

## Client Agreement (Investments) - What We Do and How We Charge

We are a financial planning business, focused on helping you understand and plan for your financial future. This information is designed to give you an idea of:

- **What we do and how we do it (our services)**
- **What it's likely to cost and how you can pay us**

More detailed information is available in our 'Client Agreement – Investments' document issued separately to you and available from our website [www.loughtons.co.uk](http://www.loughtons.co.uk)

This document provides details about our services to you and how we charge, so it's important that you read it fully. If there is something you don't understand please ask us to explain it.

### Our services

Whatever financial decisions you have to make, the first step towards making the right decisions is to establish a clear understanding of your financial needs.

People seek financial advice for many different reasons so it's important that we understand exactly who you are and what you want to achieve. At our first meeting we'll gather information about you to help define your needs and priorities.

Our services include:

- **Financial planning:** It's important to identify what you might want to achieve and how you can do this. We can help you to identify your goals and create a plan for your finances to help you achieve them.
- **Retirement planning:** It's important to know whether the money you are saving towards retirement will provide you with sufficient funds to meet your retirement objectives. We can work with you to proactively plan for your retirement and help you decide on the options available once at retirement.

We'll only start work once we have agreed our services and charges with you. We'll give you a copy of our **Client Agreement - Investments** which will set out the services we have agreed to provide and confirm how much this will cost.

## Our advice

We offer **independent** investment advice. This means that we consider a wide range of financial strategies and products. We are constantly reviewing the market to ensure that the services and products we offer are appropriate for our clients.

Where we recommend particular investment strategies and products to you, these will be selected based on your personal circumstances, financial goals and objectives. We'll consider a number of factors, including the services you need, the cost of investing, how much risk you are prepared to accept in an investment product and how much of a drop in its value you could withstand.

The areas we can advise on include:

- Pensions
- Investment bonds
- Unit trusts
- Open ended investment companies
- Investment trusts
- Annuities
- Phased retirement & income drawdown
- ISAs
- Exchange traded funds
- Structured products
- Structured deposits
- Enterprise investment schemes
- Venture capital trusts
- Long term care

We don't provide advice in relation to individual share holdings. If this is something you need assistance with, we can refer you to a stockbroker.

We don't provide advice on options, futures and other derivative contracts as we believe that these are unlikely to be suitable for our clients

## Our charges

The way we are paid for our services may depend on the type of advice given. Typically, this will be:

- **Investment business:** fees agreed and paid by you

More details on these options and how they are paid is found in the following sections on initial and ongoing charges.

Our charges fall into the following categories:

- a) **Initial charges:** these are the upfront costs of our services. We offer several types of initial service depending on your needs.
- b) **Ongoing charges:** once your financial plan is in place it is important to keep it under review so it can be adapted, where necessary, as your circumstances change. Our ongoing services are designed to do this.

Our actual charges and fees (in pounds and pence) will be agreed with you before we do any work and we'll explain your payment options too. We'll also let you know where any fees are subject to VAT.

## Initial and / or Additional Advice Charges

Our typical charges are based upon a calculation of the following factors:

<b>Breakdown of Costs</b>	
<b>Initial Consultation</b>	No charge
<b>Discovery Meeting and analysis of need areas</b> <ul style="list-style-type: none"> <li>Gathering and analysing of information (assumed duration 1 hour).</li> </ul>	£150 per hour (Typically between 1 and 2 hours)
<b>Analyse and Evaluate Financial Status</b> <ul style="list-style-type: none"> <li>Seeking information from existing providers.</li> <li>Analysis of information received from provider - Reviewed &amp; related to individual circumstances &amp; objectives including reporting our findings to you.</li> </ul>	£50 per provider / contract £250 per analysis
<b>Develop and present solutions and / or alternatives</b> <ul style="list-style-type: none"> <li>Cost of producing financial planning recommendations.</li> </ul>	£150 per hour (Typically between 2 and 4 hours) plus the additional costs shown below:
<ul style="list-style-type: none"> <li>Independent research in consideration of your needs and objectives.                             <ul style="list-style-type: none"> <li>Mainstream Investment and / or Pension / Retirement Income Advice                                     <ul style="list-style-type: none"> <li>Independent whole of market research and portfolio construction including asset allocation, reflecting your needs and objectives and the complexity of the advice provided to you.</li> <li>Mainstream Investment will typically include (but is not limited to) advice on open and closed ended collective investment funds as well as insured funds. This list is not exhaustive.</li> </ul> </li> </ul> </li> </ul>	0.75% of the amount under consideration, minimum £375
<ul style="list-style-type: none"> <li>Non-Mainstream Investment and / or Pension / Retirement Income Advice                             <ul style="list-style-type: none"> <li>Independent whole of market research and portfolio construction including asset allocation, reflecting your needs and objectives and the complexity of the advice provided to you.</li> <li>Non-Mainstream Investment will include (but is not limited to) advice on Occupational Pension Transfers, Structured Products, Enterprise Investment Schemes, Venture Capital Trusts and Business Property Relief schemes. This list is not exhaustive.</li> </ul> </li> </ul>	1.5% of the amount under consideration, minimum £1,000
<b>Implementing Recommendations</b>	Between £35 and £150 per hour as confirmed on your engagement letter. (Typically, 1 hour)
<b>Time and Travel Costs, greater than 50 miles</b>	£1 per mile

## Hourly Rate Basis

- Where the initial work is not partly or fully accommodated under the above project fees, we will charge an hourly rate of £150 per hour or part thereof.
- Where we work on an hourly rate basis in addition to or instead of the above project rates, we will advise you of this either by letter or email.
- Your adviser will indicate how many hours are appropriate for the work you are engaging us for. However, please inform your adviser if you would like to apply a limit to the number of hours you wish us to work on an hourly rate basis. Your adviser will inform you when you are approaching the limit you have previously advised or approach the limit of hours originally indicated for the work by your adviser.

## Payment Options

Initial charges can be paid in a number of ways:

- Cheque or electronic transfer (unfortunately, we cannot accept payments by cash).
- Payment via deductions from the financial product(s) you invest in. Most product providers offer this facility but using it will reduce the amount you have left to invest and may, depending on your circumstances, have other consequences (we'll discuss this with you beforehand).
- For investments held on a platform (an online investment administration service) you may choose to pay our charges out of the funds held in the platform cash account, although it's important to maintain sufficient funds in the account to cover our charges as they become payable.
- If, as a result of our recommendations, you start a **regular contribution product** (where investments are made on a monthly, quarterly or annual basis), it may be possible to have our initial charges deducted from the product in instalments (where the provider is able to offer this facility). In such cases, our normal approach will be for the payment to be spread over a maximum of 12 months. Here's an example to show how this could work based on a £100 per month policy:
  - The initial charge for our service **£560**.
  - The monthly charge over 12 months is **£560** divided by 12 = **£46.67**.
  - Each month you pay your product premium £100 but for the first 12 months your product provider pays us **£46.67** of that **£100**.
  - For the first 12 months - **£640** is invested and **£560** pays our charge.
- In some limited circumstances (for protection planning only) we may receive commission from a product provider in relation to an insurance product we have arranged for you. The amount of commission is a percentage of the total annual premium and we'll tell you the amount before we carry out business for you.

## Initial and Additional Advice Services

The Initial and Additional Advice Services include:

- An initial meeting to find out more about you (we don't charge for this initial meeting)
- Agreeing your financial goals and objectives
- Establishing your attitude to and understanding of risks
- Reviewing your current plans, investment and assets
- Undertaking research to identify appropriate plans and solutions
- Assessing the potential impact of key events on your plans (cash flow modelling)
- Providing a personalised report and recommendations
- A face to face meeting to discuss our recommendations
- Implementation of agreed recommendations

## Ongoing charges

Our ongoing services are optional. If you agree to purchase an ongoing service, unless otherwise agreed, the service will be provided as a follow up to the initial service.

Our typical charges are based upon a calculation of the following factors:

Fixed Costs		Cost
<ul style="list-style-type: none"> <li>Review Meeting including an update and holistic planning service including full portfolio reporting.</li> </ul>		£590
<ul style="list-style-type: none"> <li>Review Meeting including an update and holistic planning service including full portfolio reporting and ongoing retirement income options.</li> </ul>		£690
<ul style="list-style-type: none"> <li>Trustee / Business Review Meeting including an update and holistic planning service including full portfolio reporting.</li> </ul>		£690
Variable Costs		Cost
Charging Basis for the level of Assets		Band
£0	£100,000	£100,000
£100,001	£200,000	£100,000
£200,001	£300,000	£100,000
£300,001	£500,000	£200,000
£500,001	£1,000,000	£500,000
£1,000,001	and above	
		Charge per Band
		0.05%
		0.50%
		0.45%
		0.40%
		0.35%
		0.30%
Product		Cost
<ul style="list-style-type: none"> <li>Number of products included within the ongoing review service (A charge is incurred for each product where 2 or more products are under review).</li> </ul>		£75
Additional Costs involved in Financial Planning (Annual Basis)		Cost
<ul style="list-style-type: none"> <li>Time and Travel Costs, per mile, greater than 50 miles</li> </ul>		£1

### The Ongoing Review costs quoted above will include:

Our ongoing review service is designed to make sure that your investment portfolio stays on track to meet your financial goals. This service includes:

- An annual face to face or telephone / internet / desk based meeting with your adviser
- A reassessment of your financial priorities and a review of your financial plan to ensure that it is on track and to make any adjustments necessary.
- A review of your financial goals and objectives
- An up to date valuation of your current investments
- A review of how your investments are invested
- Assessing the potential impact of key events on your plans (cash flow modelling)
- Implementation of agreed changes
- A report setting out the results of the review and confirming any changes made
- Access to our client team who will respond and deal with ad hoc queries
- Regular news bulletins updating you on current financial issues

**Fairness Clause** - Please note that we reserve the right to charge for excessive contact between reviews. This will be discussed with you, if it applies, prior to any charges being made.

## Payment Options

Ongoing charges can be paid in a number of ways:

- Annually by cheque or electronic transfer (unfortunately, we cannot accept payments by cash) on invoice.
- A regular fee, paid by standing order.
- By deduction from your investment(s) on a monthly, quarterly, six-monthly or annual basis, where the product / platform provider is able to offer this facility.

For investments held on a platform (an online investment administration service) you may choose to pay our charges out of the funds held in the platform cash account, although it's important to maintain sufficient funds in the account to cover our charges as they become payable.

## Other charges

Depending on the services we provide, there may be costs and charges (including taxes), not charged by us, but related to the financial products we arrange for you. These charges may be one-off charges (payable up front) or charges payable on an ongoing basis. For example:

- **Service costs:** If your investments are held on a platform (an online investment administration service), the platform provider will make a charge for administering / managing your investments.
- **Investment costs:** These are the costs relating to the manufacturing and managing of your investments – for example, fees charged by the investment fund manager, costs relating to investment transactions.
- We'll always disclose any third-party costs as part of making our recommendations.

### Aggregated costs and charges

When we provide you with our advice we will add together all the costs and charges payable so that you are able to understand the overall costs of our services and recommendations. This is referred to as aggregated costs and charges information.

We'll confirm the actual aggregated costs and charges based on our recommendations within our Suitability Report.