

## Modular iSIPP

# Charges Schedule

### IMPORTANT NOTE

We will be increasing our charges on the Modular iSIPP. This Charges Schedule sets out both the current charges and the new charges which will apply from 31 May 2017.

**This document sets out James Hay Partnership's charges for establishing and administering a Modular iSIPP. 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 11 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 Modular iSIPP 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:**

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Key Features of the Modular iSIPP

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Modular iSIPP Member Guide

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Modular iSIPP Permitted Investments List

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Modular iSIPP Terms and Conditions

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Modular iSIPP Application Form

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Modular iPlan Technical Guide

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Our charges are currently exempt from Value Added Tax (VAT) and we expect them to remain exempt in future. 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 Stockbroker, additional charges may apply to your Modular iSIPP and VAT may be payable on services provided by these third parties. For details on third party charges please refer to Section 3.

## Section 1

### CHARGES

#### Initial charges

| Type of charge  | When is the charge taken? | Current charge | New charge |
|---|---------------------------|----------------|------------|
| Establishment charge (via online application process)   | N/A                       | Nil            | No change  |
| Establishment charge (for applications made using the Application Form received at James Hay Partnership in paper format) | On receipt of new money   | £100           | No change  |

#### Core annual charges

| Type of charge  | When is the charge taken? | Current charge | New charge  |
|---|---------------------------|----------------|---|
| Annual administration charge (if Minimum Balance of £195,000 held in Qualifying Investments) <sup>1</sup> | N/A                       | Nil            | Nil (if Minimum Balance of £200,000 held in Qualifying Investments) |
| Annual administration charge  | Annually in advance       | £195           | £175  |
| Annual paper valuation  | N/A                       | Nil            | No change   |

<sup>1</sup> Please see glossary on page 11 for an explanation of these terms.

#### Module annual charges

| Type of charge                | When is the charge taken? | Current charge | New charge |
|-------------------------------|---------------------------|----------------|------------|
| Whole of Market Module        | Annually in advance       | £100           | No change  |
| Commercial Property Module    | Annually in advance       | £100           | No change  |
| Specialist Investments Module | Annually in advance       | £350           | No change  |

#### Contributions

| Type of charge                                      | When is the charge taken?        | Current charge | New charge                               |
|---|----------------------------------|----------------|--|
| Single ad-hoc cash contributions (per contribution) | On completion of the transaction | £50            | Nil                                      |
| Regular contributions (set up by direct debit)      | On completion of the transaction | £50            | Nil                                      |
| Contribution direct debit collection                | N/A                              | Nil            | No change                                |
| Regular contribution direct debit amendment         | On completion of the transaction | £25            | Nil                                      |
| In-specie contribution                              | On completion of the transaction | £250           | This option will no longer be available. |

From 1 April 2018, all annual charges will increase on the 1st April each year in line with the Average Weekly Earnings Index.

## Transfers in <sup>2</sup>

| Type of charge                       | When is the charge taken?     | Current charge      | New charge |
|--------------------------------------|-------------------------------|---------------------|------------|
| Cash transfer in (per transfer)      | On completion of the transfer | £50 (max £200 p.a.) | Nil        |
| In-specie transfer in (per transfer) | On completion of the transfer | £50 (max £200 p.a.) | No change  |

<sup>2</sup> Please note: In addition to the in-specie transfer charge, if the transfer is of a Specialist Investment, the Specialist Investments transaction charges will apply on transfer of the asset. We will no longer accept transfers in of Specialist Investments from 9 May 2017.

## Investments

| Type of charge   | When is the charge taken?                                      | Current charge                                 | New charge   |                |       |                  |       |                  |       |                  |       |                 |       |
|--|--|--|--|----------------|-------|------------------|-------|------------------|-------|------------------|-------|-----------------|-------|
| Setting up a fixed term deposit with one of the providers on our Cash Panel                                      | N/A  | Nil  | No change  |                |       |                  |       |                  |       |                  |       |                 |       |
| Setting up a Panel Stockbroker/Investment Manager Account <sup>3</sup>   | N/A  | Nil  | No change  |                |       |                  |       |                  |       |                  |       |                 |       |
| Panel Stockbroker/Investment Manager Account annual charge   | Annually in advance  | N/A  | £20  |                |       |                  |       |                  |       |                  |       |                 |       |
| Setting up a model portfolio on the Managed Portfolio Panel  | N/A  | Nil  | No change  |                |       |                  |       |                  |       |                  |       |                 |       |
| Cash Panel annual charge <sup>4</sup>  | Monthly in arrears   | N/A  | <table border="1"> <tr> <td>First £300,000</td> <td>0.25%</td> </tr> <tr> <td>On next £300,000</td> <td>0.20%</td> </tr> <tr> <td>On next £400,000</td> <td>0.15%</td> </tr> <tr> <td>On next £500,000</td> <td>0.05%</td> </tr> <tr> <td>Over £1,500,000</td> <td>0.01%</td> </tr> </table> | 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% |
| 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%  |  |  |                |       |                  |       |                  |       |                  |       |                 |       |
| SIPP Bank Account annual charge <sup>4</sup>   | Monthly in arrears   | N/A  |  |                |       |                  |       |                  |       |                  |       |                 |       |
| Annual Investment Centre platform charge <sup>4,5</sup><br>First £500,000<br>On next £500,000<br>Over £1 million | Monthly in arrears<br>Monthly in arrears<br>Monthly in arrears | 0.18%<br>0.15%<br>0.05%                        |  |                |       |                  |       |                  |       |                  |       |                 |       |
| Investment Centre transactions - buy, sell or switch   | On completion of the transaction                               | Online: Nil<br>Paper: £20<br>(Per instruction) | No change  |                |       |                  |       |                  |       |                  |       |                 |       |

<sup>3</sup> For details of our Panel Stockbrokers/Investment Managers, please see our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

<sup>4</sup> New charge is based on the combined value of Cash Panel deposits, SIPP Bank Account balance and Investment Centre holdings.

<sup>5</sup> Percentage taken is based on the value of Investment Centre funds held on or around the first day of each month. This is also applicable to funds held within the Managed Portfolio Panel.

## Whole of Market

| Type of charge  | When is the charge taken?        | Current charge   | New charge        |
|---|----------------------------------|--|-------------------|
| External investments - buy, sell or switch (including setting up a regular disinvestment) | On completion of the transaction | Online: £20<br>Paper: £50<br>(Per investment provider) | No change         |
| Setting up an Off Panel Stockbroker/Investment Manager Account                            | On completion of the transaction | £100   | No change         |
| Off Panel Stockbroker/Investment Manager Account annual charge                            | Annually in advance              | £50 (Per account)                                      | £70 (Per account) |

From 1 April 2018, all annual charges will increase on the 1st April each year in line with the Average Weekly Earnings Index.

## Commercial Property

| Type of charge   | When is the charge taken?  | Current charge    | New charge  |
|--|--|-------------------|---|
| UK purchase/transfer in (with panel solicitor)   | On completion of the transaction   | £600              | No change   |
| UK purchase/transfer in (without panel solicitor)  | On completion of the transaction   | £800              | £1,100  |
| Purchase charge per additional member  | On completion of the transaction   | £100              | No change   |
| VAT initial registration   | On completion of the transaction   | £120              | No change   |
| Mortgage arrangement charge  | On completion of the transaction   | £250              | No change   |
| Annual property charge using CBRE (per lettable unit/property)   | Annually in advance  | £750              | £950 (first lettable unit/lease in each property £550 (each additional lettable unit/lease in each property)) |
| Annual property charge self managed by member (per lettable unit/property) <sup>6</sup>                                      | Annually in advance  | £480 <sup>6</sup> | £525 (first lettable unit/lease in each property £450 (each additional lettable unit/lease in each property)) |
| Additional member annual charge (for each additional member)   | Annually in advance  | £100              | No change   |
| Annual mortgage charge   | Annually in advance  | £150              | No change   |
| Annual VAT charge (including self managed option)  | Annually in advance  | £100              | No change   |
| Sale or transfer out (with panel solicitor)  | On completion of the transaction   | £450              | No change   |
| Sale or transfer out (without panel solicitor)   | On completion of the transaction   | £650              | £800  |
| Buy-out (Buy-out with documentation changes)   | On completion of the transaction   | £450 (plus £150)  | No change   |
| Purchase/sale cancellation fee   | On cancellation  | £300              | No change   |
| Review of lease renewal/new lease/deeds/licences to occupy, assign, alter or sub-let (where prepared by non panel solicitor) | On completion of the review  | N/A               | £200  |
| Property development charge  | On completion of the development   | N/A               | 0.5% of cost of works (charge capped at £2,000)   |
| Pre-funding expenses charge  | At the point funding is provided   | N/A               | £50   |
| Penalty for failing to provide property related documentation <sup>7</sup>   | If documentation has been outstanding for more than 90 days from the date the request was made | N/A               | £75 per quarter   |

<sup>6</sup> The option to self manage the property is only available in certain circumstances. Please see the Commercial Property Purchase Guide for your product (available at [www.jameshay.co.uk](http://www.jameshay.co.uk)) for further details. We reserve the right to insist on CBRE managing the property in certain circumstances.

<sup>7</sup> Applicable to self-managed properties only.

## Specialist Investments

| Type of charge   | When is the charge taken?        | Current charge | New charge     |
|--|----------------------------------|----------------|----------------|
| Non Mainstream Pooled Investments (NMPIS) including Qualified Investor Schemes | On completion of the transaction | £500 per trade | £100 per trade |
| Unquoted shares  | On completion of the transaction | £350 per trade | £100 per trade |
| Lending to unconnected third party   | On completion of the transaction | £350 per event | £100 per event |
| Any other specialist investment  | On completion of the transaction | £150 per trade | £100 per trade |

From 9 May 2017, no new purchases of Specialist Investments will be allowed. If your product is already invested in a Specialist Investment we will allow additional investment in these existing holdings (known as top ups). Therefore, the above charges will apply to top ups and any sales.

From 1 April 2018, all annual charges will increase on the 1st April each year in line with the Average Weekly Earnings Index.

## Benefits and payments/withdrawals

| Type of charge   | When is the charge taken?  | Current charge         | New charge        |
|--|--|------------------------|-------------------|
| Income Drawdown set up (per payment of PCLS) <sup>8</sup>  | On completion of transaction   | £100 <sup>9</sup>      | No change         |
| 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. <sup>9</sup> | No change         |
| Review of income limits on capped drawdown   | On completion of the review  | £100 <sup>9</sup>      | £150 <sup>9</sup> |
| Uncrystallised funds pension lump sum payment  | On completion of the transaction   | £100                   | No change         |
| Arranging annuity purchase   | On completion of the transaction   | £150                   | No change         |
| 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. |                        | No change         |

<sup>8</sup> This includes where we are setting up income following receipt of a transfer in drawdown where no further PCLS is payable.

<sup>9</sup> All benefit charges (except the uncrystallised funds pension lump sum payment charge) are subject to a maximum of £350 per annum based on the first tranche benefit year.

## Other administration charges

| Type of charge   | When is the charge taken?   | Current charge | New charge |
|--|---|----------------|------------|
| Ad-hoc paper valuation   | On issue  | £50            | No change  |
| Late income payment administration charge                                | When late income payment is made                                    | £30            | No change  |
| Failed payment administration charge (any other payments, charges, etc.) | When we are unable to take due (or overdue) charges, expenses, etc. | £30            | No change  |
| Overdue costs - letter charge  | On issue of letter  | £10            | No change  |

## Transfers out and closure

| Type of charge  | When is the charge taken?   | Current charge  | New charge         |
|---|---|---|--------------------|
| Arranging transfer out  | On completion of the transaction  | £150  | No change          |
| Arranging overseas transfer out   | On completion of the transaction  | £400  | No change          |
| Account closure charge  | When flexi-access drawdown or uncrystallised funds pension lump sum payments first reduce the value of your SIPP below £1,000 | N/A   | £100 <sup>10</sup> |
| Administration charge (on any cash payments received after your Modular iSIPP 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 <sup>11</sup> | No change          |

<sup>10</sup> This charge will not be applied where the full value of the fund is being used to purchase an annuity or is being transferred to another pension scheme.

<sup>11</sup> Any balance will be forwarded to you on completion of the transaction.

From 1 April 2018, all annual charges will increase on the 1st April each year in line with the Average Weekly Earnings Index.

## OTHER IMPORTANT CHARGES

### Additional work

The above charges indicate the standard investments and work involved in administering your Modular iSIPP. 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 Modular iSIPP affecting our business, we may recover from your Modular iSIPP 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 Modular iSIPP.

### Annual charge increases

With effect from 1 April 2018, annual charges will increase from 1 April each year in line with the rise in the Average Weekly Earnings (AWE) Index (or any equivalent index in the event that the AWE index ceases to exist) without giving prior notice to you. We will 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 Modular iSIPP in different scenarios:

#### Example scenario 1

### Getting started

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

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

We tell the Financial Adviser when each pension 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                                       | Current charges | New charges |
|---|-----------------|-------------|
| Establishment charge (via online application process) | Nil             | Nil         |
| Transfer in charges (2 x £50)                         | £100            | Nil         |
| Annual administration charge (taken in advance)       | £195            | £175        |
| <b>TOTAL</b>  | <b>£295</b>     | <b>£175</b> |

| Ongoing charges   | Current charges | New charges |
|---|-----------------|-------------|
| Annual administration charge  | £195            | £175        |
| Annual Investment Centre platform charge (based on holdings valued at £150,000) | £270            | £375        |
| <b>TOTAL (per annum)</b>  | <b>£465</b>     | <b>£550</b> |

## Example scenario 2

### Taking benefits through flexi-access drawdown

The member decides to start drawing regular benefits through flexi-access drawdown from his Modular iSIPP.

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  | Current charges | New charges |
|--|-----------------|-------------|
| Income Drawdown set up charge                              | £100            | £100        |
| Disinvestment dealing charges from Investment Centre funds | Nil             | Nil         |
| <b>TOTAL</b>   | <b>£100</b>     | <b>£100</b> |

| New ongoing charges  | Current charges | New charges    |
|--|-----------------|----------------|
| Annual administration charge   | £195            | £175           |
| Annual Income Drawdown charge  | £150            | £150           |
| Regular disinvestment dealing charges from Investment Centre funds                             | Nil             | Nil            |
| Annual Investment Centre platform charge (based on holdings valued at £112,500 after 25% PCLS) | £202.50         | £281.25        |
| <b>TOTAL (per annum)</b>   | <b>£547.50</b>  | <b>£606.25</b> |

## Section 3

### FREQUENTLY ASKED QUESTIONS ABOUT CHARGES

#### Crystallisation and Income Drawdown

##### 1. 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 you are taking zero income.

##### 2. 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.

##### 3. What happens if there is insufficient money in my SIPP Bank Account when you come to pay my income?

In the event that there is insufficient money to make an income payment when it is due, we will continue to try and make the payment up until the cut-off date for the next month. If we are subsequently able to make a late income payment, you will be charged a £30 administration charge. In the event that we are not able to make this payment by the cut-off date for the next month, the income payment will be cancelled from our systems. Payroll cut-off dates can be found on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

## 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.

**Please note: with effect from 31 May 2017 the total value of Cash Panel deposits, SIPP Bank Account balance and Investment Centre holdings will be used to calculate a combined charge, as specified in the Investments section of this charges schedule.**

### 5. How does the Investment Centre Platform charge get paid?

The amount of the charge is deducted from the SIPP Bank Account on a monthly basis. If there is insufficient money in the SIPP Bank Account, we will disinvest sufficient money from the Investment Centre funds held at the time the charge is due to be taken.

### 6. 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](http://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.

### 7. Do your charges include the Stockbroker's or Investment Manager's charges?

No. If you choose to use the services of a Stockbroker or 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 Stockbroker's/Investment Manager's literature for further details. If the Stockbroker/Investment Manager holds cash on behalf of your Modular iSIPP, 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 a Stockbroker/Investment Manager and the reasonableness of them is a matter for you to determine with your Financial Adviser.

### 8. 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.

### 9. How do you charge for additional modules?

The first year's module annual charges will be based on the type of investments you have selected in the Application Form. Each module annual charge thereafter will be based on the types of investments held shortly before the anniversary of your Modular iSIPP each year.

### 10. Are there any additional charges for reviewing and checking specialist investments?

Depending on the type of specialist investment, we may need to employ the services of other firms such as a solicitor. Any costs of such third party firms in either reviewing and checking the investment or preparing the documentation to purchase the investment, will be paid from your Modular iSIPP.

## General

### 11. 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. It is your responsibility to ensure that there is sufficient cash available in your SIPP Bank Account to cover adviser and product charges. If any charge is due and there is insufficient cash available, at our discretion, we will sell investments within your Modular iSIPP 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.

For further information, please refer to section 15 of the SIPP Terms and Conditions.

### 12. What rate of interest is paid on my SIPP Bank Account and do you retain an element of this?

Your SIPP Bank Account is provided for the receipt and payment of money for your Modular iSIPP (for example, receiving your contributions into your Modular iSIPP, the payment of benefits out of your Modular iSIPP and the purchase or sale of investments held within your Modular iSIPP). The account is designed for holding cash for short periods of time while your investments are being made, or your benefits are being paid, rather than for holding cash over the long term.

The rate of interest we pay will change from time to time. The current interest rate you are receiving can be found on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

Banks pay us extra interest because of the total amount of money we hold with them. We will retain this extra interest as it helps us to keep down the other charges on your Modular iSIPP.

### 13. 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](http://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 may receive up to £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.

### 14. What annual administration charge will I pay?

If the total of your Qualifying Investments amounts to less than £195,000 (£200,000 from 31 May 2017), you will pay the core annual administration charge of £195 (£175 from 31 May 2017) if you only use the Core iSIPP. You will pay additional module charges depending on which, if any, additional modules you select to use. If the total of your Qualifying Investments amounts to more than £195,000 (£200,000 from 31 May 2017) we will waive the core annual administration charge (but any additional module charges will still apply). To continue to be eligible for the core annual administration charge waiver, you need to ensure that the Minimum Balance of Qualifying Investments is maintained within your Modular iSIPP. Factors such as product fees, charges, withdrawals from your Modular iSIPP, changes to investments within your Modular iSIPP, the cost of any pension benefits taken from your Modular iSIPP, as well as fluctuation in the market value of Qualifying Investments, must all be taken into consideration by you to ensure the Minimum Balance is maintained.

### 15. What are Qualifying Investments?

Qualifying Investments include cash invested in your SIPP Bank Account (or, if applicable, your Modular GIA or Modular ISA Bank Account), model portfolios held via the Managed Portfolio Panel, fixed term deposit accounts with one or more of the providers on the Cash Panel and investments within the Investment Centre.

### 16. How do you apply the core annual administration charge waiver?

We will periodically review the balance of the Qualifying Investments in your Modular iSIPP and automatically waive the core annual administration charge if your Modular iSIPP meets the Minimum Balance requirements.

**17. What happens if I no longer meet the Minimum Balance requirements for Qualifying Investments?**

If the value of the Qualifying Investments in your Modular iSIPP is below the Minimum Balance at the time of our periodic review, then the full core annual administration charge will be payable at the next anniversary of the opening of your Modular iSIPP.

**18. If at a later date the value of my Qualifying Investments exceeds the Minimum Balance, will you waive the core annual administration charge?**

Yes, if the value of your Qualifying Investments has risen above the Minimum Balance at the time of the periodic review, we will waive the core annual administration charge for the following year.

**19. Do Qualifying Investments I hold in my Modular ISA or GIA count towards the Minimum Balance?**

Yes. If you hold Qualifying Investments in a Modular ISA or Modular GIA, we will add these to the value of the Qualifying Investments held in your Modular iSIPP and if the overall total amounts to more than £195,000 (£200,000 from 31 May 2017) we will waive the core annual administration charge on your Modular iSIPP.

**20. What is the account closure charge?**

The account closure charge covers the costs of closing your SIPP if it is not closed through purchasing an annuity or transferring out. It is taken when flexi-access drawdown or uncrystallised funds pension lump sum payments first reduce the value of your SIPP below £1,000. Although the charge is taken at this point, we will not actively close your SIPP except in certain circumstances. Please see section 16 of the SIPP Terms and Conditions for further information.

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 plan would rapidly act to erode the remaining funds.

## Glossary and explanation of terms

|  |  |
|--|--|
| <b>Capped Drawdown</b>                               | A form of income drawdown where there is a maximum annual income limit calculated.   |
| <b>Crystallisation</b>                               | The act of starting to take benefits (tax free lump sum and/or income) from your Modular iSIPP.  |
| <b>Flexi-access Drawdown</b>                         | 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.  |
| <b>Income Drawdown</b>                               | Crystallising benefits in order to draw a tax free lump sum and/or income. This covers both capped drawdown and flexi-access drawdown.   |
| <b>In-specie</b>                                     | The transfer of an asset other than cash from another pension scheme to your Modular iSIPP e.g. shares or holdings in investment funds.  |
| <b>Managed Portfolio Panel</b>                       | 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.                                      |
| <b>Minimum Balance</b>                               | The minimum account balance of £195,000 (£200,000 from 31 May 2017) of Qualifying Investments required in order to qualify for the core annual administration charge waiver, calculated after deducting any charges, fees, withdrawals, the cost of any pension benefits and market movements on the investments held.     |
| <b>Pension Commencement Lump Sum (PCLS)</b>          | A tax free lump sum paid on commencement of income drawdown. It is usually 25% of the value of the benefit crystallisation event.  |
| <b>Qualifying Investments</b>                        | Any combination of cash held in your SIPP Bank Account (or, if applicable, your Modular GIA or Modular ISA Bank Account), model portfolios held via the Managed Portfolio Panel, balances on fixed term deposit accounts with one or more of the providers on the Cash Panel and investments within the Investment Centre. |
| <b>Transfer in</b>                                   | Transferring the value of pension rights from an existing pension scheme to your Modular iSIPP either in cash or in-specie.  |
| <b>Uncrystallised Funds Pension Lump Sum (UFPLS)</b> | 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](http://www.jameshay.co.uk) or call us on 03455 212 414.

We are able to provide literature in alternative formats. For a Braille, large print or audio version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

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