

## Capstone Financial Planning

This Financial Services Guide (FSG) has been produced by Capstone Financial Planning Pty Ltd ('Capstone', 'we,' 'us,' and 'our').

Capstone is a privately owned and operated financial planning company. We are not owned by a fund manager, bank or other financial institution. Capstone advisers are equipped to offer clients holistic advice and solutions that are tailored to each client's individual needs, circumstances and advice requirements.

### Who is my adviser?

Your adviser is an authorised representative of Capstone. Individual details of your adviser will be provided to you in their adviser/company profile which includes details of the adviser's authorised representative number, their experience, qualifications, charging methodology and the specific services they are authorised to provide. The adviser profile forms part of the FSG and is to be read in conjunction with this document.

Your adviser acts on behalf of Capstone and we are responsible for any advisory services your adviser provides.

### Purpose and content

This FSG contains important information to help you decide whether to use any of the services offered by Capstone. It contains details of:

- The financial services and products we offer
- Our fees
- How we are remunerated
- Any interests, associations or relationships that could affect our advice
- Our complaints handling procedures and how to access them
- Our privacy policy

### What other documents might I receive from Capstone?

Before you receive financial advice, you are required to authorise your adviser to undertake this work and the fees you will pay.

It is important to note that we can only provide personal financial advice after making reasonable enquiries and after giving consideration to your current personal and financial circumstances.

When we provide you with personal advice you will receive a written report called a Statement of Advice (SoA). The SoA will state your relevant personal circumstances, outline the advice

being provided, the basis on which the advice is given, information about any fees, commissions, and associations relevant to the provision of the advice.

When we offer to issue, arrange the issue of or make a recommendation to acquire a particular financial product (other than securities) we will provide you with a Product Disclosure Statement (PDS). A PDS contains information about fees payable, risks, benefits and significant characteristics of the financial product.

If your adviser believes it will be of benefit to you, they may recommend you enter into a service arrangement, which will be documented accordingly for your approval.

If you receive further financial advice from us and a SoA has been previously provided, we may record details of that advice in a Record of Advice (RoA) where certain criteria is met. The RoA will include a summary of your relevant personal circumstances or state which previous advice document contains this information, particulars of the advice being provided, the basis on which the advice is given, information about any fees, commissions, and associations relevant to the advice. You can request a copy of any relevant RoA document by contacting your adviser.

These documents will assist you to make an informed decision in relation to the acquisition of a financial product.

If you have entered into a service arrangement with us, you will be provided with an annual Fee Disclosure Statement (FDS). This statement provides details of the service fees you have paid during the preceding 12 month period, the services you were entitled to receive during that period, and those you actually received.

You may also receive a renewal notice following every second anniversary of your service arrangement. This will be provided to you in writing and accompany your FDS. You must complete the renewal notice in order to continue to receive service and advice from your adviser. If you do not complete the renewal notice or fail to respond, the service arrangement ceases, meaning the adviser is not obligated to give service and advice, and you are no longer obligated to continue paying the ongoing fee.

### Advisory Services

We are authorised to provide financial product advice and deal in the following financial products to wholesale and retail clients:

- Deposit and Payment Products
- Securities
- Life Products
- Managed Investment Schemes
- Retirement Savings Accounts
- Standard Margin Lending Facility
- Superannuation
- Government Debentures, Stocks and Bonds

### Remuneration

Capstone and your adviser are paid for the services they provide through various methods of remuneration, including payments made by you (service and advice fees), and payments received from product issuers. These payments will be disclosed to you in your advice/disclosure document. In circumstances where we cannot determine the amount of remuneration we will disclose the method of calculation.

## Advice Fees

The Advice Fees you pay to Capstone may comprise one or more of the following:

- A percentage fee based on the value of your holding in a financial product
- A fixed dollar amount
- An hourly rate

These fees may include:

- Statement of Advice Fee - for the preparation of a Statement of Advice
- Initial Advice Fee - for initial advisory services
- Implementation Fee - for the implementation of financial advice and products
- Ongoing Service Fee - when your adviser provides you with ongoing advice and service

These fees are payable by you and may be paid either directly from you or from your financial product/s.

## How will I pay for the services provided?

Prior to providing any service we will mutually agree on the method of our remuneration. We offer a variety of service levels and fee structures that can be tailored to suit your individual circumstances.

Please refer to the adviser/company profile provided to you for specific details of your adviser's charging methodology.

## Licensee Advice Fee

Up until 1 July 2019, some investment platforms recommended by your financial adviser may have allowed Capstone to receive a Licensee Advice Fee. This only occurs when you authorise and direct payment (and the relevant product provider facilitates payment on your behalf). If applicable, this fee is payable directly from your financial product and is disclosed to you prior to authorising the payment. A Licensee Advice Fee is remuneration (and contributes to cost recovery) for certain advice and support related services provided to, or provided for your benefit, including but not limited to:

- Training and education;
- The ongoing research of financial products and markets by Capstone;
- Administrative assistance and support provided by Capstone to your financial adviser in respect of the services they provide to you; and
- Various operational and compliance related activities intended to ensure the quality of services provided to you.

If applicable, the Licensee Advice Fee can be calculated using either a percentage value or a flat dollar amount and it is retained by Capstone and not passed on to your adviser.

Where a percentage fee applies, this fee may range from 0.00% to 0.20%. For example, an investment of \$10,000 in a product that applies a licensee advice fee of 0.20%, Capstone will receive a fee of \$22 per annum (\$20 plus GST).

**PLEASE NOTE:** The Licensee Advice Fee is limited to arrangements entered into prior to 1 July 2019. These arrangements are being systematically phased out during 2020.

## Commissions

Capstone does not generally receive commissions. We can only accept commissions where it occurs under an existing arrangement between Capstone and the product issuer entered into before 1 July 2013. Accordingly, investment based products will not be subject to commissions unless they are already held by you.

We may also accept commissions from the product issuer in circumstances where you implement life risk insurance products (excluding group life risk policies held within superannuation as well as individual life insurance policies held within a default superannuation fund).

If applicable, any such payments will be disclosed to you before you purchase the product. Below are examples of how commissions apply.

### Investment based financial products

For existing investments held by you and entered into before 1 July 2013, an upfront commission may range from 0.0% to 4% of the amount you invest, depending on the product. For example, for an additional investment of \$10,000 in a product whose issuer pays Capstone a 3% upfront commission, Capstone will receive an upfront commission of \$330 (\$300 + GST). Capstone may also receive ongoing commission, which may range from 0.0% to 1% of the value of your holding in a product, for as long as you hold the product. For example, for a holding of \$10,000 in a product whose issuer pays Capstone a 0.6% ongoing commission, Capstone will receive an ongoing commission of \$66 per annum (\$60 + GST).

### Insurance (risk) products

Capstone may receive an initial commission from the product issuer when you decide to buy a risk product your adviser recommends to you. This commission may range from 0.0% to 66% (including GST) of the initial premium amount, depending on the product. For example, for a Term Life base premium of \$1,000 per annum in a product where the product issuer pays Capstone an initial 66% commission (including GST), Capstone will receive commission of \$660 (\$600 plus GST). Some product providers may pay commissions on stamp duty and policy fees. Initial commissions may also be payable to Capstone on any premium increases resulting from increases in sums insured that you decide to make during the time you hold the product. This initial commission will only apply to the component of the increased premium resulting from the increase in sum insured. Capstone may also receive ongoing commission, which may range from 0.0% to 33% (including GST) of the renewal premium from the 2nd year. For example, an annual base premium of \$1,000 in a product whose issuer pays Capstone a 33% (including GST) ongoing commission from the 2nd year, Capstone will receive an ongoing commission of \$330 per annum (\$300 plus GST).

### Distribution of remuneration

Remuneration is payable to Capstone in the first instance. Capstone will then pay any remuneration earned to your adviser/their company. Details of these payments will be disclosed in your advice/disclosure document.

### Other forms of remuneration

#### A) Training and education partner program

To assist in the provision of regular professional training and development, including ongoing technical training and updates in relation to financial products for Capstone's advisers and support staff, we have developed formal business partner relationships with a number of financial product providers. Each year we selectively invite leading financial product providers to participate in our training and education program. Participants each contribute financially to this program. It is important to note that Capstone's financial product range is not influenced by any program as Capstone subscribes to independent research and all products are individually assessed on their own merits. Our program meets all required legal and regulatory standards.

#### B) Grandfathered allowances

Capstone may receive allowances due to existing arrangements from a range of financial product providers prior to 1 July 2013. These arrangements may result in a monetary benefit being paid

to Capstone, which may be based on the amount of funds our clients have previously placed with these product providers. These allowances can vary up to 0.06% of our Funds Under Advice and are retained by Capstone and not passed on to our advisers.

Capstone has no preferred product provider relationship and does not promote any specific product provider or administration platform.

**PLEASE NOTE:** These types of payments formally cease due to legal and regulatory requirements during 2020.

### **C) Employee non-cash benefits**

From time to time, the employees of Capstone may receive non-cash benefits with a cash value less than \$300. A register listing the details of any non-cash benefits between \$100 and \$300 is maintained. These non-cash benefits do not influence the financial product recommendations provided by our advisers to you. If you would like more information, you can request a copy of the register.

### ***Requesting further information***

You have a right to request further information in relation to the remuneration, the range of amounts, rates of remuneration and benefits received by Capstone and/or your adviser. This includes remuneration that may be generated from services other than personal advice. Any request for further information should be made before any service is provided and within a reasonable time frame.

### **Relationships or associations with a product issuer**

Capstone is the distributor of:

- C-wrap SuperWrap and C-wrap InvestmentWrap, which is operated by BT Portfolio Services Limited (BTPS) ABN 73 095 055 208, a wholly owned subsidiary of Westpac Banking Corporation ABN 33 007 451 141; and
- c)smsf which is operated by SuperIQ Pty Ltd ABN 27 147 105 164.

Capstone receives a percentage of the administration fees charged from c)smsf. This fee contributes to preferential pricing and professional related support services. This fee is retained by us and not passed on to our advisers.

### **Other important information**

#### ***How can I give you instructions?***

You can give us instructions by telephone, email or other means agreed with us. Some financial products have their own rules about how to give instructions. Please refer to the Product Disclosure Statement of the relevant product for those details.

#### ***What is my personal information used for?***

Your adviser will collect your personal details and conduct an analysis of your overall situation including investment needs, objectives and personal financial information before providing any advice. If you do not provide the personal information requested, we may not be able to provide you with the financial services you require.

### ***Accessing and updating your personal information***

If you have concerns about the accuracy or completeness of the personal information we hold, you may request to access your personal information by contacting your adviser.

### ***The Privacy Policy***

We are committed to protecting your privacy. Your personal information will be handled in accordance with our privacy policy. This document outlines how the information we collect from you is used, stored and disclosed. A copy of our privacy policy will be provided to you and can also be obtained from our offices or from our website.

### ***Anti-Money Laundering and Counter-Terrorism Financing Act 2006***

Capstone has an obligation under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 to verify your identity and the source of any funds. Accordingly we may ask you to provide particular identification documents such as your passport or driver's licence.

### ***Compensation arrangements***

Capstone has and continues to maintain Professional Indemnity Insurance in accordance with the Corporations Act 2001. Our Professional Indemnity Insurance, subject to its terms and conditions, provides indemnity up to the sum insured for Capstone and our authorised representatives/employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative/representative/employee who has ceased work with Capstone for work done whilst engaged with us.

### **If you have a complaint**

If you have a complaint about the service provided to you, you should take the following steps:

1. Contact your adviser and tell your adviser about your complaint.
2. If your complaint is not satisfactorily resolved within 5 business days, please contact our Professional Standards Team on 03 8622 0700 or put your complaint in writing and send it to us at Level 14, 461 Bourke Street, Melbourne VIC 3000 or via email at [compliance@capstonefp.com.au](mailto:compliance@capstonefp.com.au). We will try and resolve your complaint quickly and fairly.
3. Capstone is a member of the Australian Financial Complaints Authority Limited (AFCA). If you feel our response is inadequate or if you have not received a response within 45 days, you have the right to complain to AFCA. They can be contacted on 1800 931 678, you can submit an online complaint form available at [www.afca.org.au](http://www.afca.org.au), or you may write to them at [info@afca.org.au](mailto:info@afca.org.au) or GPO Box 3, Melbourne VIC 3001. This service is provided to you free of charge.

The Australian Securities and Investments Commission (ASIC) also has an Infoline: 1300 300 630 which you may use to make a complaint and obtain information about your rights. If you have concerns involving ethical and professional conduct, you may consider raising your concerns with the Financial Planning Association of Australia (FPA). They can be contacted on 1300 626 393 or you can write to them at GPO Box 4285, Sydney NSW 2001.