



## **FAIR VALUE STATEMENT**

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**HANNA HILLEN FINANCIAL PLANNING LTD  
JULY 2023**

# About Us

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## Introduction

This document is aimed at providing you with a brief overview of our firm and to introduce our services.

In this document, we intend to illustrate how we assess value and whether there is fair value between the total price of the service and the benefits and their quality that our clients receive.

Hanna Hillen Financial Planning Ltd's history dates back to 1980 when David Hanna MBE started a Financial Services business as a sole trader. The Company now employs 15 Staff (this includes 6 Advisers). We were awarded the accolade of Corporate Chartered Status in 2021. Our three core values of 'Family Culture', 'Impact Lives' & 'Educate & Learn' are at the heart of everything we do at Hanna Hillen.

We provide Independent Financial Advice to Individuals and Corporate Clients – this includes advice on Investments, Pensions, Mortgages and Employee Benefit Schemes.

Supported by Best Practice IFA Group Ltd and its innovative financial planning solutions, Hanna Hillen Management and Staff remain wholly committed to the continuance of a proud tradition as the provider of dependable money management and financial advice for its discerning clientele.

In relation to our Target Market, approximately 40% of our existing households with ongoing servicing have a pension product. This is a trend we anticipate continuing as a core part of our Target Market strategy i.e., Retirement planning.

We have also developed a good relationship with Business owners, and our office is located in an area with a high level of business start-ups. Therefore, we aim to monitor and grow our relationship with business owners both as Corporate Clients and Wealth Management clients.

Lastly, we value the need for clients to have access to independent mortgage and protection advice, and this area of advice will remain part of our proposition moving forward.

Our service propositions have been designed to meet the needs and objectives of our clients and to ensure fair value is received by engaging with our service.

## The Value of our Service

### Chartered Financial Planning Business

- Being recognised as a Chartered Financial Planning Firm means we are committed to the highest standards of professional competency, ethical standards, and integrity. We represent the gold standard in financial planning. We know this gives our clients a great deal of comfort.
- The requirement to become a chartered financial planner with the Chartered Insurance Institute, is the culmination of years of learning and professional practice.

### Best Practice Member Firm Business

- Best Practice provide an institutional regulatory supervision and compliance framework service which provides us with a high level of regulatory assurance and leading-edge client management systems.
- This high quality and financially sound organisation ultimately provide us with a high level of assurance and comfort around the regulatory framework of the proposition and services we deliver to you, our clients.
- By leveraging the quality and services of an organisation like Benchmark, a Schroders plc group company, we have comfort that we will remain at the leading edge of our profession, ensuring we maintain a “Best Practice” approach to serving our clients. Many of the benefits we derive, we see as having direct value add relevance for our clients, including:
  - The provision of an independent complaints handling process for all of our clients,
  - enhanced professional indemnity insurance
  - integrated client technology systems, including the Wealth Platform
  - independent compliance supervision of our advisers and the suitability of our client advice.

### Initial Advice

We have a tried and tested process for working with our clients that has been perfected over the years.

Our Financial Planning Process:-

1. Initial Discovery Meeting - We meet with clients either at their home, our offices or virtually to discover a little more about them. Our goal in this meeting is to identify what their goals, objectives and needs are and to tell us a little more about how we can help.
2. Create & Implement - After doing a deep dive into the client's current circumstances, we create their financial plan and make some recommendations on things that may need to change. If any changes are required, we put these into place for the client.
3. Track - Circumstances change over time. We continuously review our clients financial plan and meet with them regularly to ensure that it stays on track. If the plan does need to be changed, we do this for them.

## Advisory Services - Annual Review Service

- For us and our clients, this is an integral part of the financial planning journey and our annual ongoing advisory service. It gives us an opportunity to sit down with you and your family, to reflect on the past year and to look forward and consider what might be on the horizon for you in the coming years. To give you reassurance and peace of mind about how your investments are tracking against your goals and to review our plans in the context of any changing circumstances in your life, new goals, or changes in your objectives.
- We consider the outlook for markets and the economic landscape and changing tax regulations which might impact on your current plans. We make sure everything we are doing remains suitable and is aimed at helping you and your family to achieve your goals.
- An opportunity to think about the coming years, plans for your family, begin to consider key life stages and events and how we might need to adapt our plans for them.
- Ensures your current position is still appropriate for you.

### Summary of our Ongoing Service Levels

| Wealth Management  | Wealth Management Lite  |
|--|---|
| <ul style="list-style-type: none"> <li>• Annual Formal Review of your Financial Plan (face to face)</li> <li>• Follow up Annual Review Summary</li> <li>• Client Portal for accessing documents securely, sending secure messages, updating records</li> <li>• Cashflow planning to support financial goals, where appropriate</li> <li>• Portfolio selection, Research and Rebalancing</li> <li>• Administrating of withdrawals from existing plans</li> <li>• Financial coaching and education</li> <li>• Ad hoc in-formal meetings/communications</li> <li>• Communications with other Professionals</li> </ul> | <ul style="list-style-type: none"> <li>• Client Portal for accessing documents securely, sending secure messages, updating records</li> <li>• Digital Review process via Client Portal with option to update circumstances and ask questions prior to Adviser's assessment</li> <li>• Follow up Annual Review Summary in both written and verbal format (non-face-to-face)</li> <li>• Cashflow planning to support financial goals where appropriate</li> <li>• Portfolio selection, Research and Rebalancing</li> <li>• Administrating of withdrawals from existing plans</li> <li>• Financial coaching and education</li> </ul> |

| <b>Corporate (Protection)</b>  | <b>Corporate (pension)</b>   |
|--|--|
| <ul style="list-style-type: none"> <li>• Annual review of Group Schemes, reviewing renewal premiums with marketplace and corresponding with providers to update member data</li> <li>• Face-to Face meeting with Client to consider broader Corporate planning needs</li> <li>• Assistance with member communications, highlighting employee benefits, and important considerations</li> </ul> | <p data-bbox="799 219 1283 253"><u>Provided as a Standard Service Option) -</u></p> <ul style="list-style-type: none"> <li>• Annual scheme governance meeting with Client</li> <li>• Discussion on other Corporate planning needs also available at Scheme Governance meeting</li> <li>• Assistance with member communications, highlighting employee benefits, and important considerations</li> </ul> <p data-bbox="799 618 1209 651"><u>Optional Services (additional cost)</u></p> <ul style="list-style-type: none"> <li>• Discussions with new members to discuss pension benefits and options</li> <li>• Discussions with leavers to discuss options.</li> <li>• Discussions with members reaching key retirement milestones</li> </ul> |

### Advisory Services – Annual Review Service with Cash Flow Planning / Forecasting

- Helps us to show you visually how your plan has been set up to meet your objectives.
- The cash flow forecasting provides a visual illustration of how a client's investments and wealth will move over time in relation to the financial plans that we formulate to meet their goals. This gives clients considerable comfort knowing that there is some mathematical rigour to our advice and how it will help them to meet their goals.
- Cash flow planning allows us to scenario test your plans against historical market events and simulate how our clients' goals could be impacted by these types of events. It allows us to show how risk events might impact portfolios. It's a really great way to help you understand more about investment risks and how it translates to the plans you have in place. It helps you to feel more informed and comfortable about your plans.

### Advisory Services – Family Protection Planning

- It may be an uncomfortable subject but we all need to plan for the unforeseen in life and how this would impact ourselves and our family. We can help you to consider different scenarios which could occur and identify if there are any shortfalls in your protection planning. We can explain what options you have to address these shortfalls and how they would ensure you and your family are able to maintain your lifestyle and still meet your longer-term financial goals, in the event of ill health or death.
- Access to professional tools and paraplanning resources/staff to conduct analysis and research to find the best/most suitable product. Use of trusts to provide ease of access, control etc.

### Advisory Services – Holistic Financial Planning

- It is not just about monetary goals; this is about life and family and a consultative approach. This enables us to help clients to think about things they may not have considered and how plans can work together to create a cohesive timeline of advice.

### Advisory Services – IHT and Estate Planning

- We work with your other professionals who have a deep knowledge and understanding of HMRC tax rules in relation to clients and their estate's assets. We can help to understand the value of future liabilities and design and implement strategies to reduce this burden, often saving clients thousands of pounds in potential tax charges. This provides real value and peace of mind that your loved ones will be looked after when they are gone.

### Advisory Services – Retirement Planning

- A key life phase. This is an area of planning which deserves significant time in reviewing for our clients each year. Often in the background, checking on progress of plans and investments you have made to fund your life in retirement. Adapting to market swings and modelling various impact scenarios. Retirement planning is one of the most valuable services we provide our clients.
- More than 17% of our clients are currently in retirement, following our advice and drawing on their assets to live a stress-free life in retirement. Our retirement planning takes the worry away from our clients.

### Advisory Services – Mortgages

- Whether you are buying your first home, taking a step up to a larger property or looking to release money for home improvements, we can help you to understand your options and find the best deal to suit your needs.
- The mortgage process can seem daunting but with our expert advice, we can guide you through the property buying process. With access to the whole of the market for mortgage lenders, we can source the best deals for you, taking into account your budget, term and preferences.

### Advisory Services – Equity Release

- Equity release can be a valuable source of financial planning for clients aged 55 and over. It is not something to enter into lightly and with our experience and expert advice, we will ensure you fully understand your options and that any advice to release equity from your home is suitable for your circumstances and needs. There may be other options to consider before taking this step and we will ensure these are understood before you make any decision about an equity release loan.

### Advisory Services – Tax Efficiency

- Making sure we consider tax reliefs and allowances, enables clients to maximise their after-tax wealth. If you don't take advantage of annual tax reliefs, then you could quite literally be paying more tax than you need to. We can evidence the amount you have potentially saved through our planning.



## Advisory Services – Market and Product Research and Analysis

- To recommend the most suitable solutions for our clients, we use professional tools to conduct research and analysis of provider and product solutions. This ensures we can make recommendations to best meet your needs and goals.

## Advisory Services – Corporate Services

- SME's are built on the vision and commitment of the owner, partners and key employees. Because of this, it is important to think about how your business would cope, if you were to lose a crucial individual – particularly as a result of ill health or death – and the effect such a loss would have on the success, future and indeed the viability of your business. Business Protection is a form of life insurance taken out by smaller and larger businesses to give them some protection against the death of key personnel and this is an integral part of our Financial Planning process.
- In addition, we also specialise in setting up schemes for Corporate Clients such as Group Pension Schemes, Group Death in Service, Group Income Protection and Group Critical Illness –
- One advantage of a Group Scheme is that there are Free Cover Limits applied – employees will be covered up to the Free Cover Limit without the need to complete any health questionnaires or underwriting.
- These types of employee benefits attract employees during the recruitment process and assist with staff retention. Employers have a genuine desire to care for employees' wellbeing (and, in so doing, potentially enhance employee commitment).

## Advisory Services – Advice for Entrepreneurial Families

- Business advice – key man insurance / shareholder protection planning – highlight the value which can be added through these products.
- Relevant life for Directors and the value which can be added i.e. tax efficiency / business deductible expense / savings can be illustrated in £'s and pence and can be significant.
- Referrals to professional services firms and how this adds value to clients - Leveraging years of experience cultivating trust-based relationships with professional services firms, particularly solicitors. Highlight the time and energy required to develop these connections and how this adds value to client.

### Life Goals Planning

- To help clients consider their short / medium / long term goals in life and provide financial solutions to help them in their plans to achieve these goals.

### Financial Coaching

- Financial Coaching can add value at various times throughout the financial planning journey and help you to make considered financial decisions.
- Amounts to invest to meet your goals
- How and when to release capital or take income
- Reassurance in volatile market conditions
- Understand how markets work and the journey you can expect
- Understanding legislation and tax changes
- Financial coaching – professional sense check – behavioural guidance - we help to take the emotion out of financial decision making and helping clients avoid falling into common mistakes.

### Education Planning

- Many clients want to support their children through university and we can help you put in place a financial plan to meet these costs in full or in part. This will provide you with the knowledge and peace of mind that this very important goal is in hand and will be reviewed year on year to make sure you are on track.

### Maintaining professional competency – Annual CPD

- As a Financial Planner, each year we evidence the learning activities we have completed to maintain competence in our role and improve our knowledge This allows us to continue providing suitable and up to date advice to our clients, year on year.

## Our Firm's Investment Proposition (and Philosophy)

### Philosophy and Investment Research Methodology

For our clients, we carry out independent research for our recommendations. Any selected investment will ideally have the following characteristics:

- An option of either a low-cost 'Evidence Based' or an Active 'Quality First' investment approach for Wealth Management clients who opt for an ongoing Service.
- For clients not selecting ongoing servicing, our preference is offer a simple investment solution for the client – Single, diversified multi-asset fund which is risk mapped and is rebalanced internally. This option should therefore require less ongoing monitoring and intervention.
- Available via a number of wrappers (pension/ISA/investment account).
- Ability to map directly to the 'Oxford Risk' risk profiling tool or a suitable recognised alternative.

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### Active vs. Passive Fund Management

A great deal of research in this area identifies a trend where the majority of active funds do not, with any degree of consistency, outperform the benchmark they are using. Research also shows a large part of underperformance against the benchmark is the impact of fees. The FCA Asset Management Market Study in this area highlighted the issue with undisclosed costs, particularly trading costs, impacting on returns a retail investor could achieve.

The introduction of MIFID II, particularly in cost disclosure, is aiding with disclosure on costs and the impact so far is highlighting that the majority of funds, particularly actively managed funds, have significant additional trading costs.

The FCA found that active and passive funds both in general underperform the respective benchmarks, though with passive funds the difference is simply due to fees, rather than investment management based.

For Single Fund Solutions (Typically clients without Ongoing Servicing), our preference will be to use passive funds where the level of charges, already considerably lower than active funds, will be more transparent and returns for the client more predictable and in line with the index or indexes that the fund is tracking. Where a Single fund solution is required for our Wealth Management clients who have a need to control Capital Gains Events, we will use our Fund Range for Transactional clients as our default choice but, if required, extended research will be carried out to meet more complex needs or to add further diversification of management.

For Model Portfolio Solutions (Wealth Management Clients only) we will retain the option of selecting either a Low-costed Evidenced Based Model or an Actively Managed 'Quality First' investment approach. The reason for retaining two investment management styles for our Wealth Management is that we do not carry the opinion that 'one size fits all'. We believe in our Independence as a facility to allow us to offer solutions best suited to a client's needs but also to their investment beliefs.

Historically, Hanna Hillen Financial Services has served its clients with the belief that active management best serves each and everyone, putting our trust in Investment Managers to deliver greater than expected returns for an agreed level of investment risk exposure. Since the implementation of the MIFID II directive, there has been far greater transparency in costs and charges, and we have since been able to question Investment managers with more conviction.

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We use industry benchmarks, such as ARC as a measure of market performance when reviewing and considering Model Portfolio or single Multi-asset Fund strategies.

- Our investment proposition is researched to provide the most suitable investment solutions to cater for your needs.
- This ultimately gives our clients great comfort that their investments are being managed by investment professionals and their financial plans are being looked after by highly qualified financial planning professionals. This is the value that a relationship with our firm provides. It's what our clients pay for.

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### **Discretionary Fund Management (Model Portfolios)**

- Typically for Wealth management clients we recommend discretionary investment management solutions for clients.
- Our approach means that our time is focused on you. We let the professional investment managers monitor the markets on a day-to-day basis. We feel this combination delivers you the best value.

### **Rebalancing**

- Auto-rebalancing of your portfolio is completed on a basis aligned to the philosophy of the selected discretionary fund manager, to reset your investments back to your agreed initial investment mix. We will also proactively consider the tax consequences of these actions and will ensure we are taking advantage of any tax reliefs or allowances that you are entitled to.
- This is a proactive investment management service which helps to keep your investments on track to meet your goals and saves you money through utilisation of your annual capital gains tax allowances.
- Helps to ensure your investments and selection of funds / asset classes remain aligned to your chosen attitude to risk and capacity for loss.
- Helps to reset your investments on a regular basis back to your strategic investment plans, by adjusting dynamically for swings in markets.
- For Multi-asset single fund recommendations, typically made for clients without ongoing servicing needs, the fund manager will make rebalancing decisions for the underlying fund assets.

## Technology

- One of the reasons we chose to work with Benchmark, was their technology. Something they have won numerous awards for. Ultimately backed by Schroders, we have every confidence that the security of our client's information within Benchmark's client management technology systems, is in very safe hands. This decision is something we know our clients expect us to get right. It's incredibly important to them and a reason they feel safe working with us.
- Our client management systems create adviser efficiency.
- Client technology such as an online portal gives clients options to view their portfolio online and creates efficiency.

## Our Staff / Adviser Training and Development Programmes

- Training is in place for the Team via NextGen Planners - they offer a structured & blended approach to learning for a wide number of accredited courses. We felt that it was important for our team to have access to as much knowledge-based training as possible and we have received excellent feedback from other Financial Advisers using their tools.
- A Continuous Professional Development (CPD) programme is also in place for our team – maintaining professional knowledge, regulatory and tax change / updates / implications to client solutions.

## General Value Statements - Working with your Firm / a Financial Adviser – Tangible and Intangible Benefits

- Working with a professional financial planner provides expertise and peace of mind.
- We build multi decade trust-based relationships with our clients. We get to know what really matters most to them and their families. What they are trying to achieve in life and help them to achieve it.
- Our relationships are often the longest standing relationships our clients have. They lean on us for so much more than the financial plans we cultivate and manage for them. This doesn't happen without trust.

## Summary

In summary, we help create a secure financial future for our clients. We help business owners and those thinking about retirement to create a robust financial future.

Considering all areas included in the assessment of value, we believe the service provided is demonstrating value overall and our service proposition along with this value statement has been approved by our network, Benchmark Capital.