Case Studies

Illustrating the benefits of switching to eSIPP

James Hay

The following case studies are fictitious and clients' individual financial circumstances should be considered along with any Legal and Tax implications before recommendations are made.

Case Study 1

Currently investing through Investment Centre?

- Martin has a James Hay Private Client SIPP with a total fund value of £500,000.

  The entire fund is invested in collectives through the James Hay Investment Centre.

No funds in Unsecured Pension (USP)

The James Hay Private Client SIPP has an annual management charge of £455 whereas the James Hay eSIPP has no annual management charge.

After a thorough review of his individual circumstances, Martin's Financial Adviser recommends that he switches to the James Hay eSIPP and save £455 per annum. In addition his existing investments remain intact and he retains all of the benefits of investing through the Investment Centre (e.g. no James Hay transaction charges and the ability to transact online).

The James Hay Private Client SIPP and the James Hay eSIPP are options under the same registered pension scheme, the James Hay Personal Pension Plan. This switch does not therefore entail a transfer in terms of HMRC rules which creates the following advantages:

- The existing trust that Martin established for the distribution of lump sum death benefits is unaffected
- The administration required for the switch is simpler than that required for a transfer to another registered pension scheme.

All or part funds in Unsecured Pension (USP)

The differences in the charging structure between the James Hay Private Client SIPP and the James Hay eSIPP mean that, having undertaken a thorough review of Martin's individual circumstances his Financial Adviser recommends that he switch to the James Hay eSIPP and save £375 per annum.
In addition, Martin's existing investments remain intact and he retains all of the benefits of investing through the Investment Centre (e.g. no James Hay transaction charges and the ability to transact online).

The James Hay Private Client SIPP and the James Hay eSIPP are options under the same registered pension scheme, the James Hay Personal Pension Plan. This switch does not therefore entail a transfer in terms of HMRC rules which creates the following advantages:

- The existing trust that Martin established for the distribution of lump sum death benefits is unaffected
- The administration required for the switch is simpler than that for a transfer to another registered pension scheme.

Case Study 2

Currently investing in collectives which could be re-registered in the James Hay Investment Centre?

- Richard has a James Hay Private Client SIPP with a total fund value of £300,000.

The entire fund is currently invested in collectives. On further investigation, Richard's Financial Adviser finds that most of the investment funds are available under the James Hay Investment Centre and that the remainder of the funds could be transferred to similar funds within the Investment Centre.

No funds in Unsecured Pension (USP)

Following a full review of his individual circumstances, Richard's Financial Adviser recommends that he has the existing funds re-registered into the Investment Centre. He then immediately has the choice of a wide range of investment funds with discounted charges, and benefits from there being no James Hay transaction charges and the ability to transact online. In addition, by switching to the James Hay eSIPP, Richard would no longer incur an annual management charge of £455.

Richard's pension fund is not currently subject to an individual trust and so, on the advice of his Financial Adviser, he establishes a By-Pass Trust for the distribution of lump sum death benefits.

The James Hay Private Client SIPP and the James Hay eSIPP are options under the same registered pension scheme, the James Hay Personal Pension Plan. This switch does not, therefore, entail a transfer in terms of HMRC rules meaning that the administration required for the switch is simpler than that for a transfer to another registered pension scheme.

All or part funds in Unsecured Pension (USP)

Following a full review of his individual circumstances, Richard's Financial Adviser recommends that he has the existing funds re-registered into the Investment Centre. He then immediately has the choice of a wide range of investment funds with discounted charges, and benefits from there being no James Hay transaction charges and the ability to transact online. In addition, by switching to the James Hay eSIPP, his annual SIPP charges would be reduced from £575 to £200.

Richard's pension fund is not currently subject to an individual trust and so, on the advice of his Financial Adviser, he establishes a By-Pass Trust for the distribution of lump sum death benefits.

The James Hay Private Client SIPP and the James Hay eSIPP are options under the same registered pension scheme, the James Hay Personal Pension Plan. This switch does not therefore entail a transfer in terms of HMRC rules meaning that the administration required for the switch is simpler than that for a transfer to another registered pension scheme.

Case Study 3

Currently investing in insured contracts?

- Simon has a James Hay Private Client SIPP with a total fund value of £400,000.

The entire fund is currently invested in insured contracts e.g. trustee investment plans (TIPs). All of the contracts are capable of being surrendered. Simon's Financial Adviser has identified funds within the James Hay Investment Centre which meet their agreed investment strategy.

No funds in Unsecured Pension (USP)

Simon's Financial Adviser has carried out an in-depth review of his individual circumstances, and after thorough consideration of all the pros and cons, recommends that Simon surrender the existing contracts and re-invest the proceeds in suitable funds chosen from the wide range of investment funds in the Investment Centre. James Hay has negotiated discounted charges with the individual fund managers and transactions can be made online and are not subject to any James Hay transaction charges.

Simon's Financial Adviser also recommends switching to the eSIPP, which saves £455 per annum, being the annual management charge under the Private Client SIPP.

The James Hay Private Client SIPP and the James Hay eSIPP are options under the same registered pension scheme, the James Hay Personal Pension Plan. This switch does not therefore entail a transfer in terms of HMRC rules which creates the following advantages:

- The expression of wish form that Simon completed for the distribution of lump sum death benefits is unaffected by this switch
- The administration required for the switch is simpler than that for a transfer to another registered pension scheme.

All or part funds in Unsecured Pension (USP)

Simon's Financial Adviser has carried out an in-depth review of his individual circumstances, and after thorough consideration of all the pros and cons, recommends that Simon surrender the existing contracts and re-invest the proceeds in suitable funds chosen from the wide range of investment funds in the Investment Centre. James Hay has negotiated discounted charges with the individual fund managers and transactions can be made online and are not subject to any James Hay transaction charges.

Simon's Financial Adviser also recommends switching to the eSIPP, which reduces his annual SIPP charges from £575 to £200.

The James Hay Private Client SIPP and the James Hay eSIPP are options under the same registered pension scheme, the James Hay Personal Pension Plan. This switch does not therefore entail a transfer in terms of HMRC rules which creates the following advantages:

- The expression of wish form that Simon completed for the distribution of lump sum death benefits is unaffected by this switch
- The administration required for the switch is simpler than that for a transfer to another registered pension scheme.

Case Study 4

Currently investing in insured contracts and property?

- John has a James Hay Private Client SIPP with a total fund value of £1,000,000, of which £800,000 is invested in a commercial property that is leased to his own company. The balance is invested in insured contracts all of which are capable of surrender.

  John's Financial Adviser has identified funds within the James Hay Investment Centre which meet their agreed investment strategy.

Having undertaken a full review of his individual circumstances and given careful consideration to the surrender terms, John's Financial Adviser recommends that he surrender the existing contracts and re-invest the proceeds in suitable funds chosen from the wide range of investment funds in the Investment Centre. James Hay has negotiated discounted charges with the individual fund managers and transactions can be made online and are not subject to any James Hay transaction charges.

John would like to keep the property within his pension fund but his Financial Adviser recommends that this should be for no longer than two years. At that time he will be approaching age 60, his proposed retirement age, and the Financial Adviser suggests that he should sell the property then and invest the proceeds in the Investment Centre. At the same time he should also consider switching to the eSIPP to avoid the annual administration charge under the Private Client SIPP.

John's pension fund is not currently subject to an individual trust and so, on the advice of his Financial Adviser, John establishes a By-Pass Trust for the distribution of lump sum death benefits.

James Hay 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 0845 850 4455. For the hard of hearing and / or speech impaired, please use the Typetalk service via 18001 0845 850 4455.

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