

## MW SIPP 2 Fee Structure 2012

### Regular fees

|  |      |
|--|------|
| • Set up fee for new SIPP (in advance) | £350 |
| • Annual fee (in advance)              | £600 |

### Infrequent Activities Not Included in Annual Fee

|   |  |
|---|--|
| • Transfers In (per cash transfer) if we have to arrange the transfer   | £95                                      |
| • Transfers from multiple providers   | Price on application                     |
| • Transfer in drawdown  | £200                                     |
| • 'In specie' transfer – quoted investments   | £150                                     |
| • 'In specie' transfer of UK commercial property  | See property fees                        |
| • Benefit Crystallisation Event/set up of drawdown pension  | £150                                     |
| • Pension review  | £150                                     |
| • Flexible drawdown   | £250                                     |
| • Pension payments  | £35 pa plus<br>£5 per payment            |
| • Calculation/payment of benefits on death  | Time spent (£500 if<br>straight forward) |
| • Additional Bank Accounts (after initial + 2 others)   | £100                                     |
| • If there are more than 5 additional bank accounts and/or collective investments (eg trustee investment bond or unit trust held outside of a nominee account), charge for each additional sale or purchase | £100                                     |
| • Transfer of a SIPP wholly in cash to another SIPP Provider  | £500                                     |
| • Transfer of a SIPP with no property but with non cash assets to another SIPP Provider i.e. assets transferred in specie   | £650                                     |
| • Transfer of a SIPP with solely property and cash assets to another SIPP Provider  | £1000                                    |
| • Transfer of a SIPP with property and with non cash assets to another SIPP Provider i.e. assets transferred in specie  | £1150                                    |

### Important notes:

1. All fees are subject to VAT.
2. We reserve the right to increase fees annually in line with the increase in National Average Earnings.
3. See separate schedule for fees relating to property and other non-standard investments
4. Our current fees will always apply. We will give you at least 1 month's notice of any change to the annual fee. However, we will not notify you of any change to any other fees. If you wish at any stage to see our full current fee schedule, please contact us.

### Schedule of Services covered by above fees

#### Set up charge includes

- Legal documentation to set up SIPP
- All communication with member, their professional advisers, and HM Revenue & Customs
- Appointment of MW SIPP Trustees Ltd as the sole trustee of the SIPP
- Setting up all computer records
- Setting up of Scheme bank account
- Setting up of second and third bank accounts, if required
- Confirmation to member and his adviser that SIPP has been set up
- Setting up initial contribution and ensuring within HM Revenue & Customs limits

### Annual Fee includes

- All communication with member, their professional advisers, and HM Revenue & Customs
- Maintenance of all computer records
- Maintenance of Scheme bank account
- Maintenance of second and subsequent bank account, if required
- Arranging signing of all documents as required by trustee
- Signing of all investment forms [note: there are **no** additional fees for investment transactions eg no additional fees if quoted shares are bought and sold]
- Recording all contributions paid and making tax reclaims as necessary
- Annual member's statement, including Statutory Money Purchase Illustrations
- Reclamation of basic rate tax on personal contributions
- In the event of the death of the member, the fee to wind up the member's SIPP is the same as the fee shown above for transferring to another SIPP Provider

**Note: Cash (in excess of £1000) held in the SIPP can be transferred, at no cost, to a high interest instant access account, with a choice of banks.**

### UK Commercial Property Fees – (per property)

|   |                                     |
|---|-------------------------------------|
| • Acquisition of existing UK commercial property or land        | £600                                |
| • Refurbishment and dilapidation                                | Maximum £300                        |
| • New Development / Design and Build                            | ½ % of contract<br>minimum £1,000   |
| • Mortgage arrangement via a bank                               | £400                                |
| • Mortgage redemption/lump sum payments                         | £100 per event                      |
| • 'In specie' transfer of UK commercial property                | £350                                |
| • Annual administration – UK commercial property (in advance)   | £400                                |
| • New Lease   | £250                                |
| • Annual administration of syndicate                            | £75 per member<br>(min £225)        |
| • Annual multiple tenancy fee (more than 1 tenant) (in advance) | £50 per extra tenant                |
| • VAT registration of property                                  | £100                                |
| • VAT returns   | £25 per quarter                     |
| • Sale or transfer of property                                  | £500                                |
| • Late payment of rent  | £20 per reminder<br>letter or email |
| • Protracted negotiation regarding rent arrears                 | Minimum £200                        |
| • Renegotiating rental payments                                 | £400                                |
| • Renegotiating a mortgage                                      | £400                                |
| • Tenant entering receivership or liquidation                   | £600                                |
| • Lender foreclosing on mortgage                                | Minimum £600                        |
| • Meeting with member or any other interested party             | £250 plus<br>disbursements          |
| • Site visit to a property                                      | £250 plus<br>disbursements          |
| • Any other non-standard work                                   | Time spent and<br>disbursements     |

**Important notes:**

1. All fees are subject to VAT.
2. We reserve the right to increase fees annually in line with the increase in National Average Earnings.
3. Property purchase is often a complex investment and you should discuss with us as soon as possible in the transaction.
4. Legal and other professional fees will be additional.
5. Acquisition fee covers liaison with solicitor and all trustee issues i.e. ensuring acquisition meets HM Revenue & Customs requirements
6. Refurbishment and dilapidation charge relates to the cost of administering any cheques/ invoices relating to any refurbishment/dilapidation work.
7. Annual administration fee covers all general property management issues including invoicing the tenant for rent, chasing any rent arrears, arranging insurance of the property ,making any mortgage repayments and dealing with tenants' requests concerning matters such as assignments, underlettings and alterations. Property inspections are not included in the property management fee.
8. If the administration is not straightforward, we reserve the right to charge additional fees. These will be discussed and agreed in advance
9. The fee for design and build is for those arrangements which require agreements of building contracts for new developments
10. An extra fee is charged if the purchase requires a mortgage as this will involve all communications with lender, setting up of loan account and ensuring the borrowing is within HMRC regulations. We do **not** take a share of any mortgage arrangement fee payable to the lender.
11. If an acquisition or disposal is not straightforward, we reserve the right to charge additional fees. These will be discussed and agreed in advance.
12. Separate fees and procedures apply for property syndicates and purchases/disposals at auction. It is important that you (and your adviser) discuss these with us in advance.
13. If a property purchase does not complete, you will still be liable for the fees incurred to date. These include our fees and any third party fees eg legal, valuation etc

**The following investments are also allowed**

|   |      |
|---|------|
| <ul style="list-style-type: none"> <li>• Investment via a Genuinely Diverse Commercial Vehicle</li> </ul>   | PoA  |
| <ul style="list-style-type: none"> <li>• Arranging a non-standard investment eg an overseas investment account with a stockbroker or a UK or overseas CFD account: we will advise you in advance if a proposed investment falls into this category and hence may incur additional fees</li> </ul> | £500 |

## Specimen Fees

### Example 1 – getting started

An adviser recommends a SIPP for you as his client. You have three pension funds with other providers which will all be transferred as cash.

In this scenario, your adviser is happy to facilitate the transfer which means that he has requested pension discharge forms from the current providers and, once received, sends them off to MW Pensions as the administrator.

MW Pensions then establishes the SIPP and sets up a bank account. Within a short period of time the other providers transfer their funds to the MW SIPP, and they are deposited in your SIPP bank account. We keep the adviser informed as to the receipt of the transfers.

Normally the adviser will have agreed with the member as to how these monies are, on receipt, to be invested and will have advised us of this, as the administrator. We will then implement this agreed investment strategy using the transfer monies as received.

### What are costs for this?

#### Getting started

SIPP establishment **£350**

Transfer in charges (with the adviser handling the paperwork) **Nil**

SIPP annual administration fee (taken in advance) **£600**

**TOTAL £950 plus VAT**

#### Ongoing charges

SIPP annual administration fee **£600**

SIPP investment dealing charges **Nil**

**TOTAL per annum £600 plus VAT**

VAT is additional on all fees

### Example 2 – taking benefits

After several years, you decide to start drawing benefits from your SIPP. You decide to take the maximum allowed tax free cash along with maximum permitted income, paid monthly. This is known as a Drawdown Pension.

### What are the costs for this?

#### When you first take benefits from your SIPP

To crystallise (initiate benefits) **£150**

To receive income **£95**

**TOTAL £245**

#### Ongoing charges whilst you are in receipt of income drawdown

SIPP annual administration fee **£600**

Annual income charge **£95**

**TOTAL per annum £695**

VAT is additional on all fees

### **Example 3 – buying property**

Whilst in income drawdown you decide to purchase a non-VAT registered commercial property, as you feel a regular rental income better suits your investment strategy now that you are drawing regular income. Your adviser disinvests some existing investments, and your SIPP fund is used to acquire the chosen property. In addition to the SIPP fees, you will have to pay for an independent valuation as well as solicitor's fees and stamp duty (if applicable). These fees can all be settled from your SIPP fund. If a property purchase does not complete for any reason, you will still be liable for the fees incurred to date. These include our fees and any third party fees eg legal, valuation etc. The annual property management fee covers various aspects of managing the property, including the invoicing and receipt of the rent from the tenant.

#### **What are the costs that MW Pensions would levy for this?**

##### **Basic charge for acquiring the property (assuming no refurbishment/dilapidation costs would apply)**

SIPP disinvestment dealing charges Nil  
Handling the purchase **£600**  
Annual property administration fee **£400**  
TOTAL **£1,000**

##### **New total ongoing charges in retirement**

SIPP annual administration fee **£600**  
Annual income charge **£95**  
Property management fee **£400**  
TOTAL per annum **£1,095**

VAT is additional on all fees

### **Frequently asked questions about Fees**

Please note: references below to "we", "us" and "our" are to MW Pensions Ltd as the SIPP administrator.

#### **1. VAT**

##### **Is VAT applied to fees?**

Yes VAT is applied to all our fees, and is therefore additional to all fees quoted.

#### **2. Pension administration**

##### **What are the establishment fee and annual fee for?**

The establishment fee covers the creation of your SIPP, including opening the initial SIPP bank account, verification that our application form is fully completed and signed (including correct anti-money laundering identification) and processing any initial contributions including the reclaim of tax where appropriate. It also include a statement after 3 months of where we are regarding any transfers etc into your SIPP

The annual fee includes the preparation of the annual statement including Statutory Money Purchase Illustrations, maintenance of (up to 3) bank accounts, regular reconciliations during the year, reclaiming of tax reliefs where relevant and fulfilling all regulatory requirements including all general communications. No fees will be refunded in part or full when a transfer out is initiated. This includes but is not limited to establishment, annual and borrowing, property and income facility fees.

**Are there any additional fees for contributions?**

No. These are included in the annual fee. There are no additional fees for any contributions made to your SIPP, whether they are single contributions by cheque or regular contributions by standing order.

**What are the fees to arrange a cash transfer from my existing pension arrangements?**

If your adviser presents correctly completed discharge forms, and is prepared to chase the old pension scheme up to the point of the transfer being executed, no transfer fee will apply.

Alternatively if we arrange it we will charge £95 per transfer. This is a fixed charge **per provider**, provided the transfers are all effected at the same time. So if there are 3 transfers at the same time all from the same insurance company, our fee is just £95. If they are from 3 different insurance companies, our fee would be £95 each i.e. a total fee of £285.

**How do you charge for the transfer in of partially crystallised funds?**

In the first year there is the normal set up fee to establish SIPP for you of £350 plus the first year's annual administration fee of £600 paid in advance. In addition there is a fee of £200 to cover the work associated with transferring your benefits in drawdown. If you are receiving your income monthly, there is a further annual fee of £95 to cover the administration costs associated with the monthly payments. Therefore the total first year fee is £1,245. Subsequent years will attract a fee of £695.

**3. Crystallisation and drawdown pension****What is covered by the charges for going into drawdown pension?**

The Drawdown pension fee of £150 covers:

- a. the work required to reconcile and revalue the SIPP in accordance with legislation so as to ensure it is within the Lifetime Allowance (allowing for an Protections)
- b. The calculation of the benefit options to you, by way of tax free cash sum and/or income drawdown payments.

**4. Investment related fees****Do you charge a fee for buying or selling investments?**

Most investments incur no additional fees. The costs are covered in the annual fee that we charge.

We do, however, charge additional fees for:

- a. Property, including land
- b. Investments via Genuinely Diverse Commercial Vehicles
- c. Borrowing
- d. If there are more than 5 bank accounts or collective investments.

The fees for these are clearly detailed on our fee sheet.

**Do your fees include the stockbroker's, etc, fees?**

No, our fees do not include stockbroker, investment manager or nominee fees and charges.

**5. Borrowing****What are the fees if my SIPP borrows money?**

We charge a fee of £400 if we have to arrange a loan from a bank or building society. If it is particularly complicated we may have to charge more, but that you would be discussed and agreed with you in advance. The bank or building society may also charge you a loan arrangement and legal fees and this will be deducted from the amount you borrow. Borrowing from a non regulated third party will incur additional legal fees to draw up the loan agreement.

## **6. Property**

### **How do you calculate fees for dealing with the purchase of property?**

For UK commercial property and land we charge a fixed acquisition fee of £600. If the property requires any refurbishment there would be an additional one-off cost of £300 plus VAT, normally payable on completion of the work.

For a new development (Design and Build) we charge 0.5% of the purchase price, subject to a minimum of £1,000.

In addition, there is an annual property management fee of £400, payable in advance from completion of the purchase.

### **What do you do for your property management fee?**

We deal with all general property management issues including invoicing the tenant for rent, chasing any rent arrears, ensuring the property is insured, invoicing the tenant for any relevant insurance premium, making mortgage repayments and dealing with tenants' requests concerning matters such as assignments, underlettings and alterations.

Property inspections are not included in the property management fee.

## **7. General**

### **Do your fees increase?**

We reserve the right to increase our fees in line with the increase in National Average Earnings (NAE). We will give you at least one month's notice of any fee increase. However, in practice our core fees have not increased since we set up the business in 2003.

### **Do you receive any other income in relation to my SIPP?**

No. We only receive the fees we explicitly charge you. We do not receive commission or any other income from any investments, nor do we take any "turn" on any bank accounts.

### **Is there anything else I should know?**

All expenses, charges and outgoings whether in respect of the investments contained in your SIPP (including the costs of purchase, sale, management, maintenance and valuation of freehold and leasehold properties, if any, and other investments) or other expenses however incurred shall be charged as per your instructions when you set up the SIPP. Most people elect to have all these costs met from their SIPP.

In the event of a levy being made on us under the Financial Services Compensation Scheme or any levy or taxation being imposed on us or your SIPP under any statutory provision affecting the business of SIPP providers, operators, administrators or insurance companies, we may recover from your SIPP an amount equal to the proportion of such levy or taxation that we may reasonably determine. This will be on a basis similar to how the levy, tax, liability, charge or other payment as been calculated.