



# Client Charter and Fee Schedule

**Effective July 2018**

## **Introductory information**

Once upon a time.....advisers were paid by commission which was built into financial products. A simple system but hardly transparent. Thankfully, we now have a complete separation between the purchase of a financial product and the cost of any financial advice offered. This breaks the link between an adviser's income and the sale of a financial product. Financial advice is now a stand-alone service to be paid for, whether or not the purchase of a financial product is involved.

Since the end of built-in commission payments to Financial Advisers, there has been a wholesale switch to fee-based financial advice. As a result, we feel that the public are likely to divide into 3 distinct groups: those that recognise the need for, and will pay for, financial advice; those that will go it alone and cut out the cost of advice altogether; and those that will deal with Banks/Building Societies and will be sold a plan from the list available, under a "you'll have what we've got to offer" format.

When selecting a financial adviser, it is now easier for clients to make a judgement about value for money; does the adviser provide a service which is worth the fee that is being paid? You will know what you will pay for initial advice and if any ongoing fees are payable. Clear disclosure has been a policy at Ethical Investors since we were founded in 1989 and we are pleased that full transparency now applies across the whole industry. Our fees are disclosed on our web site for all to see – we challenge other advisers to adopt this level of transparency.

We believe that we offer an open, professional and friendly financial planning service to our clients. We aim to demystify the jargon and practices of the financial services industry so that our clients can make informed decisions about their finances. It is not a question of advisers telling clients what to do; we believe it is a partnership between the client and their adviser to develop the most appropriate financial plans to meet their needs – both ethical and financial.

We have three distinct service levels available to clients; the fee charged is commensurate with the amount of work we carry out for you and the liabilities we take on as a firm. We believe that our charging system is fair, transparent and, importantly, we allow clients to select the service they want to pay for.

In the table overleaf, we have listed the most important services and support offered, allowing you to compare what we provide and the corresponding fee. To ensure that we deliver the appropriate service for the right fee, it isn't possible to adopt a 'pick 'n' mix' approach to the various services. In this way, you'll know what you to expect from us for the fee you pay.

## Comparison of Key Services and Fees

		Ethical Managed Service	Bespoke Managed Service
Process Change of Address		✓	✓
Process Change of Bank		✓	✓
Change of Nomination (Pensions)		✓	✓
Fund Manager Meetings on your behalf		✓	✓
Product provider Error Correction		✓	✓
Process Death Claims (we will not charge your estate)		✓	✓
Lobby for more ethical Investment choice		✓	✓
Be your voice in the financial services market		✓	✓
Implement fund switches (with your permission)		✓	✓
Advice/Support via:	Telephone	✓ *	✓ **
Advice/Support via:	Email	✓ *	✓ **
Advice/Support via:	Skype	✓ *	✓ **
Advice/Support via:	Face-to-Face	✓ *	✓ **
Investment Review Committee Quarterly Updates/Recommendations		✓	✓
Tailored Investment portfolio			✓
Annual Statement and Summary			
Full Annual Investment Review		✓	✓
Annual Rebalance		✓	✓
<b>Annual Cost</b>		<b>0.6% pa #</b>	<b>0.75% pa #</b>

\* for each £25,000 invested via Ethical Investors, 30 minutes of adviser time is automatically included. Additional advice time is charged at our standard hourly rate.

\*\* Additional advice fees would only be payable for specialist services (pension transfer//tax/trust advice etc – to be agreed in advance)

# The fee is charged on the value of all invested assets on which Ethical Investors provides advice. The fee is normally payable monthly and is generally paid direct to Ethical Investors by product providers. Clients can choose to pay the fee directly, via Direct Debit, based on a quarterly portfolio valuation.

## Our Advice Fees – the Detail

We have divided our advice fees into three distinct areas. These are:

- New Client Commitment Fee
- Implementation/Advice Fee
- Ongoing Advice Fee

### 1) New Client Commitment Fee

It can take a large amount of time and resources to bring on a new client. Before we can move ahead with any advice for the future we have to undertake a review of a client's existing financial arrangements and this involves gathering information on the arrangements, charges, performance data and ethical options (if any).

When we receive a completed Client Information Form we will undertake a needs analysis as well as a review of existing investments/plans. We will then produce an outline financial planning report containing a review and advice on what to do with existing arrangements as well as an outline of our recommendations for future financial planning. Clients are under no obligation to move ahead with any of our recommendations, but a fee will be payable for the review and financial planning report. If the client moves ahead with any of the recommendations the commitment fee will be deducted from any initial/one-off advice fees.

**Commitment Fee - £250**

### 2) Initial and one-off advice

The fees outlined below cover the cost of delivering advice, administration and implementation of specific financial products and solutions.

Advice Area	Fee	Notes
<u>Pre-Retirement options</u>		
Set up new individual: <b>Personal Pension</b>	£300	Ongoing servicing and advice detailed on Page 4
<b>Stakeholder Pension</b>	£700	Ongoing servicing and advice: £25 pm payable by Standing Order
<b>Pension Transfers</b> (private pensions etc)	1% of transfer amount, subject to a minimum fee of £500	Ongoing servicing and advice detailed on Page 4
<b>Occupational Scheme Report</b> (excluding Defined Benefit and Secured Benefit schemes)	£325 + £50 per additional scheme	One-off initial fee
Set up new <b>SIPP or Fixed Term Annuity</b>	1% of the amount invested, subject to a minimum fee of £650	Ongoing servicing and advice detailed on Page 4
<b>One-off advice on pension increases/consolidation/switching/transfer</b>	Standard hourly rate	-
<u>At/Post Retirement options</u>		
Retirement Options report	£450 (one-off fee, can be offset against any further fees when advice is provided and implemented)	Personal report outlining your retirement options, including all flexible retirement possibilities as well as a comparison with annuities
Personal Pensions, SIPPs, Drawdown and Phased Retirement	1% (subject to a minimum fee of £650) of the amount invested	Ongoing servicing and advice detailed on Page 4
Drawdown Administration Fee		£250 pa
Basic Annuity Service	£200	Provides a quotation and papers for the best provider on the market for your circumstances (including a check of medical details and enhanced annuity quote if relevant). You are free to then arrange the annuity and any transfers/OMO* yourself.

Full Annuity Service	1% of the Purchase Price (Subject to a minimum of £500 (a minimum fee of £600 applies when qualifying for enhanced terms	We arrange all transfers/OMO*, applications, monitor and process through to completion and payment of annuity. * Open Market Option = (transfer of your existing pension fund to a different annuity provider)
<u>Investments</u> One-off ISA only	£300	Ongoing servicing and advice via the annual percentage fee outlined on Page 4
Broader Investment Advice (including ISAs, Unit Trusts, OEICS, Investment Bonds etc)	1% of the amount invested (subject to a min. fee of £500)	
<u>Other Services</u> Protection (life assurance, permanent health insurance, critical illness)	£600 flat fee, including advice on writing policies in Trust <b>OR</b> If you prefer, we can continue to be paid on a commission basis for these products. The commission is built into the premium and is spread across the life of the policy.	
<u>All other advice</u>	<u>Standard hourly rate</u>	
<b>Hourly Rates:</b>	Advisers - £175	Para-planner - £125      Administrators - £75

### 3) Fees for On-Going Services

We offer a range of on-going advice services on different fee scales. The service provided is dependent upon the ongoing fees paid and is generally taken as a percentage of the underlying assets invested via Ethical Investors, or can be paid to us as a monthly flat rate retainer (via Standing Order/Direct Debit and based on a quarterly valuation of the underlying investments).

All services listed below will be provided alongside the broad range of services detailed on Page 2. Please note that the 'bands' of services are only available to those clients whose assets are held on a consolidated platform or within a similar arrangement. Consolidating administration onto 'Wrap' platforms reduces administration for us and our clients; if administration is easier for us, then our fees are lower. Clients with the majority of investments held direct with fund managers are subject to an alternative Service/Fee arrangement – details available on request.

#### Investments

**Ethical Managed Service** - to access our ongoing Ethical Managed Service our standard fee is 0.6% per annum, i.e. for every £10,000 invested via Ethical Investors we will receive £60 per annum. Our minimum annual ongoing advice fee is £600.

For the annual 0.6% fee a client will receive ongoing financial advice and support in relation to the ethical portfolio established as part of our initial advice and based on their attitude to risk and ethical criteria. Our internal Investment Review Committee (IRC) meets on a quarterly basis to discuss the portfolios and recommend any alterations. On an annual basis, client portfolios will be automatically rebalanced by us to ensure that the overall asset allocation is in line with the original risk profile. If changes are needed to any of the underlying funds (on performance or ethical grounds), these will be recommended as part of the ongoing review service. The annual fee also covers access to our financial advisers via face to face, Skype, email and telephone.

*(full information on our Ethical Managed Service can be found in the separate EMS document, available on request)*

**Bespoke Managed Service** - to access our Bespoke Managed Service our standard fee is 0.75% per annum, i.e. for every £10,000 invested via Ethical Investors we will receive £75 per annum. Our minimum annual ongoing advice fee is £750.

For the annual 0.75% fee a client will receive ongoing financial advice and support in relation to the ethical portfolio established as part of our initial advice and based on their attitude to risk and ethical criteria. Our internal Investment Review Committee (IRC) meets on a quarterly basis to discuss the portfolios and recommend any alterations. On an annual basis, client portfolios will be automatically rebalanced by us to ensure that the overall asset allocation is in line with the original risk profile. If changes are needed to any of the underlying funds (on performance or ethical grounds), these will be recommended as part of the ongoing review service. The annual fee also covers access to our financial advisers via face to face, Skype, email and telephone.

**Note:**

Existing Investment Bond Portfolios – where clients have existing Capital Investment Bonds which will be retained direct with the original product provider, Ethical Investors will charge an on-going fee if you require such investments to be included as part of your annual review. This will be a minimum of £75 pa per plan.

## **Pensions**

**Personal Pension** – to receive ongoing support and advice (investment recommendations/reviews, contribution changes etc), an on-going fee (up to a maximum of 0.3% of the fund) can be built into the cost of the plan, or a retainer paid to Ethical Investors to access these additional services. This annual fee ensures that we retain your details as a client and provides you with up to 1 hour of adviser help and support via email/telephone. We will send you an annual plan summary.

**SIPPS/Platform Pensions (pre-retirement)** - ongoing fees will be on the same basis as investment clients, as above.

**SIPPS/Platform Pensions (post-retirement)** - ongoing fees will be on the same basis as investment clients, as above plus an additional flat fee of £250 to cover our additional regulatory and legal obligations to review and monitor the portfolio and the level of funds being withdrawn.

(VAT – advice fees leading to the purchase of and ongoing advice on a financial product are not currently subject to VAT)



***Specialists in ethical financial  
management and clear,  
transparent advice***

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