

## Are you thinking of obtaining an AFSL? FAQ's

### Q. What is the cost of PI insurance?

A. The cost of PI insurance varies greatly, so it's impossible to give an approximative figure. We suggest that when researching PI insurance, you contact a couple of different brokers, so you can start to gauge what the specific cost for your practice would be.

### Q. How much work do I have to do compared to what Compact does? How many hours on average of work are required?

A. You need to allow around 20 hours for the application itself plus time to tailor the compliance manual. Compact has prepared template "proof" documents and pre-populates these and your licence application for you, as well as providing some liaison with ASIC after the application is submitted. You need to provide information to Compact to assist us to pre-populate documents and need to review and, sometimes, add information to documents. Compact also gives you instructions on how to do tasks such as completing your cash flow projections and also obtaining police and bankruptcy searches and arrange for two business references. You also need to set aside time to obtain membership of Australian Financial Complaints Authority and arrange for appropriate PI Insurance.

Compact also provides you with a detailed template compliance manual. You need to tailor this compliance manual to your business. Alternatively, Compact can do this for you for an additional fee.

### Q. How much does the Jigsaw Service cost?

A. The Core Service fees are made up of two components: Licence Support Fee and Adviser Support Fee. They start at \$35,090 (incl. GST) for AFSL Licence Support. This fee includes one Adviser. The Adviser Support Fee is an additional \$3,630 (incl. GST) per AR. Paraplanner/Support Staff and No advice advisers are \$770 (incl. GST) pa. There is also a range of Optional Services that are pay-per-use. For further details on the Core and Optional Services, please see accompanying PDF's.

### Q. Do you provide an external responsible manager if so how much does it cost?

A. No, unfortunately we cannot provide this. It is possible to contract someone externally to act as RM but it is generally hard to convince ASIC to accept a licence application on this basis.

It is worth reading RG 105 which is ASIC's regulatory guide on what you need to know and do in relation to Responsible Managers. It can be downloaded from ASIC's website.

**Q. What is ASIC's ongoing charge in terms of a million dollars business?**

A. ASIC fees are not determined on the value or revenue of the business. The **application fee** is one of two flat fees according to whether the application is high or low complexity. Low complexity is \$3,700. In terms of **ongoing annual fees**, there will be a base levy of \$1,500 for a financial planning practice and an additional amount per adviser. This amount has yet to be determined.