**Record of Advice**

**Risk Cover Analysis**

Client Name \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

Date \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

**Confidential**

**This proposal has been prepared for the personal use of \*\*\*\*\* client name\*\*\*\*\* only**

Prepared By:

\*\*\*\*\*\*\*\*\*\*\*\* – Financial Advisor

Dear \*\*\*\*\*\* client name\*\*\*\*\*\*\*\*\*\*\*\*\*

Date of birth: \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

Thank you for the opportunity to provide you with a financial plan based on your financial needs as discussed with you. The purpose of this planning is to provide a realistic illustration of your current as well as future financial position.

The report is based on assumptions and the background information provided by you and should be regarded as a work-document. Your financial plan should be revisited annually to accommodate changing circumstances.

**Smit Advisors Philosophy**

At Smit Adviseurs (Pty) Ltd, we focus on a goal based financial planning approach with a clear aim to identify, prioritize and plan for our clients individual and business financial planning goals over their lifetime. We implement this approach by articulating each client’s financial journey and then implementing an underlying strategy and solution to support the realization of each goal over time. Goal-setting is integral to the success of any financial plan. Goals provide direction, and serve as a benchmark for measuring your overall success. Our Financial Advisors have the necessary skills to guide clients through this journey thereby better enabling them to achieve the defined financial goals across Risk, Fiduciary, Investment and Retirement Planning.

Set your goals for your financial journey

The following financial planning areas are covered in this document:

* **Your position at death:** You should have sufficient liquid funds to settle all relevant expenses to wind up your estate. You also have to provide adequately for your dependents. Estate duty and other taxes should be kept to a minimum.
* **Your position at permanent disability:** You should be able to sustain your lifestyle, meet your obligations and provide for your dependents if a disability results in reduced income or a complete inability to earn an income.
* **Your position on temporary disability:** Permanent disability cover will only pay out after a waiting period. You will need temporary disability cover and/or sickness cover during this period.
* **Critical illness:** You will incur additional costs should you become seriously ill e.g. medical costs not covered by your medical aid and should cover this with a lump sum.

**Background Information**

All calculations are based on the information provided by you and the assumptions as indicated in this report.

**Personal details**

|  |  |  |  |
| --- | --- | --- | --- |
| Surname | \*\*\*\*\*\* | Initials | \*\*\*\*\*\* |
| Title | \*\*\*\*\*\* | First name | \*\*\*\*\*\* |
| Nick name | \*\*\*\*\*\* | Gender | \*\*\*\*\*\* |
| Date of Birth | \*\*\*\*\*\* | ANB | \*\*\*\*\*\* |
| Smoker status | \*\*\*\*\*\* | ID Number | \*\*\*\*\*\* |
| Cellphone | \*\*\*\*\*\* | Email | \*\*\*\*\*\* |
| Maiden name | \*\*\*\*\*\* | Language | \*\*\*\*\*\* |
| Annual income | \*\*\*\*\*\* | Gross Prof income | \*\*\*\*\*\* |
| Income Tax number | \*\*\*\*\*\* | Tax Rate | \*\*\*\*\*\* |

**Financial Advice Record**

This Record of Advice is a summary of the process undertaken by me as your financial advisor and provides a summary of the information upon which my financial advice is based. If there is anything that you disagree with or do not understand, please request further information.

**Scope of advice**

I confirm that the following needs have been identified:

|  |  |
| --- | --- |
| Life cover | Yes/no\*\*\*\*\*\* |
| Disability cover | Yes/no\*\*\*\*\*\* |
| Critical illness | Yes/no\*\*\*\*\*\* |
| Income Protector | Yes/no\*\*\*\*\*\* |
| Temporary Income Protector | Yes/no\*\*\*\*\*\* |

**Background of discussion:**

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

A full needs analysis was done: YES/NO

In the event that a full financial needs analysis could not be conducted, there may be limitations to the advice and you are referred to the acknowledgement and service declaration contained in this document.

**You’re Risk Position**

**Financial objectives and restrictions**

Please find below a summary of your financial objectives as discussed:

* **Financial objectives:**

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

**Financial Requirements for Implementation**

**Executive Summary**

Below is an executive summary of your current position as well as any actions required.

|  |  |  |  |
| --- | --- | --- | --- |
| **Planning area** | **Conclusion** | **Description** | **Amount** |
| Death and lump sum disability | \*\*\* | Life cover required for any debt | \*\*\* |
| Death | \*\*\* | Provision for family responsibility | \*\*\* |
| Income Protection | \*\*\* | Replace your income if any permanent disability should occur | \*\*\* |
| Comprehensive Disability (lump sum) | \*\*\* | Lump sum to address life changes (wheel chair/vehicle/house altering) if permanent disabled | \*\*\* |
| Critical illness | \*\*\* | Assist with medical expenses in the event of a critical illness | \*\*\* |

**Products and Product Providers considered**

Long term risk products may have a different premium pattern, these can be summarized as the following:

**Premium Pattern**

* Age rated – This means that the premiums will increase according to your age per year.
* Level premium – The premium is quoted at a fixed amount and does not increase for the guaranteed term, provided that the cover amount stays the same.
* Fixed compulsory premium – This is quoted at a fixed amount (e.g. 5%) and only increases by the chosen percentage.

Also, to take into account in the event that you combine different types of risk cover on one policy, such as life cover and disability benefits, these may either be stand alone or accelerated.

If you have standalone benefits, it means that if you claim for one type of cover on the policy and if Accelerated benefits will reduce the amount which one can claim on subsequent claims by the amount of the fist claim. For example, if you have R2million life cover and R500,000 disability cover. If you have successfully claimed for R500, 000 on disability, your life cover will reduce to R1, 5million at death. This usually makes risk cover more affordable.

You have opted/requested us to only quote on \*\*\*\*\*\*\*\*\*\*\*EXAMPLE\*\*\*\*\*\*\*\*\* as an accelerator and no Income Protector. The following quotations were done with the difference Insurance Companies:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Quote | Life | Disability | Critical Illness | Income protection | Premium pattern | Premium |
| Momentum | R1,000,000 Accelerated Stand Alone | R500,000 Accelerated Stand Alone | R1,000,000 Accelerated Stand Alone | R50,000 | Level | R |
| Old Mutual | R1,000,000 Accelerated Stand Alone | R500,000 Accelerated Stand Alone | R1,000,000 Accelerated Stand Alone | R50,000 | Level | R |
| Liberty | R1,000,000 Accelerated Stand Alone | R500,000 Accelerated Stand Alone | R1,000,000 Accelerated Stand Alone | R50,000 | Level | R |

**Recommendation**

Taking the above into consideration I recommend the following:

|  |  |
| --- | --- |
| Product Provider |  |
| Comments and reason for recommendation | Mr \*\*\*\*\*\*\*\*, we recommend the Old Mutual policy, because \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* |

Also consider the following:

* The implementation might be subject to the acceptance and underwriting by the relevant insurer.
* It is important to note all medical occupational and social activities must be disclosed for underwriting purposes. Insurance companies reserve the right to decline invalid claims, including but not limited to a non-disclosure of important information which may render a claim invalid.

**Replacement of current financial products**

In the event that any of my recommendations result in the replacement of an existing financial product, details of such replacements have been recorded in an additional replacement record of Advice, which is attached hereto. Replacement of insurance frequently sees the reinitiating of standard exclusions. These exclusions may not exist on the policy being replaced. A notable example here is a two year suicide exclusion clause included in all new policies. This exclusion may have run its course on the cover being replaced.

Replacement of current financial products: **NO/YES**

If such a replacement were to be implicated, the relevant information will be contained in the Product Comparison and the Replacement Policy Advice Record.

**Fees/Commission on recommended product**

Please see a summary of related costs and fees below:

|  |  |
| --- | --- |
| Advisor fee/Commission | Paid by the product provider to Smit Advisory |
| 1st year | R\*\*\*\*\*\*\*\*\*\*\* |
| 2nd year | R\*\*\*\*\*\*\*\*\*\*\* |

\*Risk cover is quoted exclusive of VAT

**Acceptance of recommendations**

The recommendation was:

* Accepted in full OR;
* Accepted partially OR;
* Rejected

Reasons for rejection or amendments:

EXAMPLE: Client \*\*\*\*\*\*\*\*\*\*\*\*, you have accepted the advice partially. I have recommended that your current need identified is Death, Disability, Income Protector and Critical illness as stand-alone benefits. You informed me that you understand the reasons for Income and lump sum disability, but you personally feel your current need requires more Life Cover. You have discussed this matter with your husband and you both decided that you will be financially fine in the event of disability. You only require Life cover – R3,000,000. Disability R500,000 as an accelerated benefit. Critical Illness R300,000 as a stand-alone benefit.

You have indicated that you are aware of a shortfall in your estate.

**Conclusion**

EXAMPLE: Client\*\*\*\*\*\*\*\*\*\*\*, as discussed we have identified your needs with our Goal based Financial Planning. We had the discussion regarding a Will, on which you informed us that you do have a Will recorded at another firm. It is important to review your Will and Risk cover annually or in the event of life changing events happening. Please make sure to inform us, or make an appointment in this regards.

Yours sincerely

BROKER NAME

Financial Advisor

**Acknowledgment of Service and Declaration**

In relation to this Financial Advice Record I, \*\*\*\*\*\*CLIENT NAME\*\*\*\*\*\*, acknowledge that

* it represents an accurate record of the scope of advice and subsequent recommendations that I received from my Financial Advisor, based on the information I have provided to Smit Adviseurs (Pty) Ltd. I will advise Smit Adviseurs (Pty) Ltd immediately should any circumstances change prior to implementing a product to ensure the advice remains relevant;
* the information provided and therefore used in the calculations are to the best of my knowledge correct;
* I am responsible for ensuring that all material facts are accurately, completely and properly disclosed in the completion of any contractual or transaction requirement. Smit Adviseurs (Pty) Ltd may rely upon the accuracy and completeness of such information in the execution of any contractual or transactional requirement;
* in the event that I have elected to receive limited advice or where there has been insufficient time to obtain a proper and full analysis of my financial situation due to varying circumstances, I understand that the advice given may not adequately take into account all factors that would normally be associated with a comprehensive needs analysis;
* should I elect to conclude a transaction that differs from a recommendation provided by Smit Adviseurs (Pty) Ltd or not to follow the advice furnished or to rely on advice that is more limited than Smit Adviseurs (Pty) Ltd is able to provide, the consequences of such election may attract financial and investment risks. In the event that I have elected not to follow or to amend the recommendations of my Advisor, I understand that it may result in a financial commitment to a product that inappropriately addresses my identified needs and risk profile. Smit Adviseurs (Pty) Ltd will not be held liable for any decisions taken by me contrary to the financial advice provided by Smit Adviseurs (Pty) Ltd;
* the advice and subsequent product recommendations recorded in this Financial Advice Record are based on information relating to my financial circumstances disclosed and verified by me. I understand that material non-disclosure could result in inappropriate product(s) being recommended to me;
* my Advisor gave me the opportunity to ask questions about the recommendations and the basis on which the advice was provided. All forms furnished to me by my Advisor were completed in full before I signed them;
* the Service provided – which may include legal, tax and other information, discussion or explanation relating to financial products, offerings and solutions – (the “Service”) contained in this document/s is not intended to constitute tax advice. Any aspect of the Service which may be of a tax-related nature is an incidental or subordinate (i.e. a secondary / related / non-core) part of the Services provided and you should seek tax advice from an independent tax practitioner before acting on any such aspect of the Services. The Information provided herein is furthermore based on the information provided by you to us. To the extent that certain information is withheld, omitted, incomplete or inaccurate this may affect the quality and accuracy of the Services we provide. Furthermore, the Service provided is based on our understanding of the information that you made available to us. Smit Adviseurs (Pty) Ltd (Registration number 1997/059417/23) or any other member or affiliate of Smit Adviseurs (Pty) Ltd shall not be liable for any loss, damages, claim, penalties or fine suffered by anyone who relies on or acts upon the Services, whether the Smit Adviseurs (Pty) Ltd acted negligently or not.
* the service contained in this document/s is confidential, and to the extent that such Service constitutes legal advice, same is legally privileged. Further transmission thereof is prohibited.

I, the undersigned, confirm that a financial needs analysis has been done for me, that all my needs have been identified correctly and that it is my desire that they should be addressed in the order of priority listed above. **I understand that should I not address all the issues immediately, for whatever reason, my business will be out of balance and be exposed to unwanted risks**.

I confirm that all the information supplied by me is, to the best of my knowledge, correct and I understand that it shall form the basis of any analysis and advice that my adviser has given or may in the future give to me.

Should my circumstances change, I will immediately bring it to my Adviser’s attention, in order to make the necessary adjustments.

Notwithstanding the information provided by my Adviser, I acknowledge that I have an obligation to familiarize myself with the terms and conditions of the product(s) that have been recommended.

**Acceptance of Proposal**

Signed as factually true and correct on the \_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2023.

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

BROKER NAME CLIENT NAME

Financial Advisor Client