

James Hay Select SIPP Charges Schedule

This document sets out James Hay Partnership's charges for establishing and administering a James Hay Select SIPP (Select 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 7 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 Select 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 Select SIPP

Select SIPP Permitted Investments List

Select SIPP Terms and Conditions

Select SIPP Application Form

SIPP Technical Product Guide

We expect that our charges should remain exempt from Value Added Tax (VAT), as the Select 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 additional charges may apply to your Select 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 6 of this Charges Schedule.

Section 1

CHARGES

Annual charges

Type of charge	When is the charge taken?	Amount
Select Funds Option annual charge	Varies depending on fund manager	0.75% p/a
Self Investment option annual charge	Annually in arrears	0.75% p/a

Select Funds Option

This charge is applicable to investments in the Select funds and includes all James Hay Partnership's charges and the Select fund manager's management charges.

The method of taking this charge depends on the amount of each Select fund manager's charge.

If the Select fund manager's charge is 0.75% then the overall annual management charge is calculated and payable by unit adjustments at a frequency determined by each Select fund manager.

If the Select fund manager's charge is in excess of 0.75%, the Select fund manager will take the full amount of their charge by unit adjustments at a frequency determined by each Select fund manager. The Select fund manager will rebate an element of this charge.

We will allocate all of the rebates to your Select SIPP in the form of additional units and will deduct a charge from your SIPP Bank Account to take the annual management charge up to 0.75%. For example, if the Select fund manager's standard annual management charge is 0.90% and the Select fund manager rebates 0.30%, we will deduct 0.15% from your SIPP Bank Account. Therefore, overall you will pay an annual charge of 0.75%.

The frequency of any rebates received are determined by the relevant Select fund manager (usually quarterly or monthly). If you have completely sold your holding in a fund before a rebate is paid, or for small amounts under £1, the rebate may be allocated as cash.

If the Select fund manager's charge is less than 0.75%, this is calculated and payable by unit adjustments at a frequency determined by each Select fund manager. Any additional amount above the Select fund manager's charge which is required to pay the overall annual management charge of 0.75% will be taken from cash held in your SIPP Bank Account, or if there is insufficient cash available, by Select fund unit adjustments. For example, if the Select fund manager's annual charge is 0.65%, we will deduct 0.10% from your SIPP Bank Account, so overall you will pay an annual charge of 0.75%.

Self Investment Option

This charge is applicable to investments outside of the Select funds and includes all our charges.

Any charges levied by a fund manager in relation to these investments will be payable in addition to them.

This charge is taken annually in arrears and is calculated on the value of your Select SIPP (excluding the value of any Select funds and any commercial property investment) as shown in the annual valuation of your Select SIPP.

This charge is deducted from your SIPP Bank Account.

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

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

Benefits and payments/withdrawals

Type of charge	When is the charge taken?	Amount
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.	

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

Post-closure charges

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

Annual charge increases

If charges are payable annually, we 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 Select SIPP in different scenarios:

Example scenario 1

Getting started

A Financial Adviser recommends a Select 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 Select 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 Select funds.

What would the costs be for this?

Getting started

Establishment charge	Nil
Transfer in charge	Nil
TOTAL	Nil

Ongoing charges

Annual administration charge (based on holdings valued at £150,000)	£1,125*
TOTAL (per annum)	£1,125*

* Payable by unit deduction.

Example scenario 2

Taking benefits through flexi-access drawdown

The member decides to start drawing regular benefits through flexi-access drawdown from his Select 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 some Select funds to fund the PCLS and sets up a regular disinvestment to fund the income payments.

What would the costs be for this?

Taking benefits

Income Drawdown set up	Nil
Disinvestment dealing charges from Select funds	Nil
TOTAL	Nil

New ongoing charges

Annual administration charge (based on holdings valued at £112,500 after 25% PCLS)	£844*
Regular disinvestments from Select funds	Nil
TOTAL (per annum)	£844*

* Payable by unit deduction.

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 Select 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 Select 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

CBRE annual property charge	£500
TOTAL (per annum)	£500

Section 3

FREQUENTLY ASKED QUESTIONS ABOUT CHARGES

Pension administration

1. What is the minimum transfer payment or contribution required to set up a Select SIPP?

The minimum contribution required to set up a Select SIPP is £50,000.

2. 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, or for subsequent regular contributions under the arrangement.

Crystallisation and Income Drawdown

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.

General

4. 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.

5. 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.

6. 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

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.
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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