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AVIVA

Adviser charging options

available for Company Pension

We've produced this guide to explain the adviser charging options available under Company Pension.

We've separated this guide into three sections which:

- highlight the adviser charging options we have available
- outline some example customer scenarios so you can see how the different options can be used in conjunction with each other
- include answers to some commonly asked questions.

Charge definitions:

% of fund
– this means the amount you receive will be based on the size of fund generated by the customer's payment.

% of payment
– this means the amount you receive will be based on your agreed percentage of the customer's annualised payment, payable on a monthly basis.

£ basis
– this means the amount you receive will be a fixed monetary amount.

Adviser charging options available

An overview of the various adviser charging options we offer for Company Pension.

Initial adviser charge

This is the fee you've agreed with your client for the initial advice you've given.

- Initial adviser charges will be deducted from your client's pension plan once the relevant contributions made into the plan have been invested by us.

We can facilitate an initial adviser charge on the following bases:

Payment type	£ basis	% of payment basis	Payable
Regular	✓	✗	Monthly
Single	✓	✓	One-off
Transfer	✓	✓	One-off
Income drawdown	✓	✗	One-off

Regular payments

- You and your client can choose to spread the cost of your initial advice over a period of up to 60 consecutive months.
- Initial adviser charges on regular contributions can't exceed the value of the regular contribution to which they relate. Please remember that Aviva deducts policy charges prior to adviser charges.
- You and your client can choose the start date for the initial adviser charges. We recommend that you don't start initial adviser charging until your client's pension has been in force and receiving contributions for at least three months. This is so we can help ensure that the pension plan has sufficient value to enable us to make adviser payments to you.

Income drawdown

- A one-off initial charge can be paid upon your instruction to designate funds to income drawdown, after any tax-free cash has been paid.

Single and transfer payments

- If you agree a monetary amount and the single/transfer payment we receive is different to the amount stated on the application form, we'll still pay you the monetary amount you agreed with your client.
- If you agree a percentage amount and the single/transfer payment we receive is different to the one stated on the application form, the amount we pay you will be based on the amount we receive. This means you could receive more or less than you were expecting.

Please note: you can't take a percentage and a monetary amount from the same payment.

Ongoing adviser charge

This is the fee you've agreed with your client for the ongoing advice you intend to provide.

We can facilitate ongoing adviser charging on the following bases:

Payment type	£ basis	% of fund basis	Payable
Regular	✓	✓	Monthly
Single	✗	✓	Monthly
Transfer	✗	✓	Monthly
Income drawdown	✗	✓	Monthly

Regular payments

- You and your client can agree for this to run for either a set number of months or for the duration of the pension plan.
- If you agree to take a monetary amount then this amount will be deducted from the fund value generated by your client's regular payments.
- If you agree to take a percentage of the fund then the amount you receive will be based on the fund value generated by your client's regular payments.

Single and transfer payments

- Each single and transfer payment can have its own ongoing adviser charge, and the % can vary per payment (e.g. a £5,000 single payment can have a 0.5% charge applied, and a subsequent transfer payment of £10,000 can have a 1% charge applied).
- The ongoing adviser charge is based on the value of the fund value generated by the customer's payment.

Please note: you can't take a percentage and a monetary amount from the same payment.

Income drawdown

- An income drawdown ongoing adviser charge is based on the value of the income drawdown pot.
- Only one ongoing adviser charge can be set up against the value of the income drawdown pot at a time.
- We can apply an ongoing adviser charge from transfers/singles/regulars and any income drawdown funds independently so long as they're paid to the same servicing agent.
- We can set up the charge as a term in months with a specified start and end date.

Ad-hoc adviser charge

This is the fee you've agreed with your client for a 'one-off' financial review or advice event.

The amount agreed must be a monetary value, and we'll deduct it by unit cancellation from the total value of your client's pension plan.

An ad-hoc adviser charge isn't available to be payable from income drawdown funds.

Customer scenarios – using adviser charging

These four examples show how you can use our adviser charging options in practice.

To enable us to facilitate the payment of the adviser charge, you'll need to request an illustration from us to show the effects of charges for your client. We'll provide an adviser charge agreement application form with the illustration. Please speak to your usual Aviva contact to arrange this. To add adviser charging, we'll require you and your client to complete, sign and return the adviser charge agreement to us. We aren't able to facilitate any adviser charge payments until we've issued the illustration and have the completed adviser charge agreement from you.

You and your client will need to complete a separate adviser charge agreement for any subsequent arrangements.

Example one

I'm advising a client who is about to take out a Company Pension plan. We've agreed that my fee for the initial advice will be deducted from the regular payments and I'll take an ongoing fee for future ongoing advice. What fees can we agree?

Fee for your initial advice

You and your client can agree for you to take a £ amount of the regular contribution, and you can spread this over a period of up to 60 consecutive months. To enable your client's fund to build up to an amount which allows us to deduct your fees we recommend that you don't elect to apply initial adviser charging until at least three months after the policy start date.

Fee for your ongoing advice

You can agree to add ongoing adviser charging, on either a £ amount or a % of fund basis, to the policy. The amount you receive will be based on the fund value generated by your client's regular payments.

Example two

I have a client who has an existing Company Pension plan. I'm advising them to transfer benefits from another pension provider and I'll also be providing ongoing advice. What fees can we agree?

Fee for your initial advice

You have two options for the fee for your initial advice:

Initial adviser charge

- you and your client can agree for you to take either a £ amount or a % of the transfer (both payable as a one-off payment to you).

Or

Ad-hoc adviser charge

- you and your client can agree for you to take a one-off ad-hoc monetary payment from their total plan value to cover your fee.

Fee for your ongoing advice

To cover your fees for providing ongoing advice, you and your client can agree to add ongoing adviser charging, on a % of fund basis, to the policy.

Example three

I'm advising an existing client who has a Company Pension. We've agreed that I'll take a one-off fee from their policy. What fees can we agree?

You and your client can agree for you to take a one-off monetary amount from their policy.

Example four

I'm advising a client who has an existing Company Pension about flexibly accessing their pension funds. We've agreed that I'll take a one-off fee from their pension to pay for this advice, and I'll also be providing ongoing advice.

You and your client can agree for you to take a one-off monetary amount from the income drawdown funds, after any tax-free cash has been paid. You can also agree to set up an ongoing adviser charge against the value of the income drawdown pot.

You can request to add an initial adviser charge and an ongoing adviser charge to the income drawdown funds at the same time as requesting a quote for accessing any tax-free cash. Our projection calculations will include the impact of the deduction of the charges.

Frequently asked questions

Have a question about our adviser charging options? Find the answer here.

How do I add adviser charging?

Firstly, you'll need to request an illustration for your client, showing the effects of the charges. We'll provide a copy of the adviser charge agreement application form with the illustration. Please speak to your usual Aviva contact to arrange this. To add adviser charging, we'll require you and your client to complete, sign and return the adviser charge agreement to us. We aren't able to facilitate any adviser charge payments until we've issued the illustration and have the completed adviser charge agreement from you.

Please note that a new adviser charge agreement will need to be completed for any further adviser charging requests.

At what point can I set up an adviser charge on new business?

Adviser charging can be agreed with your client prior to the Company Pension plan being set up. You'll firstly need to request an illustration for your client, showing the effects of the charges. We'll also issue an adviser charge agreement that we require you and your client to complete, sign and return to us.

We aren't able to facilitate any adviser charge payments until we've issued the illustration for your client and have the completed adviser charge agreement from you.

However, if you've agreed to take initial adviser charging in respect of your client's regular payments, we suggest that you don't add this from the policy start date as there may be insufficient funds in the policy to pay your fee. We recommend that any initial adviser charging in respect of regular payments commences three months after the policy start date to help ensure there are sufficient funds in the policy. Initial adviser charges on regular contributions can't exceed the value of the regular contribution to which they relate. Please remember that Aviva deducts policy charges prior to adviser charges.

How do I go about setting up adviser charging on an existing policy?

Firstly, you'll need to request an illustration showing the effects of the charges, for your client. We'll provide a copy of the adviser charge agreement application form with the illustration. Please speak to your usual Aviva contact to arrange this. To add adviser charging, we'll require you and your client to complete, sign and return the adviser charge agreement to us. We aren't able to facilitate any adviser charge payments until we've issued the illustration and have the completed adviser charge agreement from you.

What's the process for setting up an adviser charge on a bulk transfer exercise?

Please speak to your usual Aviva contact to provide details of the transferring members. We'll then arrange for illustrations to be produced within agreed timescales. We also require a signed adviser charge agreement in respect of each transferring member in order to facilitate an adviser charge from their policy.

Please note that we can't apply any adviser charge until the relevant illustration has been issued and the completed adviser charge agreement is returned to us.

Under what circumstances do I need to complete a new adviser charge agreement?

The following are circumstances in which we'd request a new adviser charge agreement form to be completed:

- A new adviser charging arrangement has been agreed.
- An additional adviser charging arrangement has been agreed.
- A request to amend (increase, decrease or changes from £ to % (and vice versa)) the ongoing adviser charge.
- Change of financial adviser, including the name of the firm.
- Transfer of business from one financial adviser to another.

Please note there may be other circumstances, not listed above, where we require a new adviser charge agreement to be completed.

Find out more

For more information and to set up adviser charging for a client, please contact your Aviva consultant.

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