

THE PREMIER TRUST



Full SIPP Fee Scenario

A SIPP which purchases a property

This document is to help you understand the fees for administering a full Premier Trust SIPP which purchases a property. It provides you with a guide to the fees that DP Pensions Ltd as administrators of The Premier Trust will charge and highlights other fees that you need to consider as well as answering frequently asked questions. This is intended simply as a guide. Your solicitor will provide you with full details of all costs and disbursements involved in the transaction.

It provides you with a generic example scenario and the actual figures will depend on the value of your pension scheme and the fees that have been agreed with your financial adviser, if you have one. All fees shown are for illustrative purposes only. We can provide a more detailed illustration on request.

Other fees to consider

You should understand and keep under review the total charges that will be incurred by the SIPP on a yearly basis when deciding whether the Premier Trust SIPP is the right product for you.

Example scenario – purchasing a property

A client, having previously set up a SIPP wishes to purchase a commercial property with a purchase price of £300,000 + VAT. The premises will be let to the client's business. The property will be insured under our block insurance policy. The client's SIPP is valued at £270,000 with expected borrowing of £105,000.

In addition to our fees for administering the SIPP there will be additional costs incurred which will be charged to the SIPP as follows:

- Legal fees – A solicitor will act for the SIPP and member(s). The SIPP will be responsible for the solicitor's costs, including search fees, disbursements, registration and Stamp Duty Land Tax
- Bank Charges – If borrowing is needed to enable the purchase, the lending bank will charge an Arrangement and Security fee. They will also require an independent valuation to be carried out. If there is no bank borrowing we may require an independent valuation to be carried out which will also set the open market rent. If a bank valuation is carried out, we may accept this.
- Environmental Report – we will require an environmental report which will be prepared by a company instructed by us.

The annual property administration fee is applicable all the while that a property is owned by the SIPP. We do not insist on a property management company being appointed but members should appoint one if they do not intend to manage the property themselves. If members choose to manage the property themselves but fail to deal with it adequately, we reserve the right to appoint a managing agent, the cost of which will be met by the pension scheme.

What the costs would be:

DP Pensions Ltd fees for purchasing the property:

SIPP disinvestment charges	£Nil
Environmental report (assuming no complications)	£170.50
Handling the property purchase	£750.00
Borrowing set up fee	£330.00
VAT registration	£110.00
Total	£1,360.50

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Fee Scenario

Other fees/costs in connection with the purchase

VAT at 20% (on £300,000 purchase)	£60,000.00	(See Note 1)
Solicitor fees (approx)	£2,500.00	(See Note 2)
Solicitor disbursements (approx)	£1,000.00	(See Note 2)
Stamp duty (on £360,000 purchase)	£7,500.00	(See Note 3)
Loan arrangement and security fees (approx.)	£1,500.00	(See Note 4)
Banks' valuation fee	£1,200.00	(See Note 5)
Total	£73,700	

Other fees to consider

Financial Advisers Fee	This would usually be a fixed fee agreed before the advice is given
Property Insurance (this is usually reimbursed by the tenant)	This figure varies
Valuation Fee	It may be necessary for an additional valuation (particularly if this is a connected party transaction)

Note 1: This amount should be recoverable by the SIPP within 6 months of the completion date.

Note 2: This is not a representation of what your solicitor's fee and disbursements may be but is purely a figure for illustrative purposes.

Note 3: Stamp duty is paid on the property price including VAT

Note 4: The lender's arrangement and security fees will vary depending on the amount being borrowed and on the lender's terms and conditions. This is not a representation of what the loan arrangement and security fees may be but is purely a figure for illustrative purposes.

Note 5: The bank's valuation fee will vary depending on the valuer used. This is not a representation of what the valuation fee may be but is purely a figure for illustrative purposes.

New ongoing fees

SIPP annual administration fee	£615.00
Annual property administration fee (one tenant)	£400.00
Annual fee for completing VAT returns	£170.00
Annual borrowing fee	£110.00
Total per annum	£1,295.00

If a property is held jointly by multiple members and/or has multiple leases, the Annual Property Fee will be increased by £85 for each additional member and/or lease.

Please note: All our fees are subject to VAT in addition (currently 20%).

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Fee Scenario

New ongoing fees

Financial Advisers fee

Between 0.25% and 1% per annum

Property Managers Fee

This is normally a percentage of the rent Collected

Property Insurance (this is usually reimbursed by the tenant)

This figure varies

The Premier Trust is administered by DP Pensions Ltd. The trustee of the scheme is D A Phillips & Co Ltd

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DP Pensions Ltd is registered in England at Bridewell House, Bridewell Lane, Tenterden, Kent TN30 6FA. Registered No. 4622475. DP Pensions Ltd is authorised and regulated by the Financial Conduct Authority (463171).

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