

# SIPP Market Cost Comparisons

## Introduction

Transparency of fees, control and flexibility have always been synonymous with SIPPs. However, as a new breed of SIPPs have entered the market, it has become ever more difficult for advisers to interpret and analyse fee structures to enable them to recommend the most suitable SIPP product for each client.

We know from research and discussions with advisers that it is important that the suitability process considers the charges applicable. We also found that key selection drivers included service delivery, financial strength, easy to use technology and investment flexibility. Looking at all of these together, our research determined that the charges payable were the single biggest factor for SIPP selection. This is where the challenge for advisers begins. SIPPs now come in all shapes and sizes making comparisons that facilitate informed decision difficult. This document looks to make a comparison of the main adviser based SIPP products currently available. Every effort has been made to ensure that the charges outlined in the case studies are correct as at January 2010. However, advisers should check the nature and amount of the charges shown for our competitors prior to formulating any specific advice.

## Case Study 1 (Standard Arrangement)

Mr Smith has a SIPP that will receive 1 transfer in of £150k. He intends to invest his monies using Deutsche as a discretionary manager.

Provider	Setup (£)	Transfer In (£)	Annual Admin (£)	Investment Fees (£)	Year 1 (£)	Year 2 (Annual/ongoing) (£)	Total Y1 & Y2 (£)
<b>Sippcentre</b>	<b>120</b>	<b>60</b>	<b>180</b>	<b>0</b>	<b>360</b>	<b>180</b>	<b>540</b>
<b>Other Providers</b>							
Hornbuckle Mitchell	295	0	250	0	545	250	795
Alliance Trust	350	0 <sup>(1)</sup>	400	0	750	400	1,150
Suffolk Life	300	0 <sup>(2)</sup>	490	0	790	490	1,280
Scottish Widows	0	0	675 <sup>(3)</sup>	0	675	675	1,350
James Hay Private Client	290	0	655 <sup>(4)</sup>	0	945	655	1,600
Standard Life	313	0	431	269 (p.a.)	1,013	700	1,713

1. If Alliance Trust arrange/chase the transfer a charge of £100 will be applied. 2. Transfers in are nil where the adviser completes paperwork, chases ceding scheme etc. If not, a charge of £75 per transfer will apply (max £300). 3. Annual admin on £150,000 fund = 0.45% = £675. 4. £455 basic admin fee + £200 investment management fee.

## Case Study 2 (Multiple Investment Accounts)

Mr Smith has a SIPP that will receive 2 transfers in totalling £200k. He intends to invest his monies using Brewin Dolphin as a discretionary manager and also the SIPP's execution only sharedealing facility.

Provider	Setup (£)	Transfer In (£)	Annual Admin (£)	Investment Fees (£)	Year 1 (£)	Year 2 (Annual/ongoing) (£)	Total Y1 & Y2 (£)
<b>Sippcentre</b>	<b>120</b>	<b>120</b>	<b>200</b>	<b>0</b>	<b>440</b>	<b>220</b>	<b>640</b>
<b>Other Providers</b>							
Alliance Trust	350	0 <sup>(1)</sup>	400	0	750	400	1,150
Suffolk Life	300	0 <sup>(2)</sup>	490	0	790	490	1,280
Hornbuckle Mitchell	295	0	490	60	845	490	1,335
Scottish Widows	0	0	800 <sup>(5)</sup>	0	800	800	1,600
James Hay Private Client	290	0	655 <sup>(6)</sup>	14 <sup>(7)</sup>	959 <sup>(7)</sup>	655	1,614
Standard Life	313	0	431	269 (p.a.) £10 <sup>(8)</sup> min	1,023	700	1,723

5. Annual admin on £200,000 fund = 0.4% = £800. 6. £455 basic admin fee + £200 investment management fee. 7. Applied for Abbey Sharedealing & Stocktrade transactions. 8. Transaction charge applied to all transactions via Stocktrade.

## Case Study 3 (Non Standard Investment)

Mr Smith has a SIPP that will receive 2 transfers in totalling £200k. He intends to use this money to buy 4 different TIPs with different insurers (not Standard Life).

Provider	Setup (£)	Transfer In (£)	Annual Admin (£)	Investment Fees (£)	Year 1 (£)	Year 2 (Annual/ongoing) (£)	Total Y1 & Y2 (£)
<b>Sippcentre</b>	<b>120</b>	<b>120</b>	<b>180</b>	<b>120<sup>(9)</sup> initial 120 p.a</b>	<b>660</b>	<b>300</b>	<b>960</b>
<b>Other Providers</b>							
Alliance Trust	350	0 <sup>(1)</sup>	400	0	750	400	1,150
Standard Life	313	0	431	208 <sup>(10)</sup>	952	431	1,383
Hornbuckle Mitchell	295	0	490	120 <sup>(11)</sup>	905	490	1,395
Suffolk Life	300	0 <sup>(2)</sup>	490	300 <sup>(12)</sup>	1,090	490	1,580
James Hay Private Client	290	0	755 <sup>(13)</sup>	56 <sup>(14)</sup>	1,101	755	1,856
Scottish Widows	Cannot access TIPs						

9. 4 x TIPS = 4 x £30 off panel transaction charge = £120. A £30 per quarter administration fee also applies. 10. 4 x £52 transaction fee. 11. 4 x £30 transaction fee. 12. 4 x £75 TIP transaction fee (3 funds per TIP). 13. £455 basic admin fee + 0.15% p.a. non core asset charge. 14. 4 x £14 transaction charge.

## Case Study 4 (Property)

Mr Smith has a SIPP that will receive 2 transfers in totalling £200k. He intends to borrow an additional £100k to buy a property. The property will be VAT registered.

Provider	Setup (£)	Transfer In (£)	Annual Admin (£)	Investment Fees (£)	Property Purchase (£)	Annual Property (£)	Year 1 (£)	Year 2 (Annual/ongoing) (£)	Total Y1 & Y2 (£)
<b>Sippcentre</b>	<b>120</b>	<b>120</b>	<b>180</b>	<b>120 p.a.<sup>(15)</sup></b>	<b>1,250<sup>(16)</sup></b>	<b>540<sup>(17)</sup></b>	<b>2,330</b>	<b>840</b>	<b>3,170</b>
<b>Other Providers</b>									
Scottish Widows	0	0	800	0	0	750 <sup>(18)</sup>	1,550	1,550	3,100
Alliance Trust	350	0 <sup>(1)</sup>	400	0	950 <sup>(21)</sup>	650 <sup>(22)</sup>	2,350	1,050	3,400
Hornbuckle Mitchell	295	0	490	0	1,510 <sup>(23)</sup>	400 <sup>(24)</sup>	2,695	890	3,585
Standard Life	313	0	431	0	968 <sup>(25)</sup>	991 <sup>(26)</sup>	2,703	1,422	4,125
Suffolk Life	300	0 <sup>(2)</sup>	490	0	1,700 <sup>(27)</sup>	950 <sup>(28)</sup>	3,440	1,440	4,880

15. Additional admin fee of £30 per quarter. 16. £550 purchase + £350 borrowing + £100 VAT registration + £250 lease. 17. 4 x £75 quarterly property admin fee + 4 x £30 quarterly loan admin fee + 4 x £30 quarterly VAT return. 18. Property admin fee on £300,000 property - 0.25% = £750. 19. £550 purchase + £120 VAT registration + £100 borrowing + £60 fund valuation. 20. £500 annual property + £100 annual mortgage administration. 21. £600 purchase + £100 VAT registration + £250 loan. 22. £350 property admin + £200 VAT registration (£50 per quarter) + £100 loan. 23. £800 purchase + £200 VAT registration + £250 borrowing + £260 environmental report. 24. £200 property admin + £200 VAT registration (£50 per quarter). 25. Property setup £673 + property manager setup £210 + environmental report £85. 26. £207 property admin + £114 VAT admin + £155 borrowing + £515 property manager. 27. Estimate, time cost. 28. £700 property management + £150 VAT annual + £100 property facility fee. 29. £550 purchase + £120 VAT registration + £100 borrowing + £60 fund valuation. 30. £500 annual property + £100 annual mortgage administration.

## Case Study 5 (Non Standard Investments)

Mr Smith has a SIPP that will receive 2 transfers in totalling £300k. He wishes to establish a portfolio with his (non panel) discretionary investment manager, invest in an industrial unit on a retail park (no VAT or borrowings) and establish an account with Cofunds for £50,000.

Provider	Setup (£)	Transfer In (£)	Annual Admin (£)	Investment Fees (£)	Property Purchase (£)	Annual Property (£)	Year 1 (£)	Year 2 (Annual/ongoing) (£)	Total Y1 & Y2 (£)
<b>Sippcentre</b>	<b>0</b>	<b>120</b>	<b>180</b>	<b>150 p.a.<sup>(29)</sup></b>	<b>800<sup>(30)</sup></b>	<b>300<sup>(31)</sup></b>	<b>1,550</b>	<b>600</b>	<b>2,150</b>
<b>Other Providers</b>									
Alliance Trust	350	0 <sup>(1)</sup>	400	0	600	350	1,700	750	2,450
Hornbuckle Mitchell	295	0	490	60	1,060 <sup>(32)</sup>	200	2,045	690	2,735
James Hay	290	0	855 <sup>(33)</sup>	0	550	500	2,195	1,355	3,550
Suffolk Life	400 <sup>(34)</sup>	0 <sup>(2)</sup>	590 <sup>(35)</sup>	0	1,700	800 <sup>(36)</sup>	3,490	1,290	4,780
Standard Life	Cannot access Cofunds or non panel Discretionary Investment Managers								
Scottish Widows	Cannot access Cofunds or non panel Discretionary Investment Managers								

29. Additional admin fee of £30 per quarter + £30 transaction fee to establish account. 30. £550 admin fee + £250 lease. 31. £75 quarterly admin. 32. Property purchase £800 + environmental report £260. 33. £455 basic admin fee + 2 x £200 investment management fee. 34. Setup fee £300 + additional element £100. 35. £490 annual admin + £100 for non standard investments. 36. £700 property management + £100 property facility fee.

## Case Study 6 (Low Cost Investments)

Mr Smith has a SIPP that will receive a single cash transfer totalling £100,000. His adviser wishes to choose a range of collectives, including tracker funds, via a fund platform and additionally have the option of accessing ETFs and ETCs. The client wishes to maintain the option of accessing wider range investments within the same vehicle at a later date.

Provider	Setup (£)	Transfer In (£)	Annual Admin (£)	Investment Fees (£)	Year 1 (£)	Year 2 (Annual/ongoing) (£)	Total Y1 & Y2 (£)
<b>Sippcentre (advisory option)</b>	<b>120</b>	<b>60</b>	<b>180</b>	<b>0</b>	<b>360</b>	<b>180</b>	<b>540</b>
<b>Other Providers</b>							
Hornbuckle Mitchell	295	0	250	0	545	250	<b>795</b>
Scottish Widows	0	0	500 <sup>(37)</sup>	0	500	500	<b>1,000</b>
Alliance Trust	350	0 <sup>(1)</sup>	400	0	750	400	<b>1,150</b>
Standard Life <sup>(38)</sup>	313	0	431	10 min <sup>(39)</sup>	754	431	<b>1,185</b>
James Hay Private Client	290	0	455	14 <sup>(40)</sup>	759 <sup>(40)</sup>	455 <sup>(40)</sup>	<b>1,214<sup>(39)</sup></b>
Suffolk Life	300	0 <sup>(2)</sup>	490	0	790	490	<b>1,280</b>

37. Service charge of 0.5% p.a. Stocktrade used to accommodate ETFs/ETCs. 38. Assumed to utilise the Sigma or FundZone mutual funds and Stocktrade for ETFs/ETCs. 39. Transaction charge levied upon Stocktrade transactions. Stocktrade dealing charge in addition. 40. Applies to buying/selling investments through Abbey Sharedealing (Abbey Sharedealing charges apply in addition).

## Notes

- VAT - Some providers charge VAT on fees and some do not. To further complicate matters in certain cases VAT is charged on some, but not all, fees. For simplicity, we have excluded VAT from all comparisons. We do not believe that inclusion would materially impact the results.
- Annual/ongoing charges - Sippcentre currently applies ongoing charges quarterly in arrears. Other providers charge at different intervals, often annually in advance.
- The charges shown above include only the charges made by the provider for pensions administration services. Except where stated they do not include the charges made by an investment manager or investment product provider for their services or products.

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The companies listed in the adjacent table are all registered in England and Wales at Trafford House, Chester Road, Manchester M32 0RS.

Company	Company Number	VAT Number
A J Bell Holdings Limited	4503206	833 5478 13
A J Bell Management Limited	3948391	759 3531 03
A J Bell Limited	3091664	639 0316 44
A J Bell Securities Limited	2723420	918 4226 21