

CLIENT SERVICE AGREEMENT

To be read in conjunction with our Terms of Engagement.

What We Do & How We Charge

We are a financial planning business, focused on helping you understand and plan for your financial future. This information is designed to give you an idea of:

- **What we do and how we do it as outlined under ‘Our services’**
- **What it’s likely to cost and how you can pay us**

This document provides details about our services and how we charge, so it’s important that you read it fully. If there’s something you don’t understand please ask us to explain it.

1. Our Services

Whatever financial decisions you have to make, the first step towards making the right decisions is to establish a clear understanding of your financial needs. People seek financial advice for many different reasons so it’s important that we understand exactly who you are and what you want to achieve. At our first meeting we’ll gather information about you to help define your needs and priorities.

Our services include:

- **Financial planning:** It’s important to identify what you might want to achieve and how you can do this. We can help you to identify your goals and create a plan for your finances to help you achieve them
- **Retirement planning:** It’s important to know whether the money you are saving towards retirement will provide you with sufficient funds to meet your retirement objectives. We can work with you to proactively plan for your retirement and help you decide on the options available once at retirement
- **Protection planning:** Most of us want to protect the things that are important to us, our family, our business and our quality of life. Protection planning can help to provide peace of mind in case your circumstances change due to unexpected events. We can help you plan for the best way to protect you, your family or your business

We’ll only start work once we have agreed our services and charges with you. We’ll give you our **Terms of Engagement** which is to be read in conjunction with this agreement.

2. Our Advice

We offer **independent** investment advice. This means that we consider a wide range of financial strategies and products. We are constantly reviewing the market to ensure that the services and products we offer are appropriate for our clients.

Where we recommend particular investment strategies and products to you, these will be selected based on your personal circumstances, financial goals and objectives. We’ll consider a number of factors, including the services you need, the cost of investing, how much risk you are prepared to accept in an investment product and how much of a drop in its value you could withstand.

The areas we can advise on include:

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|------------------------------|-----------------------------|---------------------------------|
| • Individual Saving Accounts | • Income protection | • Long term care planning |
| • Life assurance | • Annuities | • Enterprise investment schemes |
| • Saving for retirement | • Structured investments | • Mortgages |
| • Collective investments | • Business protection | • Estate planning |
| • Critical illness cover | • Business planning | • Venture capital trusts |
| • Flexible pension benefits | • Structured deposits | • Equity release |
| • Investment bonds | • Private medical insurance | • Tax planning |

We don't provide advice in relation to individual share holdings. If this is something you need assistance with, we can refer you to a stockbroker.

We don't provide advice on options, futures and other derivative contracts as we believe that these are unlikely to be suitable for our clients.

Where we provide protection planning services, we are an insurance intermediary and will provide advice which is based on a fair and personal analysis of the market.

3. Our Charges

The way we are paid for our services may depend on the type of advice or services given. Typically, this will be:

- Investment and pension business: fees agreed and paid by you
- Non-Investment Insurance business: fees agreed and paid by you or commission payable by the insurance provider or, a combination of fee and commission

More details on these options and how they are paid is found in the following sections on initial and ongoing charges. Our charges fall into the following categories:

- **Initial charges:** these are the upfront costs of our services. We offer several types of initial service depending on your needs.
- **Ongoing charges:** once your financial plan is in place it is important to keep it under review so it can be adapted, where necessary, as your circumstances change. Our ongoing services are designed to do this.

Our actual charges and fees (in pounds and pence) will be agreed with you before we do any chargeable work and we'll explain your payment options too. We'll also let you know where any fees are subject to VAT.

Initial Charges and One-Off Advice Only Services

We provide you with an initial consultation free of charge. The consultation helps us to understand your financial objectives and enables us to determine how we can support you working towards them. We will also discuss our costs and services both initially and throughout our relationship with you.

We charge for our services by way of a fee and our standard fees are set out below. The exact monetary amounts will be provided to you once they have been agreed, and prior to any chargeable work commencing.

Full Financial Planning Service Including Implementation

This can be a continuation of the initial discussion, where agreed, or a further appointment. Should you instruct us to proceed with any of our recommendations we will act for you in the following ways:

What we do for you

Our investment and pension services include:

- Gathering information about your existing financial arrangements and personal circumstances
- Understanding your investment experience and your tolerance towards investment risk
- Recommending an asset allocation model that matches your risk tolerance profile, capacity for loss, and the subsequent assessment and suitability of any existing holdings
- Analysing your current financial situation and preparing our recommendation
- A subsequent meeting to explain and discuss our recommendations in detail
- Handling all investment and policy applications and administration
- Providing regular updates to keep you informed of progress
- Ensuring all your documents are issued in line with your expectations

Our charge for this service is based on a percentage of the amount you invest and/or transfer as follows:

- A minimum fee of £495 (plus VAT if billed directly or not if via product charges)
- 3% on the first £125,000
- 2% on the next £125,000
- 1% on the next £250,000
- 0.5% on the remaining balance with a maximum initial charge of £15,000

The fee will be calculated using the above formula and quoted on a monetary basis. It can either be taken from your investment upon receipt by the policy provider or paid directly by you to the firm.

Example:

The fees payable based on the above for investments or transfers of £15,000, £50,000 and £200,000 would be £450, £1,500 and £5,250 respectively.

Policy Arrangement & Implementation – Regular Savings or Investments

Our charge for implementing a regular premium savings or investment plan is 20% of the first year's savings only. The fee will be calculated using this formula and quoted on a monetary basis. The fee can be taken either by the policy provider from your plan all at once or spread over a maximum of twelve months from inception or paid directly by you to the firm.

Example:

The fee payable based on monthly savings of £100, £250 and £500 would be £495, £600 and £1,200 respectively. The fee could be paid all at once either directly to the firm or deducted from your plan if there are sufficient funds available. If the fee were to be spread over the first 12 months of the plan, they would be £41.25, £50 and £100 per month respectively.

Defined Benefit / Final Salary Pension Transfer Assessment Fee

Should you require advice relating to Defined Benefit Pension Schemes, we can provide this service and will issue you with our Defined Benefit Client Service Agreement which provides full details about that service.

Non-Investment Insurance Services and Costs

Typically, we recommend and arrange protection plans on a commission basis. This is where the selected insurer or insurers will pay us a fee for recommending and arranging your plans without you having to pay an explicit fee.

Where we are paid exclusively by commission, we will tell you the amount the insurers will pay us before we carry out any business for you. Details will be included in the Key Features Illustration provided to you.

We can work on a fee basis to recommend and implement protection plans rather than commission. If you choose this option, the advice fee will be £295 per plan in all cases.

Any commission that we receive from the product provider can be used to offset the advice fees charged. Any surplus will be retained by the Firm. The amount of adviser fee is based on a fixed fee of £295 per plan and commission is a percentage of the total annual premium. Details of commission payable to the firm will be provided to you in the Key Features Illustration.

Where commission is received, the Firm reserve the right to recover costs should payments of the premiums cease, in accordance with the Key Features Illustration provided to you.

Referrals to a Discretionary Fund Manager

Where we recommend that some or all of your funds are invested directly with a discretionary fund manager ("DFM"), which involves the existence of an Investment Management Agreement ("IMA") to define the scope of the DFM service, we'll help to manage the relationship between you and the DFM.

This work typically includes:

- Undertaking appropriate due diligence and recommending a DFM service that we believe best meets your needs and objectives
- Attending initial meetings with you and the DFM and ensuring that your relationship with the DFM is established correctly
- The Financial Adviser acting as your 'agent' (in some circumstances) in relation to the part of your portfolio held with a DFM. This means that you won't have a direct contractual relationship with the DFM and the DFM will instead treat our firm as its client. Before setting up this type of arrangement we'll explain the implications to you
- Costs to refer you to a DFM service such as a Platform that administers model portfolios to ensure they are regularly rebalanced and do not become out of sync with the risk tolerances chosen by you. Any additional costs for the DFM are included within the Annual Ongoing Charge you pay your Adviser

One Off Advice / Single Area Advice

We appreciate that sometimes you may just be seeking help in a particular area on a one-off basis. For example, you may just want us to review your current pension plan(s) to provide a snapshot of your current retirement provision. Alternatively, you may just want a second opinion on advice provided by a third party, or you may be nearing, or at retirement and want help considering your retirement options.

This service may be suitable if you're looking for a specific piece of **one-off advice**, limited to a particular area. Our charge will be based on the amount of work required to meet your needs.

Initial Fee Payment Options

Initial charges can be paid in a number of ways:

- By cheque, card or direct debit with fees invoiced directly to you through GoCardless
- Bank transfer
- Payment via deductions from the financial product(s) you invest in or deductions from the amount invested with a discretionary fund manager (DFM) where applicable. Most product providers or DFM operators offer this facility, however it will reduce the amount you have left to invest and may, depending on your circumstances, have other consequences. We'll discuss this with you beforehand
- For investments held on a platform, (which is an online investment administration service), you may choose to pay our charges out of the funds held in the platform cash account. Please note that it is important to maintain sufficient funds in the cash account to cover our charges as they become payable
- If, as a result of our recommendations, you take out a regular contribution product where investments are made on a monthly, quarterly or annual basis, it may be possible to have our initial charges deducted from the product in instalments (where the provider is able to offer this facility). In such cases, our normal approach will be for the payment to be spread over a maximum of 12 months. Below is an example of how this could work based on a £500 per month contribution:
 - The initial charge for our service **£1,800**.
 - The monthly charge over 12 months is **£1,800** divided by 12 = **£150**.
 - Each month you pay your contribution of £500 but for the first 12 months your product provider pays us **£150** of that **£500**.
 - For the first 12 months - **£350** is invested / **£150** pays our charge.
- We can charge by fee, commission or a combination of fee and commission in relation to an insurance product we have arranged for you. The amount of fee is based on the hourly rates applicable and commission is a percentage of the total annual premium and we'll tell you the amount before any insurance policy is put in force for you

All fees will be agreed in advance and may be subject to the addition of VAT. Fees are payable within twenty business days of the completion of the work.

Ongoing Service Charges

Our ongoing services are optional. If you agree to purchase an ongoing service, unless otherwise agreed, the service will be provided as a follow up to the initial service. Should you require ad-hoc services from us, then the charges detailed under the heading One-off advice only service apply.

The table below provides details of what services are provided for each service proposition

Ongoing Service Level	Full Service	Hybrid	Limited
Annual statement of valuation and holdings	✓	✓	✓
Access to our support & technical teams	✓	✓	✓
Tax Guides and Budget Reports	✓	✓	✓
Access to your financial adviser	✓	✓	✓
Remote review of ongoing suitability	✓	✓	✓
Face to face review of ongoing suitability	✓	✓**	✓**
Inclusive Product Switching	✓	✓	✓*
Financial coaching & education as required	✓	✓	x
Tax & Estate planning as required	✓	✓	x
Cost based on the value of your investments	1%	0.75%	0.5%
Minimum cost per annum	£750	£500	£250

Clients on the Full Service contract includes switching and do not pay for any movements or adjustments to existing plans under our management.

* Clients will pay 1% of the switch value subject to a minimum fee of £295.

** Clients will pay £295

Our Hybrid service advice level allows clients to choose between either remote financial reviews with inclusive switching or face to face reviews with chargeable switching.

Examples of these charges would mean that a client on the Full Service level with a portfolio with a value of £250,000 would pay their adviser £2,500 per annum. For the same value of portfolio our Hybrid service would have a cost of £1,875 per annum and on our Limited service £1,250 per annum.

If you select the Limited or Hybrid ongoing service level paying 0.5% or 0.75% and you pay the firm more than £500 or £750 per annum respectively, you will be able to upgrade to the Full Service ongoing service level upon request to your Financial Adviser. Conversely, if you pay less than £750 per annum you will be required to pay the balance to retain the Full Service ongoing service level.

Payment Options
<p>Ongoing charges can be paid in a number of ways:</p> <ul style="list-style-type: none"> • By cheque, card or direct debit with fees invoiced directly to you through GoCardless • Bank transfer • By deduction from your investment(s) on a monthly, quarterly, six-monthly or annual basis (where the product provider, platform provider or DFM is able to offer this facility) • For investments held on a platform you may choose to pay our charges out of the funds held in the platform cash account (although it's important to maintain sufficient funds in the account to cover our charges as they become payable) <p>CLIENT FEE PAYMENTS: Payments made by cheque are payable to "LJ Financial Planning Limited" or by bank transfer to "LJ Financial Planning Limited" using the bank details and reference which will be shown on your invoice.</p>

All fees will be agreed in advance and may be subject to the addition of VAT. Fees are payable within twenty business days of the completion of the work.

Discretionary Fund Manager Monitoring

Where some or all of your funds are invested with a Discretionary Fund Manager ("DFM") we'll help to manage the relationship between you and the DFM and monitor their performance.

This work typically includes:

- Reviewing the DFM's performance on an annual basis
- Attending annual review meetings to ensure the DFM service continues to meet your needs, objectives and mandate

Percentage of Funds Under Management

As stated above, our costs for the referral to a DFM service on a Platform are included within the Annual Ongoing Charge you pay your Adviser.

Managed Direct Option

This is a non-advised service offered through Teachers Financial Planning Ltd, operated by Intelligent Money using their platform with funds managed by Quilter Cheviot. This service does not provide you with financial advice and to set this up you will need to do so directly through Intelligent Money using the link on our website.

If you decide financial advice is needed, you can ask Teachers Financial Planning Ltd at any point and the advisory charges will apply. **It is your responsibility to ensure that you have sufficient funds held on deposit to cover emergencies and you can afford any monthly contributions that you decide to make.**

Intelligent Money make a charge 1.5% of any initial contributions made this means that if you invest £100, £1,000 or £10,000 using this platform an initial charge of £1.50, £15 or £150 would be deducted respectively as a one-time charge.

Quilter Cheviot make an annual charge of 0.87% of the total fund value this means that if your fund value is £100, £1,000 or £10,000 using this platform an annual charge of £0.87, £8.70 or £87 would be deducted respectively each year.

Teachers Financial Planning Ltd make an annual charge of 0.5% of the total fund value this means that if your fund value is £100, £1,000 or £10,000 using this platform an annual charge of £0.50, £5 or £50 would be deducted respectively each year.

The annual fee that Teachers Financial Planning Ltd receive covers the costs for administration of the service and to provide you with a point of contact now or in the future, should you want one. As an investor using this service, you will also get access to our newsletters, budget reports, tax cards and financial guides. The actual charges you will pay on a lump sum investment or regular savings will be shown in your personalised illustration.

4. Other Charges

Depending on the services we provide, there may be costs and charges (including taxes), not charged by us, but related to the financial products we arrange for you. These charges may be one-off charges (payable up front) or charges payable on an ongoing basis. For example:

- **Service costs:** If your investments are held on a platform or held with a DFM, the platform provider / DFM will make a charge for administering / managing your investments
- **Investment costs:** These are the costs relating to the manufacturing and managing of your investments – for example, fees charged by the investment fund manager, and/ or costs relating to investment transactions
- We'll always disclose any third-party costs as part of making our recommendations

Aggregated Costs and Charges

Before we provide you with our advice, we will add together all the costs and charges payable so that you are able to understand the overall costs of our services and recommendations. This is referred to as aggregated costs and charges information.

All fees will be agreed in advance and may be subject to the addition of VAT. Whether you choose to accept our recommendations or not fees will still be payable for any work carried out to that point. No fees will be due if you have advised us that you do not want to proceed within 14 days of the initial meeting. Fees are payable within twenty business days of the completion of the work. Please note that our charges will increase as the value of your investment fund increases.