



KINGSTON UNITY

THE FRIENDLY SOCIETY

TRADITIONAL VALUES - MUTUAL BENEFITS

Financial Adviser Information – Fee Facilitation

Payment of fees directly from Investments

Please refer to these notes before agreeing with your client any fees to be paid directly from Investments.

Kingston Unity will offer the option of allowing clients to pay fees directly from investments for the following products:

Regular Savings Plan
Investment Bond
Investment NISA

We are unable to pay any client fees by payment facilitation without a signed instruction letter from the client. We will then validate this instruction (see validation for more details).

Regular Savings Plan

Fees can be paid as a reduction in monthly/annual premium.

In order to ensure that the policy remains qualifying, fees cannot exceed 50% of the premium. As an example, the client could pay a monthly premium of £50 and agree to pay 50% of this as a fee in year 1. We would invest £25 per month as a premium and remit £25 of each premium to you.

The client might then choose to pay 5% as an ongoing fee in year 2 onwards. We would invest £47.50 per month as a premium and remit £2.50 to you.

Investment Bond & Investment NISA

Initial fee in year 1 and ongoing fees (which may be 0%) from year 2 onwards.

Initial Fee (year 1)

This will be a reduction in invested premium.

Reduction in invested premium works by us setting aside an agreed percentage or amount from the investment and paying this to you. The remaining percentage amount is invested in the plan.

Ongoing fees (year 2 onwards)

This will be a percentage amount. This will always be paid as a withdrawal from the investment.

Fee payment dates

Fees are paid as following:

Year 1 fee will be paid at the beginning of the next month after entry.

Eg entry date is 20th March 2016 – fee will be calculated on or about 1st April 2016

Year 2 onwards fees will be calculated in the anniversary month and paid at the end of this month.

Eg entry date is 20th March 2016 – year 2 fee will be calculated on or about 1st April 2017

Special Notes relating to lump sum NISAs

There may be situations where clients are transferring more than one NISA into the same Kingston Unity NISA, or are setting up a NISA with us with an initial premium and then adding further sums or transferring NISAs into this NISA.

Initial fee

We can accept differing initial fees eg NISA transfer 1 could be 2% reduction in premium and NISA transfer 2 could be 1% reduction in premium

Ongoing fee from year 2 – this will need to be uniform for all NISAs that are going into the same 'pot'

For example NISA transfer 1 and NISA transfer 2 go into the same NISA – they would be shown as 1% ongoing fee from year 2 and the fee that would be applied to the resulting NISA would be 1% fee from the value of the combined investment.

If you require different ongoing fee terms then we will need to set up separate NISAs eg if your client wants to transfer 3 NISAs to us each with a different ongoing fee, then they will have to be set up as 3 different NISAs.

Validation

Fee facilitation requirements

COBS 6.1B.9 sets out the requirements for firms that facilitate the payment of adviser charges. Therefore we must follow a certain process in order to show that we are compliant with the requirements.

We must obtain and validate instructions from a retail client

In practical terms this means that we must have a completed and signed fee facilitation instruction at the time we receive any completed application form. We can provide a sample fee facilitation letter but completion of this is the responsibility of the Financial Adviser. When we receive the completed fee facilitation letter we then write to the client advising them that we are in possession of the instruction and advising them of the terms that they have agreed to. The letter asks them **to contact us within 7 days if they do not agree with the terms**. The business is placed 'on hold' for this 7 day period, and once the period has expired, as long as we have not received instructions to the contrary, the business is then placed with us.

Where there may be a requirement to place business sooner than the 7 day period, **we can validate instructions verbally with the client with your permission and on your request only.**