

# FAIR VALUE STATEMENT

October 2023

Next review: July 2024



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## Introduction

We are an independent and chartered firm of financial planners providing a comprehensive range of advice services to individuals, trustees and businesses to meet their specific circumstances.

We offer a robust service which is tailored to individual needs and objectives. We conduct regular reviews to ensure plans remain on target.

Being recognised as a Chartered Financial Planning Firm means we are committed to the highest standards of professional competency, ethical standards, and integrity. We represent the gold standard in financial planning. We know this gives our clients a great deal of comfort.

The requirement to become a chartered financial planner with the Chartered Insurance Institute, is the culmination of years of learning and professional practice.

Research supports our value proposition that those who have engaged with a financial adviser ended up with more financial assets and pension wealth than similar individuals who did not take advice. These results strongly indicate that advice works, adding real value to consumer's financial circumstances over the long run.

### Our core strategic pillars

Our purpose is to create a positive impact with lasting success for our people and our clients. Quality is the single overarching principle of everything we do. Under this principle sit our core strategic pillars:

- Sustainable Success
- People First
- Clients at our Core
- One-Firm Philosophy
- Intelligent Innovation

### Our core values

**We are independent** - we have no external restrictions as to which products or which providers we recommend.

**We take a holistic approach** – we are dedicated to developing long-lasting relationships, and pride ourselves on providing a personalised service to our clients.

**We are investment agnostic** – we have no 'in house' or set solution; whatever our clients' objectives, we can find an appropriate strategy.

We will always act in good faith toward our clients to help them pursue their financial objectives.

## Target Market

Our 'Target Market' is the clients for whom we are able to provide our regulated and non-regulated advice services. We aim to provide exceptional services tailored to meet the diverse needs of our clients. By defining the needs of our clients and considering their many objectives we can better align our strategies, services, and communication to effectively meet their financial planning needs.

### Individuals and Families:

Our financial planning services cater to individuals and families seeking professional assistance to manage their personal finances and achieve their long-term financial goals. Our target market within this segment includes:

**High-Net-Worth Individuals:** We support individuals and families with substantial financial resources, seeking comprehensive wealth management services. These clients often require complex financial strategies, tax planning, estate planning, and investment management.

**Professionals and Executives:** We focus on professionals including executives, lawyers, doctors, and other high-income earners who require specialised financial advice and planning. They value our expertise in optimizing their financial affairs, managing debt, maximizing investments, and planning for retirement.

**Pre-Retirees and Retirees:** We provide specialised retirement planning services to pre-retirees and retirees aiming to ensure a secure and comfortable retirement. Our target market includes individuals seeking retirement income strategies, pension optimization, and estate planning solutions.

### Small and Medium-Sized Enterprises (SMEs):

In addition to individual clients, we offer financial planning services tailored to the needs of small and medium-sized enterprises (SMEs). Our target market within this segment includes:

**Business Owners and Entrepreneurs:** We assist business owners and entrepreneurs in optimizing their financial affairs, managing business cash flows, planning for growth, and ensuring smooth business succession. Our services focus on areas such as business valuation, risk management, tax planning, and investment strategies.

**Employee Benefit Programs:** We provide guidance and advisory services to SMEs seeking assistance in designing and implementing employee benefit programs, including retirement plans, health insurance, and other employee incentives. Our target market includes businesses of varying sizes seeking competitive and comprehensive employee benefits packages.

### Independent Schools

As part of our growth strategy we have acquired and are building a team of specialists in the independent schools sector. Our services for this sector include all of the Employee Benefits programmes that we offer to SMEs but also includes advisory work relating to the Teacher's Pension Scheme, and financial education services to the staff.

### What type of client our services are suitable for

Our services may be suitable for those who:

- Are individual retail customers (although customers defined by the FCA as "professional clients" may also be suitable)
- Are UK resident individuals or companies, although overseas clients may be permitted in exceptional circumstances
- Aged over 18 (except for JISA and pension applications)

- Are confident with a basic level of financial capability that will enable our clients to understand and provide informed consent to the advice provided
- Have sufficient funds for investment that could require the services of a financial adviser
- Have complex planning needs that could require the services of a financial adviser
- Aim to invest for the medium to long term and a willingness to accept a level of market risk to attain potential investment return (noting the actual level of risk an investor is prepared to take/can afford to take will be based on individual factors)
- Are able to bear losses to capital without creating significant financial hardship
- Are individuals who require assistance with one or more of the following areas:
  - pre-retirement asset accumulation
  - income generation
  - post-retirement asset decumulation
  - capital preservation
  - life and health insurance
  - debt finance
  - tax mitigation
  - or inter-generational wealth and estate planning
- Are businesses who require assistance with one or more of the following:
  - employee benefit programs
  - group and executive life and health insurance and private medical insurance
  - group and executive retirement plans
  - financial wellbeing and financial education for employees
  - other employee incentives

#### What type of client our services are NOT suitable for

Our services may not be suitable for those who:

- do not fit into any of the target markets identified above
- wish to self-direct their own investments and choose their own financial products

Our services would not be suitable for individuals or businesses where they would not provide sufficient value to the individual or business, taking into consideration initial and ongoing fees.

## Our value adding services for individual clients

Working with a professional financial planner provides expertise and peace of mind to

We have built multi-decade trust-based relationships with our clients. We get to know what really matters most to them and their families, what they are trying to achieve in life, and help them to achieve this.

We provide value to our clients' planning in the following ways:

- Regulated, holistic financial planning advice tailored to individual needs by a team of experts
- Access to a network of professional tax and legal advisers through Moore Kingston Smith LLP and the Moore Global Network
- Investment agnostic advice and full independence – no 'in house' solutions or conflicts of interest
- Discounts with our chosen partners and providers reducing initial and ongoing costs
- Ongoing regular meetings to review needs and progression towards objectives and taking action to improve outcomes where necessary
- A secure client portal to share documents and keep up to date on valuations
- Regular updates and insights on topical financial, economic and legislative matters
- An errors and omissions (E&Os) policy that identifies and corrects any processing errors, at our expense, if necessary, to ensure our clients are no worse off as a result of such errors or omissions
- We focus on continuous professional development and skills training – our people are expected to exceed regulatory requirements for continuous professional development for technical areas, and we also provide ongoing soft skill development supported by Moore Kingston Smith's Learning & Development team
- File reviews and advice quality checks undertaken by our Principal Firm to ensure quality of our advice and implementation of remedial action. We view these as an opportunity to continually challenge and improve our processes to ensure better client outcomes

A strong contributor to the strength of relationships with our clients and our client's assessment of value is our advisers' commitment to enhance our clients' financial wellbeing.

Proving the value of the relationship with numbers can be difficult given that the benefit will be evident in the extent to which each client's financial position is better with the benefit of advice than it would have been without it.

The following are examples of the value our advice delivers:

### Tax Efficiency

Making sure we consider tax reliefs and allowances, enables clients to maximise their after-tax wealth. If you don't take advantage of annual tax reliefs, then you could quite literally be paying more tax than you need to. We can evidence the amount our clients have potentially saved through our planning from the advice given e.g. in relation to:

- Pension contributions/investment
- ISA contributions/investment
- EIS/VCT/BR investment

- Tax harvesting

Vanguard has estimated that these actions can contribute up to 2.75% annually to returns over time<sup>1</sup>.

### Market and Product Research and Analysis

To recommend the most suitable solutions for our clients, we use professional tools to conduct research and analysis of provider and product solutions. This ensures we can make recommendations to best meet their needs and goals. We cover the costs of subscription to these services and for training our team to make effective use of them.

### Mortgages and debt finance

We help our clients understand their options when buying a first home, remortgaging, consolidating debts across a number of properties, releasing money for home improvements, or securing more complex secured debt.

We guide clients through the property purchase or remortgaging process. With access to the whole of the market for mortgage lenders, we can source the best deals, taking into account budget, term and preferences.

### Family Protection Planning

We help our clients to consider different scenarios which could occur and identify if there are any shortfalls in their protection planning. We explain what options are available to address these shortfalls and how they would ensure our clients and their families are able to maintain their lifestyle and still meet their longer-term financial goals, in the event of ill health or death.

We provide access to professional tools and our experienced team to conduct analysis and research to find suitable solutions. We can advise on the use of trusts to provide ease of access, control etc.

### Retirement Planning

Retirement planning is an area of planning which deserves significant time in reviewing for our clients each year. Adapting to market swings and modelling various impact scenarios. Retirement planning is one of the most valuable services we provide our clients.

### Defined Benefit Pensions

For clients with defined benefit pension, or final salary pension only qualified advisers in this very specialist area can review options and provide advice on whether to retain or transfer the pension. This is a complex area of advice we have a dedicated Pension Transfer Specialist in house to ensure any advice is in our clients' best financial interests.

### IHT and Estate Planning

We work with other professionals who have a deep knowledge and understanding of HMRC tax rules in relation to clients and their estate's assets. We can help our clients understand the value of future liabilities and design and implement strategies to reduce this burden, often saving clients thousands of pounds in potential tax charges.

We routinely recommend that our clients review and update their Wills and consider appointing Lasting Powers of Attorney. These vital planning issues are frequently overlooked or de-prioritised by those who do not have professional advisers.

### Other value adding services

In addition, value is derived from:

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<sup>1</sup> Source: Vanguard Feb 2019



- Financial Coaching – ensuring our clients do not make poor choices as a result of behavioural bias such as selling investments when markets are falling
- Rebalancing portfolios to maintain appropriate diversification in relation to the risk profile
- Spending strategy and the withdrawal order from client assets.

### Our ongoing service and value proposition

Our ongoing service commitment to clients exists to help them achieve their financial goals and also to highlight risks that may cause financial harm or prevent them achieving their objectives.

There are certain services we consider valuable to all clients across segmentations. We therefore look to include these as part of our standard offering.

Our ongoing services can be summarised as follows:

- Access to a dedicated financial planner
- Access to our client support team who will respond and deal with any ad hoc queries
- Access to our enhanced trading terms negotiated with product providers
- Access to our client portal
- Regular technical updates
- Review meetings at pre-agreed intervals via face to face, video call or telephone
- Review of financial needs and objectives on at least an annual basis
- Review of attitude and understanding of risks
- Confirmation of the suitability of our previous recommendations
- A consolidated valuation and review of current investments
- Where necessary we will assess the potential impact of key events on plans using cash flow modelling
- Liaising with other professional advisers
- Confidential waste disposal if required
- A summary of the review and any formal recommendations in a written suitability report detailing any action which we think should be taken, including details of any special risks associated with the products or solutions recommended
- Implementation of any recommended solutions after agreeing any changes and subsequent costs associated with those changes.

For our clients and advisers, this is an integral part of the financial planning journey and our annual ongoing advisory service. It gives us an opportunity to sit down with our clients and their families, to reflect on the past year and to look forward and consider what might be on the horizon in the coming years. To give reassurance and peace of mind about how investments are tracking against goals and to review our plans in the context of any changing circumstances in our clients' life, new goals, or changes in their objectives.



During our annual or periodic reviews we consider the outlook for markets and the economic landscape and changing tax regulations which might impact on their current plans. We make sure everything we are doing remains suitable and is aimed at helping our clients achieve their goals.

### Our value adding services for corporate clients

By providing expert guidance we ensure that corporate clients can optimise their employee benefits programs, foster financial wellness among staff, and develop effective business succession plans, all of which contribute to the overall success and stability of their organisations.

#### Tailored and Competitive Benefits Packages:

- Conducting comprehensive needs assessments to understand employees' preferences and requirements.
- Designing customised benefits packages that align with corporate goals and cater to diverse employee needs.
- Utilising market research and benchmarking to ensure competitive advantage in attracting top talent.

#### Enhancing Employee Wellbeing and Satisfaction:

- Advising on Employee Assistance Programmes and similar wellness programs to promote physical and mental health.
- Advising on the provision of perks and benefits that improve work-life balance and job satisfaction.
- Creating a positive company culture that fosters loyalty and dedication.

#### Attracting and Retaining Top Talent:

- Advising on innovative benefits strategies that appeal to high-calibre candidates.
- Assisting in communicating benefits offerings effectively.
- Monitoring and adapting benefits programs to maintain relevance and attractiveness.

#### Promoting Financial Literacy and Wellness:

- Delivering educational workshops and seminars on various financial topics.
- Developing user-friendly resources to help employees better understand personal finance.
- Encouraging responsible financial behaviours and long-term planning.

#### Empowering Employees to Make Informed Decisions:

- Advising on personalised financial counselling services through Employee Assistance Programmes and similar arrangements.
- Assisting employees in understanding benefit selections and relating them to individual circumstances.

#### Reducing Financial Stress and Improving Productivity:

- Providing one to ones to help employees recognise the link between financial wellbeing and job performance.
- Helping employers use their benefits programmes to foster a supportive and understanding work environment.

Moore Kingston Smith Financial Advisers Limited is an appointed representative of Best Practice IFA Group Ltd which is authorised and regulated by the Financial Conduct Authority (FCA). Our FCA register number is 558116.

### Safeguarding Shareholders' Interests

- Identifying and evaluating potential risks to shareholders, such as the death or illness of a shareholder.
- Helping business owners understand the implications of such events on business ownership, control, and shareholder equity.

### Cross-Option Agreements

- Advising on the establishment of cross-option agreements among shareholders.
- Working with the company's legal advisors to these agreements to outline the transfer of shares in the event of death or critical illness.

### Funding Mechanisms

- Recommending funding mechanisms for buy-sell agreements, such as life insurance or critical illness insurance.
- Assisting in determining the appropriate level of coverage needed to fund the agreement effectively.

### Minimising Disruptions and Conflict

- Mitigating potential conflicts between surviving shareholders and the estate of a deceased or critically ill shareholder

### Tax Efficiency

- Collaborating with tax advisors and corporate accountants to ensure that the shareholder protection plan is structured to minimize tax implications for both the business and individual shareholders.

### Enhanced Risk Management

- Integrating key person insurance and shareholder protection insurance into the company's overall risk management strategy.

### Increased Confidence and Assurance

- Providing peace of mind to executives, shareholders, and stakeholders knowing that the company has a plan in place to address unforeseen events.
- Demonstrating commitment to the long-term viability and sustainability of the business.

### Business Legacy Preservation

- Ensuring that the business remains resilient and continues to thrive even in the face of challenging circumstances.
- Protecting the interests and legacies of founders, executives, and shareholders.

### Understanding Relevant Life Insurance

- Explaining the benefits and unique features of relevant life insurance specifically designed for shareholders.
- Customising coverage to align with individual shareholder needs and financial objectives.
- Demonstrating the potential tax advantages of relevant life insurance, such as tax-free death benefits and potential savings on inheritance tax (IHT).

- Comparing the cost-effectiveness of relevant life insurance with personal life insurance options.

## Our fees

Our clients pay fees based on the service they receive. We use a fee planner to ensure that our fees are calculated fairly, consistently and accurately.

The cost of our services is calculated based on the estimated time, expertise involved, and complexity of the work concerned. Our fees are split into three different aspects:

**Research, analysis, and reporting** - To cover the cost of research, analysis, construction of advice, documentation, and presentation of the advice under consideration.

**Implementation** - To cover the cost of implementation of the recommendations made that including, but not limited to, acting on our clients' behalf as an intermediary with the selected product provider(s).

**Ongoing service** - For ongoing advice and servicing of our clients' financial planning. This includes review meetings and assessment of our clients' ongoing financial planning position.

We will not engage in any chargeable work without agreeing the basis and scale of our fees with our clients.

As part of our commitment to providing holistic planning advice, our pricing applies to the family unit. This helps encourage engagement across the family, supports intergenerational advice, and removes any barriers which may drive poor client outcomes.

### Initial fees

Our fees for initial planning work and client onboarding take into consideration the complexity, time and expertise required in order to deliver the advice. Our time costs are published in our Terms & Conditions.

Our fees take into consideration the liability that we as a firm take on in delivering that advice reflected by the value of assets on which we are advising. Our percentage-based tiered charges are published in our Terms & Conditions.

Where we consider that the costs of our services will not add sufficient value to a prospective clients' long term financial planning, we will not engage with them.

### Ongoing fees

We charge ongoing fees based on the assets under management of our clients and the services we provide. This reflects the cost of providing those services which we monitor by recording time spent on client work across the business and in recognition of the percentage based costs to our business (including PI insurance, network fees, compliance costs, FSCS levy) and risks associated.

We review our fees periodically and the actual fees applicable will be confirmed and agreed in the client's Engagement Document. Where there is no need to change the fees the Engagement Document need not be renewed.

The annual percentage charge reduces on a tiered basis depending on the assets under advice as shown in the table below and will not usually be liable to VAT, but if they are we will let our clients know in advance. Our ongoing fees are published in our Terms & Conditions.