

Guide to Completing “the Paperwork”

This covers completing the forms for our Terms of Business and opening an account with Transact.

Michael Philips Forms

There are two main forms.

1 MIPH Terms of Business

This is the “Client Agreement for Investments & Insurances” for all clients before we are able to give advice and act for you. The boxes on the first page are for Client 1 and, if relevant, a second (joint) client and the correspondence address we should use.

Details of our charges are on Page 3. Where we charge fund based fees, as the value on which we give advice rises, our fees fall as a percentage.

Please tick the two declaration boxes so we can process your information and send you relevant further information. We do not share your details with any third parties.

Please tick to confirm fees may be deducted from your investment policy. This is one of the ways we can keep our agreed fees so low as it avoids significantly higher costs which would otherwise have to be passed on.

Please sign on page 7. If the client is a Trust, then the name of the Trust goes into the box “On behalf of...”

2 MIPH Service Proposition

For clients who want on-going investment advice, this form is also needed. It explains what services you can expect to get for your money.

Please tick to confirm fees may be deducted from your investment policy. This is one of the ways we can keep our agreed fees so low as it avoids significantly higher costs which would otherwise have to be passed on.

Page 3. Where there is more than one person to whom we are (collectively) giving advice (for example, a Trust), we need clear instructions from you as to whether we can accept an instruction from a single person or if all instructions need to be given by all parties collectively.

Proof of Identity

If you have not already sent them, we will ALWAYS need a scan of your passport(s one for each of you) and driving licence(s with current address) for identity verification purposes.

You may want to encrypt those for security if you email them or send me a photo of each via WhatsApp which is perhaps easier and secure.

We will need copies of the “wet signed” signature pages of all the forms (sorry, no digital signatures). If it is easier for you to receive paper copies of all the forms just let us know and we can post them out to you with a reply paid envelope.

Please come back to me with any questions.

Our postal address for all forms is (as usual):

Michael Philips

15 Ashley Green Road

Chesham

HP5 3PE

For convenience, the necessary files may be in two zip files.

1. YOUR_NAME INTFIN Forms.zip, This contains personal information and so is encrypted. We text the password to your mobile phone for added security.
2. Transact Documents.zip is for the generic plan documents and is not encrypted.

Transact's forms are "interactive pdfs" so they are designed to be completed on-screen before you print them off. It may be a little slower than using a pen but means everything is always legible.

For convenience, let's refer to the forms by their Transact number.

T001 Portfolio Application

Q1. Applicant Details ***See JISA if appropriate.**

This is **always** needed and includes the identity details of up to two applicants. It is very convenient for couples who may subsequently wish to transfer funds or assets to each other's Transact accounts.

It is a very good idea to include both your mobile number and email address because it means that if you ever need to apply for a new password (I suspect nearly everyone does at some time) Transact can use two-step verification to supply it immediately. Without it, they post it out in a secure envelope and that can take days to reach you.

To reduce physical paper, most communication is sent by email so giving the one you want to be used long-term is best. They won't send spam or marketing guff.

Q2. Bank Details

This is the account TO which they will make payments if you ask for a withdrawal at any time. For your protection, Transact will ONLY send funds to an account in the applicant's name (or names, if two applicants). If they are at all suspicious, Transact will contact YOU directly to ensure the withdrawal is authorised by you, another advantage of giving them your mobile number. They will NOT contact us (a security measure just in case someone unauthorised is spoofing our details). Their system has been excellent to date and has prevented a lot of attempted frauds.

The safest way of verifying YOUR bank account details to Transact is to SEND Transact some money electronically – it doesn't need to be more than £1 (always a good idea just in case you have their bank details wrong).

They are given on the form but for convenience they are:

Account Name: Transact Client Account

Sort code: 60-00-01

Account Number: 36298921

Bank: National Westminster Bank plc

Address: City of London Office, PO Box 12258, 1 Princes Street, London EC2R 8PA

If you don't already have a Transact account, please provide your National Insurance number as a payment reference when sending the payment electronically.

Some clients like to give more than one set of bank details, for example if you might wish to make withdrawals to different accounts for different purposes. Just let us know and we can send you the relevant form (it can be used to add to or replace existing details).

Q3. Adviser Payment Instructions

This confirms the fees we agreed. We may (subsequently) agree to apply discounts to these without needing a new signature from you but, for your protection, we cannot raise or add any new fees without your express, written permission.

Q4. Applicant Declaration

Once you are satisfied that all the details are correct, please print out the form. The main or only applicant **physically*** signs as Applicant 1 (please add the date). Transact will not accept any form of digital signature at this time. If there is a second applicant, they **physically** sign the second box.

Q5. Adviser Firm Declaration

Once we receive the form back from you, we check the form before we **physically** sign the paper form too.

N.B. *When we say **physically** sign, the form will need to have been printed to paper and then signed with a “wet signature”. We are not yet able to accept any type of digital version of signatures.

Change of Details

T036 Notification Change of Portfolio Details

This is a fairly straightforward form. The important thing is to add as much detail as possible.

Proof of Identity

If you have not already sent them, we will need a scan of your current passport(s one for each of you) and driving licence(s with current address) for identity verification purposes.

If your name has changed, e.g. on marriage, a copy of the marriage licence too, please.

Q1. Investor Details

You can add details for more than one portfolio, for example if multiple family members have moved house. If you have changed your legal name give the same portfolio number but with each name (please indicate which is the previous and which the new name).

Q2. Contact Details

Very similar to the account opening form. It is a very good idea to include both your mobile number and email address because it means that if you ever need to apply for a new password (I suspect nearly everyone does at some time) Transact can use two-step verification to supply it immediately. Without it, they post it out in a secure envelope and that can take days to reach you.

To reduce physical paper, by default most communication is sent by email so giving the one you want to be used long-term is best. Make sure they are using the right email address, for obvious reasons. They won't send spam or marketing guff.

Q3. Bank Details

This is the **UK Bank account** TO which they will make payments if you ask for a withdrawal at any time. For your protection, Transact will **ONLY** send funds to an account in the applicant's name (or names, if two applicants). If they are at all suspicious, Transact will contact **YOU** directly to ensure the withdrawal is authorised by you, another advantage of giving them your mobile number. They will **NOT** contact us (a security measure just in case someone unauthorised is spoofing our details). Their system has been excellent to date and has prevented a lot of attempted frauds.

Make sure you specify whether the bank details you are giving **REPLACE** ones they hold for you or are to be **ADDED** as an alternative.

The safest way of verifying **YOUR** bank account details to Transact is to **SEND** Transact some money electronically – it doesn't need to be more than £1 (always a good idea just in case you have their bank details wrong). They are given on the form itself.

Include your Transact Portfolio number as a payment reference when sending the payment.

4. Portfolio Holder Declaration

Once you are satisfied that all the details are correct, please print out the form. The applicant must *physically* signs as (please add the date).

If you are notifying Transact of your new legal name:

Sign **Portfolio Holder 1** with that new signature and give the **new legal name below**.

Sign *Portfolio Holder 2* with your former signature and give the *previous legal name below*.

ISAs

T008S Stocks & Shares ISA Wrapper Application

If you are applying for an ISA, including a transfer, this form will **always** be needed. ISAs are never joint so if more than one applicant wants an ISA two forms will be needed.

Q2. A Stocks & Shares ISA Details

There isn't much needed here, just the current year for the first time you apply.

You can choose to have the fees paid from your GIA but for now, unless you expect have a lot of cash in your GIA for years to come, this is no longer a particularly helpful way paying the regular fees. (It used to be a very useful option in the past and that may change in the future if certain flexibility rules change to hoover up more tax).

Once you are satisfied that all the details are correct, please print out the form. The applicant **physically** signs as (please add the date). Transact will not accept any form of digital signature at this time.

Q3. Declaration

Sign as Investor if applying for the ISA on your own behalf.

Only use the lower box, Power of Attorney, if relevant.

T004 ISA Transfer Authority

If you have an existing ISA you want to transfer to Transact, this form will be needed too (in addition to the **T008S**). One form is needed per ISA plan manager but may cover several ISAs with the same manager (see Q3 below).

Q2. Current ISA Manager Details

The (current) name of the ISA manager (referred to as the “**ceding manager**”) and their latest address is all that's needed, if you know them.

Q3. Transfer Instruction

Most people will want to transfer their ISAs for all years but it is possible to specify just certain years.

You can choose whether to transfer the current non-cash holdings as cash (i.e. they will need to be sold by the ceding manager first) or “In Specie” which means if you hold **x** number of shares in **ABC fund** then, in theory, they can be transferred without sale as they are.

This can lead to problems if:

- the class of share held on your **ceding manager** platform is not a class held by Transact. For “commercial reasons” (i.e. to make life difficult for investors) this happens quite often even if, for all practical purposes there is no meaningful difference in the share classes. This can usually be worked around but it can take time and the ceding schemes need to be helpful. They often are not as they are losing fees.

- Many (but not all) ceding managers charge a fixed fee “per line of stock” when making in specie transfers so if you hold many different investments it can add up.
- Some fund managers charge for transfers out, some don’t. If they do, you need the cash in the ISA to pay those fees before they will transfer the value out. They often don’t tell anyone this, they just don’t make the transfer.

For these reasons, in most cases it is preferable to transfer as cash (and the reason for our recommending a transfer is often because the current fund mix ought to be changed).

It may also be possible to change the type of ISA.

- from a Cash ISA to a Stocks & Shares ISA or Lifetime ISA
- from a Stocks & Shares ISA to a Cash ISA or a Lifetime ISA

Although these changes are possible, they may necessarily be recommended. Please ask if you want further information.

Q4. Advise Payment

Adviser Payment will be blank unless a specific, one-off fee has been agreed for this transfer.

Q5. Authorisation

Once you are satisfied that all the details are correct, please print out the form. The applicant **physically** signs as (please add the date). Transact will not accept any form of digital signature at this time.

T038 Junior ISA Wrapper Application

N.B. A ***T001 Portfolio Application will be required**, completed by one of the child’s parents or legal guardians. It cannot be a grandparent or other relative who may want to contribute.

The **parent** or **legal guardian** also needs to complete our Terms of Business and Service Proposition

Q1. Child’s Details

The child’s details go here.

Q2. Registered Contact Details

This means one of the child’s parents or legal guardians. It cannot be a grandparent or other relative who may want to contribute.

Q3. JISA Details

A child can only have one of each type of ISA, Cash or Stocks and Shares (they can have both). The overall contribution limit per annum cannot be exceeded however it is split between them.

Q4. Registered Contact Details

This is the child’s parents or legal guardian who completed section 2.

Once you are satisfied that all the details are correct, please print out the form. The Parent / Legal Guardian **physically** signs as (please add the date). Transact will not accept any form of digital signature at this time.

Direct Debit Instruction [DDI]

If you are making regular contributions to an ISA (or pension), the current rules are that one DDI is needed per person.

If there are two applicants (each contribution to their own individual ISA) and the money for the ISA (or pension) subscriptions is coming from a joint account, two DDIs will be needed. It is often used with the T002 instruction form.

Thanks to the wonders of modern bank technology, it takes at least 10 days for a Direct Debit to be set up.

T002 Instruction – Cash Deposit

This is to make clear how much should be regularly collected from your Direct Debit.

2. Deposit Details

Transact Wrapper(s) to received the money each time

Source of Funds e.g. Direct Debit

Timing (if regular) is the day of the month Transact should **collect** the money from the DDI, which can be 1st, 11th or 21st of the month. **Regular buys are always on 9th of the month.**

Pension Contribution (if applicable) **Employer contributions are gross (and complete section 3)**, others are net of 20% tax relief. If higher rate tax relief is applicable this needs to be claimed via Self Assessment

4. Authorisation Sign & date the form.

Pensions

T018 Pension Wrapper Application

If you are applying for any kind of a pension, this form will always be needed too. Pensions are never joint so if more than one applicant wants a pension two forms will be needed.

Q1. Investor Details

There are quite a few options here. Currently there are virtually no differences between a Transact Personal Pension and a Transact SIPP unless you plan to hold “bricks and mortar” property (via a third party administrator) in your personal pension so we recommend the non-SIPP option as it gives you slightly better FSCS protection. If you need more details, please ask us!

Q2 & Q3 are pretty straightforward.

Q4. Authorisation

Once you are satisfied that all the details are correct, please print out the form. The applicant **physically** signs as (please add the date). Transact will not accept any form of digital signature at this time.

Q5. Adviser Firm Declaration

Once we receive the form back from you, we check the form before we **physically** sign the paper form too.

T019 Pension Transfer Application

If you are applying for any kind of a pension transfer, this form will always be needed too. Pension transfers are usually “per ceding policy” so if you have multiple pension plans, two or more forms will be needed even if they are with the same ceding scheme. (Some pension providers write their plans as a series of consecutive policies and usually accept one transfer application per series).

The **transferring** or **ceding** scheme is where the funds are coming from. Transact may be referred to as the **receiving** scheme.

Q2. Type of Transfer

In most cases (unless the transfer is from a SIPP) the type of transfer will be cash. The ceding scheme will sell any investments for cash and then send that cash across to Transact. That sale only happens after they receive the form from Transact so there can be quite a delay between you completing the form and the ceding scheme selling your assets, during which time the fund prices may change quite significantly (up or down). If you want the sale to be in cash immediately then a separate instruction needs to be sent direct to the ceding scheme (many do not make this quick or easy but there are exceptions).

Q3. Transferring Scheme Details

Once Transact receives cleared cash from the ceding scheme your new investments can be bought. While some ceding scheme transfer fairly promptly (by which we mean in under 4 weeks) many

drag out the process, apparently in the hope Hell will freeze over first. The worst we have seen - so far - took over 12 months (it was a former NPI executive pension plan administered by then by Phoenix, in case you are wondering).

The ceding schemes have all sorts of tricks to delay the transfer (because they want to keep charging their, often high, fees). The favourite is to ask for a “transfer discharge form” but to “accidentally on purpose” forget to actually send it out. It is a lottery as to where it might be sent.

1. If we get it (rarely) we will know what to do with it but
2. often a very poor quality copy is sent to Transact who may think they are getting a circulation copy for reference only (we regularly check if they have what is in reality the only copy)
3. often is sent direct to you, the policyholder. The ceding scheme may not explain that nothing will happen until you, the policyholder, signs it and return it. **IF YOU GET IT, PLEASE TELL US IMMEDIATELY!** In almost all cases, there will be a page (or two) which needs to be completed and *physically* signed by you but also several pages which need to be completed and *physically* signed by the receiving scheme (Transact). Nothing will happen until all parts are received by the ceding scheme so we always advise you send your part *physically* to us (for checking) and we will then send it to Transact for them to complete their part and then send both parts together to the ceding scheme.

Q4. Pension Details

- ☐ Crystallised Benefits means you have already taken the tax free cash.
- ☐ Uncrystallised Benefits means you have not already taken the tax free cash.

Q5. Authorisation

Your Adviser Payment will be blank unless a specific, one-off fee has been agreed for this transfer.

Once you are satisfied that all the details are correct, please print out the form. The applicant *physically* signs as (please add the date). Transact will not accept any form of digital signature at this time.

T033 Pension Death benefit (Expression of Wishes)

This is a **REALLY, REALLY** important form for pensions! Pensions are in a special type of Pension Trust so they do NOT form part of your estate and whatever you have in your Will (hopefully you have an up-to-date Will) does NOT cover your pension because **you** don't actually own your pension (the Pension Trust owns it on your behalf).

When you die, the Pension Trustees need to know what you would have wanted to happen to any money in your pension. The rules now are potentially extremely flexible, which is great, but if you don't complete this form correctly then much of that flexibility is lost under HMRC default provisions.

Q3. Beneficiary Details

This is where the "magic happens", or is lost if the form doesn't say what you really want.

Most couples (married or otherwise) may want the value of their pension to go to their partner. If all of it does and that partner dies **after** the policyholder, then the flexibility to pass the pension asset in trust on to **other** beneficiaries except as (probably taxable) income is lost. If you nominate even 1% to the other (potential) beneficiaries, then in that situation the Trustees can be as flexible as anyone directs to pay income OR (and this is the clever bit) **the value still under pension rules** to those beneficiaries without tax (at that point in time) to boost their pension. All the while it is in a pension it is free of inheritance tax so potentially a very significant tax saving.

The relevance of the **Before** and **After age 75** is that (under current rules, which may change) if the policyholder dies before age 75 the value of the fund may be taken 100% as tax, usually as a tax free lump sum. After 75 the rules are different. The beneficiaries are not obliged to take the money as tax free cash and in many cases it is better to pass on as pension (because it remains out of the inheritors' estates for IHT calculations) but by completing the form you have the choice.

Needless to say if you subsequently want to change how your death benefits should be distributed, it can be done easily, subject to any rules which may be in force at that time.

If you want to include a trust or Charity as a beneficiary you can do so – note that the columns before and after 75 each need to add up to 100%.

Q4. Additional Information

I'm sure you can work out why that is there.

Q5. Availability of Drawdown

Is just to ensure the Trustees know they can exercise under the rules the flexibility points I made above. Many other pension trusts fail to make this explicit.

Q6. Authorisation

Once you are satisfied that all the details are correct, please print out the form. The applicant **physically** signs as (please add the date). Transact will not accept any form of digital signature at this time.