

James Hay Private Client SIPP Charges Schedule

This document sets out James Hay Partnership's charges for establishing and administering a James Hay Private Client SIPP (Private Client SIPP). 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 10 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 Private Client SIPP 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:

Key Features of the Private Client SIPP

Private Client SIPP Permitted Investments List

Private Client SIPP Terms and Conditions

Private Client SIPP Application Form

SIPP Technical Product Guide

We expect that our charges should remain exempt from Value Added Tax (VAT), as the Private Client SIPP 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 Private Client SIPP 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 7 of this Charges Schedule.

Section 1

CHARGES

Initial charges

Type of charge	When is the charge taken?	Amount
Establishment charge	On set up	£290

Annual charges

Type of charge	When is the charge taken?	Amount
Annual administration charge	Annually in advance	£455

Core assets - Investment transactions (buy, sell, maturity, switch and re-registration of assets)

Type of charge	When is the charge taken?	Amount
Fixed term deposit with provider on Cash Panel	N/A	Nil
Setting up a model portfolio on the Managed Portfolio Panel	N/A	Nil
Investment Centre transactions - buy, sell or switch	On completion of the transaction	Online: Nil Paper: £20 (Per instruction)
Stocktrade transactions	On completion of the transaction	£14
Selftrade transactions	On completion of the transaction	£14
Investment Manager and Execution Only Stockbroker transactions where the Investment Manager or Stockbroker holds cash to settle transactions	On completion of the transaction	Nil

Core assets - Annual charge

Type of charge	When is the charge taken?	Amount
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 Manager annual charge	Annually in advance	£200
Execution Only Stockbroker annual charge	Annually in advance	£200

Core assets - Commercial Property

Type of charge	When is the charge taken?	Amount
UK purchase/transfer in (with panel solicitor)	On completion of the transaction	£550 plus 0.1% of the value above £400,000
UK purchase/transfer in (without panel solicitor)	On completion of the transaction	£900 plus 0.1% of the value above £400,000
VAT initial registration	On completion of the transaction	£120
Annual property charge using CBRE (per lettable unit/property)*	Annually in advance	£500
Annual mortgage charge	Annually in advance	£100
Sale or transfer out (with panel solicitor)	On completion of the transaction	£550 plus 0.1% of the value above £400,000
Sale or transfer out (without panel solicitor)	On completion of the transaction	£900 plus 0.1% of the value above £400,000
Buy-out (Buy-out with documentation changes)	On completion of the transaction	£300 (plus £250)
Purchase/sale cancellation fee	On cancellation	Discretionary fee, usually £150
Fund Valuation for property borrowing	Prior to property transaction	£60

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

Non-core assets - Investment transactions (buy, sell, maturity, switch and re-registration of assets)

Type of charge	When is the charge taken?	Amount
Whole of market transaction	On completion of the transaction	£14
Purchase/sale of second-hand endowment policy	On completion of the transaction	£60

Non-core assets - Non-core monthly charge

Type of charge	When is the charge taken?	Amount	
		SIPP value up to £300,000	SIPP value over £300,000
Direct client	Monthly in arrears	0.20% p.a. of non-core asset value	Nil
Client with Financial Adviser	Monthly in arrears	0.15% p.a. of non-core asset value	Nil

Benefits and payments/withdrawals

Type of charge	When is the charge taken?	Amount
Income Drawdown set up (per payment of PCLS)*	N/A	Nil
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	Nil, £150 if ad-hoc
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.	

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

Valuation charge

Type of charge	When is the charge taken?	Amount
Ad-hoc paper valuation	On issue	£60

Other administration charges

Type of charge	When is the charge taken?	Amount
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	On completion of the transaction	£95
Arranging annuity purchase	On completion of the transaction	£60

Post-closure charges

Type of charge	When is the charge taken?	Amount
Administration charge (on any cash payments received after your Private Client SIPP 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 Private Client SIPP. 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 Private Client SIPP affecting our business, we may recover from your Private Client SIPP 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 Private Client SIPP.

Annual charge increases

If charges are payable annually, will 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 Private Client SIPP in different scenarios:

Example scenario 1

Getting started

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

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

We tell the Financial Adviser when each 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	£290
Transfer in charge	Nil
Annual administration charge (taken in advance)	£455
TOTAL	£745

Ongoing charges

Annual administration charge	£455
Annual Investment Centre platform charge (based on holdings valued at £150,000)	£270
TOTAL (per annum)	£725

Example scenario 2

Taking benefits through flexi-access drawdown

The member decides to start drawing regular benefits through flexi-access drawdown from his Private Client SIPP.

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	Nil
Disinvestment dealing charges from Investment Centre funds	Nil
TOTAL	Nil

New ongoing charges

Annual administration charge	£455
Annual Income Drawdown charge	£150
Regular disinvestments from Investment Centre funds	Nil
Annual Investment Centre platform charge (based on holdings valued at £112,500 after 25% PCLS)	£202.50
TOTAL (per annum)	£807.50

Example scenario 3

Purchasing a commercial property

The member decides to purchase a commercial property, which is valued at £350,000 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 Private Client SIPP 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 Private Client SIPP. 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 the property

Disinvestment dealing charges	Nil
Handling the purchase	£550
TOTAL	£550

New ongoing charges

Annual administration charge	£455
CBRE annual property charge	£500
TOTAL (per annum)	£955

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	Nil
Cash Panel deposit charge	Nil
Investment Manager set up charge	Nil
Whole of market transaction fee	£14
TOTAL	£14

New ongoing charges

Annual administration charge	£455
Annual Investment Centre platform charge (£100,000 at 0.18%)	£180
Investment Manager annual charge	£200
0.15% p.a. of non-core asset value	£150
TOTAL (per annum)	£985

Section 3

FREQUENTLY ASKED QUESTIONS ABOUT CHARGES

Pension administration

1. What do you charge for contributions?

We do not charge you for any single ad-hoc cash contributions you make. You can set up regular contributions by direct debit. We do not charge you for establishing this

arrangement, not for subsequent regular contributions under the arrangement.

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.

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 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 Private Client SIPP, 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.

General

9. What do you define as core assets?

Core assets include:

1. Cash in your SIPP Bank Account
2. Cash Panel fixed term deposits
3. Select and Collect funds in the Investment Centre (including under the Model Portfolio Panel)
4. Commercial property
5. Stocktrade assets
6. Selftrade assets
7. Investment manager and execution only stockbroker accounts where the investment manager or execution only stockbroker holds cash to settle transactions.

Any other assets are Non-core assets.

10. 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 Private Client SIPP 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.

11. 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 Private Client SIPP. This enables us to maintain lower annual product administration fees as set out in this Charges Schedule.

12. 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 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.

Glossary and explanation of terms

Capped Drawdown	A form of income drawdown where there is a maximum annual income limit calculated.
Crystallisation	The act of starting to take benefits (tax free lump sum and/or income) from your Private Client SIPP.
Flexi-access Drawdown	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.
Income Drawdown	Crystallising benefits in order to draw a tax free lump sum and/or income. This covers both capped drawdown and flexi-access drawdown.
In-specie	The transfer of an asset other than cash from another pension scheme to your Private Client SIPP e.g. shares or holdings in investment funds.
Managed Portfolio Panel	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.
Pension Commencement Lump Sum (PCLS)	A tax free lump sum paid on commencement of income drawdown. It is usually 25% of the value of the benefit crystallisation event.
Transfer in	Transferring the value of pension rights from an existing pension scheme to your Private Client SIPP either in cash or in-specie.
Uncrystallised Funds Pension Lump Sum (UFPLS)	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 or call us on 03455 212 414.

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 212 414. For the hard of hearing and / or speech impaired, please use the Typetalk service via 18001 03455 212 414.

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