



Make smarter  
financial decisions  
and achieve your  
financial goals

# CUSTOMER ENGAGEMENT GUIDE

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# INTRODUCTION

With the Isle of Man and other jurisdictions introducing new regulations with greater requirements for commission disclosure, we've produced this draft Customer Engagement Guide that you can adapt for your own conversations with your clients.

This guide sets out the value and services you provide, and suggests how you might approach the subject of your fees and how much you might charge for your services. These are realistic examples of the type and level of fees that are being charged by IFA firms in the UK following RDR.

We've added in handy tips as well for how you can tailor this guide for your own circumstances.

We realise that some of you are already well advanced on this journey and are already having these discussions with your clients. Some of you may be starting to think about how to introduce the subject of charges into your conversations with customers. However far along you are, we hope you will find this guide useful.

## TIP

This may be a good place to introduce and promote your company. This section could include:

- company size
- company history
- who you are regulated by
- qualifications
- industry awards or accreditations

## WHAT WE CAN DO FOR YOU

Our aim is to help you make smarter financial decisions and achieve your financial goals.

We'll build up a picture of your finances and plans for the future, before making specific recommendations and providing ongoing support. This will involve gaining a thorough understanding of:

- your current personal circumstances – we will establish a full picture of your current income and assets, liabilities and expenditure, any existing financial plans you have and then some information about you – your dependants, your health, your employment situation and income expectations etc.
- your goals and ambitions – what are you looking to achieve and when with your financial plan? Who are you looking to provide for? What is your attitude towards risk with your investments?

Once we've established your current circumstances and understand what you are hoping to achieve, we will devise a plan of action to help you realise your ambitions. And then, depending on the level of support you want from us, we will regularly monitor how your plans are progressing to make sure everything remains on track.

There will be four stages to your relationship with us.

**1. Consultation and evaluation** – a discussion of your wants, needs and objectives. We'll aim to get a thorough understanding of your current circumstances, your assets and liabilities, income and expenditure, existing plans and tax position, your dependants, health and long term care needs, plus any other relevant data. We'll discuss your future goals, including your planned retirement age and what provision you want to make for your loved ones after your death. We'll discuss the level of risk you are willing and able to take.

**2. Research and recommendation** – the creation of a plan of action. We'll use our experience and knowledge of the market to research and recommend the most appropriate products for you that reflect your goals and attitude to risk. The plan will be tailored to your specific needs and we'll help you make decisions to achieve your goals.

**3. Implementation** – handling the administration and getting your plans set up. We'll help you with all the paperwork, liaising with third party product providers where necessary, all the while with an expert eye on the related regulatory requirements which govern investments and products. We'll also show you how you can keep track of your plan's performance.

**4. Ongoing service** – monitoring of performance and market conditions. We'll keep a close watch on how your various investments are performing and if they are on track to achieve your objectives. We'll conduct an ongoing review of strategy and risk tolerance, carry out general portfolio management and, in times of economic uncertainty, we'll be there to provide guidance and advice. Importantly, if your circumstances change, we'll help you adapt your plan to suit. We'll agree how regularly we'll be in touch to discuss your plan's performance.

### TIP

You can add in further details about other services you can provide to your customers, for example, technical expertise or trust and tax planning advice.

Some customers will want all of the above support from their financial adviser. Others may want only some of the stages. We therefore have a flexible fee structure that allows you to choose the level of support you receive from us (and also how you wish to pay for our advice).

# OUR CHARGES

Our charges are broken down into 3 specific areas and you can choose which (or all) of the services you would like us to carry out for you. The three stages are:

- A thorough financial review/recommendation report
- Implementation – following discussions with you, we will set up your investment plans
- Ongoing monitoring and review of how your plan is performing

## 1. Financial review and recommendation report

Understanding your situation and objectives, then setting out a plan to help you achieve them is a time consuming but crucial stage in the advice process. We therefore have a scale of fees based on the time and complexity of this initial advice, as shown below:

Type of financial advice offered	Fee
Investment/regular savings plan	£600/USD900
Pension consolidation/switching	£750/USD1,125
Strategies at retirement (including pension transfers)	£950/USD1,425
Lifestyle financial planning	£1,500/USD2,250
Occupational pension transfer	£1,750/USD2,625

**TIP**  
You may decide to discount some - or all - of this fee if your client chooses to invest through you.

## 2. Implementation stage

Once we understand what you’re looking to achieve, we will discuss this with you and implement the recommended solution, carrying out all the paperwork required to set up your plans. There are different options for lump sum investment solutions and for regular saving/protection plans.

For customers who prefer to “pay-as-you-go”, we also offer an hourly rate for setting up your plan instead.

### Lump sum investments

Our charges are based on a percentage of the size of your investment.

Amount of lump sum investment	Fee percentage
Up to £250,00/USD375,000	4%
£250,001 to £500,000/ USD375,001 – USD750,000	3%
£500,001 to £1,000,000/ USD750,001 – USD1,500,000	2%
£1,000,001/1,500,001 or more	1.5%

**TIP**  
We have example figures here. You should change this to your own fee percentages or fees if you are operating a fee-based model.

So if you had USD500,000 to invest, our fee would be 3% of USD500,000 (USD15,000).

Our fee is payable when you invest your money. You can choose to pay this fee upfront, or you can opt for the fee to be deducted directly from your investment. In this second option, the product provider will deduct the fee from your lump sum investment and pay this to us directly.

### Regular saving/protection plan

If we are setting up a regular saving or a protection plan for you, our charge is 50% of your first year's premiums. So if you were looking to save USD300 a month, our fee would be USD300 x 12 months x 50%. This would equal 50% of USD3,600 (USD1,800).

#### TIP

Again, these are example figures here and you can personalise them for your business.

You can choose to pay this amount upfront when we set up your plan, or you can opt for the fees to be deducted from the payments you make into your plan each month.

Please note that if you choose the second option, the product provider will deduct the fee from your monthly payments and pay this to us directly. If you cancel your plan early, you will still be liable for the full amount of the fee.

Before we set up your plan we will ask you to sign a Key Information Document from the product provider that sets out all the charges. This document will also include full details of any financial penalties to you should you decide to cancel your plan in the early stages.

**Visit page 6 to see a breakdown of where your fees go.**

### 3. Ongoing monitoring and review

#### TIP

This is where you can include details of any financial adviser fee you choose to charge.

Setting up your plan is only the first part of your journey to achieve your financial goals. Investing for the long term is a marathon, not a sprint.

Your goals and personal circumstances, as well as market conditions and the economic outlook, may change over time. It's therefore important that you regularly review and adjust your plan to make sure it is still appropriate for your needs and is working as hard as it can to deliver the best returns. It's just as important as setting up the plan correctly in the first place. We can help you do this.

Our ongoing service proposition will cover the following areas:

- **Re-balance** – funds in any investment fluctuate over time so the original “balance” of your assets can get distorted. We can help you redistribute your plan to make sure it remains true to your original risk profile.
- **Guidance** – we'll help you avoid making costly mistakes such as making hasty decisions when markets take a (short-term) downturn. Or advise on where to invest instead
- **Strategy** – as you get closer to retirement your tax planning strategy might change. Alternatively, you might want to discuss the tax implications of withdrawing money from your plan. Expert advice can help you reach the most tax efficient solution
- **Review** – you'll receive an annual report on how your different funds are performing, which allows you and us to make a considered decision on any changes to your investment strategy

**TIP**

Our example below offers 3 different levels of ongoing support that the customer can choose from and we have included both percentage and fee charge options. You may prefer to do this differently - for example, you may choose to offer one fixed level of service or make the level of service dependent on size of the investment.

You can choose from 3 levels of ongoing service to find the solution that works best for you.

Services	Platinum	Gold	Silver
<b>How you can contact us</b>			
Email assistance	Yes	Yes	Yes
Telephone access	Yes	Yes	
Regular notifications	Yes		
<b>How often we'll be in touch</b>			
Annual telephone update			Yes
Annual face to face review meeting	Yes	Yes	
Half year face to face review meeting	Yes		
<b>Reporting information we will send you</b>			
1 x annual valuation	Yes	Yes	Yes
Full annual review report	Yes	Yes	
Interim review report	Yes		
<b>Wealth management services available to you</b>			
Portfolio re-balanced to original model	Yes	Yes	Yes
Portfolio updated to latest model	Yes	Yes	
<b>Additional services</b>			
Quarterly investment magazine	Yes	Yes	Yes
Electronic portfolio notifications	Yes	Yes	
End of year tax service	Yes		
<b>Cost of services (per year)</b>			
% fee depending on the value of your assets	1.0%	0.8%	0.6%
Subject to minimum plan size of	£150,000/USD225,000	£100,000/USD150,000	£50,000/USD75,000
OR a minimum charge of	£1,500/USD2,250	£800/USD1,200	£300/USD450

# WHERE DO YOUR FEES GO?

**TIP**  
Some customers may ask questions about your fees. A simple pie chart can demonstrate the costs and overheads of running a professional financial adviser company.

Of course none of us like parting with our hard-earned money without being comfortable that we are receiving value for money for any advice that we receive.

Like all business we have a number of overheads and incur costs in providing the services outlined to you above. Here is a typical breakdown of our costs.

### Our cost breakdown



