

Client Charter and Fee Schedule

Effective 1 May 2015

Introductory information

From January 1st 2013 the provision of financial advice in the UK changed significantly. For the first time there is a complete separation between the purchase of a financial product and the cost of financial advice.

Logically the two are separate, but historically the provision of financial advice and the cost of the resulting product have tended to be grouped together. The aim of the Government and the Regulator was to make sure that once and for all the public separate the link between advice and products.

In practice this means the end of built-in commission payments to Financial Advisers and a switch to fee-based financial advice. As a result of the changes, we feel that the public are likely to divide into 3 distinct groups: those that recognise the need for, and will pay for, Independent 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 “restricted advice” 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.

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.

Services provided to all Ethical Investors' clients

Irrespective of the amounts invested or plans set up by Ethical Investors' clients can expect the following, with no additional fees payable:-

- Ethical Investors' Newsletter, at least annually – an update of ethical and financial issues.
- We will process changes of address – notify Ethical Investors once and we will inform all companies with whom you have arranged a plan via Ethical Investors.
- Change of bank – we will inform any companies that you pay premiums to and process the appropriate paperwork on your behalf.
- Change of Death Benefit Nomination – if you wish to change the nomination details on plans such as pensions, we will provide you with the appropriate documentation and ensure the companies process the changes accurately.
- Fund Manager Meetings – we undertake regular reviews of the ethical funds recommended to our clients, ensuring the companies maintain their published ethical policy and to discuss performance issues. Whilst many advisers take the ethical criteria of ethical funds at face value, we do not. We are constantly reviewing the underlying stocks and shares held by the funds, meeting with fund managers to discuss their investment decisions and to discuss the overall management of the fund. We believe that we know more about the funds that we recommend to our clients than any other financial adviser in the UK. For 25 years, our 'policing role' has been vitally important in keeping many ethical funds on track and operating in line with their stated values. Although carried on behind the scenes, this activity is one of the most important of the many roles we assume at Ethical Investors, on behalf of our clients.
- Error Correction – insurance and investment companies make mistakes. These mistakes are surprisingly common but we strive to identify and correct these errors without the client's knowledge and inconvenience.
- Death claims – if a client dies, we offer to act on behalf of the client to deal with their executors/family in respect of any plans arranged through Ethical Investors. At a time when others may be charging a fee to the estate, Ethical Investors will provide help and support at no cost.
- Fund changes and closures – in the event of ethical criteria changing, or closure of a fund, we will contact every client affected by the changes and offer advice on what to do.
- Profit Distribution – last, but by no means least, all clients are part of our Profit Distribution, having a say in the direction in which our profit is directed to charity. We retain our commitment to distribute at least 50% of our net trading profits to charities and good causes each year. The bulk of our donations will be channelled through our own charitable foundation – **Ethical Giving** (www.ethical-giving.org).

Fees for New Business/Advice

Advice Area	Fee	Notes
<u>Pre-Retirement options</u>		
Set up new individual Stakeholder Pension or Personal Pension	£300 (On investments up to £20k)	Ongoing servicing and advice via the annual percentage fee outlined on Page 4
Pension Transfers	1% of transfer amount, subject to a minimum fee of £500	
Final Salary Scheme or Occupational Scheme Report	£325 + £50 per additional scheme	One off fee
Set up new SIPP or Fixed Term Annuity	1% of the amount invested, subject to a minimum fee of £650	Ongoing advice with SIPP investments provided (see page 4)
One-off advice on pension increases/consolidation/switching/transfer	Standard hourly rate	
<u>At/Post Retirement options</u>		
Retirement Options report	£300 (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 advice with SIPP investments provided (see page 4)
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. <small>* Open Market Option = (transfer of your existing pension fund to a different annuity provider)</small>
<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)	Ongoing servicing and advice via the annual percentage fee outlined on Page 4
<u>Other Services</u>		
Protection (life assurance, permanent health insurance, critical illness)	£400 flat fee, including advice on writing policies in Trust OR 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.	
All other advice	Standard hourly rate	
Hourly Rates:	Advisers - £140	Administrators - £50

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 retainer (via Standing Order).

All services listed below will be in addition to the 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

Our standard fee is 0.6 per annum*, i.e. for every **£10,000** invested via Ethical Investors we will receive **£60** per annum.

For this fee a client will receive ongoing 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 a half-yearly basis client portfolios will be 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.

Existing Investment Bond Portfolios – where clients have existing Capital Investment Bonds which will be maintained, Ethical Investors will need to charge an on-going fee as these will need to be included within any review. This will be a minimum of £75 pa per plan.

Pensions

Our initial fee covers advice on and establishment of a new pension plan (Stakeholder, Personal Pension or SIPP). If a client wishes to receive ongoing support and advice (investment recommendations, rebalancing etc), an on-going fee can be built into the cost of the plan, or a retainer paid to Ethical Investors to access these additional services. Clients with **SIPPs** will be considered on the same basis as investment clients, as above.

(Clients with up to £25,000 invested receive the services described on page 2.)

Band 1

Between £25,000 and £75,000 investment value;

- 1- 3 hours of adviser time (*pro rata*), via email, telephone or meetings. Full annual investment report.

Band 2

Between £75,001 - £150,000 investment value;

- 3-6 hours of adviser time (*pro rata*), via email, telephone or meetings, plus full half-yearly investment reporting.

Band 3

For investments over £150,000 investment value;

- Bespoke support to be agreed individually with each client, with Band 2 services as a minimum

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

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Authorised and Regulated by the Financial Conduct Authority

Ethical Investors Group is the trading name of Ethical Investors (UK) Limited.

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