



the
financial
management
group

Letter of Engagement

The Financial Management Group

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we care, you prosper

Letter of Engagement: Client Agreement

The provisions of this client agreement will take effect immediately that they are provided to you and will continue in force until they are cancelled by you or us, or they are replaced by an updated client agreement.

Authorisation & Regulation

The Financial Management Group (tfmg) is a trading name of Mellor Associates Limited which is authorised to conduct investment business under the Financial Services & Markets Act 2000 and regulated by the Financial Services Authority (FSA), the independent watchdog that regulates financial services.

The companies FSA number is 413224. You can check this on the FSA's register by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234. You can also obtain further information from the FSA at www.fsa.gov.uk/consumer.

We will act on your behalf for the purposes of arranging and advising on life assurance, investments, pensions, and insurance.

Whose products do we offer?

We offer products from the whole market for investment and from a range of insurers for insurance (including term assurance, critical illness insurance, permanent health insurance and private medical insurance).

What service will we provide you with?

For investment and insurance services we offer an initial discussion (without charge) when we will describe our services more fully and explain the payment options. If you decide to go ahead, we will gather and analyse personal information about you, your finances, your needs and objectives and then recommend and discuss any action we think you should take and, with your agreement, provide advice and arrange relevant products for you.

What will you have to pay us for our services?

We will discuss your payment options with you and answer any questions you have. We will not charge you anything until you have agreed how we are to be paid. You can choose between paying a fee or for us to receive commission via the provider. We can offset commission received against your fee if you choose a fee basis.

We may derive some income from commission paid to us by life assurance companies and the operators of collective investment schemes through which investments are made. You will receive an illustration which will tell you about any other fees relating to any particular insurance policy. We will tell you the amount of commission payable to us on any such investment and if agreed in advance, we can arrange for it to be used to offset fees. We may at our discretion use ongoing commission (such as renewal commission, trail commission, commission earned as a result of plans having automatic increases, or cost of living increases or even a proportion of initial commissions) to reduce future fees. However, until such times as any such commission is used in this way, it is considered to be the property of tfmg.

How much will our services cost? - *If you choose to pay by fee*

For investment and insurance, whether you buy a product or not, you will pay us a fee for our advice and services. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you in one or more ways. For example, we could reduce our fee; or reduce your product charges; or increase your investment amount; or refund the commission to you.

Hourly Rate

Our typical charges are:

Director	£200 per hour	
Financial adviser	£150 per hour	Administration £40 per hour

Reviews

Our typical charges are:
 Individual financial review: £800
 Annual Review: £400

We will confirm the rate we will charge in writing before beginning work and we will tell you if you have to pay VAT. You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first.

If you choose to pay by commission (or product charges)

For investment and insurance, if you buy a financial product, we will normally receive commission on the sale from the product provider. Although you pay nothing up front, that does not mean our service is free. You still pay us indirectly through product charges. Product charges pay for the product provider's own costs and any commission. These charges reduce the amount left for investment. If you buy direct, the product charges could be the same as when buying through an adviser, or they could be higher or lower. The amount of commission we receive will vary depending on the amount you invest and (sometimes) how long you invest or your age.

For example,

If you invest a lump sum of **£10,000** in an investment bond we would receive commission of **3%** of the amount invested (**£300.00**) and **0.5%** of the value of the fund (approximately **£50**) every year.

If you invest **£10,680** in an individual savings account (ISA) we would receive commission of **3%** of the amount invested (approximately **£320**) and **0.5%** of the value of the fund (approximately **£53**) every year.

If you pay **£100** a month into a personal pension (with a term of 25 years) then we would receive commission of **£300** and **0.5%** of the value of the fund (approximately **£6**) every year.

If you pay **£100** a month towards a whole life policy then we would receive **£1,250**.

We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.

Client Classification

In providing investment services to you, unless we notify you in writing to the contrary, we will categorise you as a 'retail client'. This means that you are afforded the highest level of protection under the regulatory system and should have the right to take any complaint to the Financial Ombudsman Service.

Our relationship

Any advice or recommendation that we offer to you, will be based on your stated objectives, circumstances and take into account any restrictions that you wish to place on the type of products you would be willing to consider.

With very few exceptions, we will confirm to you in writing the basis of our reason for recommending the products arranged on your behalf. Your stated objectives will be reiterated in a report, which we will issue to you following our recommendation, along with details of any special risks associated with the product recommended.

Full details of the products we may recommend to you including, for example, the minimum duration of the product, information on the right to cancel or whether no right to cancel arises, and any other early termination rights and penalties, will be covered in the relevant product disclosure information you will receive before conclusion of any contract.

Unless by prior arrangement (e.g. through a fee agreement), any products we have arranged for you, will not be kept under review but we will advise you upon your request. However, we may from time to time contact you by post, telephone, fax or e-mail with details of products and services which may be of interest to you. If you would prefer not to receive this information please contact the Compliance Officer in writing at our address detailed above.

Client money

tfmfg is not permitted to handle client money and we cannot accept a cheque made out to us (unless it is in respect of an item for which we have sent you an invoice) or handle cash.

Disclosure of charges / fees

All charges/fees will be fully disclosed to you. These will be disclosed in summary form before we undertake any work for you. The precise charges relating to any recommendations we make will be confirmed to you via a report or relevant product disclosure information.

In respect of any regular premium policy which we have arranged for you, should you subsequently cease to pay premiums on the policy and in consequence we are obliged to refund the commission that has been paid to us, we reserve the right to charge you a fee representing the amount we have to repay, for a period of up to five years after commencement of the policy. We will not charge any such fee if you exercise your right to cancel in accordance with any cancellation notice sent to you by the life insurance company. If we recommend to you any policy to which this paragraph applies, we will at the same time inform you in writing of the maximum amount of any such fee and of the latest time at which we would charge it.

Succession Investment Platform

All investment dealing via the Succession Investment Platform is carried out twice weekly, working days Tuesday and Thursday. Any transaction placed on the nominated investment day may not be received by the fund manager until the next working day and therefore may be subject to fluctuation in the daily unit price. Where a series of transfers are to be received a minimum amount of £20,000 per transfer applies before an investment is placed. Any transfer amount received under £20,000 will be held in the deposit account until such time as the total funds received exceed the minimum amount, a maximum of 30 days from the initial transaction date or if no further monies are expected within 30 days.

For business transacted via the Succession Platform the initial fee and ongoing charge will be taken from funds held directly in either the deposit or reserve account unless specifically agreed otherwise. At no less than six monthly intervals a review of the deposit and/or reserve account will be conducted (no later than the fifth working day in April and October) to ensure that sufficient funds are held to meet all platform charges and fees for at least six months.

This may also include any ongoing fee as previously agreed. If insufficient funds are held in the deposit or reserve accounts then cash holdings will be used first to meet the projected shortfall. Units from the largest fund holding will be sold only when no cash funds are held or the value is too low to meet future charges and fees.

At any time where either the deposit or reserve account become overdrawn units will be sold to bring the account back into credit. Units will be taken in the same order as previously stated.

Conflicts of interest

We will always act in the best interests of our clients. However, circumstances can arise where we or one of our other customers may have some form of interest in business being transacted for you. If this happens or we become aware that our interests or those of one of our other customers conflict with your interests, we will write to you and obtain your consent before we carry out your instructions, and detail the steps we will take to ensure fair treatment.

What to do if you have a complaint

Our clients value the service we provide and often recommend us to others. In the unlikely event that you are not satisfied and wish to register a complaint, please contact the Compliance Officer at our address detailed above, by email enquiries@tfmg.co.uk, or by telephone 01494 434555. Our written complaints procedure is available upon request. If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service (FOS). Further information about the FOS is available from their website www.financial-ombudsman.org.uk.

Are we covered by the Financial Services Compensation Scheme (FSCS)?

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for up to a maximum limit of £50,000. Insurance advising and arranging is covered for 90% of the claim, without any upper limit. Further information about compensation scheme arrangements is available from the FSCS.

Scope of Services

We offer bespoke advice according to your need and requirements so you receive the most suitable service and advice. This broadly fits into three categories. Our commitment is to provide a level of service that exceeds your expectations and matches your requirements whilst always ensuring the best financial solutions. Failure of financial plans can usually be attributed to a lack of or inappropriate review.

We do not want this to happen to you so we make sure that our service structure and standards match your needs and the plans we advise on today will continue to be appropriate for the rest of your life. We commit ourselves to reviewing your plans giving you 100% piece of mind that you are well looked after. To facilitate this we use some of the most cutting edge financial software and employ independent research from internationally recognised specialists. Without ongoing planning and reviews you are planning to fail.

Financial Partnership Service

This is our premier service and is for clients with high value investment portfolios (minimum of £500,000) who require detailed advice on investment, tax planning and wealth preservation.

Our role is to help you identify, achieve and maintain your desired lifestyle, tax efficiently, without the fear of running out of money.

The Financial Partnership Service offers you the following:

- A full financial planning service built on lifetime cash flow modeling.
- Proactive financial planning reviews – these include a consolidated investment report highlighting your current position and any steps required to maximise your goals. These can be held on either an annual, six monthly or quarterly basis as agreed and you can visit our offices at any time should circumstances require.
- Ability to view your portfolio and obtain a valuation online via the Succession Wrap Platform at any time.
- Additional midterm reviews will be available at your request (exclusions may apply).
- Monitoring of all assets including, investment portfolios (including ISAs and bonds), pension funds and cash accounts.
- Tax planning as appropriate including ISAs, VCTs, Pensions and trust arrangements. Where other tax wrappers become suitable for you we will advise on review.
- Advice on rebalancing investment portfolios in line with your risk profile, changing circumstances and changing market conditions thus maximising returns for your given level of risk.
- Advanced planning for retirement/wealth preservation will be included.
- Correspondence will be dealt with automatically and you will have direct access to your Financial Planner and support staff by either telephone or email (subject to availability).
- Consolidated tax accounts for your tax return for all investments held on the platform.
- Annual Tax Planning Audit

Financial Management Service

This is our most popular service level. Securing your financial future can only be achieved by having a close working relationship with your Financial Planner and this level of service (min £100,000) gives you this relationship.

Our role is to make sure you are well looked after through regular reviews and your plans continue to match your objectives.

The Financial Management Service offers you the following:

- An ongoing service, overseeing your financial arrangements that can be either comprehensive or limited to specific areas such as retirement planning or risk management.
- A financial planning review once per annum; you will be kept fully informed as to the progress of all aspects of your plans that we are responsible for.
- Advice on rebalancing investment portfolios in line with your risk profile and changing market conditions. Where other products become suitable for you we will advise on review.
- All correspondence will be dealt with automatically and you will have access to our support staff during normal business hours and to your Financial Planner as appropriate.
- Consolidated tax accounts for all investments held on platform.
- E mail Update – We regularly contact our clients by email updating them on any changes in the financial landscape which we feel will impact their financial position.

Advice on Demand

This service is entirely re-active. For those clients who only want to consider financial advice when the need arises, e.g. on receiving promotion, moving house, retirement etc, or for those who have identified that a financial transaction has to be arranged, but need advice to find the best product.

We will conduct a fact find to establish exactly what advice is required, and discuss with you the different ways of achieving your objectives. We will then use our extensive research resources and with complete impartiality recommend the most suitable product/provider in line with your requirements.

Treating Customers Fairly

We are committed to providing the highest possible levels of service to our clients. As part of this we wish to ensure you understand the services we provide and their associated costs. This should allow you to make an informed decision about the services you wish to purchase. This client empowerment forms part of our ethos and culture.

This ethos carries over into our recommendations where we will provide you with the necessary information to enable you to make informed decisions as to the approach to take to achieve your objectives.

We have embraced the Financial Services Authority 'Treating Customers Fairly' principle and would welcome any feedback you have on any element of our service that justifies comment, whether positive or negative. This will help us to ensure we are providing the services clients require and improve upon any areas about which you may have a concern. Although we have a complaints procedure, we would rather that clients are satisfied and raise any concerns prior to there being a problem. Please feel free to speak to your adviser at any time. In executing or transmitting orders on your behalf to third parties, we will take all reasonable steps to ensure that we obtain the best possible result for you in terms of best execution.

Scale of Fees

1. Discovery & Policy Enquiry Report

Our charge for the investigation, collation and preparation of a report on all policy information will be a one off fee from £500.

2. Initial Financial Planning

Our charge for the preparation of a financial plan will be a one off fee from £1,000. This fee will be credited against the implementation fee should you ask us to execute the plan.

3. Implementation

Our charge for implementing investment recommendations made in the initial report will be a maximum 4% of portfolio value or a maximum of 5% for work undertaken on non-platform business. All charges will be agreed with your adviser prior to commencing work. The basis of the charge will be all cash and investments that are being used to satisfy your capital and income objectives. This excludes cash held in your day-to-day current bank account.

Investment funds added to the portfolio at a future date will attract implementation fees.

We will quote separate fees for advice on and the arrangement of insurance policies and advanced tax planning strategies and obtain your agreement prior to commencing any work.

4. Ongoing Review

Annual fees will normally be charged at 1% of portfolio value. The basis of the charge will be all cash and investments that are being used to satisfy your capital and income requirements. This excludes cash held in your day-to-day current bank account.

Treatment of Commissions

Fees may be abated to the extent of any remuneration that we receive from third parties in connection with any transaction arranged by us for you. Where we receive such remuneration, which exceeds the fees payable by you at any time, we retain that excess remuneration. In the event that we carry out further work for you in respect of which we would charge fees we will take the amount of the excess remuneration we have retained into account when determining such future fees. If we receive commission and the relevant policy or investment is surrendered, lapsed or altered by you, so that commission is then repayable by us to a third party and we have used the commission to reduce our fee to you, or otherwise set it against our charges, we reserve the right to re-invoice you for the shortfall.

Payment of Fees

Initial Financial Planning fees will be due on presentation of the initial report and invoiced accordingly. Implementation fees will be due for settlement when the initial actions agreed have been completed. Annual fees will accrue from the inception of the implementation phase.

Where investments are held on a nominee platform and you have agreed for fees based on a percentage of the value to be paid to tfmfg by the platform provider, the fees will be paid monthly based upon the portfolio value at the platform valuation date. The notional account will assume that the amount received equals the amount due for the purposes of the notional account.

If this account is in debit we may forward an invoice for settlement of the outstanding balance. This invoice will be due for settlement immediately and you agree to pay interest on any sums not paid within thirty days of the invoice date; such interest to be at a rate equivalent to the base rate set by the Bank of England plus four per cent.

Investment Fee Structure

Financial Partnership Service <i>(£500,000+)</i>	For those clients requiring detailed and sophisticated advice on investment, tax planning and wealth preservation.									
	Our role is to help you identify, achieve and maintain your desired lifestyle, tax efficiently, without the fear of running out of money.									
	Discovery & Policy Enquiry Report	From £500								
	Initial Report, Advice & Summary	From £1000 (offset against implementation)								
	Implementation	<table border="0"> <tr> <td>Up to £500k</td> <td>3%</td> </tr> <tr> <td>£500k - £1m</td> <td>2%</td> </tr> <tr> <td>£1m - £2m</td> <td>1.5%</td> </tr> <tr> <td>£2m+</td> <td>0</td> </tr> </table>	Up to £500k	3%	£500k - £1m	2%	£1m - £2m	1.5%	£2m+	0
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£500k - £1m	2%									
£1m - £2m	1.5%									
£2m+	0									
Annual review and rebalancing	<table border="0"> <tr> <td>Up to £1m</td> <td>1%</td> </tr> <tr> <td>£1m - £2m</td> <td>0.5%</td> </tr> <tr> <td>£2m+</td> <td>0.25%</td> </tr> </table>	Up to £1m	1%	£1m - £2m	0.5%	£2m+	0.25%			
Up to £1m	1%									
£1m - £2m	0.5%									
£2m+	0.25%									
Financial Management Service <i>(min. £100,000)</i>	Securing your financial future can only be achieved by having a close working relationship with your Financial Planner, overseeing all of your financial arrangements.									
	Our role is to make sure you are well looked after through regular reviews and your plans continue to match your objectives.									
	Discovery & Policy Enquiry Report	From £500								
	Initial Report, Advice & Summary	From £1000 (offset against implementation)								
	Implementation	<table border="0"> <tr> <td>Up to £100k</td> <td>4%</td> </tr> <tr> <td>£100k - £200k</td> <td>2%</td> </tr> <tr> <td>£200k+</td> <td>1.5%</td> </tr> </table>	Up to £100k	4%	£100k - £200k	2%	£200k+	1.5%		
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£100k - £200k	2%									
£200k+	1.5%									
Annual review and rebalancing	1% (min £1000)									
Advice on Demand Service For those clients who only want to consider financial advice when the need arises or for those who have identified that a financial transaction has to be arranged, but need advice to find the best product. We will give you a detailed breakdown of the work we propose to undertake on your behalf based on our discussions and your financial planning needs. Fees will be agreed with you for each service prior to work commencing. Transaction costs for any new plans are stated in the Key Facts about our services and costs leaflet.										

Lifetime Cash Flow Forecasting is available as a bolt on service and may be added to our Financial Management and Advice on Demand service. The research, analysis and report fee is £1000.

A **Financial Life Planning service** is also available from our Life Planning specialist. The report fee is £2000. When both the Lifetime Cash flow forecasting and Financial Life Planning service are taken together the combined fee is reduced to £2700. Please contact us for further details.

Individual project work may be undertaken on an hourly rate. We will confirm the rate to be charged in writing before beginning work.

Risk warnings

Please be aware that the value of investments can fall as well as rise, and that you may not get back the full amount invested. The price of investments we may recommend may depend on fluctuations in the financial markets, or other economic factors, which are outside our control. Past performance is not necessarily a guide to future performance. Specific warnings relevant to the investments, or investment strategies, we recommend will be confirmed to you in your report.

tfmg – Service Levels

Service Breakdown	Advice on Demand	Financial Management	Financial Partnership
Unbiased and Independent Financial Advice	✓	✓	✓
Highly qualified and experienced Financial Planner	✓	✓	✓
FSA regulated advice (FSCS Protection)	✓	✓	✓
Access to independent research from internationally recognised specialists	✓	✓	✓
Access to our extensive independent research capabilities	✓	✓	✓
Tax planning (inc Inheritance, Income and Capital Gains)	✓	✓	✓
Full fact find (as appropriate)	✓	✓	✓
Recommendation documented in full in writing	✓	✓	✓
Full annual oversight of your plans we are responsible for	✗	✓	✓
On-going review service of your investments, rebalance as necessary / required to maximise performance	✗	✓	✓
Annual appraisal of risk profile and attitude to investment risk using psychometric testing (as appropriate)	✗	✓	✓
Future product recommendations	✗	✓	✓
Access to support staff throughout the year	✗	✓	✓
File updates including answering correspondence	✗	✓	✓
Consolidated tax accounts for all investments held on platform	✗	✓	✓
Annual Tax Planning Audit	✗	✗	✓
Annual Progress reports with recommendations	✗	✗	✓
Proactive reviews	✗	✗	✓
Full lifetime cash flow modeling to identify if you will run out of money in retirement (if appropriate)	✗	✗	✓
Tax efficient portfolio construction and review of tax planning strategies inc VCTs, EISs and Trusts	✗	✗	✓
Midterm reviews without charge (exclusions may apply)	✗	✗	✓
Monitoring of all assets including cash accounts	✗	✗	✓
Bolt on services Lifetime Cash flow forecasting £1000 / Financial Life Planning £2000 – when combined £2700			

Cancellation rights

In most cases you can exercise a right to cancel, by withdrawing from the contract recommended to you. In general terms you will normally have a 30 day cancellation period for a life, pure protection, payment protection or pension policy and a 14 day cancellation period for all other policies.

The start of the cancellation period will normally begin, for pure protection policies, when you are informed that the contract has been concluded or, if later, when you have received the contractual terms and conditions. In other cases, the cancellation period will begin on the day the contract is concluded or, if later, the day on which you receive the contractual terms and conditions. Instructions for exercising the right to cancel, if applicable, will be contained in the relevant product disclosure information which will be issued to you.

If you cancel a single or regular premium contract, we may require you to pay for any loss you might reasonably incur in cancelling it which is caused by market movements. This means that, in certain circumstances, you might not get back the full amount you invested if you cancel the policy.

Documentation

We will endeavour to make arrangements for all your investments to be registered in your name unless you instruct us otherwise in writing. All Policy Documents will be forwarded to you as soon as practicable after we receive them. If there are a number of documents relating to a series of transactions, we will normally hold each document until the series is complete and then forward them to you.

Data protection

In order to provide you with products and services we need to gather personal and financial information about you this will be kept even if you are no longer a client for legal and regulatory reasons. This includes information obtained from you or third parties, such as employers and credit reference agencies which will be recorded and disclosed on any other credit search, fraud prevention agencies or other organisations.

This may include sensitive information about racial or ethnic group, physical or mental health, sexual life, criminal proceedings and offences. You have the right to access information we hold about you. You can access a copy of these records by contacting us in writing, addressed to the Data Protection Officer at our address detailed overleaf by telephone: 01494 434555 or by email enquiries@tfmg.co.uk. We are entitled to charge a fee for this service of up to £10. If any of the information we hold is incomplete or inaccurate please tell us and we will correct it.

Personal information will be kept and maintained on computer records for compliance and monitoring purposes. Information may be passed to other financial firms in the course of providing services. We may provide information to our regulators and their successor. We may also provide information to our auditors, and professional advisers. We will retain records after our business relationship has ended for legal and regulatory purposes.

We are legally obliged to verify the identity of our customers and retain these records. We may verify your identity by carrying out an electronic check with an independent agency. This will involve an electronic search of information, including access to databases and credit data. By signing this form you consent to us undertaking this check of your identity.

Termination of this agreement

You or we may terminate our authority to act on your behalf at any time, without penalty. Notice of this termination must be given in writing and will take effect from the date of receipt. Termination is without prejudice to any transactions already initiated which will be completed according to these terms of business unless otherwise agreed in writing. You will be liable to pay for any transactions made prior to termination and any fees outstanding as outlined in any fee agreement in place, if applicable.

Your consent

I/We have read the above terms and fully consent to the terms imposed and I/We authorise the transfer of information, on a confidential basis when warranted between any such third parties. This document acts as my/our authority for any information pertaining to my/our financial planning to be released to tfmg by companies with whom I/we have a policy and by my/our professional advisers and for investment and financial planning contracts to be transferred to tfmg's agency. I acknowledge that the Letter of Engagement will come into effect from the date of issue.

Advice Process remuneration agreed			Service Standard agreed	
	Platform	Non Platform		
1. Fees only			1. Financial Partnership Service	
2. Commission only			2. Financial Management Service	
3. Combination of fees and commission			3. Bespoke (Advice on Demand)	

	Client 1	Client 2
Customer/Trustee name(s)		
Customer/Trustee signature(s)		
Date of issue		
Date signed		

I/we confirm that details of my/our policies arranged through or serviced by tfmg may be disclosed to either party named above until such time as written instruction is received from the policy holder to the contrary.

	Client 1	Client 2
Customer name(s)		
Customer signature(s)		
Date of issue		
Date signed		