

The background of the entire page is a close-up photograph of bamboo stalks. The stalks are vertical, with a light tan or yellowish-brown color and distinct dark horizontal nodes. Some green leaves are visible at the top and sides, adding a natural, organic feel to the design.

Simple.

Financial Advice

Why you should be paying a fixed fee for your financial advice



Pension planning can be complex.

That's why, when you're approaching a vital point in your life, like retirement, working with a financial adviser or planner can help you make the most of your money.

However, it's crucial that you choose the right financial adviser for you.

You may already have a financial adviser who you think is adding value to your life. Or you may be considering financial advice for the first time.

Either way, you may not have realised that the adviser you work with, or the one you're considering starting a relationship with, may be charging more than necessary.

Many advisers use percentage-based fees to work out how much you should pay.

As a result, if you have a good salary, or you've managed to amass wealth of £350,000 or more, you might be paying your adviser more than you need to.

You may also think that higher fees translate into better service, but this isn't necessarily true. The most expensive service may not be the one that adds most the value to you.



Working with Simple Financial Advice

While this may be how some advisers choose to operate, it isn't how we work at Simple Financial Advice.

We believe that the quality of your advice shouldn't depend on the price you pay.

That's why we use a fixed-fee model, choosing the most cost-effective ways to make your money work as hard as you do.

We hope this guide encourages you to reconsider how you pay for your advice.

Work with us

If you'd like to find out more about how our fixed-fee model can work for you, please get in touch with us.

✉ contact@simplefinancialadvice.co.uk

☎ 0800 434 6337

Where are you right now?

Take a moment to think about your current situation regarding financial advice.

You're likely in one of three categories:

- 1. You've never taken financial advice.** You've never sought the services of a financial adviser or planner, and you're unsure of what the process involves.
- 2. You're actively working with and paying an adviser.** You have a relationship with an adviser who provides you with advice on a range of issues.
- 3. You've become disconnected from your adviser.** You used to work actively with an adviser, but you've since lost contact and haven't found a need to return to them.

No matter which of these categories you're currently in, you should know how advisers typically approach their fee structures.

The difference between a financial "adviser" and a financial "planner"

People often use the terms financial "adviser" and financial "planner" interchangeably. However, there's actually a big difference between the two.

A financial **adviser** typically focuses on your finances, looking at the products and investments that will most help your money to grow.

Meanwhile, a financial **planner** starts by looking at your goals and aspirations for your life. Then, they'll design a financial plan that helps you hit those targets, using your money as the vehicle for getting you there.

At Simple Financial Advice, we consider ourselves to be financial planners.

We believe the best way to approach financial advice is by looking at your money in the wider context of your life and your goals.





How advisers typically charge

There are four main ways that financial advisers typically use to charge their clients:

1. Percentage-based fees

Percentage-based fees are the most common across the financial advice industry. According to research from the Financial Conduct Authority (FCA) in December 2020¹, on average, advisers charge a fee of 2.4% of the initial amount invested. They then take an average 0.8% ongoing fee of total assets under management.

While the figures may vary from firm to firm, the percentage that an adviser charges is usually the same for all their clients, no matter their individual wealth or needs.

2. Fixed fees

Advisers who charge fixed fees have a set figure that they'll charge clients for advice. This fee can vary depending on the adviser, the client, and the type of work they need doing.

At Simple Financial Advice, we use a fixed-fee model.

¹Evaluation of the impact of the Retail Distribution Review and the Financial Advice Market Review, December 2020.



3. An hourly rate

While less common, some advisers will charge an hourly rate, depending on how long they spend doing work for clients.

This can be cost-effective if a client's needs are straightforward. But, if their case is complex, advisers can end up spending many hours working on it, which can drive up costs quite quickly.

Fees could be anything from £30 to £250, according to consumer group Which?².

Avoid the percentage-based “wealth tax”

Imagine that you've managed to amass £1 million across your savings, pensions, and investments.

Now imagine you start working with a percentage-based fee adviser. Assume they take the average 2.4% initial fee, and the ongoing 0.8% fee.

Also assume that they manage to return 5% growth a year on your investments.

Firstly, that means they'll take a fee of £24,000, just to design your financial plan.

Next, that adviser will take fees of 0.8% of your assets under management (AUM) after your gains. That means, at the end of year one, you'd pay them nearly £8,200 in fees.

By the end of year five, that annual fee would have risen to nearly £10,000 a year.

That's an increase of nearly £1,500 more a year and a total paid to your adviser of nearly £70,000 in fees, even if your adviser hasn't changed your plan.

A good financial plan often targets long-term growth. The longer you pay percentage-based fees, the more your adviser makes from you.

²<https://www.which.co.uk/money/investing/financial-advice/how-much-financial-advice-costs-a1dwl4f8j8pf>



4. A hybrid approach

Some advisers choose a hybrid approach, taking elements of all three of the above strategies.

For example, they may charge a fixed or hourly fee for general financial advice. But for investments or pensions, they may revert to percentage-based charges.

While potentially cost-effective, this can muddy the waters and make it difficult for you to know how much you're going to pay for the advice you get.

Why pay more because you have more?

If you've been paying an adviser a percentage-based fee, or you're considering paying one, you might well be asking yourself: why should I pay more?

Even a hybrid approach or paying an adviser's hourly rate could be costly to you, especially if you have a large amount of money to administer.

The simple fact of the matter is that you don't need to be paying more.

How Simple Financial Advice work differently

At Simple Financial Advice, we choose to work differently.

Our ethos is simple: why should your charge be related to the amount of money you have?

Whether you have £400,000 or £1.5 million, an adviser will take the same amount of time to produce your written proposal for your financial plan.

So, if your adviser takes a percentage of your wealth, that means you're just being penalised having built up a larger pot, not for the amount of work that you require.

We don't think you should be punished for earning a good salary or making wise investment choices throughout your life.

We think the amount you pay should be based on the time taken to design your plan, not the value of your wealth.

If you have a large portfolio, your fees could end up subsidising the service for clients with smaller pots, too. We don't believe this is a fair way to charge for advice.

That's why we use a straightforward, simple, and completely transparent fixed-fee model, so you know exactly what you'll pay every time you work with us.

How much we charge

With Simple Financial Advice, our fees are clear, transparent, and will always be the same.

Retirement Income Planning Report (defined contribution pensions)

Our Retirement Income Planning Report is designed to provide you with an independent and unbiased recommendation as to the suitability of your existing defined contribution pension arrangements.

Our report will look in detail at the terms of your existing pension contracts and their performance. It will cover the costs, guarantees, penalties, restrictions and options at retirement. We will look at how the pensions are invested and evaluate their performance against suitable benchmarks. We will also check the suitability of these funds against your attitude to risk. Your report will then provide recommendations on remaining with some or all of your existing pensions or alternatively transferring to modern low-cost flexible arrangements.

The personalised retirement plan will look in detail at your income needs in retirement. The plan will review how best to satisfy these income requirements from your personal and company pension arrangements, state pension, savings and investments and any other sources of income. It will take into consideration your aims and objectives which may well include passing on assets to family. A detailed cashflow will be provided which will include a level of stress testing to look at the sustainability of your income needs.

How much does this service cost?

Initial discussion: No charge.

Retirement Income Planning Report: £500 fixed fee.

Implementation of Retirement Income Planning Report: £3,500 fixed fee, which is normally paid out of the pension fund.





Retirement planning service (defined benefit pensions)

Our Pension Review Service is designed to provide you with an independent and unbiased recommendation as to the suitability of your existing final salary pension (DB) scheme.

Following our research and analysis our Pension Review Report will explain, in a straightforward way, the features, benefits and drawbacks of your current scheme, as well as all the alternative retirement options should you transfer. We will also analyse both your personal and financial situation, your needs, and objectives. We will then make a recommendation as to whether it is in your best interest to remain in your existing pension scheme or transfer to a private pension.

When we provide pension transfer advice, we will always start by assuming that a transfer, conversion or opt-out will not be suitable for you, and only recommend doing so if it can be clearly demonstrated that it is in your best interests. We will not implement or facilitate a DB pension transfer unless we provide the advice to do so, and we are satisfied that the transfer is in your best interests.

If we recommend that you remain with your existing pension scheme, then that concludes our service.

If we recommend a transfer and you wish to proceed, we will select a suitable pension that meets your requirements, advise you on the investment funds that meet your risk profile, and administer all the transfer arrangements.

How much does this service cost?

Initial discussion: No charge.

We will provide an initial discussion at no charge or obligation to initially explore your requirements to understand if our services are appropriate given your needs and explain our services and fee structure.

Pension Retirement Planning Service: £6,000 fixed fee.

If as a result of your discussions you wish to proceed with our service, we will ask you to complete our quotation questionnaire. This questionnaire will enable us to calculate what additional work needs to be undertaken over and above our basic service. The cost of the basic service is £6,000.

Please note: in cases where a transfer value is in excess of £1,500,000 this fee will be calculated on an individual basis.

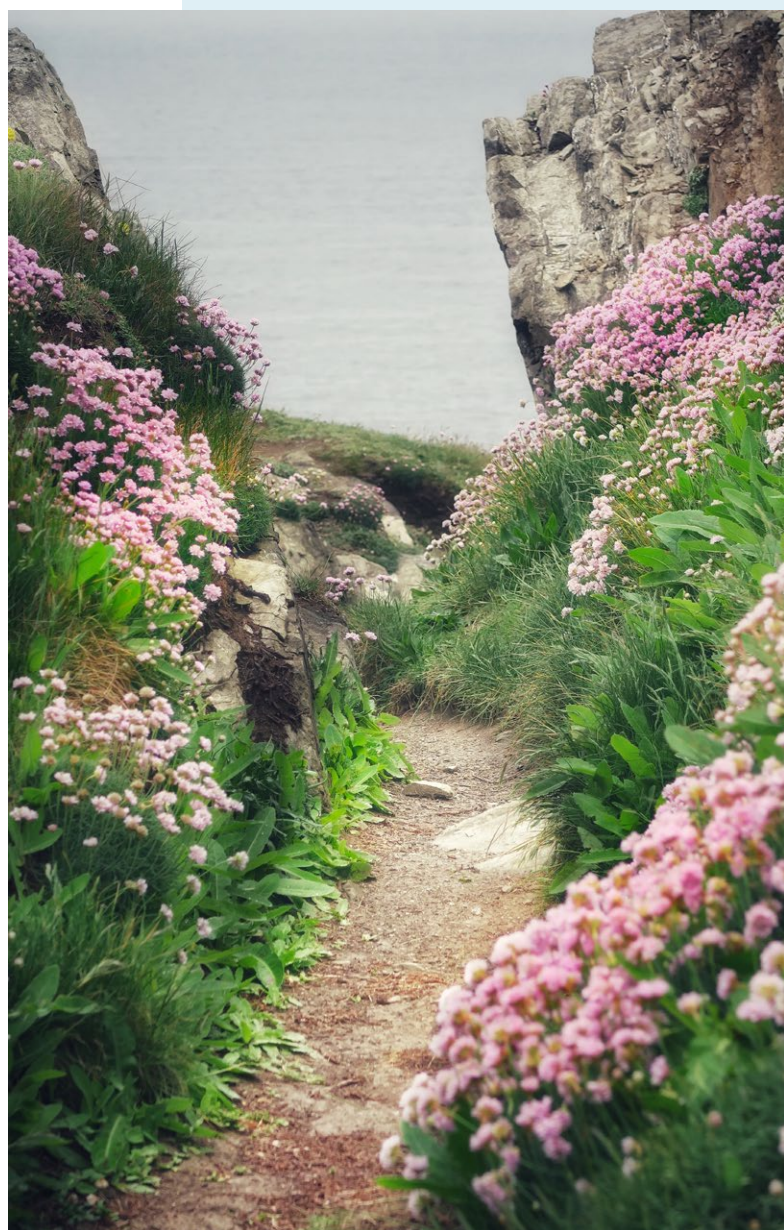
Costs of ongoing advice

Once we've made a financial plan, we also offer an ongoing advice service if you'd like us to continue handling your money on your behalf.

We charge **£3,000** a year for this service, taken as a **£250** monthly payment from your pension pot. If you have a large pot of £500,000 or more, this represents excellent value, especially compared to what you'd pay if your adviser charged a percentage-based fee.

Please note that this charge is discretionary to you, and not mandatory at all. We'll happily advise you on whether we think you could benefit from ongoing advice with us.

Remember: you can always try our ongoing advice service with no expectations of having to continue doing so.





The 3 ways we work differently

There are three main ways in which we work differently at Simple Financial Advice that allow us to offer you such competitive rates on your pension planning.

1. Removing the costs from financial advice

We've cut away the unnecessary costs that have become standard for many advisers and firms when providing financial advice.

We work entirely remotely, using the latest technology to provide you with meetings and updates on your financial plan. This removes the high operating costs that come with owning an expensive office or having to pay to travel to meetings.

This allows us to focus our expenditures on one thing only: creating value for you. In turn, this allows us to be competitive without compromising on the quality of service that you receive.

2. High quality of advice and service

Our service is like our fees: fixed to the level you expect it to be.

Why should the quality of your advice depend on whether you have £350,000 or £3.5 million?

A percentage-based approach will see your costs rise as your pot gets bigger, even though the quality of service stays the same.

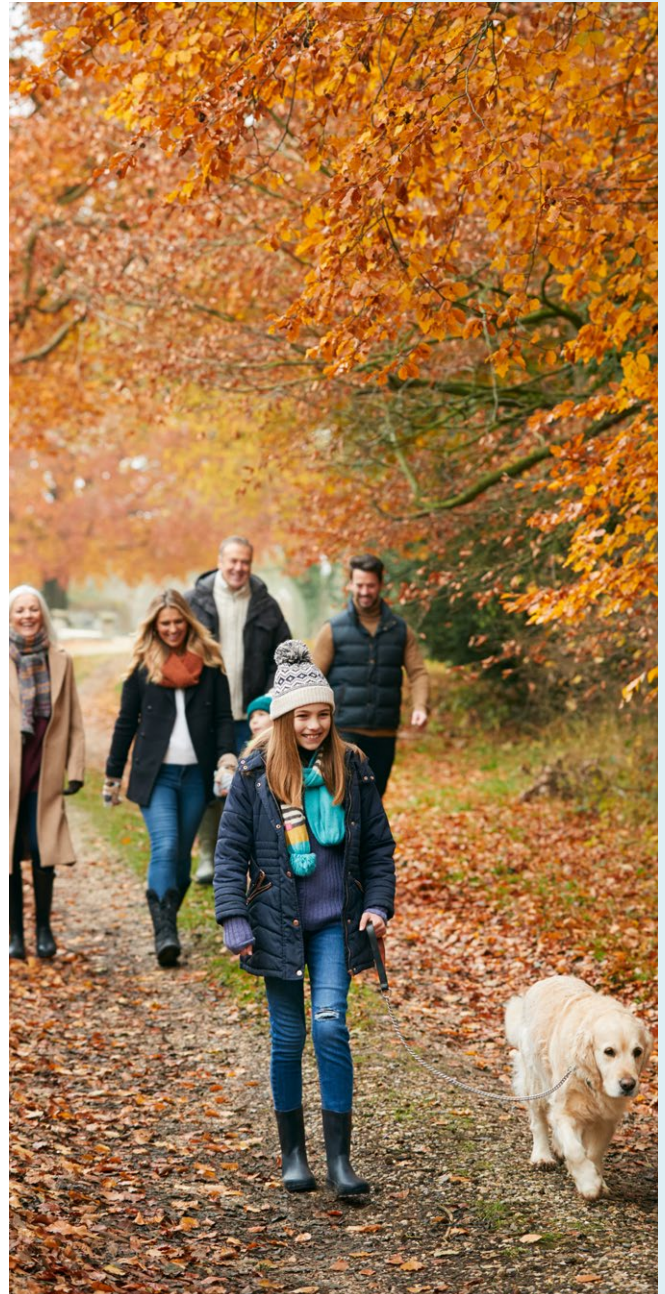
Percentage-fees could even create a conflict of interest for your adviser, as withdrawing funds impacts on an adviser's fees.

With our fixed-fee model, you can be confident that your adviser is giving you the right advice without worrying about their bottom line.

You should expect the same level of service from your adviser no matter the size of your pot, and that's exactly what you'll get from us.

Additionally, instead of having long, confusing meetings lasting for hours at a time, we break our meetings down into 15-to-20-minute sessions where we explain complex topics in as easy terms as possible.

This helps you to understand exactly what you're paying for and how we're adding value to you.



Why should you pay more just because you have more?

Whether your pension pot is £250,000 or £1.25 million, the processes you need to go through are the same.

So why should you pay more just because your retirement pot is larger?

Our fees are clear, easy to understand, and leave you with more money to live the kind of retirement you want.



3. Strong performance, low cost

Some advisers might try to “wow” you with the most impressive returns, using expensive and potentially risky funds to do so.

We invest in a range of high performance, low-cost funds that provide the right return for you at a risk level that suits your tolerance and needs.

This allows us to keep your costs low, while still delivering the returns you want to see.

We're independent financial planners

Some advisers and planners are what's known as “restricted”, meaning they can only work with and recommend certain products and services.

At Simple Financial Advice, we're entirely independent, meaning we can choose the right products that suit you and your financial plan.



Get in touch

We'd love to discuss your financial planning and pension needs.

If you'd like to find out more about how our low-cost, fixed-fee advice could help you, please speak to us.

Remember: it costs you absolutely nothing at all to speak to us and establish whether we're the right firm for you.

✉ contact@simplefinancialadvice.co.uk

☎ **0800 434 6337.**

📍 **Simple Financial Advice**

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Please note

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Levels, bases of and reliefs from taxation may be subject to change and their value depends on the individual circumstances of the investor.

Workplace pensions are regulated by The Pension Regulator.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

This guide is for information only. Please do not act based on anything you might read in this article. All contents are based on our understanding of HMRC legislation, which is subject to change.