

18/09/2023

IMPORTANT CHANGES TO THE DEDUCTION OF THE ASIC LEVY AND PI INSURANCE

Dear Adviser,

For some time, we have been concerned about the impact of operational costs on your business in terms of cash flow, particularly with the substantial rise in the ASIC levy. We have considered how to best manage these annual costs in a way that minimises the cash flow impact of both the ASIC Levy and PI.

Rather than have PI spread between July and August and the Levy spread across 3 months (March to May), we propose the Levy be spread across 6 months commencing in October-May with PI deductions commencing in April-August. This would substantially reduce the size of the individual deductions and allow you to manage cash flow in a more even manner.

Although final numbers are unable to be confirmed at the commencement of the deductions, we can make reasonable estimates with the amounts adjusted as soon as the final amount is clear.

For comparison purposes, see the tables below:

If we make no change

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
ASIC									1,072.33	1,072.33	1,072.34		3,217.00
PI	3,757.00	3,757.00											7,514.00
	3,757.00	3,757.00							1,072.33	1,072.33	1,072.34		

Proposed option

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
ASIC				536.17	536.17	536.17	536.17	536.17	536.15				3,217.00
PI	1,704.00	1,706.00								1,200.00	1,200.00	1,704.00	7,514.00
	1,704.00	1,706.00		536.17	536.17	536.17	536.17	536.17	536.15	1,200.00	1,200.00	1,704.00	

For advisers leaving during the year, these payments are treated as follows:

ASIC Levy

This cost is determined by your authorisation as at 30 June each year and levied by ASIC on the AFSL to whom you were authorised at the time.

PI Insurance

This cost is what Fitzpatricks pay for insurance each year divided by the number of advisers who are authorised as at 30 April each year when the insurance is renewed. Unfortunately, our policy is unlike other general insurance you may purchase. If you resign part way through the year, there is no refund as there is no “unspent” cost. You do, however, have the comfort of knowing any service or advice provided under Fitzpatricks will continue to be covered by our policy now and in future years.

I hope that these changes are welcomed in the current environment, if you have any questions, please reach out to either myself or Marnie.

Jasia Fabig
CEO Fitzpatricks Private Wealth
Fitzpatricks Group

