

Dear [Member name]

## Notification of change to charges on your IPS SIPP

**This letter contains important information which you should read. You may need to take action.**

I am writing to tell you about some changes to the charges on your SIPP that will come into effect from 28 April 2017. These changes, some of which will affect you, are detailed below and more information is available on our website at [www.jameshay.co.uk/termsmar17](http://www.jameshay.co.uk/termsmar17). Here you can also access a video from me, setting out the reasons for the changes.

### **Why are we making changes to our charges?**

Planning for retirement is a long term commitment, and we recognise that when choosing a company to entrust your money to, you need to be confident that it will be around to support you before, through and after you retire. It is important to us that we can look after your SIPP for the long term and help you meet your retirement goals.

We have seen the operational and regulatory costs of providing our SIPP services continue to increase, for example, following the introduction of pension freedoms in 2015. In addition, when interest rates were higher we were able to keep our product charges for SIPP administration at a lower level by retaining an element of interest from cash held within our products. However, the continuing low interest environment, which we expect to remain for the foreseeable future, prevents us from being able to continue this approach to the same extent.

We need to respond to these challenges, ensuring we can continue to look after your SIPP for the long term and enable a sustainable level of future investment to improve the service we offer to you. This ongoing investment in people, technology and service is therefore critical and whilst I acknowledge any increase in charges will be unwelcome, I am confident this is the right thing to do.

### **Your options**

Of course, I recognise that these changes will impact you as the costs of your SIPP are increasing and therefore to assist you in making a decision on what to do next we have set out all the relevant information in the 'Your Options' section overleaf. There is also information on what the changes are, how they impact you and what you can do next.

At James Hay we offer several different SIPP products, including our flagship product, the Modular iSIPP, and we are increasing our charges across all of these over the coming months. Even after the changes our Modular iSIPP product may still be a better alternative for you in meeting your needs at a lower cost than your current product. If this is an option that interests you we will minimise the associated charges in setting up a Modular iSIPP to make this move as smooth as possible. I obviously hope these changes will not discourage you from continuing to use James Hay, however we will still support you if you do decide to transfer to an alternative provider.

I strongly encourage you to consult a financial adviser to help you make the right decision, if you do not already have one please see the information overleaf about how to find one in your area.

Yours sincerely

Alastair Conway, CEO  
**James Hay Partnership**

## What we are changing

- We are changing certain charges
- We are changing the way we apply Average Weekly Earnings (AWE) increases
- We are introducing new charges
- We are removing the option to make in-specie contributions
- We are changing the way we calculate the rate of interest on your SIPP Bank Account.

### Changing charges

The table below sets out the current product charges, the new charges and when you will pay them.

Charge type	Current typical charge	New charge	When is the charge taken?
Annual administration charge	£425	£600	Annually in arrears
Annual property charge (self managed by member)	£480 Per lettable unit/lease	£525 (first lettable unit/lease in each property) £450 (each additional lettable unit/lease in each property)	Annually in advance
Property purchase/transfer in charge (without panel solicitor)	£800	£1,100	On completion of the transaction
Property sale/transfer out charge (without panel solicitor)	£650	£800	On completion of the transaction
Income drawdown review (capped drawdown)	£100	£150	On completion of the review
Unquoted shares	£250 (per transaction)	£100 (per transaction)	On completion of the transaction
Unconnected loans	£250 (per transaction)	£100 (per transaction)	On completion of the transaction

*Please note that we apply VAT to all charges at the standard rate (currently 20%).*

The annual charges you currently pay will depend on when you took your SIPP out, which will in turn determine how often your charges have been increased in line with the Average Weekly Earnings (AWE) Index. This Index reflects the average change in the level of wages in the UK over time.

### Changing the way we apply Average Weekly Earnings (AWE) increases

These changes mean that from 28 April 2017, all customers will pay the same annual administration charge. On 1 April each year (starting in 2018), this charge, and any other annual charges that apply to you, will be increased in line with AWE. This will help ensure that our charges reflect the cost of providing our services in the future.

### Introducing new charges

The following new charges will be introduced:

Charge type	New charge	When is the charge taken?	What does the new charge cover?
Investment Manager/ Stockbroker account annual charge	£150	Annually in advance	The additional control, monitoring and reporting required for these types of investments.
Specialist Investments annual charge	£300	Annually in advance	
Pre-funding expenses charge (property)	£50	At the point funding is provided	The work involved in meeting unpaid costs related to a property (e.g. an unpaid utility bill) because a customer's SIPP contains insufficient cash when required. Please note that the SIPP will remain liable for the cost

			of any unpaid bills.
Property development charge	0.5% of cost of development (charge capped at £2,000 per development)	On completion of the development	Additional administration relating to the property development process (e.g. reviewing the development proposal and works contract and payment of invoices).
Penalty for failing to provide property related documentation	£75 per quarter	If documentation has been outstanding for more than 90 days from the date the request was made	Additional administration, and risk to James Hay, caused by a customer failing to provide property related documents (for example, external bank statements, leases, insurance certificates) when requested by James Hay.
Account closure charge	£100	When flexi-access drawdown or Uncrystallised Funds Pension Lump Sum (UFPLS) payments first reduce the value of your SIPP below £1,000	The costs of closing your SIPP if your SIPP is not closed as a result of purchasing an annuity or transferring out.  If this charge is applied, it may make sense for you to ask us to close your SIPP and pay you any balance remaining once outstanding fees have been covered, as the costs of administering your SIPP would rapidly erode the remaining funds.

Please note that we will apply VAT to all charges at the standard rate (currently 20%).

### Removing the option to make in-specie contributions

An in-specie contribution is a contribution into your SIPP using investments (e.g. shares) you already hold outside a pension rather than using cash.

Due to a lack of demand, we have made the decision to remove the facility which allows customers to make in-specie contributions into our SIPP products.

Please note you can continue to make new **cash** contributions into your SIPP and you can continue to transfer pension assets from other pensions.

### Changes to the way the rate of interest is calculated on SIPP Bank Accounts

Following changes to the interest James Hay receives from its banking partners we can no longer link interest rates directly with the Bank of England's base rate. In future we will publish our current interest rates on our website [www.jameshay.co.uk/bankaccounts-inv](http://www.jameshay.co.uk/bankaccounts-inv).

The rates of interest we pay could change from time to time but will never fall below the minimum of 0.00001%. The current interest rate payable is 0.00001%.

### What you need to do next

Depending on the type of investments you currently hold in your SIPP, the changes contained in this letter may have a significant impact on the level of charges you will pay in the future. It is therefore important that you:

- Read through this letter, the enclosed charges schedule and product comparison document.
- Visit our website at [www.jameshay.co.uk/termsmar17](http://www.jameshay.co.uk/termsmar17) to read the Questions and Answers related to these changes.
- Consider whether the changes we are making will result in your current SIPP continuing to meet your needs and financial circumstances, and also whether it offers you value for money.

- Consider (with your financial adviser if you have one):
  - moving to the James Hay Modular iSIPP, which may result in you paying lower charges than you will pay in your current SIPP, or
  - moving to a SIPP product available from a provider other than James Hay as this may be more appropriate for you and offer you better value for money, or
  - staying within your current SIPP, accepting the new charges and terms.

**Before you make a decision, we strongly encourage you discuss your options with your financial adviser. If you do not have a financial adviser but would like to speak to one, please visit [www.unbiased.co.uk](http://www.unbiased.co.uk) to obtain a list of financial advisers in your local area.**

## Your options

### 1. Transfer your SIPP to the James Hay Modular iSIPP

You can transfer your SIPP to our Modular iSIPP product. This may result in you paying lower product charges and gaining access to additional investment options and services. However, some of the options you currently have on your SIPP, such as the option to manage commercial property yourself, are not available on the Modular iSIPP.

Enclosed with this pack you will find a comparison of charges and product features between your SIPP and the Modular iSIPP. Please note that the charges detailed in the product comparison document reflect the new Modular iSIPP charging structure coming into effect on 31 May 2017. You can find out more about the Modular iSIPP by visiting our website at [www.jameshay.co.uk/modularisipp-inv](http://www.jameshay.co.uk/modularisipp-inv).

If you notify us that you wish to transfer your current SIPP to the Modular iSIPP within 120 days of receipt of this letter, we will waive our standard transfer out charge on your current SIPP. If you hold a property in your SIPP, we will waive the property transfer out charge. We will also waive the first years' annual administration charge, and other charges will be waived depending on the investments you transfer to the Modular iSIPP. Please see the Modular iSIPP application pack and Questions and Answers for further details. Any charges that are due on your current SIPP will remain payable and if you hold property in your SIPP there will be other charges (e.g. re-registration charges) for which you will be liable.

If you would like an application pack for the Modular iSIPP you can get this from [www.jameshay.co.uk/termsmar17](http://www.jameshay.co.uk/termsmar17). Alternatively you can call us on the telephone number below or write to us and we will send you an application pack. **We suggest you discuss the contents of the pack with your financial adviser (if you have one) before completing the application form.**

### 2. Transfer your SIPP to another product provider

You can transfer your SIPP to another pension provider. If you notify us that you wish to transfer out within 120 days of receipt of this letter we will waive our standard transfer out charge as well as any additional product charges incurred as a result of these pricing changes. If you hold a property in your SIPP, we will waive the property transfer out charge. However, there will be other costs associated with transferring a property for which you will be liable. Your new provider will also charge you their standard costs for opening a SIPP with them.

If you wish to transfer your current SIPP to another provider, please read our 'Guide to Transferring Away from James Hay' which is available on our website at [www.jameshay.co.uk/termsmar17](http://www.jameshay.co.uk/termsmar17) or call us on the number below and we will send you a copy.

### 3. Accept the new charges and terms

If you accept the new charges and terms, you do not need to take any action.

## Further information

If you have any questions about these changes or wish to obtain further information, please contact your financial adviser in the first instance, or visit our website at [www.jameshay.co.uk/termsmar17](http://www.jameshay.co.uk/termsmar17). As well as my video presentation, the website also contains Questions & Answers. Alternatively, you can call us on 03333 202 733.

## **Retaining this letter**

This letter and the enclosed Charges Schedule amend your current SIPP Terms and Conditions from 28 April 2017, therefore you should retain them with the other important documents relating to your SIPP.