

**This leaflet is solely for the use of financial and other professional advisors,
members of the public should not rely upon it**

The role and responsibilities of the Trustee and the Scheme Administrator for the MW SIPP

Who is the trustee?

Under the MW SIPP, there is just one trustee – MW SIPP Trustees Limited. The directors and shareholders of that trustee company are wholly independent of the directors and shareholders of MW Pensions Ltd.

What is the duty of the trustee?

The trustee has a prime and over-riding duty of care for the member of the SIPP.

Who is the Scheme Administrator?

MW Pensions Limited is the Scheme Administrator

What is the role of the Scheme Administrator?

Since 6th April 2006, every pension scheme has had to have a Scheme Administrator. Their prime role, rather bizarrely, is not actually to administer the Scheme, in this case the MW SIPP. Whilst they do have responsibility for the administration, they can delegate it to what is called an Authorised Practitioner.

More importantly, it is the Scheme Administrator who has responsibility to HM Revenue and Customs (HMRC) for any tax due – it is to the Scheme Administrator and not the member to whom HMRC turn for any taxes. However, our Terms and Conditions make it clear that we as Scheme Administrator will in turn require any tax payments to be made from the SIPP assets, or failing that, the member themselves.

Who owns the assets of the SIPP?

The trustee is the registered owner of all the assets of the SIPP. However, the member is sole beneficial owner of the assets of the SIPP i.e. the trustee does not benefit in any way whatsoever from the assets of the SIPP

Who decides which investments to buy?

The member makes those decisions, taking advice, as appropriate, from their financial adviser, stockbroker etc. The trustee is not in any way involved in deciding which assets should be bought.

How do I buy/sell (non-property) investments in the SIPP?

You provide details of your financial adviser or stockbroker etc to the trustee and Scheme Administrator who then liaise with them to set up the appropriate account for your SIPP. When you wish to purchase or sell an asset for your SIPP eg stocks and shares or trustee investment bonds, you simply instruct your adviser/broker. They send the paperwork etc to the trustee who signs it etc as appropriate. The trustee sends a cheque, drawn on your SIPP bank account, in settlement of monies due in respect of the transaction, or deposits the monies from a sale into your SIPP bank account.

What about the SIPP bank account?

The trustee is the sole signatory on the SIPP bank account. HMRC does not permit any overdrafts on a SIPP bank account.

Are any investments prohibited?

There are no HMRC prohibited SIPP investments post 6.4.06. A SIPP can hold any investment. However, some (most) are entirely tax free i.e. no tax on income or capital gains. Other investments eg wholly owning a residential property or investing in art and antiques will generate penal tax charges. It is the responsibility of the member and their advisor to ensure that they are aware of any tax consequences of the investments held within their SIPP. Neither MW Pensions Ltd nor MW SIPP Trustees Ltd takes any responsibility for advising on whether there may be any tax consequences of holding a particular investment.

MW Pensions Ltd and MW SIPP Trustees Ltd do impose some investment restrictions eg no investment is normally allowed in shares of an unquoted trading company, nor are loans permitted from an MW SIPP. If and when these apply, the SIPP member and their advisor are notified.

What about property held in my SIPP?

The trustee has to ensure that the HMRC requirements on sale/purchase are followed eg that all transactions are carried out on a normal commercial basis, with independent valuations. The trustee has to ensure that the relevant lease is in place, taking legal advice as required. Legal costs will be met from the SIPP bank account.

What about property insurance?

The trustee has a duty of care to ensure that the value of any property investment is fully protected and accordingly must ensure it is properly insured. The costs of the insurance will be paid from the assets of the SIPP.

Who manages the property and collects the rent etc?

The property will be managed by MW Pensions Ltd's property department. Their role includes

- Ensuring rents are collected in full and on time
- Arranging insurance on the property
- Ensuring the property is maintained
- Payment of any mortgage on property
- Ensuring the tenant fulfils their legal obligations under the lease

An independent firm of property managers can be appointed if the member so requires.

What if the rent falls overdue?

The trustee must act as any normal landlord e.g. initially contact the tenant to see why there is a delay and see if the matter can be resolved by discussion. In the MW SIPP, we ensure that the member is made aware when rent is overdue, especially if his company is the tenant. We try to resolve the issue of uncollected rent as easily as possible. However, in some cases the trustee may need to take legal action to enforce collection of overdue rent, which could include suing the member's company, if the property is leased to his company.

Note that in cases where rent falls overdue, any resulting costs eg legal fees must be paid from the assets of the SIPP. Similarly, we reserve the right to charge additional fees in such circumstances.

What about possible contamination issues?

It is a requirement of the MW SIPP that a “desk top” contamination survey be carried out at the time of purchasing the property. Similarly, if a property is being transferred to the SIPP from another pension arrangement eg a SSAS, we may require that such a desk top contamination survey be conducted.

If the survey recommends that it is appropriate to take out trustee indemnity insurance against future potential contamination claims, the trustee will take out such insurance.

The costs of the desk top survey and any trustee indemnity insurance will be met from SIPP bank account.

We do not give financial advice nor do we advise on the suitability of a SIPP. No comments here are intended as such. The above information is based on our understanding of the legislation governing pensions at the time of writing. Before taking any action you should consult a qualified financial and/or tax adviser. Levels, bases of and reliefs from taxation may be subject to change.

This leaflet is intended for professional advisors only, not members of the general public

**MW Pensions Ltd
Oaklands Park
Hooton Road
Hooton
South Wirral
CH66 7NZ**

Tel: 0151 328 1777 Fax: 0151 328 0707

website: www.mwpensions.co.uk e-mail: admin@mwpensions.co.uk

Authorised and Regulated by the Financial Services Authority