

# Accountant Partnership Program

## Our Fee Sharing Arrangements with Accountancy Practices

At Australian Unity, we have developed a full service model which is perfectly suited to helping accounting practices offer professional financial planning, investment, superannuation, insurance and finance broking services to their clients.

Importantly, we give you the option of doing the work in-house under our licence, or referring your clients to our financial experts.

Our fee sharing arrangements for those options are shown in Chart 1.

### Our position on commission

We prefer, where possible, to avoid commission-based products. Instead our focus is on the provision of quality advice with remuneration which is fee-for-service based.

### Three fee sharing options if you refer clients to Australian Unity

If you refer clients to Australian Unity's financial experts, your practice can choose to:

- Accept the referral fee or not

- Ask us to rebate some or all of it to your client, with any balance being paid to your practice
- Have the fee rebated to your client, and for your practice to then invoice your client for your time and expertise in supervising the work we do for your client.

### Multiplying the value of your practice

Adding personal financial services to your practice's client offering should increase the value of your practice – whether you do the work in-house under our licence, or you refer your clients to our specialists, or a combination of both.

The value you could add to your practice is shown in Chart 2. The higher multiples are usually achieved if:

- Your financial services practice is highly efficient and compliant
- Your financial services clients are regarded as very 'sticky'
- The financial services fees are not commission based, but are collected automatically.

Chart 1: Fee sharing arrangements with Australian Unity

	For clients you look after in-house	For clients you refer to Australian Unity
<b>Financial Advice</b>	Min. 80% of upfront fees & ongoing fees	20% of upfront fees & ongoing fees
<b>Risk insurance</b>	Min. 80% of upfront fees & ongoing fees	20% of upfront fees & ongoing fees
<b>Finance</b>	80% of upfront fees & ongoing fees	25% of upfront fees & ongoing fees

Chart 2: Your equity position for financial services

	For clients you look after in-house	For clients you refer to Australian Unity
<b>Financial Advice</b>	Up to 3.8 times recurring revenue	Up to 3.8 times recurring revenue
<b>Risk insurance</b>	Up to 3 times recurring revenue, and up to 1 times upfront revenue	Up to 3 times recurring revenue, and up to 1 times upfront revenue
<b>Finance</b>	Up to 2 times recurring revenue	Up to 2 times recurring revenue

# Case Study: In-house vs Outsource

Should your practice provide financial services in-house (under our licence) or should you outsource these services? Here's a case study to show you how the numbers compare for each option. This case study is based on a typical practice which converts:

- 20 of their clients into financial advice clients each year for the next five years (i.e. a total of 100 clients - each with an average of \$300,000 to invest) and
- 24 of their clients into risk insurance clients each year for the next 5 years (i.e. a total of 120 clients - each with an average life insurance premium of \$4,500) and
- 20 of their clients into finance clients each year for the next 5 years (i.e. a total of 100 clients - each with an average loan of \$350,000).

## In-house

If this practice provides the advice in-house under our licence, they could expect the following to be created for their practice (based on, say, an 80% split for their practice) over those 5 years:

Total additional revenue (over 5 years)	=	\$1,791,672
Equity <sup>+</sup>	=	\$779,683
<b>Total</b>		<b>\$2,571,355</b>
Less: Estimated costs for an employed financial adviser and F/T admin support based on industry average profit margins for financial advice practices		
		\$1,165,000
<b>Net</b>		<b>\$1,406,355</b>

### Advantages

- You have control over the advice process
- Can provide career progression opportunities for your staff
- You retain full relationship with your clients
- Potential for higher revenues and equity than for outsource option

<sup>+</sup> Based on 3 times financial advice & insurance recurring income and 2 times finance broking income

## Outsource

If this practice outsources the advice to our specialists, they could expect the following to be created for their practice (based on, say, a 20% split for their practice) over those 5 years:

Total additional revenue (over 5 years)	=	\$380,966
Equity <sup>+</sup>	=	\$157,722
<b>Total</b>		<b>\$538,688</b>

### Advantages

- No need to hire extra staff
- No extra PI insurance
- No extra Professional Development training
- Little or no exposure to legislative risk (for financial services), legal risk (we carry this), or financial risk (due to little or no set-up costs)
- No extra compliance requirements
- No need for extra office space
- No extra staff possibly causing office conflicts and/or requiring extra supervision or termination
- No loss of focus on core accounting services and revenue

<sup>+</sup> Based on 3 times financial advice & insurance recurring income and 2 times finance broking income

# Which option is right for you?

In-house or outsource? Which is best for your practice? That depends on many factors and we will be happy to work through those with you to help you achieve the result which is right for your practice and your clients.

And because we offer both options to accountancy practices, you can be assured we will give you the right advice.

## **A genuinely fair and flexible fee system**

The non-accounting services your practice provides to your clients may attract upfront and/or ongoing fees (and commissions in some cases, such as with insurances). These are generally paid to Australian Unity, from which we retain a share as compensation for our support service, and the balance is paid to your practice.

Obviously, the more involvement your practice has in each service, the greater your share of the fees.

Our fee sharing arrangements are very competitive, and are available on request.

## **Protect your client base from competitors.**

### **And build a more diversified and financially resilient practice.**

If your practice doesn't offer non-accounting financial services, your clients will have to go elsewhere to obtain them.

They might acquire them from one of your competitors... or from someone who will introduce them to another accountant.

In other words, your accounting revenue may be at risk.

The solution is to become a one-stop accounting and financial services practice – so your clients have no need to ever go anywhere else.

# How we can help you *help your clients*

Our objective is to help you help your clients create more secure financial futures... and at the same time help your practice create additional recurring income streams... and multiply the value of your practice.

Your clients deserve the very best financial advice. And now – with the help of Australian Unity – they can get it from the professional they really trust. You.

Importantly, your practice will retain its identity and independence. But you'll have the specialist expertise of one of Australia's most respected financial services companies behind you.

Our role is to help ensure your practice is able to provide the right advice and services for each client.

If you decide to provide those services in-house – under our licence – we will:

- Help you meet all regulatory requirements for financial services

- Give you the training you need
- Provide first class external research
- Provide technical assistance
- Give you full access to our administration services
- Assist you with marketing
- Provide para planning services, and
- Provide other support and training services as appropriate.

Or, if you refer your clients to us, we will partner you with our financial professionals as appropriate.

Either way, we'll help you to help your clients significantly improve their financial positions – now and in the future – with professional, tailored advice and services.

## **For more information**

If you'd like to find out more about how we could help you *help your clients* create more secure financial futures... and at the same time multiply your practice's recurring income – as well as the value of your practice – please contact Elise Michelmoré on: **(03) 8682 6348**

Or email Elise on: **[emichelmoré@australianunity.com.au](mailto:emichelmoré@australianunity.com.au)**

Or visit **[www.australianunitypfs.com.au/accountants](http://www.australianunitypfs.com.au/accountants)**

# Our heritage of community service & prudent financial advice makes us a perfect partner for your practice

## Your clients will welcome your association with Australian Unity.

Most of your clients already know us as a financial services icon which prides itself on professional, personal service.

In fact, more than anything else, Australian Unity exists to serve its clients.

It is the way we conduct our business now as one of Australia's leading financial services institutions, and the way we have conducted our business for more than 160 years.

This can be traced back to 1840 when one of our forebears Manchester Unity was established as a friendly society.

Manchester Unity's purpose was for its members to make weekly contributions to a common fund, which paid benefits to those members who became ill, lost work, or who otherwise suffered financial hardship.

Back in an era when the government supplied minimal community services and benefits, Manchester Unity provided vital financial security to its members. It was a financial service based on mutual trust and dependability, and it is an ideal Australian Unity still holds true today.

Since those early days, our range of services has evolved to meet the changing needs of our clients, and we now offer private health cover, property and funds management, retirement villages & aged care facilities, insurances and personal financial services.

Our team of experienced personal financial services professionals can help you to provide your clients with a detailed and totally tailored blueprint for financial success – whether you provide the advice in-house or refer your clients to our specialists – in any or all of the following areas:

- Financial advice
- Retirement planning
- Superannuation
- Commercial loans
- Equipment finance
- Personal estate planning
- Personal risk insurance
- Wealth creation
- Investments
- Home loans
- Investment loans
- Car finance
- Business estate planning
- Business risk insurance.

While we are a major provider of financial services in Australia with substantial resources, we will always be driven by our community-based values and our heritage of helping Australians to create secure financial futures.

This pedigree and experience, combined with our corporate strength and leading edge strategic advice capability, means we are uniquely placed to offer your clients – through you – high quality personal financial services... each finely tuned to your clients' particular needs to ensure they achieve their vision of a secure financial future.

After all, your clients' financial wellbeing is at the heart of everything we do.

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<sup>^</sup>Elise Michelmore is National Manager – Business Partnerships for Australian Unity Personal Financial Services.

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