic, lonely, dejected, despairing, unloved, unhappy, devastated, hurt, disappointed, upset, mournful, etc...



### MAD

Irritated, furious, outraged, resentful, wrathful, annoyed, angry, frustrated, bitter, pissed off, enraged, annoyed, hostile, hatred, etc...



### GLAD

Happy, joyful, relieved, content, blissful, relaxed, at ease, safe, free, peaceful, pleased, thrilled, rapt, satisfied, proud, gratified, euphoric, whimsical, ecstatic, etc...



### SCARED

Anxious, apprehensive, nervous, concerned, wary, frightened, afraid, fearful, vulnerable, terrified, edgy, unsure, uncertain, etc...

! Good, great, lousy, not bad, okay, getting there, so so, fine, you know...are not feelings.

If we can define our feeling into mad, glad, sad and scared, it helps articulate to financial planners on how they feel in their business, but also for their clients and distribution sources. Think about how the client would be feeling when they walk into a room to see a financial planner for the first time. **Mad** may be a sense of frustrated to complete rage, **Sad** may be a sense of loss or future loss, due to money or relationships. **Glad** may be happy to totally exhilarate and **Scared** slightly uneasy right through to frantic.

Typically, our feelings fall into those 4 categories. It's a great one to put on the white board for our clients and you can walk them through their financial situation and assess how they are feeling. We are not trying to fix the feeling for them, rather make them aware of their feeling. It's those feelings that decisions are made.

Most people range from **Sad, Mad to Glad**. Most clients come in scared about their financial situation and whilst it may be scary we are trying to give them reassurance that we can help. Most financial planners when they look at their business models are mad that they came into the business as relationship based people. Now they are managing staff and finance and not getting to see the clients. Quite often they are mad but often very scared that they have to make changes and how those changes will impact them.

Most financial planners we see are mad and sad about what they have created with their business and very scared when change needs to be implemented. When people are scared, we ask if the need is to feel safe or brave. When defined like this, it's easier to make decisions. Most financial planners if we look

at the feelings model are not happy with the business they have built and would like to make changes. The feelings model is great for financial planners, but also great to teach clients when we are inside a meeting and ask:

- How are you feeling now?
- How do you feel about that?
- How does this feel to you?

If you remember from the P.I.E.S model, we are trying to get into the emotional level with the clients. So the feelings awareness for clients, is an enabler to help them make decision, about moving from scared to glad.

# Emotional Intelligence for Lead Advisers

## SCARF Model

### SCARF MODEL OF SOCIAL THREATS AND REWARDS



The SCARF model involves five domains of human social experience: Status, Certainty, Autonomy, Relatedness and Fairness.

S	Status is about relative importance to others
C	Certainty concerns being able to predict the future
A	Autonomy provides a sense of control over events
R	Relatedness is a sense of safety with others – of friend rather than foe
F	Fairness is a perception of fair exchanges between people

These five domains activate either the ‘primary reward’ or ‘primary threat’ circuitry (and associated networks) of the brain. For example, a perceived threat to one’s status activates similar brain networks to a threat to one’s life. In the same way, a perceived increase in fairness activates the same reward circuitry as receiving a monetary reward.

The model enables people to easily recognize, and potentially modify the core social domains that drive human behaviour.

RESPONSE	SYNOMYS	PRIMARY ACTIVATORS	SOCIAL/SITUATIONAL ACTIVATORS	BRAIN ACTIVITY
APPROACH	Advance, attack, reward, solution, construct, engage, engagement	Rewards in form of money, food, water, sex, survival	Happy, attractive faces. Rewards in the form of increasing status, certainty, autonomy, relatedness, fairness	Increased dopamine levels, can see more options, will take risks, and engage with others.
AVOID	Withdraw, retreat, danger, threat, problem, weakness	Punishment in form of removal of money or other resources, or threats like a predator or gun	Fearful, unattractive, unfamiliar faces. Threats in the form of decreasing status, certainty, autonomy, relatedness or fairness.	Decrease in glucose levels and less oxygen, leads to missing subtle signals, a tendency to generalise, missed opportunities and difficulty finding smart answers.

For a more detailed look at the neuroscience behind the model, please read [SCARF: A brain based model for collaborating with and influencing others](#), by David Rock. Source: <http://www.scarf360.com/about/index.shtml> accessed on 15 March 2012.

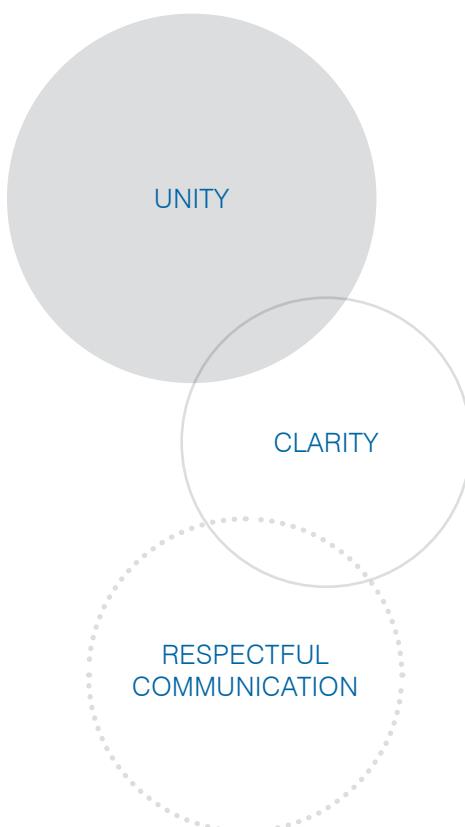
# Emotional Intelligence for Lead Advisers

## Think Feel Know

It is essential that businesses have a united communication process as each individual has different ways of processing information. Shirlaws uses a business framework called **THINK FEEL KNOW** to support this process.

Although individuals can use all three states of **THINK FEEL KNOW**, most individuals have a primary and secondary style of communication. Think Feel Know allows a business owner or manager to understand the individual's preferred process and use that to create respect and unity within the workplace and beyond.

The situations where **THINK FEEL KNOW** can be used effectively to create unity, clarity and respectful communication include:



- Managing conflict and handling complaints and disputes
- Managing and communicating with staff by understanding different communication styles and ways of processing information
- Dealing with anger and frustrations at an individual level
- Working effectively and improving relationships internally (between partners, managers, staff, boards, etc) and externally (with clients, suppliers, alliance partners, etc)
- Supporting decision making where it is slow or reversed
- Making effective and lasting decisions
- Building effective teams by understanding whether individuals are primarily a thinker, feeler or knower
- Recruiting new staff or managers ensuring you have a balance of all three primary communication styles
- Aligning marketing materials with the correspondence being produced and distributed by the company – is the communication aligned with the positioning of the business?
- Understanding people – how do people give and receive information?
- Sales skills – enabling more effective selling to and management of the customer
- Engaging more effectively and managing conflict
- Building the coaching skills of business owners, CEOs and managers in a business.

Source: <http://www.thinkfeelknow.com.au/> accessed on 15 March 2012.

# Emotional Intelligence for Lead Advisers

## PIES Model

**Good financial advisers operate on political or intellectual levels with clients, while Lead Advisers incorporate emotional and spiritual levels.**

### EXAMPLE

You walk into a room and introduce yourself at a political level. My name is Joe Smith, from Smith & Associates.

#### POLITICAL

Lead Advisers are distinguished by:

- The 'process' through which they influence their clients;
- The nature and quality of their 'relationships';
- Their 'sense of self'.

#### INTELLECTUAL

The world's both above and below the line are similar to the left and right hands of Mozart. We need both to create the masterpiece.

#### EMOTIONAL

'P' stands for 'Political' conversation which we quite often have when we first meet people.

#### SPIRITUAL

This is a very factual conversation and very political trying to articulate the 'right thing' style of conversation.

'I' stands for an 'Intellectual' conversation. This may occur between Advisers, accountants and lawyers about tax.

'E' stands for 'Emotional' conversation. This is where individuals start to have more of a feeling style conversation or feeling about the other person. This may vary from adviser to adviser at the level of emotional contact they wish to have with the client. Our experience would suggest most clients would like emotional contact with their Adviser.

In terms of empathy and really understanding the feelings that are driving their decisions, it is very important to connect with your clients at an emotional level.

# Emotional Intelligence for Lead Advisers

## PIES Model Continued

'S' stands for 'Spiritual'. It's not a religious conversation, it's a spiritual conversation. Getting in contact in terms of what really lights their fire, what drives their passion.

If we look at the P.I.E.S model, the 'P' and the 'I', are more head to head conversations, whereas the 'E' and 'S' are more heart to heart, conversations. Once again, this is not a religious conversation, it's just connecting with the client at an emotional level, feeling empathetic

and quite often looking at the higher operating context. When a client truly feels that you understand them, that's when you become the trusted adviser.

Most financial Planning is done in the P and I not the E and S. This is also the same when dealing with referral and distribution sources, accountants, lawyers, etc. The P.I.E.S model is a great example for you to follow in your relationships around your business and where you operate with people.

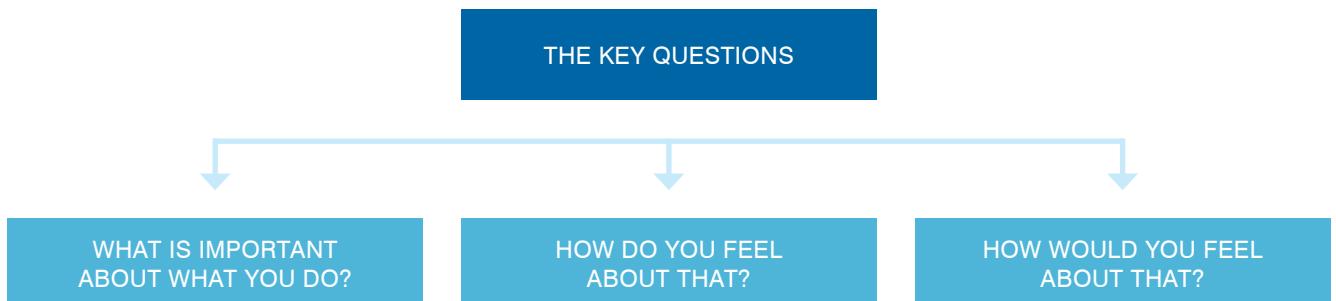
Our experience is that the deeper you get in the E and the S, the stronger the relationship. Fees are not an issue when you are dealing with the E and the S. Most decisions are made within Emotion, it's in the E and S where the decisions are made. Within the P and the I, is the doing part of the decision making.



# Emotional Intelligence for Lead Advisers

## Questioning Techniques

Bill Bacharach “Values based financial planning” goes some way in trying to connect with clients on this level through his approach and questioning.



The key questions dig deep into the client's world:

- Looking to discover what is really important to them; and
- Connection and motivation to act.

### OUTCOME CLARIFICATION QUESTIONS

These are some questions that you can ask to assist in working out what your client really wants.

Ask “OPEN” questions at the start. These require more than yes/no responses. Finish the questions at the ‘to do’ and ‘help’ sections.

This is not a script, so ask what feels like a natural, connected response.

- Can you tell me more about that?
- What does that mean?
- What would you get then?
- What would you have then?
- How would that feel?
- What would that look like?
- What comes up for you?
- What then?
- What else?
- What next?
- What stops you?
- Now what?
- How can I support you?
- Who else could help you?
- What's that about?
- What do you want to do with that?
- What's missing?
- What do you want to add to make it complete?
- If ---- was advising you, what advice do you think (s)he'd give?
- Who will be impacted upon by your new choice?
- What don't you want?
- What do you want instead?
- If you had all that, what would be the result?

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard

### KEY CONCEPTS:

- Client agenda/not yours (the Financial Planner)
- Must understand 'context' vs 'content'
- Coaching process used to begin, not advisory
- Use of emotional intelligence is important
- Require whiteboard skills and use of different colours

### LEARNING OUTCOMES:

At the end of this session, you should be able to:

- Conduct an initial interview with client
- Demonstrate an understanding of the key concepts of the Interview Process

The initial interview is a key part of the overall process. It is at this time that we can discover what is really important and what clients really want for a great life. Conducting a successful interview is the critical factor in developing a financial plan that meets clients' needs, goals and dreams. In this session we will look at the interview process and some strategies that can assist you in uncovering the key issues.

### TO START:

At the beginning of the interview process it is important to remember to put the clients at ease before you start to gather their information. The client must feel they are in control of the situation. Ask for the clients' permission before going through the process. Remember to ask 'checking-in' questions as you go to gauge your clients' response to what could be sensitive issues.

**Q. How can we be of help?**

Ask for permission –

**Q. Do you mind if I take you through a process on the whiteboard and gather up your information? Then we can both be clear about where we may be able to help.**

# Meeting and Engagement Skills for Lead Advisers

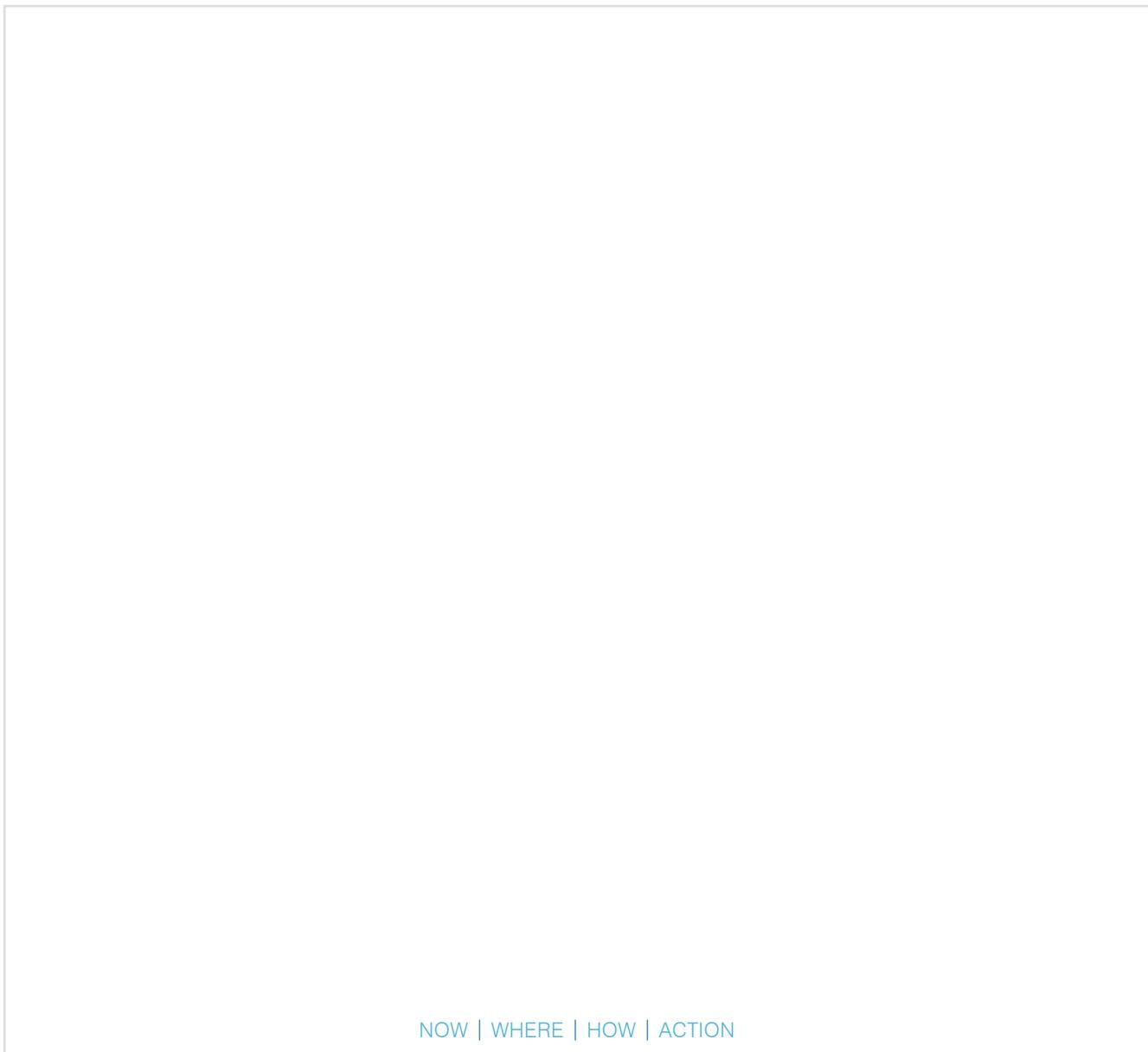
## 10-3-Now and the Whiteboard continued

### THE WHITEBOARD:

Assuming the client is happy to continue with the whiteboard, set your whiteboard up as indicated in the diagram below. **Use bold colours – red, green, blue and black.**

The Financial Planner uses the words **now**, **where**, **how** and **action**.

Q. What I'd like to do is look at the NOW, first. That is, to get a snapshot of your current information.



NOW | WHERE | HOW | ACTION

! This gives clients the time to settle in generally and be comfortable enough to give you their financial information.

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

### CURRENT SITUATION:

The Financial Planner tells the client that they would like to collect all the NOW information. This is the information we know financially about them today and then we look at where they want to get to, how we are going to do this and the steps that need to be actioned to achieve this.

Remember to 'check in' with the client – ask the client if this is OK.

Add the NOW column and then collect the NOW information. This is where we record responses to question such as:

- Are you married?
- Do you have children?
- How old are they?
- Do you own your family home?
- How do you own that (joint tenancy)?
- Have you got a self managed super fund?
- Do you have life insurance?
- Do you have a will?
- What does your will say?
- Do you have any other assets (property, shares)?
- How do you hold your business entities (trust, company)?
- Are you directors?
- Have you given out personal guarantees?

This process provides a general outline of their current financial situation without too much effort.

As you are gathering the information, record it in the NOW column using the following **symbols**:



STICK FIGURES FOR MR & MRS CLIENT



A HOUSE FOR THE FAMILY HOME



A TRIANGLE FOR THE FAMILY TRUST



A CIRCLE FOR THE SUPER FUND



A SQUARE FOR A FAMILY COMPANY

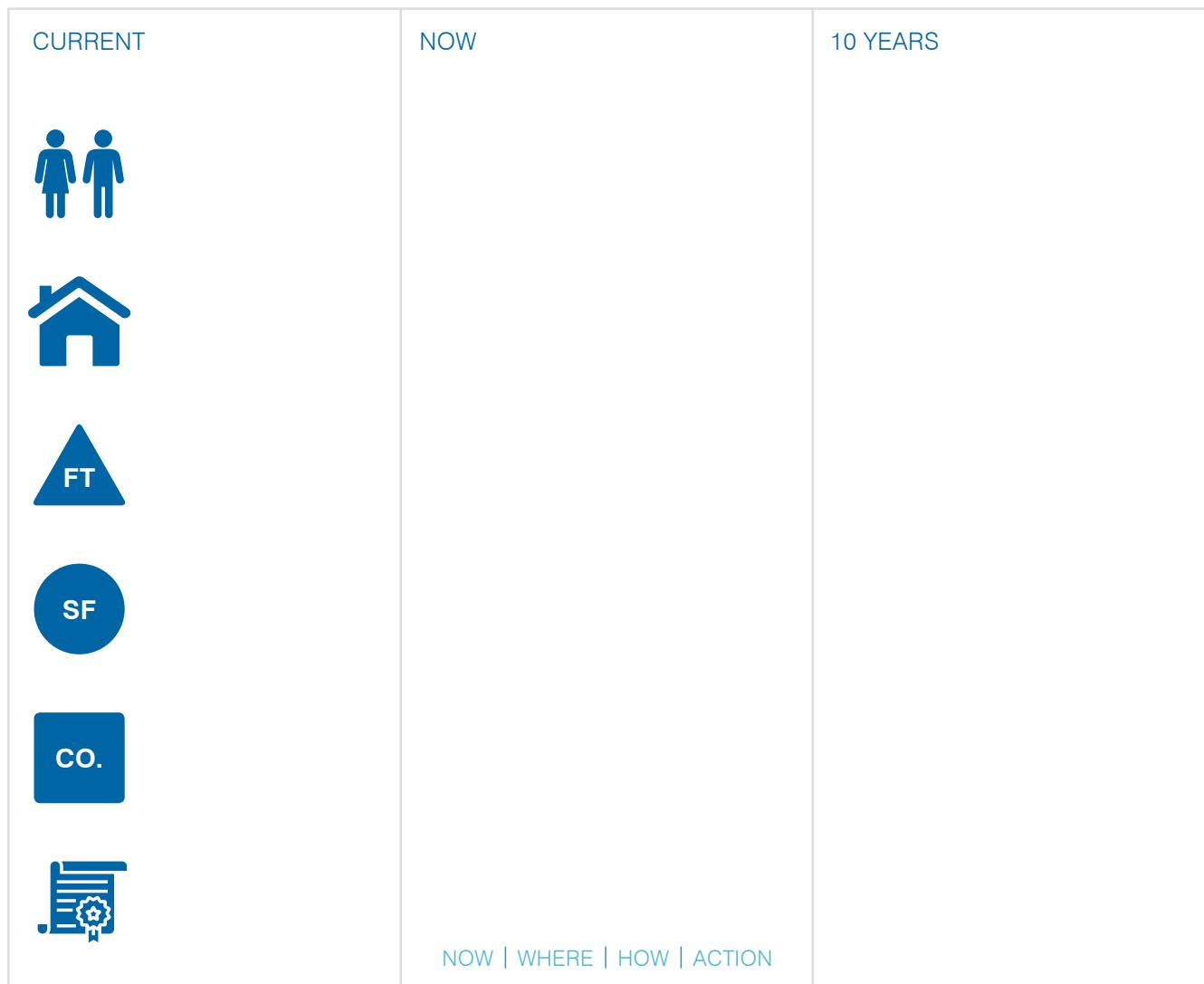


WILLS WITH A QUESTION MARK

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

WHITEBOARD DIAGRAM – “CURRENT SITUATION”:



Many clients will have husband-wife, family home, assets, trust, company and wills. Generally, put these down the page capturing information on wills, insurance, business value, super, noting company directors. Through the process you may instigate some thinking around:

- Estate issues
- Asset protection
- Strategy
- Structures

### CHECKING-IN:

Remember to ask ‘checking-in’ questions as you go through the process:

- How does that sound?
- How does that feel?
- Does that look right to you?
- Is that OK with you?

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

### THE TEN YEAR QUESTION:

At this point the discussion may go something like this:

Q.'Now we are going to have a look at where you would like to be in say 10 years, i.e. 54? What I'd like to know is what would make a great life for you at age 54? We call this creating the context for our discussion and planning. So let's begin with Mrs Client first and then Mr Client after that'.

**!** Allow Mrs Client to go first as our experience indicates that some women may feel overshadowed by their husband.

### WHITEBOARD:

- Set up 2 columns in the right column – one for Mrs Client and one for Mr Client
- Use a different coloured pen for each

Financial Planners should lead the discussion in the 4 main areas of:



#### LIVE

How they want to live their life, i.e. Work 2 days, retire etc, see kids, grandkids, finances are ok, freedom to make choices



#### LOVE

Spend more time in relationships, see more family and friends



#### LEARN

Education, teach their kids values



#### LEGACY

Estate, look after financially enriched family

This process will usually create a big picture view of where people wish to be in 10 years time. Typically this is where the operating context comes in for people on what makes a great life for them. It is important to allow time for the client time to gain completion.

There may be more they wish to add. It is important for the planner to be aware. Listen. Listen to the words and possibly see/feel where the emotion is.

**!** DON'T FORGET to 'check-in'.

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

WHITEBOARD DIAGRAM – “TEN YEAR” QUESTION:

CURRENT	NOW	10 YEARS
		
		
		
		
		<p>Power Words: i.e. time, health, travel, choices, financial stable</p>    
	<p>NOW   WHERE   HOW   ACTION</p>	

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

### THE THREE YEAR QUESTION:

- This session is more content driven and specific.
- It is a shorter and more specific process.
- It needs to get the financial plan in place and working.

Now that we have the NOW and WHERE information, we can fill in the 3 year box. This becomes more specific with the question:

**Q. Imagine we're here in three years from today. What would have needed to happen for you to feel happy with your progress towards your ten year plan?**

Again we begin with Mrs Client, then Mr Client.

### Prompt questions:

- What would you like life to look like financially?
- What income would you need?
- What would you do if you had all that? (Listen)
- Are there any hobbies you would like to do?
- How would your health be in ten years time?
- Does that feel complete for you?
- How do you feel about that?
- Would that be a good life for you? That feels complete for me.

Some other examples of client goals might be to lose weight, re-organise my business, take up a hobby, take a holiday, or contribute to charity. Don't hurry this process, give people time to dream.

**! CONTEXT:** Gives meaning to the content. This process sets content for a great life. The COACHING PROCESS must be used – with no agenda. Financial Planners should be wary of making value judgments about the clients' wish list.

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

WHITEBOARD DIAGRAM – “THREE YEAR” QUESTION:

CURRENT	NOW	3 YEARS	10 YEARS
			
			
			
			
			<p>Power Words: i.e. time, health, travel, choices, financial stable</p>    
	<p>NOW   WHERE   HOW   ACTION</p>		

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

### NOW:

As the client goes through the 3 year process, they will start to become more specific about what actions need to be taken NOW.

**Q. This is where you are now, this is where you want to get to and in 3 years what would have to have happened for you to feel happy with your progress? What do we need to do NOW to get organised towards the ten year plan?**

And

**Q. What are the ISSUES we need to deal with, for example: wills, asset protection, insurance, tax, etc?**

With the information gathered we start to build up a '**to-do**' list. These are the actions we need to take NOW to set us on track for the 3 year plan and where we want to get to eventually. Here the Financial Planner uses much more direct language, has much more input and solicits more input from the client.

The list may include things like we need:

- A financial plan
- Debt reduction strategy
- Assets protected
- Self managed super fund
- Investment plan
- Insurance review
- Wills update
- Powers of Attorney

### ESTATE PLANNING:

Transferring the right assets to the right hands at the right time. Introduce the concept of a "Testamentary Trust", this is a trust held within a Will. The trustee has the discretion to distribute income and capital to the discretionary beneficiaries, which is an advantage as allocations can be made according to the circumstances at the time. The Will sets out who is to have ultimate control of each discretionary trust created. The trustee manages the assets of the trust. Real control of the trust rests with the 'appointer' who has the power to appoint, remove and replace the trustee.

### FINANCIAL STRATEGIES:

Working with the client to adopt smart financial strategies based on estate planning and asset protection, envision big picture i.e. income streams in retirement, investments – articulate this on the white board.

### ASSET PROTECTION:

In simple terms, assets should be separated between personal wealth and business, to minimise risk for the client. This could be because of possible future financial setbacks, family financial disputes and breakdown of family businesses. Consideration to formulate a "Best of Breed" team, having the right Legal Counsel and Accounting practices surrounding you and your clients.

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

WHITEBOARD DIAGRAM – “NOW” QUESTION:

CURRENT	NOW	3 YEARS	10 YEARS
	<p>1. xxxx</p> <p>2. xxxx</p> <p>3. xxxx</p> <p>4. xxxx</p> <p>5. xxxx</p>		
			
	ISSUES		
	<p>1. Wills</p> <p>2. Asset Protection</p> <p>3. Insurance</p> <p>4. Tax</p> <p>5. Superannuation</p>		<p>Power Words: i.e. time, health, travel, choices, financial stable</p>    
			
	NOW   WHERE   HOW   ACTION		

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

### WHO IS RESPONSIBLE?

Now it's time to allocate tasks to the appropriate people –

Q. Would you like someone to help with this? Let's have a look at the list. Some items you are responsible for, some we can do and some you and I can do jointly.

This is very direct but not intimidating. By the end of the process the client and planner can see very clearly who is responsible for which action and that it is driven by the clients' agenda.

### ISSUES:

At the end of the interview process, there are some hot issues for the client to pick up on. It may be an estate issue, tax, superannuation, asset protection or a potential financial strategy. It's important for the Financial Planner to FLIP the whiteboard over and go through some of these.

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

WHITEBOARD DIAGRAM – “WHO IS RESPONSIBLE” QUESTION:

CURRENT	NOW	WHO IS RESPONSIBLE	3 YEARS	10 YEARS
	1. xxxx 2. xxxx 3. xxxx 4. xxxx 5. xxxx	1. You 2. Us 3. Us 4. You 5. Us		
		ISSUES		
	1. Wills 2. Asset Protection 3. Insurance 4. Tax 5. Superannuation			 Power Words: i.e. time, health, travel, choices, financial stable
		NOW   WHERE   HOW   ACTION		

The client can see where the value is now. In dealing with the content, clients now have a context for what can make their life great and an understanding of why we need to deal with the content NOW.

# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

### WHERE TO FROM HERE?

#### 1.DISCUSS FEE STRUCTURE

Let me explain our fees. We charge a \$5,000 retainer up front to get in, collect, summarise and begin scenarios for your situation and \$1,250 per month to implement your plan. In the first 12-months there are a number of issues to address and we cannot do it all at once. How does that sound?

#### 2.OUTLINE NEXT STEP

Great, we will organise the Strategic Partner Program Introductory Letter and the Heads of Agreement to authorise us to begin work on your account.

#### 3.FOLLOW UP

The client is sent the Introductory Letter and the Heads of Agreement for signing, which needs to be returned along with payment/credit card details. ([Include a checklist](#))



#### CHECKPOINT

Some questions framed around key points and process (self testing).



#### RELATED DOCUMENTS

- Tips for the Interview Process
- Profound listening, preparation skills for a meeting and agenda-less model
- P.I.E.S. model
- Interview Process – Use of whiteboard technique
- Front Stage Process
- Stories

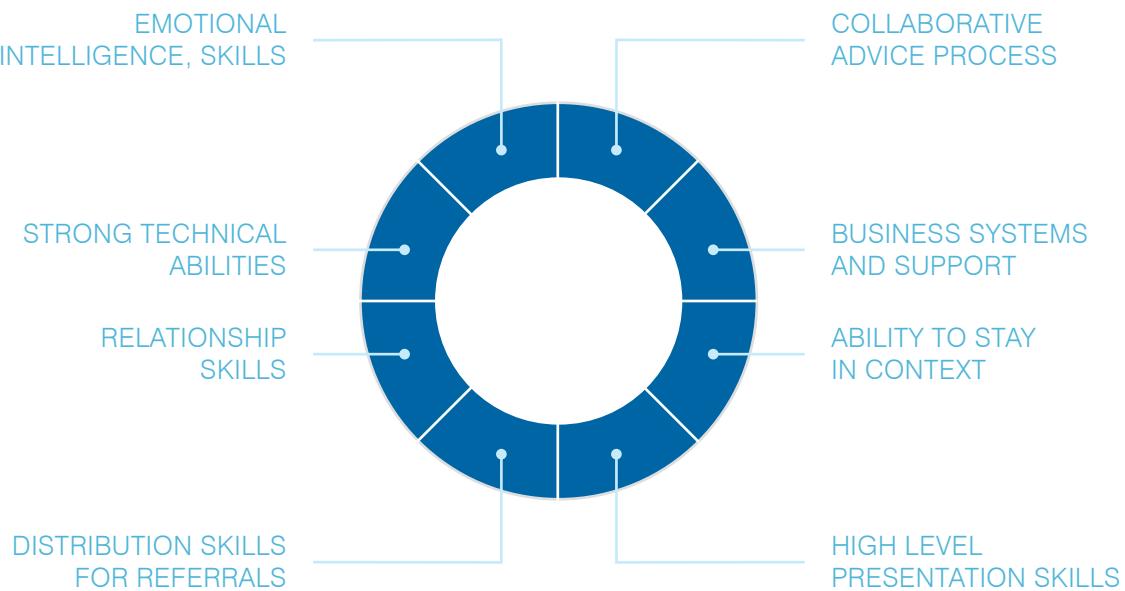
# Meeting and Engagement Skills for Lead Advisers

## 10-3-Now and the Whiteboard continued

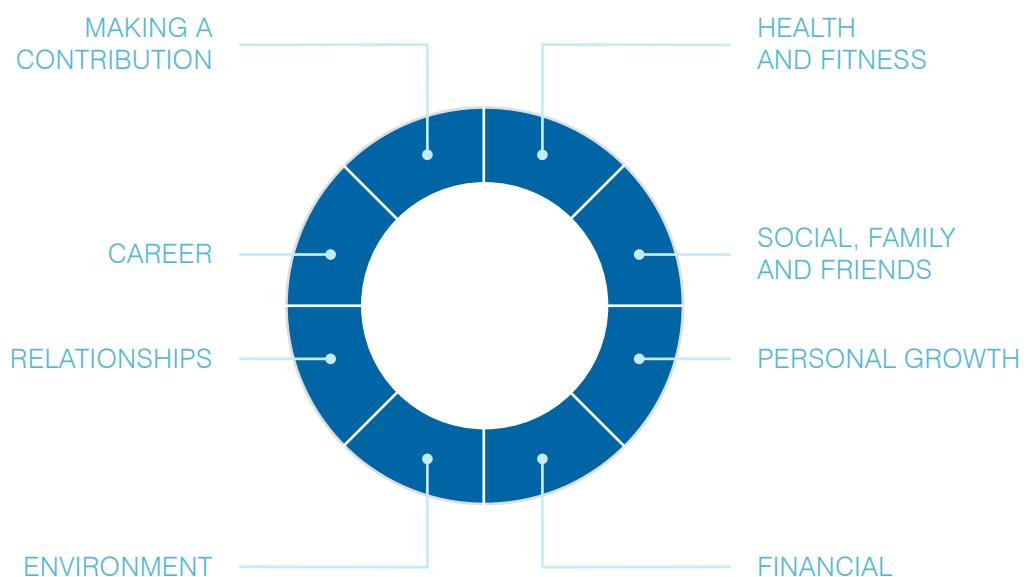
### SUMMARY

- ☑ Remember CONTEXT gives meaning to CONTENT.
- ☑ Process MUST be driven by client's agenda.
- ☑ Allow client to maintain control throughout process – How can we be of help?
- ☑ Ask permission – Do you mind if I take you through the process on the whiteboard?
- ☑ Set up whiteboard according to diagram.
- ☑ Look at the CURRENT SITUATION.
- ☑ Record information on whiteboard as suggested.
- ☑ Use 'checking in' questions – How does this sound? Feel? Look?
- ☑ TEN YEAR question – ask Mrs Client first, then Mr Client.
- ☑ Use profound listening skills.
- ☑ THREE YEAR question – Mrs Client first.
- ☑ Ask prompt questions to gather all information.
- ☑ Back to the NOW to develop 'to-do' list.
- ☑ Allocate tasks to the appropriate person.
- ☑ Consider ISSUES on reverse side of whiteboard.
- ☑ Where to from here?
- ☑ Discuss fee structure.
- ☑ Organise Introductory Letter and Heads of Agreement.
- ☑ Follow Up

## Wheel of Life Adviser Competency



## Personal Wheel of Life



# 10-3-Now Cheat Sheet

## 1 SETTING THE SCENE

-  Positioning / layout of room
-  What would you like to get out of today?

## 2 INTRODUCTION

Do you mind if I tell you about Fitzpatrick's?

## 3 Would it be OK if I took you through a process?

## 4

NOW	WHERE
HOW	ACTION

## 5 Firstly, lets get some information



## 6 NOW → 10 year context

Picture & describe your life in 10 years



😡 Mad  😞 Sad

😊 Glad  😟 Scared

## 7 3 YEAR → Sign posts of progress

-  Debt reduced
-  Investments on track
-  Estate plan in order
-  Researched holiday house
-  Research charity
-  Health & fitness

## 8 Flip board over/second board.

## 9 ESTATE PLANNING - let me show you how I am set up

4m x 5% \$200,000pa / tax & protection



Testamentary  
Trust

## 10 ASSET PROTECTION

- a)  Asset Protection
- b)  Personal Wealth
- c)  Gift & Loan Strategy

## 11 SMART FINANCIAL STRATEGIES

Total Household Income



## 12 CLIENT TO DO LIST

- Estate Plan ✓
- Asset Protection ✓
- Debt Plan ✓
- Cash Flow ✓
- Super Strategies ✓
- Power of Attorney ✓
- Investment Planning ✓
- Insurance Gap Analysis ✓

## 13 Sit down & look at board

## 14 Let me tell you how we can work together

## 15 SCOPE OF WORK & NEXT STEPS

-  Fees
-  Engagement agreement
-  Fact finder

# 101 Great Coaching Questions

1. I'm curious; may I ask you a few questions?
2. What's great about your life this week?
3. How have you grown this week?
4. What did you accomplish this week?
5. Who did you serve?
6. What did you learn?
7. Who else will benefit?
8. What are you grateful for?
9. Who's grateful for you?
10. Is this what you want to be coached on or are you just sharing?
11. What could you be happy about if you chose to be?
12. Are you using this to grow or are you beating yourself up?
13. Does this story empower you or dis empower you?
14. How can you turn this around and have better results next time?
15. On a scale of 1 – 10 how honest have you been about this, with others?
16. Do you mind if I offer an observation?
17. Is this the problem or the solution?
18. How would you like it to be?
19. What's in the way?
20. What's stopping you?
21. What does this mean to you?
22. Are you focused on what's wrong or what's right?
23. Is that a story or the truth?
24. How can you find out?
25. Do you want this for its own sake or are you trying to avoid something else?
26. Is this giving you energy or draining your energy?
27. What will really make the biggest difference here?
28. Is this a limitation or is it a strength?
29. What's the benefit of this problem?
30. Who else is this hurting?
31. What does your intuition tell you about this?
32. Do you have a gut feeling about this?
33. Have you solved problems like this before?
34. What rules do you have that are getting in the way?
35. How long have you been thinking about this?
36. Have you ever experienced something like this before?
37. If you changed your belief about this, what would be possible?
38. Is this a decision or a pipe dream?
39. Which of your core values does this goal express?
40. Is this goal pulling you forward or are you struggling to reach it?
41. Will this choice move you forward or keep you stuck?
42. What's the first step you need to take to reach your goal?
43. What's the worst that can happen, and can you handle that?
44. What's the downside of your dream?
45. What's stopping you from taking action?
46. Who wouldn't like it if you succeeded?
47. What will you have to give up in order to make room for your goals?
48. How would your life be transformed if you changed this right now?
49. If you don't change this, what will it cost you in the long run?
50. What's the most resourceful choice here?
51. How can you improve this, so it adds value forever?
52. How can you solve this problem so it never comes back?
53. Are you acting on faith or fear?
54. If you weren't scared, what would you do?
55. Are you standing in your power or pleasing someone else?
56. What are you pretending not to know?

57. How could you have this conversation so it empowers everyone concerned?
58. What might make the difference that could change everything?
59. If you approached this with courage, how could your life change?
60. Are you procrastinating or is there a reason to delay?
61. What's the emotional cost vs. the financial cost?
62. Which step could you take that would make the biggest difference, right now?
63. How can you get your needs fully met?
64. If your life were exclusively oriented around your values, what would that be like?
65. How would you describe the difference between a need and a value?
66. If you achieve this goal, will it bring lasting fulfillment or temporary pleasure?
67. Have you thought about the impact you'll have by creating this?
68. How can you learn from this problem so it never happens again?
69. How can you create more value with less effort?
70. What are you willing to do to improve this situation?
71. What are you willing to stop doing to improve this situation?
72. How can you enjoy the process of solving this problem?
73. Do you mind if I ask a very personal question?
74. What are you willing to commit to here?
75. Do you need to work harder or delegate this?
76. If this weakness were also a strength, what would that be?
77. How can you use this so it becomes a benefit?
78. Have you decided to take action or are you just hoping you will?
79. Are you angry or are you hurt?
80. Who can help you with this?
81. Does your current habitat fully support who you're becoming?
82. What do you need in order to succeed here?
83. What plan do you need in order to achieve your new goals?
84. Are your personal standards high enough to reach your goals?
85. What will your impact be 100 years from now?
86. Who do you need to become in order to succeed here?
87. What are you responsible for here?
88. Instead of either/or, how could you use both?
89. Are you approaching this from your head or from your heart?
90. Is this an assumption or have you checked to be sure?
91. How can you learn what you need to know about this?
92. Is this the best outcome you can imagine or is there something greater?
93. Do you have a detailed strategy to get there?
94. How will you transform your life with this new knowledge?
95. What does this accomplishment mean to you?
96. Why does it matter?
97. Who did you have to become to achieve it?
98. What did you learn in the process?
99. Who else will benefit?
100. What's next for you?
101. How have you changed the world for generations to come?

# Listening for Context

- Freedom
- Peace of Mind
- Control
- Security
- Hope
- Adventure
- Contentment
- Happiness
- Dreams
- Legacy
- Family
- Contribution
- Confidence
- Excitement
- Idealism
- Creativity
- Fairness
- Scarcity or Abundance
- Image
- Power
- Philanthropy
- Lifestyle
- Legacy
- Learning and growth
- Creativity & Building



## My Ideal Week

GUIDING STATEMENTS	SUNDAY	MONDAY	TUESDAY	WEDNESDAY
MY PURPOSE IS:	TO DO TODAY			
GOALS FOR THE WEEK:	TODAY'S APPOINTMENTS			
SELF:	8–12			
	12–2			
	2–5			
FAMILY:	5–9			
BUSINESS:				
FINANCIAL TARGET:	<b>IMPORTANT: CONTROL</b>  WHAT I NEED TO DO.			

THE 4 RULES FOR YOUR TO-DO LIST ARE:

1. PLAN TOMORROW TONIGHT.
2. PLAN 3 TASKS.
3. BALANCE THE URGENT WITH THE IMPORTANT.
4. BALANCE RED-BLUE-BLACK.

THURSDAY	FRIDAY	SATURDAY	
			DISTRIBUTION:
			SALES:
			CURRENT CLIENTS:
<b>URGENT: STRESS</b>			GRATITUDE FOR:
WHAT OTHERS NEED ME TO DO.			



# Lead Adviser

## Appendix 1

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# Functionality

Red, Blue, Black



## Distribution Models

# Best of Breed









# Lead Adviser

## Appendix 2

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02 November 2016

Mr J & Mrs J Citizen  
37a Kennigo Street  
Spring Hill QLD 4000

Dear Jack,

### **SUBJECT - Initial Engagement**

Thank you for your involvement, openness and trust in us, through this process.

This important document sets out the terms and scope of the services proposed by Fitzpatrick's Private Wealth Pty Ltd for you. This proposal is designed to help you achieve your financial objectives and is based on our recent discussions and correspondence.

This agreement needs to be read in conjunction with our Financial Services Guide (FSG) dated 03/11/2014 and part 2, dated along with the minutes of our meeting dated 18/11/2014.

### **Services to be Provided**

In working to achieve your priorities we will provide you with the following professional and targeted services as part of our Private Wealth Pathway Program. Of course you are welcome to call or email us anytime for clarification or with any questions.

In the first 12 months we will deliver the following:

- Statements of Advice
- Ancillary documents to support advice documents
- Implementation of the Statement of Advice
- 12 Month Financial Game Plan
- Insurance Review Document
- Entity Chart and Cash Flow Document
- 10-3-Now – Goal Statement Chart
- Estate Interpretation Chart
- Power of Attorney Chart
- Goal Achievement Financial Model
- Risk Profiling and Capital Risk Budget Planning
- Capital management Reports
- Establishment of your On-Line Vault

### **Fees**

The fee for providing the services listed above under this agreement will be \$18,000.00 (including GST).

Commencing from 15/12/2014, the fee for providing the services listed above under this agreement is to be paid in advance and charged as follows:

	Amount payable (per annum inc GST)	Frequency	How is this to be paid?
Citizen Family Superannuation Fund	\$18,000.00	Monthly	Direct Debit

After this an ongoing engagement agreement detailing our ongoing services and ongoing annual fees will be discussed and agreed with you.

The total fee may increase if there are changes to your circumstances or if there is rework or amendments to the original information you provide us. If this is the case we shall provide a revised fee estimate and agree on the scope of the additional work before proceeding.

Fitzpatrick's Private Wealth Pty Ltd | Sydney | Melbourne | Brisbane | Perth | Adelaide | Canberra | Hobart  
37a Kennigo Street Spring Hill QLD 4000 3105 6509  
ABN 33 093 667 595 AFSL 247 429 [www.fitz.com.au](http://www.fitz.com.au)

Page 1 of 3

Note: Any fees paid are not refundable if you choose not to continue with any of our services detailed above.

Additional fees may be applicable depending on our recommendations. If so, these will be detailed in the Statement of Advice.

Where third party specialists are required to provide input, their professional fees will be in addition to those of Fitzpatrick's Private Wealth. You will be notified in writing before the third party is engaged.

### **Other Costs**

The total fee may increase if there are changes to your circumstances or if there is rework or amendments to the original information you provide us. Additional fees may also arise if you request advice or services in another area outside of the agreed scope of advice. We will discuss and negotiate these fees before any further services or advice is provided.

### **Your Obligations**

You undertake to ensure you inform us of any changes to your relevant personal circumstances. You also commit to fully participate in the review process each and every year as required.

### **Limited or Inaccurate Information warning**

It is important to understand that the quality of our professional services and the ability to deliver on our services is dependent on the quality and completeness of the information provided to us.

### **Termination of Engagement**

Either party can terminate this agreement at any time by providing their notice of termination in writing. Please note upon termination of the agreement you are liable for any work undertaken by us which has not been satisfied by you under this agreement prior to the termination. This would include, but not limited to, advice fees accumulated in accordance with this agreement prior to the termination. You will also be liable for costs incurred by us directly as a result of the termination of the agreement. This would include, but not limited to, administration fees incurred in removing us as your adviser on your investment and insurance accounts.

### **Complaints Process**

We pride ourselves on our high level of service and client satisfaction but understand that events may happen not to your satisfaction. Please let us know if you have any concerns during our engagement and we will discuss these with you and do our best to resolve them.

If we are not able to resolve any issues to your satisfaction please refer to the FSG for details on how to elevate your complaint.

### **Engagement**

Please contact me on 3105 6509 if you have any questions about the contents of this letter. Otherwise, please acknowledge your understanding and acceptance of the above arrangements by signing and returning the enclosed copy of this document to us via email or standard mail.

Kind Regards

John Woodley  
Authorised Representative  
Fitzpatrick's Private Wealth



### Acceptance

Jack, we believe that Fitzpatrick's Private Wealth Pty Ltd can add substantial value to help you achieve all that is important to you.

If you are happy to proceed on the basis of the information in this agreement, please sign in the space below and return to us in the envelope provided.

#### Acknowledgment

I accept the scope, fees and terms set out in this agreement. If the services outlined above are being provided to various entities, then by signing below I agree to sign in the relevant capacity. I also acknowledge that I am personally liable for all fees outlined regardless of the actual entity that is receiving the advice.

I understand that product fees may also be payable. These fees (if applicable) will be outlined in the advice document if there are any product recommendations.

Signature:

\_\_\_\_\_  
Jack Citizen

Date:



# DISCUSSION PAPER

FOR MR & MRS CLIENT

1<sup>st</sup> July 2016

Prepared by Adviser Name, Authorised Representative Number xxxxxxx  
Fitzpatrick's Gold Coast Pty Ltd, Corporate Authorised Representative Number xxxxxxx  
Of  
Fitzpatrick's Dealer Group Pty Ltd ABN 33 093 667 595  
Referred to as Fitzpatrick's Financial  
Australian Financial Services Licence No. 247429  
Level 5, Challis House, 4 Martin Place, SYDNEY NSW 2000  
**PHONE:** 07 5589 1900

## WHAT THIS DOCUMENT IS ABOUT

This document (called a Discussion Paper) details strategies that you should consider and for us to discuss in order to assist you in achieving your objectives. Please read this in conjunction with the FSG provided to you.

It is designed to outline areas of your situation that may be improved and/or require further discussion.

Any Product Recommendations we provide you will be detailed in a document titled a Statement of Advice. This is not a Statement of Advice and thus any opinions in here are only to allow us to have further discussion prior to providing formal recommendations.

Our contact details are:

**PHONE** 07 5599 1999  
**EMAIL** [advisername@emailaddress.com.au](mailto:advisername@emailaddress.com.au)  
**ADDRESS** PO Box xxx, Coolangatta QLD 4225



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## ABOUT YOU

You have provided us with the following information about your current circumstances. As discussed it is important you let us know if any of your circumstances have changed, or if any of the information is incorrect as it will impact upon our final recommendations to you.

	<b>Mr Client</b>	<b>Mrs Client</b>
Title	Mr	Mrs
Given Name	Client	Client
Preferred Name		
Family Name		
Age	44	40
Date of Birth	18/04/1972	12/08/1975
Marital Status	Married	Married
Health	Good	Good
Will	Yes	Yes
Power of Attorney	Yes	Yes

## YOUR GOALS AND OBJECTIVES

As we understand it, you have the following financial objectives.

<b>Priority</b>	<b>Goal Description</b>
1	Build Trust investment portfolio balance to \$20 million dollars in 5 to 10 years
2	Sell business in 5 to 10 years
3	Mr Client reducing time spent at work to part-time

## Your Assets

Mr & Mrs Client, the following table provides an overview of your current assets:

Assets	Owner	Amount
Manly residence	Mrs Client	\$2,600,000
Mortgage offset account	Mr & Mrs Client	\$800,000
Boats	Mr & Mrs Client Family Trust	\$2,000,000
xxxxx investment portfolio	Mr & Mrs Client Family Trust	\$4,000,000
xxxxx investment portfolio	Mr & Mrs Client Family Trust	\$500,000
xxxxx investment portfolio	Mr & Mrs Client Family Super Fund	\$490,000
Business interests	Mr & Mrs Client Group	\$26,000,000
<b>Total Assets</b>		<b>\$36,390,000</b>

The following table provides an overview of your current personal liabilities:

Liability	Owner	Amount
Mortgage	Mr & Mrs Client	\$800,000
xxxxx margin loan facility (unused)	Mr & Mrs Client Family Trust	\$0
Loan from xxxx Corporation Pty Ltd	Mrs Client	\$3,440,975
<b>Total Liabilities</b>		<b>\$4,240,975</b>
<b>Net Position</b>		<b>\$32,149,025</b>

## Your Current Income and Expenses

The table below provides a summary of your current Income and Expenses:

Income	Owner	Amount p.a.
Salary	Mr Client	\$180,000
Mr Client's remuneration package dividend	Mr & Mrs Client Group	\$70,000
Business interests profit distributions	Mr & Mrs Client Group	\$500,000
<b>Total</b>		<b>\$750,000</b>

Expenses	Owner	Amount
Income tax	Mr Client	\$54,547
Income tax	Mrs Client	?
Cost of living	Mr & Mrs Client	?
<b>Total</b>		<b>\$</b>

## PROJECTION CONSIDERATIONS

On the following pages we have prepared for you five different projection scenarios to demonstrate possible outcomes which may assist you with meeting your stated goals and objectives. When perusing these scenarios please keep in mind that they are projections only and you should not place undue reliance on them. The projection outcomes are based on current legislation, an estimate of investment returns, inflation and your ability to meet the required ongoing trust income.

You may note that the projections discussed on the following pages are conservative in nature. It is our preference to complete projections in this manner, should the investments outperform the investment returns factored into the projections or the Mr & Mrs Client Family Trust receives a higher level of income than discussed it simply means that your goals/objectives may be reached earlier.

## PROJECTION LIMITATIONS

The figures shown are projections only and you should not place undue reliance on them. The projections may be affected by inaccurate assumptions or by known or unknown risks and uncertainties.

The projection rates used in the projections are long term (i.e. 10 years Plus) estimates only. The figures have been sourced from the Fitzpatrick's Dealer Group Investment Committee and are reviewed 6 monthly. It is important you realise past performance is not a reliable indicator of future performance.

You should also be aware the projected outcome is not guaranteed. The final outcome depends on a variety of factors that will change over the long term. These factors include:

- the amounts contributed by you or on your behalf and whether these contributions are regular or lump sums
- your asset allocation;
- the relative performance of asset classes in conjunction with your asset allocation and investments as well as the Australian and international economies generally;
- the fees that are charged on your investment product;
- any changes to product features over time and the cost of those features
- changes to current legislation

Due to the number of factors that can affect these projections, it is important that they are reviewed regularly, at which time we will calculate how well you are progressing to achieving your stated goals.

## SUMMARY OF PROJECTIONS

The below table briefly summarises the five projections discussed in this document:

Projection Details	Income Required to be Received by Mr & Mrs Client Family Trust (excluding investment portfolio's income) per annum	
<b>Projection 1</b>	How much income is required to reach \$20M valuation in 5 years	\$4,285,000 per annum
<b>Projection 2</b>	How much income is required to reach \$20M valuation in 10 years	\$1,395,000 per annum
<b>Projection 3</b>	Valuations if business excels	\$2,000,000 per annum
<b>Projection 4</b>	Valuations if business maintains	\$120,000 per annum
<b>Projection 5</b>	Valuations if business ceases	\$Nil per annum

Each of the abovementioned options are expanded upon on the following pages.

## **Projection 1 – How much income is required to reach \$20M valuation in 5 years**

**Details:**

- Mr & Mrs Client Family Trust investment portfolio receives a 7% annual investment return (3% capital growth, 4% income and 18.42% franking credits).
- Mr & Mrs Client Family Trust receives \$4,285,000 per annum income from Mr & Mrs Client Group business interests.
- Income received by Trust invested in a Risk Targeted Balanced investment portfolio.
- Mr & Mrs Client Family Trust income distributed to Mrs Client up to 30% average personal income tax rate (approximately \$110,000 per annum), income above this distributed to a company beneficiary.
- Company invests capital rather than paying dividends.

**Positives:**

- Goal of building investment portfolio to \$20,000,000 met in a relatively short time frame.
- Income tax capped at 30% (excluding Mr Client's salary).

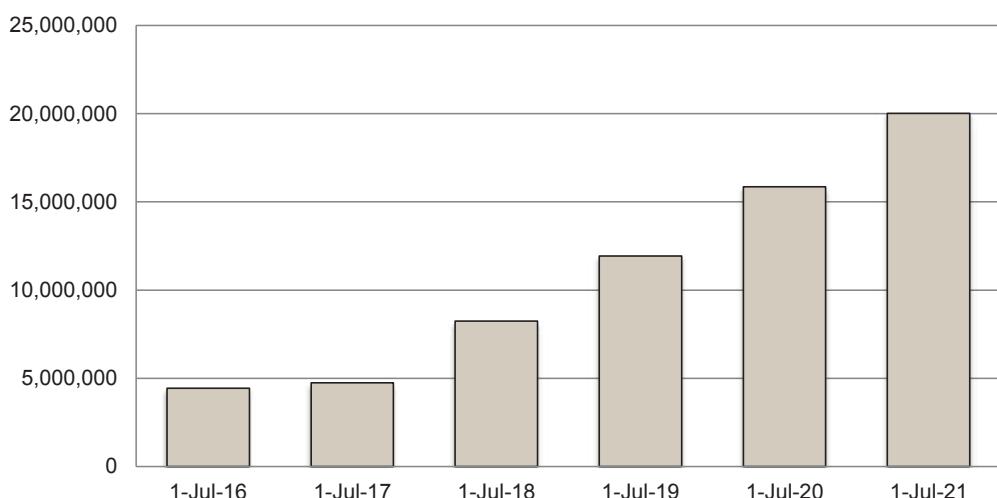
**Negatives:**

- \$4,285,000 annual income requirement may be out of reach.

### **Graphical Representation of Projection 1:**

The following chart and table provides a graphical representation of how the Mr & Mrs Client Family Trust Investment Portfolio's wealth may accumulate over the next 5 years in the event that projection 1's particulars are followed.

## **Projection 1**





### Projection 1 Valuations Over Time

		Projection 1					
		1-Jul-16	1-Jul-17	1-Jul-18	1-Jul-19	1-Jul-20	1-Jul-21
Mr & Mrs Client Family Trust Investment Portfolio		\$4,436,000	\$4,746,520	\$8,238,030	\$11,939,671	\$15,864,094	\$20,024,710

## **Projection 2 – How much income is required to reach \$20M valuation in 10 years**

**Details:**

- Mr & Mrs Client Family Trust investment portfolio receives a 7% annual investment return (3% capital growth, 4% income and 18.42% franking credits).
- Mr & Mrs Client Family Trust receives \$1,395,000 per annum income from Mr & Mrs Client Group business interests.
- Income received by Trust invested in a Risk Targeted Balanced investment portfolio.
- Mr & Mrs Client Family Trust income distributed to Mrs Client up to 30% average personal income tax rate (approximately \$110,000 per annum), income above this distributed to a company beneficiary.
- Company invests capital rather than paying dividends.

**Advantages:**

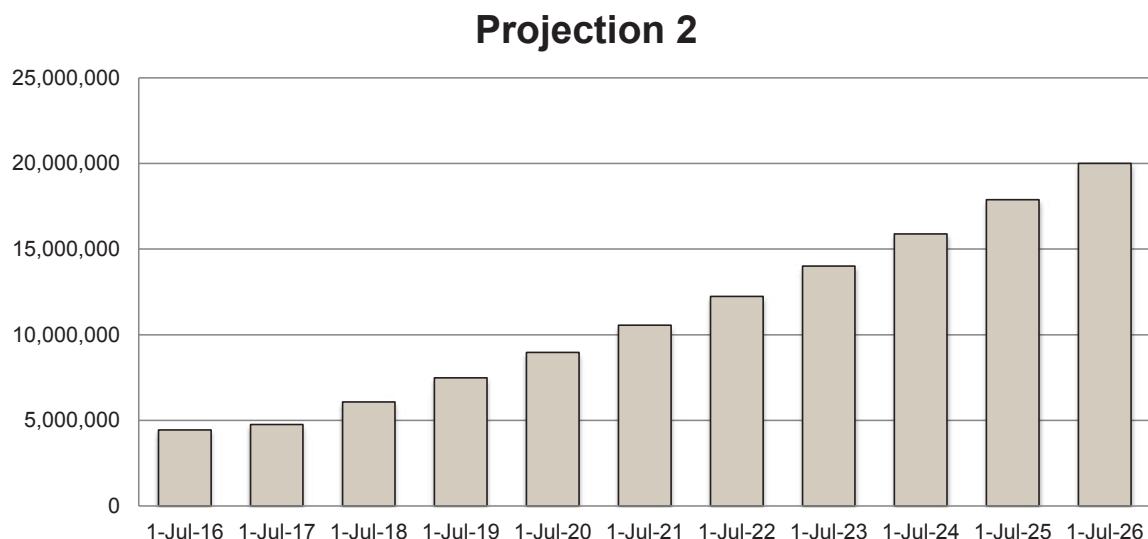
- Goal of building investment portfolio to \$20,000,000 met in a relatively short time frame.
- Income tax capped at 30% (excluding Mr Client's salary).

**Disadvantages:**

- \$1,395,000 annual income requirement may be out of reach.

**Graphical Representation of Projection 2:**

The following chart and table provides a graphical representation of how the Mr & Mrs Client Family Trust Investment Portfolio's wealth may accumulate over the next 10 years in the event that projection 2's particulars are followed.





### Projection 2 Valuations Over Time

		Projection 2					
		1-Jul-16	1-Jul-17	1-Jul-18	1-Jul-19	1-Jul-20	1-Jul-21
Mr & Mrs Client Family Trust Investment Portfolio		\$4,436,000	\$4,746,520	\$6,073,420	\$7,480,119	\$8,971,421	\$10,552,416
Mr & Mrs Client Family Trust Investment Portfolio		\$12,228,502	\$14,005,403	\$15,889,186	\$17,886,283	\$20,003,516	

### **Projection 3 – Valuations if business excels**

**Details:**

- Mr & Mrs Client Family Trust investment portfolio receives a 7% annual investment return (3% capital growth, 4% income and 18.42% franking credits).
- Mr & Mrs Client Family Trust receives \$2,000,000 per annum income from Mr & Mrs Clients Group business interests.
- Income received by Trust invested in a Risk Targeted Balanced investment portfolio.
- Mr & Mrs Client Family Trust income distributed to Mrs Client up to 30% average personal income tax rate (approximately \$110,000 per annum), income above this distributed to a company beneficiary.
- Company invests capital rather than paying dividends.

**Advantages:**

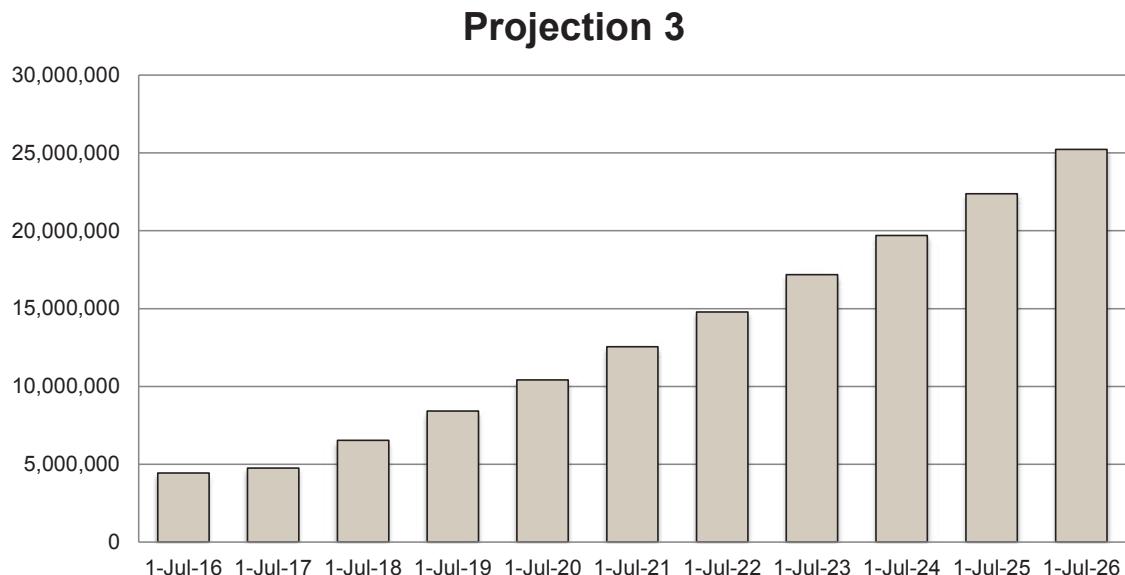
- Goal of building investment portfolio to \$20,000,000 met in approximately 8 years.
- Income tax capped at 30% (excluding Mr Client's salary).

**Disadvantages:**

- Current Mr & Mrs Client Group business conditions may not allow for \$2,000,000 annual profit distributions.

**Graphical Representation of Projection 3:**

The following chart and table provides a graphical representation of how the Mr & Mrs Client Family Trust Investment Portfolio's wealth may accumulate over the next 10 years in the event that projection 3's particulars are followed.



### Projection 3 Valuations Over Time

	Projection 3					
	1-Jul-16	1-Jul-17	1-Jul-18	1-Jul-19	1-Jul-20	1-Jul-21
Mr & Mrs Client Family Trust Investment Portfolio	\$4,463,000	\$4,746,520	\$6,526,565	\$8,413,693	\$10,414,351	\$12,535,370
Mr & Mrs Client Family Trust Investment Portfolio	\$14,783,996	\$17,167,909	\$19,695,252	\$22,374,660	\$25,215,284	

## **Projection 4 – Valuations if business maintains**

**Details:**

- Mr & Mrs Client Family Trust investment portfolio receives a 7% annual investment return (3% capital growth, 4% income and 18.42% franking credits).
- Mr & Mrs Client Family Trust receives \$125,000 per annum income from Mr & Mrs Client Group business interests.
- Income received by Trust invested in a Risk Targeted Balanced investment portfolio.
- Mr & Mrs Client Family Trust income distributed to Mrs Client up to 30% average personal income tax rate (approximately \$110,000 per annum), income above this distributed to a company beneficiary.
- Company invests capital rather than paying dividends.

**Advantages:**

- Income tax capped at 30% (excluding Mr Client's salary).

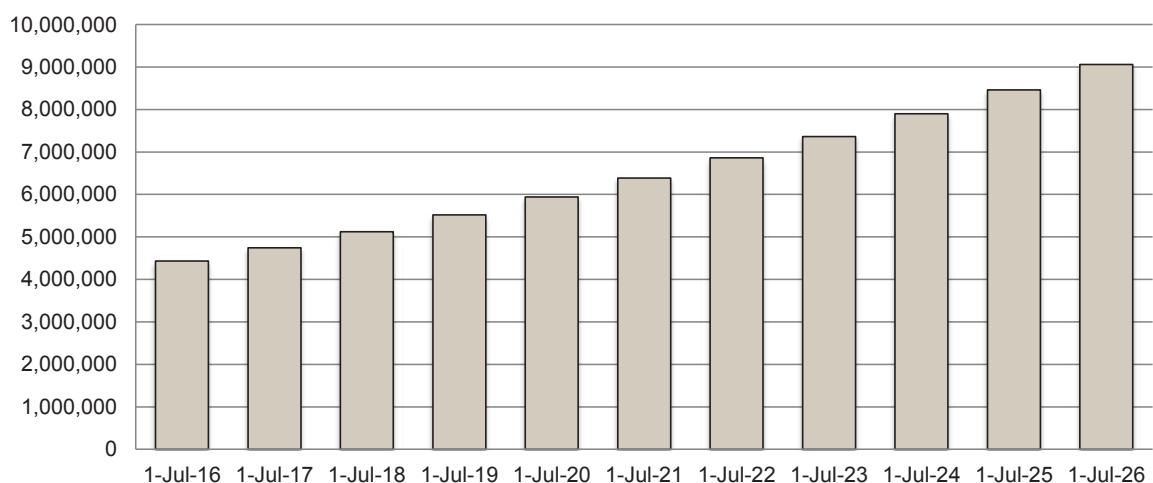
**Disadvantages:**

- Goal of building investment portfolio to \$20,000,000 is not met for approximately 23 years.

**Graphical Representation of Projection 4:**

The following chart and table provides a graphical representation of how the Mr & Mrs Client Family Trust Investment Portfolio's wealth may accumulate over the next 10 years in the event that projection 4's particulars are followed.

### **Projection 4**



#### Projection 4 Valuations Over Time

		Projection 4					
		1-Jul-16	1-Jul-17	1-Jul-18	1-Jul-19	1-Jul-20	1-Jul-21
Mr & Mrs							
Client Family							
Trust	\$4,463,000	\$4,746,520	\$5,122,190	\$5,520,385	\$5,942,460	\$6,389,850	
Investment							
Portfolio							
		1-Jul-22	1-Jul-23	1-Jul-24	1-Jul-25	1-Jul-26	
Mr & Mrs							
Client Family							
Trust	\$6,864,077	\$7,366,754	\$7,899,591	\$8,464,402	\$9,063,109		
Investment							
Portfolio							

## Projection 5 – Valuations if business ceases

### Details:

- Mr & Mrs Client Family Trust investment portfolio receives a 7% annual investment return (3% capital growth, 4% income and 18.42% franking credits).
- Mr & Mrs Client Family Trust does not receive an annual income from Mr & Mrs Client Group business interests.
- Income received by Trust invested in a Risk Targeted Balanced investment portfolio.
- Mr & Mrs Client Family Trust income distributed to Mrs Client up to 30% average personal income tax rate (approximately \$110,000 per annum), income above this distributed to a company beneficiary.
- Company invests capital rather than paying dividends.

### Advantages:

- Income tax capped at 30% (excluding Mr Client's salary).

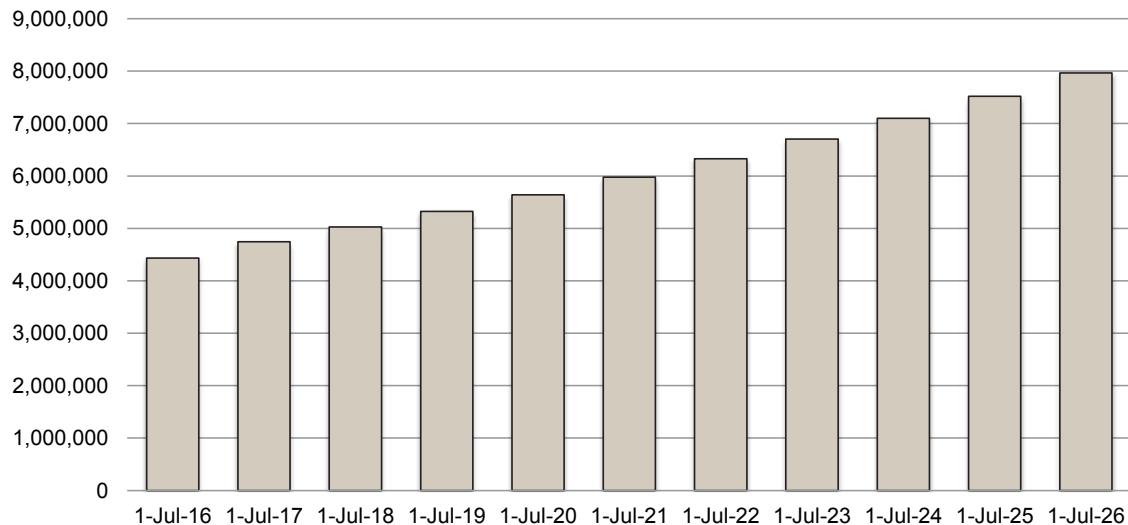
### Disadvantages:

- Goal of building investment portfolio to \$20,000,000 is not met for approximately 27 years.

### Graphical Representation of Projection 5:

The following chart and table provides a graphical representation of how the Mr & Mrs Client Family Trust Investment Portfolio's wealth may accumulate over the next 10 years in the event that projection 5's particulars are followed.

## Projection 5



### Projection 5 Valuations Over Time

	Projection 5					
	1-Jul-16	1-Jul-17	1-Jul-18	1-Jul-19	1-Jul-20	1-Jul-21
Mr & Mrs Client Family Trust Investment Portfolio	\$4,463,000	\$4,746,520	\$5,028,565	\$5,327,076	\$5,643,016	\$5,977,406
Mr & Mrs Client Family Trust Investment Portfolio	\$6,331,327	\$6,705,921	\$7,102,401	\$7,522,051	\$7,966,227	

## GEARING

One particular financial strategy we have taken into consideration for you was adopting a gearing strategy within the J Mr & Mrs Client Family Trust Investment Portfolio. Details of the strategy considered are as follows:

- \$800,000 cash available within your personal mortgage offset account is used to repay in full the residence mortgage
- Residence mortgage is then redrawn and the \$800,000 borrowed is loaned to the Mr & Mrs Client Family Trust and deposited into the investment portfolio
- Mr & Mrs Client loan the \$800,000 to Mr & Mrs Client Family Trust at an interest rate of 4.50% per annum (interest only repayments)
- This would result in you having a personal \$0 net position under this strategy (i.e. your personal mortgage repayments would be \$36,000 per annum, the Trust would also pay you loan repayments of \$36,000 per annum)
- Such a strategy effectively allows the Trust to borrow funds to invest at a lower interest rate than may be available via a line of credit or margin loan

**Advantages:**

- Gearing magnifies positive investment returns on the basis that the investment returns realised exceed the loan interest rate
- Strategy has the potential to enhance the likelihood of you reaching your stated objective of a \$20,000,000 Trust investment portfolio
- Strategy has the potential to decrease the length of time required to reach your stated objective of a \$20,000,000 Trust investment portfolio
- Mr & Mrs Client Family Trust interest expense would be a tax-deductible expense

**Disadvantages:**

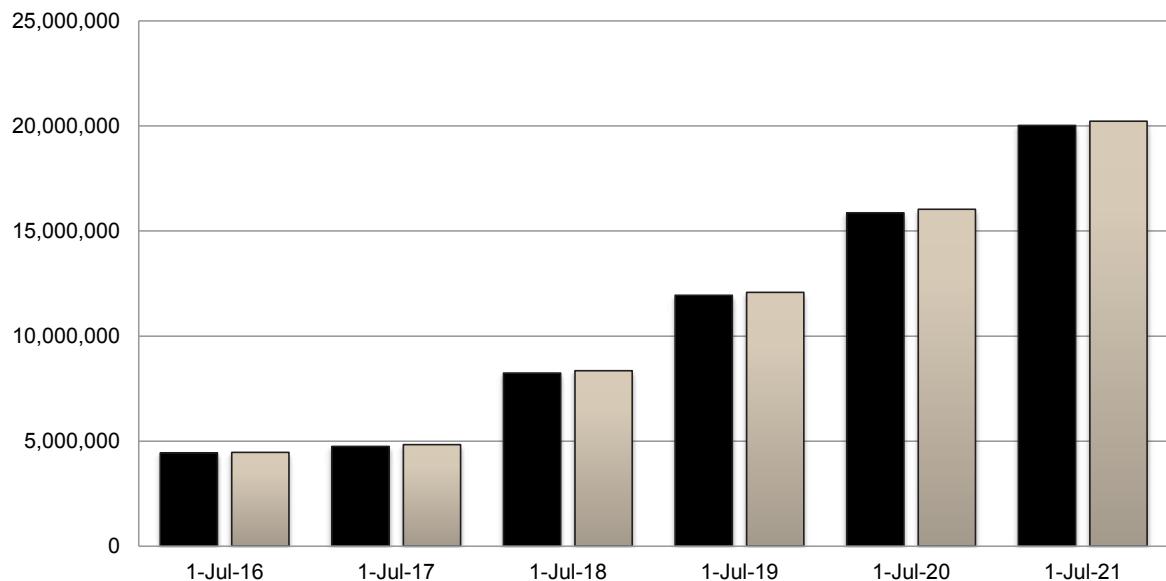
- Gearing magnifies negative investment returns on the basis that the investment returns realised are less than the loan interest rate
- Mr & Mrs Client Family Trust is taking on additional risk

**Projection Illustrations:**

To assist with the explanation of how gearing the Trust investment portfolio has the potential to assist you we have included the abovementioned strategy to each of the 5 projections addressed on the previous pages for comparison purposes.

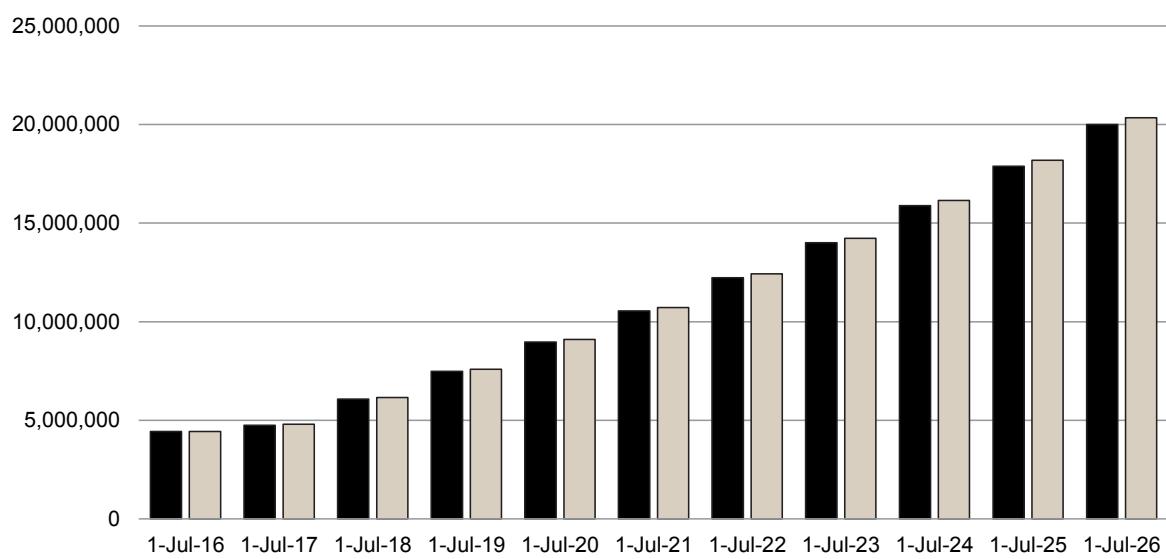
**Projection 1 – How much income is required to reach \$20M valuation in 5 years**

### Projection 1 Comparison



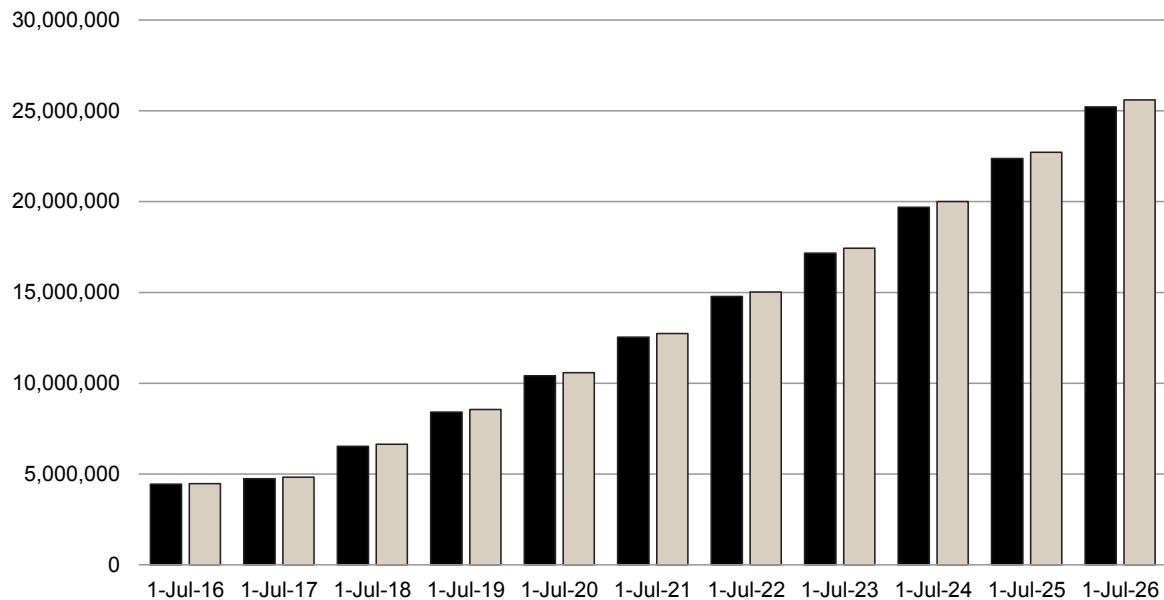
**Projection 2 – How much income is required to reach \$20M valuation in 10 years**

### Projection 2 Comparison

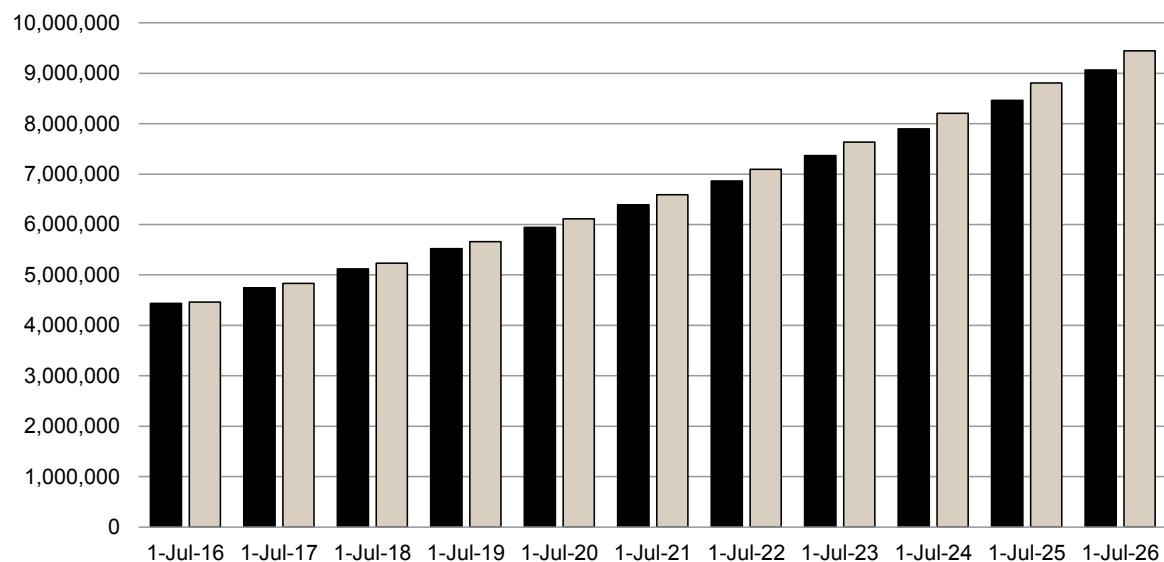


**Projection 3 – Valuations if business excels**

### Projection 3 Comparison

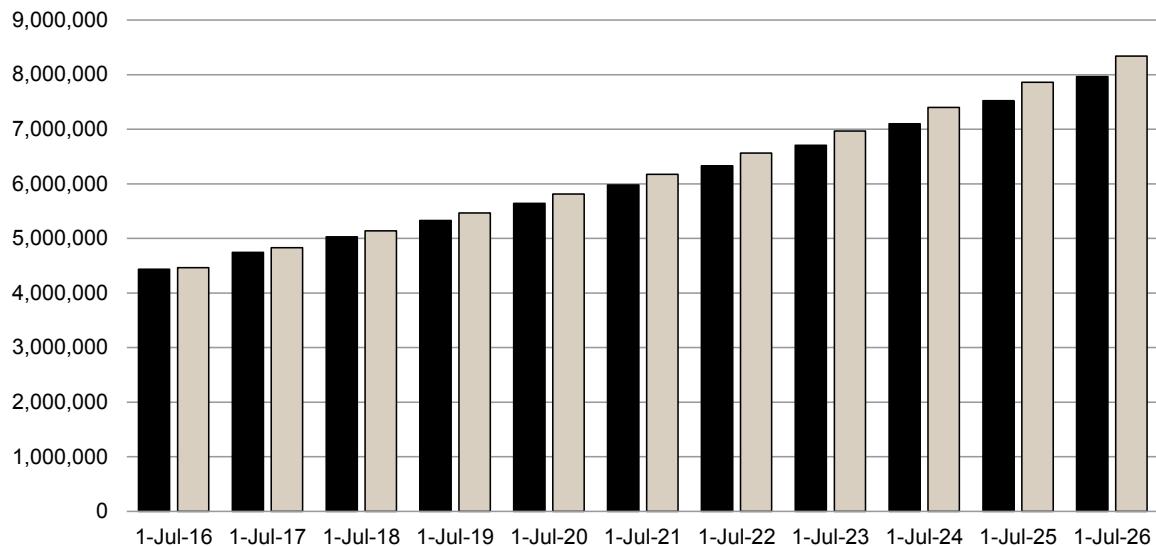

**Projection 4 – Valuations if business maintains**

### Projection 4 Comparison



**Projection 5 – Valuations if business ceases**

## Projection 5 Comparison



**How much would the annual income requirement be reduced to meet the goal of the Mr & Mrs Client Family Trust having a \$20M investment portfolio in 5 or 10 years if the above discussed strategy was adopted?**

The below table compares projections 1 and 2 to what the annual income requirement would be if the above discussed gearing strategy is adopted:

Projection Details	Income Required to be Received by Mr & Mrs Client Family Trust (excluding investment portfolio's income) per annum
Projection 1 – how much income is required to reach \$20M valuation in 5 years	\$4,285,000
Projection 1 + discussed gearing strategy	\$4,220,000
Projection 2 – how much income is required to reach \$20M valuation in 10 years	\$1,395,000
Projection 2 + discussed gearing strategy	\$1,355,000

**Summary**

- The abovementioned and discussed gearing strategy marginally reduces annual income required to meet the \$20M Trust valuation

- The above discussed comparative tables indicate that such a strategy would marginally place Mr & Mrs Client Family Trust investment portfolio in a better position

## ESTATE PLANNING REVIEW

You may wish consider including a 'Family Constitution' to your estate planning affairs.

Under your current Estate Plans upon Mr & Mrs Client's children reaching age 25 they would become the sole trustee of their respective testamentary trusts. This effectively means that Mr & Mrs Client's children would have complete control over how the money that had been preserved for them is managed.

This scenario has the potential for severe negative outcomes, for instance:

- Upon obtaining sole control of their respective testamentary trust Mr & Mrs Client's may not have strong personal financial management skills, such a scenario may result in the preserved family wealth becoming wasted away and not serving the desired purpose.
- Upon obtaining sole control of their respective testamentary trust Mr & Mrs Client's may be partnered with a spouse who has untoward plans to personally access the preserved family wealth, such a scenario may result in the spouse convincing Mr & Mrs Client's to remove the funds from the testamentary trust.

Obviously these are not discussion points we like to focus on however should you wish to preserve your family wealth for your children and possibly next generations you may wish to consider an alternative option.

One such alternate option may be to leave a smaller portion of your overall wealth to Mr & Mrs Client's Testamentary Trusts (e.g. 20%) and a greater portion of your overall wealth to a Discretionary Trust which includes a Family Constitution (e.g. 80%).

The Family Constitution provides the family with a comprehensive set of statements of principle, definitions and rules, created in an atmosphere of relative peace and calm, designed to regulate the relationships between the family, its individual members and the family wealth. You set out the rules of the constitution from the onset allowing you to control your family wealth into the future.

A Family Constitution may be a suitable alternative for the following reasons:

- Enhanced the possibility to preserve wealth for future family generations.
- Provides a layer of protection from predators and creditors.
- Provides a layer of protection from poor financial decisions.

We have included diagrammatic summary of how each of your deaths would impact the Mr & Mrs Client's group structure.

## BUSINESS WEALTH SUCCESSION REVIEW

We have perused the documentation you provided that relates to Business Restructure Rollover Agreement. There are several documents and we wish to bring to your attention matters that we feel are in your interest to clarify. We do not have the legal education or experience to resolves these matters for you, and they may not even require a resolution, however we recommend you contact Dowd and Company Lawyers and David Hare from YRPS immediately to discuss the following matters.

1. Shareholders' Agreement between xxx Corporation Pty Ltd as trustee for the xxx Family Trust No 2 AND xxx Corporation Pty Ltd as trustee for The xxxx Family Trust No 2 AND xxxx Holdings Australia Pty Ltd.
  - Clause 13 (page 21) refers to Key Man Insurance Policy set out in Schedule 3.
  - Paragraph (c) refers to a Put and Call Option Agreement – Death.
  - Paragraph (d) refers to a Put and Call Option Agreement – Trauma
  - Schedule 3 (page 34) lists Macquarie Insurance Policies for Mr Client & Mr Client's business partner.
  - **We have been advised by Macquarie that the policies listed on Mr Client's life all lapsed in 2012.**
2. Annexure B – Put and Call Option Agreement – Death
  - Page 3 defines "Insurance Policies" and "Insurance Proceeds" and refers to clause 5 and Schedule 5.
  - Schedule 5 (page 20) lists the same lapsed insurance policies also referred to in item 1 above.
  - Clause 4.1 (a) (page 9) (iii) states that if insurance proceeds are not received by the estate of the Relevant Person, the Purchase Price of the Mr & Mrs Client shares shall be the valuation price; and
  - (iv) states that the purchasing shareholder (Mr Client's business partner) has the option to pay the purchase price to Mr & Mrs Clients share in equal annual instalments over 10 years.
  - Clause 4.1 (b) refers to total and permanent disablement of Mr Client and is similar to clause 4.1 (a) and the purchase price may be paid over 5 years.
3. Annexure C – Put and Call Option Agreement – Trauma
  - Page 3 defines "Insurance Policies" and "Insurance Proceeds" and refers to clause 5 and Schedule 5.
  - Schedule 5 (page 20) lists the same lapsed insurance policies also referred to in items 1 and 2 above.

### *What is the Significance of the Lapsed Insurance Cover?*

- Could simply be the schedules need updating with details of current policies.
- If not the Mr & Mrs Clients Group may be forced to wait up to 10 years for full payment of the Client shares.
- Any capital gains tax liability would be payable before the full proceeds are received.
- The same applies to the Mr Client's business partners shares.

### *Business Borrowing and Personal Guarantees*

- We have not been provided with financial reports for business entities to determine extent of borrowings.
- Mr Client did advise us that he has no contingent liability to credit providers or trade creditors.

## ELECTRIC DOCUMENT VAULT

Below are a list of documents that we suggest to our clients a copy should be kept in your secure online electronic document vault:

Personal Documents:

- Driver's Licences
- Passports
- Medicare Card
- Birth Certificates
- Marriage Certificate
- Personal Tax Returns
- Vehicle Registration Documents
- Property Contract
- House Deed
- Health Insurance Statements/Policy Documents
- Home and Contents Insurance Statements/Policy Documents
- Vehicle Insurance Statements/Policy Documents
- Wills
- Powers of Attorney
- Enduring Guardianship
- Advanced Health Directive

Business Documents:

- Certificates of Registration
- Company Constitutions
- TFN & ABN Notification
- Meeting Minutes
- Entity Tax Returns
- Entity Financial Reports
- Share Holding Statements
- Trust Deeds and Amendments

We note that all of the documents discussed above are optional, they are merely documents we suggest you may find beneficial to have electronic copies filed on your behalf.

Documents we currently have on file:

- xxxxxxxx

## TO DO LIST

Below are the matters we have identified for your consideration and action:

1. Key Person Insurance.
  - Determine whether lapsed Macquarie policies have been replaced.
  - Update schedules in Shareholders' Agreement.
2. Put and Call Option Agreement – Death.
  - Update insurance details in schedule 5.
3. Put and Call Option Agreement – Trauma.
  - Update insurance details in schedule 5.
4. New Trust
  - Settle new trust with corporate trustee
  - Document loan and gift strategy re boats
  - Register charges over boats.
5. Loan and gift strategy family residence
  - Bank's consent to 2<sup>nd</sup> mortgage
  - Document loan and gift strategy
  - Register 2<sup>nd</sup> mortgage over residence
6. Amend ASIC records regarding the beneficial ownership of shares in xxxx Holdings Pty Ltd
  - Accountants to complete and lodge with ASIC appropriate form.
7. Review Discretionary Trust appointors and Deeds of Succession
  - Provide us with copies of relevant Trust deeds
8. Consider use of Family Trust and Family Constitution
9. Consider strategy for \$800,000 in Mortgage offset account, loan to Family Trust, timing of strategy.
  - Repay Bank loan in full from funds in Mortgage Offset account.
  - Redraw to on-lend to Trust
  - Trust commence geared investment portfolio



## LIVE LIFE ON PURPOSE

ITS TIME TO MAKE  
A LIFE PLAN

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Jack and Jane Citizen

Discovery Meeting Minutes

24<sup>th</sup> March 2014



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## MEETING DETAILS

Clients	Jack and Jane Citizen
Fitzpatrick	John Woodley and Jill Reid
Date	24th March 2014
Location	Fitzpatrick Brisbane Office

## PURPOSE

This meeting was the first time that we have met. The predominant purpose of this meeting was to understand what area of advice Jack and Jane Citizen were seeking to obtain and to determine if Fitzpatrick is able to provide advice in this area(s). The meeting also provided:

- John Woodley and Jill Reid to meet with Jack and Jane to provide an overview of Fitzpatrick Brisbane and determine whether Fitzpatrick can add value to their financial position.
- For Jack and Jane to gain a deeper understanding of the Fitzpatrick's client offering and what it means to be financially well organised.
- To take a preliminary look at Jack and Jane's current situation, with a focus on:
  - Tax efficiency
  - Asset protection
  - Wealth accumulation
  - Insurance
  - Estate planning

*PLEASE NOTE: These minutes are our recollection of the meeting we had with you on the date specified above. We would appreciate your early confirmation of the accuracy of our recollection and if you believe they are not accurate in any way, please contact us as soon as possible. It is important that you do not act on the discussions we have had or on the information we have provided. Our recommendations will be provided in a Statement of Advice at a later date once we have completed our investigations and analysis.*

## MEETING REVIEW

In our meeting we provided our Financial Services Guide, dated 15<sup>th</sup> April 2013, the Fitzpatricks' Privacy Statement and the document "Understanding our Investment Approach". We also discussed our services by sharing the power point presentation 'About Us'.

The following is a summary of the items we discussed that are specific to your situation.

## BACKGROUND INFORMATION

- It was noted that Jack (33) is married to Jane (39). They have an 18 month old son Jamie.
- Jack and Jane recently purchased a house in Jane's name valued at \$900,000. There is a non-deductible CBA mortgage of \$770,000 against the property.
- Jack owns an investment property at Rockville valued at \$450,000. There is a deductible principal and interest loan of \$300,000 against this property.
- Jack is a Director and Shareholder at HANWORTH's. His annual base salary is \$180,000. In addition to this Jack receives a \$30,000 pa car allowance and has the capacity to earn an annual bonus of up to 30% of his salary.
- Jack recently sold a share of his equity in Slate Company for \$1,300,000. Jack has utilized the small business CGT concessions to reduce the tax liability triggered as a result of selling part of his shares in Slate Company.
- Over the coming 2 years Jack will have to make decisions as a result of these concessions which may mean investing \$325,000 into superannuation or a new business or paying tax on this amount.
- Jane works part-time in the automotive industry and earns between \$15,000 - \$20,000 pa.
- Jack has an Australian Super account with a balance of around \$110,000.
- Jane has super accounts with AMP and REST with a combined balance of around \$60,000.
- Jack has a personally owned life insurance policy of \$1,000,000 payable to Jane and an income protection policy of \$1,800 per month. Jack also has a life insurance policy payable to his mother of \$1,000,000.

## ASSET AND LIABILITY OVERVIEW

Asset/Liability	Owner	Value \$	Debt \$	Notes
Super	Jack	\$110,000		Australian super
Super	Jane	\$60,000		REST and AMP
Cash	Jack	\$1,300,000		From sale of Slate company
Investment property	Jack	\$450,000	\$300,000	Rockville
Family home	Jane	\$900,000	\$770,000	

## GOAL SETTING

### 10 year goals

Achieving the 10 year goals listed below would provide Jack and Jane with a sense of achievement, fulfilment and satisfaction.

Jane	Jack
Live in a house with views of the beach which also has a pool (\$1,600,000)	More work / life balance
Own a business operating in the fashion industry. At this stage, not sure of how much to set aside.	More time going to the gym and exercising with Jane as well as spending time with their broader family which he feels he has neglected of late due to work commitments
Enjoy annual family holidays overseas as well as beach holidays to Crescent Head.	Have a passive weekly income of at least \$3,000 (in today's dollars) to ensure that his family is sufficiently provided for
Put aside funds each year to gift to Jamie and any future children to help them buy a car or put towards a deposit for a home. They anticipate setting aside \$10,000 p.a.	Invest time in his own professional development by completing a Bachelor in Engineering Maintenance via the University of Central Queensland. Jack anticipates this will cost approximately \$30,000.
Be in a position where funds are available to pay for private secondary schooling for Jamie and any future children. School fees are \$14,000 per child for 5 years.	

The 'must have' goals for the 10 year goals are listed below. The other goals would be 'nice to have':

- Family holidays
- Private school fees
- More work / life balance for Jack

### 3 year goals

Jack and Jane stated that achieving the following goals is important for the next three years.

Jane	Jack
Have financial arrangements better organised so they don't distract and stress Jack and herself	Made some decisions where the wealth is to being invested i.e. in businesses or investments external to the mining sector
Have repaid the mortgage of \$770,000 on their family home	Have repaid mortgage of \$770,000 on their family home.
	Made significant progress toward completing the above mentioned university degree

## PRELIMINARY DISCUSSIONS OF PLANNING ITEMS

Item	Initial discussions
Cash flow Analysis and Tax Efficiency	<p>It was noted that the Family Trust provides a structure whereby investment income and proceeds from capital gains can be channelled to beneficiaries with lower tax rates such as members of Jack and Jane's broader families.</p> <p>Jill explained that the deed should be reviewed and potentially updated to provide sufficient flexibility to allow for this.</p> <p>Jill also explained that this strategy has becomes more powerful post 1 July 2012 when the tax free threshold for individuals increases from \$6,001 to \$18,200.</p>
Debt Management	<p>John noted that for every \$1,000 of Jack and Jane's mortgage that is repaid Jack needs to earn gross income of around \$1,700 (assuming a 41.5% tax rate).</p> <p>Jack explained the CBA mortgage of \$770,000 was established with a fixed interest rate for the first 3 years just prior to the opportunity arising to sell part of his shareholding in Slate Rock and Gravel Company.</p> <p>John explained that it would be worthwhile checking the loan break fees to repay part or all of the non-deductible mortgage debt. John noted that there would be tax benefits in Jack redrawing a deductible loan against the unencumbered property to invest in a diversified investment portfolio or property. However, this needs to be balanced with Jack and Jane's investment objectives.</p>
Personal insurance	<p>John explained the importance of holding adequate insurance to ensure that remaining family is financially secure in the event of death or disability.</p> <p>It was noted that Jack's \$1,000,000 Life Insurance policy is owned in his own name. It was noted that there are tax savings available by having the insurance owned and paid for by Jack's superannuation fund. John explained that superannuation funds can receive a tax deduction for the premiums paid and by structuring insurance in superannuation Jack would not be paying for the policy in after tax dollars.</p> <p>John also noted the benefit of having Trauma cover in place which would provide a lump sum payout should Jack or Jane have a condition such as a heart attack, stroke, cancer.</p> <p>John explained the importance of completing a full insurance review to ensure that an appropriate level of funding is in place should either Jack or Jane become permanently injured or die. This could provide ensure that the remaining family members are financially secure.</p>
Investment review	John briefly discussed what Fitzpatricks can offer and advised he will go into more detail at the next meeting.

Entity review	<p>John gave an explanation of his personal situation by explaining that if he died, his wife Kathryn would not know how to prepare the business for sale or achieve a commercial outcome. John advised he has documented guidelines so Kathryn knows who to talk to and a realistic idea of how to value the business.</p> <p>John showed Jack and Jane a copy of his Letter of Wishes and explained Fitzpatricks could provide this as a draft template which Jack could use as a basis for his own personal letter. John advised that he and Jill could provide assistance if Jack chooses to prepare his own Letter of Wishes.</p>
Retirement planning	<p>John briefly discussed what Fitzpatricks can offer and advised he will go into more detail at the next meeting.</p>
Strategic Estate and Asset Protection	<p>John explained that because of Jack's role as the Director and Shareholder of both Slate Company Pty Ltd and HANWORTH Pty Ltd, he is an "at risk individual" and due care needs to be taken in protecting his family assets from a legal attack or bankruptcy. It was noted that from an asset protection perspective it had been a prudent decision to purchase the family home in Jane's name.</p> <p>Jill noted that should Jack and Jane decide to repay some or all of the mortgage then this would further strengthen their position should Jack come under legal attack in the future.</p> <p>John touched on other strategies to enhance asset protection via the current structure of the family trust.</p> <p>It was noted that at present neither Jack nor Jane have Wills. A comprehensive Will could include clauses to ensure any insurance proceeds or other assets are passed to nominated beneficiaries in a protected structure ensuring protection if either Jack or Jane were subject to litigation or a failed future relationship.</p> <p>This plan would also ensure that assets are passed down to children and future generations in a protected manner reducing the risk of one of the children's partners walking away with inherited assets after a marital breakdown.</p> <p>Whilst not discussed during the meeting we would also advocate importance of having Enduring Power of Attorneys in place nominating the appropriate people to make financial decisions on their behalf if Jack or Jane becomes incapacitated.</p> <p>Equally important is having an Enduring Guardianship to ensure that appropriate people could look after Jack and Jane's health and lifestyle decisions in the event of incapacity.</p>
Being financially well Organised	<p>John showed Jack and Jane a brief power point summary of the online vault and explained how this tool is used to store and share with other trusted professionals important information.</p> <p>John explained that his team could put together a secure online Family Vault containing all important family documents like Tax Returns, Trust Deeds, Constitutions, Estate Plans and Insurance.</p> <p>John explained that Jack and Jane's various other professionals can be granted access to certain parts of the vault to ensure everyone has access to relevant information.</p>

## NEXT 12 MONTHS

John described the process for the first year and explained that it would be the most labour intensive as Fitzpatricks' builds background knowledge of Jack and Jane's situation.

John also stated that it may take up to four meetings to gain a thorough understanding and present advice before implementing recommendations.

It was agreed that the following items represent Jack and Jane's initial priority areas:

1. Complete comprehensive Estate Planning analysis.
2. Personal Insurance - Review insurance of adequate family protection and tax efficiency.
3. Prepare wealth accumulation projections
4. Commence the Build of an online family vault to keep the family organised and provide easy access to documents.

Please see attached your 12 Month Financial Game Plan

## FEES AND ANNUAL REVIEW

There was a general discussion about fees. John advised that the fees for the first 12 months will be documented in an Engagement Agreement. John also explained that the 'Financial Services Guide' provided extra details of how fees are applied and the minimums that apply.

The review process was also discussed. John advised that once Fitzpatricks has completed the initial 12 month program, there would be an opportunity to continue to engage Fitzpatricks on an ongoing basis.



**Fitzpatricks Brisbane Pty Ltd**  
Corporate Authorised Representative (No. 123456) of  
**Fitzpatricks Private Wealth** is a registered business name of **Fitzpatricks Dealer Group Pty Ltd**  
ABN 33 093 667 595  
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**LEAD**ADVISER

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2018 Training Manual and Workbook