

## MC TRUSTEES CHARGES 2012

This document helps you understand the fees for establishing and administering your Self Invested Personal Pension (SIPP) and should be read in conjunction with our Key Features Document. It also provides you with a comprehensive guide to all transaction costs, answers frequently asked questions about our charges and provides explanations of all the terms we use. Terms contained in our Glossary are shown in *italics*.

All charges are subject to VAT

	Fee	When is the fee taken?
<b>Set Up</b>		
Taking in <i>Protected Rights</i> <b>or</b> non <i>Protected Rights</i> (includes two transfers)	£250	When <i>Individual Funds</i> have been set up
Taking in both <i>Protected Rights</i> <b>and</b> non <i>Protected Rights</i> (includes 3 transfers)	£400	

<b>Annual fee</b>		
Basic <i>administration fee</i>	£614	In advance
Additional fee if both <i>Protected Rights</i> <b>and</b> non <i>Protected Rights</i> are included	£124	
Preparation of annual valuation  The following investments and services: Equity-based discretionary, advisory or execution only portfolio management using one stockbroker, cash, insured products subject to no more than five holdings for non- <i>Protected Rights</i> and five holdings for <i>Protected Rights</i> , receipt of contributions and reclaiming basic rate tax and provision of illustrations	Included in <i>annual fee</i>	

<b>Additional Transfers in (after set up)</b>		
Cash from another pension scheme	£159 per transfer	Upon completion of the transaction
<i>In specie</i> from another pension scheme (not including property)	£159 per transfer	
<i>In specie</i> from another pension scheme (including property)	£507 per transfer	
<i>In specie</i> contribution (not property)	£159 per contribution	
<i>In specie</i> contribution (property)	£507 per contribution	
Supplementary transfer fee in addition to the above should benefits be in payment	£159 per transfer	

<b>Investing in commercial property</b>		
Purchase (no borrowing)	£614 (per property per member)	Upon completion of the transaction
Purchase (with borrowing)	£919 (per property per member)	
VAT Registration Fee	£221 (per property)	
Opting to tax on an additional property	£124 (per property)	
Annual VAT management	£165	In advance
Annual property administration (no borrowing)	£1,042 (per property per member)	
Annual property administration (with borrowing)	£1,104 (per property per member)	
Property sale	£370	Upon completion of the transaction
Property sale with loan redemption	£477	
Aborted property purchase	£297	
VAT De-Registration Fee	£221	
Manual payment of loan	£26	
Loan redemption	£107	
Re-mortgage	£317	

<b>Other Investments</b>		
Purchase of unquoted shares	£592 (minimum)	Upon completion of the transaction
Loan to third party – set up	£264	
Loan to third party with legal charge – set up	£317	
Additional investment (over the 5 included in the annual fee) - annual	£159	
Monitoring of third party loan – annual	£125	In advance

<b>Payment of Benefits</b>		
Pension set up and payment of pension commencement lump sum	£221	Upon completion of the transaction
Pension Payment (per annum)	£165	In advance
Subsequent <i>crystallisations</i>	£124	Upon completion of the transaction
Pension sharing on divorce	£614	
<i>Annuity</i> purchase	£307	
Distribution of lump sum death benefits	£614	
Payment of Dependant's Pension	£165	

<b>Other costs</b>		
Preparation of additional valuation	£53	Upon completion of the transaction

<b>Transfers Out</b>		
A minimum fee of £160.00 will be charged with additional costs for preparing Deeds of Assignment and other relevant documentation. We will advise you of our charges on receipt of your application to transfer out and will agree with you the total costs to be charged at that time.		

Interest rates for pension fund accounts with both Cater Allen Private Bank and Butterfield Private Bank can be viewed at the following websites, or you can ask us for this information:

[www.caterallen.co.uk/InterestRates/Default.aspx?pid=108whichrate=17](http://www.caterallen.co.uk/InterestRates/Default.aspx?pid=108whichrate=17)  
[www.uk.butterfieldgroup.com/Int\\_Rates/Pension\\_Ac/home.htm](http://www.uk.butterfieldgroup.com/Int_Rates/Pension_Ac/home.htm)

### Example scenario – getting started

A client has three pension funds with other providers which will all be transferred as cash and each includes *Protected Rights* and non *Protected Rights*

MCT establishes the SIPP and sets up two bank accounts. Within a short period of time, the providers of the transferring arrangements transfer the funds to the SIPP and they are deposited in the relevant bank account. The total transfer value is £250,000. MCT tells the client when each transfer has been received and once the last one has been received, the client implements his chosen investment strategy, which is discretionary fund management of the whole fund with one stockbroker. The fund manager will charge fees that will be paid by the client's SIPP.

### What would the costs for this be? Getting Started

Establishment of SIPP	£400
<i>Transfer in fee</i>	Included in the set up fee
Annual <i>administration fee</i>	£738
TOTAL	£1,138

### Ongoing charges

Annual <i>administration fee</i>	£738
Annual Fund Manager fee (approximate, based on fund value of £250,000)	£1,250
Total per annum	£1,988

### Example scenario – taking benefits

After several years, the client decides to start drawing benefits from his SIPP. He elects to take a cash lump sum together with a regular monthly income. Should the client decide to stop drawing income, the annual income charge would no longer apply.

### What would the costs for this be? Taking benefits from the SIPP

Setting up pension and cash payment	£221
Pension payment per annum	£165
Total	£386

### Ongoing charges in retirement

Annual <i>administration fee</i>	£738
Annual pension payment	£165
Annual Fund Manager fee (approximate, based on fund value of £250,000)	£1,250
Total per annum	£2,153

### Example scenario – change of investment

The client then decides to purchase unquoted shares. The Shareholder Agreement and associated documentation are presented to MCT so that they can ensure the terms are acceptable. A couple of changes are required in the wording of the documentation so that the liability of the Trustee is limited to the assets of the client's *Individual Fund*. The client is continuing to draw a regular income from the fund.

### What would the cost for this be?

#### Acquiring the unquoted shares

Unquoted share purchase (including time cost for amending documentation)	£650
Total	£650

#### Total ongoing charges in retirement

Annual <i>administration</i> fee	£738
Annual Fund Manager fee (approximate, based on fund value of £250,000)	£1,250
Annual pension payment	£165
Total per annum	£2,153

### Example scenario – investing in property

The client then decides to purchase a commercial property, as he believes a regular rental income would provide liquidity to pay benefits. Borrowing is not required as the SIPP has sufficient cash to purchase the property outright, but the property needs to be VAT registered.

The SIPP acquires the property and in addition to the SIPP fees, the client will also expect to pay for a valuation as well as solicitor's fees and stamp duty (if applicable). These fees will all be settled from the SIPP fund.

The client is continuing to draw a regular income from the fund.

Note: All property fees are per member and per property

### What would the cost for this be?

#### Acquiring the property

Making the purchase	£614
Annual property administration	£1,042
VAT registration (see FAQ 11)	£221
Valuation charge (approx)	£750
Solicitor's fees (approx)	£1,000
Stamp Duty Land Tax	£1,500
Total	£5,127

#### New total ongoing charges in retirement

Annual <i>administration</i> fee	£738
Annual pension payment	£165
Annual property administration (see FAQ 10)	£1,042
Annual VAT management	£165
Total per annum	£2,110

### Notes

- (a) Additional fees will be charged for unduly time-consuming transactions or work not listed above. We will give an estimate of the likely costs in individual cases. External professional fees (e.g. for property purchase) will be met by the fund.
- (b) Fees will increase in line with the Average Weekly Earnings Index based on the average seasonally adjusted values, published by the Office for National Statistics for the three months ending August compared with the same period a year earlier. Any increase will be effective in January and run for 12 months.

## Glossary and explanation of terms

<i>Crystallisation</i>	the designation of a pension fund or part of a pension fund to provide benefits
<i>Establishment</i>	the creation of an Individual Fund to the point where it is ready to be used
<i>Administration</i>	the process of looking after the Individual Fund on an ongoing basis. This includes providing a reconciled annual statement, setting up any contributions, reporting to HM Revenue & Customs (if applicable)
<i>Set up fee</i>	the charge for preparing and processing the documentation to make you a member of the SIPP. It includes opening the bank account and arranging for the <i>transfer in</i> of up to three pension arrangements.
<i>Transfer in</i>	taking a cash amount into the scheme from another pension you have
<i>Annual fee</i>	this is the basic charge we make for running the pension
<i>In specie transfer</i>	the transfer of an asset from another pension scheme to this one
<i>Unquoted shares</i>	these are shares in a private company and are not listed on any stock exchange
<i>Annuity</i>	a policy issued by an insurance company whereby it provides a guaranteed income for life in exchange for a lump sum
<i>MCT</i>	MC Trustees (Pensions) Limited
<i>Protected Rights</i>	you can opt out of S2P (the State Second Pension, formerly the State Earnings Related Pension Scheme or SERPS), which is known as contracting out. In return for the rights you give up in S2P, the State will pay a contribution into your nominated personal pension plan. Any pension fund built up as a result of these contributions is called Protected Rights.
<i>Provider</i>	the entity operating the SIPP, also known as the Operator. MC Trustees (Pensions) Limited is the Provider/Operator of the SIPP administered by MC Trustees and this company is authorised and regulated by the Financial Services Authority to establish, operate and wind up personal pensions.
<i>Individual Fund</i>	has the meaning attributed to it in the Rules governing the SIPP, but broadly speaking is the fund that the Operator/Provider determines is attributable to the member

## FREQUENTLY ASKED QUESTIONS

### 1 What are the set-up fee and annual fee for?

Your SIPP is individual to you: each *Individual Fund* has its own bank account and investments. The set up fee covers all the work required to set up your SIPP, meet all regulatory requirements and issue all initial correspondence. The *annual fee* includes dealing with any ad hoc queries received during the year, buying and selling investments (unless an additional fee is payable, such as for the purchase of unquoted shares, or where the number of investment exceeds the 5 holdings included in the annual fee) producing the annual valuation, general communications and fulfilling all regulatory requirements.

## **2 Can I pay IFA fees from my SIPP?**

Yes, provided this is agreed in advance of the advice/service provided and the IFA issues an invoice to the SIPP for the service/advice provided. If the SIPP is to pay for investment advice, the IFA must be FSA regulated and authorised.

## **3 How does VAT apply to fees?**

Fees are liable to VAT at the standard rate, which is 20.0%.

## **4 How do the fees for transfers work?**

You can choose to transfer benefits from another pension arrangement into your SIPP. Where the benefits are being transferred as a cash sum, either we, or your adviser can arrange the transfer. The set up fee includes the *transfer in* of up to three pension arrangements and there are fees payable for additional transfers, the level of which depends upon the method of transfer and the assets to be transferred.

Alternatively, the benefits may be transferred into your SIPP *in specie* - i.e. the assets in your existing arrangement are transferred without selling them so that you don't incur selling and repurchase costs. Because this is a more complex transaction, we must co-ordinate it and our fee is between £159 and £507 depending upon the assets to be transferred. The transfer fee is payable in addition to any annual property fees which are due if a property is transferred *in specie*. We will provide an estimate of the fee, on request.

## **5 Do you charge for transfers out?**

Yes, the charges are shown on the fee schedule. We will not refund any part of the annual fee. Our fees do not include any external fees such as solicitor's fees for the transfer of property, for example.

## **6 What do you charge for when I take benefits?**

The work required to set up the payment of benefits and PAYE. If you choose to take an income, a pension payment fee will then be charged.

## **7 Are there investment related fees?**

Yes, but only if the number of investments is outside the five that are included in the annual fee, or where there is a specific charge quoted such as for the purchase of *unquoted shares*. These will vary with the investment and we will give you an estimate of the cost when you advise us of the nature of the investment.

## **8 Do your fees include the stockbroker's fees etc?**

No, our fees relate to the recording of investment transactions by us and do not include stockbroker, investment manager or nominee fees and charges which, where applicable, are payable in addition.

## **9 How much will the solicitor and valuer charge if a SIPP purchases a property?**

The average legal fees are approximately £1,000 and average valuer's fees are approximately £750.00, both of which are exclusive of VAT.

## **10 What do you do for your property administration fee?**

We deal with all general property administration issues including invoicing the tenant for rent, chasing any rent arrears, insuring the property on our block policy, invoicing the tenant for the

insurance premium, making any loan repayments and dealing with tenants' requests concerning matters such as assignments, underlettings and alterations.

**11 Are there any other fees relating to property?**

There is a fee for opting to tax on a property of £124 and then an annual fee for VAT elected properties of £165 per annum. This is to cover additional work carried out by our finance team when we own a property that is VAT elected. This fee is charged on the property so if we own the property for more than one investor, it will be paid by their SIPP on a pro rata basis in accordance with the ownership percentage.

Additional fees may be incurred by your SIPP in respect of any action you instruct us to take regarding the collection of rent.

**12 What are the fees if my SIPP borrows money?**

If your SIPP borrows, the lender will charge a fee for arranging the loan and a facility fee for ongoing maintenance and monitoring of the loan.

**13 When are fees due?**

The *set up fee* and the first *annual fee* are payable in advance on the commencement date. The *annual fee* is thereafter payable in advance on each subsequent anniversary. The income facility fee, property facility fee and borrowing facility fees are also payable in advance and will be pro-rated from the time that they become payable until the next anniversary.

**14 Do you receive any other income in respect of my SIPP?**

No

If we insure property held by your SIPP on our block policy, we will retain any income in respect of such an arrangement.

**15 Do your fees increase?**

Fees will increase in line with the Average Weekly Earnings Index based on the average seasonally adjusted values, published by the Office for National Statistics for the three months ending August compared with the same period a year earlier. Any increase will be effective in January and run for 12 months.

We reserve the right to charge for additional services on a time-cost basis relevant to the expertise and seniority of our staff involved. We will provide an estimate of all such fees before commencing the work.

We may at any time amend all or any of our fees or charges payable from your SIPP in such a manner as we may determine. We will give you three months' notice where we amend or increase any fees by an amount materially exceeding the percentage increase in RPI.

**16 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 to your SIPP.

In the event of 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 in our discretion deem to be attributable to it.

If you would like a copy of this document in larger print, please contact us on 01675 444600.

The SIPP's operated by MC Trustees (Pensions) Limited are the MC Trustees Private Pension and the MC Trustees Self Invested Pension.

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