



OUR GUIDE TO YOUR REMUNERATION

INTRODUCTION

Within our Pension Portfolio plans we'll support different types of adviser charge, and within this guide we'll describe:

- the different types available;
- the impact certain scenarios can have on your adviser charge;
- and we'll share some frequently asked questions.

SUMMARY OF ADVISER CHARGE OPTIONS AVAILABLE

All of our adviser charge (AC) options are available on both new and any existing Pension Portfolio Plans, including Personal Pension, Income Release and Self Investment plans. So although you may have previously received a commission payment on the plan, if you provide advice and/or services on the plan now and as a result of that advice new money is applied to the plan, you can agree an adviser charge with your client.

Below is a summary of the adviser charge options available and when they can be used.

Scenario/plan type	Commission option	Initial AC	Ongoing AC	Ad hoc AC
Pre-RDR contributions ¹	✓ ²	✗	✗	✓
New contribution to pre-RDR plans	✗	✓	✓	✓
New contribution to post-RDR plans	✗	✓	✓	✓
New plan taken out post RDR	✗	✓	✓	✓

¹ This includes automatic regular contribution increases made post-RDR but which were agreed before 31 December 2012.

² It's not possible to add or change an existing commission arrangement on a plan taken out before the RDR.

ADVISER CHARGES

Adviser charges (AC) are agreed between you and your client and are in return for the advice and services you provide to your client on their plan.

Initial charge	Ongoing charge	Ad hoc charge
This is agreed between you and your client in return for the advice and services you provide when the plan first starts or when a new contribution is applied to the plan.	This is agreed between you and your client for the ongoing advice and services you provide during the lifetime of the plan.	This is agreed between you and your client for one-off events that take place on the plan or for ad hoc services that are not already covered by initial and/or ongoing charges.

We'll facilitate the following initial, ongoing and ad hoc adviser charge payments:

Contribution type	Initial AC		Ongoing AC			Ad hoc AC	
	% of contribution	Monetary amount	% of contribution	% of fund	Monetary amount	% of fund	Monetary amount
Regular contributions	✓	✓	✓	✓	✓	✓	✓
Single contributions	✓	✓	✗	✓	✓	✓	✓
Transfer payments	✓	✓	✗	✓	✓	✓	✓

Before we'll make an adviser charge payment, it's important that the following conditions are met:

- Any adviser charges must be agreed with your client directly and they'll need to complete one of our Adviser charge instruction forms.
- If a client wants to stop an agreed adviser charge payment being deducted from their plan, they can tell us to stop the payment at any time.
- AC payments are charged separately and are not included within our product charges.

Key point

It's important that you clearly document within your client agreement the services you've agreed you'll provide and their charges.

Initial adviser charges

Contribution type	Initial adviser charge options
Regular contributions	<ul style="list-style-type: none"> • Can be paid as: <ul style="list-style-type: none"> • a percentage of contributions, • a monetary amount or, • a monetary amount paid as soon as possible (ASAP). • If it's being paid as a percentage of the contributions, we'll automatically pay this at the same frequency the contributions are made to the plan. • If it's being paid as a percentage of the contributions or as a monetary amount, the adviser charge can be spread over a period of up to 60 months. • If it's being paid as a monetary amount that is spread over a period of time, we can pay this monthly or yearly, but it can't be paid less frequently than the frequency the contributions are made to the plan. For example, if the regular contributions are being paid monthly, we'll also pay the adviser charges monthly.
Single contributions & transfer payments	<ul style="list-style-type: none"> • Can be paid as: <ul style="list-style-type: none"> • a percentage of contributions, or • as a monetary amount which is deducted as a one-off amount when we receive the contribution/payment.

Notes

- If the initial adviser charge is being paid on regular contributions ASAP, there will be no value in the regular contribution part of client's plan until the charge has been paid in full.
- It's possible to choose different payment options each time an increased contribution is applied to the plan and an adviser charge payment is agreed.
- Where possible we'll deduct any outstanding initial monetary adviser charge from the client's plan if they transfer, retire early or on another settlement.
- If there is more than one transfer being applied to the plan and the charge is being paid as a percentage of the contribution, we'll deduct the same percentage from each transfer. If the charge is being paid as a monetary amount we'll deduct the maximum portion of the total charge from each transfer. For example, if the agreed adviser charge was £1,000 and the first transfer payment is large enough to support this, we'll deduct the full amount from this transfer. If it would only support £750, we'll apply a £250 charge to the second transfer.

Ongoing adviser charges

Contribution type	Ongoing adviser charge options
Regular contributions	<ul style="list-style-type: none"> • Can be paid as: <ul style="list-style-type: none"> • a percentage of the contributions • a percentage of fund, or • a monetary amount. • If it's being paid as a percentage of the contribution, we'll pay this at the same frequency as the contributions are being made to the plan and the client can select when the charge starts and ends. • If it's being paid as a percentage of fund we'll pay this monthly. • If it's being paid as a monetary amount, we'll pay this monthly, quarterly, half-yearly or yearly. • If it's being paid as a monetary amount, the ongoing charge can be fixed or it can increase each year by a set rate of up to 5% or in line with RPI or AWE. • If it's being paid as a monetary amount the start and end dates can be specified.
Single contributions & transfer payments	<ul style="list-style-type: none"> • Can be paid as: <ul style="list-style-type: none"> • a percentage of fund, or • a monetary amount. • If it's being paid as a percentage of the fund, we'll pay this monthly. • If it's being paid as a monetary amount, we'll pay this monthly, quarterly, half-yearly or yearly and your client can specify the start and end dates. • If it's being paid as a monetary amount, the ongoing charge can be fixed or can increase each year by a set rate of up to 5%, or in line with RPI or AWE.

Notes

- If the ongoing charge is being paid as a percentage of the fund, we'll pay this for the full term of the plan or until the client tells us to stop.
- It's possible to choose different payment options each time an increased contribution is applied to the plan and an adviser charge payment is agreed.
- It's possible to combine a percentage of fund charge with either a percentage of the contribution or a monetary amount.
- If the ongoing charge is being paid as a percentage of fund, you'll need to tell us the yearly charge that you've agreed with your client, and we'll deduct this from their plan on a monthly basis.
- If your client is invested in a Self Investment plan the agreed adviser charge will be based on and deducted from the value of the Core Investments only.
- If your client previously applied an increased transfer payment to their plan so they could maintain their death benefits, (we removed this facility in January 2010) we won't allow an ongoing adviser charge payment to be added to these transfer payments.

Ad hoc adviser charge

Contribution type	Initial adviser charge options
Regular and single contributions and transfer payments	<ul style="list-style-type: none">• Can be paid as:<ul style="list-style-type: none">• a monetary amount, or• a percentage of fund.• Will be deducted and paid immediately and can be taken from specific contributions or across the entire plan value.

Notes

- Ad hoc charges are agreed between you and your client for services you provide that are not already covered by another adviser charge, for example a one off review.
- Ad hoc adviser charge payments can be taken across all contributions, including money that was applied to the plan before 31 December 2012 and where commission has already been paid.
- If the ad hoc adviser charge is to be taken from the entire plan we'll deduct this proportionately across all contributions (including any contribution that we previously made a commission payment).
- Each time you agree an ad hoc adviser charge with your client, they'll need to complete our **Ad hoc adviser charge instruction form**.
- If your client previously applied an increased transfer payment to their plan so they could maintain their death benefits, (we removed this facility in January 2010) we won't allow an ad hoc adviser charge payment to be added to these transfer payments.

Remuneration clawback

In certain situations we may clawback remuneration that we've already paid to you from a Pension Portfolio plan.

Remuneration type	Regular contributions	Single contributions & transfer payments
Initial adviser charge	If the plan is cancelled within the cancellation period, we'll clawback any initial adviser charge paid.	No clawback.
Ongoing adviser charge	If the plan is cancelled during the cancellation period, we'll clawback any ongoing adviser charge paid.	No clawback.
Ad hoc adviser charge	No clawback.	No clawback.
Commission	For automatic regular contribution increases that still generate commission payments, we'll clawback initial commission if the contribution stops or reduces, or the client retires or transfers their plan away within 3 years; Year 1 – 100% Year 2 – 75% Year 3 – 50% Thereafter – 0%	N/A – commission is no longer available on single contributions and transfer payments.

If a client asks us to stop paying an adviser charge payment, we'll act on their instruction to stop all future charges. We won't clawback any charges already paid, except those detailed above, or where a charge was paid by mistake and the recipient was not entitled to it.

You can find out more information about stopping remuneration in our **Terms of business** for advisers.

FREQUENTLY ASKED QUESTIONS

We've included some of the questions which we're frequently asked about how remuneration can be paid on our Pension Portfolio plans.

General questions

Will you pay commission on execution only business?	No.
Can adviser charges be added to pre-RDR plans?	We'll facilitate adviser charges from new contributions that are applied to pre-RDR plans, however we won't allow ongoing adviser charges to be added retrospectively to contributions made before RDR.
Can commission be re-negotiated on pre-RDR plans?	No, we don't allow existing commission payments to be changed.
Who can change adviser charges?	The adviser or the client can tell us to reduce or remove an adviser charge, however any new requests to add or amend an adviser charge must come from the client and they'll need to complete one of our Adviser charge instruction forms.
Can you offset commission credit and debit against adviser charges?	Yes.
For Income Release plans can adviser charges be taken from crystallised funds only?	No, any adviser charges will be taken proportionately from crystallised and un-crystallised funds.
If my client has an Income Release plan and agrees an adviser charge will this affect their tax-free cash?	No, we'll calculate the tax-free cash and maximum income available to your client based upon the value of their crystallised funds before any adviser charge is deducted from their plan. If both an adviser charge payment and an income payment are being deducted from the plan on the same day then we'll deduct the adviser charge payment first.
Is a Consumer Credit Licence required?	If you're agreeing adviser charges with your client then a Consumer Credit Licence may be required.

Client changes

What happens if:	Adviser charge	Commission
Regular contributions reduce or stop?	If the charge is a percentage of the contribution it will reduce in line with the contribution. We'll continue to pay all other charges provided there is sufficient value in the regular contribution part of the plan.	If commission is being paid as a percentage of the contribution it will reduce in line with the contribution. If commission has already been paid, it may be clawed back, as detailed within the Remuneration clawback section of this guide.
Regular contributions increase?	<p>For automatic increases (e.g. salary related) which are being paid as a percentage of the contribution and where payments still need to be made, we'll increase the charge in line with the contribution for the remainder of the charge period.</p> <p>For non-automatic increases where the charge is being paid as a percentage of the contribution and a charge has previously been agreed, unless we're told otherwise, we'll apply the original charge instruction to the increase.</p>	<p>For automatic increases we'll apply any commission to the contribution increase.</p> <p>For non-automatic increases, we'll not pay any commission and any remuneration will need to be paid as an adviser charge which will need to be agreed on an individual basis.</p>
A client goes on a contribution holiday?	<p>If the charge is being paid as a percentage of the contribution, it will stop during the contribution holiday and any initial AC will not continue beyond the original payment period. For example, if the charge was being paid over 12 months and the client goes on a 3 month holiday within this initial period, we'll only pay the initial charge for 9 months.</p> <p>We'll continue paying the other charges provided there is sufficient value in the regular contribution part of the plan.</p>	If any commission is being paid as a percentage of the contributions, we'll stop any payments during the contribution holiday. Once the contributions re-start, we'll also restart any commission payments.

What happens if:	Adviser charge	Commission
A client retires early, transfers or dies?	Where possible we'll deduct any outstanding initial charge from the plan value before it's transferred or the benefits are paid. If the client dies and any ongoing charges have been deducted from the plan after the date of death, we'll re-credit these back to the plan.	If commission has already been paid, we may apply a clawback – you can find out more details in the Remuneration clawback section.
A client retires later than their chosen retirement date?	If there are any agreed ongoing charges these will continue to be paid until the new later retirement date or a specific chosen date.	Any commission payments will continue being paid until the new later retirement date.
A client changes their financial adviser?	If the client tells us to move their charges to their new financial adviser, we'll pay any ongoing charges and any new initial charges to the new adviser. If there are any outstanding initial charges that are still being paid, we'll continue paying these to the existing adviser firm unless the member tells us otherwise.	We can re-register commission with the new adviser firm as long as an ongoing service is being provided.

Adviser changes

What happens if:	Adviser charge	Commission
An adviser firm is de-authorized?	If there are any outstanding initial charges still to be paid, we'll continue paying these to the adviser firm so long as the initial services/advice were provided before the adviser was de-authorized. All future ongoing charges will stop.	We'll stop paying any commission payments.
An individual adviser moves firms?	If an individual adviser moves firms the charges won't automatically move with them as they're agreed at firm level. The client can instruct us to redirect ongoing adviser charges to the new adviser firm.	We can re-register commission with the new adviser firm, if we receive an instruction from the client and the adviser provides an ongoing service.
An adviser firm sells their business?	Adviser charge can be re-directed to the new adviser firm. If the client does not want to change their adviser firm, any changes will stop.	We'll register any commission with the new adviser firm providing all of the adviser's clients are notified about the re-registration.



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