

FAIRBAIRN CONSULT

WEALTH CREATION AND PROTECTION



ADVISERS AND PLANNERS

JUNE 2022



INTRODUCING FAIRBAIRN CONSULT

Fairbairn Consult is a firm of Registered Financial Advisers that is part of the Old Mutual Group. The business was established to enable you to run your practice without the hassle of your own FSP.

Fairbairn Consult is built on simplicity, transparency, and fairness. We believe in offering value for money and we have no lock-ins or restraints of trade. Unlike some other firms, Fairbairn Consult will not place any restrictions against you if you choose to leave and want to sign your clients over to a new FSP.

Our broad range of products and solutions enables you to provide unbiased advice with no production targets for lines of business or product suppliers. Each adviser/planner chooses their combination of products and Fairbairn Consult will obtain all relevant sub-codes for you. Each provider will support you to obtain product accreditation and, thereafter, they

This document sets out the Fairbairn Consult value proposition to advisers and planners. It will be updated regularly as the proposition evolves, the latest version will always be available on our website www.fairbairnconsult.co.za

Terms and conditions apply.

will provide ongoing production support through a Business Consultant (BC).

As a Fairbairn Consult adviser or planner, you will be able to run your practice and control your overheads. Rather than forcing you to fit into our structures, we've designed our business to be completely flexible so that we can accommodate your business model. In this context, we have options for individual advisers/planners, small practices, and franchises. Our franchise model requires four or more advisers/planners and effectively enables you to run a "brokerage within a brokerage". Advisers/planners can move between these options at any time.





BEST OF BREED TOOLS AND SOLUTIONS

Fairbairn Consult enables you to provide unbiased product recommendations from a comprehensive range of products and solutions in various specialised fields. We use market leading MyAdvice tools integrated with Xplan that have been significantly enhanced.

BRANDING AND MARKETING

You can co-brand your practice or franchise to maintain or grow your brand. We provide you with business cards and email addresses and you can use the distinctive Fairbairn Consult "ProfileMe" electronic business cards at discounted prices.

CLIENT REFERRALS

Advisers and planners who are not set up for short-term health schemes or employee benefits, can refer clients to specialist advisers or planners within Fairbairn Consult and share the commission. In all instances, the primary relationship remains with the original adviser/planner.

CERTAIN SUCCESSION PLAN (CSP)

While you retain the flexibility to create your own succession plan, the CSP gives you certainty around what will happen if you exit the industry through retirement, ill-health, disability or death and your plan is not viable. In terms of the CSP, you, or your beneficiaries, will receive 20% of future income from your clients for 10 years.

FAIRBAIRN CONSULT - CONTRACTING AND PAYMENT OPTIONS

Before contracting, all advisers and planners who want to join Fairbairn Consult go through a screening and vetting process. When you join, Fairbairn Consult offers different options to cater to practices of different sizes and you can switch between these at any time. Commission is paid twice a month and all fees payable to Fairbairn Consult will be reviewed from time to time. Where applicable, you will need to register for VAT, and amounts paid by Fairbairn Consult will have VAT added.

INDIVIDUAL ADVISERS AND SMALL PRACTICES

You have the option of contracting with Fairbairn Consult in your name via a company. Individual advisers/planners are paid 100% of commission/ advice fees less the fixed and variable fees payable to Fairbairn Consult. Where two or more advisers/planners work in a small practice but do not want to form a franchise, each adviser's/planner's remuneration is calculated and paid separately and the fixed fee payable to Fairbairn Consult is reduced.

The fixed fee is currently R5 200 pm (excl VAT) - which is discounted when advisers join your practice. The fixed fee covers:

- Welcome pack
- FSP license
- Key Individual services
- Professional Indemnity Cover
- MyAdvice tools including Xplan for you and one assistant
- Microsoft Office 365 licenses
- Product supplier contracts with the relevant sub-codes
- Astute usage
- Anti-Money Laundering client screening
- Commission management including consolidated CommPay statements
- Compliance monitoring
- Practice Management
- Succession planning
- Travel, accommodation, and conference fees for the annual IFA Association conference



The variable fee is based on your total income (commission plus advice fees) and covers all commission/fees regardless of when these products were sold, or services rendered. This includes 1st and 2nd year commission, ongoing commission, PUF/ CUF, upfront advice fees, ongoing advice/trail fees as well as any upfront or ongoing financial planning fees.



All commission and fees are aggregated, and the following variable fee is calculated for each adviser/planner.

Fixed fees scaled as follows:



For clarity, if your total annual income is R1 100 000 then your variable fee is R1 100 000 at 9% from R1 = R99 000 pa = R8 250 pm.

Advisers/planners with a total annual income over R2 500 000 do not pay the fixed fee but pay a flat variable fee of 5% from R1. The total fee payable to Fairbairn Consult by an individual adviser/planner is capped at R250 000 pa.

FAIRBAIRN CONSULT FRANCHISES

To create a franchise **four** or more advisers/planners join a company from which they operate. The owner/manager of the company does not need to be a key individual or an adviser/planner. There are no restrictions on ownership, although it is important to assess whether the company is classified as a PSP by SARS.

Whilst the owner/manager recruits advisers/planners into the franchise, the vetting and mandating of advisers/planners on the Fairbairn Consult FSP is at the sole discretion of Fairbairn Consult.

The calculation of the payment to the franchise is different to individual advisers/planners because the total commission/fees for all advisers in the Franchise are aggregated before the fixed and variable fees payable to Fairbairn Consult are deducted.

The franchise fixed fee is currently R4 160 (excl. VAT) per adviser/planner per month for franchises with between four and 10 advisers and R3 120 per adviser/planner per month for franchises with more than 10 advisers/planners.

The franchise variable fee is 5% of the aggregated total commission/fees for all advisers/planners in the franchise. Please note that the aggregated total commission/fee for all advisers/planners is the net of all credits and debits for all current and former advisers/planners in the franchise.

The same caps on fees that apply to individual advisers/planners also apply to individual franchise advisers/planners. This means that the fixed monthly fee is reduced to zero for an individual franchise adviser/planner if their total annual income is above R2.5 million per annum. Similarly, the combined fixed and variable fee is capped at R250 000 per annum for an individual franchise adviser/planner.

Fairbairn Consult will make two lump-sum payments to the franchise each month. The franchise has full discretion around how the commission/fees are split between the franchise advisers/planners. Fairbairn Consult will provide the franchise manager with the individual commission/fee accounts for each adviser/planner.

OTHER SERVICES THAT ARE INCLUDED IN THE FAIRBAIRN CONSULT FEES

Practice management

Fairbairn Consult has skilled and experienced practice managers who will assist you with various aspects of your practice. This includes emergency and planned succession, retirement options, and practice valuations.

Franchise business support

Fairbairn Consult will assist you to produce a business plan for your franchise and will provide ongoing business advice. This includes assistance with your value proposition to advisers, your economic model as well as advice around general matters such as staffing.

Old Mutual IFA Association

As a Fairbairn Consult adviser or planner, you will automatically become a member of the IFA Association. In addition to the regular meetings and seminars, you will be invited to the IFA Association Annual Conference. Fairbairn Consult will cover your travel, accommodation, and conference fees for this event.

SPECIAL DISCOUNTS FOR FAIRBAIRN CONSULT ADVISERS

Old Mutual Wealth partnership programme

The programme includes integrated wealth planning, business management solutions, streamlined investment solutions, and dedicated financial planning and business coaches. Fairbairn Consult advisers and planners who join this programme will receive a 40% discount.

ProfileMe

ProfileMe is an electronic business card that you can send to anyone via WhatsApp, SMS, email, etc. It provides information about you and your practice and creates a fantastic first impression. Fairbairn Consult has paid all the setup costs and you only need to pay the annual subscription if you would like your own Fairbairn Consult ProfileMe "card".

Virtual assistant

Experia Solutions provide affordable virtual assistance for FAIS related aspects of your practice, such as capturing information into Xplan and Business Registers. They understand Fairbairn Consult's business processes and Xplan configuration and will make visits from your compliance officer significantly more enjoyable. The cost is currently R2 500 pm.





ITEMS FOR YOUR ACCOUNT - YOU MAKE THESE DECISIONS

The following items are not included in the Fairbairn Consult fees and are for your account. The extent to which you wish to use or acquire these is entirely yours and these items are only listed here to avoid confusion about who pays for them:

- Office staff such as administration and support staff, paraplanners, sales management
- Infrastructure such as premises and office equipment
- Employee benefits such as retirement funding, group life cover, medical aid, etc.
- Additional Xplan tools or licenses
- Additional Microsoft licenses

In certain instances, Fairbairn Consult will sponsor marketing events. Advisers can also speak to the different product providers to sponsor client events.



CONTACT US

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