

Finli

Finli Vendor Frequently Asked Questions

What will happen to my clients?

1. Do you set a minimum AUM value for clients to provide an ongoing service with a financial planner?

We will look at the following:

- a. Cost to serve clients - we will onboard all clients and triage those with less than £50k to determine the best way we can support them under Finli. If we deem the client would be better served via a hybrid tech/telephone-based coaching service, then we will make the introduction and onboard them. If we identify advice requirements or they request help, they will be referred to a financial planner for support.
- b. Where there are relationships within the client bank e.g. parents who hold a larger value of assets, then we would continue to provide the same service proposition unless they prefer our client coaching service.

2. Will you maintain the current charging structure for my clients throughout the deferred period?

We charge up to 1% for AUM under £1 million to accommodate the wide range of charging models applied by businesses that we have bought.

Our goal is to charge:

- 0.75% for clients with less than £1 million of assets
- 0.6% for clients with £1-2 million of assets
- 0.5% for clients with over £2 million of assets

However, we will onboard clients on the same fee scale as they are currently paying and offer the same service proposition for clients with more than £50,000.

3. Do you apply any commercial discretion for high-value clients who wish to negotiate lower ongoing fees?

We have an absolute cap in terms of what we will charge, with the OGS percentage charge reducing above £1 million.

4. How frequently do you conduct client review meetings?

We will mirror the proposition in place for acquired clients i.e. face to face

or remote as required. The norm is once per annum but if your higher-value clients are seen more often, then we will facilitate.

5. How do you prefer to hold client meetings?

We can meet them face to face in our regional offices, at the client's home or other location convenient to the client, or indeed virtually depending on the client's requirements.

6. How would clients who are not local to our current location be looked after?

We have a national presence and normally allocate clients to the closest financial planner. This helps when we are integrating clients into the Finli brand, enhances retention and makes clients feel valued as they have a local financial planner.

7. Can we meet the financial planners allocated to our clients before completion?

Yes, this would form part of the overall client onboarding process.

8. Do you provide advice/support for business clients i.e. workplace pensions?

Yes, we provide business owners with support for their Group and A/E schemes as well as Group Life/ IPP etc.

9. How much does cashflow modelling feature within your client service and what system(s) do you currently use?

Cashflow modelling is central to our financial planning process; we provide all clients with an annual cashflow as a minimum. Currently we use CashCalc, and for more complex scenarios, Voyant.

10. Which Risk Profiling system/software do you currently use?

Our current risk profiling tool is Dynamic Planner.

11. What back-office system do you use?

We use CURO.

Transaction shape and Vendor role?

1. How does the phasing of the consideration work?

Typically the consideration is phased over three payments with 50% upon completion, with the remainder being paid at month 13 (25%), and month 25 (25%), based on the recurring revenue received over these periods of time.

2. How do you value a business?

We pay a multiple of your recurring revenue, which will vary dependent on the age of the client, location, AUM and intergenerational links.

3. How do you calculate the funds under management figure - is it an average of the ongoing fees over 12 months?

We will look at the last 12 months recurring revenue but where we cannot evidence a full 12 months of income for the client(s), then we will base the calculation on a run rate of the current monthly ongoing financial planner fee multiplied by twelve.

4. Do you recalculate the recurring revenue at the time of exchange, or will it be based on the initial Non-Binding Offer?

Once we agree on a completion date, we will do a final revaluation as close to the point of completion as possible which would also include any pipeline business.

5. Would we retain our own identity for some time, or would we adopt your identity immediately after the completion?

We would seek to integrate your clients into the Finli brand as quickly as possible, working closely with you to support the handover as you know your clients best.

6. Do you have a preference for vendors? i.e. sell and go, sell and stay for a fixed period, sell and stay indefinitely, or completely flexible?

Our preference is for the Vendors to support an agreed transition plan, but for them to retire and exit the industry, not to stay on as financial planners.

7. How long (number of years) is the restriction placed on the Vendor preventing them from being a regulated role/financial planner?

The standard restriction is from completion indefinitely.

8. What is your typical remuneration structure for your employed financial planners?

It equates to 30% of the ongoing income trail being serviced by the financial planner so they are incentivised to retain clients, plus a bonus scheme for new business.

9. Is your final payment conditional on financial planner deauthorisation? If so, how long after deauthorisation?

Deauthorisation with the FCA as a financial planner/business is a condition of the first payment, not the deferred payment, as ordinarily we like the financial planner to retire.

10. What would be the proposed timing of the handover of clients to a new financial planner?

We would seek to undertake an introductory meeting with the clients and yourself within 3-6 months ideally, but this depends on client numbers, and an individual integration plan would be agreed with you.

11. What does an Introducer earn for referrals?

20% of any initial fees generated from new clients.

12. Will you assist us with the de-registration process with the FCA?

Yes, we can refer you to a third-party who can support you with rescinding your FCA permissions which is part of our agreement.

13. What does the due diligence process entail?

Initially the DD process will be facilitated remotely through a series of questionnaires relevant to the type of acquisition, a Share Purchase will involve a lot more detailed investigation than a Client Transfer Agreement. This could cover Financial, Tax and Accounting, Regulatory/Compliance, Legal and HR, Risk management, Operations and IT.

We would set up a data room so that we can share data/information securely as some of the data requests are often significant in terms of file size and extremely confidential.

What happens to my staff?

1. Would you be looking to retain our staff?

Whilst we prefer asset purchase, depending on our capacity we will assess our requirements for additional staff and engage with them as part of the DD process to determine whether they want a role post-acquisition across several roles e.g. PA, administrative functions and paraplanning. Your staff may not want to transition from a smaller business to a regionally based one, so the assessment is both for us and your staff.

2. Would you ideally be looking to retain our office?

We would not be looking to purchase the current premises, but we could agree to cover office costs for 12 months to support the transition process for clients especially where they attend the offices for annual review meetings.

3. What is the preferred location for retained staff, the existing office/ your existing office or work from home?

Like many employers, we have embraced hybrid working as a viable solution to meeting our resource requirements. We would agree on the best location for staff, but our roles are on a full-time basis.

4. Would retained staff TUPE across on existing terms, or would they have a new contract?

We would not TUPE staff, they would be issued a new contract rather than a continuation of service and terms.

Maintaining Professional Connections

1. Would you be keen to retain and develop the ongoing relationships with our professional connections (solicitor & accountant)?

Absolutely, collaborating with them to see if can provide further support e.g. co-branded market material/seminars etc, is something we would be keen to explore.

2. Do you have existing relationships with professional connections and are these centralised or applied at a local level?

We have numerous introducer relationships, and managing these at a local level works better than a centralised function.