UNDERSTANDING ADVISER FEES

Our how and why to fees

I have been trying to put together something that gives some context to our fees. I was asked by a client why the average adviser, according to a Which? report charges a little less than us. If you don’t want to read a full explanation, the answer is that we are not an average adviser and the total fees you pay with us for investment, platforms and advice are considerably below the typical advised client. This is a lengthy document, not everyone’s cup of tea, but if you are truly interested, these are the main issues that I perceive having worked in the sector for over three decades.

The adviser market

You have a choice about who to select as your adviser. There are roughly 67 million people in the UK of which about 53 million are adults across 28 million households. According to the FCA, there are currently around 5,118 adviser firms, 89% of firms are small, 47% are sole-adviser firms and 42% have an average of three advisers. There are just 532 larger firms with an average of 11 advisers each and then the massive 47 firms (of which 22% are making substantial losses!) “employ” 13,487 advisers between them (averaging 287 at each firm and about 48% of the total number of 27,839 financial advisers. To be clear, that’s people who are licensed as an approved person to provide investment advice about suitable retail investment products and instruments, not the total number of people who work within financial services.

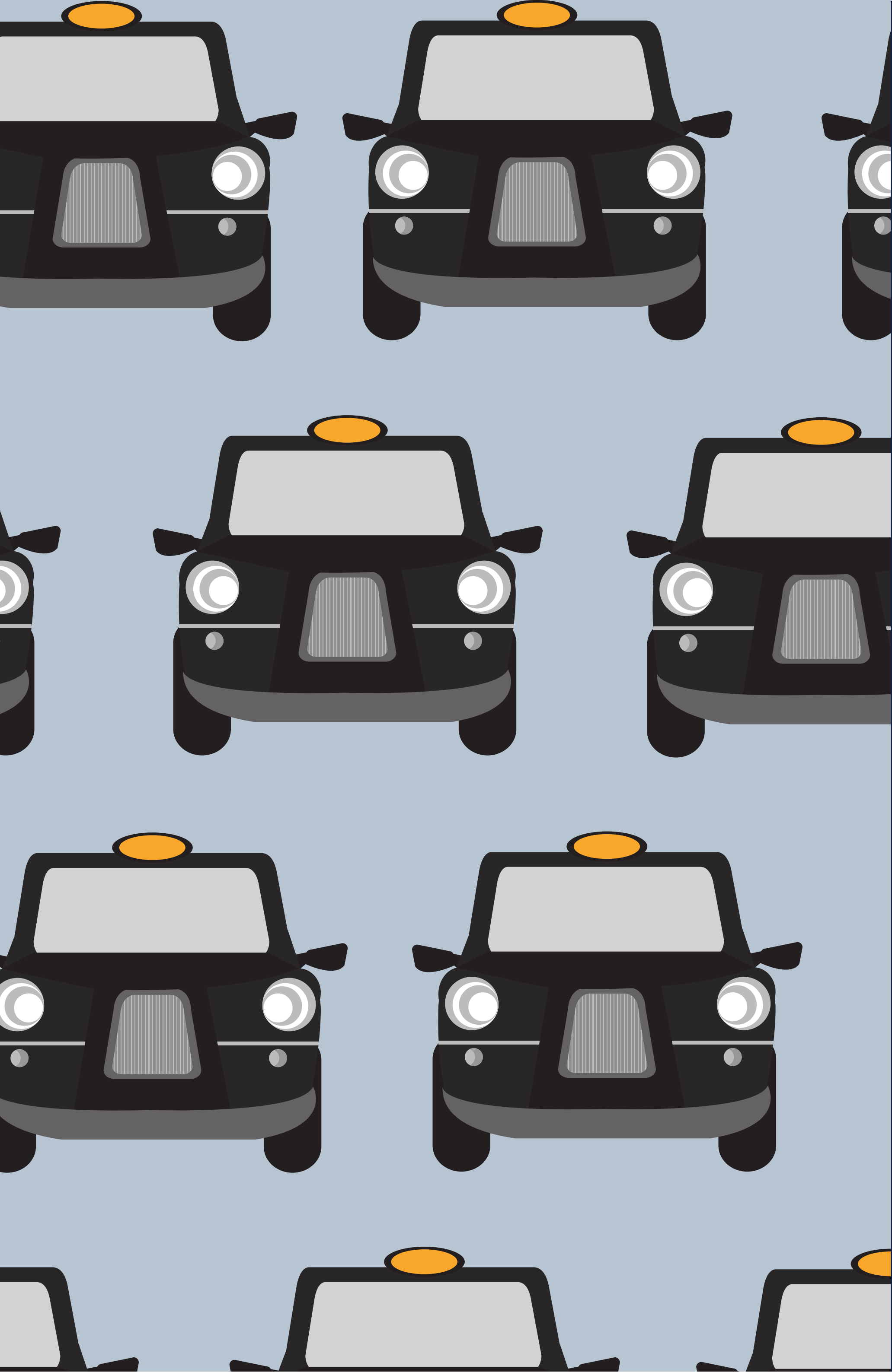
Firm structure	Number of firms	Number of advisers	% of total
1 adviser	2,432	2,432	47%
2 - 5 advisers	2,116	5,937	42%
6 - 50 advisers	532	5,992	10%
Over 50 advisers	47	13,487	1%
Total	**5,118**	**27,839**	**100%**

The largest advice firm with nearly 5,000 advisers is St James's Place, a restricted adviser which is 1.6x larger than the second biggest firm. The largest four firms have 10,236 advisers between them.

A restricted adviser means that they sell products from a sole or limited number of product manufacturers. Most other advisers are independent IFAs. This is something that advisers must disclose.

The 4,000 or so staff at the FCA regulate around 50,000 firms, the brief is enormous and includes everyone from a High Street Bank to credit agreements for double glazing and pawn brokers. In the last year 300 firms that were newly authorised by the FCA failed to survive and 3,000 didn't make it to their fifth anniversary. Solomon's has been in business since 1999.

There is roughly 1 adviser to 1,917 adults or 1 per 1,000 households.



How many financial advisers can you get into a black cab?

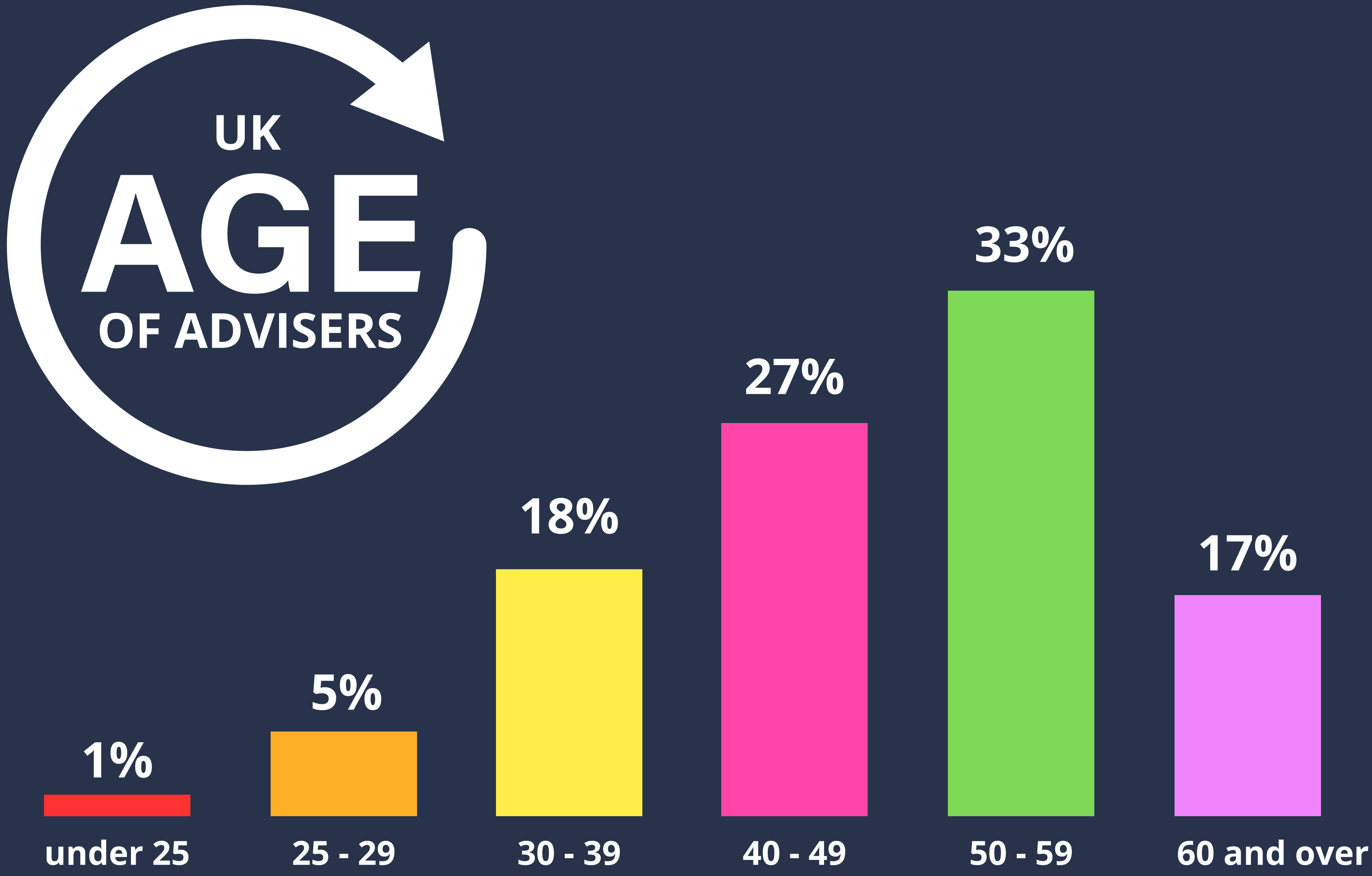
There are about 14,600 London black cabs, so each could take 1.9 financial advisers. The table on the right reflects the "where's a X when you need one?"

Description	Number (FTE/license)	Per Black Cab	Ratio to Households
Teachers	563,831	39	1:49
Central Government	444,560	30	1:62
Police Officers	142,145	10	1:196
Hospital Doctors	141,938	10	1:197
HMRC Employees	66,370	5	1:421
Dentists	43,130	3	1:649
GPs	36,525	3	1:765
Financial Advisers	27,839	2	1:1005
FCA Employees	4,052	0	1:6910

Note: Some of these statistics are not entirely for the UK, some simply cover England or England and Wales.

The ratio of advisers to people is better in both Australia and the USA. The numbers are constantly changing, but it is clear that there are not that many financial advisers in the UK.

What is a concern is that there are not many new advisers entering the workplace with only 24% under the age of 40. Half of all advisers are 50 or older.


UK
AGE
OF ADVISERS
1%
5%
18%
27%
33%
17%
under 25
25 - 29
30 - 39
40 - 49
50 - 59
60 and over

Solomon's is growing

Recent 2023 research conducted for M&G Wealth concluded that over half of financial planning firm owners expected to sell or exit their business within the next five years. One of the main problems for investors is the constant changing of relationships with anyone within the sector. The traditional Bank Manager is long gone, indeed most of us are quite happy to avoid the queues within a branch, preferring to do almost all our banking online, yet this is generally the easy stuff and as soon as there is a problem or some real help needed, it is hard to track down the right person, let alone someone that has any real understanding of who you are.

That's why we are committed to a long-term relationship with our clients. It's what we believe is truly valuable. At some point Dominic will retire, but his future is inextricably linked to ongoing excellent client service, and so we are growing the team in preparation for the next generation of planners. Daniel Liddicott joined the firm in 2020 & is now fully qualified as a financial adviser.

Whilst not all plans come to fruition in the way hoped, the current working plan is to grow the business so that an Employee Ownership Trust can be established, enabling Dominic to retire and clients to continue to benefit from all the work that has been done to date. The added motivation is that staff become owners of the business, sharing profit which in-turn ensures that the right staff are taken on and service levels are maintained and improved over time. This is a win-win-win, a win for Dominic (retirement exit), a win for clients (no loss of service or hike in fees) and a win for staff (co-owners and share of profit rather like Waitrose).

The 'normal' approach is that a large firm offer a figure to buy out the owner. This is what almost always happens within the sector. The result being that clients invariably pay higher fees (and strangely, all the evidence is that the larger firms are not terribly financially efficient despite their size).

Aside from the above, the main motivation is that we are providing a highly personal service, meeting each other every year to ensure that you are on track and wherever sensible, using your allowances and sticking to your financial plan.

Of course, it is possible for you to do all of what we do for yourself, but is that really how you wish to spend your most valuable resource - your time? A phrase that resonated with me many decades ago was “people either spend time to save money, or spend money to save time”. We serve those in the latter camp.

As an aside, whilst I am on the topic of spending I think that a much better term for what we actually do is “planned spending” rather than financial planning. A rich life means different things to each of us, but nobody gets more than 24 hours each day. Time is precious and valuable. If we can help you enjoy yours more, by retiring earlier, having those life changing experiences or seeing the benefit of legacy whilst you are alive (because you can afford to), that – well, that may truly be priceless.

Platforms

Like most advisers, we use modern trading platforms to enable better custody, management and reporting of your investments. We review our platform selection each year and many of you will be aware of this and have experienced changing to a platform that has lower charges and provides the same reliable services. Price is part of the equation but not the entire story (it was ever thus). We have negotiated platform entry costs of 0.15% which reduce to 0.10% after £500,000 and then 0.05% after £1m. These are incredibly competitive, and it is accurate to say that the more that is held on a platform the lower the charges. For context, the average cost of a platform is 0.29%.

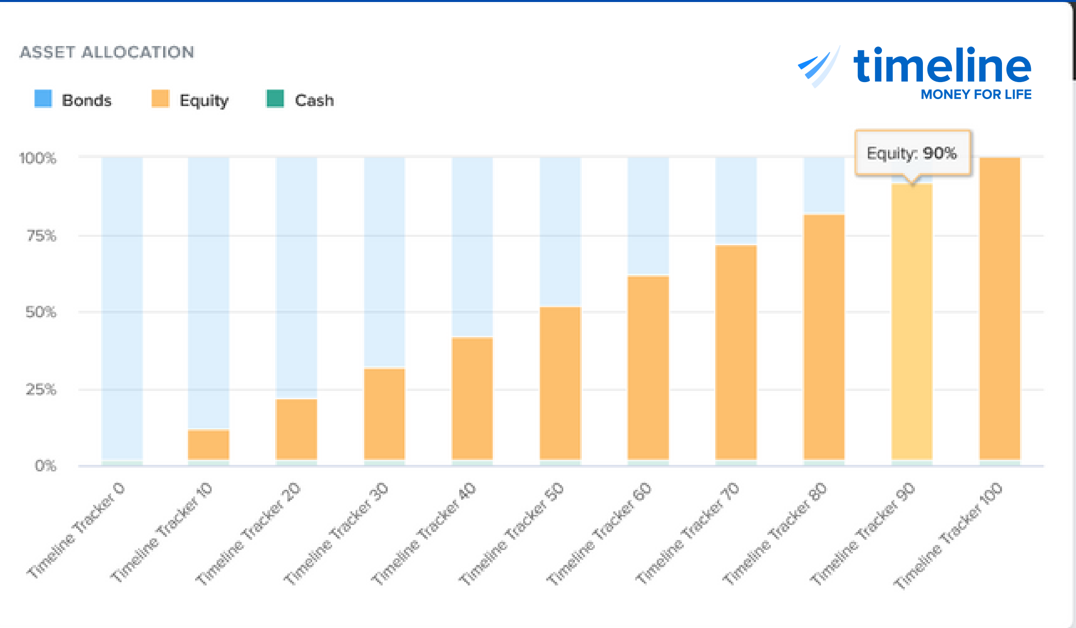
The number of platforms is constantly changing, new entrants compete with giants, mergers, acquisitions and failures. I am often reminded of the 1848 Gold Rush in California and mindful that those who really found gold were the ones supplying services and tools to the prospectors. There are a small number of platform owners who have become incredibly rich as a result of the market success of their platforms.

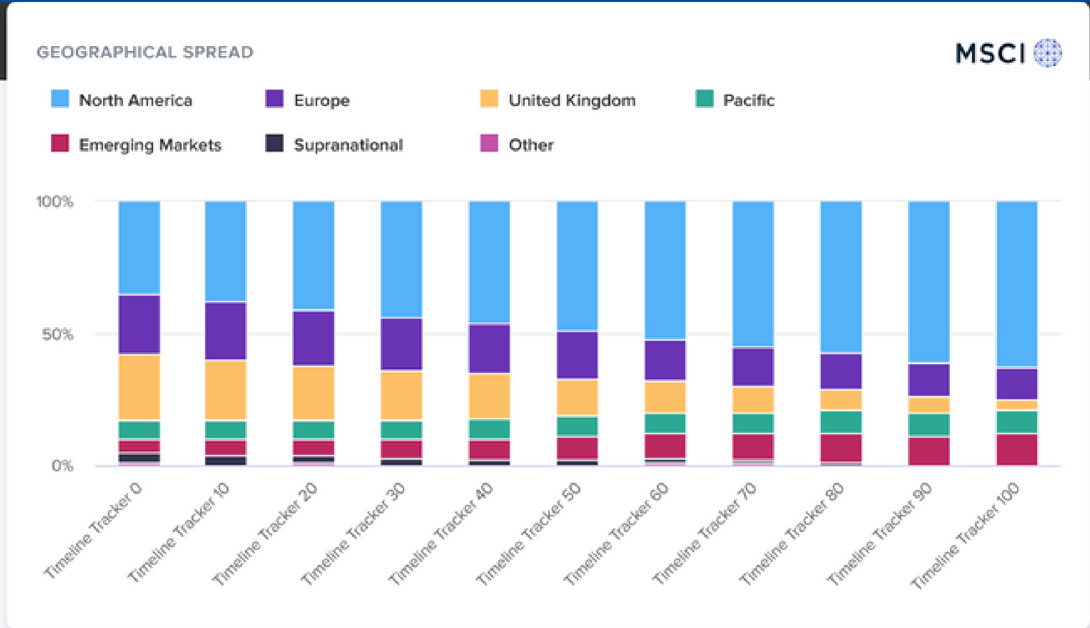
Invariably these platforms promote particular funds and seek evidence to justify promoting them to investors. Apart from the delusion of being able to beat markets with any repeatable success, there seems inherent bias built into a model that essentially sells funds and is remunerated by both investor and fund provider. Investors who were caught up with the Woodford debacle may have learned this lesson the hard way. Several platforms have also sought to increase their profits further by expanding into financial advice, or a version of it. Hargreaves Lansdown is one such example.

DIY platforms play to a very normal human desire to create a sense of control and removing cost from the outside influence of financial advisers. The sentiment is understandable, perhaps laudable, but real life experience is often rather different and this is something that no amount of regulation, illustration or evidence will ever adequately address. It is often a lived experience, which for most people is a stressful study of behavioural bias and a sense your time and thoughts are increasingly preoccupied by share prices and an unease that you are missing out. Often inertia sets in and opportunities are missed and mistakes made.

Managing the investments

We have created portfolios in conjunction with Timeline, who do the rebalancing, cost negotiating and fund reviews. We review Timeline to assess if their service is value for money. At 0.09% I can assure you that it is, but we keep this under review, by way of note the average cost of this sort of service is 0.47%. This service enables us to focus on what is important – your financial plan, rather than constantly picking, rebalancing and switching funds.





Timeline Tracker Portfolios

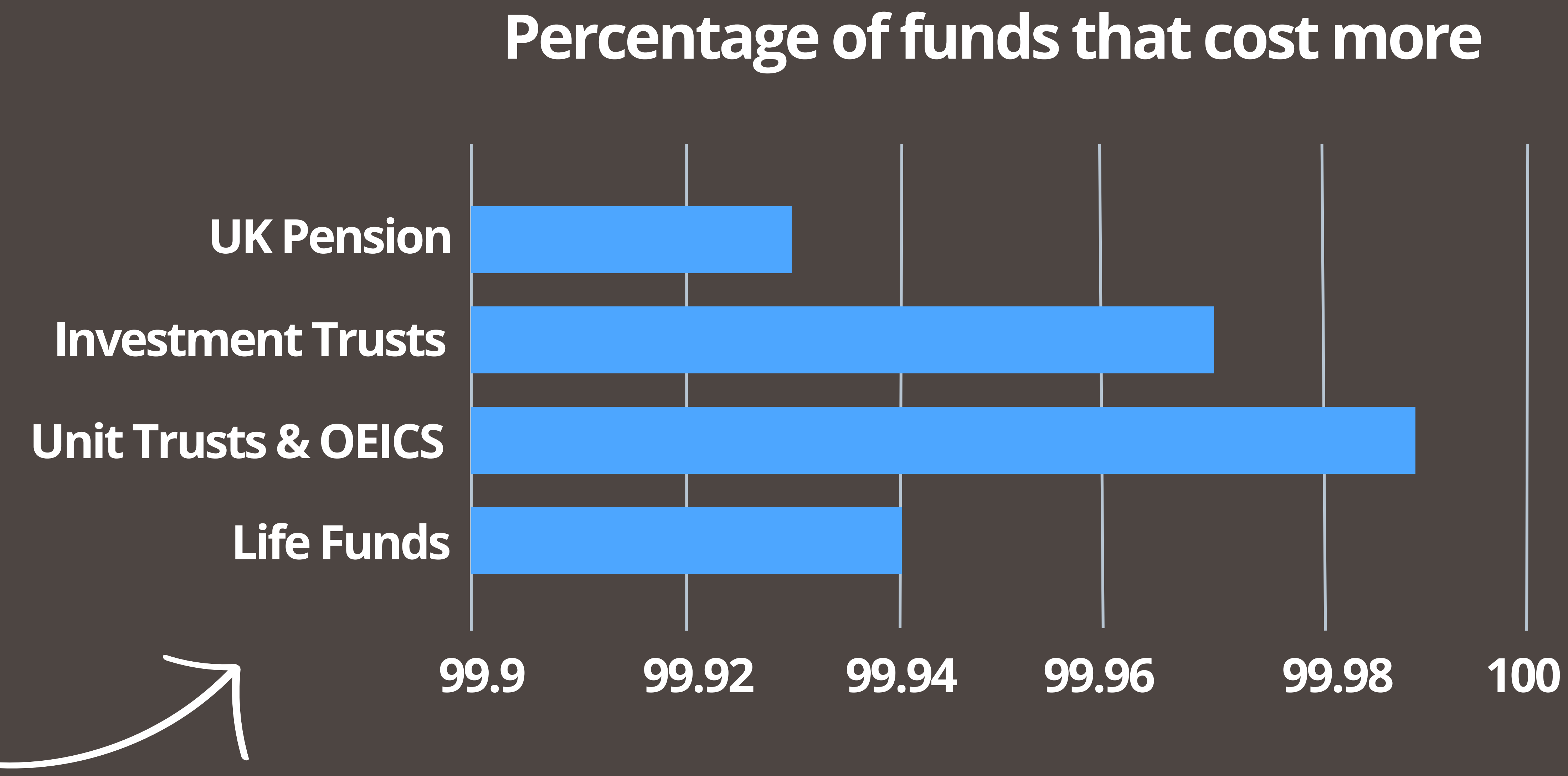
PORTFOLIO NAME	TIMELINE TRACKER 0	TIMELINE TRACKER 10	TIMELINE TRACKER 20	TIMELINE TRACKER 30	TIMELINE TRACKER 40	TIMELINE TRACKER 50	TIMELINE TRACKER 60	TIMELINE TRACKER 70	TIMELINE TRACKER 80	TIMELINE TRACKER 90	TIMELINE TRACKER 100
Growth Assets (%)	0	10	20	30	40	50	60	70	80	90	98
Portfolio OCF (Weighted)	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
Transaction Cost (Weighted)	0.09%	0.08%	0.08%	0.07%	0.06%	0.06%	0.05%	0.04%	0.03%	0.03%	0.02%
Total Number of Funds	5	8	8	8	8	8	8	8	8	8	3
Approx. Sum of Equities and Bonds	21818	26253	26253	26253	26253	26253	26253	26253	26253	26253	4435

Investment costs

There isn't a completely foolproof way to assess investment costs, unfortunately there is still a legacy of different versions of charging structures on investments. The other point to note is that obviously the value of funds (and the number of them) changes every day.

I conducted a review of open funds (that can be used today) in four main groups – Unit Trusts/OEICs, Investment Trusts, Insurance of Life Funds and UK registered pension funds. No doubt there will be some exceptions, but this broadly represents the real life experience of investors.

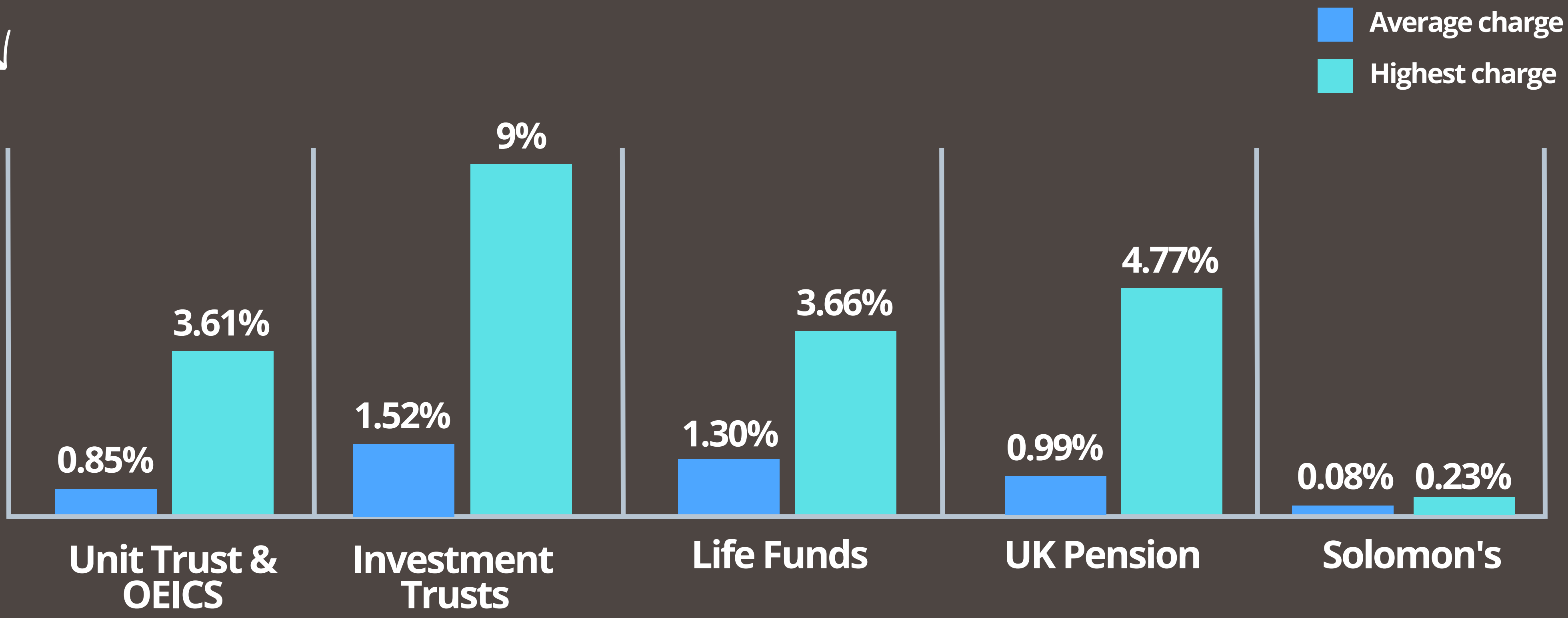
To provide a sense of scale, on this particular day there were 2,933 open Unit Trusts and OEICs, 351 Investment Trusts, 2,408 Life funds and 4,577 pension funds. A little over 10,000 funds. There are some very large, old legacy funds in the Life and Pension lists. As your adviser we sift through all these funds (and more). Cost is the one thing that we can control. A staggering 99% of all funds cost more than those we use, in fact it's 99.9%.


Percentage of funds that cost more
UK Pension
Investment Trusts
Unit Trusts & OEICS
Life Funds
99.9
99.92
99.94
99.96
99.98
100

I then considered the average charge in each group along with the highest charge. These are the ongoing costs that the investment managers apply each year. These ranged in average from 0.85% to 1.52%. Our solutions are now 0.08% or 0.15% for an ESG screened portfolio.

These are the equivalent of raw material costs. I have not included product costs, rebalancing, taxes, tax planning, advice or platform costs (as these are not included in fund costs). Simply the bog-standard fund cost.

No advice, no rebalancing, no platforms, just the investment - annual charge



*FE Analytics data 26.08.2022

Which fund and even which type of fund to use is down to advice, but you may be surprised to learn that four of the top 10 largest pension funds are held within shiny new modern workplace pensions, these are supposed to be low cost, yet all four funds are at least twice the price of those we use. If you are Muslim and want a non-interest earning Sharia fund, the NEST pension has a total charge of an unsaintly 1.8%, that's an enormous 22x more than the funds we use. In terms that are meaningful for every £100,000 of investments we use funds that cost £80 compared to £1,800 and there is no advice with a NEST pension.

If you buy an investment fund from your Bank, perhaps within their ISA, you almost certainly do not get any advice, so it's a bit of a concern that Halifax hold around £14bn in Unit Trusts with charges that range 1.09%-1.64%.

If you like a glossy brochure, St James's Place applies a charge of 0.8% to its money market fund and charges 1.22% to 2.51% over ten times more than our portfolios. Note as a restricted adviser, SJP can only advise on their own funds.

Perhaps you like helping other people to become billionaires, your go-faster red stripe paint job of the Virgin UK Index tracking fund which now has over £2bn is charging 0.6%, an index that can be tracked for less than a tenth of this. The cheeky billionaire also offers their now £100million Climate Change fund at a rocket-fuel priced 1.3%.

Of course investment costs are one element of the investment process, in reality most investors believe that they can outperform their peers and the market. In the short term this is possible, but outperformance is often confused for skill when in practice “luck” seems a better description. Standard and Poors update underperformance charts all the time, the figures are staggering. Most (93% in the US) over 15 years fail to beat the market they operate in, this experience is repeated around the world. Note that those who are attempting to beat the market charge a lot more and take more risk with your money. Frankly that sounds like lose-lose to me.

Managing the tax

Whilst we live in an imperfect world where Chancellors, Prime Ministers and Governments are quickly replaced, much like the rules and policies that they introduce we do our best to minimise taxes, which have an enormous impact on your investments.

Whilst journalists get very vexed by charges on investments, in the 2022/23 tax year there were lots of different rates of tax, these get altered regularly. Tax rates include 0%, 8.75%, 10%, 18%, 20%, 25%, 28%, 33.75%, 39.35%, 40%, 45%, 55% or 60% to draw money from your investment, this rather puts things into perspective. We attempt to minimise tax so that you do not pay it needlessly. So imagine that you need £10,000 after tax from your investment. The table below shows the enormous difference in the amount you would actually have to withdraw in order to end up with £10,000 post taxes. Irrespective of how you vote, these are accurate tax rates for 2022/23.

Tax Rate	Gross Amount Required	Tax Due	Net Payment
0%	£10,000.00	£0	£10,000
8.75%	£10,958.90	£958.90	£10,000
10%	£11,111.11	£1,111.11	£10,000
18%	£12,195.12	£2,195.12	£10,000
20%	£12,500.00	£2,500.00	£10,000
25%	£13,333.33	£3,333.33	£10,000
28%	£13,888.89	£3,888.89	£10,000
33.75%	£15,094.34	£5,094.34	£10,000
39.35%	£16,488.05	£6,488.05	£10,000
40%	£16,666.67	£6,666.67	£10,000
45%	£18,181.82	£8,181.82	£10,000
55%	£22,222.22	£12,222.22	£10,000
60%	£25,000.00	£15,000.00	£10,000

The table on the left ought to indicate how important it is to have the right advice and a good understanding of the UK tax system of allowances, reliefs and exemptions. Sadly, we cannot rely on Government to simplify taxes or even maintain levels predictably.

Clearly using investment products and solutions that prevent tax or enable you to minimise it through careful management makes a lot of sense.

2022/23 Income Tax Receipts by tax band: Source HMRC

The table on the right shows the reality of who pays the most tax. Additional rate taxpayers make up about 678,000 people or 2% of all taxpayers but their tax payments make up 36% of income tax receipts.

Income Band	Number of Individuals	Tax Collected
£12,570	3,040,000	£652m
£15,000	6,460,000	£5,490m
£20,000	9,720,000	£21,200m
£30,000	8,210,000	£38,900m
£50,000	4,950,000	£61,400m
£100,000	902,000	£32,000m
£150,000	287,000	£16,600m
£200,000	310,000	£33,800m
£500,000	54,000	£14,700m
£1,000,000	18,000	£9,710m
£2,000,000	9,000	£16,600m
TOTAL INCOME TAX	34m	£251,000m

Tax payer

Managing investor behaviour

You will have heard me repeat the mantra that really, I am paid to manage investor behaviour and help you avoid destroying your own financial plan. I run the risk of sounding patronising (not what I intend) but in reality, the hardest part is helping you not to panic when markets seem to be in freefall. We all know that markets are volatile, that values reduce, but these are temporary, they recover.

Having a proper plan for your spending requirements enables us to structure your investments with withdrawals in mind. There is only one event that I believe is truly catastrophic – the Armageddon moment of a nuclear war. Whilst a possibility, trust me, it isn’t worth worrying about your portfolio in such circumstances anyway.

Why do we charge the way we do?

We charge monthly retainers, these are relatively low and enable us to conduct meetings with you each year. This is to clarify what is important and ensure that we are working with realistic information from you. As this is a clear non-intermediation service, it is liable to VAT, another reason not to increase the amount much.
These fees are modest but deliberately noticeable so that you remember that you are paying for our services. They also help our business to have a predictable baseline monthly income.

Otherwise you pay us from your investments (mainly). We charge 1% a year, we believe this is good value, it's easy to remember, but of course, it's more for those with more – and it's our intention to ensure your portfolios are worth more. It's a bit win-win, simple, clear. I think everyone is capable of calculating 1% a year and those that are not clearly need us rather more.

Adviser Alpha

There has been a reasonable amount of research conducted into the difference between having an adviser or not. To say that this is almost impossible to calculate is fair, but some have tried. Vanguard, an investment company leading the move to lower investment fees has conducted research into all the elements of advice where they believe advisers add value (alpha). Whilst a far from perfect science, they estimate this to be worth an additional 3% a year in terms of improved returns after all costs.

As a side note, Vanguard is a company I like and use. In April 2023 they passed 500,000 investor clients (that's good news to anyone that cares that people become financially literate and independent). However, just a month earlier they announced the closure of their UK financial advice arm at the end of May 2023. The service only launched in 2021 with the aim of an all-in cost of 0.79% (about 0.53% less than us) with a focus on retirement planning. This was a restricted service offering only their own products) and aimed at those with £750,000+ in pensions. However, pension planning is complicated and invariably requires more than a single simple solution together with proper ongoing reviews, let alone managing a relationship that by definition is one of ageing human capability.

One would have thought that a company with the acumen and financial arsenal of Vanguard that if it were truly possible to provide a low-cost solution, they would have been best placed to provide one...

However, like others they have now returned to marketing manufacturer, helping DIY investors perhaps unaware of the complexities that lie ahead.

Returning to adviser alpha, others take the approach of attempting to compare results in terms of increased wealth, a study by the ILC (International Longevity Centre UK) initially published in 2017 based on data from 2006 has been regularly updated, but essentially finding very similar results to the latest in 2019:

- Receiving professional financial advice between 2001 and 2006 resulted in a total boost to wealth (in pensions and financial assets) of £47,706 in 2014/16.
- The benefits of financial advice are potentially greater for those we term "just getting by" than for those we consider "affluent": the former would have seen a 24% boost to their pension wealth compared to 11% for more affluent groups (those most likely to be advised).
- Evidence also suggests that fostering an ongoing relationship with a financial adviser leads to better financial outcomes. Those who reported receiving advice at both time points in our analysis had nearly 50% higher average pension wealth than those only advised at the start.

"I have difficulty with these studies because no two people are really alike. As noted earlier, one aspect of planning that is complex is retirement planning. What can appear "simple" invariably is not."

Consider the impact of pension freedoms and how non-advised investors made substantial withdrawals from their pensions, in just the first year of pension freedoms, HMRC netted an extra £1.5bn of income tax unnecessarily. Not knowing is costly. One of the most recent (12 January 2022) official reports that I could source (HoC Work and Pensions Committee) stated that 1.7m have drawn over £45bn from their pensions under the new pension freedoms of 2015. The vast majority will have been paying far more tax than necessary.

A bit more detail about our sector...

An alternative is for us to charge a fixed fee, which some, (very few) advisers do. However, when pressed most still take this from your investments (rather than your already taxed bank account) and there is some doubt about whether or not it is liable to VAT. One of the problems I have with this approach is that those offering it tend to start with a minimum charge of £5,000 or £10,000 – which if it were !% really means having a minimum of £500,000 or £1m of investments. I'm not totally convinced that some of my peers are being as transparent as they claim. Equally they presumably increase their charges each year to reflect inflation.

Whilst on the surface fixed fees appear good, if we are being completely honest they are designed to provide the adviser with a reliable cashflow and generally more suited to the very wealthy who see the value of their investments increase each year due to no or a small requirement of any income.

In short, some advisers charge less than 1% a year. Some charge more. The Which? Report concerned suggests an average of 0.80% a year as ongoing advice fees. This is based on an interpretation of the annual FCA returns, which is something of leap of faith, because frankly the data does not lend itself to that interpretation, in fact if anything is suggests that returns are not being completed correctly. I say this because advisers are asked to state their maximum and minimum charges for both initial fees and ongoing fees. If there are advisers claiming that they operate on a pure fixed fee basis, they would presumably state a figure of 0% for ongoing fees. The mathematics simply does not stack up.

As for initial fees, I state our initial fees ranging between 0% minimum and 1% maximum) yet the sector median (midpoint/typical) is 1% minimum (3% maximum) or as a mean (1.1% and 3% as a maximum) I cannot see how this is possible. Yet...


We know
it’s a bit dry

some conclude that the average initial fee is 2.4% charged on each investment (we charge between 0% and 1%). I also know how much my peers charge and the figures from the FCA do not make sense.

When reporting charges to the regulator many are accounting for a considerable amount of "legacy" investments which were generally charged at 0.5% (set and determined by product providers, not advisers or clients). Given that the typical adviser is in his late 50s (61% are over 55) they will have a considerable amount of revenue from old style arrangements conducted before 2013. Many were very happy to load investments with commission to their advantage whilst we were charging a fund-based fee from 1999 – when we were formed. For interest, only 20% of advisers are under 44 years old.

These FTSE100 listed company "partners" have other charges from the products that they sell, as I have already mentioned, which are enough to make almost every one wonder why the regulator appears to treat them rather gently. At some point you must decide who and what you believe...

Whilst I have no empirical evidence, I would suggest that the average of 0.8% is somewhat misleading. My advice is to always be sceptical of reading too much into small sample surveys, as Tom and David Chivers demonstrate in their excellent book "A Guide to Statistics in the News (and knowing when to trust them)". As someone who completes the FCA returns twice a year, I am not convinced that everyone completes it properly. That is simply my opinion based

''To provide some further context, in theory the largest adviser firm, which makes up about 10% of the total adviser numbers charge advice fees of 0.5% a year These are the same people that are flown off to an exotic location seated in order of top revenue producer. .''

on three decades in the sector and meeting and talking with hundreds of advisers and firms. I am pleased to report that I know a reasonable number that I consider to be incredibly good planners and genuinely trustworthy. What it is possible to observe is that some advisers have reduced their ongoing fees to make the total costs of their proposition look a little better. This tends to be advisers who fund pick and use actively managed funds rather than low-cost passive funds. Taking the average fund and platform costs many will find their charges north of 1.8%, ours are around 1.32%. I contend that the responsibility for advice and commercial risk resides with the adviser and as such should be reflected properly in the total fees.

The more you know, the more you know you don't know

Full disclosure, I know more than I ever have done about investing, tax, planning and so on and what alarms me most about the accumulation of knowledge is that you appreciate how much more there is to learn. It's a lifelong process. I do not claim to be the UK's best adviser, I don't claim to be perfect or offer the cheapest service. We strive to achieve what I believe is best for you based on the information you share. We seek to protect and maintain your standard of living. We are not magicians and not fortune tellers. I have no DeLorean car to take me to the future and return to advise you accordingly.

Our costs

As a small firm we have similar technology costs as a larger firm, if anything we pay more per capita for our licenses. As part of our revenue is based on the value of portfolios, as markets fall, so does our income. We are tied into a mutual experience. Our regulatory costs are also proportionally higher. Naturally our operating costs have risen much like everyone's but we have not increased our fees. Our little office that doesn't draw a bath has seen a 16.75x increase in heating costs.

Why?

I am in business for a variety of reasons. I grew up in an entrepreneurial family and early fascination with business became more formalised with A' Level economics and then a Degree in Business Studies. However, I was also conscious of apparent unfairness and inequality and was impressed by social activists and how commerce could change communities for the better, providing dignity and financial independence. I was also aware how quickly fortunes can change and have experience of feast and famine, of abundance and lack and many of the associated problems with each. "Religious input" was invariably unhelpful in meeting the real challenges of the complex nature of ethics and wealth. As a product of my time, "Greed is Good" (Wall Street 1987) and the YUPPIE culture was all part of a mixture of competing values. I was determined to challenge my own views about my values and whether I was serving money or it was serving me, or anyone else.


I was also conscious of apparent unfairness and inequality and was impressed by social activists and how commerce could change communities for the better, providing dignity and financial independence.

I have been careful to ensure that business owners plan their exit strategy and build a business that works for them. I noted the way relationships in crisis or ending invariably have lopsided financial balances and most couples fail to communicate well about money, with both parties bringing their own baggage and experience of what it represents. Financial freedom seems to be rather more than simply being debt free and having enough. It is surely about being able to live and talk thoughtfully about all matters financial and living generously with a knowledge that we cannot take it with us.

Sadly life often doesn't work out as planned. Many "die before their time" or suffer significant physical or mental health problems. These are difficult enough without the financial pressures that often quickly follow and compound. The very real and all too familiar experiences that I have had help inform how we advise clients as a firm.

One of the very real benefits of running a business is that it creates good employment for others, which means paying them fairly and ideally well enough to stick around. Salaries have risen, we are expanding and investing into the business and our services.

We are investing in staff and trying to grow the business to ensure that your planning is looked after for the decades ahead of us. The next decade for Solomon's will be attempting to train and recruit more advisers and administrators so that we can serve a lot more clients. Importantly, once I have sufficient numbers in place I can then sell the business to the staff using an Employee Ownership Trust. This enables me to eventually retire and ensure that the team are all engaged in hiring more of the right people and serving you our clients and your families properly, on the same basis which will likely be even better than today. There is a plan B and C as you might expect, the EOT is my preferred course of action.

Reality check

Latest research by Abrdn has suggested that 85% of adviser firms expect costs to increase with as many as 39% saying that this threatens their business. This seems largely due to falling investment portfolios (NextWealth research suggests average £404,437 portfolio reduced to £353,129 in 2022) and clients withdrawing more money to cope with the cost-of-living crisis. 26% of firms will be increasing their fees rising to 36% of the larger firms. I would suggest that they have not done their sums to work out how much is required to be a sustainable business, not simply a profitable one, which is alarming given the actual job they do.

NetWealth's research also suggests that about 12% of firms will close within the next 18 months either by selling their business or simply closing the doors.

So how do we compare?

Don’t forget that the average includes our figures. The more our clients have under management the lower the platform costs. The average initial fee for the sector is 2.4% whereas ours is probably closer to 0.50% as an average (it ranges from 0% to 1%).

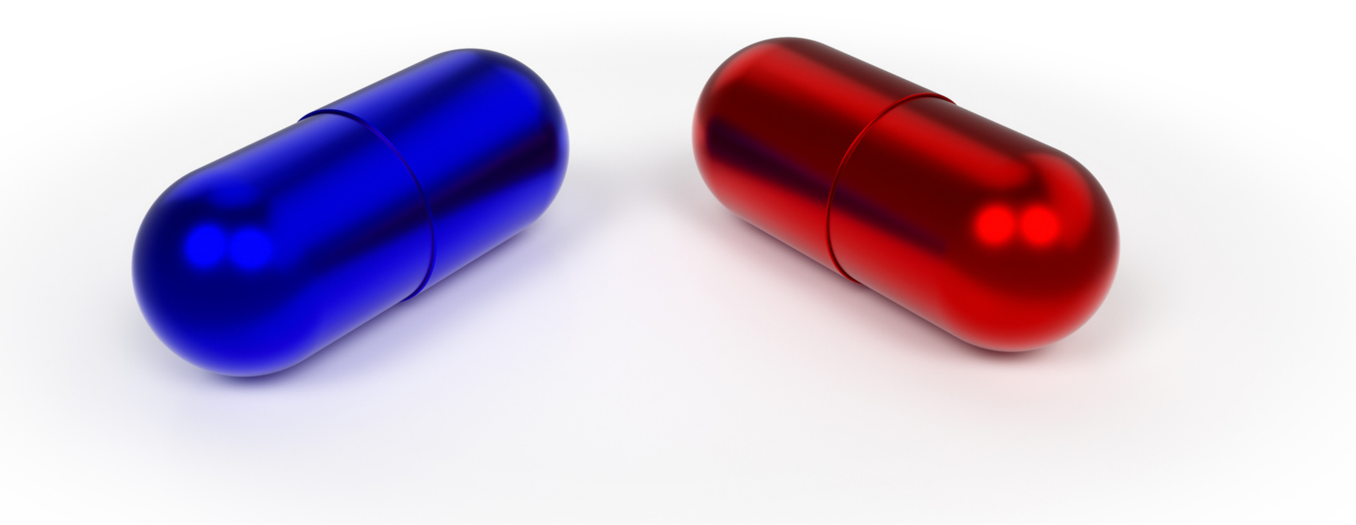
	Average Ongoing Fee	Average Fund Costs	Average Platform	Total
Average Adviser:	0.80%	0.55%	0.30%	1.65%
Solomon’s:	1.00%	0.08% + 0.09%	0.15% (MAX)	1.32%

You have a choice...

You obviously have a choice about who to use as your adviser. As I have outlined, there are over 5,000 firms and the majority are IFAs and most are small businesses. You can even have a go at doing it yourself. A wise man said to me recently that after years of managing funds himself he wanted me to take over as he knew that he wouldn't really appreciate when he didn't have the required knowledge.

We have a choice too...

We are also selective about who we work with. The firm has evolved and we want to add value for our clients that is clear and obvious. We also have to be profitable in order to keep providing our services and developing for the future. Today we are clearer about the criteria that we look for in clients.



You agree to provide us with genuine documents not forgeries
You are someone who takes action on the advice provided
We need to "click" we seek a long term relationship
We are financial planners not magicians, so expectations need to be realistic
INVEST
SAVE
We are human and make mistakes, but not deliberately.
You seek to protect those you care about and who may be dependent on you.
You want a personal service where you are known and valued by our team
RETIRE EARLY
You are happy to pay fees in the knowledge that you are spending money to save time and require assistance to help you achieve your plans.
PROMOTED
PASSPORT
You have a minimum of £300,000 of assets on which we will be remunerated
If you are in a couple, you both need to attend meetings unless the relationship is abusive or coming to an end
You seek a partnership in becoming better at managing and investing your money
You seek tax minimisation not evasion
All of our team members are valuable, however junior
You are able to delegate financial "stuff" to us and develop and improve your own skills and interests
JOB OFFER
You need to be transparent and honest in your dealings with us
You are able to learn new things about money and be willing to share your own insights
You appreciate that markets rise and fall but the declines are temporary whilst the growth is relentless when viewed from a longer-term perspective
You are not laundering money or participating in crime
You are optimistic about the future (the world is not about to end)
FINANCIAL INDEPENDENCE
You do not have addictive habits that you hide
You need to be confident in our confidentiality
YOU EARNED IT!
Solomon's client

Summary

Our clients are mostly with us for a very long time, decades. We are independent as in both the business itself and our regulatory status, meaning we have access to the whole of the market. We were one of the very few firms to introduce fees some 14 years before it was a requirement. You are more than your money. Hopefully it is evident to anyone that has read Spotlight, our client magazine. Our clients are from varied backgrounds, they are not all high-net-worth individuals that can afford to waste money.

We believe that our approach is not average at all, but rather spectacularly different.

We are small firm with large ambitions for ourselves and our clients. We work best in partnership with our clients to help them achieve what they want from life, we do not work well with people who simply want to implement financial products as this doesn’t achieve anyone’s real objectives. The business is designed along ethical principles and a deep-seated belief that money can be used to improve the lives of many.

As always, you have a choice.