# Cost of services template

In order to meet this Consumer Duty price and value outcome, you'll need to demonstrate the prices you charge represent value for money, and that your clients are getting fair value for the products you recommend and the services you offer.

We've created this template to help you detail the services you may choose to offer, and which of those services a client may receive in relation to the fees they pay.

## What is fair value?

Fair value relates to the price your client pays for a recommended product or service and whether the overall benefits they receive are reasonable, in relation to that price.

Benefits include the features of products as well as add-on services, how your clients might use them and how this adds value. For example, the expected returns a client might get from an investment product, or the quality of service they experience because of lower call waiting times.

## Demonstrating fair value

The FCA haven't specified any set rules around the way an adviser firm demonstrates the relationship between the price their clients pay for a product and service and the benefits they receive.

However, to help demonstrate fair value you can carry out a value assessment on the products and services you offer.

To begin this assessment, you should create a detailed list of all the products your firm recommends and services it provides.

Next you'll need to identify your target markets for the products and services you offer and detail the benefits and fees that you charge.

For example you may charge a higher fee for a face to face annual review meeting that involves additional travel time for you, than you do for a remote meeting. Or you may charge a higher fee for a service that provides quarterly review meetings rather than yearly.

## Documenting your cost of services

You'll find an editable template on the next page which you can use to document your approach.  It's based on services a standard adviser firm would offer. The different levels of service can be edited to allow you to add and remove services and select the relevant services for each tier. We've populated the template as an example of how you may want to approach it.

The purpose of this template is to help you create your own cost of service document and Royal London cannot be held responsible for the data you populate it with. Please note that it's down to individual firms to determine the most appropriate approach for their business.

## Cost of services template

This sample template can help you demonstrate the different levels of service you offer, and the charges you apply. Please edit as required and ✓ all that apply.

| Service | Gold | Silver | Bronze |
|---|---|---|---|
| **Client and adviser meetings** | | | |
| Yearly face to face meeting with adviser | ✓ | | |
| Face to face meeting with adviser every six months | ✓ | | |
| Yearly remote meeting with adviser - yearly | | ✓ | ✓ |
| Remote meeting with adviser every six months | | ✓ | |
| Ad hoc meetings by arrangement | ✓ | ✓ | ✓ |
| Ongoing access to adviser | ✓ | ✓ | |
| **Understanding client needs** | | | |
| Risk profiling | ✓ | ✓ | |
| Quarterly reviews | ✓ | | |
| Six monthly reviews | ✓ | | |
| Annual reviews | ✓ | | |
| Reviewing contribution basis and aspirations | ✓ | | |
| Cash flow modelling | ✓ | | |
| Reviewing income sustainability | ✓ | | |
| State Benefit entitlement review | ✓ | | |
| **Investment advice** | | | |
| Investment suitability | ✓ | | |
| Investment performance review | ✓ | | |
| Asset allocation (where required) | ✓ | ✓ | |
| Quarterly investment commentary | ✓ | ✓ | |
| Ad hoc investment valuation report | | | ✓ |
| Model portfolio service (if applicable) | | | |
| DFM service (if applicable) | | | |
| **Tax planning** | | | |
| Tax charges | ✓ | | |
| Annual pension allowance (including carry forward) | ✓ | | |
| Recovery of tax | ✓ | | |
| Annual ISA allowance | ✓ | ✓ | |
| Inheritance tax planning | ✓ | | |
| **Reporting and communications** | | | |
| Suitability report | ✓ | | |
| Quarterly newsletter | ✓ | | |
| Secure messaging and document library | ✓ | | |
| Financial education | ✓ | | |

| Service | Gold | Silver | Bronze |
|---|---|---|---|
| **Alternative services** | | | |
| Introduction to protection services | ✓ | | |
| Introduction to legal services | ✓ | | |
| Introduction to accountancy services | ✓ | | |
| Liaising with 3rd party professionals | ✓ | | |
| **Other** | | | |
| Onboarding | | | |
| Workplace pension scheme governance (if applicable) | ✓ | ✓ | |
| Workplace pension employee clinics (if applicable) | ✓ | | |
| Scheme Governance (workplace pensions) | ✓ | | |
| Ongoing access to our support team | | | |
| Webinar | | | |
| **Initial charge (£/%)** | | | |
| **Ongoing charge (£/%)** | | | |

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