



Consumer Duty Price and Value

Foundation Financial Planning

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How is Foundation Financial Planning addressing the new Consumer Duty Price and Value initiative launched by the Financial Conduct Authority (FCA) on the 31 July 2023.

The FCA has said advisers have to be able to clearly demonstrate how any product or service they recommend offers fair value; how does Foundation Financial Planning address this requirement.

- We factfind in detail
- As independent advisers we consider all workable solutions and often do not have to use a product to deliver positive client outcomes
- Once the most suitable process has been recommended and agreed a project fee rate is proposed and once agreed the project fee rate is adhered to
- We use hourly charges as a guide, but we do not charge by the hour we charge based on a project rate see above
- We do not charge initial fees as a percentage of an amount being invested and we never have
- We centrally monitor the time we spend on a client account so we can demonstrate fair value, we usually spend more time on a client account than we charge for



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independent financial advisers

The FCA has said advisers have to be able to demonstrate the costs associated with the products and services they offer are clear to their clients, how does Foundation Financial Planning address this requirement.

- We make no advisory charges for financial advice until agreed by our clients in advance
- We allow three hours of consultancy free of charge
- We provide illustrations of initial charges, ongoing charges, and all other charges in good time, so all charges are known before a client proceeds

The FCA has said advisers should monitor the impact of different pricing on different clients. How does Foundation Financial Planning address this requirement.

- We will not recommend a process or a product that will not meet a client need in the most economical way
- We will not recommend an annual review process and charge an ongoing fee if it is not in the interest of the client
- Our clients are segmented so we know the target market for varying client needs
- The initial and ongoing charges we recommend/propose will take the specific needs and circumstances of the client into strict account



The FCA wants to know in what ways does a firm review the price and value of the products and service they provide, how does Foundation Financial Planning address this requirement

- We monitor the time it takes for each initial process, so we assess if the initial fee charged is fair
- In most cases we spend more time on a client process than we have charged for
- The cost of the service we provide is the amount we spend to provide it. The fees we charge must cover these costs and provide an amount in addition i.e., profit.
- Making a profit allows investment into our business and ensures it has the required regulatory capital adequacy to remain in business. Furthermore, its relevant to attract and retain high quality employees, reward them, and provide good quality facilities to carry out their work, profits help with this objective too our advisory charges address and reflect the requirement to cover costs and make profit
- Notwithstanding the above we always look for economical ways to meet a client need
- Value is measured by what our clients believe our services are worth to them and we intend to monitor this implied value with our client's assistance in giving us feedback



The above explanation of our approach to Consumer Duty demonstrates our approach to our work even before Consumer Duty was introduced. Despite:

- Rising FCA regulatory costs
- Rising professional indemnity costs
- Rising services costs
- Rising salary costs



Ongoing Services

- We will only recommend ongoing services where it is in the interest of the client
- For smaller portfolio clients i.e., less than £75,000.00 we will recommend managed portfolio services and charge a smaller ongoing fee to monitor these investments i.e., 0.25% pa. One formal annual review per year will be available for these smaller portfolios
- For all other clients requiring ongoing services we propose a charge of 0.5% pa of the portfolio value
- For clients with portfolios above £750,000.00 we provide an informal review as well as our annual review the two reviews to be 6 months apart
- As an additional service for all clients, we will provide monthly webinars in topical topics, for clients without internet access we can provide copies of the slides
- For client's with more complicated needs, we will also provide webinars in topics of interest specifically for them
- We provide seminars in our office for existing and new client's and these will be available on a regular basis to be advised
- We issue two newsletters that include investment market views to all our client and tax tables, as part of our proposition
- Ad hoc conversations with client are part of our proposition where we discuss general tax and financial planning advice
- We often interact with our clients other advisers free of charge
- We introduce our clients to other professional services when required
- Our clients have access to our team support



Why do we feel our ongoing charge proposal offers fair value to our clients

- Foundation Financial Planning has built its business around annually reviewing our client's investment performance and their financial arrangements
- We do not insist on a face to face or remote meeting to make the required changes to a client portfolio
- We make our client's aware of changes we propose and communicate with them throughout the annual review process
- We make recommendations and execute the recommendations
- We document the portfolio before and after the process of execution
- We adjust portfolios to meet income and capital requirements
- We are investment market watchers whilst we don't pretend to have a crystal ball or be immune to human error, we understand investment markets and know how to apply client capital to investment markets and how to remove client capital from investment markets
- When agreed we monitor and make changes to other investments the client has
- We make recommendations on how to invest regular contributions a client is making into arrangements we have not advised on i.e., auto enrolled workplace pension arrangements
- We monitor other client financial arrangements
- The larger a portfolio the more service we offer to meet a greater need we consider smaller and larger portfolios and adjust our fees accordingly. See [Ongoing Services](#) above
- We have staff trained who are dedicated to the Annual Review process

