

# Beckford • James

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*chartered financial planners*



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## *An Introduction to Beckford James*

Beckford James are independent chartered financial planners; independent both in terms of ownership and in our ability to work across the whole market to find the most suitable solutions for our clients' needs. Our chartered status is a reflection of our commitment to professionalism, ethics and development, all of which translate into high quality financial planning for our clients.

Beckford James was founded in 2009 by a small group of likeminded professionals with many years' experience in advising clients. All partners have previously held senior positions in a variety of blue chip financial service organisations. We have offices in Bath, Birmingham and London, but look after clients all around the UK.

All our partners are Chartered and/or Certified Financial Planners, so our clients know that they are being served by highly qualified professionals rather than advisers who have simply achieved the minimum regulatory requirements. All new advisers are required to achieve this higher level of qualification.

Legislative changes to financial services at the end of 2012 introduced the requirement for higher qualifications and transparent fees among the adviser profession. This coupled with changes to pensions legislation, means there is a continuing, if not increasing, need for advice and planning but fewer firms able to deliver it. We have always embraced these changes and remain committed to continual improvement for the benefit of clients.

At Beckford James we pride ourselves on the relationships we have with our clients, many of whom have been with us for many years, following us from previous roles. We provide on-going advice throughout clients' changing financial life stages and work closely with other professionals in order to provide a complete solution to our clients' needs.

## *Our Values*

We are proud to maintain our genuinely independent status and aim to bring together the ideal mix of technical expertise and people oriented advisers, with a view to making the often complicated world of financial planning, investment and pensions simple to understand.

We are committed to providing the highest standard of financial advice and service possible. The interest of our clients is paramount to us and to achieve this we have designed our systems and procedures to place them at the heart of our business.

In particular:

- **Using Plain English**

We try to avoid using jargon and to make sure that our clients are able to understand the information we are giving them.

- **Acting Consistently**

We try to ensure that all advisers use a common approach and that we treat all our customers with the same attention.

- **Timeliness**

We aim to answer client queries as quickly as possible and to ensure that they do not experience delays in respect of both initial and on-going contact from us.

- **Impartiality**

We maintain an independent approach to advice in respect of all areas of our service.

- **Valuing Clients**

Our clients are at the centre of our business and we try to ensure that we consider their needs in everything we do.

- **Integrity**

We maintain the highest levels of integrity in keeping with our status as Chartered Financial Planners.

- **Accountability**

We understand that we are accountable to our clients and aim to keep our clients fully informed at all times.

- **A Flexible Approach**

We understand that clients are not all the same and that one size does not fit all and we work with our clients in order to achieve a solution that is appropriate to their individual needs and circumstances.

## *Our Approach*

As a client focused organisation, we believe in a financial planning approach, rather than a product focused approach, and we believe that a large part of our role is to help our clients to crystallize their financial objectives, structure a realistic plan to achieve these goals and monitor and review these actions on a regular basis.

It is normally only once a client has a plan that we are able to talk about the underlying investments, with a disciplined and structured methodology tailored to each individual client, built around their specific objectives and attitude to risk. We will naturally examine how any existing arrangements fit into this strategy and recommend any changes if appropriate.

There are typically six stages to the financial planning process that we adopt, each of which is separately costed, although the initial consultation is at our cost and without obligation:

### ***1. Initial Consultation:***

- to understand your financial objectives and confirm how we can support you in working towards these goals.

### ***2. Financial Review :***

- gathering of information about your existing financial arrangements and full personal circumstances;
- understanding of your investment knowledge and attitude and tolerance towards investment risk;
- understanding your investment goals and objectives.

### ***3. Market Analysis and Research:***

- analysis of your existing plans and assessment of these against charges, performance and appropriateness in terms of your objectives;
- recommendation of an asset allocation model that matches your risk profile and the subsequent assessment and suitability of any existing holdings;

- analysis of the whole market to assess the most appropriate funds or products and tax wrappers to meet your asset allocated risk profile and stated objectives.

#### ***4. Financial Recommendation:***

- recommendation of an asset allocation model that matches your risk profile and the subsequent assessment and suitability of any existing holdings;
- preparing our recommendations to you;
- preparation of a suitability report detailing how the recommendations meet your stated goals and attitude to risk.

#### ***5. Investment/Policy arrangement and implementation:***

- handle all fund and policy administration on your behalf;
- provide regular updates to keep you informed of progress;
- ensure all your documents are issued in line with your expectations;
- provide confirmation of all actions taken on your behalf in writing.

#### ***6. Review – ongoing care and advice through our ongoing management service:***

- portfolio reviews to give you peace of mind;
- assessment of your circumstances and any changes to your plans that are needed;
- the opportunity to revisit your attitude to risk to confirm that it remains appropriate;
- regular updates and information regarding your holdings;
- a choice of differing levels of support depending on your needs;
- ongoing support with correspondence and administration issues.

We will also ensure that any solutions are discussed with your other professional advisers such as your solicitor and accountant, to ensure a truly holistic and integrated approach.

## *The Basis of Advice*

The commencement of the Retail Distribution Review (RDR) legislation at the end of 2012 saw advisers categorised into two definitions: Independent or Restricted.

### *Restricted Advice:*

- The FSA defined this as “a personal recommendation to a retail client ... which is not independent advice... or basic advice.”

Restricted advisers face the same adviser charging and professionalism standards as independent but the suitability of any client recommendation is based on the nature of their restriction.

This may be:

- Limited to certain providers or products
- Limited to certain areas of advice

In addition:

- The nature of their restriction must be disclosed to client
- They can't hold themselves out as “independent “

### *Independent Advice:*

- This includes a new definition of independence “where advisers ... consider all products and providers that could meet a customer's needs (consider all relevant options), free from any restrictions or potential for bias” (FSA).

At Beckford James we believe that every client is unique and that advice should be bespoke to the client. For this reason we are passionate about maintaining **our Independent status** so that we can consider all solutions for clients without any restriction or compromise.

## *Fees and Costs*

We have long believed that conflicts of interest can arise if remuneration for financial advice has to rely, as it has for so long, simply on the sale of products. From inception Beckford James has always operated a fee structure for the charging of clients and the only areas where commission is taken, is in the intermediation of protection policies, where it is offset against any fees that may have been payable; a result that is beneficial to the client.

The RDR legislation has now outlawed the payment of commission in relation to most investment product sales, with the result that the fees for advice are agreed between the adviser and the client. This means the provider is no longer playing a role such as offering enhanced commission terms or other inducements. However, it is important for clients to understand the total cost of investment, in terms of advice costs, initial fees and any ongoing fees for investment.

We believe in total transparency and before undertaking any work we will give a clear indication of our fees and other costs involved. We charge on a time costed, fixed fee or percentage fee basis or use a combination of these approaches to best suit the client's circumstances. Charges can be paid directly or applied against the investment, an option that could be beneficial for example, in the case of pensions.



## *Disciplined and Structured Investment Process*

We believe a disciplined and structured Investment Process is at the core of delivering consistent advice to our clients and adopting the desires of the regulator in treating clients fairly (TCF).

### *Objective Setting*

Understanding and agreeing financial goals and objectives is of the utmost importance when putting a financial plan together, but this is not a one off process. As circumstances change, so will financial goals and objectives and therefore both need reviewing on a regular basis.

### *Risk Profiling*

Attitude to financial risk is unique to each individual and therefore an understanding of attitude to investment risk, reward and volatility is crucial. We do this both initially and on an ongoing basis, by using sophisticated questionnaires that provide a more scientific approach to analysing attitude to risk. However that is only part of the story and we also put great emphasis on any previous experience of investing and discussing capacity for loss.

### *Strategic Asset Allocation*

Asset allocation is where real value comes from investing over the longer term. The basis of modern portfolio theory is that for every level of risk, it is mathematically possible to construct an optimal investment portfolio that delivers the maximum investment return. Put another way, for each level of desired investment return, a portfolio can be constructed that delivers the return, with the minimum amount of risk. More recent research on total portfolio returns has also looked to the variables of timing, stock-picking, costs and charges as well as asset allocation, and by far the biggest driver of returns is asset allocation. Again we use independent sophisticated modelling tools but this needs to be allied to the targeted objectives. Strategic asset allocation is the starting point for providing the appropriate risk based portfolio.

### ***Tactical Asset Allocation***

Strategic asset allocation is the starting point for investment decisions but making tactical adjustments to react to market conditions in a carefully controlled environment can add real value. It is important here that we understand “your view” of the world, even if it is only to establish that you are neutral!

### ***Fund Selection & Tax Wrapper***

Fund selection is still a very important part of financial planning and completes the substance to the asset allocated portfolio, again based on your attitude to risk. This is complemented by allocating funds to the most tax efficient wrappers. These are then monitored and managed on a regular basis to match your objectives over the long term.

### ***Review & Ongoing Monitoring***

Any plan needs to be reviewed on a regular basis and none of the above will work if seen as a “one off” solution. Regular updates and review of your risk followed by rebalancing of your portfolio will make sure we continue to work together towards your objectives.

## *Professional Partners & Specialist Areas*

Financial services remain an integrated and complimentary part of much of the legal and accountancy work undertaken for private clients and for business. Where possible we aim to work alongside professional partners to bring an integrated approach to the financial planning aspect of clients' needs.

We work closely with solicitors, accountants and other professionals to provide the financial planning, specialist technical and investment elements of advice to clients. Importantly, as chartered financial planners, our clients and professional partners can be reassured of the quality of the service and advice offered. We are committed to developing long term working relationships with other professional advisers who are looking after the holistic needs of their clients and seeking to provide the complimentary financial dimension to their existing advice.

For specialist work, we charge on the basis of time spent and will always provide a fee estimate in advance of any work. Our aim is to provide absolute clarity and fair value for the work we carry out.

Key areas of joint advice and planning include:

### *Divorce & Dissolution of Civil Partnerships*

We advise on the wide variety of financial issues that can arise on the breakdown of a relationship, including those related to asset splitting and pensions and have several partners who are affiliated to Resolution.

Our specialists have many years' experience of dealing with a wide variety of cases. In addition to our technical expertise, we will aim to deal with clients in an appropriate and sensitive manner. We can advise both petitioners and claimants and are experienced in working alongside their legal representatives.

We welcome the opportunity to get involved with matrimonial lawyers at the earliest possible point so that we are able to evaluate the client's situation and provide an overview of the advice we are able to offer before, during and after the divorce process.

Our services include:

- Advising on collaborative settlements
- Reviewing financial information
- Pension Planning including advising on pension sharing, pensions splitting and earmarking
- Protection of Maintenance Orders
- Lifetime Cash Flow Analysis
- Investment Management and valuation of esoteric arrangements

### *Personal Injury & Clinical Negligence*

Our team has both the knowledge and experience of dealing with this highly specialist area, ranging from mesothelioma and other asbestosis related settlements to catastrophic brain and spinal injuries.

We have advised on a variety of complex awards, providing guidance both pre and post settlement to lawyers, claimants and their deputies (Court of Protection) for those who lack capacity, and minors.

Our services include:

- ***Periodical Payment Suitability Assessments***

We will analyse and comment on the suitability of periodical payments versus a lump sum award and provide evidence for Court of where a combination might be appropriate, taking into account the claimant's needs and preferences.

- ***Lifetime financial planning for claimants***

We provide cash flow analysis so that a claimant and/or their deputies/ representatives can tailor an appropriate investment strategy to ensure the funds last for as long as possible and that the level of investment risk that is clearly understood and agreed.

- *Advisory or Discretionary investment management services for claimants and/or their representatives*

We have observed an increasing “commoditisation” of personal injury investments, with claimants of widely varying circumstances and needs being shoehorned into a small number of “model” arrangements.

We treat each client as an individual and have a wide number of investment solutions available so that we can apply a more bespoke and personalised solution.

In all cases we apply sophisticated mathematical principles to ensure that we target the ideal combination of minimising investment risks for the level of return required. This is achieved by spreading clients’ portfolios across a wide range of carefully researched investments and managing this blend on their behalf.

We will provide detailed and transparent information online for the claimant or their representatives, and carry out a detailed review on a regular basis.

### *Investment Advice for Trusts and Charities*

Within the Practice we have partners who are affiliated members of the Society of Trusts and Estate Practitioners (STEP) and understand the particular issues associated with these potentially complex areas.

The Trustee Act 2000 introduced a number of obligations in terms of trustee duties but of particular relevance is the duty of care imposed upon trustees regarding the ongoing management and administration of the trust. Specifically the area of investment is of enormous importance as it focuses on what was given to the trustees to look after and protect. The trustees’ power of investment and the statutory need for “proper advice” in this area means that it is incumbent on trustees to monitor investments and ensure they remain suitable, particularly when balancing the needs of different groups of beneficiaries.

To meet their statutory duties, many trusts and charities will consider it best to place the management of investments in the hands of a qualified adviser, either by investing in collective investment schemes or by delegating to an investment manager. For smaller trusts and charities, the former may well be a cost effective way of achieving a professionally managed and balanced portfolio. For larger trusts and charities the delegation of investment powers to a discretionary manager may be more appropriate but requires the inclusion of an Investment Policy Statement (IPS).

At Beckford James we can help with:

### ***The trustees' duty to review investments***

The key principles of trustee investment and the duties imposed on trustees are governed in England and Wales by the Trustee Act 2000 (TA). Of these, arguably the most important with respect to investment, are:

1. Duty to have regard to the need for diversification and suitability of investments to the trust- these are known as the "standard investment criteria" (Section 4 TA).
2. Duty to obtain and consider proper advice - the following provisions in the TA govern the need for trustees to obtain advice (Section 5 TA):-
  - before exercising any power of investment, the trustees must obtain and consider proper advice about the way in which that power should be exercised, having regard to the need for diversification of investments of the trust and the suitability to the trust of the proposed investment;
  - when reviewing the investments of the trust, the trustees must obtain and consider proper advice about whether, having regard to the "standard investment criteria", the investments should be varied.

### ***Ethical & Socially Responsible Investment Strategies***

We can advise trustees on a structure of financial investments that take account of the trust or charity's values and ethos and therefore not inadvertently run counter to its aims.

This allows the trustees to be in a position to justify why it is in the best interests to invest in this way, particularly if the investment approach may lead to financial detriment or lower rate of return.

### *Treasury Management*

A service that begins with cash flow planning and modelling that identifies your key disbursement and liquidity requirements, allowing trustees to optimise deposit returns with planned fixed term optimisation.

This is further enhanced by looking at diversification of deposit holders to afford maximum protection in the less likely event of bank or deposit taker default. A large deposit may attract a slightly higher rate of return but this needs to be balanced against the risk of depositing with a single institution.

Finally our knowledge of the market allows us to search out the most competitive rates available, whilst ensuring that all deposits are properly authorised and regulated.

### *Elderly Clients and Long Term Care Planning*

Older clients are among the most vulnerable in society and our advisers combine competence in a wide range of technical areas with the softer skills of compassion, understanding and patience. All partners at Beckford James have the required qualifications to advise in this area which affects the lives and financial outlook of all those concerned. In addition to legislative requirements, Beckford James operates a strict internal policy for advising Vulnerable and Elderly Clients.

At the heart of advising in this area is an understanding of the financial planning needs of the client (and their immediate family) and we work closely with other professionals to consider:

- The implications of the Mental Capacity Act (MCA) 2005
- Welfare benefits and financial support
- Cost of care planning

- Immediate Needs Annuities
- The implications of equity release
- Portfolio restructuring for income needs
- Capital preservation options

And whilst many companies have withdrawn from the prefunded market, the demographic data points to an increasing need to provide advice on how to plan for long term care provision.

### *Pension Transfer Specialists*

A steady pattern of legislative changes has generally increased and protected the benefits for defined benefit (final salary related) scheme members. Employer contributions have been raised by the introduction of statutory revaluation of deferred benefits, limited price indexation and Pension Protection Fund levies. This in turn has led to many private companies closing defined benefit schemes and leaving deferred members with the conundrum of whether their “old” scheme is protected enough, either in terms of inflation proofed benefits or possibly the ongoing viability of the scheme which may be in deficit.

Many advisers avoid this area, simply believing that doing nothing is the right course of action. In many cases it is, but at Beckford James we believe the client should do nothing as a positive recommendation, not just a default position. In some cases such as co-habitees, early retirement, ill health and benefits in the event of the premature death of the deferred member (to mention a few), there are issues that need to be considered in more detail.

If clients have a defined benefit pension, or any form of occupational scheme, the implications need to be considered in much more detail than a personal style pension, in order to avoid any loss of valuable guarantees. Beckford James are specialists, qualified and authorised to advise in this area.



## *Services to Business*

Financial planning for business is often lower down the priority list especially when the day to day operations are frequently time consuming. However, lack of planning can have a significant impact upon the business if it is overlooked. Ensuring that the company can continue in the absence of key individuals for example, or that the ownership of the company remains in appropriate hands on death of a shareholder, can make sure that the business is not disrupted at an already difficult time.

### *Protection*

Most companies protect their physical assets such as insuring their premises or inventory. But an increasing number also understand the need to look after their most important asset - their people.

Many businesses rely on certain key people and particularly as a small company or partnership, it is important that you are protected against the loss of key individuals or fellow directors. We can look at a range of solutions to cover for the loss or critical illness of key personnel or a director or shareholder.

Replacing staff is a costly and time consuming exercise whereas a stable workforce makes for a stable company. Death in Service cover provided for employees is often a low cost but valuable benefit that aids in the retention and satisfaction of staff.

Business protection planning:

- Shareholder protection
- Key Person Insurance
- Employee Death in Service
- Critical Illness and Long Term Illness cover

## *Workplace Pensions*

Pensions are among the most valuable benefits an employer can offer to staff. Though it is not often appreciated as such, the employer contributions are in effect a form of deferred pay.

From October 2012, all employers have to comply with legislation contained within the Pensions Act 2008. There is however, a staged introduction to the requirement that employers have to auto-enrol their employees into a workplace pension scheme. The specific date for an employer to start this process will be determined by the number of employees that are employed within the business.

So, an employer must:

- Provide the required information on the pension scheme to employees
- Automatically enrol eligible employees in a qualifying pension scheme
- Deduct any jobholder contributions from salary and pay a contribution on behalf of an eligible member
- Process any opt outs and refunds
- Review any existing Schemes, to satisfy the definition of a qualifying Scheme

There will be significant increase in payroll costs for employers who do not currently have any form of workplace pension scheme. There will most likely be an increase in payroll costs for most employers with existing pension schemes due to the auto enrolment requirement, which is likely to increase pension scheme membership significantly.

This will also result in additional administration involved with the auto enrolment process, staff turnover and complexity of checking membership data against legislative requirements.

At Beckford James we can help you to assess your options on employee benefit areas such as staff pensions, death in service and flexible benefit arrangements. We can also assess your workforce pension costs to advise on the most appropriate funding structure for your business, review your existing scheme or implement any recommendations.

We understand that it is important to reward staff with a level of added or flexible benefits that encourages loyalty and engagement, whilst remaining cost-effective for you as an employer.

## *Directors' Pension Planning*

Pensions form a core part of an attractive remuneration package to company directors. As a business owner, it is a very tax efficient way of extracting profits from the company, avoiding tax and National Insurance, into a "fund" that you can draw on in the future both as a business (see below) and more importantly in retirement.

Directors' pension schemes are usually separate to general employee schemes, allowing more control over issues such as tax position, the underlying investments and variable funding levels. Schemes can also be used to include other family members as beneficiaries, particularly useful in an overfunding situation and notwithstanding fraudulent activity, pension schemes afford a large degree of protection from creditors, if the worst were to happen.

### *Ownership of business assets by Pension Schemes*

Pension law also permits your pension scheme to help your business. Having the appropriate pension arrangements allows your pension to:

- Lend to the company – a handy alternative to your conventional bank
- Own the business premises – with the company effectively paying rent to your pension fund
- Buy shares in the company
- Create your own defined benefit arrangement!

The choice between SIPP (Self Invested Personal Pension), SSAS (Small Self Administered Scheme), EPP (Executive Pension Plan - an older type of directors' scheme) and Scheme Pension can be a confusing one but each has its own advantages depending on what you are trying to achieve.



## *High Standards of Service*

Beckford James are proud to be chartered. Genuine professionalism has never been so valued or so necessary. The chartered titles awarded by the CII are steeped in history, but they remain today's "gold standard" of excellence and integrity. Granted by the Privy Council, the high standard required is currently met by only a few hundred firms across the country.

When you use a chartered firm you know that you are dealing with proven professionals, committed to developing and maintaining knowledge and with the capability to deliver the highest quality advice. At Beckford James we have made a commitment to technical and professional development of staff and to continuous professional development throughout the firm, including attaining the highest qualifications.

Chartered firms must also follow a demanding code of ethical practice, placing the clients' interests at the heart of the advice they give.

A chartered title is a commitment to an overall standard of customer excellence and professionalism.

All of this translates into the highest levels of service to clients by providing:

- A Dedicated Partner or Associate – giving you one point of contact but supported by a close knit team of investment and administration professionals and giving access to the wide range of specialisms within the firm.
- Competitive Charging structure – our transparent charging structure means you are in control. We offer fees on a time costed, fixed fee and percentage fee basis to accommodate a wide range of charging solutions. No work is undertaken until you have agreed with any charges to be made.
- Simplified Paperwork and administration – our systems are designed to cut down on the often unnecessary volume of paperwork that can be created in establishing a portfolio or financial solution.

- Regular reviews and reporting – in conjunction with simplifying paperwork, many valuations and reports can be accessed online via a secure website, day or night. You can rest in the knowledge that your investments are kept under regular review and are invited to regularly review key parameters such as your attitude to risk and your progress against an agreed financial plan.
- Flexibility – ultimately we have to do what we say we're going to do and provide you with the level of service you require. If we don't, there are no penalties to stop you moving away from us.

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