

Direction Advice Group-Licensee Standard

SOLE PURPOSE TEST-ADVICE FEES FROM SUPER

Version 1.0

Purpose

This Licensee Standard will assist you to:

- Understand what advice fees are permitted to be charged from a superannuation fund
- Understand how to apportion advice fees
- Understand the role of super fund trustees in ensuring compliance with the Sole Purpose Test

How to use this standard

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What is the sole purpose test?

The Sole Purpose Test in the Superannuation Industry (Supervision) Act 1993 (**SIS Act**) permits a superannuation fund to provide benefits to members in retirement as its core purpose (as well as payment of death, total and permanent disability or income protection benefits).

All super funds must satisfy the sole purpose test to be eligible to receive the tax concessions available under Australian superannuation legislation.

What advice fees can be paid from super?

An advice fee deducted from super must relate to advice provided to that member and must be connected to the fund or account from which the fee is deducted. Advice fees must be apportioned between advice services that can and cannot be paid from super in accordance with the SIS Act.

What to check before deducting fees from super

You should work through the questions below before deducting advice fees from super. The guide should be used to assess whether the proposed fee deduction is appropriate and whether the fee needs to be apportioned.

What to check	
1. What advice was provided?	Identify whether the advice relates only to the member's interest in the super fund, or whether it also includes broader non-superannuation advice. If the advice includes non-superannuation matters, do not charge the full fee to superannuation.
2. Who benefits from the advice?	Confirm whether the advice is only for the member whose account is being charged, or whether it also benefits another member, spouse, client, entity. If the advice is also for another person or entity, do not charge the full fee to the member's account.
3. Which account is being charged?	Check that the account being charged is the account the advice relates to. If advice also relates to another account, fund, product, do not charge the full fee to one account.
4. Has the trustee's guidance been checked?	Check the relevant trustee's current advice fee requirements before submitting the fee authority, as trustee requirements may be more prescriptive than this Standard. Different super funds may have different rules about what they consider to be consistent with the Sole Purpose Test and these may vary depending on the trust structure of the fund.

When should I apportion advice fees?

Apportionment is required for both upfront and ongoing fees. Common situations where apportionment is required include where advice:

- covers both superannuation and non-superannuation matters;
- relates to both accumulation and pension accounts;
- is provided to a couple or benefits more than one member;
- relates to more than one super fund or account; or

- relates to multiple accounts, products, funds, entities or related clients.

Examples of advice fees that may be paid from super

The examples below are a general guide to the types of advice or services that may be sufficiently connected to the member's superannuation interest superannuation to be paid from super.

The list does not determine whether a fee should be apportioned between members, accounts, funds, products or entities. The fee must still be assessed using the decision guide and apportioned where required.

- ✓ Consolidation or rollovers of superannuation accounts.
- ✓ Selection of superannuation fund products.
- ✓ Investments and asset allocation within a superannuation fund.
- ✓ Contributions advice, including contribution cap and eligibility advice
- ✓ Salary sacrifice to a superannuation fund.
- ✓ Establishing pension accounts and income payments.
- ✓ Transition to Retirement strategies.
- ✓ Recontribution strategies.
- ✓ Taking lump sum payments from a superannuation fund.
- ✓ Beneficiary nominations for a superannuation fund.
- ✓ Estate planning that is directly connected to the death benefit provided by a superannuation fund.
- ✓ Centrelink planning where the benefits received are relevant to the amount of income required to be drawn from a superannuation fund.
- ✓ Insurance held within a superannuation fund.
- ✓ Insurance claims from a superannuation fund and the future income needs of the member.
- ✓ Retirement planning and projections where superannuation benefits are the sole asset.

Examples of advice fees that may not be paid from super

The examples below are a general guide to the types of advice or services that should not be paid from super because they may not be sufficiently connected to a member's superannuation interest.

- ✗ Advice about how to maximise wealth generally.
- ✗ Advice about non-superannuation investments or assets.
- ✗ Salary packaging, except salary sacrifice to a superannuation fund.
- ✗ Withdrawal of funds for a purpose other than retirement, such as hardship.
- ✗ Estate planning that relates to assets outside superannuation and has no connection to member benefits.
- ✗ Cash flow management, budgeting and debt management.
- ✗ Advice about insurance policies that are external to the super fund, including where premiums are deducted from the fund.
- ✗ General advice fees.
- ✗ Transactional assistance without an advice document, due to the limited ability of trustees to check the advice.
- ✗ Fees where services are not provided.

- ✘ Broad retirement advice may require fee apportionment where it extends beyond the member's superannuation interests.
- ✘ Using super to pay for advice or services that do not relate to the member's interest in the fund.
- ✘ Aged care advice, except to the extent it relates directly to the member's superannuation or pension account
- ✘ Tax advice not directly connected to a super contribution, withdrawal or pension strategy.

What must I document?

The file should clearly evidence the basis for deducting the advice fee from super. The file as a whole must support and justify how the advice fee has been charged, including who or what the fee has been charged to.

The file should show:

- the scope of advice provided;
- who the advice was provided to;
- the accounts, products, or funds the advice relates to;
- the fee charged and the account or payment source used;
- why the fee deduction source is appropriate; and
- why any apportionment, or decision not to apportion, is reasonable.

This evidence may be contained in the advice document, fee agreement, fee consent, working papers or other file records. A file note may be helpful where the basis for the fee deduction or apportionment is not otherwise clear from the file.

What is a breach of the sole purpose test?

A sole purpose breach may occur where superannuation money is used to pay for advice or services that are not sufficiently connected to the member's superannuation.

Super fund trustees are responsible for ensuring that financial advice fees are only paid for services that are consistent with the Sole Purpose Test and connected to the member's interest in the fund and not for broader, non-superannuation related advice or services. Trustees may request information including the Statement of Advice (SoA) to assess compliance with the sole purpose test.

Trustees may refer the matter to the licensee to assess whether a reportable breach has occurred. Where a breach of the Sole Purpose Test is identified, it is a civil penalty provision and may be required to be reported to ASIC.

In addition to the sole purpose requirements, trustees may have rules about apportioning fees between funds and accounts. Fee allocations that do not meet the trustee's requirements may also require remediation, and fees may be recalculated where they have been deducted from an inappropriate account or have not been reasonably apportioned.

A failure to comply with a trustee's fee deduction or apportionment requirements does not automatically mean there has been a breach of the sole purpose test. If the advice relates exclusively to the member's superannuation interests, the issue may be an allocation or remediation issue. A sole purpose issue is more likely to arise where any part of the fee relates to non-superannuation advice, advice for another person or entity, or services unrelated to the member's superannuation interests.

Am I required to provide documents to fund trustees?

Trustees are expected to undertake proactive reviews to check that advice services have been provided and that advice fee deductions comply with the Sole Purpose Test. You may be asked to provide copies of advice documents or service agreements, the fee apportionment rationale, or responses to queries about the nature of advice fees.

Licensees enter into agreements with super funds that give product issuers the right to access documents. Clients also provide consent to the sharing of their information with product issuers.

Common questions

Q: I am recommended a TTR strategy so that my client can pay off their mortgage faster. Is it ok to deduct the advice fee from super?

A: If your advice is to establish a TTR to increase the client's income so they can increase loan repayments this would be ok to charge from super. However, if you are also giving the client advice on the how much the loan repayments should be or other debt management advice to pay off their debt by a certain time (for example) this is debt management advice and not permitted to be funded from super. The portion that relates to debt management must be funded personally.

Q: My advice includes a retribution strategy and establishing a pension account. Can I deduct the full SoA fee from the accumulation account as the pension account has not been opened yet?

A: Not necessarily. Where the advice relates to both the client's accumulation and pension interests, the SoA fee should be reasonably apportioned in line with the trustee's requirements. The fact that the pension account has not yet been opened does not, by itself, mean the full fee can be deducted from the accumulation account.

If the advice relates exclusively to superannuation strategies, this may be an allocation or apportionment issue rather than a sole purpose breach. However, the fee allocation may still need to be corrected or remediated where it does not comply with the trustee's requirements. The file should support how the fee was charged and why the allocation was reasonable.

Q: I am giving retirement advice that includes commencing an account-based pension, reviewing non-super investments and repaying the home mortgage. Can the fee for retirement advice be paid for from the client's superannuation account?

A: Retirement advice can generally be paid from super where the advice relates to the member's superannuation interest, such as pension commencement, contribution strategies or retirement income planning using super benefits. However, where the advice also covers broader financial matters such as debt reduction or non-super investments, only the portion of the advice fee that reasonably relates to the member's superannuation interest should be deducted from superannuation.

Q: When I give super and non-super advice, can I provide the non-superannuation advice for free?

A: Generally, non-superannuation advice should not be treated as "free" simply so the full advice fee can be deducted from super. If the advice includes both superannuation and non-superannuation matters, the file must clearly support why the fee charged from super only relates to the superannuation advice and why no fee has been charged for the non-superannuation component.

This may be reasonable in limited circumstances, such as where the non-superannuation matter is incidental to the advice, involves only a one-off discussion or referral to another professional, and does not require detailed analysis, strategy development, implementation or ongoing advice. For example, referring a client to their

accountant, solicitor or mortgage broker for non-superannuation services may not require a separate fee where the adviser is not providing substantive advice on that matter.

The decision to provide any non-superannuation advice or assistance for no fee must be made before the advice proceeds and should be documented on the file. This should be recorded contemporaneously, rather than determined later if questions are raised about the fee deducted from super. The file should show that, based on the time, effort and expertise required, the non-superannuation component was not something for which a fee would ordinarily apply.

Q: Can I deduct advice fees from my own super account?

A: No. An adviser must not deduct fees from their own superannuation account as a payment to themselves for advice. This is not generally a sole purpose concern, however using an advice fee deduction in this way may raise concerns that the payment is being used to access super benefits outside a permitted condition of release, rather than as a genuine member advice fee deduction.

Resources and further information

- [SUPERANNUATION INDUSTRY \(SUPERVISION\) ACT 1993 - SECT 62 Sole purpose test](#)

Additional queries should be directed to admin@directionadvice.com

Version	Date	Changes
1.0	14/07/2022	New
1.1	17/09/2026	Updated to include additional examples and guidance on advice fee apportionment, trustee requirements, file evidence expectations, recurring sole purpose breach risks and practical FAQs.