



# Advice Considerations

## NAB's Customer Advice Review

This document includes the types of advice you may have received, as well as the areas your financial adviser was required to consider when providing you with this advice.

**Please contact us if you have any questions or concerns about the advice or services you received.**

### Investment selection (Asset Allocation)

You may have received advice on how to invest your funds. This may have included advice on how to invest your super or non-super savings.

Your adviser was required to consider:

- your investment timeframe;
- your investment experience;
- your investment preference to achieve higher returns over the long term, lower but stable returns, or a balanced return; and
- the investment strategy where advice was provided to an SMSF.

The advice you received may have included an investment in Defensive, Growth and/or Alternative assets as described below:

#### Defensive assets

Defensive assets include cash, term deposits and fixed interest and are generally lower risk and less volatile than growth assets.

#### Growth assets

Growth assets include Australian shares, international shares and property. These assets may provide an income and have the potential to grow in value over time.

#### Alternative assets

Alternative assets are those that do not fall into typical asset classes such as cash, fixed interest, shares or property. Alternative assets can include infrastructure, private equity, hedge funds, commodities, derivatives.

**Please let us know** if you have any concerns with the way your funds were invested and/or your risk profile.

### Asset Allocation Risk Profile

Growth profile	Risk tolerance and time horizon
100%	Considered suitable for investors with an investment horizon of at least 7 years and high-risk tolerance, comfortable with a share portfolio dominated by Australian and International shares.
85%	Considered suitable for investors with an investment horizon of at least 5-7 years and a moderate to high risk tolerance, seeking a high exposure to growth assets.
70%	Considered suitable for investors with an investment horizon of at least 5 years and a moderate risk tolerance, seeking more growth than income over the investment timeframe. This strategy suits investors aiming for a return higher than what is likely from a more defensive portfolio but who want lower volatility than what a share fund would likely generate.
50%	Considered suitable for investors with an investment horizon of at least 3-5 years and a moderate risk tolerance, seeking a mix of income and growth over the investment timeframe from a well-diversified portfolio. This strategy suits investors aiming for a return higher than what is likely from a portfolio dominated by defensive assets but who want lower volatility than what a share fund would likely generate.
30%	Considered suitable for investors with an investment horizon of at least 3 years and a low to moderate risk tolerance, seeking regular income and the opportunity for some growth over the investment timeframe.

## Listed Securities

You may have received advice about investing in Listed Securities. This may include investments in shares or direct equities from:

- Australian Stock Exchange (ASX);
- Listed Investment Companies (LICs);
- Exchange Traded Funds (ETFs);
- Exchange Traded Commodities; and/or
- Hybrid Securities.

For Listed Securities advice to be considered appropriate, your adviser is required to ensure that holding these investments was suitable for your goals, needs, and circumstances at the time of the advice, that the specific direct equities recommended were suitable for investment, and that the direct equities portfolio was adequately diversified.

**Please let us know** if you have any concerns relating to Listed Securities.

## Superannuation

You may have received advice about saving funds for retirement within the super environment.

This may include making contributions to super from your pre-tax money, or money out of your pocket (after tax).

Your adviser was required to consider:

- whether you had available funds to make contributions to super;
- the types, amounts and timing of any previous super contributions made;
- any lump sum expenses or goals where you might require access to funds in the short term;
- your planned retirement date; and
- your retirement needs and goals.

**Please let us know** if you have any concerns relating to superannuation.

## Product Replacement – Super, Retirement Planning, Investments and Insurance

You may have received advice to replace existing super, retirement planning, investment or insurance products.

Your adviser was required to consider:

- the fees, costs or premiums of the new product when compared with your existing product; and
- the features and benefits available in the new product when compared with your existing product.

**Please let us know** if you have any concerns relating to product replacement.

## Retirement Planning – Income

You may have received advice about receiving income in your retirement.

This may include income from products such as account based pensions and annuities, and from Social Security payments such as Centrelink.

Your adviser was required to consider:

- what income you required from your investments and social security to meet your needs;
- whether you required access to capital or flexibility to change your income;
- the impact any advice would have on your Social Security payments; and
- your retirement needs and goals.

**Please let us know** if you have any concerns relating to Retirement Planning.

## Fees

Fees paid to your adviser may have included:

- upfront advice fees, which are generally paid when you set up a new account; and/or
- ongoing adviser service fees, which are generally paid monthly and are deducted from your account.

Your adviser was required to tell you about any fees before they were charged.

**Please let us know** if you have any concerns relating to the fees you were charged.

## Insurance

You may have received advice to obtain insurance. The main types of insurance include:

- Life insurance designed to pay a lump sum when you die;
- Total and Permanent Disability insurance designed to pay a lump sum if you become permanently disabled;
- Trauma insurance designed to pay a lump sum if you suffer a defined health event; and
- Income protection designed to pay a regular amount for a defined period if you are unable to work due to illness or injury for an extended period.

Some of these types of insurance may have been purchased in your super fund.

Your adviser was required to consider:

- whether you had financial dependants;
- your debt levels;
- your medical history;
- your occupation;
- your living expenses; and
- what you could afford.

**Please let us know** if you have any concerns relating to insurance.

## Self Managed Superannuation Fund

A Self Managed Superannuation Fund (SMSF) allows individuals, who are the members of the fund, to take full responsibility for managing their super. You may have received advice on setting up an SMSF to save funds for retirement.

Your adviser was required to consider:

- whether you had enough funds for the SMSF to be cost-effective;
- the investment strategy of the SMSF (i.e. how the funds were to be invested);
- where strategic property advice was provided, whether your SMSF would be appropriately diversified and have sufficient liquid assets to meet any outgoings;
- your capacity to meet your duties and responsibilities as a trustee of an SMSF; and
- your planned retirement date.

**Please let us know** if you have any concerns relating to SMSF advice.

## Investments (non-super)

You may have received advice about investing to create wealth.

This may include investments such as managed funds, listed securities, investment bonds and more complex investments such as structured products (which may include gearing).

Your adviser was required to consider:

- whether you required access to the funds in a short time frame for an expense or goal;
- your marginal tax rate;
- whether the investment was adequately diversified and suitable for your attitude toward risk; and
- the complexity of the recommended investment.

**Please let us know** if you have any concerns relating to investments (non-super).

## Gearing (including SMSF Gearing)

You may have received advice to borrow funds to invest. This may also have included borrowing to invest within an SMSF (Self-Managed Super Fund).

Your adviser was required to consider:

- whether you could afford the repayments and interest on the loan;
- whether you required access to the funds in a short time frame for an expense or goal;
- where a margin loan was recommended, how you would meet any margin calls if the value of your investment dropped; and
- where borrowing to invest was recommended in an SMSF, whether the trust deed allowed for such an arrangement.

**Please let us know** if you have any concerns relating to gearing, including SMSF gearing.

## Complex/Structured Products

You may have received advice to invest in complex or structured products. These are investment products which provide a pre-packaged exposure to one or more underlying assets and can include:

- shares,
- bonds,
- managed funds,
- interest rates,
- market indices,
- currencies or
- commodities.

Some structured products aim to provide investors with capital protection. Others seek to generate enhanced levels of income, whilst others aim to generate leveraged exposure to the underlying asset or assets.

Your adviser was required to recommend complex/structured products that were suitable for your goals, needs, and circumstances at the time of advice and ensure you understood the risks associated with the recommended product.

If the structured product incorporated gearing with a requirement to fund expected loan and interest repayments, your adviser was required to ensure you had adequate cash flow to meet the expected loan and interest payments.

**Please let us know** if you have any concerns relating to complex/structured products.

## Implementation

Your adviser was required to implement your advice correctly and in a timely manner.

**Please let us know** if you have concerns that the advice you received was not implemented correctly, or in a timely manner.

## Property

You may have received advice to invest in property. This relates to advice, influence or involvement to hold/retain or make a transaction involving direct property. This may include:

- principal residences;
- investment properties;
- ownership structures including individual, joint or within an SMSF, Company or Family Trust.

**Please let us know** if you have any concerns in relation to property advice.

## Other advice or service areas

You may have a concern or question regarding advice that is not referred to in this document.

Please contact us using the details in the letter sent to you, if you would like to raise any concerns or questions about any other advice or service you received.

## Contact us

You can contact our Australian-based **Customer Advice Review** team on **1800 093 038**, Monday to Friday between 8am and 6pm (AEST) or email us at [\*\*advice.review@nab.com.au\*\*](mailto:advice.review@nab.com.au)