**Private and Confidential**

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23 Sep 2021

Daniel and Joanne Kenner

Address

**TERMS OF ENGAGEMENT**

Dear Daniel and Joanne,

Following our most recent discussions reviewing your progress to date and forward financial paths, we provide here a slightly different approach over coming twelve months when compared to previous years of our work together.

In forming this proposed Terms of Engagement, we have placed a significant emphasis on the specific outcomes identified in our meeting of 23rd September as being of value and significant to you – these include:

1. **Support Claire –** Daniel and Joanne, doing whatever you can to support your daughter Claire is still the most important thing for you. You want to help her buy a house and are considering giving her $30-50K for equity. You are also willing to become a guarantor for her home loan.

In addition, you want to help her with childcare by potentially looking after your grandson 1 day per week.

1. **Take care of Joanne’s Dad –** Joanne, your dad is 80 years old and lives alone in New Zealand. You want to make sure that you visit him every month, even if it’s just for a weekend. You believe this would cost about $1K per trip in flights and expenses. You feel that you are not sure how much time you have left with him and hence caring for him is very important to you.
2. **Retirement planning and scale back from work** – Daniel, you want to reduce your stress and hence still want to scale back from work to 3 days per week within the next 6-12 months. However, you now understand Jo’s point of view that you might need to work longer to ensure you are set for retirement and hence you are ready to postpone retirement to late 60’s maybe around 67 years of age. You still feel that you would need an income of at least $75K per annum in retirement.

Joanne, you would like to be able to do the things you like to do and hence you want to continue with your plan and scale back from work to 4 days per week by end of this year. You don’t believe that you both are ready to retire anytime soon as you feel that you need more clarity regarding your cash flows to understand when to retire to ensure the money does not run out in retirement.

1. **Golf trips for Joanne –** You want to have some “me” time and hence you still want to go on a golf trip overseas with your girlfriends once borders open post Covid. You feel this could be a 2-3 week trip every 3 years or so and would cost about $10K per trip.
2. **Beach house –** Daniel, you continue to have the dream to buy a beach house somewhere within 3-4 hours’ drive from your home. You don’t need anything too fancy, just a little cottage by the water will do. You estimate that this would cost about $800K and ideally, you want to buy this within 2-3 years.

Accomplishing this would be great as you would absolutely love it.

**Approach**

With an understanding of the above desired outcomes as the focus of our engagement, the following represents our approach to maximise the probability of these being achieved:

**Priority #1 – Scale back from work, take care of Joanne’s Dad and help Claire**

Joanne, you have indicated that you still feeling too out of control with spending, and you feel that the two of you not communicating as well as would have hoped since we first engaged with you both. While our work together has helped you both create a budget, you feel you need more support as you still have real financial fears surrounding retirement and debt management.

To help with this, we would like to undertake a full review of your entire wealth position, including your cash flows. We can assist you to re-assess your cash flow priorities, and with financial modelling, provide you with projections based on various scenarios. This will give you confidence that you are making informed and most tax-effective decisions.

With your input and participation, we intend to actively manage your current and future flow of funds so that you have the time and freedom to enjoy life while knowing your financial future is protected. This will allow you to pursue goals, such as:

* Help Claire buy a house and give her $30-50K for equity; become a guarantor for her home loan if needed;
* Daniel to scale back from work and only work 3 days per week within the next 6-12 months;
* Joanne to scale back from work to 4 days per week by end of this year; and
* Joanne to visit her Dad every month; this would cost about $1K per trip in flights and expenses

We will also continue to work with you on a debt reduction plan to ensure you are working efficiently towards your debt repayment goals. Our debt reduction plan will include assessing the potential options available to you both immediately and in the long term.

**Priority #2 – Plan for retirement, have some “me” time and buy a beach house**

Daniel and Joanne, over the coming years you have a number of financial goals you wish to achieve, including transitioning to retirement so you have the freedom to do the other things you enjoy in life. While you do agree on many areas of your financial lives, you both are aware there continue to be areas where you are sometimes at odds regarding some financial objectives. You continue to value the support to work through these challenging areas collaboratively in order to effectively plan for your financial future while supporting those important to you both.

With that in mind, we will continue to take a lead role in developing a strategic plan for your financial independence and retirement, whilst keeping you informed, in control, and accountable.

Our advice will aim to help you work more collaboratively and build an accurate picture of your current financial position and its likely progress over time, with the aim to identify any threats, shortfalls, or financial complexities that may exist in achieving your goals, such as:

* Daniel, to retire by 67 whilst having an income of at least $75K per annum;
* Joanne, to get more clarity regarding when can you both comfortably retire;
* Joanne to go on a golf trip overseas with your girlfriends; a 2-3 week trip every 3 years; about $10K per trip; and
* Buyinga beach house somewhere within 3-4 hours’ drive from your home; approximately $800Km; in 2-3 years.

**Fees**

The initial 12-month fee for provision of advice and complete implementation of recommendations under this engagement will be $7,500 to $9,200 (+ GST). This fee covers all ongoing advice and service in relation to your financial affairs delivered through our 12 monthly service package.

This initial fee is collected via a monthly direct debit where $xxxx plus GST of the fee is collected in month one, reverting to $xxx plus GST per month from month two onwards.

The total fee to complete this assignment may increase if there are significant changes in your circumstances or if significant rework or amendments to the original information provided is required. If significant additional work is required we shall provide an estimate and agree on the scope of the additional work prior to proceeding.

Where third party specialists are required to provide input the professional fees of these specialists will be in addition to those of ABC Advisers. We will notify you in writing in advance before the third party is engaged.

We receive no commissions or fees from any third party. Subsequently we negotiate on your behalf to deliver reduced costs from an investment, superannuation and lending perspective where appropriate.

Please note our quoted fees are applicable for a period of four weeks from the date of this Terms of Engagement. Note this document may not incorporate all of the services we can provide, only those we believe will be of use in your circumstances. All our available services are explained in our Financial Services Guide.

**Engagement**

Please do not hesitate to contact me on 0x xxxx xxxx 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, fax or standard mail.

Please note that our engagement can be terminated by either party to this agreement where [set out reasonable circumstances for termination by either party].

Finally please note that this Terms of Engagement should be read alongside our Financial Services Guide, which explains more generally the types of services we offer and other matters relevant to the delivery of services to our clients.

Yours sincerely

**Adviser A Adviser B**

ABC Advisers ABC Advisers

Email: Email:

**Acceptance**

Daniel and Joanne, we believe that ABC Advisers can generate significant financial certainty for you throughout our relationship and importantly, add substantial value to ensuring you achieve all that is important and valuable to you as you have articulated to us.

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

**Acknowledgement**

Please sign below to indicate that you accept the scope, costs and terms set out above.

Signature:

 \_\_\_\_\_\_\_\_

**Mr Daniel Kenner** **Mrs Joanne Kenner**

Date: \_\_\_\_/\_\_\_/2021 Date: \_\_\_\_/\_\_\_/2021