

Best Advice

AUTUMN 2009
EDITION

OCTOBER 2009

Informed Choice Ltd

Special Points of Interest:

- If you have investments, part of the annual management charge is likely to pay ongoing commission to the financial adviser
- Investors who are 50 or older by the end of the tax year can now invest up to £10,200 into an ISA
- Informed Choice has been Commended in the Best Investment Adviser category at The Good Advice Awards 2009



We are proud to be a firm of Chartered Financial Planners. This means we have satisfied rigorous criteria relating to professional qualifications and ethical good practice.

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Welcome to the latest edition of our quarterly client newsletter—Best Advice.

Within this edition we cover a range of topics, including paying for ongoing financial advice and services, our investment outlook for Q4 2009, and new ISA limits for the over 50s.

We also introduce our new personal finance information, guidance and implementation website at www.brilliantwithmoney.co.uk. This is the result of several months of development and we hope it will quickly become a leading online personal finance resources.

Later in the newsletter we introduce Mark Cooper and Shelley McCarthy, two new members of the Informed Choice team. We also have some good news about various Awards.

We finish this edition of Best Advice with a request for client case studies, either for television or newspapers. As a popular media IFA we often receive these requests from our journalist connections.

We do hope that you enjoy reading this newsletter and we would welcome your feedback.

Do let us know if you have any questions.

Regards,

Martin

Managing Director
Informed Choice Ltd



ANDREW PASSES LONG-TERM CARE EXAM

Informed Choice chartered financial planner Andrew Neligan has passed the *CF8: Long term care insurance* examination.

The Chartered Insurance Institute (CII) exam aims to develop an understanding and knowledge of long term care contracts. It has been a regulatory requirement for advisers providing advice on care fees planning since October 2004.

Andrew now joins Sandy Lowth as a specialist care fees adviser at Informed Choice.

To find out more about our care fees planning advice services, visit our website at www.informedchoice.ltd.uk or alternatively visit our micro-site at www.mycarefeesplanning.co.uk.



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The ongoing rate

I value my financial adviser, but he only seems to get in touch when he has something to sell. I am pretty sure he continues to get paid commission each year from my investments but he does little to justify receiving these payments. The last time I raised this, he argued the money was a deferred reward for the initial work. Does this sound fair?

If you have investments, then part of the annual management charge you pay goes to pay for ongoing commission to the adviser. These payments are often called fund-based commission. The amount of the payment to your adviser will depend on the value of your investment.

Fund-based commission is typically 0.5 per cent of the fund value each year, paid to your adviser either annually or more frequently. It is a direct cost to you, the investor, as, without these payments going to your adviser, the annual management charges could be lower.

As you say, you have no reason to question the quality of his advice but you are a bit peeved at the lack of ongoing service - particularly when you seem to be paying for it.

Fund-based commission has historically been treated in one of two ways. It was originally intended to pay for ongoing services. The alternative use, adopted by some but not all financial advisers, is to treat fund-based commission as a deferred "reward" for the original product sale and advice. The argument for this approach is that they will have typically taken a lower up-front commission.

It might be common practice but this does not necessarily make it fair practice. A lot will depend on what you were told at the start of the process. Did the adviser lead you to expect you would receive an ongoing service? Did they put a formal ongoing service proposal in writing, explaining what this would cost and how this would be paid for?

All financial advisers (whether offering independent or restricted advice) have to abide by a set of regulatory principles known as treating customers fairly.

Two of the six outcomes that TCF is designed to ensure are particularly relevant to you. Outcome three is that you are provided with clear information and you are kept appropriately informed before, during and after the point of sale. Outcome six says that you must not face unreasonable post-sale barriers to change product or switch provider. This outcome could also be interpreted as meaning you should not face unreasonable barriers to changing adviser.

You have some options to consider. As you are happy with your existing adviser, your first port of call should be to ask him for a higher level of ongoing service. You should put this request in writing and list what you expect to receive.

Your requirements might include a formal written review report supported by a meeting to make decisions, regular valuations of your investments and newsletters to keep you informed of general investment and economic conditions. You should make it clear that you do not expect these review meetings to include a sales pitch.

Your adviser might put a price on this, if he is prepared to deliver it. You could then negotiate his proposed fees based on the ongoing fund-based commission payments he pays.

Doing this should mean you can arrive at a cost which you consider to be fair for the services that will be provided and which supports your adviser for its delivery.

An alternative would be to sack your existing financial adviser and find a new adviser who is prepared to offer ongoing reviews and service.

A possible barrier here is that some investment providers will not transfer the payment of fund based commission to new advisers without the permission of the old adviser.

This article by Martin Bamford, Managing Director of Informed Choice, first appeared in Money Marketing, 8th October 2009.

Q4 Investment Outlook

The Informed Choice Investment Committee met again on 28th September. We meet each quarter to debate and develop an Informed Choice 'House View' on each investment asset class.

This puts us in an incredibly strong position to make tactical asset allocation decisions to exploit short term market conditions and investment opportunities.

The Investment Committee is also responsible for the creation and maintenance of our model investment portfolios.

Our latest Investment Outlook report is now available to download from our website. You can get a copy by visiting www.informedchoice.ltd.uk/investment.

Within the report we outline our House View for each investment asset class. This forms the basis of the tactical adjustments we make to strategic asset allocation models, which are subsequently applied to our client portfolios at review meetings and as part of the advice process.

Some of the highlights for this quarter included going neutral from our previous overweight position in UK Corporate Bonds, going underweight from our previous neutral position in UK Equities, and going neutral from our previous overweight position in European Equities.

Our Investment Committee consists of several Informed Choice Financial Planners, including Dermott Whelan who joined us this summer. Dermott is a Certified EFFAS Analyst, Fellow of the Chartered Association of Certified Accountants and Associate of the CFA Society of the UK. His experience as a fund manager has been invaluable as we continue to develop our in-house investment capability.

We would welcome your comments on the contents of our Investment Outlook report once you have had the opportunity to read it.

New ISA limits for the over 50s

The 6th of October saw the introduction of new, higher Individual Savings Account (ISA) limits.

These will only apply to people who have reached their 50th birthday on or before 5th April 2010, so before the end of the current tax year.

The new ISA limit is £10,200, of which up to £5,100 can go into the cash component. The balance (up to £10,200) can be invested into stocks and shares.

People who are under 50 will have to wait until 6th April 2010 (the start of the 2010/11 tax year) before their own ISA limit is raised from the current £7,200 (with up to £3,600 in cash) to £10,200.

Money within an ISA is invested in a fairly tax-efficient environment. Investment gains are free of capital gains tax and investment income is free of income tax, with the exception of the 10% tax credit on UK dividend income which can no longer be reclaimed by ISA fund managers.

ISAs have now been available for a decade and, with the inclusion of the old PEP funds, it is not unusual for investors to have a total ISA portfolio valued at over £100,000 if they have utilised the allowance in each tax year. Do speak to us if you would like us to apply our robust investment advice approach to your ISA portfolio.

Best Advice

BRILLIANTWITHMONEY—OUR NEW FINANCE WEBSITE

After several months in development, our new personal finance information and education website is now live at www.brilliantwithmoney.co.uk.

This website differs from every other personal finance website you may have visited in the past.

Because it is owned and managed by the team at Informed Choice, everything you see at BrilliantWithMoney has been written or edited by a highly qualified professional.

There are no affiliate links. We carry no advertising or dubious editorial influenced by commissions. What you see is what you get – impartial and wholly independent. The website is fully funded by Informed Choice as a free to use unbiased resource.

BrilliantWithMoney has been built on the WordPress platform which is an OpenSource platform. It is a powerful content management system which enables us to post articles, podcasts and videos with ease. Everything we post on the website is open for comments from our readers.

You can follow us on Twitter (@brilliantmoney), become a fan on Facebook or receive our email updates. Simply visit the website and use the links in the right hand column.

Our thanks go to the team at [codepotato] for the development of the website.

At the start of October we launched a new online Self Invested Personal Pension (SIPP) on the BrilliantWithMoney website. The BrilliantWithMoney SIPP is the result of collaboration between leading firms within retail financial services. We have worked closely with new third-party SIPP administrator Gaudi Ltd; believed to be the first SIPP provider able to operate totally online in the web 2.0 environment.

The BrilliantWithMoney SIPP is low-cost, entirely transparent, offers a complete range of collective investment funds and competitive interest rates on cash; but is entirely web-based.

There is no set-up charge and no charge for contributions or transfers. The annual SIPP charges ranges from 0.5% to 0.75%. You can choose from over 3,000 investment funds from over 230 fund managers, many with nil initial charge and annual management charges discounted by half. The BrilliantWithMoney SIPP also enables you to invest in company shares or keep your pension fund in cash earning a competitive rate of interest.

We hope that you will find BrilliantWithMoney a useful resource and visit regularly to find out more about managing your money. Do let us know what you think.



INTRODUCING MARK AND SHELLEY

We are pleased to introduce Mark Cooper and Shelley McCarthy.

Mark Cooper joined the Informed Choice team in August as a Financial Planner.

He brings to the team over twenty-five years of retail financial services experience, including seventeen as an Account Manager for Standard Life Assurance Company in London and the South East, working primarily in the pension and investment markets, before becoming an Independent Financial Adviser in 2004. Mark lives in Purley, Surrey with his wife Julie and two children.



Mark's main areas of advice and expertise are helping individual clients and small business owners with pre-retirement planning to accumulate assets for future income, understanding their income options at retirement, and capital investment for growth and/or income.

Shelley McCarthy joined our Support team in September as an Associate Planner.

Her main responsibilities are to write high quality client advisory and Financial Planning reports for delivery by our Financial Planners.

Shelley also works with Martin to select suitable financial products and investment funds to recommend. She shapes recommendations to clients in conjunction with the rest of the team and contributes to our Investment Committee by preparing investment and economic data.



Shelley has ten years experience in retail financial services, previously working with a national IFA firm in a number of different roles, including as a wealth adviser. She holds the Diploma in Financial Planning and is now actively working towards Chartered Financial Planner and CFP status.

We are continuing to actively recruit new Financial Planners as our business grows and we seek to take advantage of the forthcoming changes to the profession. Please do let us know if you know anyone who might be suitable as an Informed Choice Financial Planner.

THE GOOD ADVICE AWARDS 2009

Informed Choice has been commended in the Best Investment Adviser category of the Good Advice Awards 2009.

The inaugural Good Advice Awards from Moneyfacts reward the very best adviser firms in the country.

Entries in several categories were invited earlier this year and a shortlist was drawn up based on the quality of the submissions. These shortlisted companies were then judged by a select panel of industry experts.

The judging criteria assessed firms against four key areas - understanding client needs, customer service, commitment to professionalism and client communication.

The Best Investment Adviser category attracted the most entrants, with the quality of shortlisted companies particularly high. Three companies, including Informed Choice, received special praise from the judges in this category.

You can find out more about our investment advice proposition at www.informedchoice.ltd.uk/investment.



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PROFESSIONAL ADVISER 50 MOST INFLUENTIAL

Informed Choice managing director Martin Bamford was named as the 12th Most Influential in a survey published by *Professional Adviser* magazine in September.

The 50 Most Influential survey is researched among industry heads, public relations companies and the media, acting as a tribute to the people in retail financial services who have had a significant affect on financial advice in the past year.

This is the fourth year in a row that Martin has featured in this survey and 12th represents his highest position to date.

Also appearing in the Most Influential survey this year (for their role in shaping the financial advice market) are Mervyn King from the Bank of England (42), Neil Woodford of Invesco Perpetual (43) and George Osborne, the Shadow Chancellor of the Exchequer (50).

FT BUSINESS NEW BREED ADVISER AWARDS

Informed Choice chartered financial planner Andrew Neligan has been short listed for the FT New Breed Adviser Awards 2009.

This programme recognises those individuals – and firms – in the advisory community who are leading change within the profession and shaping the future of advice.

Andrew is joined by four other Financial Planners on the short list for these awards; David Fletcher of Braemar Wealth Management, Kobir Rahman of Plutus Wealth Management LLP, Robert Reed of AES International, and Sarah Lord of Wealth Consultancy.

The award will be announced on Tuesday 27th October 2009 at a presentation ceremony at the Sheraton Park Lane Hotel in London.

WOULD YOU LIKE TO BE FAMOUS FOR 15 MINUTES?

As a firm of Chartered Financial Planners, we have a close working relationship with the national press.

One of the challenges always faced by journalists and producers is finding suitable client case studies to feature. These case studies are important to illustrate the human element of a financial planning story and really bring it to life.

We have recently been given the opportunity to provide a client case study for a daytime television programme. This is at an early stage, but what we need to find is someone who has some money (not necessarily very much) and doesn't know what to do with it.

Do let us know if you would like to take part in this or any future press case studies.

Important Note:

This newsletter is provided for general consideration only and the information contained herein is not to be acted upon without professional independent financial advice.

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