

Bankfield

Independent Financial Advisers



Professional advice is a great investment

Changes to the way you receive valued advice in
the new world of financial services

A GUIDE TO THE RETAIL DISTRIBUTION REVIEW



Bankfield Financial Advisers Ltd, The Rutland Centre,
56 Halford Street, Leicester LE1 1TQ
Tel: 0116 253 5600 **Email:** info@bankfield.net

www.bankfield.net

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There's a saying that goes, 'People don't plan to fail, but they do fail to plan.' Setting lifetime goals is all about starting with the end in mind – thinking about the outcomes you are hoping for. If you are clear about what you want to achieve it will help you make the right decisions.



WILL YOU ACHIEVE YOUR LIFETIME GOALS?

To make the right decisions you need to be confident that you are obtaining professional financial advice. Our aim is to help you develop your financial plans to ensure you achieve your lifetime goals, whether you want investment advice or advice about retirement planning. So we have been investing in higher qualifications over the past few years and are introducing more transparent ways of charging for our services.

GREATER INVESTMENT OF OUR TIME AND RESOURCES

We've also been investing more of our time and resources into ensuring that we comply with new rules, known as the Retail Distribution Review (RDR) introduced by the Financial Services Authority (FSA), so that you fully understand the charges and process we offer for giving financial advice.

You can expect from us: transparent charges, higher qualifications for advisers and clearer distinctions between the different types of advice.

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CLEAR INFORMATION ABOUT THE COST OF OUR ADVICE

Our clients have always paid for financial advice, either in the form of a fee or through commission from a product provider. But from 1 January 2013 onwards, instead of paying commission on new retirement or investment products we will provide you with clear information about the cost of our advice and together we'll agree how you want to pay for it.

THE CONFIDENCE OUR CLIENTS HAVE COME TO EXPECT

You will know exactly what you are paying for and receive clarity about our advice. This provides you with the transparent charges and confidence that our clients have come to expect from us when paying for advice.

Commencing 1 January 2013, financial advisers must make clear which products they can advise

you on and whether they can consider any firm across the market or only some product providers.

These different types of advice are known as 'independent' and 'restricted' advice.

TOP REASONS PEOPLE GAVE FOR MAKING AN APPOINTMENT WITH A PROFESSIONAL FINANCIAL ADVISER

- Needed general financial advice
- Needed professional advice about a specific transaction
- Confused about finances in general and wanted help
- Family and friends recommended that they sought advice
- A life event caused them to access their finances
- Employer suggested it

Source: Aviva research 2011

TOP BENEFITS REPORTED FROM PEOPLE WHO RECEIVED PROFESSIONAL FINANCIAL ADVICE

- Less confused/benefited from visit
- More confident about managing money
- Happy making the right decisions
- Secure now they have a plan in place
- Better educated about finance
- Less stressed about the future

Source: Aviva research 2011



We make sure we take the time to understand your needs, goals and preferences before we make any recommendations.



FINANCIAL ADVICE IS CHANGING, FOR THE BETTER

Under the Retail Distribution Review (RDR) these are the three main requirements:

1. HOW YOU PAY US FOR ADVICE

Under the Retail Distribution Rules, we will explain how much our advice will cost and agree these charges with you before we carry out any work for you.

The way you pay us for advice may also change. If we don't already have an arrangement in place, you will either pay a fee for our advice or you can have the cost of our advice taken from your investments. We will also discuss which is the best option for you and which method best suits your requirements.

2. THE TYPE OF ADVICE OFFERED

You must be informed if the advice you receive will be 'independent' or 'restricted', depending on the nature of the advice provided.

- **Independent advice** is offered on all the financial products available in the market, without any restrictions
- **Restricted advice** focuses on a specific range of products. In certain circumstances this may be because

of a particular area of specialism – for instance, pensions advice

Whether you receive independent or restricted advice you must have any restrictions explained before any recommendations are provided. This will ensure that you understand what type of advice you will receive and whether it is suitable for you.

3. HIGHER QUALIFICATIONS

The industry is required to be qualified to a higher qualification standard. There are many different recognised qualifications at the required level, covering a broad range of advice areas, including investments and investment risk, pension regulation and tax.

As well as demonstrating our knowledge and expertise with higher qualifications, we also spend at least 35 hours per year studying as part of our continuing professional development. In addition, we are required to sign up to the Financial Services Authority's code of ethics. ■

In between our review meetings and other communications and to enable you to evolve your financial planning strategy, it is necessary for us to carry out hours of preparation, strategic thinking and research.

THE REAL VALUE OF PROFESSIONAL FINANCIAL ADVICE

Advice has never been free. The RDR will not change this fact just the transactional method chosen by consumers. Paying for high quality professional financial advice can ensure that you are able to develop a 'joined up' financial planning strategy that will enable you to become financially independent by protecting and growing your wealth.

Professional financial advice will take into account your attitude to investment risk, the amount of money you have to invest, how long you have to invest the money and whether or not you need an income. Without professional financial advice you could risk making costly mistakes, not everyone has the confidence to navigate the world of finance on their own. We believe at the centre of you achieving your lifetime goals lies the experience we bring to the relationship.

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FINANCIAL ADVICE IS CHANGING WHAT YOU NEED TO KNOW

Q: What is the Retail Distribution Review (RDR)?

A: The RDR is a change of the retail investment market that encompasses how consumers are charged and the standards of professionalism expected of financial advisers.

Q: Who do the RDR rules affect?

A: Insurance companies as well as investment houses and financial advisers.

Q: When does the RDR come into force?

A: From 1 January 2013.

Q: Why has the RDR been introduced?

A: The Financial Services Authority (FSA) is the regulator responsible for introducing and monitoring the RDR and they are introducing the changes to provide greater transparency to those investing in pension and investment products by explaining exactly how advice will be paid for. It is also designed to increase professionalism in the industry.

Q: What changes will the RDR bring?

A: The most fundamental change is that from 1 January 2013, commission payments to financial advisers on products with an investment element will cease. Financial advisers will decide whether they offer clients 'independent' financial advice or whether their advice will be 'restricted'. Under the RDR the cost of the advice must be clearly explained before the advice is given.

Q: Will financial advisers have to achieve a higher level of qualification?

A: Yes, the RDR means that advisers must achieve a minimum level of qualification in order

to be able to continue to provide investment advice. The level of qualification is QCA Level 4 and advisers will not be able to continue to advise from 1 January 2013 if they do not achieve this new higher qualification level.

Q: Will there be new standards of professionalism and qualifications implemented?

A: The FSA wants to inspire consumer confidence and build trust so that giving investment advice is on a par with other professional services. This means that by 31 December 2012, all existing financial advisers will need to subscribe to a code of ethics, hold an appropriate qualification (QCA Level 4), undertake at least 35 hours of continuing professional development (CPD) a year and hold a Statement of Professional Standing (SPS) from an accredited body.

Q: Why should I pay for financial advice?

A: Advice has never been free. The RDR will not change this fact, just the transactional method chosen by consumers. Paying for high-quality professional financial advice can ensure that you are able to develop a 'joined-up' financial planning strategy that will enable you to become financially independent by protecting and growing your wealth. Professional financial advice will take into account your attitude to investment risk, the amount of money you have to invest, how long you have to invest the money and whether or not you need an income. Without professional financial advice you could risk making costly mistakes.



In between our review meetings and other communications and to enable you to evolve your financial planning strategy requires us to carry out hours of preparation, strategic thinking and research.



CREATING A PROFESSIONAL FINANCIAL PLANNING STRATEGY

We make sure we take the time to understand your needs, goals and preferences before we make any recommendations – this is the process we follow.

1. YOUR INITIAL CONTACT
2. YOUR REVIEW
3. PREPARING OUR RECOMMENDATIONS
4. DISCUSSING OUR RECOMMENDATIONS
5. IMPLEMENTING YOUR PLAN
6. REVIEWING YOUR PLAN

WHAT WE DO AT EACH STAGE

1. YOUR INITIAL CONTACT

We contact you to arrange a convenient time and place to meet.

We'll require you to gather financial information in advance of our meeting. This will enable us to develop a clearer picture about your particular situation. To help us do this we'll need to see documents, including life assurance, mortgage, pension, savings, investments or bank statements. This is also an opportunity for you to outline the issues that you'd like to discuss.

2. YOUR REVIEW

We assess your current financial position and help identify your goals.

At your review we provide information about our services and explain how we charge and the type of advice we offer. If there is anything you want to discuss, your review meeting is the perfect time to consider these other areas. We assess your assets and liabilities, discuss your objectives and priorities and consider your attitude to risk.

3. PREPARING OUR RECOMMENDATIONS

Using the information we obtain from you, we develop a detailed financial plan.

We look at whether the financial plan will fit in with your lifetime goals and make sure you are comfortable with the timescale for implementing the plan. We research the market, review different products and providers and follow up with the preparation of a document outlining a strategy tailored to your individual goals and circumstances.

4. DISCUSSING OUR RECOMMENDATIONS

We take you through our recommendations in detail.

We explain why we've chosen specific solutions and outline product features. Our goal is to ensure that you understand why we have recommended certain products or a particular advice strategy. We'll also discuss the cost of any future work and explain how you can check on investment performance.

5. IMPLEMENTING YOUR PLAN

All the necessary product paperwork is completed and processed.

We make sure that all our recommendations to which you've agreed have been implemented. We'll also liaise with your accountant or solicitor if appropriate.

6. REVIEWING YOUR PLAN

At this point, you'll agree how often you want to review your plans.

The frequency and level of contact you have with us is up to you. It could be face-to-face meetings, over the phone or by email. If your circumstances change, we also need to know so that we can review what further changes your plan may require. These would typically cover life changing events, including getting married, having a baby, a promotion or buying a new property – all events that may affect your finances and will require you to assess your financial planning strategy.

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