



A FAIRER WAY TO PAY FEES

Daniel and Megan

For Daniel and Megan, the last few months have been something of a whirlwind. Over the past 20 years, they had grown their independent television production company into a highly profitable and multi-award winning company, and they had become greatly respected in their sector.

For Daniel and Megan, the last few months have been something of a whirlwind. Over the past 20 years, they had grown their independent television production company into a highly profitable and multi-award-winning company, and they had become greatly respected in their sector.

They had received offers to buy their business many times before, but there was something that attracted them both to the offer they received nine months ago from a large studio. Endless meetings with lawyers, corporate finance teams, accountants and advisers eventually resulted in a sale of their business for £12m in cash. Plus, a smaller amount in shares in the new parent company.

After the celebrations and excitement died down, Daniel and Megan realised that they had a new problem, albeit a nice one to have. They had a lot of money, complexity and issues they didn't really understand. Their life after exit was looking very different from life before.

They had three children, two at private school and one at university. How would the children handle the fact that their parents were now very wealthy?

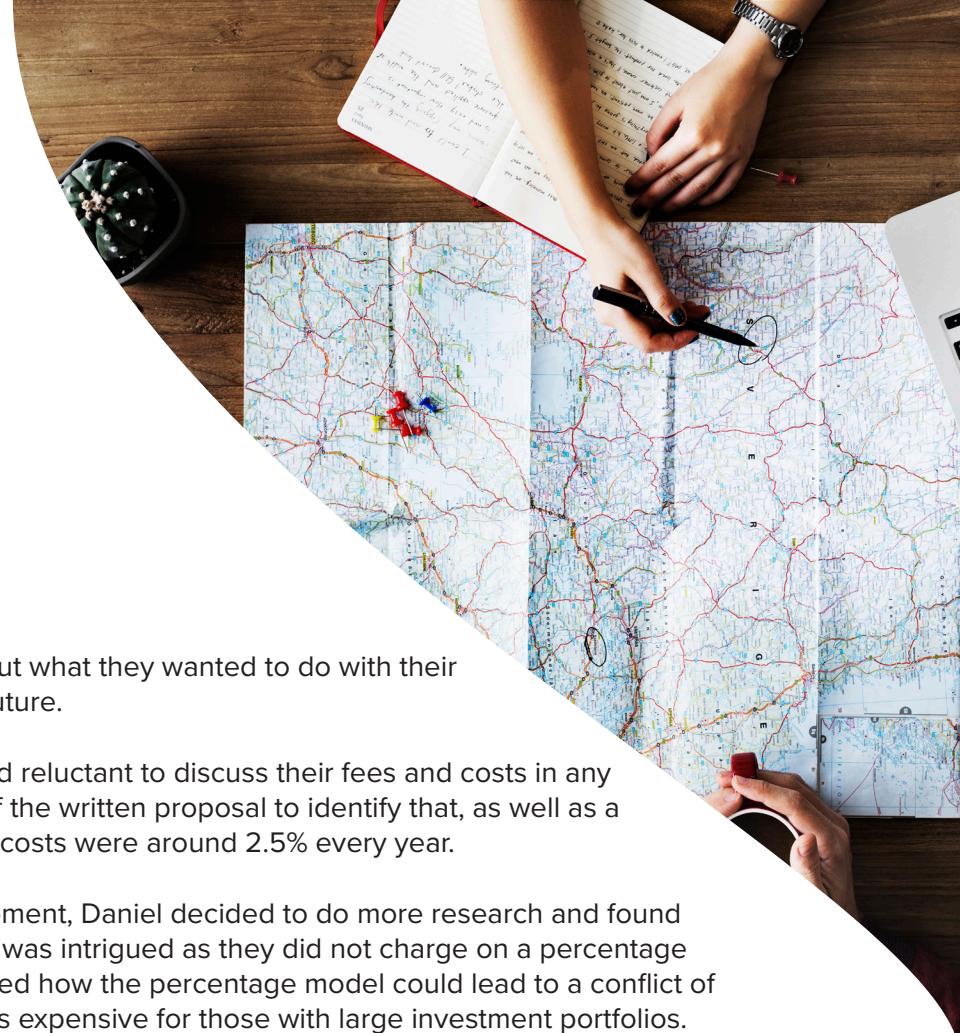
They had many questions to think about.

- Should they put some money aside to help them on the property ladder; would that be a gift or a loan? What are the tax implications?
- They both wanted to help their parents financially, but what was the best way to do that?
- Daniel and Megan already owned two properties, including a ski chalet in France.
- They were aware that tax laws were different in France and wondered how they may be affected - they had been advised that they need to draw up French wills.
- Funding university fees or taking the Government loan, paying off the mortgage - the rate is so low, maybe they should keep it?
- Charitable donations, investing in some start-up projects, and what about inheritance tax? With their new-found wealth, they could run the risk of the family paying millions to the taxman.

So many questions to consider, issues to discuss, decisions to be made.

They were out of their depth and needed advice and guidance from a Chartered Financial Planner. After the money cleared their account, they received an invitation to meet the wealth managers at their bank. They also spoke to their existing IFA, who had helped them secure a mortgage many years ago.

Neither of these options felt right. There was a lot of focus on where and how to invest and save their money.



There was minimal discussion about what they wanted to do with their money or how they viewed their future.

The advisers they met with seemed reluctant to discuss their fees and costs in any detail, and it took some analysis of the written proposal to identify that, as well as a large 'setting up' fee, the ongoing costs were around 2.5% every year.

Having worked so hard for this moment, Daniel decided to do more research and found an article online about Capital. He was intrigued as they did not charge on a percentage of assets basis. The article explained how the percentage model could lead to a conflict of interest and cross-subsidy and was expensive for those with large investment portfolios.

After getting in touch, Daniel and Megan met with Graham, a Director and Chartered Financial Planner at Capital. Over a series of informal meetings, they spent much time discussing their plans and aspirations, hopes for the children and concerns about their parents. From these meetings, Graham and his team were able to craft a holistic plan. A live interactive document that provided a clear direction and action plan that accounted for their life, future and finance.

Graham explained that Capital's fee was based on a combination of factors such as the value that will be provided, the complexity of the planning, and the time required to deliver it. This seemed fairer than applying a percentage fee based on the amount of money they had.

The fee was calculated to be £2,083 per month, which could be collected from the investment account in a transparent way. This fee worked out to be approximately half of what the bank proposed to charge. The service Capital offered was a far more holistic financial planning service than simply managing their investment portfolio.

Although they weren't looking for the lowest cost option, they felt that they were receiving great value for money and felt secure in the knowledge that they had found a trusted adviser in Graham, who will act as their financial guide and coach in the years ahead.

If you would like to start financially planning for your bright future, contact us today to arrange a meeting with one of our Chartered Financial Planners on 0207 398 6600.



CAPITAL ASSET MANAGEMENT

One College Hill, London EC4R 2RA

020 7398 6600
sophie@capital.co.uk

www.capital.co.uk

Regulated by the Financial Conduct Authority. Registered in England No. 04695777