

# MAKING THE COST OF INVESTMENT CLEAR



When you make an investment on our platform there are three main parties involved, in addition to you as the investor:

- Your financial adviser
- Old Mutual Wealth, the provider of your account or bond
- The managers of the funds you choose for your account or bond

The purpose of this document is to explain the roles of each of them and what charges are applicable, depending on the kind of investment you have and the terms you have agreed with your financial adviser.

This information applies to investments on Charge Basis 1.

## WHO IS INVOLVED AND WHAT DO THEY DO?



**YOUR FINANCIAL ADVISER** – Your adviser can help you manage your money better at every stage in your life. Depending on your financial needs and attitude to risk, they will agree with you the services you require – whether it's reviewing your savings and investments, planning for retirement or advice on tax matters. Working closely with you, they can recommend solutions that match your criteria and help you reach your financial goals.



**OLD MUTUAL WEALTH** – We are the providers of the account or bond you are investing in. This involves setting up and administering your investment on our platform. This is an innovative place where you and your financial adviser can build, manage and monitor your investments. It gives you online access to a wide choice of funds and a range of tax-efficient ways to hold them in a single place.



**FUND MANAGERS** – Typically your account or bond will contain one fund or a number of funds from different fund managers. These managers are responsible for creating and managing the funds; researching, selecting and buying the investments that make up the funds; and additional administrative duties such as appointing trustees and auditors.

Details of the charges for your specific investment are in the personalised **Key Features Illustration**, provided by your financial adviser prior to opening your account or bond, and the **Funds List** for Charge Basis 1.



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WEALTH



## PAYMENTS TO YOUR FINANCIAL ADVISER

To give you and your financial adviser freedom to agree how they should be paid for their advice, we provide a range of options. These cover the payment of:

- Initial Commission – paid each time you make an investment or add further ‘top-up’ payments.
- Trail Commission – paid monthly on an ongoing basis for the period of your investment.
- Switch Commission – for changing your fund choice.

Full details for each of these options are shown below.

Different commission arrangements may apply for different types of investments that you hold on the platform. If your adviser is charging fees rather than taking commission for their advice, it means your account or bond is on Charge Basis 2 or 3 so the content of this document does not apply. There are separate versions of this document for each Charge Basis.



## INITIAL COMMISSION

### Initial Charge

You and your financial adviser agree an initial charge of up to 4.5% of the value of your investment or top-up.

We take the agreed initial charge amount from each payment you make to your account or bond before investing the remainder into your chosen funds. We then pay it as initial commission to your financial adviser.

## ONGOING COMMISSION OPTIONS

EITHER	OR
<p><b>Fund-based Trail Commission (FBTC)</b></p> <p>This is a regular commission payment which we pay monthly to your financial adviser out of a rebate we receive from the managers of the funds you choose to invest in. It does not represent an additional cost to you.</p> <p>The amount of fund-based trail commission we pay your adviser varies depending on the amount of rebate we receive from fund managers and varies from fund to fund.</p> <p><b>Read more about rebates from fund managers on page 4.</b></p>	<p><b>Nominated Trail Commission (NTC)</b></p> <p>This is a fixed percentage rate of commission that you have agreed with your adviser. It can be up to 1.5% of the value of your investment.</p> <p>NTC is inclusive of the fund-based trail commission (see left). What this means is that if nominated trail commission is greater than the fund-based trail commission, your adviser receives the FBTC plus the difference between that and the NTC. We make up this difference by cashing in units from your account or bond each month. If the agreed level of NTC is less than the level of FBTC, we will reinvest the difference into your account or bond.</p>

## SWITCH COMMISSION OPTION

Although there is no Old Mutual Wealth charge for switching between funds, you may have previously agreed that your adviser receives switch commission. This can be up to 3% of the cash value of the funds being sold to make the switch. To pay this, we take the agreed amount from the sale proceeds before the new funds are purchased. There is no switch charge when funds are switched as part of portfolio rebalancing.

**Collective Investment Bond only:** there may be a Life Fund Tax Charge for the Collective Investment Bond which applies on switching (see [Old Mutual Wealth charges](#)).

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## OLD MUTUAL WEALTH CHARGES

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### Investor Charge

The Investor Charge is an annual charge of £77.12. If you have more than one product on the same Charge Basis you only pay one Investor Charge. It is taken from just one of your products, by cashing in units from your largest fund holding in that product.

We take this charge from the first investment you make onto the platform and then in instalments every six months from the day you made that investment. If you also hold a product jointly with a spouse or civil partner, a separate Investor Charge may apply. Every June, this charge will increase in line with the increase in average weekly earnings as published by the Office of National Statistics, over the previous year.

We do not make a charge if the only investments you hold with us are ones that have been re-registered to our platform. ('Re-registered' means that the funds involved have been moved onto the platform from another investment provider without having to be sold first and then re-purchased.)

## ADDITIONAL CHARGES THAT APPLY TO INVESTORS IN THE COLLECTIVE RETIREMENT ACCOUNT (CRA) AND THE COLLECTIVE INVESTMENT BOND (CIB)

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### Phased Initial Charge

If you selected the phased initial charge (PIC) option on an investment made before 10 December 2012, that charge is spread over five years. If your CRA or CIB converts to a new Charge Basis, any outstanding PIC will continue to be deducted until the end of the five-year period. If your CRA or CIB closes for any reason, or you start taking benefits, any outstanding PIC will be taken as a single charge. For more information please refer to your Terms and Conditions.

## CHARGES APPLICABLE ONLY TO THE COLLECTIVE INVESTMENT BOND (CIB)

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### Life Fund Taxation Charge

We are taxed by HM Revenue & Customs on taxable income and gains arising from the investments we make on your behalf. The amount we charge is based on the estimated tax liability to us.

The taxation charge is additional to the Investor Charge above. For more information please see your [Terms and Conditions for the Collective Investment Bond](#).

### Capital Protected Death Benefit Charge

If you apply and are accepted for this option, we will make a charge based on the difference between the value of the death benefit and 101% of the value of the bond. If the death benefit value is greater than 101% of the value of the bond then this charge is made monthly by cashing in units. For more information please see your [Terms and Conditions for the Collective Investment Bond](#).



## FUND CHARGES

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You don't pay fund manager charges as separate monetary amounts. Instead, fund managers deduct their charges on a daily basis from the overall value of their funds and this is reflected in the changing daily fund prices.

Included in the fund charge are:

- one off costs, such as the charge some funds make when you buy or sell them. The majority of funds available to you do not make this charge.
- ongoing costs – these are the fund manager's administrative costs, such as their annual management charge (AMC)
- transactional costs, when managers buy and sell the underlying investments in their funds
- incidental costs such as performance fees, if applicable.

This combination of costs is referred to in the Funds Lists as the TER (Total Expense Ratio). This term is now increasingly being replaced by the OCF (Ongoing Charge Figure).

## FUND MANAGER REBATES

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Charge Basis 1 involves an arrangement whereby fund managers repay us a proportion of their annual management charge (known as the rebate). We use part of this rebate to offset our administrative costs and the rest to pay ongoing trail commission to your financial adviser ([see Payments to your financial adviser](#)). This represents a further saving on the overall cost of your investment.

The amount of rebate varies from fund to fund and can vary over time. Typically the amounts we receive vary between 0% and 1.2% of the fund investments made by Old Mutual Wealth customers.

Further information about the rebates we receive from fund managers is available on request from our Customer Contact Centre on 0808 171 2626.

**The charging basis described in this document is Charge Basis 1. Details of Charge Bases 2 and 3 can be found on our website at [www.oldmutualwealth.co.uk/Library/charges/platform/](http://www.oldmutualwealth.co.uk/Library/charges/platform/).**

Your adviser can explain when these might apply in the future.

Your investment may fall or rise in value and you may not get back what you put in.

### **[www.oldmutualwealth.co.uk](http://www.oldmutualwealth.co.uk)**

Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.

Old Mutual Wealth is the trading name of Old Mutual Wealth Limited which provides an Individual Savings Account (ISA) and Collective Investment Account (CIA) and Old Mutual Wealth Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB).

Old Mutual Wealth Limited and Old Mutual Wealth Life & Pensions Limited are registered in England and Wales under numbers 1680071 and 4163431 respectively. Registered Office at Old Mutual House, Portland Terrace, Southampton SO14 7EJ, United Kingdom. Old Mutual Wealth Limited is authorised and regulated by the Financial Conduct Authority. Old Mutual Wealth Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Their Financial Services register numbers are 165359 and 207977 respectively.

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