



## Important Information About Our Services

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## Welcome to Schaefer Financial Management Ltd

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### Who are we and what do we do?

We are a firm of independent financial advisers, and we have been helping our clients to meet their financial goals for over 30 years. As Chartered Financial Planners, we believe in establishing and maintaining long term relationships so that we can navigate our clients through their financial journey.

Schaefer Financial Management Ltd is authorised and regulated by the Financial Conduct Authority (FCA). The FCA is the independent regulator of financial services in the United Kingdom. Schaefer Financial Management Ltd is entered on the Financial Services Register ([www.fca.org.uk/register](http://www.fca.org.uk/register)) under reference 608960.

### What can we do for you?

We use our experience and technical knowledge to help you achieve your objectives in life. We want you to be happy and to not have financial worries. Our objective is therefore to work with you to arrange and manage your finances in a format that suits your needs and objectives. We do this by generally working with:

- Investments & Pensions, for example an ISA or Personal Pension Plan;
- Personal & Family Protection, for example a Life Assurance or Critical Illness Plan.

For all the services described above we will complete a detailed fact find so we can understand your circumstances, specific needs and objectives to determine if these services are suitable for you. We will then undertake research in order to provide a personal recommendation(s) and related information relevant to your individual circumstances. If, after due consideration you would like to accept any or all of our recommendation(s), we will then implement them and arrange any products and/or related services on your behalf.

Once your financial plans are in place, it is important to keep them under review. Dependent upon the level of support you need from us, we can continue to help you using one of our review service packages. Alternatively, if you prefer, we can provide a more transactional or ad-hoc 'pay as you go' service as and when you need it. Ultimately, whichever type or level of service you require from us we will act in your best interests at all times.

**Further details about these and other related services we provide are contained in the pages below. This also confirms the typical cost and how you can pay us for them.**

## **IMPORTANT INFORMATION**

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**Before you consider our services in more detail, we would like to draw your attention to the following important information:**

When we have discussed and agreed with you the services that we are to provide, we will confirm this to you in a **Client Agreement**. This will describe the scope and specific services to be provided, including any on-going services, the cost and how it can be paid for. It will also confirm how we use and store personal information that we collect from you in the course of providing our services. A copy of our standard Client Agreement is available on request.

From time to time it may be necessary for us to collect personal information from you, prior to concluding a written Client Agreement, to assess whether we are able to meet your needs. In this event, we will clearly identify the data to be collected and will use it only for the purpose of assessing our ability to provide services to you.

Under the terms of Financial Conduct Authority (FCA) regulations we will classify you as a retail client for investment and pensions business. As a retail client, you have the right to request re-classification as an elective professional client. This may be generally, or in respect of a particular service, type of transaction or product, and is subject to the following:

- All requests for re-classification must be made in writing,
- We will consider such requests on a case by case basis against the criteria set out in FCA rules,
- We will confirm the scope of any re-categorisation along with the consumer protections you will lose as a result,
- You must keep us informed of any change to your circumstances that could affect your classification.

We will not advise you if you are experiencing difficulties managing debts.

Free help and advice about managing your debts is available by contacting the Money Advice Service via its website; [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)

## Information About Our Investment & Pension Services

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We offer a range of services to help you meet your investment and/or retirement objectives. We provide independent advice which means that our recommendations to you will be based on the following selection criteria:

1. We will determine which, if any, of the following types of investment or pension products are capable of meeting your needs, along with any associated 'tax wrappers' available (e.g. an ISA):
  - Open Ended Investment Company Funds (OEICs) including Exchange Traded Funds (ETFs), Unit Trusts and Investment Trusts;
  - Personal Pensions, Stakeholder Pensions, Self-Invested Personal Pensions (SIPPs) and Annuities;
  - Insurance Based Investments, including Capital Investment Bonds and Endowments;
  - Structured Capital at Risk Products (SCARPS) and Structured Deposits;
  - Certain Specialist Investments suitable for retail clients, including Venture Capital Trust (VCT) Investments and Enterprise Investment Schemes (EIS).
2. We will then consider a broad range of different providers of these products which will be unbiased, unrestricted and based upon a comprehensive and fair analysis of the whole market. This will take into consideration the risks, costs, complexity and their competitiveness in the market place.

### Related Service Providers

Subject to your individual needs and objectives, we may also recommend that you hold and trade your investments and/or pensions in one place via a Platform Service. We will consider these service providers from the whole of the market.

We may recommend products or services related to your investment and pension needs which are not regulated by the Financial Conduct Authority. For example, cash deposits National Savings & Investments (NS&I) or Inheritance Tax Planning (IHT)).

## **What can you expect to pay for our investment and pension advice?**

A description of our initial and ongoing services, their associated costs and payment terms, is provided below.

The amount we charge and the basis of the payment will depend on the service you choose and your individual circumstances.

We will discuss your payment options with you and answer any questions that you may have.

It is possible that other costs, including taxes related to the business we conduct and products we arrange for you, may arise. These costs will not be paid by our firm but borne by you.

Our typical fees for advice and arranging an investment or pension on your behalf are set out below. Where hourly rates are stated, these are the actual hourly rates that will apply. There is an additional charge should you purchase one of our on-going service packages. The typical cost of our ongoing services and what they include is also set out below. You can cancel our on-going services at any time.

## **Initial Advice Services**

New clients generally contact us with a specific need such as retirement advice. We place any particular need for advice in the context of the client's holistic position because a person's life and their finances are normally closely linked.

Schaefer Financial Management Ltd can set up pensions, life insurance, investments and many other financial products. These however, are secondary to our main purpose which is to help you fit your finances to your lifestyle and objectives. This might not involve new financial products, as it may be best to simply realign existing plans. Our objective is to develop a financial plan with you to achieve your life goals. To do so, there are four stages to our process.

### **Stage 1 – Preparatory Work**

Good advice needs good information. This means sitting down with you and spending some time getting to know you and your financial situation. We need to fully understand what you want from us. We also want to ensure you fully understand what we can offer you so that you are completely comfortable with our advice process.

After our initial meeting, we will then write out to you to confirm what we are going to do for you and what your investment in our advice is likely to cost.

We may need to obtain information about any current policies and investments you hold so that we can review them and see what part they can play in your overall planning.

### Stage 2 – Report Research and Production

We only commence stage 2 after we have confirmed the cost of our service and gained your agreement to proceed. We use all the information we collect to build a financial plan that is specific to you and your needs. During this process, we identify issues and devise solutions and, if required, research suitable products from the whole of the market.

We will send you a Financial Planning Report detailing your objectives and how we believe you can meet these. We will then arrange a meeting with you to discuss and answer any queries you may have regarding the solutions we have recommended.

### Stage 3 – Advice Implementation

Once you are happy with our proposals, and agree to proceed, we need to prepare any applications for completion by you. These then need to be submitted to the product provider(s) and monitored until the completion documentation is received, checked and sent to you for safekeeping.

### Stage 4 – Ongoing Review

Circumstances change and it is important to regularly review financial plans. We will always recommend regular reviews where we believe it is appropriate for your specific situation. The frequency of meetings will be agreed to meet your needs. You may just want us to administer your contracts and investments, or you may want active management of your funds through our highly successful Wealth Management Service. It is all about tailor making the right solution for you.

## Typical Initial Advice Charges

Below are example costings. We consider the work needed and provide a ‘time cost’ quotation based on the following actual hourly rates:

- Adviser - £175 (VAT n/a),
- Administration - £75 (VAT n/a).

### Example: Combined Pension and Investment Capital of £150,000

Service	Establishing your current position and developing a financial plan that includes living in retirement planning and leads on to arranging lump sum investments.		
Initial Charges	Preparatory work	Adviser	1.5 hours (£262.50)
		Administration	2.25 hours (£168.75)
	Report Research & Production	Adviser	7 hours (£1,225.00)
		Administration	6.5 hours (£487.50)
	Advice Implementation	Adviser	0.5 hours (£87.50)
		Administration	2.75 hours (£206.25)
	Total Fee	<b>£2,437.50 (exc.VAT)</b>	

**Example: Combined Pension and Investment Capital of £50,000**

Service	Establishing your current position and developing a financial plan that includes living in retirement planning and leads on to arranging lump sum investments.		
Initial Charges	Preparatory work	Adviser	1.0 hour (£175.00)
		Administration	1.00 hour (£75.00)
	Report Research & Production	Adviser	2.5 hours (£437.50)
		Administration	3.5 hours (£262.50)
	Advice Implementation	Adviser	0.25 hours (£43.75)
		Administration	1.75 hours (£131.25)
	<b>Total Fee</b>	<b><u>£1,125.00 (exc. VAT)</u></b>	

**Example: Combined Pension and Investment Capital of less than £50,000**

Service	Establishing your current position and developing a financial plan that includes living in retirement planning and leads on to arranging lump sum investments.		
Initial Charges	Preparatory work	Adviser	1.0 hour (£175.00)
		Administration	0.75 hours (£56.25)
	Report Research & Production	Adviser	1.5 hours (£262.50)
		Administration	2.25 hours (£168.75)
	Advice Implementation	Adviser	0.25 Hours (£43.75)
		Administration	1.25 Hours (£93.75)
	<b>Total Fee</b>	<b><u>£800.00 (exc. VAT)</u></b>	

**One-Off Business**

Occasionally, we will handle a transaction for a client without reference to their wider position or providing an ongoing service.

**Transactional Service**

The Transactional Service may be suitable for a client where only one-off limited or focused advice is identified and agreed upon. You would still benefit from being able to access any of our other services as and when required, at your specific request. Such additional services will be charged in accordance with our prevailing charges tariff at the time as recorded in our Client Agreement. Under the Transactional Service we provide the Initial Advice Services only. **For those clients who do not want to receive an ongoing service, or where an ongoing service is not appropriate, we will have no liability or responsibility for ongoing suitability.**

We reserve the right to decline giving advice in areas where we would typically recommend ongoing reviews and / or rebalancing of investments for a client selecting the Transactional option. Where you select the Transactional Service and we agree to advise you, you need to

be aware that our recommendations may have been different if we were providing ongoing services such as reviews and proactive management of investments recommended.

A specific fee quotation for the Transactional Service will be provided before we undertake any work for you. An example of our fees would be the same as those detailed in the 'Typical Initial Advice Charges' section above.

### Potential Advisory Requirements and Fees

We recognise that from time to time clients will require help on specific projects and require specific advice. This could be as part of the initial dealing with a new client or additional advice required for a current client. For example, typical fees could include:

Potential Advice Required	Fee
• Insurance planning and protection review	£500 - £2,500
• Inheritance tax strategy planning report	£1,500 - £7,500
• Personal pension consolidation report	£1,500 - £7,500
• Occupational pension transfer analysis and report	£1,500 - £7,500
• Preparation of asset summary and report	£500
• Completion of financial disclosure in relation to a divorce settlement (Form E), or bankruptcy order, in conjunction with asset summary	£500
• Writing policies in Trust	Up to £500 per policy
• Cash flow modelling	£1,000 - £3,500
• SIPP / SSAS property purchase	£1,500 - £7,500

The above examples are not intended to be an exhaustive list. We will agree fees in writing before progressing with any financial planning advice provided.



## On-Going Advice and Services

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We will discuss our services with you and recommend the service we consider the most suitable for your needs. Our Wealth Management Service provides the regular financial input and management needed to increase the likelihood of achieving your financial objectives. The ethos of the firm is to build a long-term working relationship with clients. We offer two on-going service packages.

### Comprehensive Service

This is an all-inclusive package of financial planning advice and administrative support. It is ideally suitable for clients with substantial capital, and especially those at or near retirement.

Cash flow analysis is at the core of this service, and we have found it to be our most valuable tool, particularly where clients are planning for retirement. It enables us to evaluate your financial position projected forward over a certain period, usually well into your retirement. This ensures you know where you are in your planning and what you need to do to achieve your goals.

We offer two distinct portfolio approaches for Comprehensive Service clients:

1. The 'Capital' portfolio approach
  - This uses our four portfolios – Defensive, Cautious, Balanced and Adventurous. The aim is to limit the large investment losses that occur every 10-12 years, and to preserve if not enhance the capital after charges and inflation.
2. The 'Growth' portfolio approach
  - Here, we use Managed Portfolio Services, or model portfolios, still linked to your attitude to risk, but these portfolios are not managed by us. They are focused on investment growth and they, with some variations, remain fully invested in financial markets throughout the year. Therefore, they carry permanently higher levels of capital risk than our 'Capital' portfolios.

The Capital portfolios are under constant review. We regularly issue Financial Market Updates that alter the funds held in the Capital portfolios.

There is a detailed *Annual Review Report* that looks back at the past year as well as considering the next 12 months. Each year clients have the option to renew the Comprehensive Service for a further 12 months.

## **Review Service**

We carry out a one-off financial review whenever you agree to it, providing an overview of financial protection, investments and pension planning, as well as reviewing the investment funds you are invested in. This service is ideally suitable for clients with combined investment and pension funds capital of more than £30,000 and who do not require Schaefer's active investment management.

The Review service uses the Growth portfolios detailed above.

## Comparing Both Review Services

Services Offered	Wealth Management Service	
	Review	Comprehensive
<u>Administration Matters</u>		
Administration	Yes	Yes
General Review Document	When a review is requested	Yes - annually
Provision of Tax Return information	No	Yes
<u>Financial Planning</u>		
Annual Holistic Financial Planning Review	No	Broad based
Annual Review Meeting	Yes if a review is carried out	Yes
Regular Meetings During The Year	No	Yes
<u>Investment Services</u>		
Annual Investment Portfolio Review	Yes if a review is carried out	Yes
Continuous Investment Portfolio Reviews (Capital portfolio clients only)	No	Yes
Regular Investment Commentaries and Updates	No	Yes

## Typical Ongoing Advice Charges

The following table explains the fee structure of our Wealth Management Service:

Service	Fee Structure	Example
Comprehensive Service – Capital	1.25% pa	If you have £150,000 of funds under this service, the fee would be £1,875.00 (excl VAT).
Comprehensive Service - Growth	1.00% pa	If you have £150,000 of funds under this service, the fee would be £1,500.00 (excl VAT).
Review Service	0.75% pa	If you have £50,000 of funds under this service, the fee would be £375.00 (excl VAT).

The exact amount of charge for either service will depend on the value of the investment capital and will increase if the value of your portfolio goes up. There are no minimum ongoing annual adviser charges for either of the Comprehensive and Review Services.

### Cancellation Rights

Both services are for a period of 12 months, and you can cancel the ongoing review service at 1 month's notice at any time. Any unused fees will be refunded to you.

If we take over the servicing rights of your existing arrangements that were arranged by another firm, we may be entitled to receive an on-going payment as a result. These payments are commonly referred to as 'trail or legacy commission'. Where this is the case, we will retain any trail/legacy commission to cover the ongoing administration and servicing of these policies.

### **What are your payment options?**

- We accept direct payment by cheque or bank transfer.
- We do not accept cash or debit/credit cards.
- We will tell you if it is possible to settle our fees through a deduction from your investment/pension.

**Important Note:** We do not offer the ability to pay fees on a monthly instalment basis.

### **Other benefits we may receive**

If we take over the servicing rights of your existing arrangements that were arranged by another firm, we may be entitled to receive an on-going payment as a result. These payments are commonly referred to as 'trail commission'. Where this is the case, we will offset the amounts received against our on-going service fees. For example, if our on-going service fee is £500 and we receive £200 trail commission from existing arrangements retained as part of your portfolio, the net fee due to us would be £300 (exc. VAT).

Some of the firms whose products we recommend provide us with access to training and software which allows us to offer you a better service. Some of the costs of these benefits may be passed onto you as part of the total charges you pay, should you choose to purchase a product from one of these firms. Further information regarding these arrangements is available on request.

We are not otherwise permitted to receive or retain any financial inducements, significant gifts or hospitality from investment product providers, for arranging investments.

## Information About Our Insurance Services

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### Personal and Family Protection

We offer products from a range of insurers based on a fair and personal analysis of the market for Life Assurance, Critical Illness Cover, and Income Protection Insurance.

### How much do we charge for our insurance services?

We usually charge a fee for advice and arranging an insurance product, the amount we charge will depend on the amount and complexity of the work required.

We may receive commission from the insurer and this is reflected in the premium amount you pay to them. We will tell you how much commission we expect to receive before we transact business for you. You will receive a quotation, which will tell you about any other fees relating to any particular insurance policy we arrange for you. The amount of commission we receive will vary depending on the type of contract, term of the cover and the premium amount.

Any commissions we receive from the plan(s) we set up for you will be deducted from the advice fees. If the commission exceeds the advice fee then we will discuss the options regarding the excess commission with you.

We are not otherwise permitted to receive or retain any financial inducements, significant gifts or hospitality from insurance product providers, for arranging insurance contracts on your behalf.

## Other Information

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### What Happens If You Have A Complaint?

If you are unhappy with the service you have received or a product we have arranged on your behalf, a copy of our complaint's procedure, which sets out how we will handle your complaint, is available upon request.

If you would like to make a complaint please contact us:

- in writing: **Complaints, Schaefer Financial Management Ltd, Gadsby house, Huntworth Business park, Bridgwater, Somerset, TA6 6TS;**
- by e-mail: **phil@schaefersfinancial.co.uk;**
- by telephone: **01278 451888.**

If we are unable to settle your complaint, or you are unhappy with our response, the Financial Ombudsman Service may be able to help. For further information about the Financial Ombudsman Service you can contact them directly:

- **by telephone on 0800 0234567;**
- **or by visiting their website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).**

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### Are We Covered By The Financial Services Compensation Scheme (FSCS)?

Yes, we are covered by the FSCS. We have briefly set out some information about the Financial Services Compensation Scheme (FSCS) below. If you would like further information about compensation scheme arrangements, details are available at [www.fscs.org.uk](http://www.fscs.org.uk) or call 0800 678 1100.

Most of the products we advise on are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if product providers or we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

The actual level of compensation you receive will depend on the basis of your claim. The FSCS only pays compensation for financial loss. Compensation limits are per person per firm, and per claim category (listed below).

#### Investments:

Most types of investment business are covered for 100% of the first £50,000 per person per firm, so the maximum compensation is £50,000 per person per firm.

### Deposits:

Money in accounts like current and savings accounts, including cash Individual Savings Accounts (ISAs) are covered up to £85,000 per authorised firm (£170,000 for a joint account). It should be noted that 'authorised firms may have different brands. The FSCS will provide a £1million protection limit for temporary high balances held with your bank, building society or credit union if it fails. A temporary high balance would apply when payments have been received in respect of specified life events, details of which can be obtained from FSCS.

### Protection, Non-Investment Insurance Mediation:

Protection is at 100%, where:

1. The claim is in respect of a liability subject to compulsory insurance.
2. The claim is in respect of:
  - A relevant omission; and
  - A professional indemnity insurance contract, or would be in respect of a professional indemnity insurance contract if the insurance contract had been affected.
3. The claim is:
  - In respect of a relevant omission;
  - In respect of a relevant general insurance contract or would be in respect of a relevant general insurance contract if the insurance contract had been affected; and
  - Arises from the death or incapacity of the policyholder owing to injury, sickness or infirmity.
4. The claim is in respect of:
  - A relevant omission; and
  - A pure protection contract, or would be in respect of a pure protection contract if the insurance contract had been affected.
5. In all other cases: 90% of claim

Further information about the FSCS is available from their website: [www.fscs.org.uk](http://www.fscs.org.uk)