

Notification of changes to your charges on your James Hay Modular iPlan Applies to the Modular iSIPP, Modular GIA and Modular ISA

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 Modular iPlan that will come into effect from 31 May 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/termsapr17. 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 and throughout your retirement. It is important to us that we can look after your investments for the long term and help you meet your retirement goals.

We have seen the operational and regulatory costs of providing our administration 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 administration charges 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 investments 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 Modular iPlan 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 need to do next.

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 introducing new charges
- We are introducing Average Weekly Earnings (AWE) increases to annual charges
- We are removing the option to make in-specie contributions
- We are changing the way we calculate the rate of interest on SIPP, ISA and GIA Bank Accounts
- We are changing the way we calculate the Annual Investment Centre platform charge.

Changing charges

The table below sets out the charges affected and the new charges. The charges applicable to you will depend on which Modular iPlan products you hold and the investments you have chosen or may choose to access in the future. For example scenarios of how the charges might be applied, please refer to the relevant charges schedule.

Applicable to	Charge type	Current charge	New charge
Modular iSIPP	Annual administration charge	£195 (Nil if over £195,000 in qualifying investments*)	£175 (Nil if over £200,000 in qualifying investments*)
Modular iSIPP Modular GIA Modular ISA	Annual Investment Centre platform charge	First £500,000 – 0.18% On next £500,000 – 0.15% Over £1 million – 0.05% (charge applies to Investment Centre holdings)	First £300,000 – 0.25% On next £300,000 – 0.20% On next £400,000 – 0.15% On next £500,000 – 0.05% Over £1,500,000 – 0.01% (charge applies to cash held in your SIPP Bank Account (as well as any bank account held in relation to a property and, if applicable, your Modular GIA and Modular ISA Bank Accounts), fixed term deposit accounts with providers on the Cash Panel and Investment Centre holdings)
Modular iSIPP	Single or regular cash contributions	£50	Nil
Modular iSIPP	Direct debit amendment	£25	Nil
Modular iSIPP Modular GIA Modular ISA	Cash transfer in	£50	Nil
Modular iSIPP	Off Panel Stockbroker/Investment Manager Account annual charge	£50 (per account)	£70 (per account)
Modular iSIPP	Annual property charge self managed by member	£480	£525 (first lettable unit/lease in each property) £450 (each additional unit/lease in each property)
Modular iSIPP	Annual property charge using CBRE	£750	£950 (first lettable unit/lease in each property) £550 (each additional unit/lease in each property)
Modular iSIPP	UK property purchase or transfer in (without panel solicitor)	£800	£1,100
Modular iSIPP	UK property sale or transfer out (without panel solicitor)	£650	£800
Modular iSIPP	Review of income limits on capped drawdown	£100	£150
Modular iSIPP Modular GIA	Unquoted shares	£350 (per trade)	£100 (per trade)

Modular iSIPP	Lending to unconnected third party	£350 (per event)	£100 (per event)
Modular iSIPP Modular GIA	Non-Mainstream Pooled Investments (NMPs) including Qualified Investor Schemes	£500 (per trade)	£100 (per trade)
Modular iSIPP Modular GIA	Any other specialist investment	£150 (per trade)	£100 (per trade)

* Qualifying investments are any combination of cash held in your SIPP Bank Account (as well as any bank account held in relation to a property and, if applicable, your Modular GIA or Modular ISA Bank Account), balances in fixed term deposit accounts on the Cash Panel and Investment Centre holdings (including model portfolios held via the Managed Portfolio Panel) across all products held in the Modular iPlan.

Introducing new Modular iSIPP charges

The following new charges will be introduced on the Modular iSIPP:

Charge type	New charge	When is the charge taken?	What does the new charge cover?
Panel Stockbroker/Investment Manager Account annual charge	£20 (per account)	Annually in advance	The additional control, monitoring and reporting required for these types of investments.
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 the 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 (applicable to self managed property only)	£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.
Review of lease renewal/new lease/deeds/licences to occupy, assign, alter or sub-let (where prepared by non panel solicitor)	£200	On completion of the review	Administration time taken to check and review documents.
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 it 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.

Applying Average Weekly Earnings (AWE) increases to charges

The Average Weekly Earnings Index reflects the average change in the level of wages in the UK over time. With effect from 6 April 2018, all annual charges will increase on 6 April each year in line with the Average Weekly Earnings Index.

Removing the option to make in-specie contributions into your Modular iSIPP

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, ISA and GIA 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. The rates of interest we pay may change from time to time. In future we will publish our current interest rates on our website www.jameshay.co.uk/cash.

Changes to how we calculate the Annual Investment Centre platform charge

The Annual Investment Centre platform charge is a percentage charge that is currently based on the value of funds held within the Investment Centre. With effect from 31 May 2017, this charge will apply to the combined value of cash held in your SIPP Bank Account (as well as any bank account held in relation to a property) and if applicable, your Modular GIA and Modular ISA Bank Accounts, fixed term deposit accounts with one or more of the providers on the Cash Panel, and investments within the Investment Centre (including model portfolios held via the Managed Portfolio Panel) across all Modular iPlan products. It will be renamed the 'annual platform charge' to reflect this change.

Managing your SIPP, ISA and GIA Bank Accounts

As confirmed above, cash held within your SIPP, ISA and GIA Bank Accounts will be subject to the annual platform charge. The accounts are intended for holding cash for short periods of time to cover adviser and product charges, income payments and other withdrawals, and to enable investments to be made. The accounts are not designed for long term cash investment.

In order to help you manage your cash balance effectively you can set up 'Cash Alerts' using James Hay Online, which can help ensure money is available when you need it. If you'd like to find out more about how cash alerts work, and how to manage your SIPP, ISA and GIA Bank Accounts effectively, please download our factsheet at www.jameshay.co.uk/cashalerts or call us for a copy.

If you intend to hold cash for investment purposes or for the long term, you may wish to consider our Cash Panel, which is available via the Modular iSIPP. The Cash Panel offers a range of fixed term deposit accounts with enhanced interest rates when compared with our standard SIPP Bank Accounts. For more information, please visit www.jameshay.co.uk/cashdeposit or call us.

What you need to do next

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

- Read through this letter and the enclosed Modular iSIPP Charges Schedule.
- Visit our website at www.jameshay.co.uk/termsapr17 to read the questions and answers related to these changes and if you are invested in the Modular GIA and/or the Modular ISA, download and read the charges schedules for these products.
- Consider whether the changes we are making will result in your Modular iPlan 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):
 - keeping your Modular iPlan and accepting the new charges and terms, or
 - moving to a provider other than James Hay as this may be more appropriate for you.

Before you make a decision, we strongly encourage you to 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 or call them on 0800 023 6868 to obtain a list of financial advisers in your local area.

Your options

1. Accept the new charges and terms

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

2. Transfer your Modular iPlan to another provider

You can transfer your Modular iPlan to another 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 Modular iSIPP, we will waive the property transfer out charge (where a panel solicitor is used). However, there will be other costs associated with transferring a property for which you will be liable. Your new provider may also charge you their standard costs for opening a product with them.

If you wish to transfer your Modular iSIPP to another provider, please read our 'Guide to Transferring Away from James Hay' which is available on our website at www.jameshay.co.uk/termsapr17 or call us on the number below and we will send you a copy. If you wish to transfer your Modular GIA or Modular ISA, please call us.

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/termsapr17. As well as my video presentation, the website also contains detailed questions and answers. Alternatively, you can call us on 03333 202 733 Monday to Friday between the hours of 9am and 5pm (excluding bank holidays).

Retaining this letter

This letter amends your current Terms and Conditions from 31 May 2017, therefore you should retain it with the other important documents relating to your Modular iPlan.