

# ADVICE FEE DEDUCTION GUIDE

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### Member Advice Fee Types

The Member Advice Fee types that can be charged from a product issued by the Trustee<sup>1</sup> are approved are as follows:

- Initial / Ad hoc advice fees
- Fixed Term Agreement
- Ongoing Fee Arrangement

The Member Advice Fee types and limits are set out within the current Product Disclosure Statement (PDS) for the respective product issued by the Trustee.

### MySuper

By law Fixed Term Agreements or Ongoing Fee Arrangements are not permitted from MySuper accounts.

### Sole Purpose Test and apportionment of Advice Fees

Under the sole purpose test in section 62 of the SIS Act, the Trustee of a complying super fund must ensure the fund is maintained solely for at least one or more core purposes, such as the provision of retirement benefits. This means that advice fees can only be deducted from a Trustee Issued Product where the advice relates to that particular product (guidance provided below on examples) Where advice is provided on a broad range of topics that includes a member's superannuation/pension investment, only that portion of the advice fee that is attributable to advice given on the superannuation/pension investment may be deducted from a member's super or pension account.

The amount of the advice fee for which payment is claimed from a Trustee Issued Product must be reasonable, and the financial adviser must be able to support the apportionment of the fee (where applicable) if the Trustee requests further information.

There can be significant penalties for super trustees if they fail to comply with these obligations. Therefore, it is important when charging for your advice that you consider the advice service provided and whether that type of service (ie. strategy recommendation) can be paid for via the members super or pension account.

### What advice services can be paid for through a super or pension account issued by Trustee?

The advice services provided must have a direct, reasonable, and transparent connection to the member's interest in their respective Trustee Issued Product.

The Trustee views the following advice strategies to fall within the Sole Purpose Test:

- Contributions to the member's super and/or pension account (including as a result of cash flow analysis to determine ability to contribute);

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<sup>1</sup> N.M. Superannuation Proprietary Limited (ABN 31 008 428 322, AFSL 234654 (NM Super) is the issuer of MyNorth Super and Pension (including MyNorth Lifetime), MyNorth Super and Pension Guarantee, North Super and Pension (all offered within the Wealth Personal Superannuation and Pension Fund) and the issuer of Signature Super (offered within the AMP Super Fund). MyNorth Super and Pension, MyNorth Super and Pension Guarantee, North Super and Pension and Signature Super are referred to as Trustee Issued Products. NM Super is referred to as the Trustee throughout this Guide.

- Choice of fund that results in a new super and/or pension account establishment or advice to retain an existing super or pension account;
- Choice of fund that results in a rollover from an existing super and/or pension account;
- Investment strategy (related to the member's super and/or pension account);
- Superannuation consolidation;
- Transition to retirement and pension account establishment for income payments from the fund;
- Retirement planning as it relates to a super or pension account;
- Withdrawal (partial or full) from a super and/or pension account;
- Estate planning to the extent of beneficiary nomination (death benefit nomination or reversionary pension nomination) within a super and/or pension account;
- Insurance held within a super accounts;
- Current and future fund benefits as they relate to disability or terminal illness claims and the resultant future income needs of the member relating to the member's super account; and
- Centrelink planning in relation to a super and/or pension account;

This is not an exhaustive list, but rather provides guidance around **the Trustee's** obligations under the sole purpose test.

#### What advice services must be charged externally from a super or pension account issued by the Trustee?

Where advice services do not have a direct, reasonable, and transparent connection to the member's interest in a super and/or pension account, these advice services must not be charged to the member's super and/or pension account (i.e. they should be charged via invoice or from the other respective product provider).

The following advice strategies must not be charged from a super or pension account [issued by the Trustee](#):

- **Wealth creation outside of the member's** super and/or pension interests;
- Gearing advice or strategies (this rule does not apply to internally geared managed funds etc);
- Investment strategies outside of super and/or pension;
- Insurance advice held outside of super;
- Estate planning (except nomination of beneficiary within the super or pension account);
- Cash flow management applied to budgeting, debt management and other forms of non-super/pension savings;
- Superannuation contributions to a Fund that is not an NM Super issued super or pension account;
- Strategic Debt Advice (including for debt management of non-super related investments such as debt related to an investment property);

- Self-Managed Super Funds;
- Salary packaging (except salary sacrifice in relation to an accumulation account); and
- Advice service related to an Investor Directed Portfolio Service (IDPS) account.

This is not an exhaustive list, but rather provides guidance around the Trustee's obligations under the sole purpose test.

#### Do I need to apportion the advice fee between dependent spouses?

Yes. Where a member's partner receives advice, however, is not a member of the relevant Trustee Issued Product, the cost of the advice for the non-member partner must not be charged to the member's Trustee Issued Product.

Where a member and their dependent partner are both members of the relevant Trustee Issued Product, the cost of advice provided must be apportioned appropriately across both members' accounts (ie. this advice must meet Sole Purpose Test obligations).

#### Do I need to apportion the advice fee between different accounts if they are both issued by NM Super?

The Trustee is comfortable to apportion an advice fee to only one of the member's accounts (individual member) only where the member has multiple accounts within the same product for example: a fee can be deducted from a member's North super account where the member also holds a North pension account.

However, where a member (individual member) has multiple Trustee Issued Products for example a MyNorth account and a SignatureSuper account; MyNorth cannot pay for an advice service related to the member's SignatureSuper account and vice versa.

The Trustee has the view that an advice fee can only be deducted from the Trustee Issued Product that the advice service relates to.

#### Do I need to apportion the advice fee between an NM Super issued product and one or more external funds?

Where an advice service is provided with regards to both a Trustee Issued Product as well as an additional fund external to NM Super (for example an industry super fund), the fees charged will need to be apportioned between the various funds. It must be ensured that only advice relating to the member's interest in the Trustee Issued Product is paid from that account.

Where an advice fee cannot be charged to the external fund, the client must be invoiced for the advice service provided to the external fund to evidence advice fee apportionment.

#### Provision of personal advice

The Trustee requires that personal advice be provided where a Member Advice Fee has been deducted.

It is the legal obligation of the financial adviser and their AFS Licensee to ensure personal advice services have been provided by the financial adviser for the advice fee charged.

The Trustee does not permit the payment of advice fees for general advice or transactional assistance.

#### [Advice fees and deceased members](#)

The Trustee's view is that an advice fee agreement ceases upon the death of a member. The Trustee will terminate any advice fees following the notification of the death of a member.

If any monthly advice fees were paid following the death of a member, a refund of such fees is required.

#### [Can I deduct an advice fee from my own account?](#)

Advice fees must not be deducted from an account that is in the name of the Financial Adviser on the account. It is not a permitted arrangement by the Trustee for advisers to charge advice fees from their own super or pension account issued by the Trustee. If advice fees are deducted from a super account in the Financial Advisers name this may represent an early release of super.

Where the Trustee identifies an advice fee has been deducted from a Trustee Issued Product in the name of the Financial Adviser; the Trustee will request a repayment of the advice fee deduction and will switch off any ongoing or fixed term arrangements in place.