

ADVISER SNAPSHOT

Adviser Snapshot 4: Initial and on-going service charges

Statistical Appendix

August 2013

Introduction

Adviser Snapshot researches the adviser firm market to assess how firms are reacting to the implementation of the RDR and the FCA. The fourth report: *Is 2.85%+0.82% the new 3 plus a half?* looks at the charges for both initial advice and on-going service.

In this statistical appendix we provide a range of charts and tables to supplement that report.

Initial advice charges

The following two tables illustrate the different hourly charge-out rates applied by firms who use different charge out rates for different types and/or levels of staff.

Figure 1: Hourly charge-out rates for different adviser types

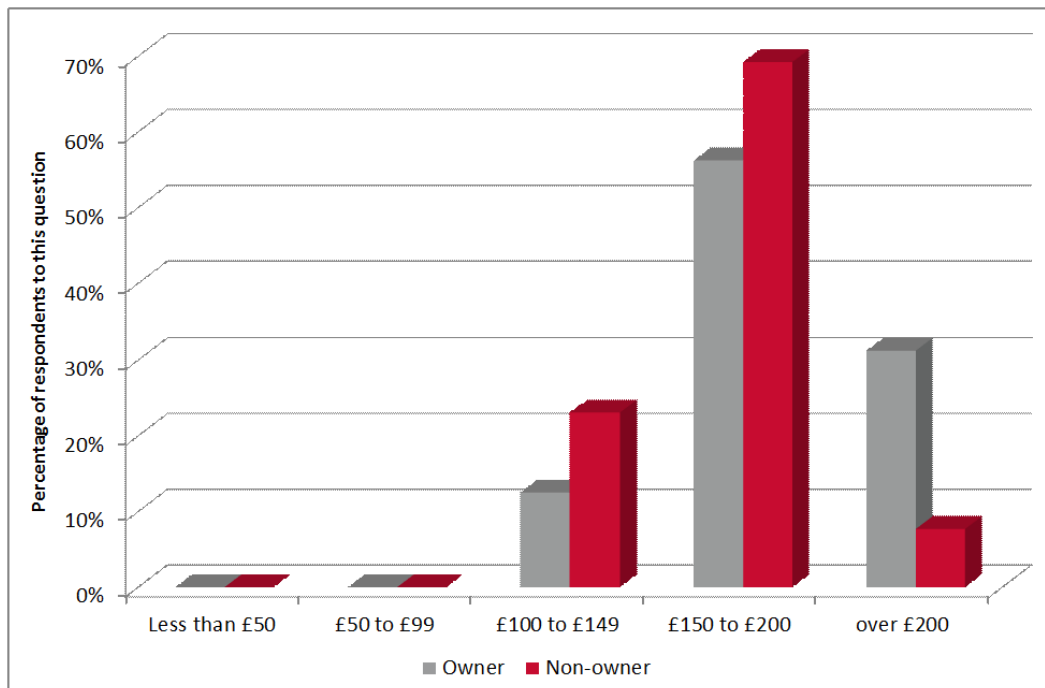
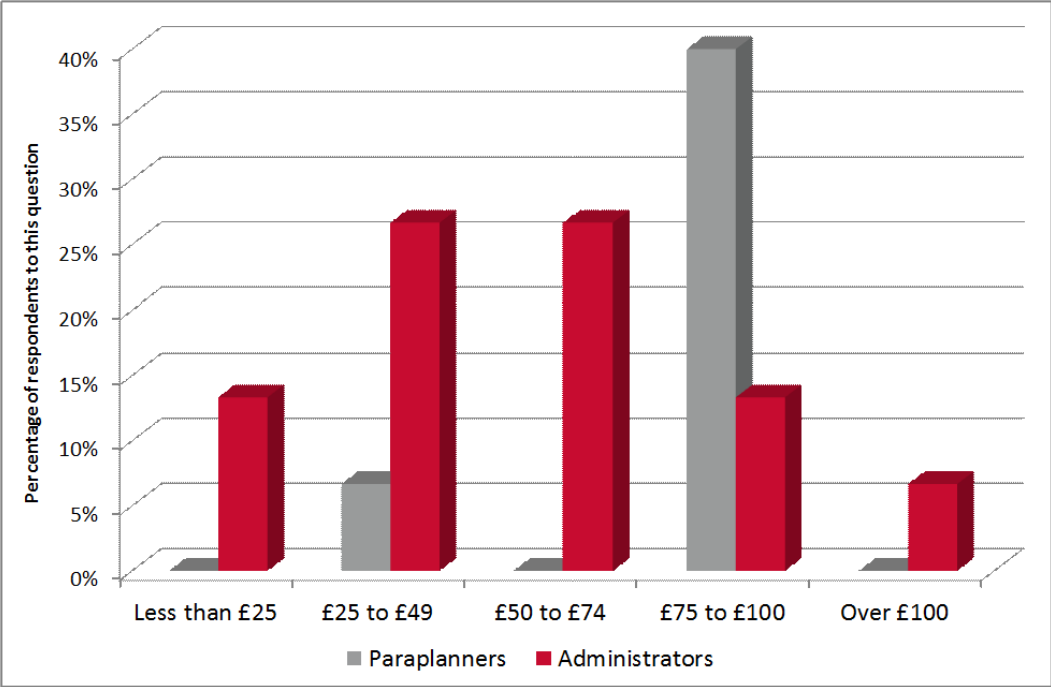


Figure 2: Hourly charge-out rates for non-advisory staff



Typical costs of specific services

The following tables illustrate the typical range of charges for specific services, for firms that charge explicit fees for all or some of their services.

Figure 3: Typical costs for a Lifetime Financial Plan

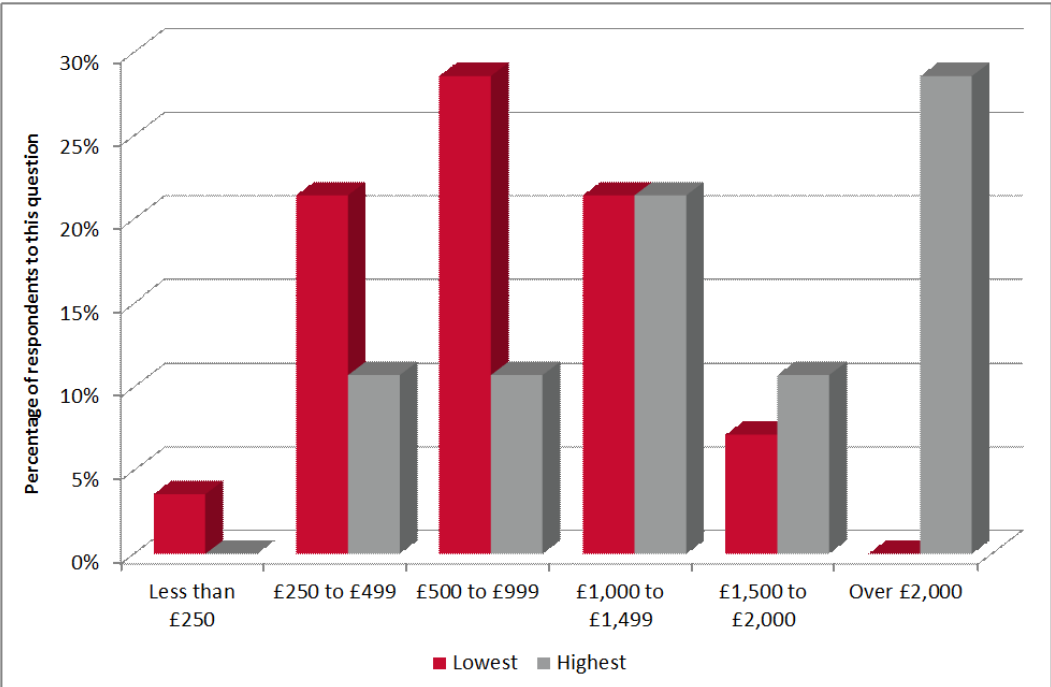


Figure 4: Typical costs for a Pension Review

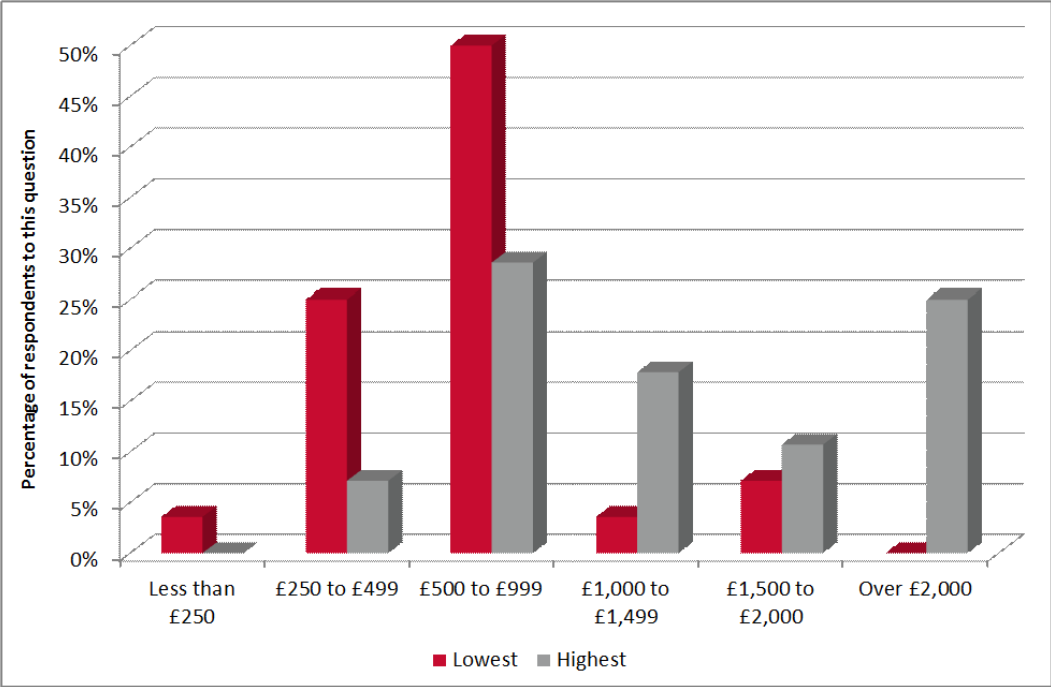


Figure 5: Typical costs for a review of an existing pensions portfolio

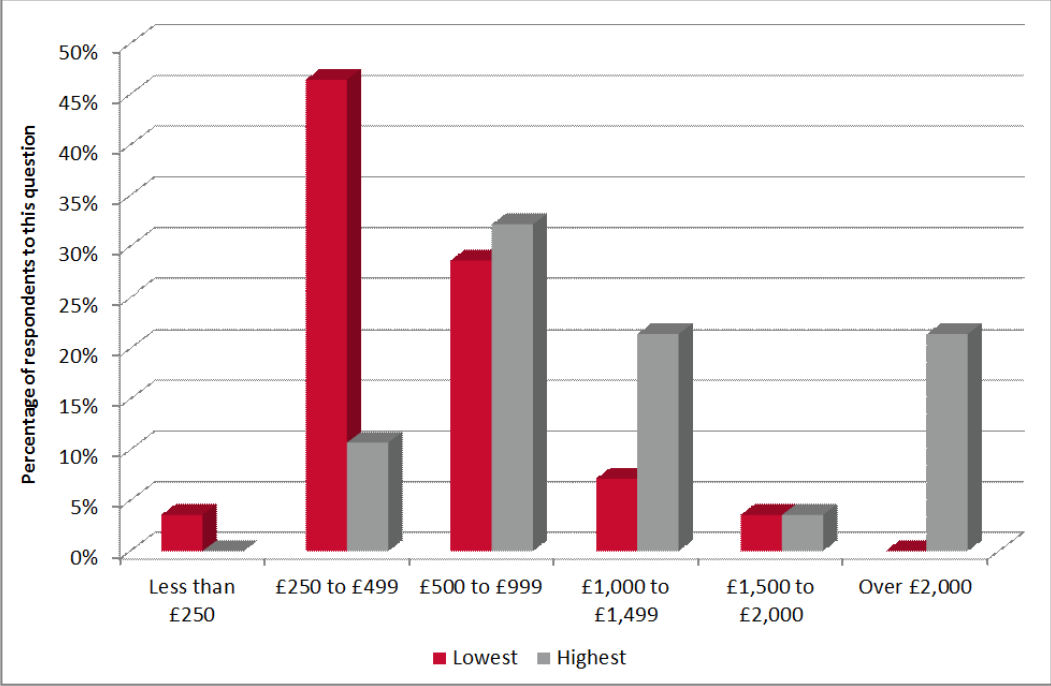


Figure 6: Summary of lowest typical costs for different services

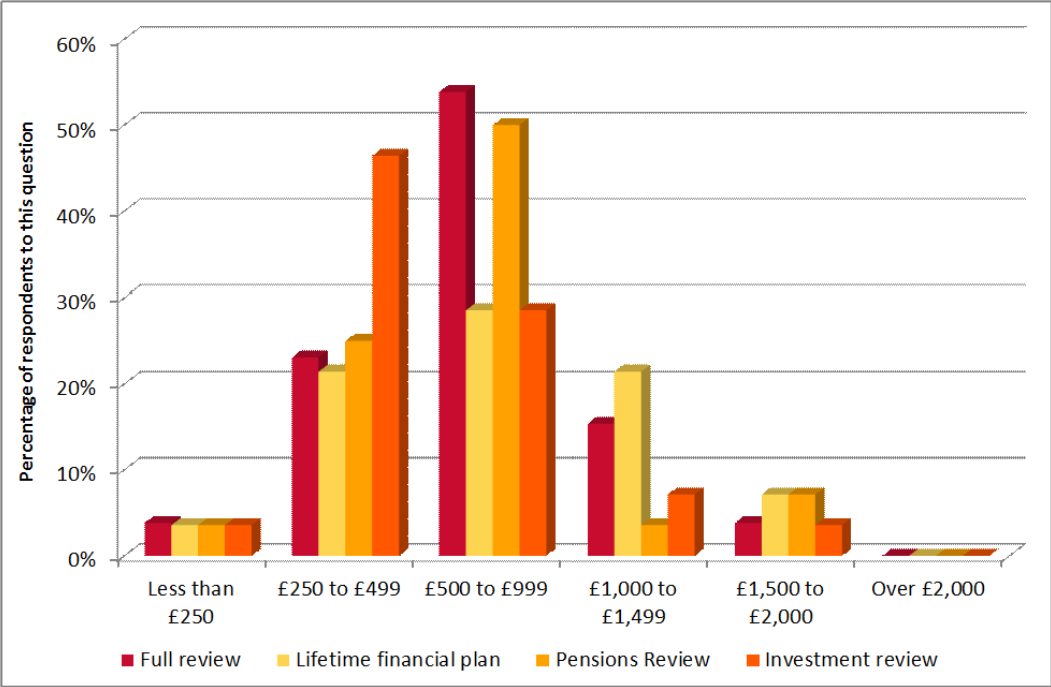
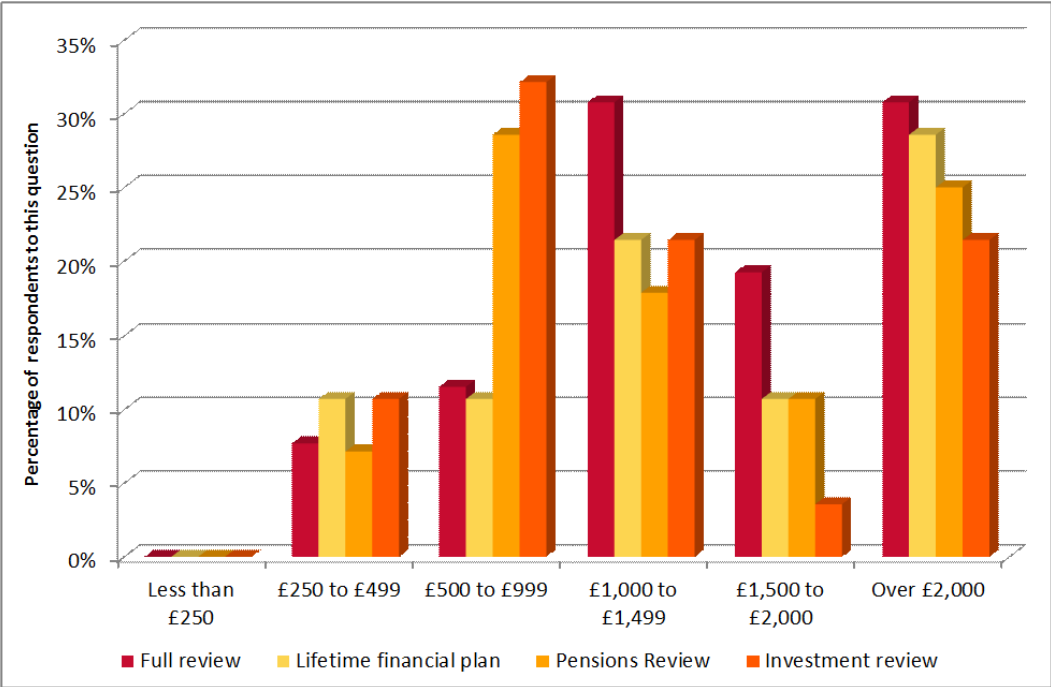


Figure 7: Summary of highest typical costs for different services



Range of percentage charges for initial advice

The following tables illustrate the charges applied for initial advice by firms that calculate their charges as a percentage of funds under advice.

Figure 8: The progression of initial advice charges over different levels of investment

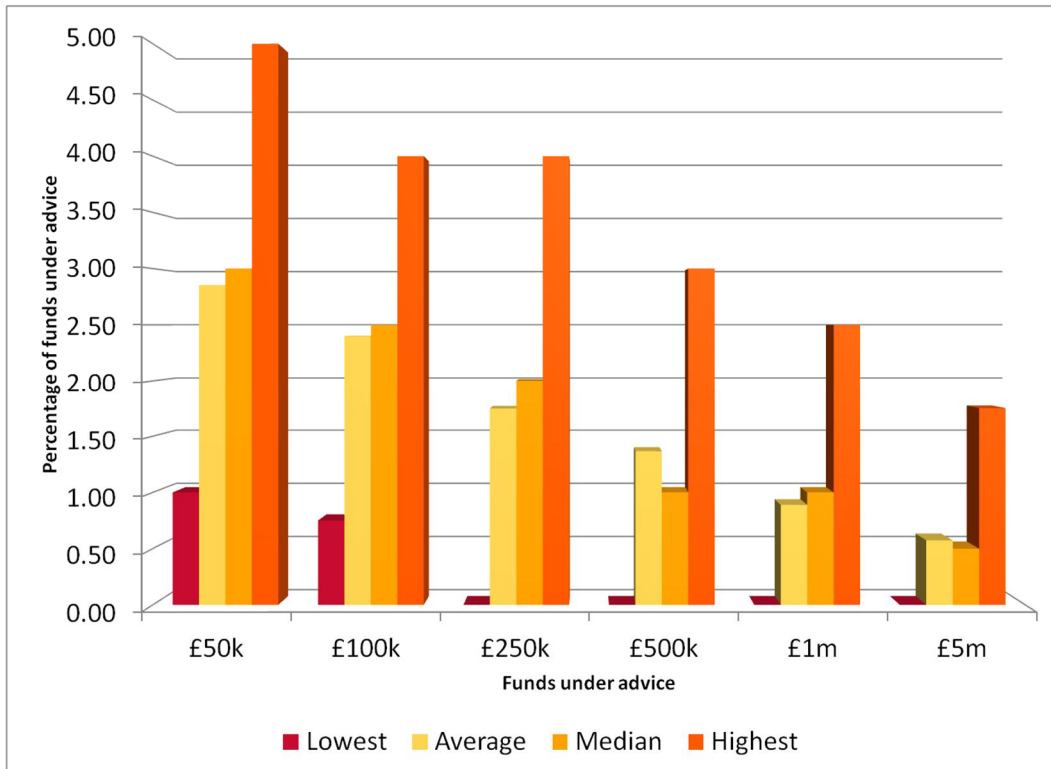


Figure 9: Distribution of initial advice charges for a portfolio of £100k

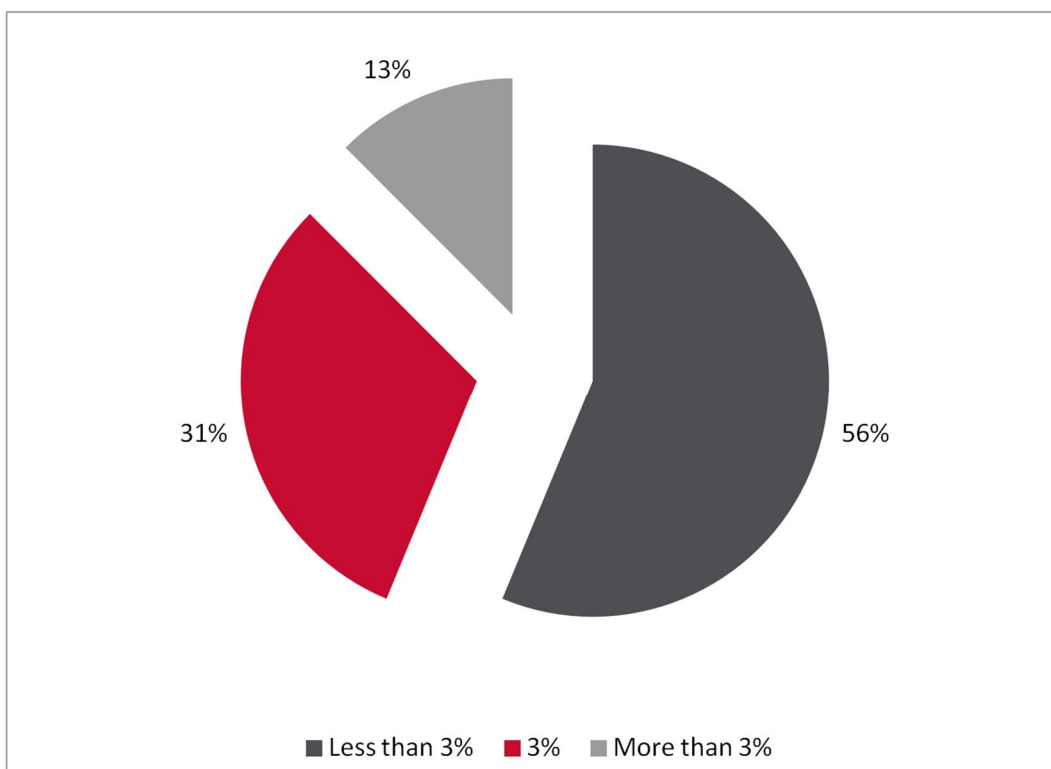


Figure 10: Distribution of initial advice charges for a portfolio of £500k

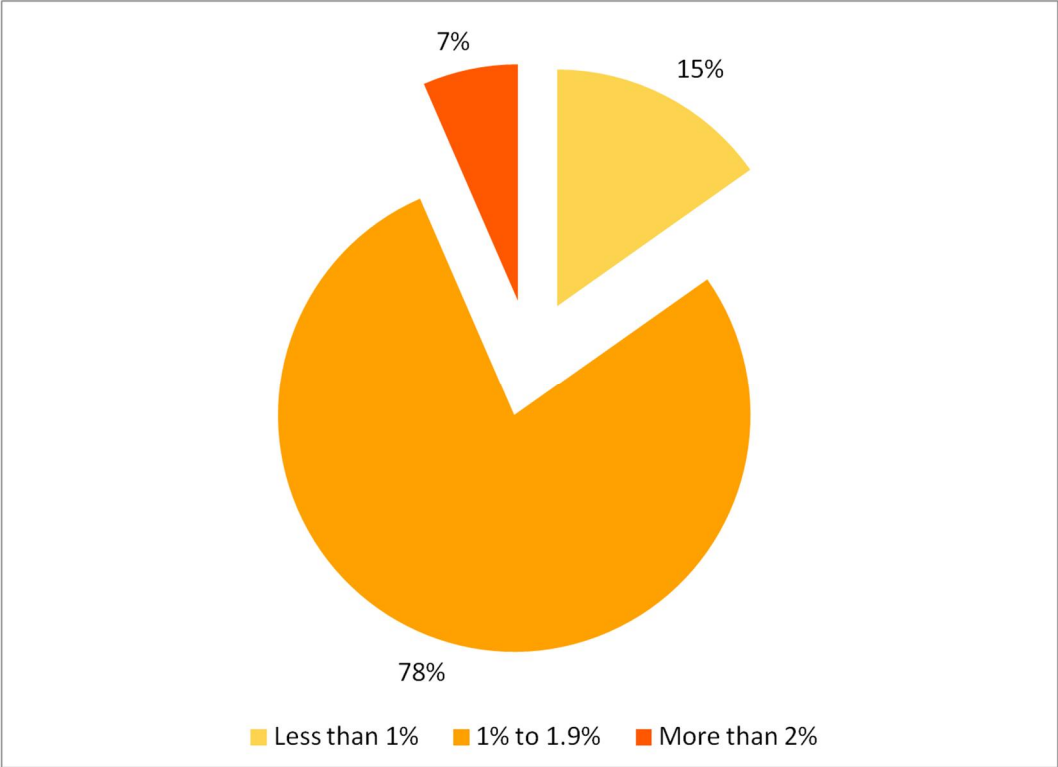


Figure 11: Distribution of initial advice charges for a portfolio of £1m

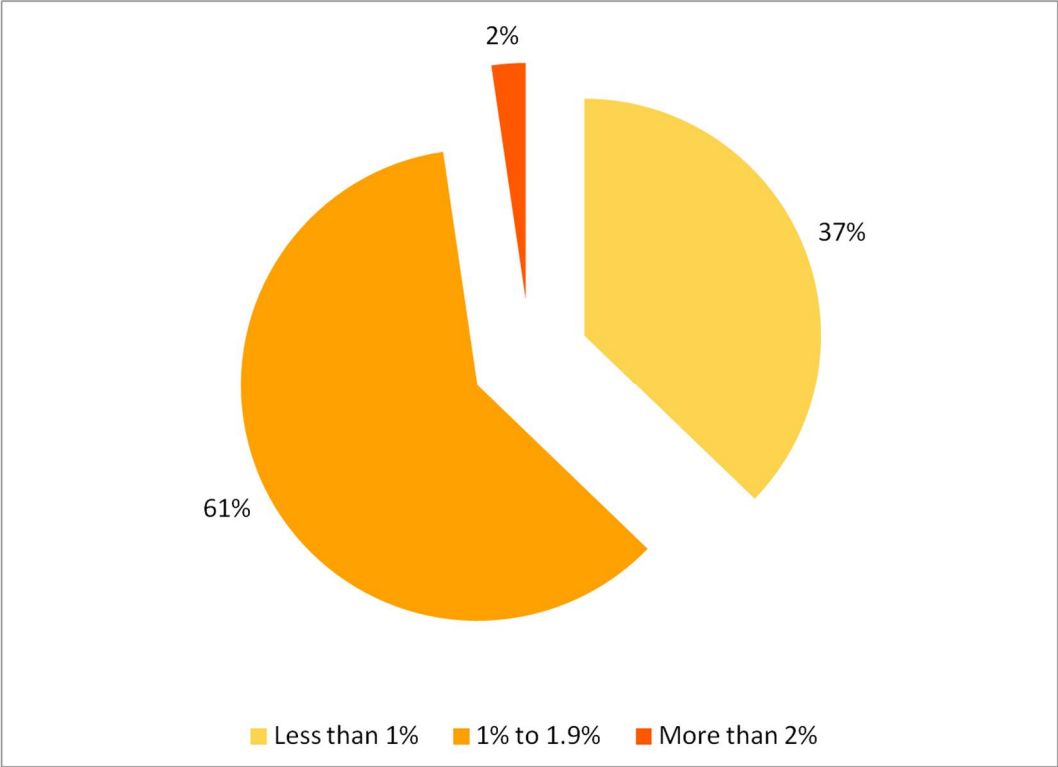
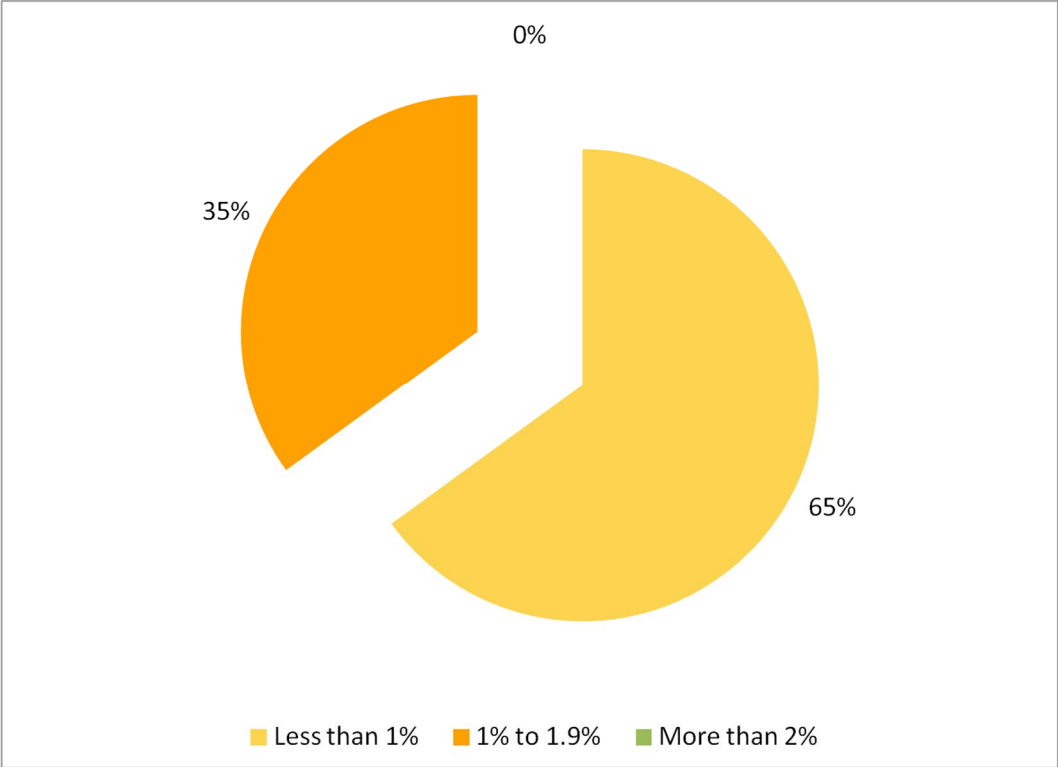


Figure 12: Distribution of initial advice charges for a portfolio of £5m



Range of percentage charges for on-going service

The following tables illustrate the charges applied for on-going service by firms that calculate their charges as a percentage of funds under advice.

Figure 13: The progression of on-going service charges over different levels of investment

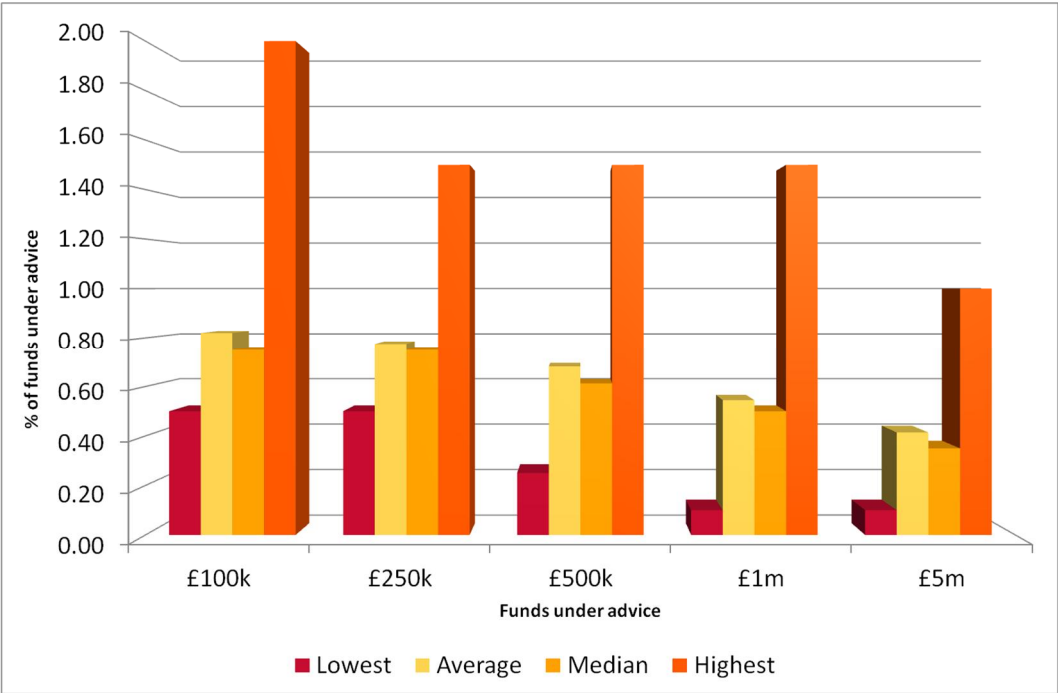


Figure 14: Distribution of on-going service charges for a portfolio of £250k

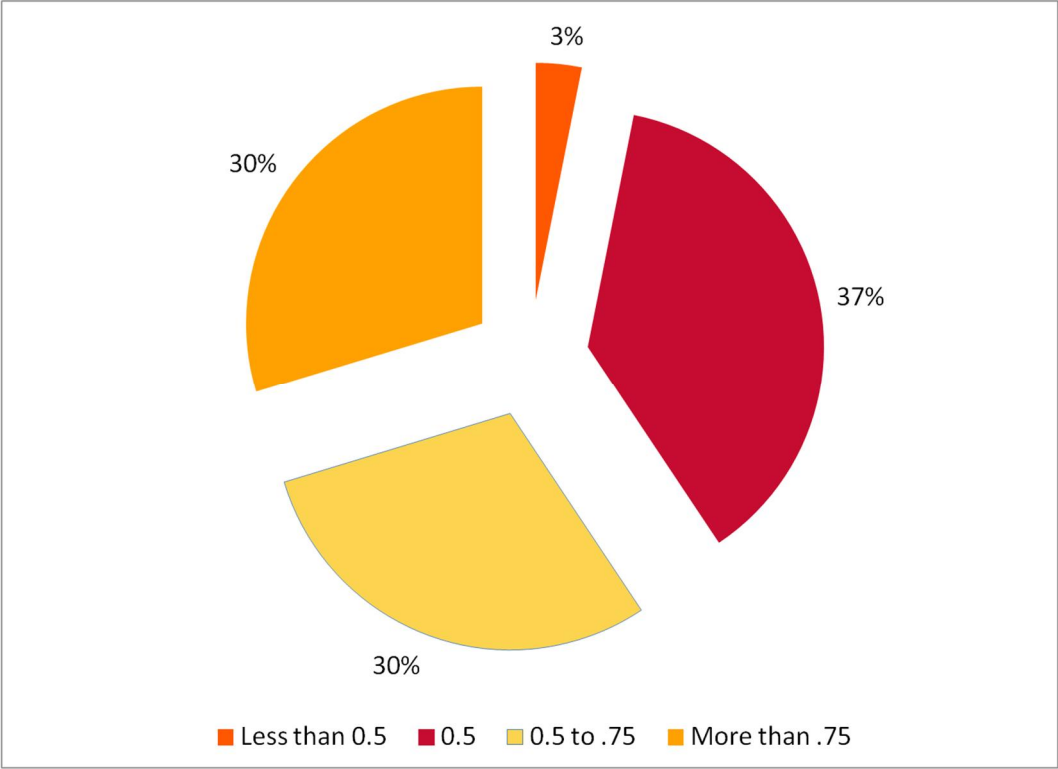


Figure 15: Distribution of on-going service charges for a portfolio of £1m

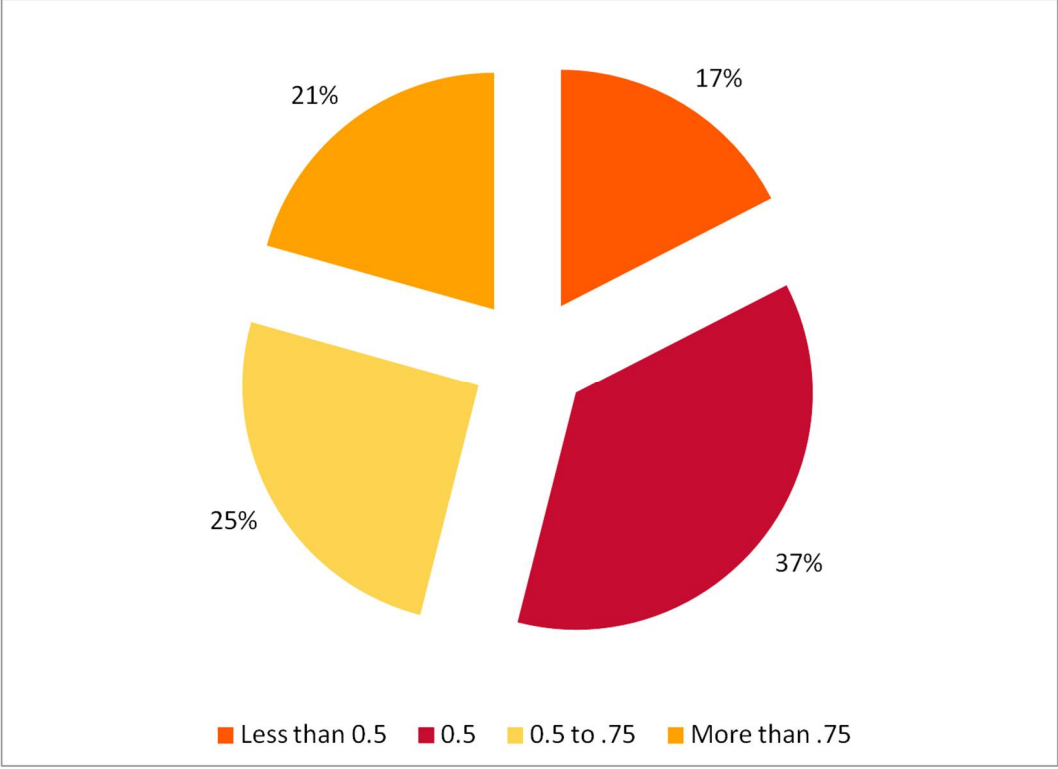
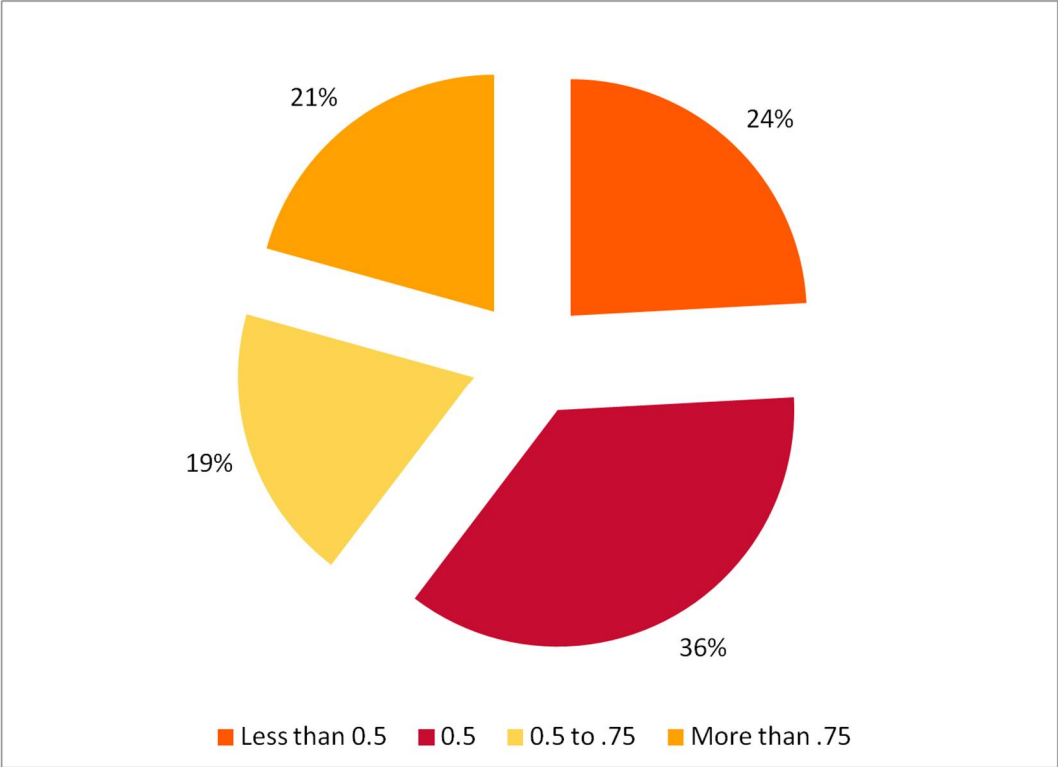
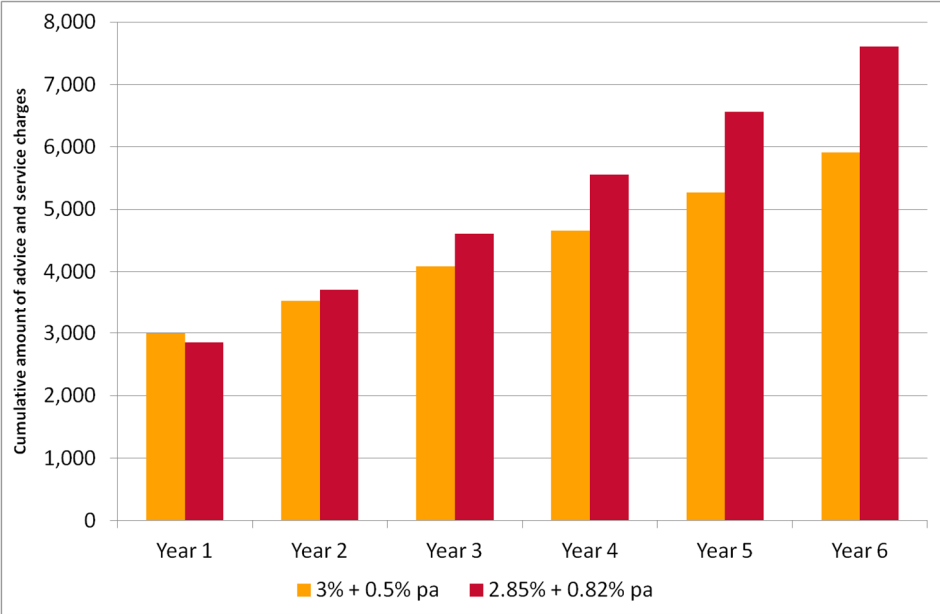


Figure 16: Distribution of on-going service charges for a portfolio of £5m



Is 2.85% + 0.82% the new 3 plus a half ?

Figure 17: Comparison of cumulative charges at beginning of years 1 - 6



Assumes £100,000 initial investment and fund growth of 5.0% pa net of charges

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