

ANDREW STUART & COMPANY LIMITED

INDEPENDENT FINANCIAL ADVISERS

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Mortgages : Retirement Benefit Options : Investments : Inheritance Tax Planning : Equity Release

QUESTIONS ABOUT FEES

1. What Happens to any Commission if I/We Pay Fees? Any commission normally paid is reinvested to reduce the policy charges, or to reduce the premium. Where this is not practicable any commission received by me will usually be offset against fees due, and shown on the monthly invoice.

The commission paid is normally related to the size of investment/premium, so whilst the amount of work involved in arranging a particular investment of either £5,000 or £10,000 might be similar, the commission on the £10,000 would be double. This is a simple example of one of the drawbacks with commission.

2. Will All Commission be Reinvested or Offset against Fees Due? There are two types:

Initial commission is the main payment made when a fresh investment/policy is established, and this amount will usually be re-invested/offset. Note: Offset will not take place where such action could prejudice the legal approval of the plan, e.g. in the case of HMRC approval of a pension plan.

Renewal commission is a periodic payment of a small percentage of the value of an investment or the monthly premium. This commission may be retained by the company and offset against time charged for future advice. Alternatively, it may be reinvested.

3. How Much will I/We be Charged for Your Services? You will be charged on an hourly basis. The rate will be dependent on the nature of work and will be confirmed prior to any work being undertaken.
4. For What Aspects of Your Services will I/We Pay? The following is not a comprehensive list but gives an indication of the main items.

Meeting time

Travelling time

After meetings, recording detailed notes of items discussed and agreed

Producing "Reasons Why" letters (these are a regulatory requirement, detailing Why and how we have agreed to take certain action, e.g. to apply for a policy/investment)

Checking policy and contract papers

Preparation and analysis for appointments

Telephone calls for advice

5. For What Aspects of Your Services will I/We not pay?

Routine administrative and clerical duties

Routine typing

Marketing activity

Other items where my input is not essential

6. How do I/We Know that You Won't Inflate the Time Taken to do Certain Tasks? You don't - it is a matter of trust.

However, my current practice is to maintain a detailed timesheet showing date, time taken and nature of activity. A copy of this timesheet is sent with each invoice - obviously in some cases you will be able to verify some of the entries.

7. How Will I/We Pay You? At the beginning of each month, I send out fee invoices for the previous month's hours, requesting cheque payment on receipt. As mentioned above, the copy timesheet sent with the invoice allows you to see what time has been spent on which activity.
8. Will I/We Pay more via Fees than Commission? A difficult question as the answer depends on the amount of investment/insurance policy business conducted. However, you will be able to instruct me specifically as to what advice you require, and the invoiced time will only reflect this work.

Director: Stuart Carnall Cert PFS

Registered in England and Wales at 1 Station Road, Hathersage, Hope Valley S32 1DL

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