

empowering platform choices

January 2009

Jeremy Mugridge introduces Skandia PriceWatch.



In recent issues of *informer*, Peter Jordan has explained the pitfalls of unclear charging structures within the platform market. Price comparisons between platforms are a critical part of any due diligence process, however until now this type of analysis has been near on impossible for a financial adviser to carry out single-handed.

Since the launch of the vastly improved pricing structure on our Selestia Investment Solutions investment platform last year, Skandia has led the market in terms of charging structure simplicity and price competitiveness. At the end of January financial advisers will be able to put this to the test as we launch the eagerly awaited 'Skandia PriceWatch' which enables easy comparisons of the pricing structures of major UK platforms.

Many platforms, particularly some of the newest entrants, make price comparisons prohibitively difficult through their complex charging structures. We believe they are content for this situation to continue because this helps them perpetuate the myth that they are providing value for money and that financial advisers should be encouraging their clients to re-register or transfer their

entire investment portfolios over to them.

lifting the fog

In the previous article (page 6), Peter Jordan reports on the FSA's recent 'Quality of Advice on Pension Switching' report in terms of the suitability of pension switches which serves to highlight why these costs are such a significant issue. Within this report the FSA found that a quarter of firms surveyed had 33% or more of their pension cases described as 'unsuitable'. The reasons behind this unsuitable advice were collated and interestingly in 79% of unsuitable cases the switch involved extra product costs without good reason.

We have spent the last few months painstakingly breaking down the charging structures of five other major UK platforms, so that we can help financial advisers to cut through the fog that has shrouded the UK platform market for too long. We have translated this information into our online PriceWatch platform comparison tool which we are making available to all financial advisers at www.skandiapricewatch.co.uk from the end of January 2009.

how does it work?

PriceWatch enables a financial adviser to enter a small number of details including investment amount, product (ISA or CIA), initial commission and estimated annual switching activity. Switching can add significant cost, which is why we made sure PriceWatch incorporates this into the total annual charges that clients pay. A bespoke portfolio of funds is then constructed by the financial adviser from a choice of 200 top selling funds. The initial and annual costs associated with each platform are based on this portfolio as well as the other investment details already provided. PriceWatch will benchmark the Selestia Investment Solutions investment platform against Cofunds, FundsNetwork, Transact, Standard Life Wrap and Nucleus.





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Our intention is to continue the development of PriceWatch into the future. This means we'll be looking to expand the number of platforms that the tool covers as well as extending the product wrapper range and the number of funds.

informed comparisons

Skandia is happy to stand up and be counted on the subject of price and therefore want to make it as easy as possible for financial advisers to make informed comparisons between the various platforms in the market today.

As the UK's leading platform provider we are committed to providing you and your clients with a charging structure which is clear, fair and not misleading. Skandia PriceWatch enables financial advisers to quickly and easily benchmark platform costs on a like for like basis. There is a

robust methodology behind the tool, and to support the due diligence process, financial advisers are able to generate a simple but comprehensive summary of the initial and ongoing costs across the various platforms.

Skandia's aim is to improve customer outcomes within the platform market and the development of PriceWatch is just one of many examples where we continue to lead the market in terms of meeting the needs of financial advisers and their clients. ●

PriceWatch will be available online at www.skandiapricewatch.co.uk from the end of January 2009. Please contact your Skandia consultant or regional office for further details.

To access previous articles and online presentations from Peter Jordan on platform pricing, visit www.informerlive.co.uk/mysearch and select Peter under the 'speaker' menu.



www.skandia.co.uk

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Selestia Investment Solutions investment platform gives you access to an ISA and Collective Investment Account provided by Skandia MultiFUNDS Limited, Collective Retirement Account and Collective Investment Bond provided by Selestia Life & Pensions Limited and an Offshore Collective Investment Bond distributed by Skandia MultiFUNDS Limited for Old Mutual International (Guernsey) Limited.

Skandia fund platform gives you access to MultiISA and MultiFUND provided by Skandia MultiFUNDS Limited and to products provided by Skandia Life Assurance Company Limited.

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