

This checklist is to guide PIAS Representatives in their communication with Client and documentation of PIAS Financial Planner based on LIA Mystery Shopping Assessment Criteria with reference to the 4 non-sales KPIs under MAS Balanced Scorecard [BSC] Framework.

## Good Practices: Establishing Relationship With A Client

S/N	Before commencing a fact find with a Client	Yes	No	Remarks
1.	You must present your name card			
2.	Inform Client the following: <ol style="list-style-type: none"> <li>1. Your name</li> <li>2. You are a Representative of Professional Investment Advisory Services (PIAS)</li> <li>3. You are authorized to provide financial advisory service for the type(s) of investment product</li> <li>4. PIAS is licensed by Monetary Authority of Singapore (MAS) under the Financial Advisers Act (FAA)</li> <li>5. For more details on the list of services which PIAS is authorized to provide under FAA, the Client can visit <a href="http://www.proinvest.com.sg">www.proinvest.com.sg</a></li> <li>6. (Optional) PIAS works with various product providers and the list of partners can also be found on <a href="http://www.proinvest.com.sg">www.proinvest.com.sg</a></li> </ol>			

## Non-sales KPI 1: Understanding A Client's Needs

S/N	Did you <u>ask the Client the following information and correctly documented in the PIAS FP?</u> [As a general guide, the below information can be found in the PIAS FP]	Yes	No	Remarks
1.	<u>Section 1 – Personal Information</u> Personal particulars of a Client includes: <ol style="list-style-type: none"> <li>1. Age/ Date of birth</li> <li>2. Contact information</li> <li>3. Marital status</li> <li>4. Education qualifications</li> <li>5. Language proficiency</li> <li>6. Occupation or employment status</li> </ol>			
2.	<u>Section 2 – Trusted Individual</u> Did you correctly identify Selected Client (SC) and document in terms of: <ol style="list-style-type: none"> <li>1. Age/ Date of birth</li> <li>2. Education qualifications</li> <li>3. Language proficiency</li> </ol> Did you advise SC on the following: <ol style="list-style-type: none"> <li>1. To bring along a Trusted Individual (TI) for the sales advisory process</li> <li>2. To get TI to check the sales documents</li> </ol>			

	<p>Did your Supervisor conduct a SC call-back or your Supervisor was present during the sales advisory process?</p> <p>Did you instruct SC to answer affirmatively should they receive a call-back from your Supervisor?</p>			
3.	<p><u>Section 3 – Dependants' Details</u></p> <p>Dependents' details such as:</p> <ol style="list-style-type: none"> <li>1. Number of dependents</li> <li>2. Extent and duration of financial support for each dependent</li> </ol> <p>This information is important when products are purchased for dependents.</p>			
4.	<p><u>Section 4 – Financial Objectives</u></p> <ol style="list-style-type: none"> <li>1. Client's financial objectives such as protection, savings, investment or health needs etc.</li> <li>2. Pre-existing medical conditions and family history (for relevant products)</li> </ol>			
5.	<p><u>Section 5 – Inflow and Outflow</u></p> <p>Client's financial situation such as</p> <ol style="list-style-type: none"> <li>1. Annual income</li> <li>2. Cash flow and expenses etc.</li> </ol>			
6.	<p><u>Section 6 – Assets and Liabilities</u></p> <p>Client's financial situation such as:</p> <ol style="list-style-type: none"> <li>1. Assets</li> <li>2. Liabilities</li> <li>3. Other commitment etc.</li> </ol>			
7.	<p><u>Section 7 – Existing Investments and Insurance</u></p> <p>Client's existing:</p> <ol style="list-style-type: none"> <li>1. Insurance policies / A&amp;H policies</li> <li>2. Investment holdings such as collective investment schemes</li> </ol>			
8.	<p><u>Section 8 – Investment Risk Profile</u></p> <ol style="list-style-type: none"> <li>1. Client's time horizon</li> <li>2. Client's required tenure</li> <li>3. Go through with Client on <u>all</u> risk profiling questions</li> <li>4. Inform Client on their risk profile results</li> </ol>			
9.	<p><u>Section 9 – Customer Knowledge Assessment / Customer Account Review</u></p> <p>Client's CKA and CAR related information such as:</p> <ol style="list-style-type: none"> <li>1. Diploma/higher Qualifications</li> <li>2. Professional Finance-related Qualifications</li> <li>3. Investment Experience</li> <li>4. Work Experience</li> </ol>			

	5. Inform Client on outcome of CKA and CAR assessment 6. Explain to Client what CKA and CAR assessment outcome means			
10.	<u>Section 10 – Needs Analysis</u> 1. Check with Client on amount needed for their financial objective(s) 2. Highlight to Client on the shortfall or surplus			
11.	<u>Section 11 – Affordability</u> 1. Client's budget 2. If the budget committed is a substantial portion of Client's total assets or total monthly inflow			

## Non-sales KPI 2: Suitability of Product Recommendations

S/N	Did you <u>explain/ inform</u> the Client the following information and <u>correctly documented</u> in the PIAS FP?	Yes	No	Remarks
1.	<u>Section 12 – Advice and Recommendations</u> 1. Explain how and why recommended product meets Client's objective(s) and timeline. - If No, was justification provided. - If it only partially meets client's objective or time horizon, was justification provided as to why the product is still suitable. 2. Inform Client on the sufficient coverage amount/ savings target goal such as asking Client on how much they want to receive at the end of the policy, work out how much is sufficient as a coverage or final amount to address retirement etc. 3. Explain that the premium of recommended product is within Client's budget. If No, was justification provided. 4. Highlight to Client on remaining shortfall/ surplus after product recommendation. 5. (For ILP/Investments only) Explain if recommended funds are aligned with Client's risk profile. If No, was justification provided for non-alignment with Client's risk profile.			

## Non-sales KPI 3: Adequacy of Information Disclosure

S/N	Did you <u>explain/ highlight</u> to Client the following information and <u>correctly documented</u> in the PIAS FP?	Yes	No	Remarks
1.	<p><u>Section 12 – Advice and Recommendations</u></p> <p>1. <u>Key product details such as:</u></p> <ul style="list-style-type: none"> <li>(a) nature of product - whether product is meant for protection, savings or investment etc.</li> <li>(b) benefits/sum assured/covered events such as "The non-guaranteed returns at the end of 10 years is \$53,000".</li> <li>(c) policy term</li> <li>(d) waiting period (for applicable products)</li> <li>(e) Investment Rate of Return/Total illustrated Yield at the higher and lower Investment Rate of Return</li> <li>(f) Total expense ratio</li> </ul> <p>2. <u>Sustainability/ Implication on Capital &amp; Risks such as</u></p> <ul style="list-style-type: none"> <li>(a) premium payment term and premium amount</li> <li>(b) whether premium is guaranteed or increases with age</li> <li>(c) risks associated with purchasing a life/ health insurance product</li> <li>(d) free-look period</li> <li>(e) (For ILP/Investments only) fees and charges</li> <li>(f) (For ILP only) other charges upon surrender; restrictions on withdrawal.</li> </ul> <p>3. <u>Implications on:</u></p> <ul style="list-style-type: none"> <li>(a) guaranteed/ non-guaranteed benefits</li> <li>(b) changes in premiums over time</li> <li>(c) associated risks e.g. early surrender for life/ health insurance</li> <li>(d) warnings, exclusions &amp; disclaimers, if any</li> </ul> <p>4. <u>Safeguards for Selected Client [SC]</u></p> <p>Go through product disclosure thoroughly with SC by sharing:</p> <ul style="list-style-type: none"> <li>(a) All general product terms</li> <li>(b) All critical disclosures</li> <li>(c) Product mechanics</li> </ul>			

2.	<p><u>Section 12 – Advice and Recommendations</u></p> <p><u>Product Mechanics</u></p> <p>1. <u>Endowment</u></p> <ul style="list-style-type: none"> <li>(a) The plan purchased is an Endowment plan.</li> <li>(b) The Endowment plan includes life protection and has potential to grow Client's savings.</li> <li>(c) Part of Client's premiums will pay for insurance protection while the rest is invested. Therefore, the plan is subjected to investment risk.</li> <li>(d) Early termination of plan will involve high costs. The surrender value payable, if any, may be less than total premiums paid.</li> </ul> <p>2. <u>Whole Life/Term Insurance</u></p> <ul style="list-style-type: none"> <li>(a) The plan purchased is a Whole Life or Term plan.</li> <li>(b) Life insurance plans provide protection for death, permanent disability or other trigger events as specified e.g. critical illness (where applicable).</li> <li>(c) Premiums usually be paid regularly over an agreed period of time.</li> <li>(d) [For Whole life plan] Early termination of whole life plan usually involves high costs. Cash value payable may be less than total premiums paid.</li> <li>(e) [For Term plan] There is usually no pay out and no cash value upon early surrender or at the end of policy term.</li> </ul> <p>3. <u>Investment-Linked Insurance Policy [ILP]</u></p> <ul style="list-style-type: none"> <li>(a) The plan purchased is an Investment-Linked Insurance Policy.</li> <li>(b) ILP/bundled product provides a combination of life protection and investment in sub-funds.</li> <li>(c) The cost of protection is usually funded by deduction of units in the fund. The higher the level of protection coverage, the higher the proportion of Client's premiums will go into paying for insurance charges.</li> <li>(d) While the premiums of an ILP remain constant, the cost of insurance coverage charges typically increases with age. A poor performing fund and high insurance protection may result in lower insurance coverage.</li> </ul>			
3.	<p><u>Section 13 – Switching/ Replacement of Policy</u></p> <ul style="list-style-type: none"> <li>1. Ask Client if they are switching out of a current insurance and/or investment policy.</li> <li>2. Inform Client the disadvantage of replacing policies.</li> <li>3. Go through with Client on all 4 switching questions</li> </ul>			

## Non-sales KPI 3: Adequacy of Information Disclosure

## Non-sales KPI 4: Standards of professionalism and ethical conduct in relation to the provision of financial advisory services

S/N	Did you provide a copy of the following documents to Client upon completion?	Yes	No	Remarks
1.	<ol style="list-style-type: none"> <li>PIAS Financial Planner</li> <li>Prospectus, Product Summary, Term Sheet or Product Highlight Sheet of investment product</li> <li>[For Life plan] Policy Illustration</li> </ol> <p>You must direct Client to the following guides available online on LIA website: <a href="https://www.lia.org.sg/tools-and-resources/consumer-guides">https://www.lia.org.sg/tools-and-resources/consumer-guides</a></p> <ol style="list-style-type: none"> <li>Your Guide to Life Insurance</li> <li>Your Guide to Health Insurance</li> </ol> <p>You are required to follow closely to the requirements on the provision of documents to Client as stated in Section 14 of PIAS FP.</p>			

## Important Guidance Notes

### **Actions that a PIAS Representative must avoid:**

- Inform Client that they do not need to declare
- Suggest that Client change an answer to be less conservative (e.g. higher education/ budget/ income)
- Answer or suggest an answer on Client's behalf before Client can answer
- Suggest that Client discontinue or perform partial withdrawal of current policy where Client will incur penalty
- Misrepresent information to Client.
- Be overly aggressive, harass Client to purchase a policy or make it difficult for Client to cancel a product
- Offer incentive to Client before Client makes a purchase decision
- Offer incentive to Client to take up a higher premium
- Ask Client to sign blank or incomplete form
- Offer to rebate Client's policy premium partially
- Mention product is like a FIXED DEPOSIT
- Mention product is a SAVINGS ACCOUNT or LIKE A BANK DEPOSIT where Client can deposit or withdraw any time without charges or penalties
- Inform Client that an ILP is a unit trust
- Inform Client that they will receive a maturity value before product maturity or cash payout when there is none
- (For ILP only) Mention extra premium allocation rate as permanent when it only applies to first x years
- Sell unapproved products or any product apart from the approved products of PIAS such as property, beauty product etc.
- State that a certain product is not available when it is
- Hard sell a product
- Mention information about a product that does not match the documents e.g. PIAS Representative telling Client that an endowment plan provides yearly payout when the plan does not
- Ask Client if they are mystery shopper(s)
- Reveal personal information of another Client
- Offer to pay Client's premiums

## Summary of Do's and Don'ts

Do's and Don'ts
<p>1. Ensure that information documented in PIAS FP is <b>CONSISTENT</b> with what was conversed between you and your Client.</p> <p>2. <b>DO NOT MAKE ASSUMPTIONS</b> You must go through the sections of PIAS FP thoroughly, even if the Client requests to skip certain section(s), and kindly educate your Client whenever needed.</p> <p>3. <b>DO NOT INPUT YOUR OWN ANSWERS</b> Some sections might be irrelevant to Client's planning. However, you are required to ask all questions in PIAS FP. You are <b>not</b> allowed to provide your own answers or input "Private and Confidential" on behalf of Client.</p> <p>4. <b>DO NOT INFLUENCE CLIENT'S ANSWERS</b> You need to document all information provided by your Client. If there are concerns such as insufficient cash savings to support the premium and annual expenses, which would result in sustainability issue, refrain from asking your Client to amend the amount.</p> <p>Instead, you may consider the following steps:</p> <ul style="list-style-type: none"> <li>• Ask additional questions to explore if Client has alternatives to sustain the premium and annual expenses</li> <li>• Obtain Client's justification and confirmation</li> <li>• Document the justification provided by Client</li> </ul>