

Guide to our mortgage and protection services

*Affordable and sustainable
solutions designed for you*



Quilter Financial Planning shares our values and beliefs about being clear and transparent with our clients. This is why we are giving you this document.

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Introduction

We chose to be part of the Quilter Financial Planning group, a network of more than 3,300 financial advisers looking after their clients' interests throughout the UK.

A bit about us

Quilter Financial Planning is one of the leading financial advice networks in the UK, with a strong track record of delivering great customer solutions.

Quilter Financial Planning itself is part of Quilter, a company with real financial strength that offers long-term security for all its customers.

You can read more about Quilter Financial Planning and Quilter on the website:

www.quilterfinancialplanning.co.uk

Your home may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it. Think carefully before securing other debts against your home.

The purpose of this document is to:

- ▶ Give you information about our business and services so that you know what to expect when working with us
- ▶ Reassure you about how we are regulated, and what security and peace of mind you can expect to receive
- ▶ Link to our Terms of Business document, where more specific information can be found regarding our fees and services.

We aim to do this by helping you understand:

- ▶ The types of property finance and insurance in which we can advise you
- ▶ The value we add to you now and the future
- ▶ The marketplace we will visit in order to deliver our advice, research and recommendations
- ▶ The proven process we use to deliver the solutions you need
- ▶ The importance of protecting you and your assets
- ▶ How to preserve your estate.

Other useful documents that will help you:

Terms of Business – this sets out your adviser's areas of advice, services and fees.

Suitability Report – a summary of our recommendations for you.

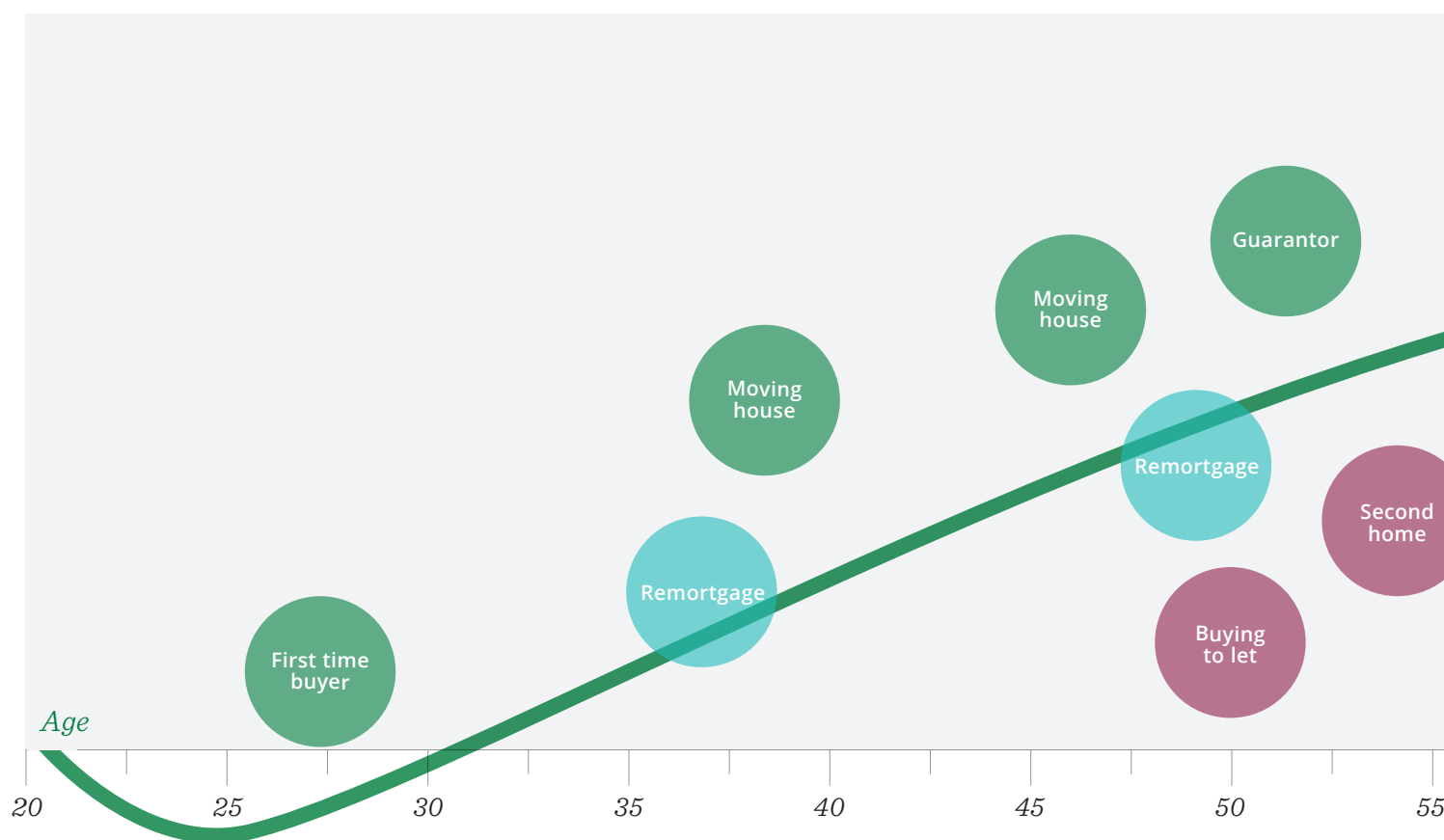
Mortgage Illustration – gives you all the information you need to know about your recommended loan.

Authority to Proceed – confirms the service we will provide to you now and in the future, as well as the agreed level of any associated fees.

Factsheets – to help you understand more about the process and terminology when remortgaging your property, buying a new home or borrowing to invest in rental property.

The stages of your financial life

Where we can help you.



First time buyer

You want to get on the property ladder, and own your own home.

Moving house

You need a bigger house, have to relocate or downsize to a smaller property.

Remortgage

You don't want to waste money by paying more than you should for your current or future borrowing.

Buying to let

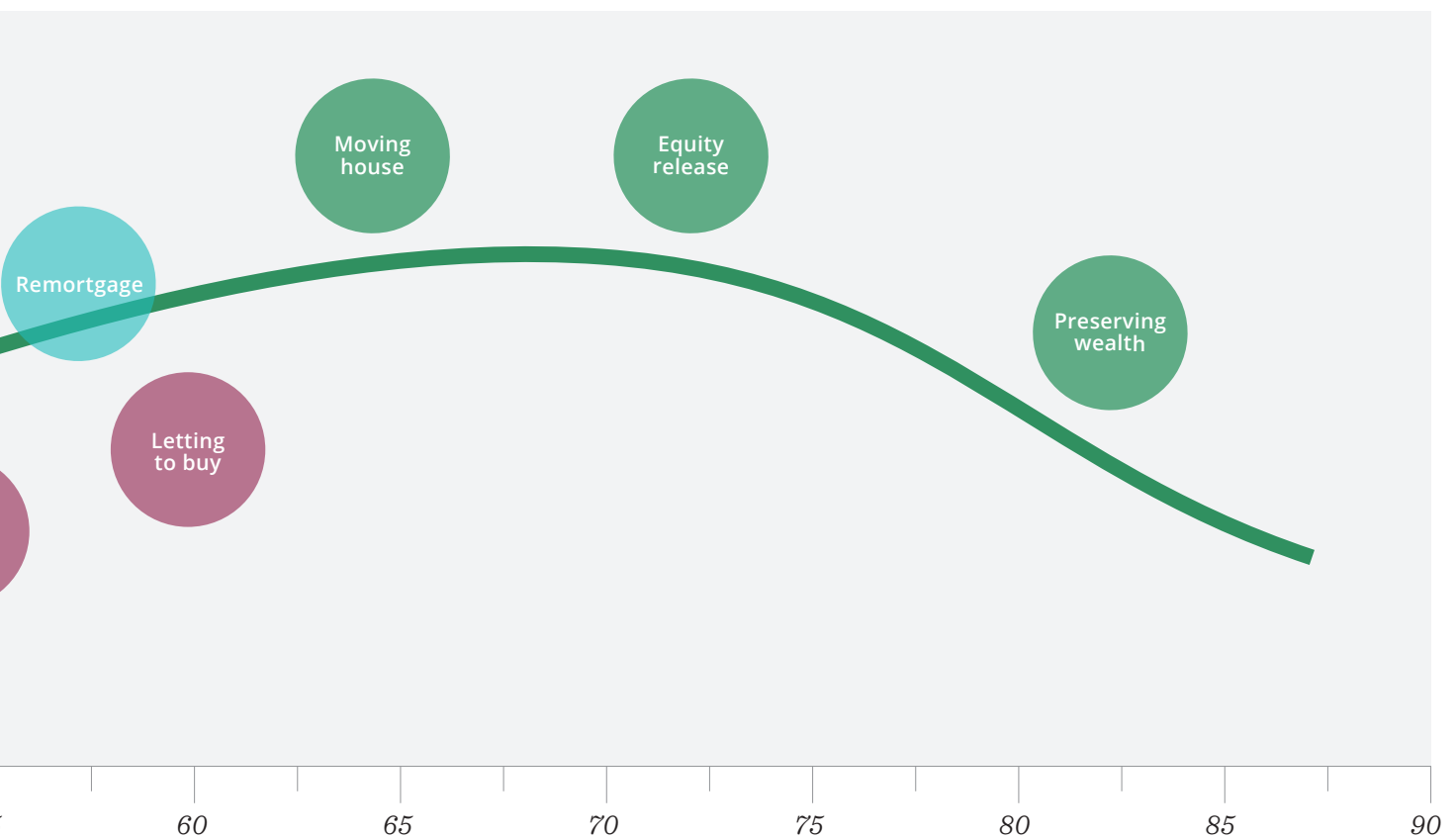
You want to invest in property and become a landlord.

Letting to buy

You want to use your current home to generate an income.

Second home

You need a home for holidays, a split job location or for your child to live in while in further education.



Guarantor

You want to help someone else buy their own home by guaranteeing their loan repayments.

Equity release

You need to use the value in your property to help provide income.

Preserving wealth

You want to preserve the value of your estate for the benefit of your family.

Protecting wealth

You need to protect your, and your family's, standard of living against the unexpected.

Protecting assets

You need to protect your property and belongings against the unexpected.

Our Terms of Business will clarify the areas of advice covered by your specific adviser.



The changing world of mortgage advice

The mortgage market changes all the time, not just in terms of mortgage deals and regulation but also in the way lenders assess loan applications.

Some of the changes have been in the way mortgage lenders assess the suitability of all clients for the different types of loan on offer. They base this decision on a variety of factors, primarily:

- 1. The property** – type, condition, access and location
- 2. Employment status** – amount and frequency of income (and time in your current role)
- 3. Financial commitments** – current and future (and your history of managing credit).

There is now more focus on affordability and expenditure. This is very different to the traditional approach of simply multiplying your annual personal (or rental) income by a pre-set multiple to obtain a maximum lending amount.

We pride ourselves on being up to date with regulation, legislation and the economic market.

We understand your needs, match that to the requirements of lenders, and protect you and your dependants once you have bought your property.

This way, we help you save time and money in the new world of mortgage advice.





How we add value

Adding value for you

Besides providing mortgage and insurance solutions, our services add value by helping you:

- ▶ Save money by not paying too much for your mortgage
- ▶ Pay the correct deposit to get the best interest rate
- ▶ Avoid paying hefty early redemption penalties or administration costs if you make partial loan repayments during the mortgage term
- ▶ Decide how best to structure the term of your borrowing taking into account your age, objectives and retirement plans
- ▶ Understand the risks associated with repayment or interest-only mortgages
- ▶ Save time and money by focusing on lenders and providers whose underwriting criteria will suit you
- ▶ Review how best to use your existing provisions while recommending any suitable and necessary new solutions
- ▶ Save money by ensuring you don't pay too much to protect your assets
- ▶ Place your insurance in the right name, ownership and trust, so that your beneficiaries do not pay too much tax when they inherit your estate.

We help you save time and money by focusing on lenders and providers whose underwriting criteria will suit you.



The financial world can be extremely complex

It is not as simple as looking for the lender with the cheapest rate, or insurer with the cheapest premium.

Yes, the interest rate or premium is key as a starting point. However, how might that change in the short, medium or long term?

We undertake a comprehensive review of other key factors that affect the real cost to you.

For example, some lenders charge arrangement fees that can be large enough to make the overall cost of lending unattractive, when compared to others.

Other considerations

Other key features of mortgages that you need to consider are:

- ▶ **Early repayment charges** – if you wish to partially or fully repay your mortgage during its term:
- ▶ **Portability of the loan** – if you move, you may wish to keep your current mortgage
- ▶ **Fixed rate** – would you benefit by fixing the interest rate with the lender for a set period?
- ▶ **Annual percentage rate (APR)** – what is the real cost of borrowing, not just the interest rate charged?
- ▶ **Flexibility** – the ability to overpay, take payment holidays, or switch repayment types
- ▶ **Frequency of interest additions** – how often the lender calculates and adds interest to your loan, for example daily, monthly, or annually, can affect the cost of your borrowing.

Insurance is very similar – we will advise you so that if you ever need to make a claim, you or your dependants, will receive what you were expecting.

This is why analysing and monitoring the enormous range of products is important. This ensures you get the best solution.

Your peace of mind and protection

We subscribe to, and abide by, a number of laws and regulations that exist for your protection, confidentiality, and security.

These include:

The Financial Conduct Authority (FCA) – our regulator. We will tell you if any product or service recommended is not regulated by the FCA

The Financial Services Compensation Scheme (FSCS) – for your financial security

The Data Protection Act (DPA) – to protect your confidentiality

The Financial Ombudsman Service – an independent and impartial body to help resolve complaints between financial businesses and their customers

Law – all our agreements follow the laws of England and Wales. The laws concerning property, conveyancing, trusts and power of attorney can differ if you live in Scotland or Northern Ireland

Financial crime – we support the Proceeds of Crime Act, and all efforts to eliminate money laundering

Other interests – we pride ourselves on being impartial. To avoid doubt we tell you if any conflicts of interest exist

Loans and ownership – we want you to know who owns us.

Our advice promise and charter

We will:

- ▶ Deliver a high-quality advice service
- ▶ Continually improve the professionalism of all our people
- ▶ Welcome and acknowledge any feedback, recommendations and referrals you give to us.

You can find more information in our Terms of Business document, which you should read with this guide.





Our process for providing quality advice



You will receive clear details on what the total fee is, the advice or service it relates to, how we've calculated it, and when you need to pay.

You are not obliged to implement any of our recommendations. However, we may still charge a fee for our advice.





1. Understanding you

By gathering information from you, we will get to fully understand your needs. We will also get to know what provisions you already have in place that you can use to secure your desired finance or protection.

At this stage you will find out what to expect from us and how you will benefit from using us.

2. Planning

We'll explore and research various scenarios to make the best use of your existing provisions.

We'll then recommend how you can best secure your finance and protection. We build upon your current plans, to help maximise the chances of you achieving your objectives, both present and future.

3. Implementation

Here's where your vision becomes reality.

Like most of our clients, you will probably prefer us to do the necessary work to put your plan into action. This will save you a lot of time and effort and ensure your plans are set up correctly. We will charge you a fee for doing this, which we will explain to you.

Alternatively, you may decide to implement our recommendations yourself, in which case we just charge you for our time and advice.

4. Refine

Nothing stands still, so it makes sense to check your financial circumstances regularly. We suggest you do this annually. This way you will find out if your plans are affected by any government announcements or interest rate changes.

You will also hear from us if we have something that we feel will interest you.

The marketplace we review on your behalf

Mortgages:

- ▶ We offer a mortgage review service that is representative of the whole of the market. We do not provide advice on 2nd charge mortgages or bridging loans. Where customers have a need for these types of loan we will refer you to a specialist broker.
- ▶ After we have assessed your needs, we will advise and make recommendations for you.
- ▶ Our recommendations will be made following a comprehensive and fair analysis of the mortgage market.

A lender will make its decision by considering these three areas:

- 1. Whether they will lend to you,*
- 2. How much they will lend to you*
- 3. That your proposed method of repaying the loan by the end of the term is reasonable.*

We save you time by researching the market and only approaching the lenders that suit your needs. This also avoids unnecessary credit checks that can leave an unnecessary record on your credit history.

Our extensive lender panel represents the whole of the market and we work hard to ensure that we add new lenders to that panel when they appear. So, if one lender changes its underwriting criteria, we can quickly approach other lenders who will consider your situation.

As part of Quilter Financial Planning, we have access to market-leading exclusive and semi-exclusive rates for both residential and buy-to-let lending. This is because of Quilter Financial Planning's size and negotiating power.

If you require more specialist advice in areas such as complex prime, self-build, and overseas lending, we can help you. In areas such as commercial loans, secured loans, bridging finance and asset finance, we have access to a panel of specialist brokers we can refer you to.

Our role is to help you:

- ▶ save money by not paying more than you need to for your mortgage
- ▶ save time and effort by recommending the most appropriate solution for your needs
- ▶ not miss out on the most cost-effective way of arranging your loan.





Types of mortgage

There are two ways for you to repay your mortgage:

1. Repayment: you pay interest and part of the capital with each payment you make

2. Interest only: you only pay the interest on the money you have borrowed.

You may also benefit from placing part of your loan as repayment and the other part as interest only.

We will advise you of your best course of action.

Interest rate options

The simplest form of loan is one which sets its interest rate according to the lender's standard variable rate, or SVR.

With a loan like this, your interest payments are likely to rise or fall every time there is a change in the Bank of England's base rate. However, lenders don't always pass on the change in base rate. This can be to your disadvantage if the base rate falls but your SVR does not.

There are a wide range of different interest rate options to match your needs and every one has its advantages and disadvantages.

The problem is in deciding which option is best for you?

- ▶ Discounted rate or tracker mortgage?
- ▶ Fixed rate or capped rate?
- ▶ Offset mortgage, current account mortgage or flexible mortgage?
- ▶ What about a drop-lock mortgage?

As you can see, deciding is not easy.

By understanding your needs and objectives, we will advise you of the best options.

By understanding your needs and objectives, we will advise you of the best options to ensure you:

- ▶ do not waste money initially by paying a higher monthly amount than you need to
- ▶ save time by considering only appropriate mortgage products
- ▶ choose the mortgage that gives you the flexibility you need now and in the future.



Protecting your assets

You will most probably be familiar with how you protect your property, using buildings and home contents insurance.

Are you as familiar with protecting your greatest asset – you?

A mortgage is likely to be the greatest financial commitment most people make. Your home (or buy-to-let investment) relies on your income to repay the loan.

Events that could stop you earning enough to repay your mortgage are:

- ▶ Short-term or long-term illness
- ▶ Redundancy
- ▶ An accident
- ▶ A serious illness – such as cancer, stroke or heart attack
- ▶ Death (yours or a partner)
- ▶ Any of the above happening to a tenant in your buy-to-let.

How long will your current provisions last?

You may have plans in place already but are they sufficient and how long will they last? The first step we take is to check what you have already and how that contributes to the solution.

Should you need to build on your existing plans we will always consider your overall objectives and budget.

So, is protection only about your mortgage?

The first aim of protection is to help you keep your home (or property). The second aim is to maintain your, and your family's, standard of living should something terrible happen.

How we can help:

- ▶ We want to help you get the right cover for your needs within your budget.
- ▶ After we have assessed your needs, we will advise and make recommendations for you.
- ▶ Our Terms of Business will confirm the marketplace we will visit on your behalf.



Making sure your money ends up in the right hands

If any of the following areas are of concern, we can ensure a specialist helps you. We will advise you whether that specialist is part of Quilter Financial Planning or not (for example will writing services are not provided by Quilter Financial Planning).

Why you need a will

Leaving a will is the only way you can be sure the right people will inherit your estate. Don't assume all of your estate will automatically pass to your spouse.

If you do not leave a will, intestacy laws, which vary between countries, will dictate who inherits your estate. This can take a long time to resolve.

Key considerations that influence the law's decision on who inherits your estate if you don't leave a will are:

1. The value of your estate

2. Whether you have children

3. If you are married.

Leaving a will ensures that children or dependants are looked after in accordance with your wishes.

Inheritance tax isn't only for the rich

Your home is likely to be the biggest asset in your financial estate. As a result it can affect how much of your estate is passed on to your beneficiaries when you die.

Inheritance tax is payable on death.

Each year the UK Government reviews the tax rates payable, the reliefs available, the amounts over which it becomes payable, and how it treats gifts during your lifetime.

It is important to plan each year and check that your estate will pass legally and ethically to your beneficiaries, without them having to pay a large tax bill.

Using a trust

A trust is a legal deed that ensures the asset placed inside it is treated in a specific way for taxation and access. By using a trust any life cover stays outside your estate.

This benefits you because:

- ▶ It avoids any inheritance tax
- ▶ The money goes quickly to the right person because it is outside your estate and avoids any probate delays
- ▶ If you do not have a will the State decides who benefits from your estate. Because a trust places your life cover outside your estate this cannot happen
- ▶ The money is not available to any of your creditors who only have access to your estate.

We strongly urge all our clients to consider this option.

Lasting and enduring power of attorney

This allows you to grant somebody else the power to make decisions on your behalf, if you're no longer able to. There are different types depending on where you live, what types of decisions you want to use it for, and when you want to use it. For example, some cover property and financial decisions, and others cover your health and medical wellbeing.

Please note that advice on taxation, trusts, power of attorney, wills, and will writing is not regulated by the FCA.

Other mortgage related costs and fees

Arranging any type of finance comes with fees and costs. Here are some examples that may apply, depending on whether you are buying a new property or remortgaging an existing one:

Stamp duty

This is a tax you pay when you buy a property, based on the property's value.

Legal fees

You will pay fees to your solicitor for doing the legal work associated with your purchase. This work is known as conveyancing.

Land registry

A fee for registering your ownership of a property.

Estate agent

Payable to your agent if you are selling through one. Typically this is a percentage of the final sale price.

Removal company

Fees vary depending on how far and how much you're moving. You will typically pay 50% as a deposit and the rest on the day you move. It's best to get several quotations before deciding which firm to use.

Mortgage valuation

This is for the lender's benefit not yours. It satisfies them that the property is worth what you say it is.

Property valuation / survey

This is for your benefit and satisfies you that there are no issues with the property you're buying. You may pay for a full structural survey or a less comprehensive homebuyer's survey.

Mortgage lender's arrangement fee

You pay this to the lender for arranging your mortgage, either up front or by adding it to your loan. Arrangement fees can vary significantly depending on the mortgage product you choose.

Early repayment charges

If you repay your mortgage in full, or in part but exceed the agreed partial repayment level, before the end of your mortgage term you can expect to pay a fee. This can range from a simple administration fee to significant early-redemption charges.

Higher lending charge

Where you are borrowing a high proportion of your property's value your lender will insure itself against you defaulting and property values falling. The lender will usually pass this cost to you by adding it to the loan.





Financial partners for life – regular meetings

You do not have to choose an ongoing service with us, although we believe you should review your mortgage and protection plans regularly.

You decide the style of service you need and how often you need it. In most cases this will depend on what life stage you are at and how much your personal circumstances change.

Most of our clients like to have planning meetings once a year, or near the end of a special term on their mortgage because:

- ▶ Protection products change, new products become available, and the cost of protection can change
- ▶ Property prices change, which can affect your equity, and mortgage products come and go almost daily. Regularly reviewing your mortgage ensures you have the best deal for you at the time
- ▶ Changes in your income and outgoings, not to mention inflation, can affect the real value of your protection.

Having a regular planning meeting means you don't miss out:

1. Keeping you informed:

We will only send you information which we feel is useful to you

2. Plan review and valuation milestone:

A milestone check ensures your plans are still on track to achieve your goals

3. Personal safety net:

This is to make sure that your existing mortgage and protection plans are not adversely affected by changes in government legislation.

We deliver this part via your next planning meeting, in the format that suits your lifestyle the best, such as face-to-face, by phone or using screen share technology.

We will confirm your options in our Terms of Business and Authority to Proceed documents.

How to pay for our services

We want to be clear.

It is important that you understand how you will pay us for our services.

- ▶ **Choice** – You choose how you pay us, whether you use our ongoing service or just use us for a one-off financial need.
- ▶ **Options** – We will explain your payment options to you and answer any questions you may have.
- ▶ **Agreed advice fees** – We will not charge you until we have agreed with you how we will be paid.
- ▶ **Transparent** – You will receive a clear explanation of our total fee, the advice or service to which it relates, how we've calculated it, and when you need to pay it.
- ▶ **VAT** – Because we provide an intermediation service, no VAT is due. However, there may be other occasions when VAT is due. If so, we will tell you.
- ▶ **Client money** – We never handle cash.

You are not obliged to implement any of our recommendations. However, we may still charge a fee for our advice.

Here we set out the various ways in which we might receive payment for our advice and services:

Paying us directly

We may charge you a fee for advice. We may also receive commission from an insurance company or mortgage lender.

We explain our fees in our Terms of Business document.

If we charge a fee we will agree it with you in advance and set this out in our Authority to Proceed document.

You may pay us by cheque or bank transfer.

Provider payments to us

We may receive commission from an insurance provider.

We may receive commission from a mortgage lender (known as a procuration fee).

Should we receive any commission, we will disclose this amount to you, by way of a mortgage illustration or quotation.

Introducer payments

We may also receive an introducer fee, should we pass your specific enquiry on to a specialist professional adviser. If this happens we will tell you.



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