Investments and Pensions - How We Charge

This document accompanies our 'Client Agreement' Document and provides details about how we charge for the services provided to you, so it's important that you read it fully. If there is something you don't understand please ask us to explain it. More detailed information is available in our 'Client Agreement' document issued separately to you and also available from our website www.loughtons.co.uk

Our Services

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. Thereafter, once identifying your goals we will create a plan for your finances to help you achieve them.

We'll only start work once we have agreed our services and charges with you. Our Engagement Letters set out the services we have agreed to provide and confirm how much these services 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	ISAs	Investment bonds
Unit Trusts	Open Ended Investment Companies	Investment Trusts
Exchange traded funds	Structured products	Structured deposits
Enterprise investment schemes	Venture Capital Trusts	Annuities
Phased retirement	Income drawdown	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 & Pension business with fees agreed and paid by you.

More details on these options and how they are paid are found in the following sections on initial and ongoing charges. Our charges fall into the following categories:

1. **Initial charges:** these are the upfront costs of our services. We offer several types of initial service depending on your needs.
2. **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 Additional Advice Services

These 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

Initial and / or Additional Advice Charges

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

Breakdown of Costs	
Initial Consultation	No charge
Discovery Meeting and analysis of need areas Gathering and analysing of information (assumed duration1 hour).	£150 per hour (Typically between 1 and 2 hours)
Analyse and Evaluate Financial Status Seeking information from existing providers. Analysis of information received from provider - Reviewed & related to individual circumstances & objectives including reporting our findings to you.	£75 per provider / contract £250 per analysis
Develop and present solutions and / or alternatives Cost of producing financial planning recommendations.	£150 per hour (Typically between 2 and 4 hours) plus the additional costs shown below:
Independent research in consideration of your needs and objectives.	
Mainstream Investment and / or Pension / Retirement Income Advice 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. 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.	0.75% of the amount under consideration, minimum £375.
Non-Mainstream Investment and / or Pension / Retirement Income Advice 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. Non-Mainstream Investment will include (but is not limited to) advice on, Structured Products, Enterprise Investment Schemes, Venture Capital Trusts and Business Property Relief schemes. This list is not exhaustive.	1.5% of the amount under consideration, minimum £1,000
Implementing Recommendations	Between £35 and £150 per hour as confirmed on your engagement letter. (Typically, 1 hour)
Time and Travel Costs, greater than 50 miles	£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:

1. The initial charge for our service **£560**.
2. The monthly charge over 12 months is **£560** divided by 12 = **£46.67**.
3. Each month you pay your product premium £100 but for the first 12 months your product provider pays us **£46.67** of that **£100**.
4. For the first 12 months (£100 x12 = £1,200) - **£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.

Ongoing Service

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.

We offer a transparent and concise charging structure for our ongoing review service which is bespoke to both your circumstances and requirements. We base these charges on the size and scale of the work involved in advising you on an ongoing basis.

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

Ongoing Charges

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

Fixed Costs			**Cost**
Review Meeting including an update and holistic planning service including full portfolio reporting.			£625
Review Meeting including an update and holistic planning service including full portfolio reporting and ongoing retirement income options.			£730
Trustee / Business Review Meeting including an update and holistic planning service including full portfolio reporting.			£730
Variable Costs			**Cost**
Charging Basis for the level of Assets		Band	Charge per Band
£0	£100,000	£100,000	0.05%
£100,001	£200,000	£100,000	0.55%
£200,001	£300,000	£100,000	0.50%
£300,001	£500,000	£200,000	0.40%
£500,001	£1,000,000	£500,000	0.35%
£1,000,001	and above		0.30%
Product			**Cost**
Number of products included within the ongoing review service (A charge is incurred for each product where 2 or more products are under review).			£75
Additional Costs involved in Financial Planning (Annual Basis)			**Cost**
Time and Travel Costs, per mile, greater than 50 miles			£1

Variable Costs - We also apply a formula relating directly to the assets that our ongoing service relates to. These include our regulatory costs together with our costs in relation to your attitude to risk as referred to under variable costs overleaf.

Product - This incorporates the measure of complexity involved in administering and reviewing your portfolio(s). A charge is incurred for each product where 2 or more products are under review).

Fairness Clause - Please note that we reserve the right to charge for excessive contact between reviews. This will be identified by the adviser and 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.

Ongoing Service Cancellation

Our ongoing service is provided on a continuous basis and charges cease immediately when the ongoing service agreement is terminated by either party upon written confirmation. No further charges will be collected after the effective date of termination.

The ongoing service charges paid prior to termination are not refundable, as they relate to services, support, administration, monitoring and access provided during the period in which the service was active.

Where a review meeting, report preparation, implementation work or other agreed service activity has been undertaken prior to termination, the associated charges will remain due and payable where applicable.

Termination of the ongoing service will not affect any fees already paid or accrued before the date the service ends.