

Engagement Agreement and Understanding for Comprehensive Financial Security Planning, Products, Services and Advisory Services

Client(s): _____

Parties to this Agreement: I, **DAVE OTTO** CFP® CLU® CH.F.C.® EPC® AIBCP® (planner's name), offer my services through Dave Otto Financial Group Inc., operating as **DO FINANCIAL**, to the above-named client, to act as their planner to provide financial advice after reviewing my client's financial affairs.

1) **Overview of Engagement:** Under the terms of this engagement, a financial strategy with respect to the goals and objectives of the client will be developed, if requested. The strategy will focus on the following.

- Review of the client's goals and objectives
- Summary of the client's current situation
- Financial projections and analysis
- Financial strategy
- Investment management strategy
- Advice, recommendations, and action plan checklist
- Ensure their compatibility with their personal financial circumstances
- As to net worth, cash flow, income tax and other financial issues, as appropriate
- Determine if the client can achieve their goals and objectives given their current behaviour
- Identify changes needed in the client's current behaviour that will allow them to achieve their personal goals and objectives
- A personal investment policy statement that identifies the client's target asset allocation and investment objectives
- To set out the recommended action steps to implement the plan

The specific services to be provided are outlined in the supplemental listing of this agreement.

- 1) Client(s) understand that the calculations, projections, advice, and recommendations provided will be based on the information submitted by me and on assumptions, which are in accordance with the Canadian Financial Planning Practice Standards. I understand that these will be projections only and that actual results can and will vary depending on several factors and future events.
- 2) **Terms of Continuous Service:** Financial planning is an ongoing process and that, after completion of the plan, it will require implementation, ongoing monitoring, and regular review. The client understands that to achieve their personal goals and objectives, it is important that the advice and recommendations be implemented. Not doing so will most likely result in the client not being able to achieve the stated goals and objectives.
- 3) **Responsibilities:** The success of our relationship will be dependent upon each of us fulfilling our responsibilities and being accountable to one another. The following defines these aspects of our relationship.

Your responsibilities as client(s) are:

- To provide your planner with the initial information required to complete a comprehensive financial plan, including goals and objectives, completed confidential financial questionnaire, investment statements, tax returns, copies of wills, powers of attorney, insurance policies, employment benefits, retirement benefits, etc.
- To make your planner aware of any changes in your goals or objectives.
- To provide your planner, in a timely manner, with any relevant information concerning your personal financial affairs, employment benefits or change in your personal circumstances.
- To make decisions and act on advice rendered, or to seek alternative advice from your planner, which will still allow you to achieve your objectives.

My responsibilities as your planner are to:

- Tell you what information is required to complete the initial comprehensive financial plan and what information is required to maintain the ongoing planning activities.

- Monitor your financial affairs considering changes in tax legislation, economic conditions, inflation, and related issues.
- Review and analyse your financial affairs and provide professional advice and action plan recommendations on a periodic basis, as mutually agreed.
- At all times exercise reasonable professional judgment and act in your best interest.
- Provide proactive co-ordination of services for implementing the action plan.
- Complete the specific services as outlined on the attached supplemental.

4) **Implementation Process and Disclosure:** During the term of this agreement, the planner will provide services to co-ordinate the implementation of the action plan. In implementing any action plan steps, at the client's discretion, the client may acquire insurance products and investments through the planner where legally allowed to do so. In such transactions, the nature of any commissions, brokerage fees or placement compensation received, if any, will be fully disclosed. Should the client apply for insurance products through us, we will provide further intermediary disclosure as required by Financial Services Regulatory Authority of Ontario (FSRA) and Alberta Insurance Council (AIC).

5) **Termination and Variation:** The term of this engagement if **for investment management services** will be a **minimum of 365 days** from the date any funds to be invested are received and invested. Either the client or planner may terminate this agreement at any time following the minimum term thereafter by giving at least one month's written notice by ordinary mail to the other at their last known mailing address or by email at their last known email address. Termination will not relieve the client of any outstanding obligations or fees payable. The planner may vary the services, terms, and fees from time to time by giving the client at least one month's prior written notice. Such variation shall be effective as of the date mentioned in such notice.

6) **Engagements for Special Services:** Special services are separate from, and not covered by, the fees payable pursuant to this agreement. The client may engage for optional services under a separate agreement, which will set forth the objectives, terms, fees, and payment for those services. Any special services contracted for will be payable at the then current hourly rate when these services are rendered.

7) **Third-party Professionals:** During the process of providing financial advice it may, from time to time, be prudent to consult with other third-party professionals such as a lawyer or accountant. If such a consultation is deemed necessary, that will require the payment of professional fees, the client will be advised and requested to approve any such consultation. At that time, the client will also confirm that they are willing to accept responsibility for any professional fees incurred for this purpose. No such consultations will take place without the client's express approval and agreement.

8) **Confidentiality & Privacy:** During the relationship, it will be necessary for the client to provide a variety of very personal financial information. The quality of the work that is done depends on this personal information being accurate and complete. The planner commits that all information will be held in strictest confidence and that no information shall be divulged about the client's personal situation to any outside organization or government agency without the client's consent, unless as directed by law. It is further understood that due to the Personal Information Protection and Electronic Documents Act (PIPEDA), you directly authorize us to maintain information within your files of a personal and private nature that could reasonably be considered pertinent or necessary in the provision of financial advice until requested by you in writing to destroy such information if and when no longer required. You also authorize us to share such information with other appropriate parties as may be necessary from time to time until directed by you in writing not to. Pursuant to Do Not Call legislation the client authorizes the planner (or his agent) to call or fax the client as may be required from time to time as a result of our relationship as financial planner/client".

9) **Conflict of Interest:** During the planner-client relationship there may be occasions where a conflict of interest may occur. The planner commits to disclosing any such conflicts if and when they occur, whether they are conflicts of interest in reality or a matter of perception.

- 10) **Acknowledgements:** The client acknowledges that the planner has disclosed the following material facts:

Securities Licensing – The planner is licensed through the Ontario Securities Commission and Alberta Securities Commission for the sale of mutual funds and related investment products. This licence is sponsored through Quadrus Investment Services Ltd., which is the planner's dealer.

Insurance Licensing – The planner is licensed in the provinces of Ontario, Alberta, British Columbia, Nova Scotia, and Northwest Territories for the sale of life, disability, and related insurance products. This licensing also covers the sale of segregated funds. This license is sponsored through Canada Life Insurance Company and Financial Horizons.

Professional Memberships – The planner is currently a member in good standing with the Financial Planners Standards Council of Canada® (FP Canada®), The Financial Planners Association of Canada® (Advocis®) and Canadian Institute of Elder Planning Studies®, Nelson Nash Institute® (NNI®), and Infinite Banking® Canada Group (IBCG) to use the Certified Financial Planner® (CFP®), Chartered Life Underwriter® (CLU®), Chartered Financial Consultant® (CH.F.C.®), Elder Planning Counselor® (EPC®), and Authorized Infinite Banking Concepts® Practitioner (AIBCP®) professional designations.

Professional Liability Insurance – The planner maintains professional liability insurance coverage in the amount of \$2,000,000 through Canada Life Insurance Company.

- 11) **Client Redress:** If, throughout the professional relationship, the client has any complaints or disputes that cannot be resolved directly with the planner, the client understands that there are a number of options to be heard and seek resolution. In the unlikely event it becomes necessary, the planner agrees to make the client aware of what the complaint process is and whom to contact.

12) Planner Compensation:

For engagements involving investment management, the planner will be compensated based on assets under investment management as follows:

- **Advisory fees**
 - \$500k or less = 1.25% or less
 - \$1M = 1.00%
 - \$1.5M = 0.75%
 - \$2M = 0.625%
 - \$2.5M+=0.5%
- **PLUS, investment management fees** are determined by the specific account holdings. Assets are consolidated by household with dollar-one banding.
 - Under \$500k
 - \$500k to \$1M
 - \$1M to \$2.5M
 - \$2.5M to \$5M
 - \$5M+

For engagements involving insurance products, the planner will receive compensation in the form of commissions from insurance products you implement.

For engagements involving mortgages, the planner may receive a referral fee from mortgage products you implement.

For engagements involving planning only, the planner fee will be quoted in advance based on the services requested. 50% of this fee is required up front with the balance due on delivery.

13) **Referrals:** Appreciation for mentioning us to others is always appreciated! You can be assured we will treat them with the same respect as we do you. In appreciation we will endeavour to offer something in appreciation in proportion to any business earned from your referral.

Agreements are particularly critical in relationships as sensitive and potentially intimate as those involving personal financial affairs. Accordingly, it is necessary and appropriate for all of us to clearly understand the nature of our mutual commitments. That is the purpose of this agreement.

Signed this _____ day of _____, 20_____.

I understand the nature of this agreement and agree to its terms.

X _____ or eSignature ☐

Client

X _____ or eSignature ☐

Spouse

X _____ or eSignature ☐

Planner

Engagement Agreement for Planning and Advisory Services – Supplemental

Cash and Tax Planning	Include
Cash Flow Statement / Spending Plan	☐
Net Worth Statement Identifying Overall Financial Situation	☐
Tax Projection	☐
Mortgage funding – required date:	☐
Debt Restructure Strategy	☐
Debt Elimination Strategy	☐
Tax Strategy to Minimize Taxes Today and in the Future	☐
Emergency Funds and Liquidity Requirements	☐
	☐
Banking	
Become Your Own Banker Privatized Banking - Infinite Banking Concepts®	☐
Investment Management	
Review of Investment Philosophies and Investment Objectives to Identify Risk Profile	☐
Development of an Investment Policy Statement Including a Target Asset Allocation	☐
Assistance in the Implementation of the Investment Policy Statement	☐
Identify Any Issues such as Tax Ramifications and Fees Applicable in the Event of Repositioning	☐
“Sound Money” Investing	☐
	☐
Retirement	
Road to Retirement Analysis Identifying Current and Proposed Situation	☐
Retirement Income Analysis Identifying Current and Proposed Situation	☐
Pension Projection Identifying Expected Benefits from a Defined Pension Benefit Plan	☐
Government Benefits Entitlement	☐
Strategy to Achieve Retirement Objectives	☐
Educational Funding Needs Analysis	☐
Strategy to Achieve Educational Funding Objectives	☐
Analysis of Any Additional Capital Expenditure Goals	☐
Strategy to Achieve Other Capital Expenditure Goals	☐
	☐
Income, Health, Wealth Protection	
Needs on Death – Analysis	☐
Needs on Death – Strategy to Eliminate Shortfalls	☐
Analysis of Needs on Second Death	☐
Needs on Disability – Analysis	☐
Needs on Disability – Strategy to Eliminate Shortfalls	☐
Review Financial Contingencies in Event of Critical Illness	☐
Review Financial Contingencies in Event of Long-term Care Needed	☐
Identify Expenses and Contingencies Associated with Office Overhead	☐
Out-of-country Medical Insurance Review	☐
Review of Existing Personally Owned Life and Disability Insurance Policies	☐
Identify Coverage Provided Through Employer and Association Group Plans	☐
	☐
Estate Planning	
Estate Analysis	☐
Estate Planning Strategy	☐
Succession Planning	☐
Business Needs – specify:	☐
Other:	☐