

# **Annuity Direct Ltd**

## **Combined Terms of Business Letter And Initial Disclosure Document**

**Client Copy**

*Please retain for your records*



**annuity *direct* Ltd**  
The Retirement Income Specialists

**Version 4.42  
May 2011**

# Our combined terms of business letter and disclosure document

The FSA is the independent watchdog that regulates financial services. This document has been designed to be given to consumers considering buying certain financial products. Use this information to decide if our services are right for you.

## Our Services

Annuity Direct is bound by the rules of the Financial Services Authority (FSA) at all times as a trading name of Annuity Direct Limited which is authorised and regulated by the Financial Services Authority. We offer products and services as follows:

- We offer annuity and retirement income products from the whole of the market.

We offer you an initial discussion (without charge) when we will describe our services more fully and explain the payment options. If you decide to go ahead, we will:

- Gather and analyse personal information about you, your finances, your needs and objectives;
- Recommend and discuss any action we think you should take and, with your agreement, arrange relevant investments for you.

## Your Aims and Objectives

Unless we notify you in writing to the contrary, we will be treating you as a “retail client”. This means that you are afforded the highest level of protection under the regulatory system and should have the right to take any complaint to the Financial Ombudsman Service.

Any advice or recommendation that we offer to you will only be given after we have assessed your needs and considered your financial objectives and attitude to any risks that may be involved. We will also take into account any restrictions that you wish to place on the type of products you would be willing to consider.

With very few exceptions, we will confirm to you in writing the basis of our recommendation in a Suitability Letter, which we will issue to you following our recommendation, along with details of any special risks associated with the product recommended.

Full details of the products we may recommend to you including, for example, the minimum duration of the product, information on the right to cancel or whether no right to cancel arises, and any other early termination rights and penalties, will be covered in the relevant product disclosure information you will receive before conclusion of any contract.

We will issue any documentation/recommendations and any other communication to you in English (unless agreed otherwise).

Please note that any products we have arranged for you will not be kept under review but we will advise you upon your request. **However, we may contact you in the future by means of an unsolicited promotion (by telephone or post) should we wish to discuss the relative merits of a particular product or service which we feel may be of interest to you.**

Please be aware that investments can fall as well as rise, and that you may not get back the full amount invested. The price of investments we may recommend may depend on fluctuations in the financial markets, or other economic factors, which are outside our control. Past performance is not necessarily a guide to future performance. Specific warnings relevant to the investments, or investment strategies, we recommend will be confirmed to you in your Suitability Report.

### **Client Money**

**Annuity Direct Limited is not permitted to handle client money AND we cannot accept a cheque made out to us (unless it is in respect of an item for which we have sent you an invoice) or handle cash.**

### **Documentation**

All of your investments will be registered in your name unless you first instruct us otherwise in writing. All Policy Documents will be forwarded to you as soon as practicable after we receive them.

### **Cancellation rights**

In most cases you can exercise a right to cancel, by withdrawing from the contract recommended to you. In general terms you will normally have a 30 day cancellation period for a life, pure protection, payment protection or pension policy and a 14 day cancellation period for all other policies.

The start of the cancellation period will normally begin, for pure protection policies, when you are informed that the contract has been concluded or, if later, when you have received the contractual terms and conditions. In other cases, the cancellation period will begin on the day the contract is concluded or, if later, the day on which you receive the contractual terms and conditions. Instructions for exercising the right to cancel, if applicable, will be contained in the relevant product disclosure information which will be issued to you.

If you cancel a single premium contract, we may require you to pay for any loss you might reasonably incur in cancelling it which is caused by market movements. This means that, in certain circumstances, you might not get back the full amount you invested if you cancel the policy.

## **Additional Protection**

We are authorised and regulated by the Financial Services Authority ('FSA'), 25 The North Colonnade, Canary Wharf, London, E14 5HS. Our FSA Register number is 464968. Our permitted business is advising on and arranging pensions, savings, investment products and non investment insurance contracts. You can check this on the FSA's Register by visiting the FSA's website [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on 0845 606 1234.

Annuity Direct carries the required level of Professional Indemnity Insurance to provide protection in the unlikely event of an error made by an employee of Annuity Direct resulting in financial loss to a client. If you make a valid claim against us in respect of transactions we have arranged for you in life assurances, pensions and collective investments only and we are unable to meet our liabilities in full, you may be entitled to redress from the Financial Services Compensation Scheme. Written details of this scheme are available on request. Further information is also available from the FSA and the Financial Services Compensation Scheme. We make every effort to ensure our written communications – including brochures, newsletters and fact sheets – are accurate at the time of writing. If we arrange any investments for you based on your own instructions rather than on our advice or recommendation, we won't give you any further advice unless you ask us to.

If your adviser is unable to conduct your investment business (say through illness) Annuity Direct will arrange for another investment adviser from within the firm to take over your enquiry.

In the event that you are dissatisfied with a recommendation we have made you may be entitled to make a complaint. We have a complaints procedure that is available on request. If you wish to register a complaint, please contact us:

In writing:                   The Compliance Officer  
                                  Annuity Direct Ltd  
                                  Pascall House  
                                  Cothey Way  
                                  Ryde  
                                  Isle of Wight  
                                  PO33 1QT

By phone:   0845 467 4620

For your further protection if you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service ('FOS').

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

Most types of **investment business** are covered up to a maximum limit of £50,000.

Annuity advising and arranging is covered for 90% of the claim, without any upper limit.

Further information about compensation scheme arrangements is available from the FSCS:

[www.fscs.org.uk/consumer](http://www.fscs.org.uk/consumer)

Please be assured we treat complaints very seriously.

### **Conflict of interest**

We will endeavour always to act in the best interests of our clients. However, circumstances can arise where we or one of our other customers may have some form of interest in business being transacted for you. If this happens or we become aware that our interests or those of one of our other customers conflict with your interests, we will write to you and obtain your consent before we carry out your instructions, and detail the steps we will take to ensure fair treatment.

We obtain professional support services from threesixty services LLP, who provide us with regulatory and business advice. threesixty are supported by product providers, fund managers and platforms, through the provision of training resources and occasionally through commission payments made direct to them, which can be used to offset our own fees to them. In the event that threesixty is remunerated through commission, this will be disclosed in the literature provided to you, and in no way will it affect the charges you pay.

Annuity Direct is an Independent Financial Adviser who can select the most appropriate annuity and/or retirement income product for you from any company operating in the market.

### **Best Execution**

In executing or transmitting orders on your behalf to third parties, we will take all reasonable steps to ensure that we obtain the best possible result for you in terms of best execution.

### **Disclosure of charges/fees**

All charges/fees will be fully disclosed to you. These will be disclosed in summary form before we undertake any work for you. The precise charges relating to any recommendations we make will be confirmed in relevant product disclosure information that is provided to you.

### **Our Remuneration**

Following our initial discussion we will be happy to thoroughly investigate your existing pension(s) and the open market for the most appropriate annuity or retirement income product for you, and the best possible annuity rate (where applicable). We shall report our findings and recommendation to you in writing in our Suitability Letter. Should you decide to go ahead with our recommendation there will be a

cost for our services. We offer two ways in which we can be remunerated so that you can select the method that best suits your needs.

The options:

### **1. Paying by fee**

If you decide to accept our recommendation, you can pay us a fee for our advice and services. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you either by rebating it back into your annuity or retirement income product to enhance your benefits, or by offsetting it against our fees as appropriate. HMRC regulations, relating to annuities and pension products only, do not allow us to refund commission to you directly.

### **2. Paying by commission**

If you buy an annuity or retirement income product, we will normally receive commission on the sale from the product provider. Although you pay nothing up front, that does not mean our service is free. You still pay us indirectly through product charges. Product charges pay for the product provider's own costs and any commission the provider may pay to us. These charges reduce the amount left for investment. If you buy direct, the product charges could be the same as when buying through an adviser, or they could be higher or lower. We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.

### **3. Paying by a combination of commission and fee.**

In some circumstances, we also charge a fee on top of any commission we might receive.

We have detailed the options further below:

#### **1. Paying by Fee – The Options**

**If you choose the fee option you can select:**

##### **(a) Hourly Rate**

We will agree the rate we will charge before beginning work. We will tell you if you have to pay VAT. Our typical charges are:

Chief Executive	£250 per hour
Financial Planning Director	£200 per hour
Financial Adviser	£150 per hour
Paraplanner	£100 per hour
Administration	£80 per hour

You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first.

### **(b) Fixed Fee**

We will agree what we will charge you before beginning work. We will tell you if you have to pay VAT.

### **2. If you choose the commission option (or product charges)**

The amount of commission payable can vary and depends on a number of different factors – the type of product, the amount you invest, and (sometimes) how long you invest for, or your age when you start the product. For example, the commission payable for a guaranteed annuity on standard rates may vary from 1-1.5% of the annuity purchase price, up to 1.5-3% for a guaranteed annuity on enhanced rates. We will confirm the actual amount to you in writing in our Suitability Letter.

Any surplus commission that is available will be used to reduce product charges or enhance the investment amount.

### **3. Paying by a combination of commission and fees**

Commission can be used to pay for our services or used to offset our fees agreed above.

Where a fee basis has been selected as the method of remuneration, commission that would otherwise become payable for policies arranged on your behalf will be either reinvested into your annuity or retirement income product to enhance your benefits or offset against our fees as appropriate.

We will discuss the different offsetting routes mentioned above to assess your preferred option as part of the recommendation process.

### **Termination**

You or we may terminate our authority to act on your behalf at any time, without penalty. Notice of this termination must be given in writing and will take effect from the date of receipt. Termination is without prejudice to any transactions already initiated which will be completed according to these terms of business unless otherwise agreed in writing. You will be liable to pay for any recommendations accepted or products purchased prior to termination and any fees outstanding, if applicable.

### **Data Protection**

Annuity Direct will keep a client file (including computer records) containing all your personal details and information on all business transactions. You have a right to inspect copies of contract notes, vouchers and entries in our files or computerised records relating to your transactions. Regulations require us to keep files for a minimum of six years from the date of the transaction.

Your personal information is very important to us. We will endeavor to take all due care to protect this information. We would like to highlight below a few matters relating to your information that you should be aware of.

Some services are provided to Annuity Direct by third parties such as processing business or obtaining compliance or regulatory advice, which warrant the disclosure of more than just your basic contact details. You agree that personal information held by Annuity Direct may be disclosed on a confidential basis, and in accordance with the Data Protection Act 1998, to any such third parties. You also agree that this information may be transferred electronically, e.g. email and you agree that ourselves, or any such third party, may contact you in future by any means of communication which we consider appropriate at the time.

Product Providers, Lenders and Investment Managers may administer your policy, any existing policies you may have with them and provide other services, from centres in countries outside Europe (such as India and the USA) that do not always have the same standard of data Protection laws as the UK. However, they are required to put a contract in place to ensure that your information is adequately protected, and they will remain bound by their obligations under the Data Protection Act even when your personal information is processed outside Europe.'

### **Anti-Money Laundering**

We are required by the Anti-Money Laundering Regulations to verify the identity of our clients, to obtain information as to the purpose and nature of the business which we conduct on their behalf, and to ensure that the information we hold is up-to-date. For this purpose we may use electronic identity verification systems similar to those used for credit checks and we may conduct these checks from time to time throughout our relationship, not just at the beginning.

### **Your Consent**

This is our standard terms of business upon which we intend to rely. For your own benefit and protection you should read these terms carefully before signing them. By signing, you are also confirming that the information given and recorded on this form shall form the basis for all advice offered.

I authorise the transfer of information, on a confidential basis when warranted between any such third parties. I acknowledge that the Terms of Business Letter will come into effect from the date of issue.

I also confirm that I AM / I AM NOT happy to give Annuity Direct Limited my expressed consent to contact me by telephone to discuss advising on or arranging financial or insurance products in future.

Remuneration option agreed	Detail agreed fee or commission
1. Pay by fee only	
2. Pay by commission only	
3. Pay by combination of fee and commission	

<b>Customer Name(s)</b>		
<b>Customer signature(s)</b>		
<b>Date of issue</b>		
<b>Date signed</b>		

We will normally only discuss your affairs with you. However, if you would like us to speak with another person, (for example a partner or relative, please complete and sign the following statement).

I/we authorise you to speak to the following person(s) about any aspect of my financial affairs:

Name: \_\_\_\_\_ Date of Birth \_\_\_/\_\_\_/\_\_\_ Relationship \_\_\_\_\_

Name: \_\_\_\_\_ Date of Birth \_\_\_/\_\_\_/\_\_\_ Relationship \_\_\_\_\_

Name: \_\_\_\_\_ Date of Birth \_\_\_/\_\_\_/\_\_\_ Relationship \_\_\_\_\_

Signed .....

Signed .....

Date:     /     /

Date:     /     /