Mr and Mrs Client

Suitability Report

Prepared by

An adviser

Click or tap to enter a date.

Contents

INTRODUCTION

Client, a suitability report is the regulatory document of record for the advice we give you. It contains the relevant information about you and your financial resources, on which our advice and recommendations have been based. It explains why we've made these recommendations and the key disadvantages that you need to be aware of.

This suitability report forms one part of our ongoing service, which you've used for many years. As such, it is a targeted report, looking at the specific items discussed at our recent annual review on [a date].

We've previously explained our financial planning process in detail and this report should be considered as part of your overall financial plan. You should refer to the following documents as part of the advice presented in this suitability report:

- Document and date
- Document and date

These documents contain important details about your personal circumstances which, for brevity, have not been repeated in this report.

SCOPE OF THIS ADVICE

This suitability report is written to a simple brief:

- Review your existing provider ISA. You are concerned that it is expensive and does not provide value for money.
- Recommend an alternative where suitable.

NEXT STEPS

To proceed with the recommendations in this report, please sign and return the enclosed forms. In the meantime, please do not hesitate to contact me if you have any queries.

Yours sincerely

An adviser

Enclosures:

- List the
- Enclosures
- here

WHAT DO YOU WANT TO ACHIEVE?

We reviewed and updated our understanding of your objectives at our recent annual review.

Your main objective is to [insert meaningful client desire – not some waffle about aligning investment to an agreed and regularly rebalanced portfolio in line with risk blah blah – that comes next, sort of]

You want your investments to be cost-effective, tax-efficient, simple, and managed on your behalf.

You have no immediate needs for regular income or capital from your ISA. Your income is mainly from secure pensions and ad-hoc withdrawals from your flexi-access drawdown fund and this meets your needs. Any changes to your income needs will be discussed at our next annual review, scheduled for [a date]. If you want to get in touch earlier, please do.

You wish to continue at your existing risk level, which was explained in detail in our [document and date] and has not changed.

You are investing this money for the medium to long-term and you have enough existing cash and secure income that short-term fluctuations in value won't concern you. In fact, you could lose a large percentage of these ISA funds with no material impact on your standard of living.

OUR RECOMMENDATIONS

What should you do?

I recommend the following:

- Switch the value of your existing provider ISA to new ISA with new provider:
- The value of ISA was £100,000 on date and is not guaranteed.
- Your funds will be invested our recommended portfolio for a risk 6 profile investor:

Fund	Holding (%)	Holding (£)
Fund 1	25%	£25,000
Fund 2	25%	£25,000
Fund 3	25%	£25,000
Fund 4	25%	£25,000
Total	**100%**	**£100,000**

Reasons for doing it

There are two main reasons for my recommendation:

1. Reduction of costs.

Your existing plan is expensive. In the table below, I have outlined the differences in costs both in percentage and monetary terms[1].

Peter

Cost type	Existing (%)	New (%)	Existing (£)	New (£)
Platform charge	0.30%	0.20%	£0.00	£200
Investment costs[2]	0.95%	0.50%	£1,670	£500
Total	**1.25%**	**0.70%**	**£1,250**	**£700**

Based on a constant value of £100,000, you would save £550 over twelve months by switching your existing provider ISA to new provider ISA.

2. Improved management of the underlying investments.

Your existing plan contain a wide and seemingly unstructured collection of provider managed funds. You have a mix of different 'Balanced', 'Multi-Asset' and 'Managed' funds with no obvious mandate to a specific region or asset allocation, together with other region and/or asset class specific funds. This creates a portfolio where the underlying risk can vary significantly, perhaps in a short space of time.

A switch to our recommend portfolio will ensure a controlled and managed approach to risk, using carefully researched funds from a wide range of investment managers.

We have previously explained our investment process to you and we are already using it with your pension funds.

In addition to these key benefits:

[1] The tables do not include an allowance for the charge of 0.75% that we make for advising on these funds. Whether you switch into the new provider ISA or retain the existing provider ISA, our charge for managing the investments is the same.
[2] The investment costs are the weighted average of the underlying Ongoing Charges Figures (OCFs) as reported by each individual fund's Key Investor Information Document.

- You will retain the tax-efficient ISA wrapper. This provides withdrawals of income and capital that are not subject to tax. Growth within the fund is also tax-free.
- The new provider is a modern administration platform that allows us to manage and report on your investments in a timely and cost-effective way.
- Your pension funds are already managed with the new provider and you will simplify your affairs by having a single administrator for all your invested capital.
- There are no noteworthy benefits in the existing provider ISA that would be lost on transfer.

Possible disadvantages

Despite the positive reasons for recommending the action above, there remain some possible disadvantages:

- You will be out of the market while the investments are switched between administrators and won't benefit from investment growth during this time.
- We can demonstrate that charges will be reduced. But we cannot guarantee that performance of the recommended funds will be better than your existing funds. Past performance is no guide to future performance and you can get back less than you invest when withdrawing funds.
- If you exercise your right to cancel, there is no obligation on the existing provider to reinstate the funds and you will need to find an alternative administrator. If you don't, you risk the loss of ISA status on the funds.
    - The details of your right to cancel are set out in the enclosed key features document.
- Please note the additional risks that apply equally to the existing provider ISA and the new provider ISA, listed on page 8.

THE COST

Details of the total costs associated with the recommended policies and funds are set out in the Key Features Documents and your personalised illustrations, which are included with this report. These include a table showing how these charges effect your investment returns over time.

We will not charge a fee for the work involved in the preparation of this report or the implementation of the recommendations. I've summarised the ongoing costs associated with my recommendations below.

Cost type	%	£
Our firm	0.75%	£750
New provider ISA	0.20%	£200
Investment Funds[3]	0.50%	£500
Total	**1.45%**	**£1,450**

The costs in this table have been based on a constant value of £100,000 over a twelve-month period. The amount of any charge will fluctuate in line with the value of the underlying investment.

[3] The costs of the investment funds in the charges table for your ISA are based on the new reporting standard applicable to certain investments from 3rd January 2018. These may differ from those in the fund manager Key Investor Information Document. You should note that the difference does not represent a change in the actual costs, simply a change in how they are calculated and reported. A complete breakdown of the costs is available on request.

AND FINALLY…

We aim to make our reports as short and easy to read as possible. However, financial advice is a regulated profession and there are several mandatory disclosures and requirements. We have intentionally avoided including lots of things that we've either told you before, such as our approach to investment management, or that you've already told us (and which is regularly updated), such as details of your income and expenditure.

It is important to highlight that we did establish that you have access to capital reserves that you can draw on in the short-term. This means you can afford to bear the volatility associated with an investment into the recommended portfolio.

You are signed up to our ongoing service. This means we are in regular contact with you concerning your financial plan and the changes that we need to make as and when you tell us about changes to your circumstances.

Please note the following list of previously issued documents and communications between us. These should be considered part of our ongoing advice and have been used to inform the suitability of the advice in this report.

Item	Date
List stuff	
Eg client agreement	
Financial planning questionnaire	

We also have the following guides, which have been provided to you in previous meetings leading up to this report, which we can supply again on request:

- Investment Philosophy
- Our Fund Selection Process
- How We Select Products
- Tax-Efficient Savings

We need to provide you with a two-page Key Investor Information Document for each fund we have recommended. These are available at [online location] where you can read, save or print them if you choose. Please let us know if you would prefer to receive a printed copy of these documents instead of viewing them online.

ADDITIONAL RISK WARNINGS

ISA

- Governments can and do change the rules on tax efficient vehicles, like ISAs.
- An ISA is not a risk-free product and the value of the ISA investment may be at risk due to the investments held within the wrapper.
- ISAs can grow but depending on market conditions, you may not realise the initial sum invested. There is no guarantee that you will get more out of an ISA investment than you have paid in.
- Income generated from investments held in ISAs is variable and is not guaranteed.
- If income in the form of regular capital withdrawals is taken:
    - The capital value of the fund may be eroded if withdrawals taken exceed the net growth of the fund
    - The level of income provided / required may not be sustainable

- If you leave the UK and are longer a UK resident, you can keep the ISA investment with its tax advantages but can't make any new contributions to the ISA.
- ISA investments are liable to Inheritance Tax on death (except those eligible for Business Property Relief). Income Tax deducted at source on foreign dividends may be recoverable. There are no further Income Taxes to be paid on investments held within an ISA.
- Past performance is no guarantee of future returns.
- If growth is low, charges may eat into the capital invested.
- The price of units and the income from them can fall as well as rise.
- Please be aware that there may be occasions when an individual fund or funds may have a higher risk rating than your overall stated attitude to risk. If this is the case, then the overall risk rating applied to all the combined funds being recommended is still designed to meet your stated tolerance.