

## REDSWAN SIPP (‘SIPP’)

### Fee Agreement Effective 6<sup>th</sup> April, 2023

**This is a legally binding document between you and Redswan, as your SIPP’s administrator. It is part of a set, all of which should be read together:**

- Key Features Document & Introductory Guide
- **This Fee Agreement**
- Application Form

**This document helps you understand the fees for establishing and administering a Redswan SIPP. It also provides you with a comprehensive guide to all transaction costs, and answers frequently asked questions about our charges.**

## Example 1: getting started

An adviser recommends a Redswan SIPP for a client. The client has two previous pension funds with other providers that will be transferred in as cash.

The adviser sends Redswan the current providers' pension discharge papers with our transfer-in applications.

Redswan establishes the SIPP, sets up a bank account and applies for the transfers. Within a short period of time the other providers transfer their funds to Redswan, where they are deposited in the SIPP bank account.

Redswan tells the adviser when each fund has been transferred and when the last one has arrived, the adviser implements the investment strategy he has agreed with his client.

### What would the costs be?

SIPP establishment	nil
SIPP annual administration fee (taken in advance)	£540
<b>Sub-total</b>	
VAT @ 20%	£108
<b>TOTAL pa</b>	<b>£648</b>

## Example 2: buying a property

The client later decides to purchase a commercial property, which he believes will provide the best investment return.

The adviser instructs Redswan to disinvest the existing investments and the SIPP fund is used to acquire the client's chosen property.

In addition to the SIPP fees, the client also expects to pay for a valuation, as well as solicitor's fees and stamp duty (if applicable). Additional Redswan fees (and possibly bank borrowing costs) would also be incurred if the SIPP has to borrow to fund the purchase. These fees can all be settled from the SIPP fund.

The annual property fee covers various aspects of administering the property.

### What would the extra costs be?

SIPP disinvestment fees	nil
Handling the purchase	£750
Annual property fee	£340
<b>Sub-total</b>	<b>£1,090</b>
VAT @ 20%	£218
<b>TOTAL</b>	<b>£1,308</b>
<small>(in this example, the property being acquired is exempt from VAT)</small>	

## Example 3: ongoing charges

The type and amount of ongoing charges depend on where you choose to invest your SIPP. For example, different ongoing charges will apply if you invest in commercial property or investment funds (see below).

NB: for investment funds, in addition, there will usually be annual management fees and initial charges for the funds in which you invest. Your financial adviser will provide you with details of these charges.

### What would the costs be?

#### A. Investing solely in funds and equities

SIPP annual administration fee	£540
SIPP investment dealing charges (but see NB aside)	nil
<b>Sub-total</b>	<b>£540</b>
VAT @ 20%	£108
<b>TOTAL pa</b>	<b>£648</b>

#### B. Investing solely in property

SIPP annual administration fee	£540
Annual property fee	£340
<b>Sub-total</b>	<b>£880</b>
VAT @ 20%	£176
<b>TOTAL pa</b>	<b>£1,056</b>

## Example 4: taking benefits via Income Drawdown

After several years the client decides to start drawing benefits from his SIPP. He decides to take his maximum allowed tax-free cash lump sum along with maximum permitted income, paid monthly. This is known as Income Drawdown. Should the client decide to stop drawing income, the annual charge for monthly income would no longer apply.

## What would the costs be?

To crystallise (initiate benefits)	£205
To establish PAYE	£130
To operate PAYE to receive monthly income (annual charge)	£200
SIPP annual administration fee	£540
<b>Sub-total</b>	<b>£1,075</b>
VAT @ 20%	£215
<b>TOTAL</b>	<b>£1,290</b>
<small>(the future annual charge would be £740 + VAT after allowing for the one-off establishment of PAYE and crystallising benefits charges)</small>	

## Example 5: taking a Pension Capital Withdrawal (UFPLS)

After several years the client decides to start drawing benefits from his SIPP as a one-off payment. This is known as Pension Capital Withdrawal. If no further withdrawals are taken, there would be no charge for operating the annual PAYE.

## What would the costs be?

To make a withdrawal	£205
To establish PAYE	£130
To operate PAYE to receive a one off withdrawal	£75
SIPP annual administration fee	£540
<b>Sub-total</b>	<b>£950</b>
VAT @ 20%	£190
<b>TOTAL</b>	<b>£1,140</b>
<small>(the future annual charge would be £540 + VAT after allowing for the one-off establishment of PAYE and withdrawal charges)</small>	

# Detailed Schedule of Fees

Please also see the Other Information and Frequently Asked Questions ('FAQs') About Fees pages that are part of this Fee Agreement

	Fee	When is the fee taken?
<b>Establishment Charges (FAQs 1 &amp; 10)</b>		
<ul style="list-style-type: none"> <li>to open your SIPP</li> </ul>	nil	
<b>Annual Fees (FAQs 1 &amp; 10)</b>		
<ul style="list-style-type: none"> <li>basic annual charge</li> </ul>	£540	in advance
<b>Transfers In (FAQs 3, 4 &amp; 10)</b>		
<ul style="list-style-type: none"> <li>to transfer in your first two previous pension arrangements (in cash and initiated within 3 months of establishment only)</li> </ul>	nil	
<ul style="list-style-type: none"> <li>additional or subsequent cash only transfers in (per pension entitlement transferred)</li> </ul>	£130	
<ul style="list-style-type: none"> <li>in specie from an investment manager or fund supermarket where assets are held in a nominee account</li> </ul>	£130	
<ul style="list-style-type: none"> <li>in specie property</li> </ul>	£750	all on completion of the transfer
<ul style="list-style-type: none"> <li>in specie borrowing</li> </ul>	£410	
<ul style="list-style-type: none"> <li>in specie trustee investment plan, including deed of assignment</li> </ul>	£405	
<ul style="list-style-type: none"> <li>where investments are held direct with the fund provider/registrar</li> </ul>	£130	
<ul style="list-style-type: none"> <li>plus per asset held</li> </ul>	£70	
<ul style="list-style-type: none"> <li>where deeds of assignment are needed</li> </ul>	£405	
<b>Transfers Out/Closure (FAQs 10, 12 &amp; 13)</b>		
<ul style="list-style-type: none"> <li>in cash from the default bank account (full or partial)</li> </ul>	£405	
<ul style="list-style-type: none"> <li>to an overseas pension scheme (must be treated as a crystallisation event). If in specie, the fee also applies</li> </ul>	time cost	all immediately prior to the transfer's payment
<ul style="list-style-type: none"> <li>in specie transfers out</li> </ul>	£405	
<ul style="list-style-type: none"> <li>in addition, in specie transfers out are charged at the same rate as in specie transfers in, as detailed above</li> </ul>	see above	
<ul style="list-style-type: none"> <li>closing your SIPP (not through a transfer out or annuity purchase)                             <ul style="list-style-type: none"> <li>in the first year of opening it</li> <li>in the second year</li> <li>thereafter</li> </ul> </li> </ul>	£405	immediately prior to its closure
	£200	
	nil	
<ul style="list-style-type: none"> <li>migrating to the Redswan SIPP's Cygnet (low cost) Plan</li> </ul>	nil	
<b>Contributions (FAQs 2 &amp; 10)</b>		
<ul style="list-style-type: none"> <li>single cash contributions after establishment and variations to regular contributions</li> </ul>	nil	on completion of the transfer
<ul style="list-style-type: none"> <li>in specie contributions are charged at the same rate as in specie transfers in, as detailed above</li> </ul>	see aside	on completion of the transfer
<b>Investing in Property (FAQs 7, 8, 10 &amp; 12)</b>		
<ul style="list-style-type: none"> <li>outright property purchase                             <ul style="list-style-type: none"> <li>by one Redswan SIPP with an immediate leaseback to a single tenant</li> <li>for each additional Redswan SIPP or SSAS purchaser</li> <li>for joint purchases with an outside party</li> </ul> </li> </ul>	£750	all on completion of the purchase
	£205	
<ul style="list-style-type: none"> <li>for more than a single tenant (per tenant, per annum)</li> </ul>	time cost	
<ul style="list-style-type: none"> <li>annual property fee (per property, per annum)                             <ul style="list-style-type: none"> <li>with a sole owner</li> <li>in addition, for each extra owner</li> </ul> </li> </ul>	£140	on completion of the purchase
	£340	all on completion of the purchase
	£140	

	Fee	When is the fee taken?
• additional/subsequent/surrender of/licence to assign a lease	£240	on completion
• rent review	£200	on completion of the review
• outright property sale		
• with a sole vendor	£545	all on completion of sale
• for each additional vendor	£105	
• for joint sales with an outside party	time cost	
• tenant entering liquidation or receivership	£545	event triggered
• rent arrears	time cost	event triggered
• lender foreclosing on a mortgage	time cost	event triggered
• property build projects/conversions/developments (including land options)	1% of project's value	event triggered
• property dilapidations and option to purchase	£250	on completion
• overseas property		
• initial appraisal fee	£1,400	in advance
• completion	time cost	on completion of the purchase
• site visits		
• UK	time cost	post visit
• overseas	negotiable	in advance

## Other Investments (FAQs 6, 10 & 12)

• regulated collective investments, eg OEICs, unit & investment trusts	nil	
• quoted/regulated stockbroker/fund supermarket portfolios held in nominee accounts	nil	
• trustee investment plans	nil	
• regulated structured products	nil	
• permitted National Savings	nil	
• money market & deposit cash accounts	nil	
• fixed term deposits		
• new, each	£150	on completion
• rollover with the same provider	£50	on rollover
• directly held quoted equities or gilts		
• up to 5 in total	nil	
• for each holding thereafter	£130	on completion
• 2 <sup>nd</sup> hand endowments	£405	on assignment completion
• investment grade gold bullion		
• initial vehicle appraisal fee	£700	in advance
• completion	time cost	on completion
• unsecured 3 <sup>rd</sup> party loans	not permitted	
• secured 3 <sup>rd</sup> party loans		
• initial appraisal fee	£675	in advance
• completion	nil	
• annual fee	£200	in advance
• rollovers/further advances	£335	on completion
• default/foreclosure	time cost	event triggered
• intellectual property		
• initial appraisal fee	time cost	in advance
• annual fee	£240	in advance
• sale	time cost	on completion

## Other Costs inc Banking/Borrowing (FAQs 9, 10 & 12)

• borrowing		
• with one borrower (initial fee)	£410	in advance
• for each additional borrower	£140	on loan drawdown
• annual borrowing fee	£200	on anniversary
• provision of default bank account	nil	
• ad hoc valuation	£170	event triggered
• VAT		
• (de)registration	£200	event triggered
• per return	£70	annually in advance
• transfer of a going concern registration	£195	event triggered

- tax return
- client meetings
- HMRC investigations
- company sales/acquisitions
- member disputes/pensions sharing on divorce

Fee	When is the fee taken?
£255	event triggered
time cost	post meeting
time cost	event triggered
time cost	event triggered
time cost	event triggered

## Benefits & Payments (FAQs 5, 10 & 12)

• to take a tax-free lump sum	£205	post event
• pension capital withdrawal (UFPLS)	£205	just before withdrawal
• establishment of pension payment(s) & PAYE	£130	
• annually billed fee for the operation of PAYE to receive a:		
• monthly pension	£200	all post establishment
• quarterly pension	£160	
• biannual pension	£115	
• annual pension	£75	
• capped drawdown pension review (each)	£170	post review
• lifetime/temporary annuity purchase (each)	£240	just before purchase
• non-standard benefit calculations	time cost	post event
• death	time cost	on payment of benefits

**No fees will be refunded in part or full (FAQ 1)  
This includes (but is not limited to) annual, borrowing, property & benefit fees**

**BEFORE you sign this Fee Agreement please ensure that you have: a) read all of its pages b) understood its terms & conditions and c) asked any questions if anything was unclear**

**As a prospective member of the Redswan SIPP, I hereby agree to the charges, terms & conditions specified throughout this Fee Agreement**

**Signed**

**Name (IN CAPS)**

**Date**

**PLEASE RETURN THE COMPLETED FORM TO REDSWAN PENSIONS**

# Other Information

Please note: references below to "we", "us" and "our" are to:

- Redswan Ltd (the Administrator) and
- Redswan Trustees Ltd & Redswan Pensioners Ltd (the 's co-trustees).

## VAT

All fees are subject to VAT at the standard rate.

## Standard Credit Terms

14 days from invoice date. We reserve our statutory right to compensation and interest (at Bank of England base rate plus 8% pa) after this time under the Late Payment of Commercial Debts (Interest) Act 1998. By signing this Fee Agreement you agree to these terms irrespective of any limitations under the Act.

## Financial Services & Markets Act

In signing this Fee Agreement, the parties acknowledge that neither Redswan Ltd (in its capacity as Administrator) nor its associated professional trustee companies, Redswan Pensioners Ltd and Redswan Trustees Ltd, have provided you with regulated financial advice personal to your/your company's/family's circumstances. The suitability of the SIPP for you and/or your company, including the transfer in of any benefits, and investment advice, is the province of a qualified financial adviser.

It is always advisable to seek such professional advice and we encourage it for your own protection. If you decide to proceed in any event, we cannot accept liability for the consequences of such action and there can be no right of redress under the channels that would otherwise have been available to you had you used a financial adviser's services.

## Data Protection Act

Some services are provided to us by third parties, such as obtaining compliance or regulatory advice, which warrant the disclosure of more than just your basic contact details. You agree that personal information held by us may be disclosed on a confidential basis, and in accordance with the above Act, to any such third parties. You also agree that this information may be transferred electronically, e.g. by email and you agree that we, or any such third party, may contact you in the future by any means of communication that we consider appropriate at the time.

## UK Money Laundering Regulations

We are obliged to conform to the above Regulations and adhere to the guidance notes from the Joint Money Laundering Steering Group that require financial institutions to verify identity and place of residence. This process may require sight of certain documentation. If you provide false or inaccurate information or if we suspect fraud or money laundering, we will record this.

We will not be able to open your SIPP or forward any applications or monies to any third parties/product providers until our verification requirements have been met. We take no responsibility for any delay in investing monies where money laundering verification is outstanding. In circumstances where money laundering verification is not provided to us in a timely fashion after we have received applications for investments, we reserve the right to return any forms and monies to you, uninvested.

By signing this document you agree to your personal information being used by us and any banking institution necessary for the SIPP's operation (including those you instruct us to open accounts with) to make a search with a credit reference agency who will supply information, including information from the Electoral Register, for the purposes of verifying your identity and address.

## Limitation of Liability

Irrespective of any subsequent documentation that may be entered in to, it is acknowledged that the liability of Redswan Pensioners Limited & Redswan Trustees Ltd (acting in their capacity as your SIPP's professional trustees) and Redswan Ltd (in its capacity as your SIPP's Administrator) is limited to the assets for the time being of your SIPP and, further, they shall have no liability once they cease to act as your SIPP's trustees/Administrator respectively.

## FAQs About Fees

### Pension Administration

#### 1. What is the annual fee for?

The fee covers:

- opening your SIPP
- establish your SIPP's default bank account
- checking your application is properly completed & signed
- verifying anti-money laundering ID
- creation of system records
- processing any initial contributions and reclaiming any tax where appropriate (other than in specie contributions)

- initiating the transfer in of up to 2 previous pension arrangements within 3 months of establishment
- preparing an annual reconciled report and illustration
- acting as HMRC designated Administrator and through our associated professional trustee companies acting as signatory and trustee
- monitoring the SIPP's bank statements
- general queries/administration/maintenance of records
- reclaiming tax relief (if applicable)
- fulfilling all regulatory requirements

These fees are incurred on receipt of a correct application by us and after your cancellation period has expired (see the key features & introductory guide booklet issued to you). After the cancellation period has expired, or should you opt to carry out an immediate transaction as described in section 5 of the application form, there can be no refunds if you then decide to change your mind.

No fees will be refunded in part or full when a transaction is aborted for whatever reason (such as a property purchase falls through, by way of just one example) or a transfer out is initiated. This includes but is not limited to annual, borrowing, property and benefit fees.

## **2. How do the fees for contributions work?**

There are no fees for any cash contributions, whether they be single or regular contributions by standing order. In specie contributions, however, incur specific charges depending on the nature of the asset being contributed.

## **3. How do the fees for the transfer in of cash benefits work?**

Experience tells us that most transfers in happen at the start of a client's SIPP; that's why we allow for two free ones commencing within the first three months of establishment.

Starting any transfers outside the initial three month 'window', or additional ones above the free two, are chargeable.

## **4. How do you charge for the transfer in where I have taken some benefits from my previous scheme (a partial BCE)?**

In order to accept a transfer in where a client has previously taken benefits (a 'BCE'), we need to establish exactly how much of the previous pension scheme has been taken, which may be all or partial.

The Redswan SIPP will receive all the transfer and 'ringfence' the funds from which benefits have already been taken. Normal annual administration fees will apply.

The ringfenced funds will then attract fees for paying or reviewing any income from them.

## **Benefit Crystallisation ('BCE') & Income Drawdown**

### **5. What are your charges for going into income drawdown?**

The BCE fee covers the work required to reconcile and revalue the SIPP in accordance with legislation and then pay benefits.

If you choose to take income, an annual pension payment fee will then be charged. This covers the administration of PAYE payroll, deduction of tax if required and making the appropriate returns to HMRC. Also included is the facility to vary the level and frequency of income payments.

## **Investment Related Fees**

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

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

## **Property Fees**

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

Our fee is a flat rate allowing for certainty of cost and applies in virtually all cases. Where this Fee Agreement does not specifically state otherwise, we will advise you should the flat rate not apply, either in advance where it is obvious, or should matters become over-complicated or protracted through no fault of our own.

Any other professional fees, such as solicitor and valuation fees, for example, together with all disbursements relating to the acquisition, sale or management of any property, are payable from your SIPP.

### **8. What do you do for your annual property fee?**

We deal with all general property administration issues, dealing with insurance, settling property invoices/bills and dealing with tenants' requests concerning matters such as assignments, underlettings and alterations. Property management and inspections are not included in the property fee.

## **Borrowing**

### **9. What are the fees if my SIPP borrows money?**

If your SIPP borrows for any reason (for example, to purchase property as part of the overall transaction) our fee is a flat rate allowing for certainty of cost and applies in virtually all cases. Where this Fee Agreement does not specifically state otherwise, we will advise you should the flat rate not apply, either in advance where it is obvious, or should matters become over-complicated or protracted through no fault of our own.

## **General**

### **10. Do your fees increase?**

Fees are automatically increased on 1 April each year by the higher percentage change over the previous calendar year in the:

- average weekly earnings (AWE) index or
- consumer prices index (CPI)

as measured by the Office of National Statistics.

If either index ceases to be published, or if the calculation is altered, we may substitute a comparable one.



We may at any time increase or 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 30 days' notice where we amend or increase any fees by an amount materially exceeding the percentage increase in AWE/CPI, as above.

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

Yes, Redswan receives commission payments from Metro Bank of 0.25% pa based on the total average funds held across all SIPP current accounts.

Where we also make arrangements for insuring your property held in your SIPP, if any income is earned by us in respect of such arrangements, we will retain it.

#### **12. What are the additional/time cost fees?**

We reserve the right to charge for additional services on a time cost basis relevant to the expertise and seniority of our staff involved. The relevant charge out rates will depend on the employee doing the work. The current charge out rates per hour (+ VAT) are:

Director	£340
Manager	£275
Senior administrator	£205
Administrator/clerical	£135

#### **13. When would you charge an early SIPP closure fee?**

Migrating to the Redswan SIPP's Cygnet Plan is free, subject to completing a new fee agreement (available on request/our website). Its reduced annual charge will apply from the next anniversary of when you very first joined the Redswan SIPP.

If you empty your SIPP in the first year of its establishment through income drawdown or pension capital withdrawal (UFPLS), a charge of £405 (+ VAT) is incurred in addition to the fees for taking your benefits. This falls to £200 (+ VAT) during the second year of your membership but is not charged after that.

#### **14. What is the interest rate for the default bank account?**

The rate of interest you will earn on money held within your SIPP's default bank account is available at [www.bathbuildingsociety.co.uk](http://www.bathbuildingsociety.co.uk) under business savings/pensions deposit or on request for Metro Bank (the rate will be confirmed on your key features illustration). We may receive and keep payments from banking institutions based on the aggregate cash balances held across all SIPP cash accounts with them.

#### **15. 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 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 has been calculated.

## **Glossary & Explanation of Terms**

**Establishment:** the creation of your SIPP to the point where it is ready to be used.

**Administration:** the process of looking after your SIPP on an ongoing basis. This includes but is not limited to many things such as providing a reconciled annual statement, setting up any initial regular contributions or savings and reclaiming tax where appropriate.

**'BCE' or Benefit Crystallisation Event:** the act of starting to take benefits (tax free cash and/or income) from your SIPP. It may also be called 'vesting'.

**Transfer in:** transferring the value of pension benefits from an existing pension scheme to your SIPP, either in cash or in specie (see below).

**In specie:** the transfer of an asset other than cash from another pension scheme to this one.

**Tax reclaim:** in most cases pension contributions receive tax relief and we reclaim 25p from HM Revenue and Customs for each £1 net you contribute to your pension.

**Lifetime annuity:** a policy issued by an insurance company which provides an income in exchange for a lump sum from your SIPP's accumulated monies.

**OEIC:** open ended investment company, also known as a 'collective' investment.

**TIP:** trustee investment plan

**'UFPLS' or Uncrystallised Funds Pension Lump Sum:** the formal term in legislation for a Pension Capital Withdrawal.