

## Modular iSIPP

# Charges Schedule

**This document sets out James Hay Partnership's charges for establishing and administering a Modular iSIPP. It also provides you with a guide to all day-to-day transaction costs applied by James Hay Partnership, and answers some frequently asked questions about our charges.**

**There is a glossary and explanation of terms on page 12 to help you understand the terminology used. This is a legally binding document between you and James Hay Partnership and Section 1 of this Charges Schedule forms part of your Modular iSIPP Terms and Conditions. You should read this document carefully. If you do not understand any point, please contact your Financial Adviser. You should also read:**

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Key Features of the Modular iSIPP

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Modular iSIPP Member Guide

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Modular iSIPP Permitted Investments List

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Modular iSIPP Terms and Conditions

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Modular iSIPP Application Form

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Modular iPlan Technical Guide

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We expect that our charges should remain exempt from Value Added Tax (VAT), as the Modular iSIPP product provider is a Jersey based insurance company. However, we reserve the right to charge you VAT in addition to our charges where VAT is applicable.

If you use the services of a third party, such as an Investment Manager or Execution Only Stockbroker, additional charges may apply to your Modular iSIPP and VAT may be payable on services provided by these third parties. For details on third party charges please refer to the Frequently Asked Questions About Charges section on page 9 of this Charges Schedule.

## Section 1

### CHARGES

#### Initial charges

Type of charge	When is the charge taken?	Amount
Establishment charge (via online application process)	N/A	Nil
Establishment charge (for applications made using the Application Form received at James Hay Partnership in paper format)	On receipt of new money	£100

#### Core annual charges

Type of charge	When is the charge taken?	Amount
Annual administration charge (for a Minimum Balance of £195,000 in Qualifying Investments)*	N/A	Nil
Annual administration charge	Annually in advance	£195
Annual paper valuation	N/A	Nil

\* Please see glossary on page 12 for an explanation of these terms.

#### Module annual charges

Type of charge	When is the charge taken?	Amount
Whole of Market Module	Annually in advance	£100
Commercial Property Module	Annually in advance	£100
Specialist Investments Module	Annually in advance	£350

#### Contributions

Type of charge	When is the charge taken?	Amount
Single ad-hoc cash contributions (per contribution)	On completion of the transaction	£50
Regular contributions (set up by direct debit)	On completion of the transaction	£50
Contribution direct debit collection	N/A	Nil
Regular contribution direct debit amendment	On completion of the transaction	£25
In-specie contribution	On completion of the transaction	£250

## Transfers in\*

Type of charge	When is the charge taken?	Amount
Cash transfer in (per transfer)	On completion of the transfer	£50 (max £200 p.a.)
In-specie transfer in (per transfer)	On completion of the transfer	£50 (max £200 p.a.)

\* Please note: In addition to the in-specie transfer charge, if the transfer is of a Specialist Investment, the Specialist Investments transaction charges will apply on transfer of the asset.

## Investments

Type of charge	When is the charge taken?	Amount
Setting up a fixed term deposit with one of the providers on our Cash Panel	N/A	Nil
Setting up a Panel Execution Only Stockbroker Account*	N/A	Nil
Setting up a model portfolio on the Managed Portfolio Panel	N/A	Nil
Annual Investment Centre platform charge** First £500,000 On next £500,000 Over £1 million	Monthly in arrears Monthly in arrears Monthly in arrears	0.18% 0.15% 0.05%
Investment Centre transactions - buy, sell or switch	On completion of the transaction	Online: Nil Paper: £20 (Per instruction)

\* The Panel Execution Only Stockbrokers are Selftrade and Stocktrade.

\*\* Percentage taken is based on the value of Investment Centre funds held on or around the first day of each month. This is also applicable to funds held within the Managed Portfolio Panel.

## Whole of Market

Type of charge	When is the charge taken?	Amount
External investments - buy, sell or switch (including setting up a regular disinvestment)	On completion of the transaction	Online: £20 Paper: £50 (Per investment provider)
Setting up an Investment Manager Account	On completion of the transaction	£100
Setting up an Off Panel Execution Only Stockbroker Account	On completion of the transaction	£100
Investment Manager Account annual charge	Annually in advance	£50
Off Panel Execution Only Stockbroker Account annual charge	Annually in advance	£50

## Commercial Property

Type of charge	When is the charge taken?	Amount
UK purchase/transfer in (with panel solicitor)	On completion of the transaction	£600
UK purchase/transfer in (without panel solicitor)	On completion of the transaction	£800
Purchase charge per additional member	On completion of the transaction	£100
VAT initial registration	On completion of the transaction	£120
Mortgage arrangement charge	On completion of the transaction	£250
Annual property charge using CBRE (per lettable unit/property)	Annually in advance	£750
Annual property charge self managed by member (per lettable unit/property). Please note: The property self managed option is not available on Modular iSIPPs applied for on or after 5 December 2014.	Annually in advance	£480*
Additional member annual charge (for each additional member)	Annually in advance	£100
Annual mortgage charge	Annually in advance	£150
Annual VAT charge (including self managed option)	Annually in advance	£100
Sale or transfer out (with panel solicitor)	On completion of the transaction	£450
Sale or transfer out (without panel solicitor)	On completion of the transaction	£650
Buy-out (Buy-out with documentation changes)	On completion of the transaction	£450 (plus £150)
Purchase/sale cancellation fee	On cancellation	£300

\* We reserve the right to insist on CBRE managing the property in certain circumstances.

## Specialist Investments

Type of charge	When is the charge taken?	Amount
Non Mainstream Pooled Investments (NMPIs) including Qualified Investor Schemes	On completion of the transaction	£500 per trade
Unquoted shares	On completion of the transaction	£350 per trade
Lending to unconnected third party	On completion of the transaction	£350 per event
Any other specialist investment	On completion of the transaction	£150 per trade

## Benefits and payments/withdrawals

Type of charge	When is the charge taken?	Amount
Income Drawdown set up (per payment of PCLS)**	On completion of transaction	£100*
Annual Income Drawdown charge (once benefits are crystallised as flexi-access or capped drawdown - even if nil income taken)	Annually in advance	£150* p.a.
Review of income limits on capped drawdown	On completion of the review	£100*
Uncrystallised funds pension lump sum payment	On completion of the transaction	£100
Death benefits	We will not normally charge for processing death benefits, however, in exceptional circumstances we may charge on a time/cost basis. Please see the 'Additional work' section below.	

\* All benefit charges (except the uncrystallised funds pension lump sum payment charge) are subject to a maximum of £350 per annum based on the first tranche benefit year.

\*\* This includes where we are setting up income following receipt of a transfer in drawdown where no further PCLS is payable.

## Other administration charges

Type of charge	When is the charge taken?	Amount
Ad-hoc paper valuation	On issue	£50
Late income payment administration charge	When late income payment is made	£30
Failed payment administration charge (any other payments, charges, etc.)	When we are unable to take due (or overdue) charges, expenses, etc.	£30
Overdue costs - letter charge	On issue of letter	£10

## Transfers out

Type of charge	When is the charge taken?	Amount
Arranging transfer out/annuity purchase	On completion of the transaction	£150
Overseas transfer	On completion of the transaction	£400

## Post-closure charges

Type of charge	When is the charge taken?	Amount
Administration charge (on any cash payments received after your Modular iSIPP is closed (for example, dividends))	On completion of the transaction	Equal to the value of the cash received up to a maximum of £50 per payment received*

\* Any balance will be forwarded to you on completion of the transaction.

## OTHER IMPORTANT CHARGES

### Additional work

The above charges indicate the standard investments and work involved in administering your Modular iSIPP. However, if we need to perform additional administration over and above that which is deemed reasonable, we will charge an hourly rate of £150 per hour minimum, relevant to staff seniority and expertise.

### Regulatory/industry levies

In the event of a levy being imposed on us under the Financial Services Compensation Scheme or any other levy or taxation being imposed on us or your Modular iSIPP affecting our business, we may recover from your Modular iSIPP an amount equal to the proportion of such levy or taxation. In the event that we do this, we will give you 30 days notice of the amount that is due from your Modular iSIPP.

### Increases to charges

If charges are payable annually, we reserve the right to increase these charges with effect from 6 April each year in line with the rise in the Average Weekly Earnings (AWE) Index (or any successor/equivalent index in the event that the AWE index ceases to exist) without giving prior notice to you. We will, however, give you 30 days' notice if we amend or increase any annual charges by an amount exceeding the percentage increase in Average Weekly Earnings, or if we amend or increase any other charge.

## Section 2

### EXAMPLES

Below are examples of the typical charges we would take from the Modular iSIPP in different scenarios:

#### Example scenario 1

##### Getting started

A Financial Adviser recommends a Modular iSIPP for a client. The client has two pension funds with other providers which will all be transferred as cash with a total value of £150,000.

The Financial Adviser's Account Executive Team at James Hay Partnership will facilitate the transfers, request pension discharge forms from the current provider and, once received, request the required transfers. The Account Executive Team will also establish the Modular iSIPP, perform the necessary checks and set up the SIPP Bank Account.

We tell the Financial Adviser when each pension fund has been transferred. Once the final transfer has arrived, the Financial Adviser implements the investment strategy he has agreed with the client, which is investing in a selection of Investment Centre funds.

What would the costs be for this?

##### Getting started

Establishment charge (via online application process)	Nil
Transfer in charges (2 x £50)	£100
Annual administration charge (taken in advance)	£195
<b>TOTAL</b>	<b>£295</b>

##### Ongoing charges

Annual administration charge	£195
Annual Investment Centre platform charge (based on holdings valued at £150,000)	£270
<b>TOTAL (per annum)</b>	<b>£465</b>

## Example scenario 2

### Taking benefits through flexi-access drawdown

The member decides to start drawing regular benefits through flexi-access drawdown from his Modular iSIPP.

The member decides to take his maximum allowed Pension Commencement Lump Sum (PCLS) along with an income, paid monthly. This is known as Income Drawdown. The Financial Adviser disinvests the existing Investment Centre investments to fund the PCLS and sets up a regular disinvestment to fund the income payments. If the member reduces his income to nil, the annual Income Drawdown charge will still apply.

What would the costs be for this?

#### Taking benefits

Income Drawdown set up	£100
Disinvestment dealing charges from Investment Centre funds	Nil
<b>TOTAL</b>	<b>£100</b>

#### New ongoing charges

Annual administration charge	£195
Annual Income Drawdown charge	£150
Regular disinvestment dealing charges from Investment Centre funds	Nil
Annual Investment Centre platform charge (based on holdings valued at £112,500 after 25% PCLS)	£202.50
<b>TOTAL (per annum)</b>	<b>£547.50</b>

## Example scenario 3

### Purchasing a commercial property

The member decides to purchase a commercial property, as he feels regular rental income better suits his investment strategy in this stage of his life. He uses one of our panel solicitors and CBRE manages the property.

The Financial Adviser disinvests the existing investments, and the proceeds are used to acquire the member's chosen property.

In addition to the Modular iSIPP charges, the member also expects to pay for a valuation as well as solicitor's charges and stamp duty (if applicable). These charges can all be settled from the Modular iSIPP. The property is not opted to tax for VAT.

The annual property charge covers various aspects of managing the property.

What would the costs be for this?

#### Acquiring a property

Modular iSIPP disinvestment dealing charges	Nil
Handling the purchase	£600
<b>TOTAL</b>	<b>£600</b>

#### New ongoing charges

Annual administration charge	£195
CBRE annual property charge	£750
Commercial Property Module annual charge	£100
<b>TOTAL (per annum)</b>	<b>£1,045</b>

## Example scenario 4

### Transferring in and investing in specialist markets

The member is a sophisticated investor and decides to transfer in an existing pension fund of £500,000 and invest in a wider portfolio of investments.

He invests £100,000 into Investment Centre funds, £50,000 through the Cash Panel, £250,000 with an Investment Manager and £100,000 in unquoted shares.

What would the costs be for this?

#### Transferring in and acquiring the investments

Transfer in charge	£50
Whole of Market Module year one charge (for an Investment Manager)	£100
Investment Manager set up charge	£100
Specialist Investments Module year one charge (for unquoted shares)	£350
Unquoted share charge (per trade)	£350
<b>TOTAL</b>	<b>£950</b>

#### New ongoing charges

Annual administration charge	£195
Annual Investment Centre platform charge (£100,000 at 0.18%)	£180
Whole of Market Module annual charge (for an Investment Manager)	£100
Investment Manager Account annual charge	£50
Specialist Investments Module annual charge (for unquoted shares)	£350
<b>TOTAL (per annum)</b>	<b>£875</b>



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## Section 3

### FREQUENTLY ASKED QUESTIONS ABOUT CHARGES

#### Pension administration

##### 1. What do you charge for contributions?

We charge you £50 for any single ad-hoc cash contributions you make. You can set up regular contributions by direct debit. We will charge you £50 for establishing this

arrangement, but subsequent regular contributions under the arrangement will not be charged. A separate charge of £25 will apply for any changes you make to this arrangement.

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#### Crystallisation and Income Drawdown

##### 2. What do your charges for drawing an income cover?

We charge you an annual Income Drawdown charge which covers the administration of PAYE payroll, deduction of tax if required and making the appropriate returns to HM Revenue & Customs (HMRC). This charge also covers any work required to vary the level and frequency of income payments. The charge applies, even if at a later date you choose to take zero income.

##### 3. What do your charges for taking an uncrystallised funds pension lump sum (UFPLS) cover?

We charge a one-off amount for each UFPLS that you take and this covers the payment of the tax-free element, deducting tax under PAYE on the balance and paying the net amount to you.

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#### Investment related charges

##### 4. What do you charge me for using the James Hay Investment Centre?

If you use the James Hay Investment Centre, including where funds are held via a model portfolio on the Managed Portfolio Panel, we take a monthly charge from your SIPP Bank Account. This charge is based on a percentage of the value of the Investment Centre funds you hold.

##### 5. Do your charges include Investment Centre Fund Managers' charges?

No. If you invest in our Select and Collect fund ranges within the Investment Centre, including where funds are held in a model portfolio on the Managed Portfolio Panel, charges will be applied by the Investment Centre Fund Managers. Please refer to the Select and Collect funds literature at [www.jameshay.co.uk](http://www.jameshay.co.uk) for further details.

Some Investment Centre Fund Managers rebate back to us a proportion of the charge they take from you. Any such rebates will be used to purchase additional units/shares or in certain circumstances as permitted by regulation, may be allocated in cash to your SIPP Bank Account.

##### 6. Do your charges include the Investment Managers' charges?

No. If you choose to use the services of an Investment Manager, they will apply charges for trading in stocks, shares and other investments and for holding cash on your behalf. Please refer to the Investment Manager's literature for further details. If the Investment Manager holds cash on behalf of your Modular iSIPP, charges will be taken out of this cash, or charges will be settled from the cash held in your SIPP Bank Account.

The level of the charges of an Investment Manager and the reasonableness of them is a matter for you to determine with your Financial Adviser.

##### 7. Do your charges include the Investment Managers' charges for investments held via the Managed Portfolio Panel?

No. If you choose to invest via the Managed Portfolio Panel, the Investment Manager will apply charges based on the value of the funds held in the individual portfolio. The charges will vary depending on the Investment Manager and the model portfolio that you choose to invest in.

The level of the charges of a model portfolio on the Managed Portfolio Panel and the reasonableness of them is a matter for you to determine with your Financial Adviser.

### 8. Do your charges include the Execution Only Stockbroker's charges?

No. If you choose to use the services of an Execution Only Stockbroker, they will apply charges for trading in stocks, shares and other investments. Please refer to the Execution Only Stockbroker's charges schedule for further details. Charges will either be settled from any cash held by the Execution Only Stockbroker, or cash held in your SIPP Bank Account.

The level of the Execution Only Stockbroker's charges and the reasonableness of them is a matter for you to determine with your Financial Adviser.

### 9. How do you charge for additional modules?

The first year's module annual charges will be based on the type of investments you have selected in the Application Form. Each module annual charge thereafter will be based on the types of investments held shortly before the anniversary of your Modular iSIPP each year.

### 10. Are there any additional charges for vetting specialist investments?

Depending on the type of specialist investment, we may need to employ the services of other firms such as a solicitor. Any costs of such third party firms in either vetting the investment or preparing the documentation to purchase the investment, will be paid from your Modular iSIPP.

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## General

### 11. How do your charges get paid?

We automatically deduct charges from your SIPP Bank Account, unless there is insufficient cash available. We do not send you invoices when charges become due. If any charge is due and there is insufficient cash available, at our discretion, we will sell investments within your Modular iSIPP to pay charges without further notice to you.

You can choose to pay our charges personally, rather than having them deducted from your SIPP Bank Account. We will decide the terms and methods of payment of any charges to be paid in this way. If you do not pay the charges due, you or your estate will be personally liable for the payment of the charges due.

We reserve the right to charge interest on late payment at 8% over base rate as determined by the Bank of England.

### 12. What rate of interest is paid on my SIPP Bank Account and do you retain an element of this?

Your SIPP Bank Account is a current account and should be used as such. However, you will receive interest on cash held in your SIPP Bank Account.

- a) When the Bank of England base rate is below 1% you will receive between £0 and £1 (depending on the total amount held) for each £1,000 held in your account throughout the year. For every 1% increase in the base rate above 1% you will receive an additional £10 for each £1,000 held in the account throughout the year.

- b) We currently receive between £8 and £12 for each £1,000 of cash held throughout the year in current accounts with the banks. This arrangement is based on the total funds held in client current accounts.

The difference between the amount received by us under (b) and the amount paid to you under (a) is used by us to offset the costs of running your Modular iSIPP. This enables us to maintain lower annual product administration fees as set out in this Charges Schedule.

### 13. What interest do I earn on my fixed term deposits with providers on your Cash Panel?

Indicative rates of interest for any term deposits that you place with a provider on our Cash Panel are shown on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk) but the actual rate you receive will be the rate offered by the bank at the time they receive your application. We will receive between £2 and £2.50 for each £1,000 you place on deposit for a continuous period of a year, or a proportionate amount for shorter term deposits.

### 14. What annual administration charge will I pay?

If the total of your Qualifying Investments amounts to less than £195,000, you will pay the core annual administration charge of £195 if you only use the Core iSIPP. You will pay an additional annual charge of between £100 and £350 per module depending on which, if any, additional modules you select to use. If the total of your Qualifying Investments amounts to more than £195,000 we will waive the core annual

administration charge of £195 (but any additional module charges will still apply). To continue to be eligible for the core annual administration charge waiver, you need to ensure that the Minimum Balance of Qualifying Investments is maintained within your Modular iSIPP. Factors such as product fees, charges, withdrawals from your Modular iSIPP, changes to investments within your Modular iSIPP, the cost of any pension benefits taken from your Modular iSIPP, as well as fluctuation in the market value of Qualifying Investments, must all be taken into consideration by you to ensure the Minimum Balance is maintained.

If we have waived the core annual administration charge and you transfer your Modular iSIPP away from us within 12 months of opening your Modular iSIPP, the core annual administration charge of £195 (and any additional module charges) will become payable.

#### 15. What are Qualifying Investments?

Qualifying Investments include cash invested in your SIPP Bank Account, model portfolios held via the Managed Portfolio Panel, fixed term deposit accounts with one or more of the providers on the Cash Panel and investments within the Investment Centre.

#### 16. How do you apply the core annual administration charge waiver?

We will periodically review the balance of the Qualifying Investments in your Modular iSIPP and automatically waive the core annual administration charge if your Modular iSIPP meets the Minimum Balance requirements.

#### 17. What happens if I no longer meet the Minimum Balance requirements for Qualifying Investments?

If the value of the Qualifying Investments in your Modular iSIPP is below the Minimum Balance at the time of our periodic review, then the full core annual administration charge of £195 will be payable at the next anniversary of the opening of your Modular iSIPP.

#### 18. If at a later date the value of my Qualifying Investments exceeds the Minimum Balance, will you waive the core annual administration charge?

Yes, if the value of your Qualifying Investments has risen above the Minimum Balance at the time of the periodic review, we will waive the core annual administration charge for the following year.

#### 19. Do Qualifying Investments I hold in my Modular ISA or GIA count towards the Minimum Balance of £195,000?

Yes. If you hold Qualifying Investments in a Modular ISA or Modular GIA, we will add these to the value of the Qualifying Investments held in your Modular iSIPP and if the overall total amounts to more than £195,000 we will waive the core annual administration charge on your Modular iSIPP.

## Glossary and explanation of terms

<b>Capped Drawdown</b>	A form of income drawdown where there is a maximum annual income limit calculated.
<b>Crystallisation</b>	The act of starting to take benefits (tax free lump sum and/or income) from your Modular iSIPP.
<b>Flexi-access Drawdown</b>	A form of income drawdown available from 6 April 2015 where there is no limit on the amount of income you can take each year.
<b>Income Drawdown</b>	Crystallising benefits in order to draw a tax free lump sum and/or income. This covers both capped drawdown and flexi-access drawdown.
<b>In-specie</b>	The transfer of an asset other than cash from another pension scheme to your Modular iSIPP e.g. shares or holdings in investment funds.
<b>Managed Portfolio Panel</b>	A panel of Investment Managers who create defined collections of funds to achieve a predetermined investment strategy and reflect a certain risk profile. Portfolios with varying risk profiles are available, all of which are made up of funds in our Investment Centre fund range.
<b>Minimum Balance</b>	The minimum account balance of £195,000 of Qualifying Investments required in order to qualify for the core annual administration charge waiver, calculated after deducting any charges, fees, withdrawals, the cost of any pension benefits and market movements on the investments held.
<b>Pension Commencement Lump Sum (PCLS)</b>	A tax free lump sum paid on commencement of income drawdown. It is usually 25% of the value of the benefit crystallisation event.
<b>Qualifying Investments</b>	Any combination of cash held in your SIPP, GIA or ISA Bank Accounts, model portfolios held via the Managed Portfolio Panel, balances on fixed term deposit accounts with one or more of the providers on the Cash Panel and investments within the Investment Centre.
<b>Transfer in</b>	Transferring the value of pension rights from an existing pension scheme to your Modular iSIPP either in cash or in-specie.
<b>Uncrystallised Funds Pension Lump Sum (UFPLS)</b>	A lump sum made of a tax-free element (25%) and a taxable element (75%) that you can take from your pension fund provided you have not already crystallised those funds through income drawdown.

If you have any questions regarding the content of this document or if you require any of the documents shown on page 1, please visit [www.jameshay.co.uk](http://www.jameshay.co.uk) or call us on 03455 212414.

James Hay Partnership is able to provide literature in alternative formats. The formats available are: Large Print (as recommended by RNIB), Braille, Audio Tape and PC Disk. If you would like to receive this document in an alternative format please contact us on 03455 212414. For the hard of hearing and / or speech impaired, please use the Tynetalk service via 18001 03455 212414.

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