AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

2012

Annual Conference

Chairman's Opening Comments

- Housekeeping
- Objectives for the day
- Support from AMPS
- Agenda Overview

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Sponsorship from

- Barclays
- Cater Allen
- Delta Financial Systems
- GBST
- Lloyds Banking Group
- Metro Bank
- Origo Services
- Pendragon
- RBS

















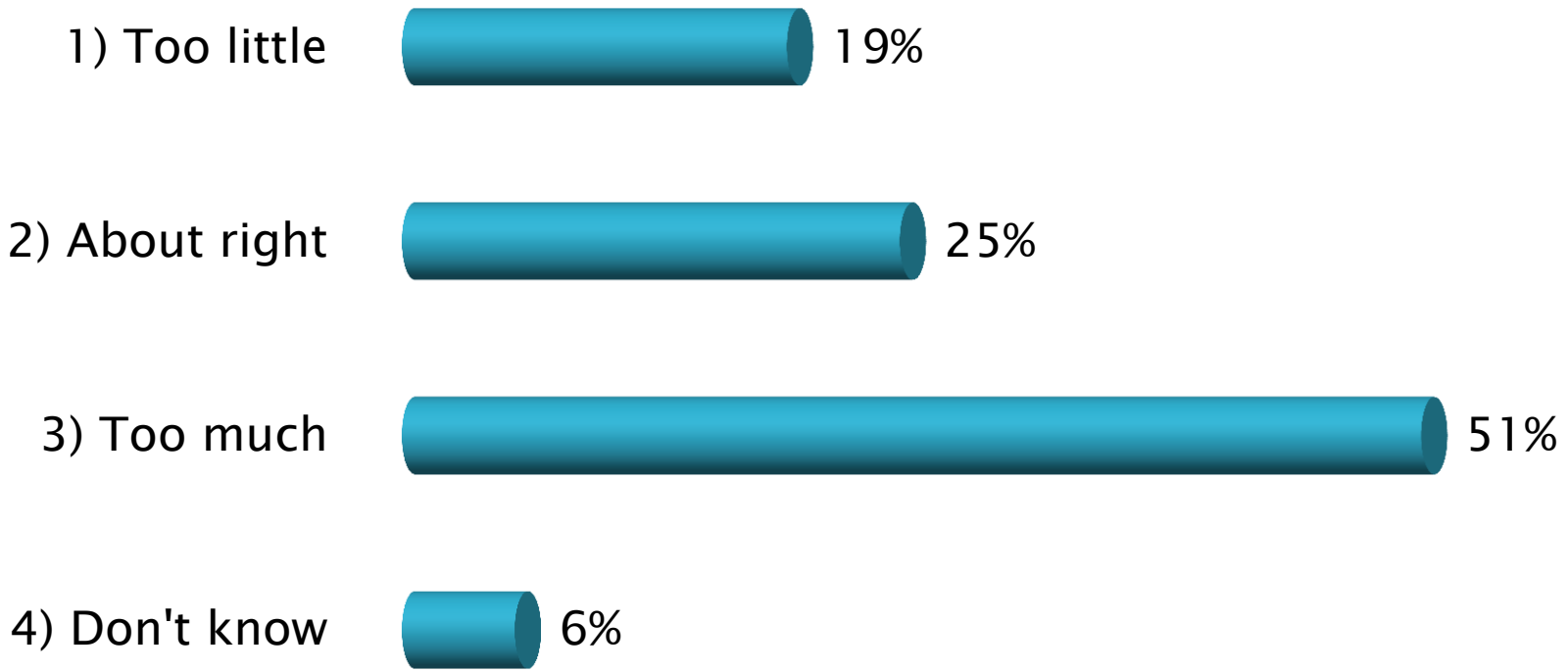




Question Slide

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Q) Do you think FSA involvement with SIPP firms regarding underlaying investments is:



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SIPP commercial property master class

Derek Jones & Chris Berry
Lambert Smith Hampton

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Commercial Property Master class

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Lambert Smith Hampton

www.lsh.co.uk

The Team

Derek Jones MRICS

Head of Delivery Corporate Advisory Services

- Derek has over 23 years experience in property and advises a number of property companies, and corporate clients
- He is experienced in strategic consultancy and transactional advice



Chris Berry MRICS

Associate Director Corporate Advisory Services

- Chris has worked at Lambert Smith Hampton for 6 years
- He acts as account manager for our major SIPP clients and also provides consultancy and transactional advice to corporate occupiers.



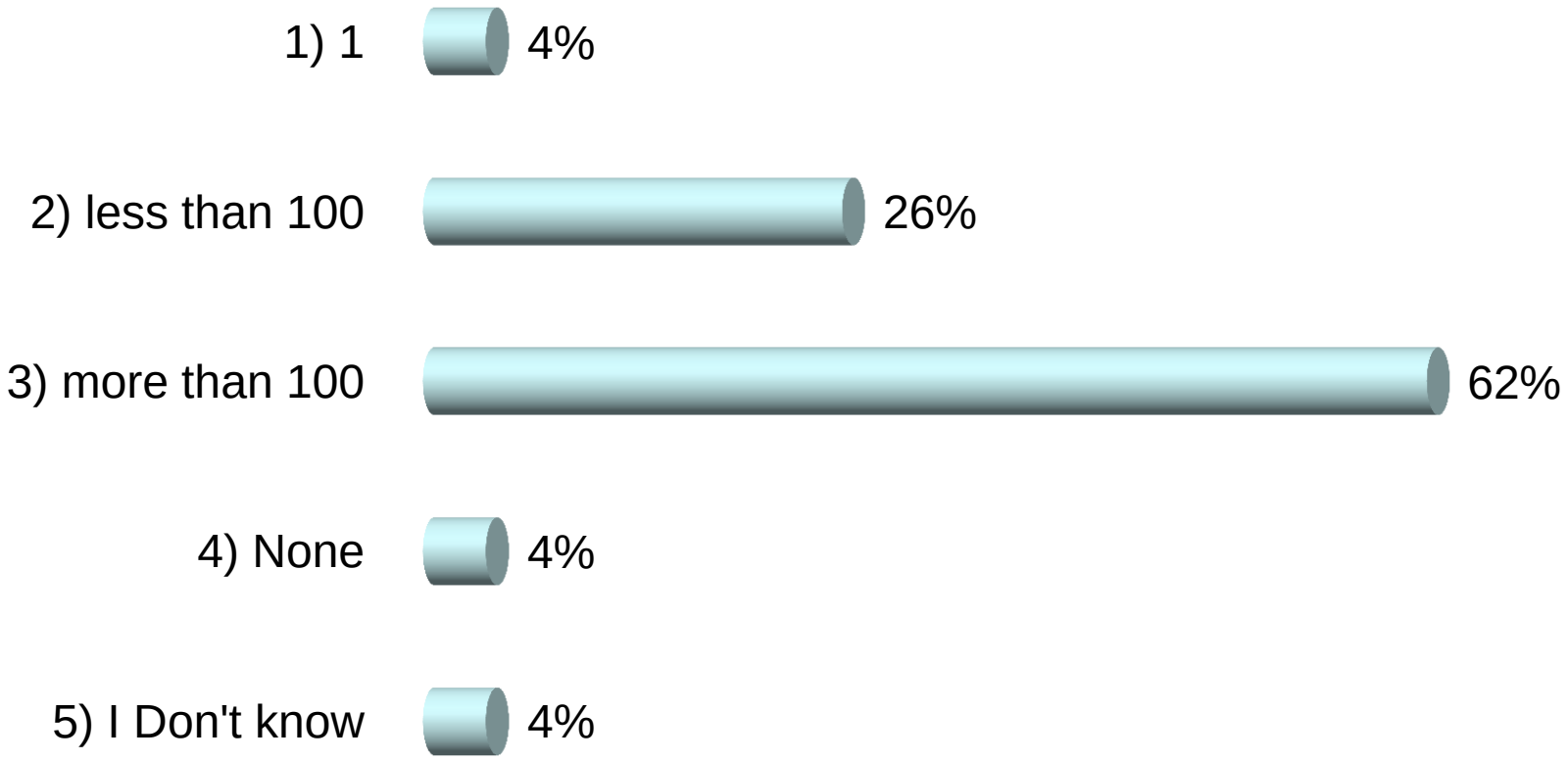
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Agenda

- **An Introduction to Lambert Smith Hampton**
- **An Overview of the Commercial property market**
- **Current Property issues relevant to SIPPS**
- **Risks to SIPP Providers of Holding Property**
- **A Question of SIPP**

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Question
In the SIPP or SIPPS under your control how many properties do you have:



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Who are we and what we do





Some of Our Clients



Examples of the variety of property we deal with – The Big



Examples of the variety of property we deal with – The Small

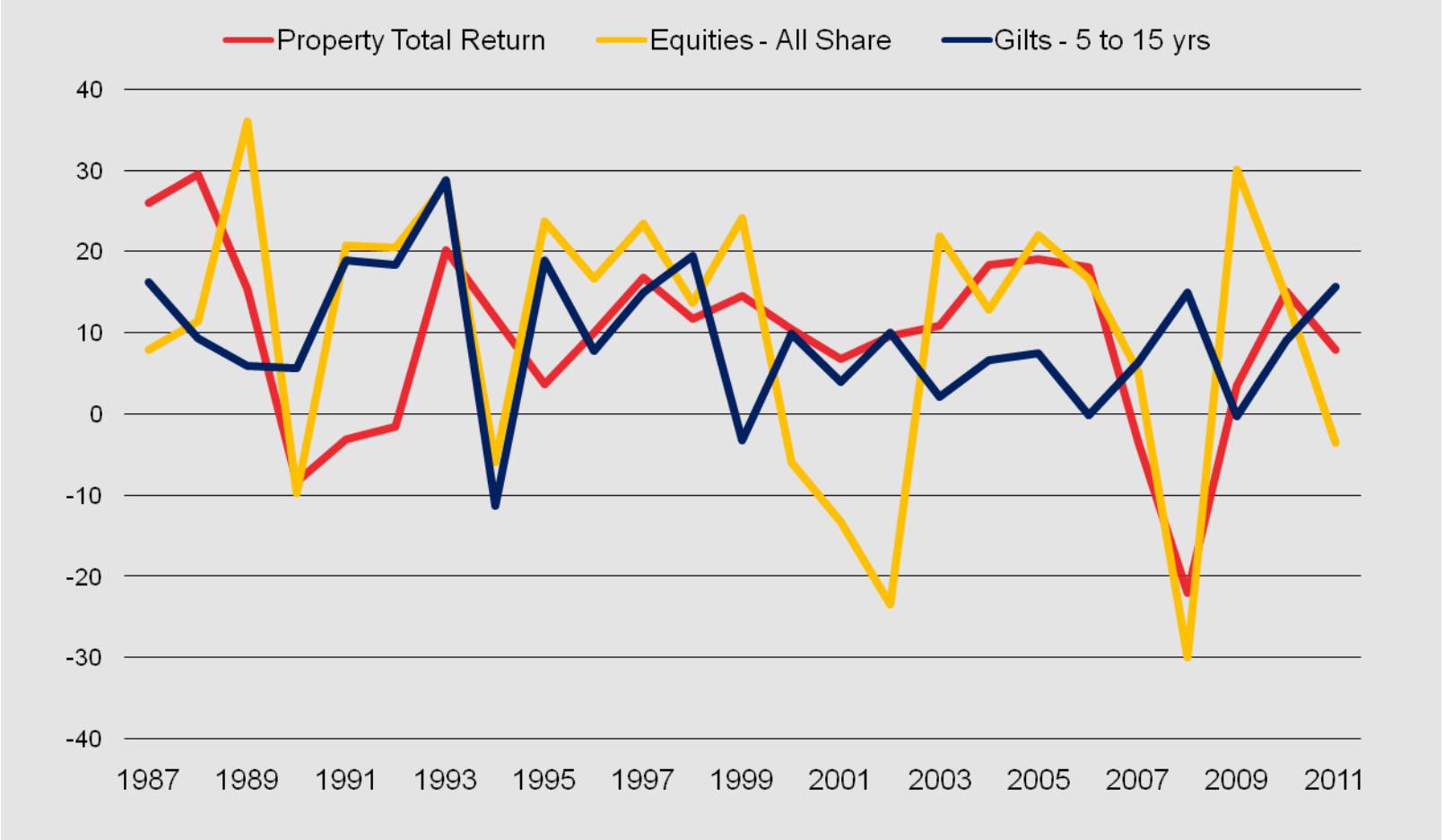


The Wider Economy



Property returns vs. other asset classes

% pa

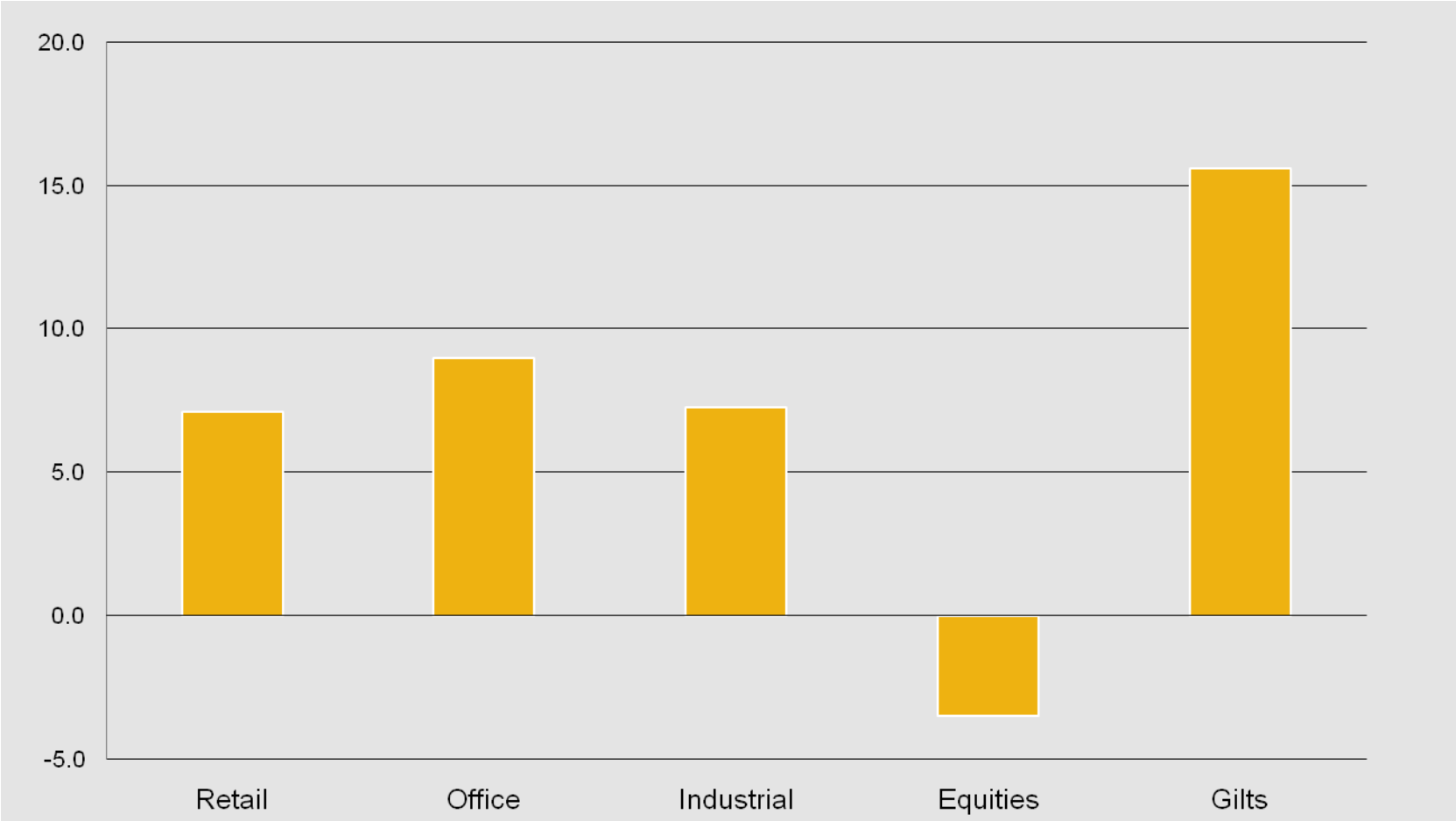


Source: LSH Research, IPD, FTSE 1000

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Property performs better than equities over last 12 months

Total returns as of Q4 2011 (%)



Source: LSH Research, IPD

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Risks ahead

International	Domestic
Euro Zone Crisis	UK Economy back in recession
Where is €1 trillion going to come from?	Rising Unemployment
Italy goes bust?	Lack of Confidence stalls the market
Spain goes bust?	Reduced lending
Slow down in emerging markets	Higher Petrol Prices
Higher Petrol Prices Tensions with Iran	Pressure on the Consumers

© 2011 Lambert Smith Hampton.

The consumer remains under real pressure

% pa

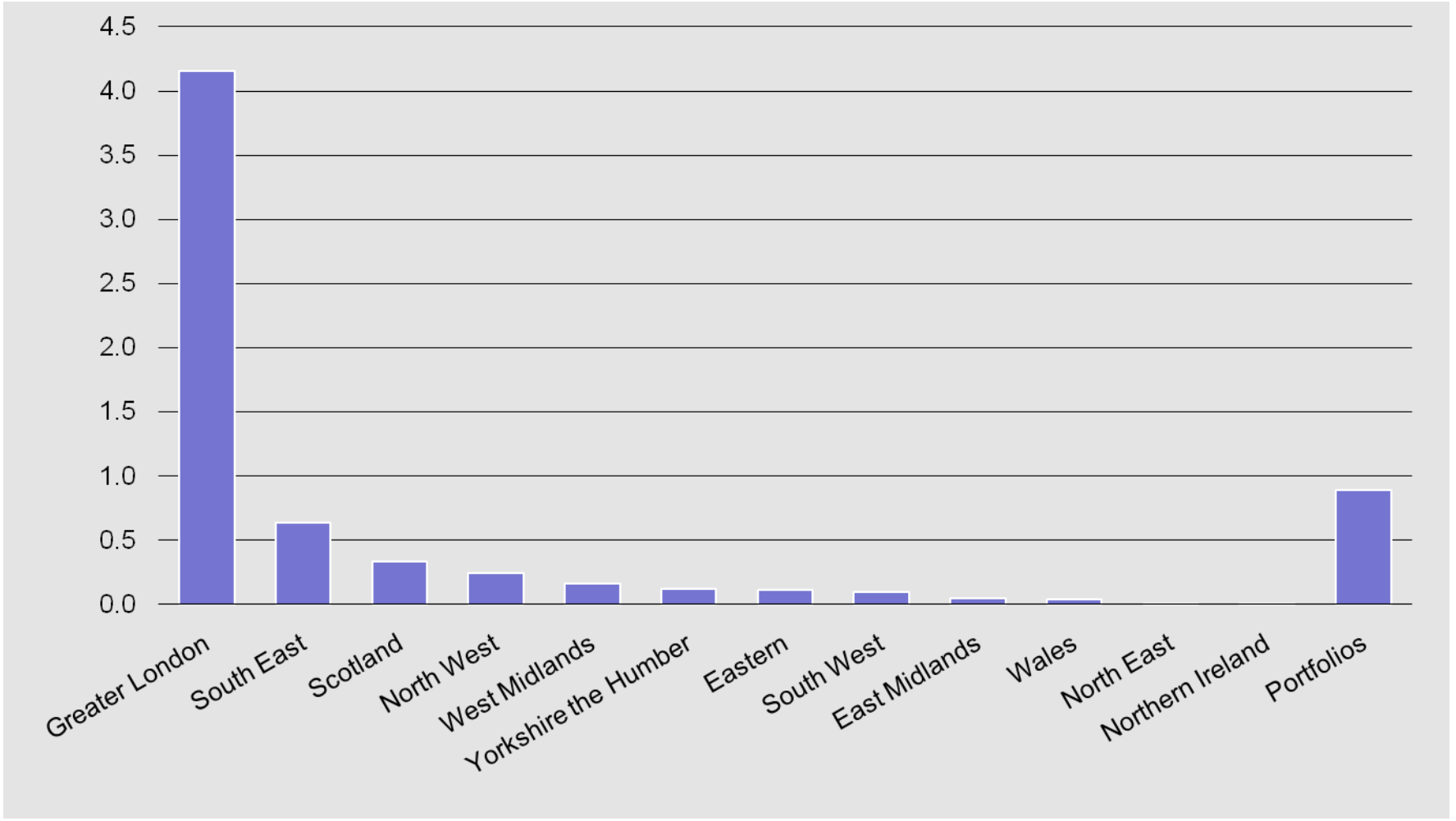


Source: Oxford Economics

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61% of quarterly investment in London…

Quarterly investment volumes by region (£bn)

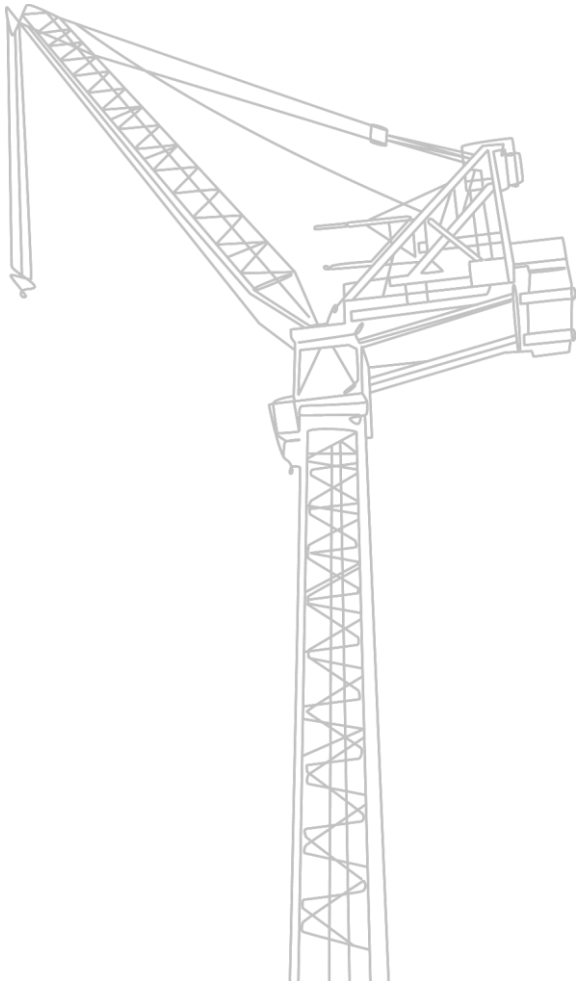


Source: LSH Research

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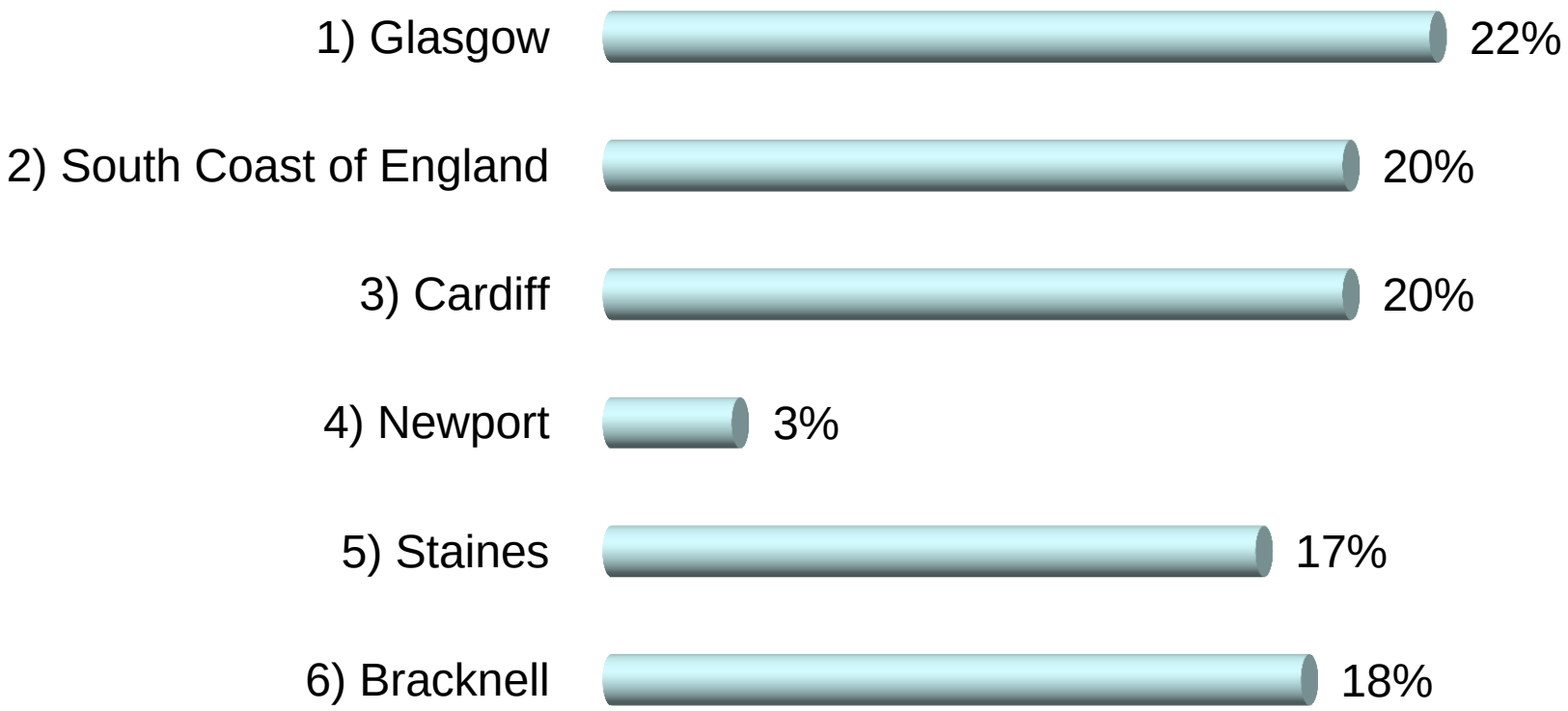
Development in the regions

- Supply outweighs demand
- Shortage of grade A stock
- Refurbish secondary stock?
- Build now or miss out?



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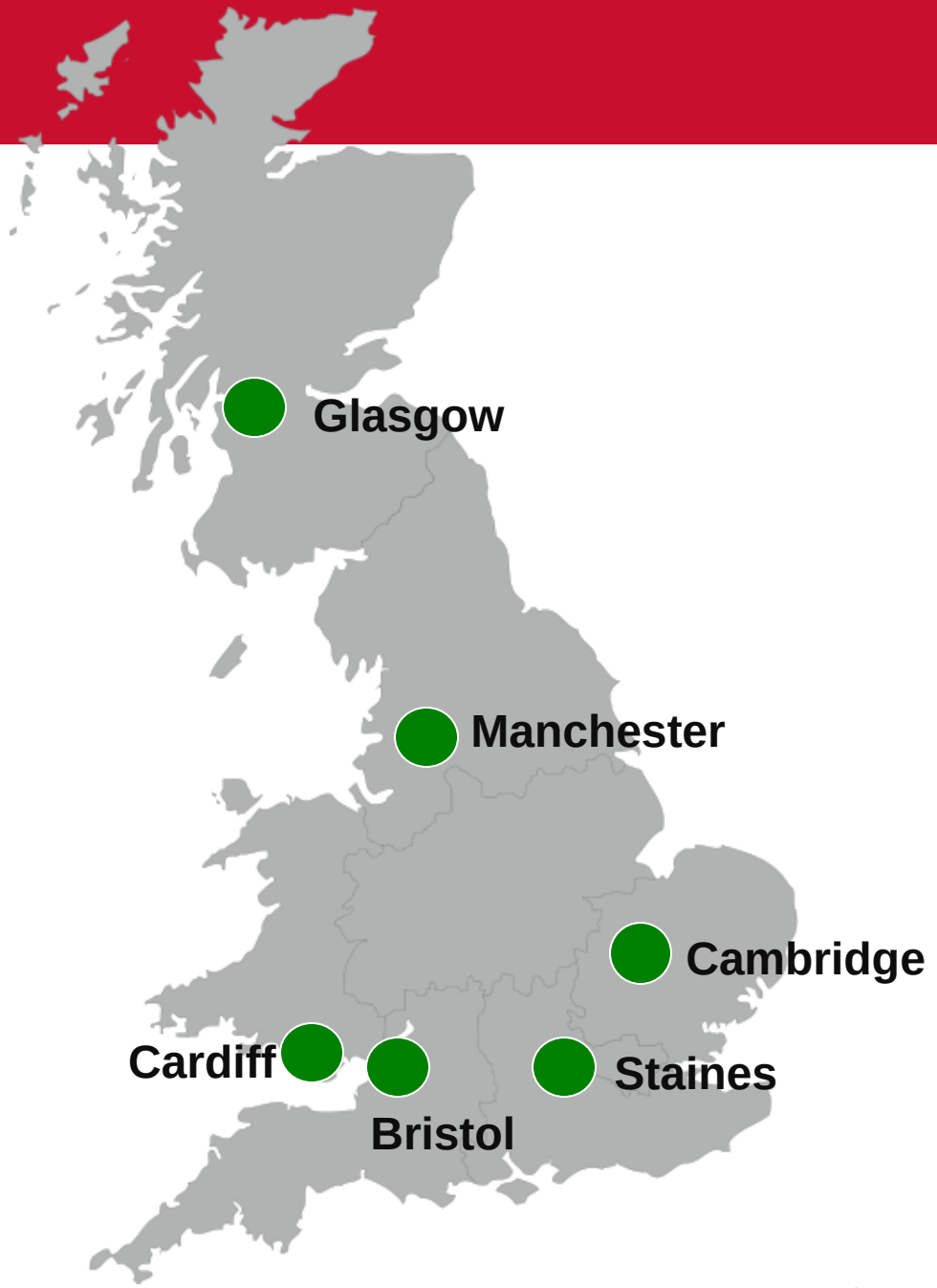
Question
Of the following locations which have been identified as having high development potential?



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Time to build?

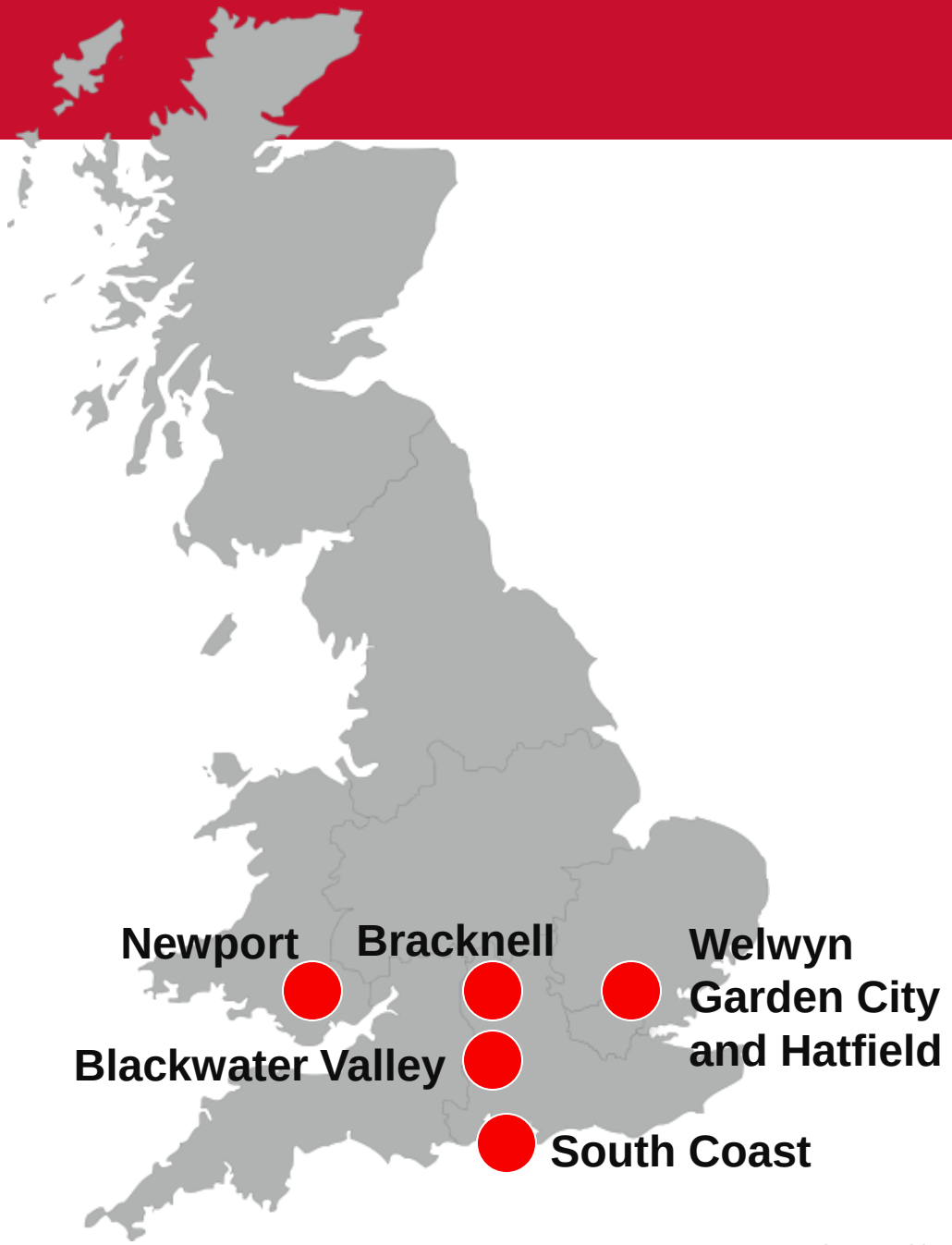
- **High Development Potential**



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Time to build?

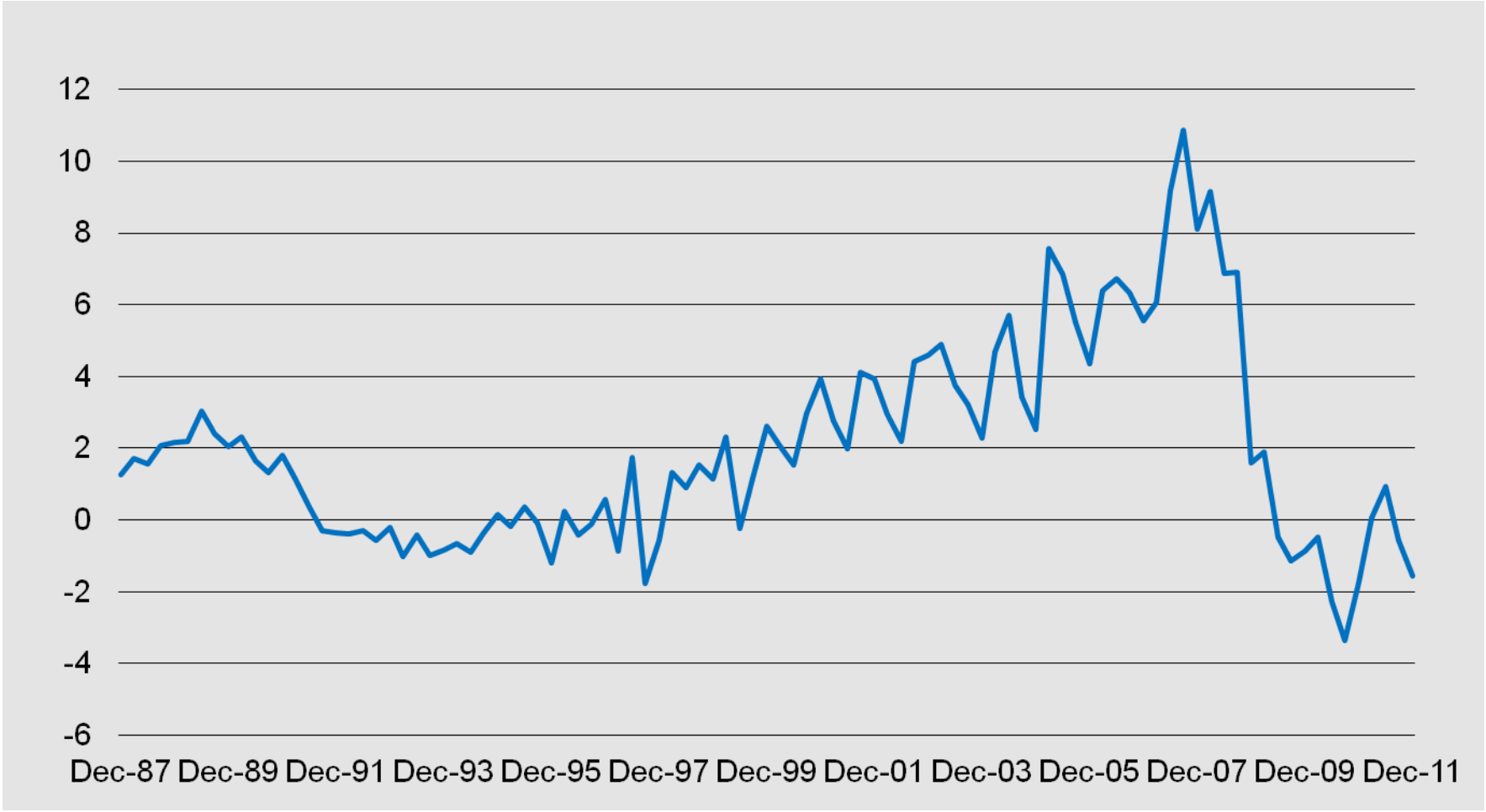
- **Low Development Potential**



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Accessing debt remains a problem

Net new lending to commercial property (£bn)



Source: Bank of England

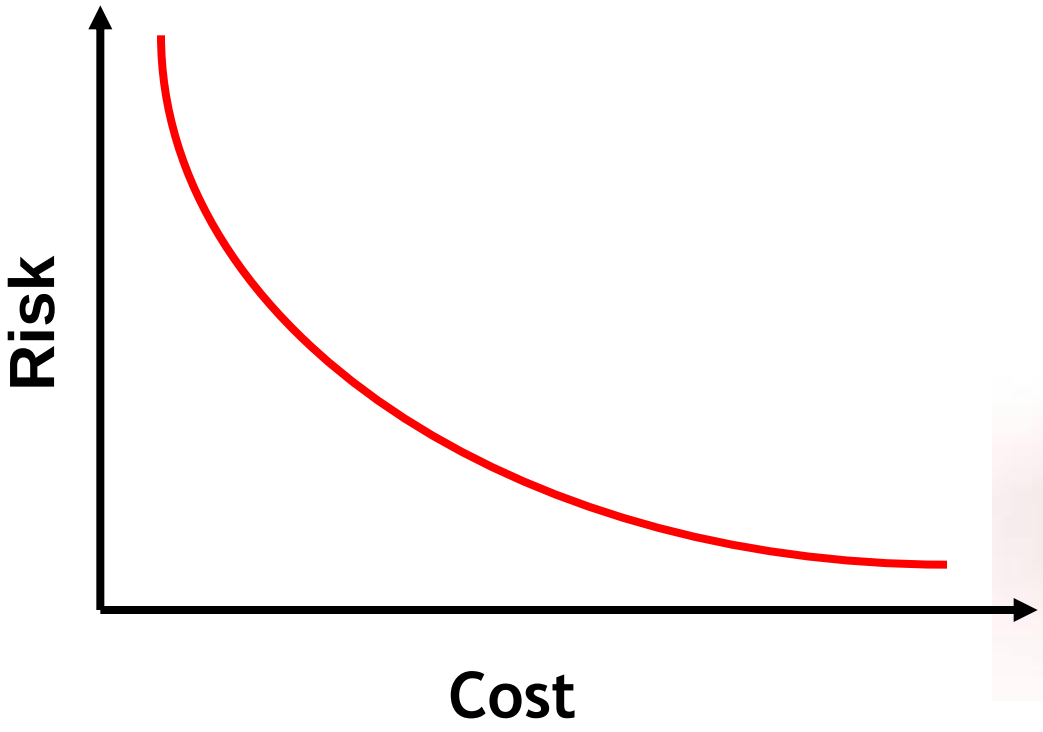
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Current Issues

- EPCs
  - Legal Requirement for marketing
  - Proposed legislation for 2017 for F/G rated Property
- Empty Property Rates
  - Major cost of holding vacant property
- High Court Decision - Raithatha v Williamson
  - Raises questions over pension funds being ring fenced

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Risks of holding property





Elderly woman injured by falling masonry



An elderly woman suffered head injuries after a piece of masonry fell from a bank building in Angus.

Man dies after being impaled on window glass after street row



A man died when he was impaled on a large shard of glass after falling through Banana Republic's shop window in a street row in the West End of London.

Identifying the Risks

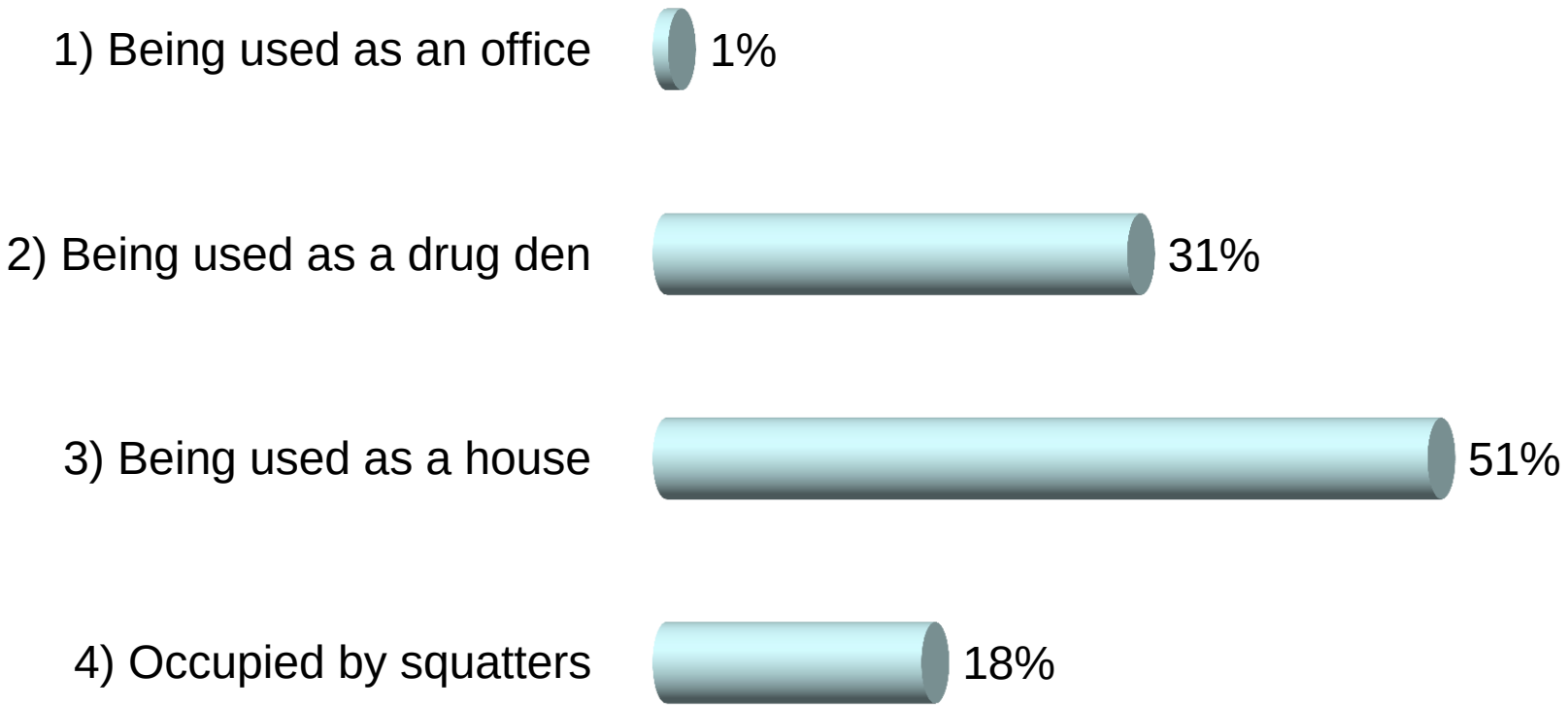
- Knowledge gaps
- Vacant Property
- Insurance
- Financial



A Question of SIPP – What Happened Next



Question
29 Acacia Avenue upon inspection what happened next, the property was:



© 2011 Lambert Smith Hampton.

A Question of SIPP – What Happened Next

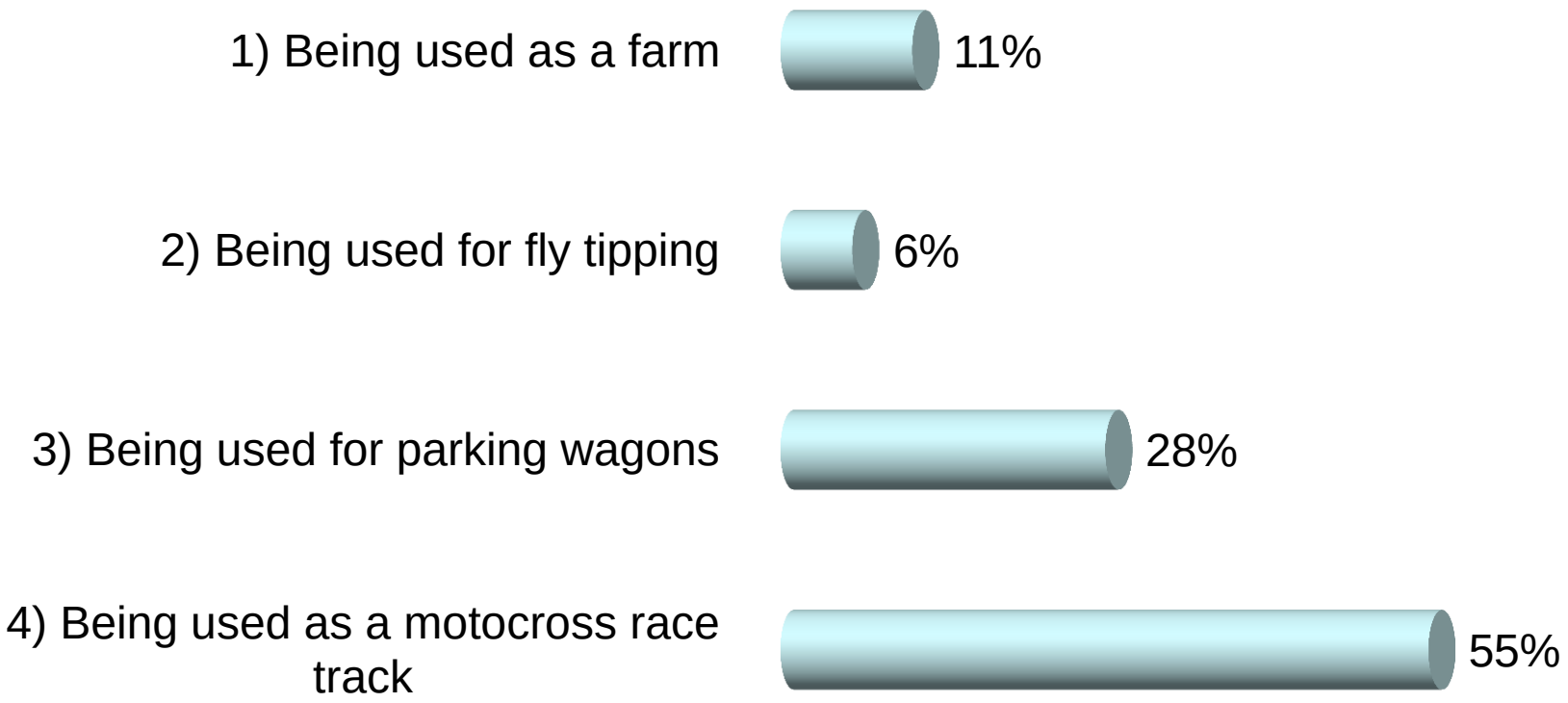


A Question of SIPP – What Happened Next



Question

Greendale Farm upon inspection what happened next, the fields were:



© 2011 Lambert Smith Hampton.

A Question of SIPP – What Happened Next



A Question of SIPP – No question!



Plate 1 **Before - Diesel tank with generator to the rear at the time of the first inspection on 18.11.2009 showing containers containing diesel**

Evaluating the Risks - Tenanted

- In the majority of cases, a tenant will be in place in the property. The tenant is responsible for complying with relevant legislation and the covenants in their lease.

- Who negotiated the terms of that lease, and in whose interest?

If you leave it until the end of the lease, it assumes that you can find the tenant and they remain solvent.



Evaluating the Risks – Vacant Property

- The owner of commercial properties held in SIPP's is the relevant Company and Trustee not the beneficiary

- Where a property becomes wholly or partly vacant, or is let to more than one tenant, the **property owner/ duty holder** will have legal and regulatory responsibilities.

Evaluating the Risks – Vacant Property



- **Health & Safety**
- **Vandalism / Theft**
- **Insurers Requirements**
- **Freezing / Flood**
- **Utilities**

Evaluating the Risks - Insurance



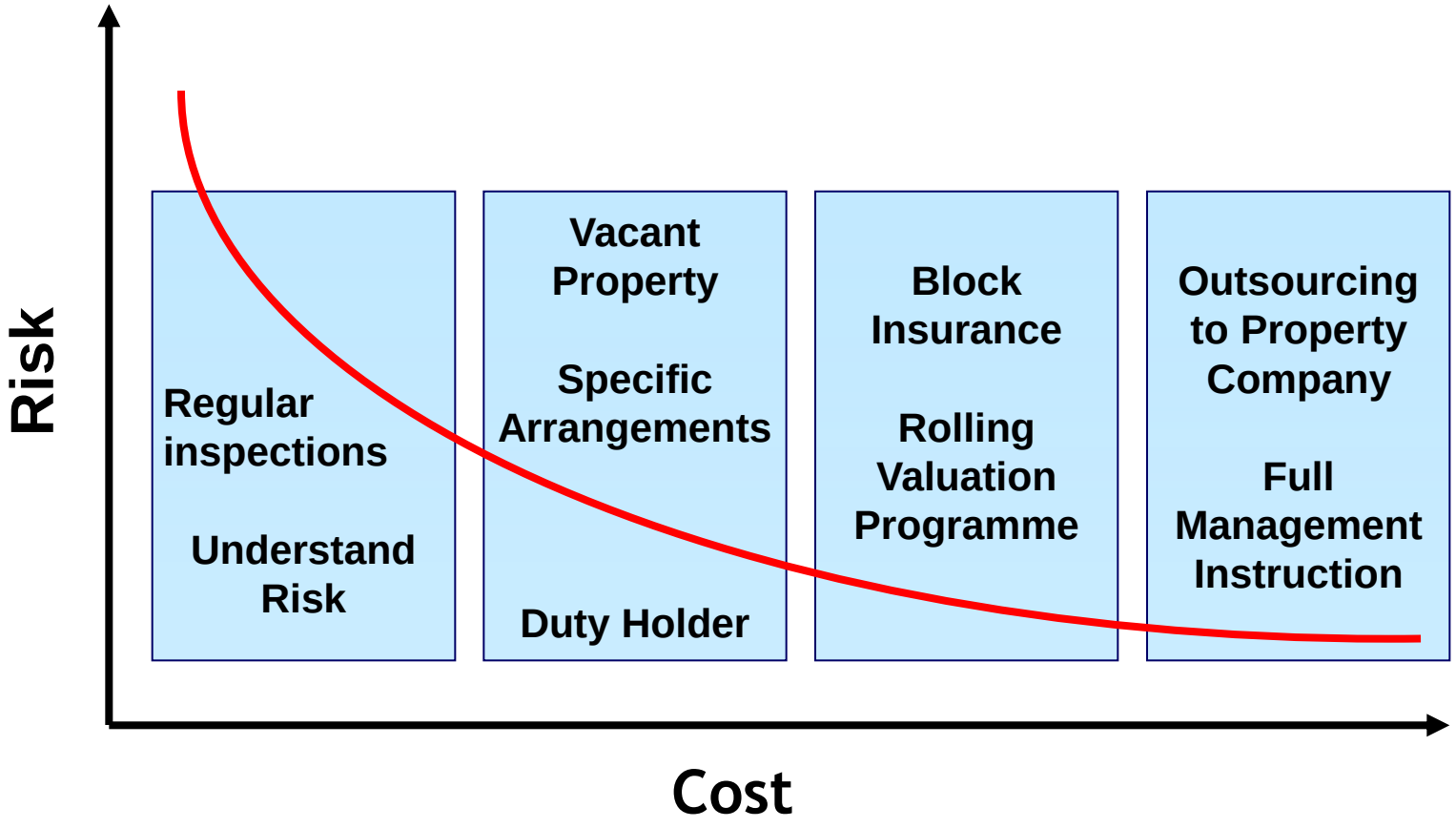
- **Block Policy – Knowledge**
- **Wider Cover**
- **Efficiency**
- **Commission**

Evaluating the Risks - Financial



- **Cost of Holding Vacant Property**
- **HMRC**
- **Pension Specialists to do Property work**

In Conclusion



LSH services to your sector

- **Data capture**
- **Financial management**
  - Rent and charges administration and debt monitoring / recovery
  - Annual returns for HMRC reporting
- **Valuation services**
  - Regular desk top assessments
  - Call off full Red Book Valuations
  - Event management / negotiation
- **Disposals Management**
  - Private treaty / Auction services
- **Dedicated team**
  - Understand particular issues around SIPPS property holdings
- **Scaleable delivery AND pricing structures**



www.lsh.co.uk

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Unregulated Investments – an advisors viewpoint

Tim Atkin

Business Consultant

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Tim Atkin
Business Consultant to IFA's and Accountants
20 years in industry
'Middle Man' (put useful parties together)

- FSA regulated 'retail' investment funds
- Regulated Offshore funds (although not by FSA of course)
- Non-Regulated Investments
- Unregulated Collective Investment Funds
- Outside of pensions: Tax Reduction and Business Planning & Compliance Consultation

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An IFA's responsibility for Alternative Investments

What should a SIPP Provider expect to see and what should they do ?

10

Do you think UCIS investments are:

1) Generally legitimate with some bad eggs



2) Generally bad eggs with some legitimate ones



Why would IFA's consider using 'Alternatives' under a SIPP ?

- Diversified to majority of portfolio
- Non-correlated to majority of portfolio
- Asset-backed, tangible assets for security
- Differing income/growth (or both) to 'vanilla' behaviour
- Tax beneficial (may not need Trustee re-claims)
- Ethical/Green
- Investment style i.e. Academic/Boutique
- After all, using a SIPP for wider investment ability

Retail Distribution Review

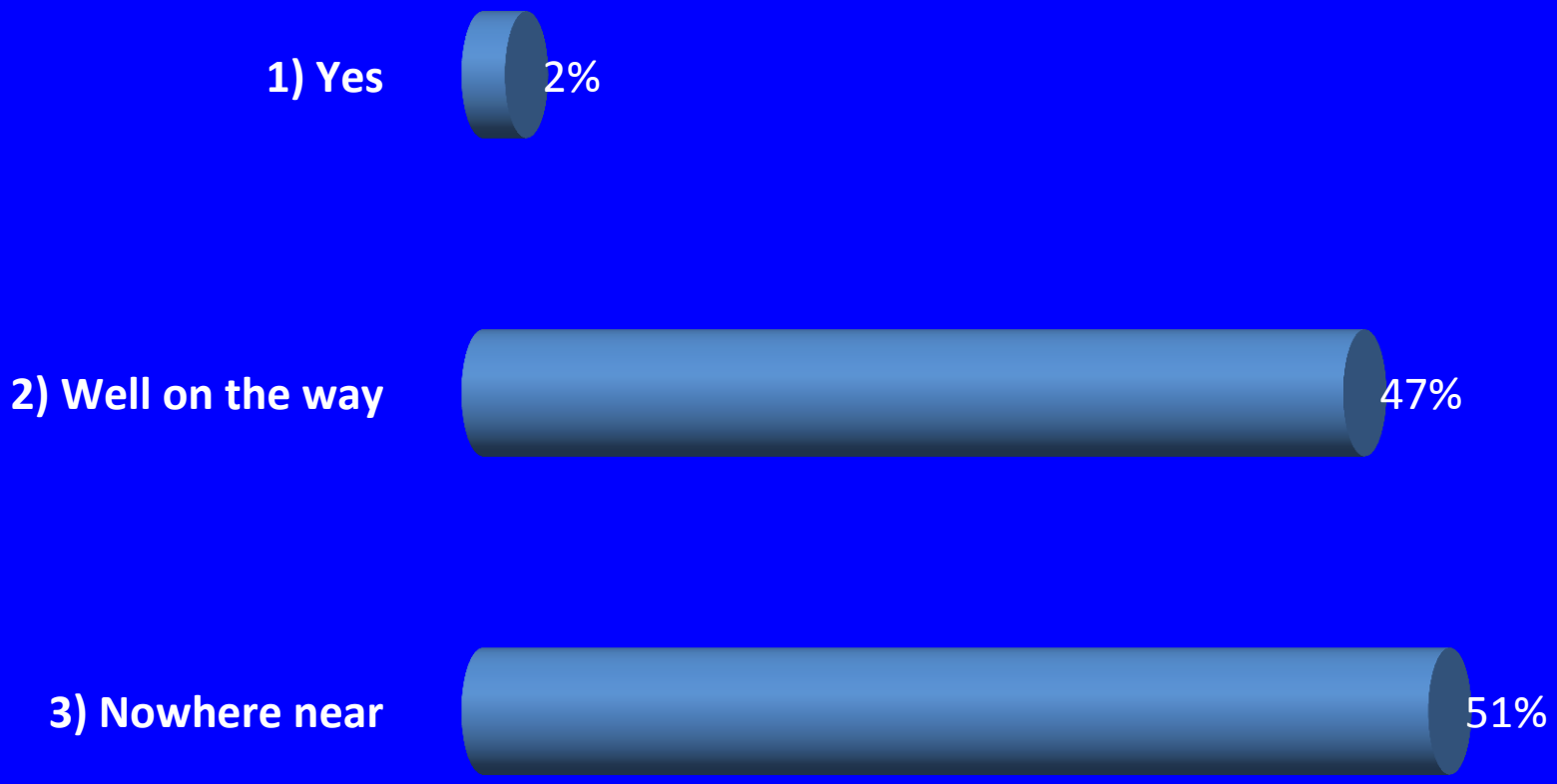
Whole of Market ? Restricted Advice ?

RDR
COMPLIANT



10

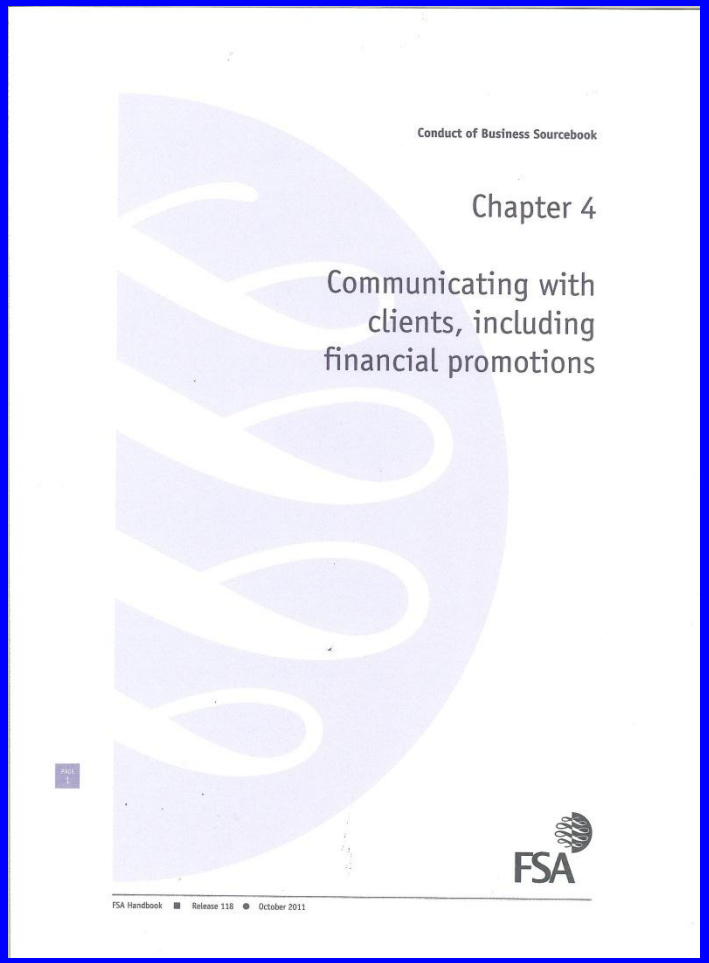
Question) Who thinks IFA's are ready?



IFA's who will be 'Whole of Market', their 'Alternative use' may well rise so be prepared !

Critical they assess and explain better and more thoroughly:

- Client 'type' (retail or 'sophisticated')
- Attitude to risk vs. reward
- Attitude to compliance risk
- Fully explain FSCS



If IFA wants to use 'Alternatives' within the SIPP….

- Ascertain type of investment(s) required and research (see me, already have in-depth info)
- They're sensible to ask their SIPP provider 1st if they accept once they done internal DD, perhaps even before that…
- Find out any extra requirements
- IFA's use me as I am not biased like a Company Rep would be, I've already undergone extreme DD before allowing in my briefcase

Why would you talk to me ?
Pre-Authorise certain funds!

- Already done intense DD, extra level of security
- Non-biased, independent
- Many small funds don't have a Sales Force so you may never hear of them
- I can help you ensure YOU comply with FSA
- I will happily talk to your IFA's for you
- NOTE: If the clients are not appropriate, they shouldn't have ANYTHING 'non-retail'

Are all Unregulated or Non-regulated investments unsafe ?

From the ‘retail’ world:

- Arch Cru
- Key Data
- New Star
- Aberdeen Property
- HSBC Indian Equity

Regulated means ‘regulated’, it doesn’t mean good or safe, you need to do DD !

Due Diligence
"If it looks like it might fall over, it will probably fall over....."

- Basic Info
- Fund Management Team
- Investment Process
- Risk Management
- Performance and Outlook
- Some investments the FSA currently don't regulate, that doesn't make them an unsafe opportunity, assess the opportunity on merit

How can I help you ?

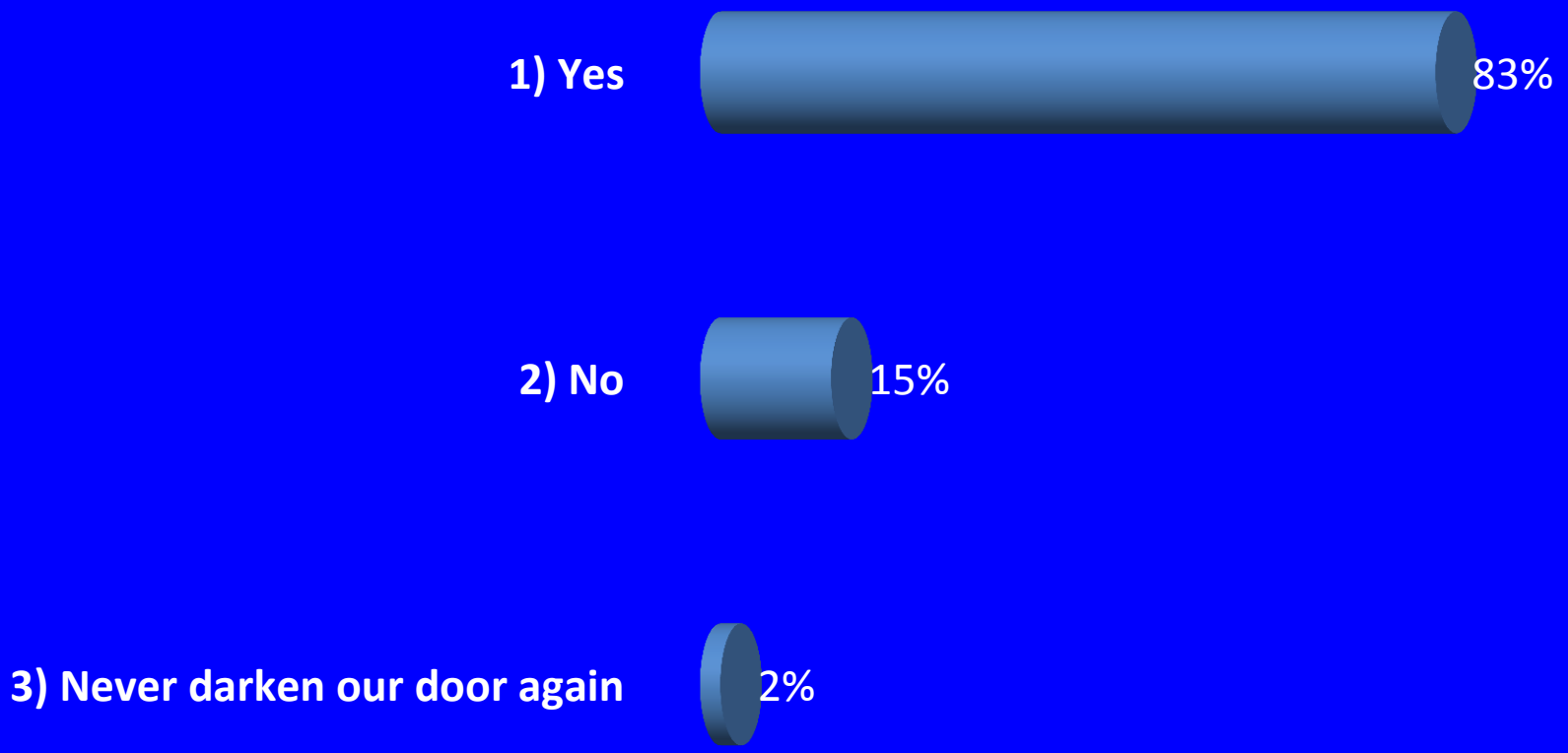
"IFA's have no business using non or un-regulated with retail clients"

However, for the correct clients you may need to consider protecting yourselves better:

- Help you with compliance between you, the FSA and IFA
- Help you beef up robust procedures to use
- Help you by pre-authorising certain investments
- Help you by talking with your IFA's

10

Question) Have you found it useful?




TIME FOR QUESTIONS

How to contact me:
Tim Atkin (Business Consultant)



- 07973 967599
- tim.atkin@hotmail.co.uk
- 0113 2532794







- @InvestAlternate



Linked in



- timatkin1965

- Tim_Atkin

ACTIONVOIP
for the cheapest international calls

Please come and meet me during any point of the day !

Happy to pick up individually

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Dealing with HMRC audits of investments

Rob Smith & Aileen Barry
DLA Piper

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

DLA PIPER

EVERYTHING MATTERS

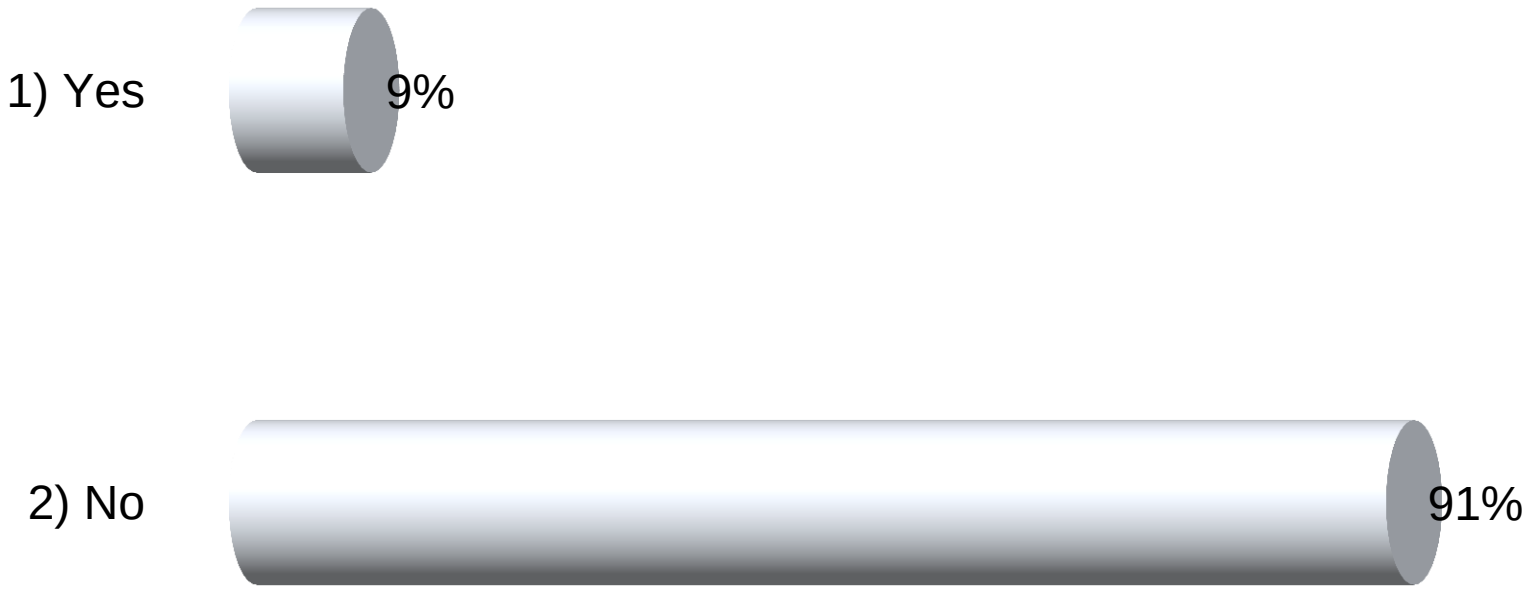
Where are HMRC going next?

Aileen Barry / Rob Smith
DLA Piper UK LLP
15 May 2012

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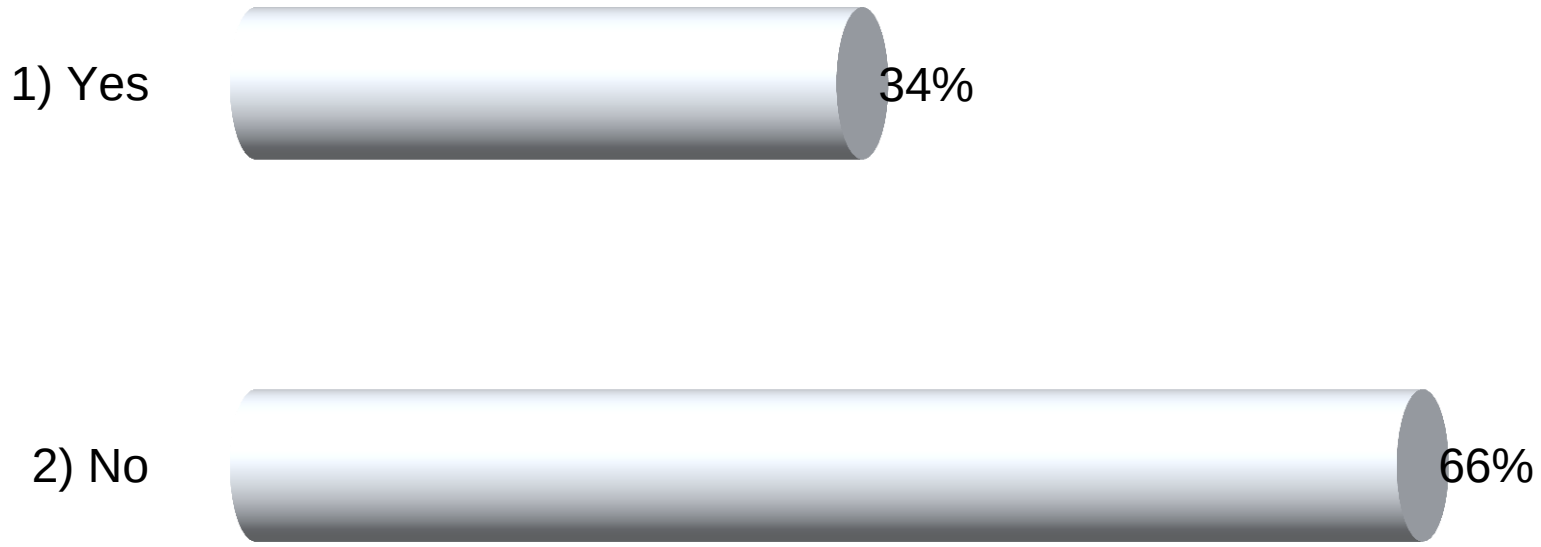
Question

Who has recieved a pension review from HMRC in the last 12 months?



Question

Who has received a pension review questionnaire from HMRC in the last 12 months?



HMRC's new approach

HMRC will be:

- Issuing a risk-assessment questionnaire to pension schemes
- Using the questionnaire to structure their review
- Considering the whole life of the pension:
  - Investments
  - Contributions
  - Benefits / withdrawals

HMRC's new penalty provisions

Error Type	No Disclosure	Prompted Disclosure in response to questionnaire	Unprompted Disclosure
Careless	30%	15%	0%
Deliberate but not concealed	70%	35%	20%
Deliberate and Concealed	100%	50%	30%

Time of Disclosure				
Before Questionnaire	Questionnaire Issued	Response	Review	Report and Penalty
Unprompted Disclosure	Prompted Disclosure			No Disclosure
Penalty Threshold				

Investments

HMRC have a number of concerns regarding investments, including those cases:

- which are difficult to value
- which can be difficult to sell to realise benefits
- where commissions are relatively large in relation to the fund size
- where investments are more esoteric – for example:
  - green energy
  - carbon credits

Indemnities

- HMRC have flagged concerns where scheme administrators are using indemnities signed by the member

- Would the FSA allow the indemnity to be enforced to cover a scheme sanction charge if the investment could never have been best advice?

The next areas of risk?

HMRC is also monitoring other areas. These could include:

- Annual allowance
- Fixed Protection
- Flexible drawdown

How to reassure HMRC

- Be seen to be proactive
- Make sure the member is fully advised of the consequences
- Retain copies of the advice given to the member
- Keep your internal policies under review
- Spot check staff understanding and record keeping
- If in any doubt, seek advice about making a disclosure

DLA PIPER

EVERYTHING MATTERS

Association of Member Directed Pension Schemes

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DLA Piper UK LLP

15 May 2012

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The risks and issues of holding physical gold

Declan Cosgrove & Thomas Paterson
GoldMadeSimple

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

79

Gold made simple

Holding Physical Gold in Pensions

Declan Cosgrove ACII - Managing Director
Tom Paterson – Chief Economist

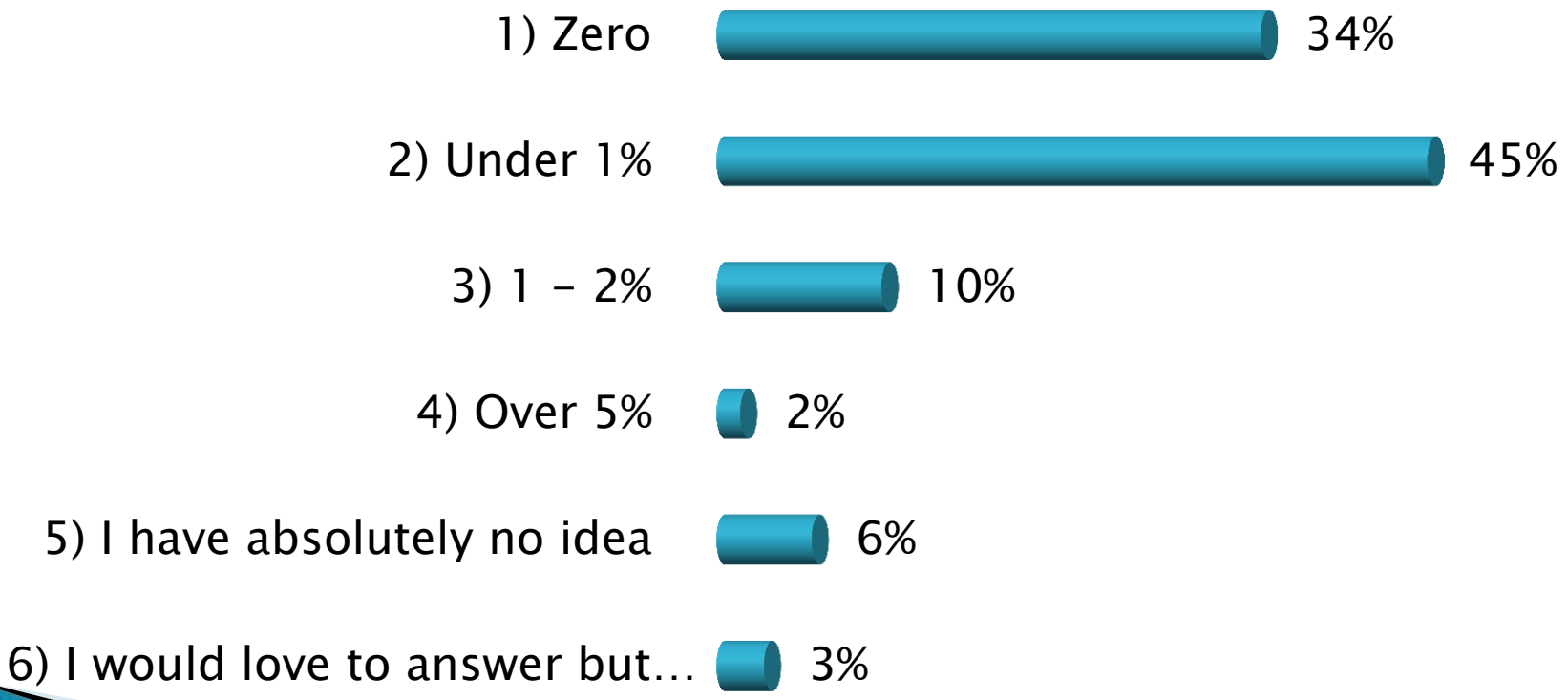
GoldMadeSimple.com Ltd

Physical Gold

- Why such interest in gold?
- Different types of gold
- Risks of physical vs ETFs / gold grams
- SIPP / SSAS controls
- Storage considerations and costs
- The buying process



Q) What percentage of investments handled by your organisation, are in gold?



What is the Queen doing?

- **Cazenove Capital Management is the stock broker to the Queen**
- **Robin Griffiths Private Wealth Strategist**
  has 44 years investment experience
- **He is regarded as one of the best technical analysts in the world**

“Not owning gold is a form of insanity”

R.Griffiths - Cazenove



Not owning gold and your mental health



Robin Griffiths' ultimate target for gold?

> *If you adjust the old all-time high in gold...if you use the RPI, you come up with a figure near **$8,500 as the genuine price for gold**, the old all-time high adjusted for inflation. I think we have to own it. Obviously it won't go there in a straight line, it gets a little overbought and has setbacks...*



R.Griffiths July 27th 2011

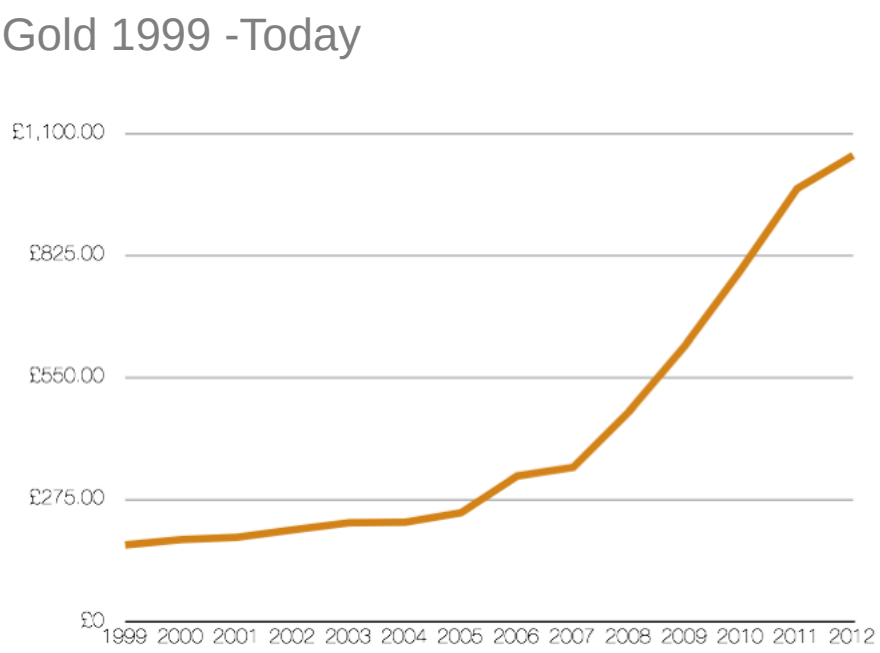
PIMCO and gold

- **PIMCO are the largest private investors of bond on the planet**
- **PIMCO has $1.4 TRILLION assets under management**
- **In March 2012 Gross said the following after being asked about if investors should buy gold:**

"I think so [buy gold], but in terms of what percentage you should own I think that's delicate in terms of risk for each individual portfolio. But I think that it has a place [buying gold] in a mildly inflation world… then gold has a protective insurance element that every investor should at least look towards."

PIMCO

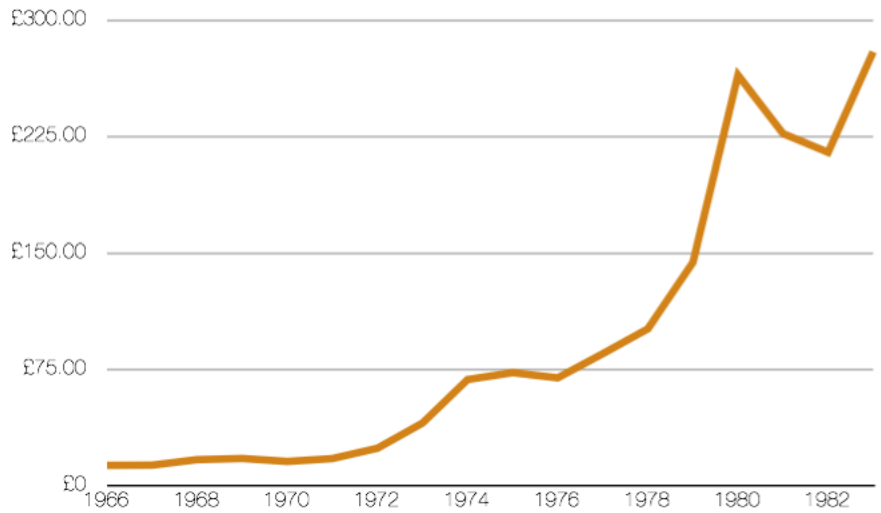
1999-Today Gold Bull Market



- Bull Market 13 years
- Price in 1999 around £170
- Price today around £1000
- That's an increase of approx 600%
- Gold has increased on average around 17% each and every year of the bull market

1966-1983 Gold Bull Market

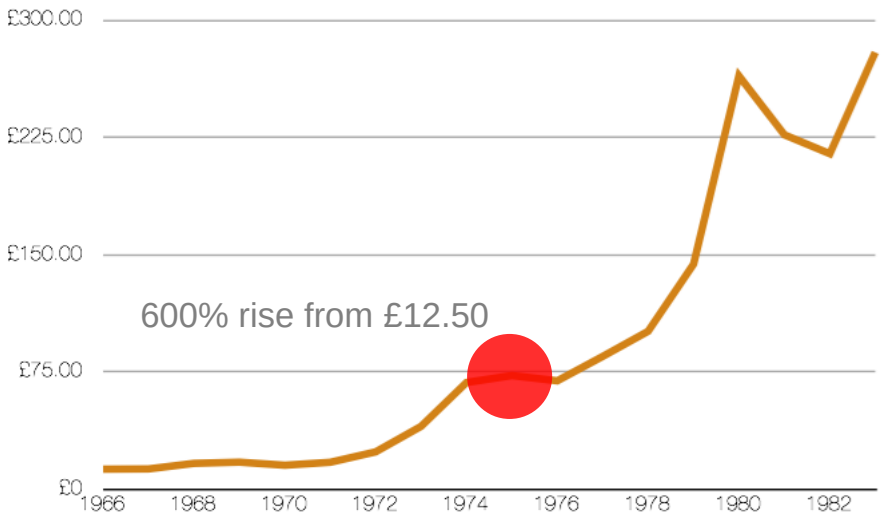
Gold 1966 -1983



- Bull Market lasted 17 years
- Price went from £12.5 to £280
- That's an increase of 2250%

Comparing the % rise of both bull markets

Gold 1966 -1983



- In terms of % rise, the red dot is where the current bull market is compared to the ’66-’83 vintage
- Factors underlying the bull market are greater this time round (eg quantitative easing, sovereign debt, banking crisis)
- Current bull market expected to at least match if not betters the previous gold bull run

Gold vs Cash

- Since 1900 sterling's buying power has decreased by 98.5%
  Gold has risen 27,400%
  (House of Commons Report)
- Since 2001 sterling's buying power has decreased by over 20%
  Gold has risen over 300%



Different types of gold

- **Three types**
  1. ‘Paper’ gold - ETFs, options, futures, mining shares, certificates ....
  2. Gold Grams
  3. Physical ‘segregated’ gold – coins & bars

- **Pension Approved Physical Gold**

  Gold bullion LBMA bars in storage

  - ETFs
  - Gold Grams
  - Segregated gold in storage

- **Capital Gains Tax Free Gold**
  - Sovereign coins (after 1837)
  - Britannia coins



Risks of Physical vs ETF & Gold Grams



- **Highest Risk -** ETFs
  - Higher counterparty risk - value depends on viability of ETF provider
  - You are NOT buying physical gold - only exposure to the gold price
  - No access to or control over physical gold
- **Medium Risk -** Gold Grams
  - Medium counterparty risk - value is affected by viability of GG provider
  - No access to or control over physical gold
  - Restricted to selling gold back via the GG provider
- **Lowest Risk -** Segregated Gold
  - No counterparty risk - directly own individual bars
  - Absolute control over physical gold & storage provider
  - Able to sell gold to anyone

Risks of ETFs

- **Insolvency / Insurance / Access to the investment**

1. *"Gold ... will **not be segregated** from the Custodian's assets. If the Custodian becomes insolvent, its **assets may not be adequate to satisfy a claim** by the Trust or any Authorized Participant. In addition..... there may be a delay and costs incurred in identifying the gold ...."*
   (GLD prospectus)

2. *"The Custodian **may not maintain adequate insurance or any insurance** with respect to the gold held by the Custodian on behalf of the Trust. Consequently, **a loss may be suffered** with respect to the Trust's gold which is not covered by insurance and **for which no person is liable** in damages."*
   (GLD prospectus)



Pension funds buying segregated gold

- The University of Texas Investment Management Co
- Second-largest U.S. academic endowment fund
- Fund worth $20bn
- In 2011 bought £1bn in physical, delivered gold. **NOT ETFs**

SIPP / SSAS Controls

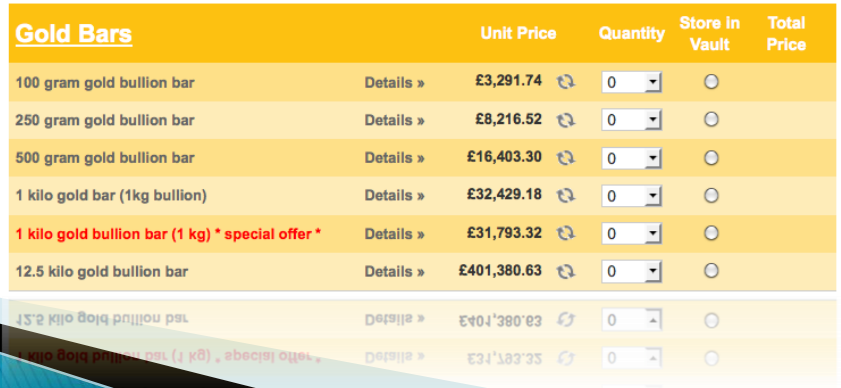
- ‘Investment’ approved gold (not silver or coins)
- LBMA Storage (not delivery)
- Funds only returned to the approved bank account
- Approved administrator access
- Full record of transactions

Storage Considerations and Costs

- LBMA approved storage (only 5 in UK)
- Via Mat - Europe's largest independent bullion vault
- Central bank level security
- Independent of bullion merchant or banks
- Storage & ins. costs 0.36% gold value p.a. (ETF typically 0.4%)
- Gold purchase costs approx. 1 to 2% (similar to ETFs)

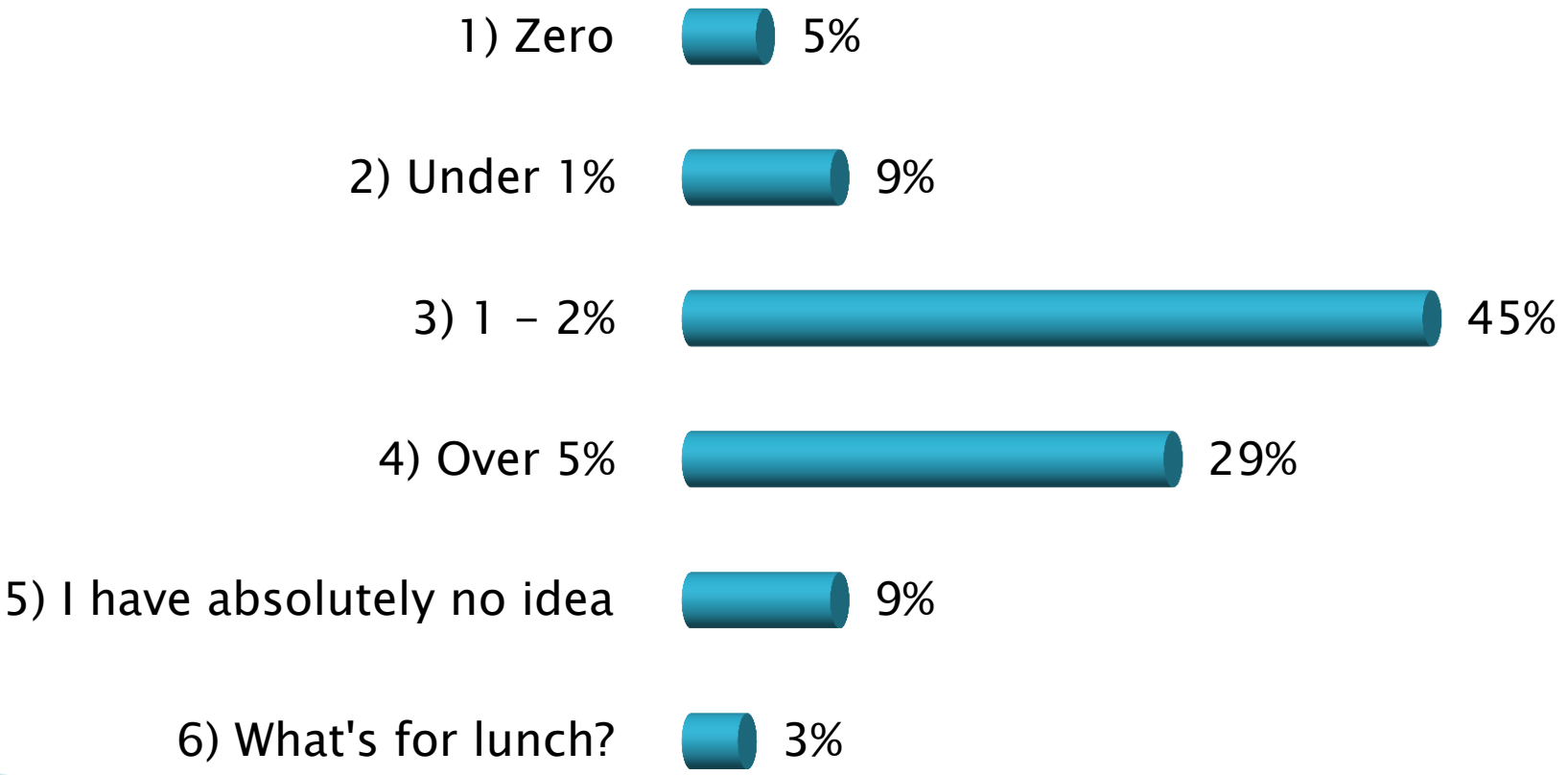
The Buying Process

1. **Sign Trustee Form** - authorises administrator and bank account
2. **Register Account online** - view live prices and account details
3. **Prefund account** - bank transfer
4. **Place order online** - order and bar serial numbers confirmed
5. **Sell Gold** - view live sell prices / request funds withdrawal



Gold Bars		Unit Price	Quantity	Store in Vault	Total Price
100 gram gold bullion bar	Details »	£3,291.74	0		
250 gram gold bullion bar	Details »	£8,216.52	0		
500 gram gold bullion bar	Details »	£16,403.30	0		
1 kilo gold bar (1kg bullion)	Details »	£32,429.18	0		
1 kilo gold bullion bar (1 kg) * special offer *	Details »	£31,793.32	0		
12.5 kilo gold bullion bar	Details »	£401,380.63	0		

Q) What percentage of investments do you think SHOULD be invested in gold?



More Resources

- **Info on gold**: www.gold.org
- **ETF Risk Report**: email declan@GoldMadeSimple.com
- **Live gold prices**: www.goldmadesimple.com
- **Analysis and forecasts**: www.GoldMadeSimpleNews.com
- **Trustee Form:** www.goldmadesimple.com/gold-sipp-pension
- **CGT exempt info:** www.hmrc.gov.uk/manuals/cgmanual/cg78308.htm **and** www.hmrc.gov.uk/manuals/cgmanual/CG12602.htm

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GBST

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Pendragon

COFFEE BREAK

SERVED IN GREAT WESTERN 2 & FOYER AREA

RBS
The Royal Bank of Scotland

LLOYDS BANK

ORIGO
Options Transfers

Cater Allen
PRIVATE BANK

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

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Origo Services

Michael Roe
Origo

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Speeding Up Pension and Asset Transfers

AMPS Annual Conference

Michael Roe, Development Manager

Origo Services

15th May 2012

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ORIGO

ORIGO SERVICES
An Introduction

- Operated as a non-profit organisation - the shareholders are Providers / Platforms

- Edinburgh-based, UK wide operation, c40 FTE staff

- Origo is the eCommerce standards and services body for the financial services industry:
  - To enable eBusiness and to address cost and efficiency issues through the delivery of common standards, services and best practices
  - To foster collaboration on issues that cannot be addressed in isolation by any one party
  - To develop or jointly procure services
  - To co-ordinate and communicate with Government, Regulators, trade bodies etc

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ORIGO
Standards & Services

- Origo Standards are the de facto industry messaging standard used in the UK to implement STP between Financial Adviser systems (e.g. Customer Management System, Point of Sale, Portals, Financial Planning Tools) and Provider / Platform systems

- Origo Services
  - **Unipass** - 29,000 authenticated digital certificate users whose credentials are checked by relying parties
  - **Unipass Securemail** - 46,000 encrypted email users
  - **Data Matching -** Mortality Screening, Tracing and AML (Anti-Money Laundering) - Mortality screening processes over 2m records per quarter against data sets of 28m records
  - **Agency Services**
  - **Adviserwise**
  - **Options Transfers Service**…

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Transfers

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TRANSFERS
The Challenges

- Research showed (AEGON, L&G and Prudential in 2008) that when a customer exercised their Open Market Option (OMO) for annuities the average Pension-to-Annuity transfer time was 51 calendar days
- Pension-to-Pension transfers to consolidate existing pots were measured at 35 calendar days
- The DWP has been consulting on the proliferation of "Small Pots" with auto enrolment adding to the long-term problem
- The problems with re-registration are very similar to those experienced with cash transfers:
  - The customer / adviser detriment – a major TCF issue
  - The operational inefficiencies and risks for Platforms and Providers

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TRANSFERS
The Industry / Regulator Response

- Origo's Options Transfers service was launched in December 2008, originally to speed up OMO transfers (it now also supports pension-to-pension and drawdown transfers). Origo worked with Providers and the ABI to encourage participation

- The TISA Re-registration Initiative has addressed ISA / GIAs:
  - Adopted the ISO 20022 messaging standard interoperability
  - Recommended SWIFT as a message carrier
  - Defined an 11 day SLA for ISA / GIA re-registration
  - Created a Contract Club – TeX

  …the messaging and SLAs do not yet support SIPPs

- Origo sat on the TISA Re-registration ExCo and introduced TISA to the idea of a contract club

- Platforms and Providers now have an end-2012 regulatory deadline to support (efficient) Re-registration

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The Options Transfers Service

Overview

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OPTIONS TRANSFERS SERVICE
Overview

- The Options Transfers service is a Provider-to-Provider pension and investment transfer hub. It supports transfers of 'individual' DC pensions and re-registration / redemption of funds within SIPPs, ISAs, General Investment Accounts etc.

- Options is used by 29 providers for Pension Cash transfers including:
  - Mainstream Life & Pensions Providers, SIPP specialists, Annuity specialists, Platforms and Closed Book administrators

- Re-registration:
  - A number of Platforms and SIPP Providers have committed to Options
  - Origo is working with a quorum of SIPP Providers to go-live in Q3 / Q4

- Options has had significant media coverage and has won awards:
  - SFE "Innovation in Business Improvement" Award 2009
  - FST "Best Use of B2B eCommerce" Award 2010

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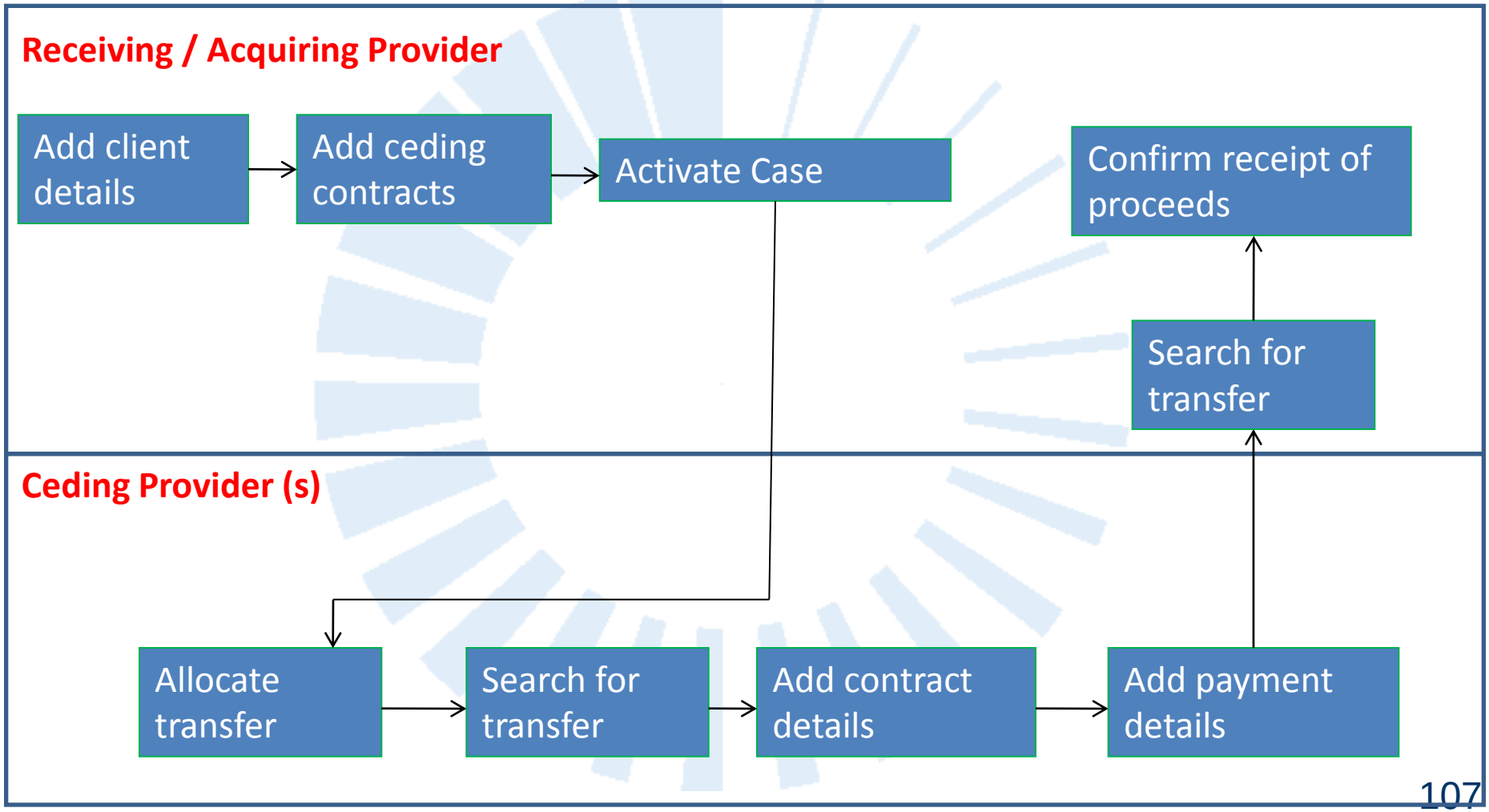

ORIGO
Options Transfers
The co-operative investments
nucleus
ReAssure
AXA WEALTH
redefining / standards
Canada Life
justretirement
Abbey Life
Legal & General
ST. JAMES'S PLACE
WEALTH MANAGEMENT
NFU Mutual
PRUDENTIAL
FriendsLife
partnership
AVIVA
LV=
AEGON
PHOENIX GROUP
Scottish Life
a division of Royal London
SUFFOLKLIFE
SCOTTISH WIDOWS
skandia
AJBell
Standard Life
AXA LIFE EUROPE
redefining / standards
c·funds
Fidelity
WORLDWIDE INVESTMENT
MetLife
mgmadvantage
HODGE
LIFETIME
Retirement solutions since 1965
ORIGO
Options Transfers

OPTIONS TRANSFERS SERVICE
Transfer Types and Products

- Pension Cash Transfers can be:
  - Pension-to-Annuity (P2A)
  - Pension-to-Pension (P2P) including Drawdown-to-Drawdown
- No constraints on pot size - ~ 25% of transfers are "small" pots of less than £10k
- Cash transfers of individual and occupational DC pension products: AVC, CIMP, COMP, EPP, GAVC, GPP, GSHP, GSIPP, Income Drawdown, IPP, Section 32, SHP, SIPP, SASS (since 2009)
- Re-registration of SIPPs and ISAs / General Investment Accounts
- Options supports complex SIPP re-registration
  - Assets include funds, shares, property, TIPs, DFMs, cash
  - Fund re-registration is supported by messaging

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OPTIONS TRANSFERS SERVICE
How do Cash Transfers Work?



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OPTIONS TRANSFERS SERVICE
Transfer Times and Volumes

- Pension-to-Annuity Transfers
  - Average completion time for Q4 2011 transfers (request of funds and data by Receiving Provider to receipt of funds) **was 9.8 calendar days (compared to 51 days prior to Options)**

- Pension-to-Pension Transfers
  - Average completion time for Q4 2011 transfers **was 8.3 calendar days (compared to 35 days prior to Options)**

- Note that approximately 3.5 of the 8-9 day transfer times is the BACS transfer

- Cash transfer volumes:
  - 32,501 transfers were activated in March 2012 (15,694 in March 2011)
  - P2A volumes increased by over 33% between Q4 2010 and Q4 2011 (The ABI's "Code of conduct on retirement choices" comes into effect 1st March 2013)
  - P2P volumes increased by over 58% over the same period

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OPTIONS TRANSFERS SERVICE
Benefits

- Options supports end-to-end process orchestration, case tracking, SLA management, MI, audit trail etc.

- The pension cash transfer business process has also been re-engineered:

  - A single application form containing a "Common Declaration" has dispensed with the need for Discharge Forms and LTA forms

  - BACS Transfers use the Receiving Provider policy no. so that funds can be accurately and quickly allocated (and not lost in suspense accounts)

  - Paper, fax and telephone have been replaced so that all tracking and chasing is conducted through Options

  - These improvements have delivered significant operational efficiencies, reduced complaints, improved control and risk management and driven down transfer times

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OPTIONS TRANSFERS SERVICE
Options Integration (STP)

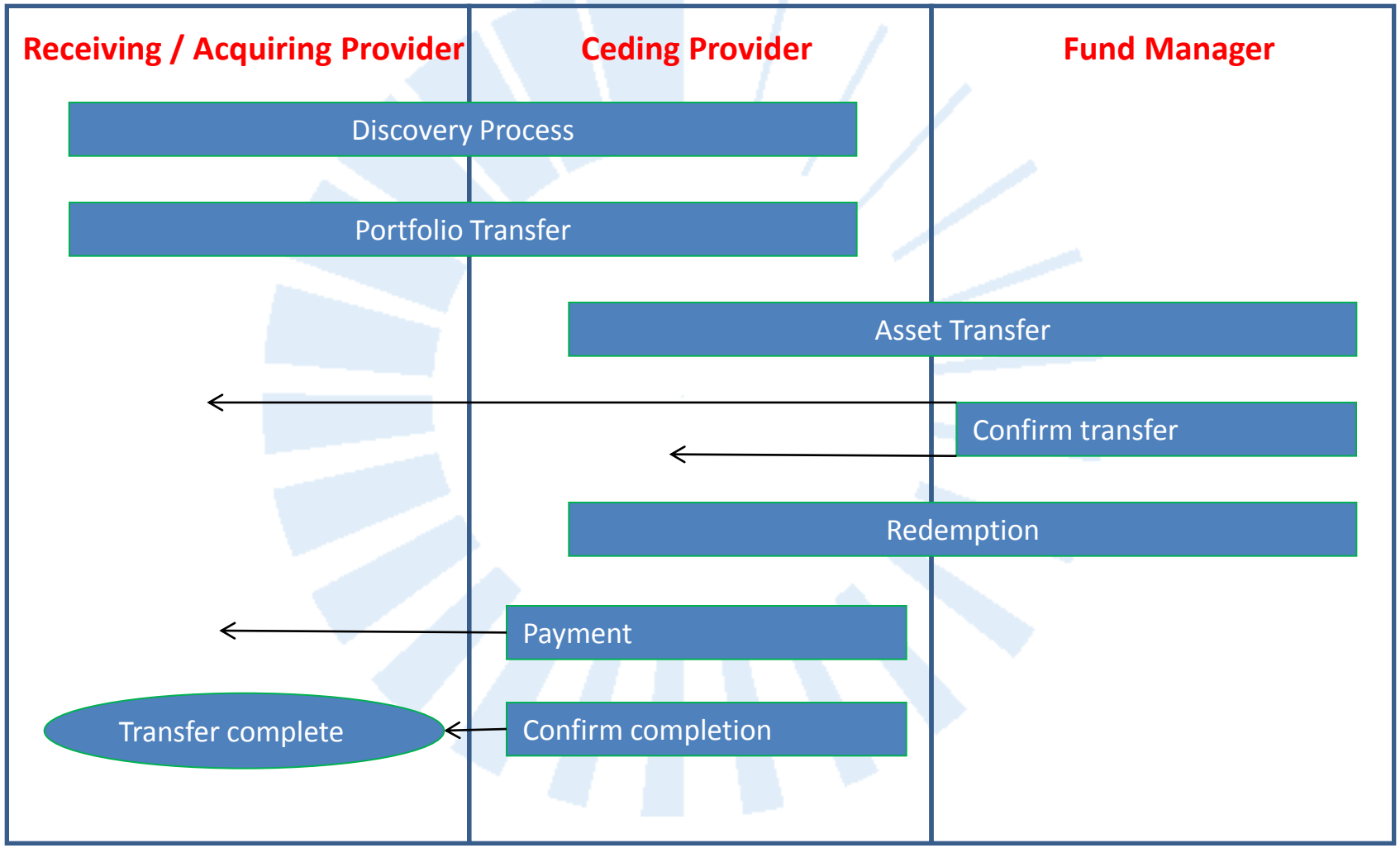
- Customers currently use Options in "standalone" mode:
  - Providers key data into the Options User Interface and also into their admin systems
  - The transfer times of 8-10 calendar days are based on standalone usage. Whilst same-day transfers have been achieved (CHAPS), Options Integration will enable Providers to further reduce transfer times

- Options Integration supports STP between Provider Administration systems and Options
  - There are integration points to replace each point of data entry in the cash transfer and re-registration processes (implemented using secure XML Web Services)

- Origo provides the integration specifications for your IT people to implement. Customers can integrate incrementally starting with a "standalone" hub and evolving to full STP, as and when IT resources are available

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OPTIONS TRANSFERS SERVICE
How does Re-registration Work?



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OPTIONS TRANSFERS SERVICE
Options Re-registration

- Options supports the end-to-end process between Receiving and Ceding Providers and Transfer Agents /Fund Managers and complex SIPP re-registration:
  - Different asset types: funds, shares, property, TIPs, DFMs, cash...
  - Transfers between Options customers do not require any messaging
- You have to be an Options customer to exchange this level of information:
  - The current ISO 20022 standard is designed for ISAs and doesn't support SIPP wrappers or asset types other than funds so there is no basis for interoperability. The ISO group has initiated a workstream to look at Pensions standards but timescales are unclear
  - Origo can use the ISO messages for fund transfers (STFs) which can be transmitted over Origo's SWIFT or over the Internet
- SIPP Providers will be encouraged to join TeX so that they can interoperate with Fund Managers. However a separate SLA regime needs to be agreed for SIPPs

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OPTIONS TRANSFERS SERVICE
How to get started

- A number of SIPP Providers are already using Options for cash transfers. Customers can be up and running within days
- Origo is talking to a number of SIPP Providers about adding re-registration capability together in Q3 / Q4
- Origo recommends that SIPP Providers start with Provider-to-Provider re-registration via the User Interface:
  - Other Providers must be on Options – there is no interoperability
  - The interface with Fund Managers is still via Stock Transfer Forms
  - Providers will use the existing Options Legal Declarations
- Options Integration and messaging with Fund Managers can be added later (TeX dependency)

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OPTIONS TRANSFERS SERVICE
Roadmap

- Options Re-registration Phase 3
  - Adviser integration with Options Transfers through the 'Adviser Front End' incorporating an industry standard Transfer Application Form
- Options Bulk Transfers
  - STP automation for the bulk transfers of DC Pension Schemes (both Trustee and Contract-Based)
- Support for Occupational DC TPAs
  - Origo has started discussions with Occupational DC TPAs
  - Requirement for minor enhancements to support TPA / Employer / Trustee level data

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OPTIONS TRANSFER SERVICE
Summary

- The Options Transfers service is a proven, packaged , "off-the-shelf", hosted transfer service:
  - It provides a cost-effective "one-stop shop" for cash transfers and re-registration
  - For re-registration, it allows you to be RDR-ready well in advance of the deadline
  - You can start in standalone mode and evolve to greater automation or start with cash transfers and add in re-registration at a later stage
- Small Pots
  - Origo has responded to the DWP Consultation Paper
  - Whilst there is a need for policy and legislation, an industry standard and transfer service already exists! – there may be a requirement for a Small Pot Index

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For further information:

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ORIGO

SIPPs and the RDR; are we prepared?

Bruno Geiringer

AMPS Annual Conference 15 May 2012

Pinsent Masons

RDR Reforms in a nutshell

- Retail investment advice – new regime from 2013
- Applies to “retail investment products”, includes SIPPs
- Advisers not able to receive commission from providers
- No more indemnity commission (factoring)
- Advisers paid by clients: adviser charging to be agreed
- Advisers paid by a consultancy charge for Group SIPPS
- Not apply to pure protection products
- Providers facilitate adviser charges

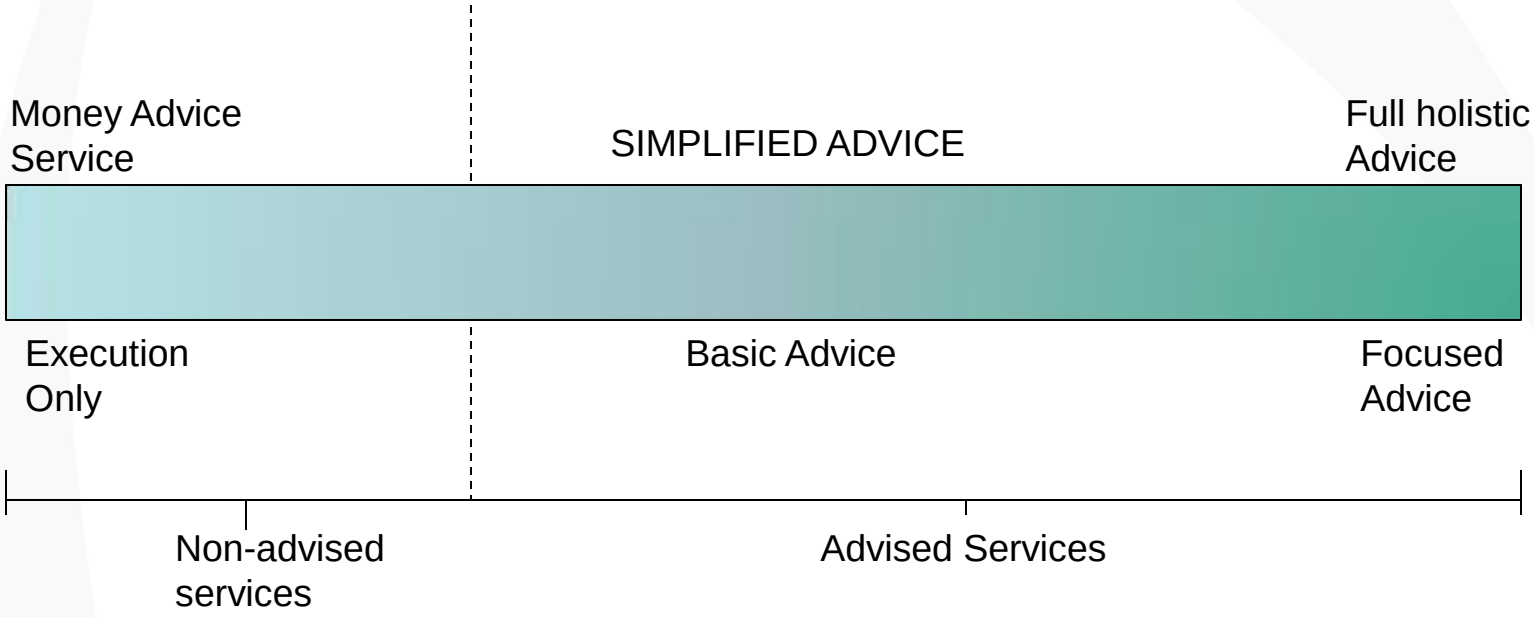


Changing Landscape

- Advisers/providers positioning now for RDR reforms
- For Advisers:
  - Upgrade of professional standards
  - Independent or restricted?
  - Segment advice service for clients
  - Up-skilling and pushing advisers up-market
- For SIPP providers:
  - Facilitate AC/CC or not?
  - Non-advised SIPP market to grow?
  - Use technology more?



Scope of advice services



Pinsent Masons

Are we prepared?

- Is the FSA ready?
- Keeping up to date with the FSA
- Responding to FSA's providers' survey
- Business change management
- New terms of business with advisers
- Product and system changes
- Impact of investing through a nominee
- Product disclosure changes
- Re-registration *in specie*
- As if there is not enough to be getting on with....!

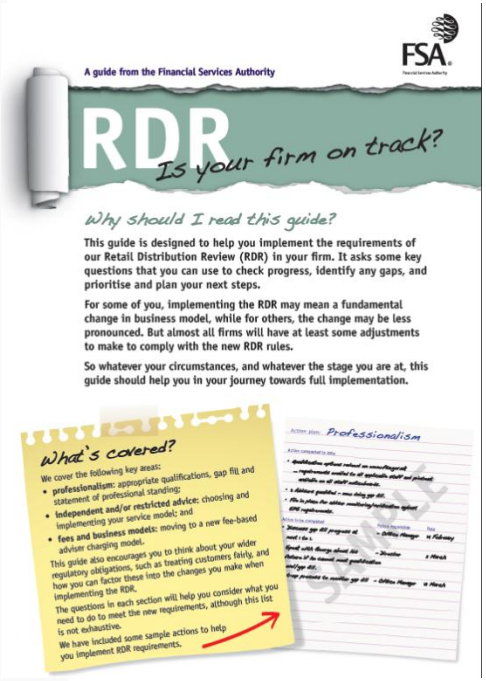
FSA getting ready

- FSA providing plenty of RDR support on their website, holding road shows, surgeries, briefings and issuing newsletters, surveys and information requests
- 17 April 2012 – Progress update speech by Linda Woodall, Head of Investments Department FSA
- FSA visiting the larger firms and discussing RDR at supervisory meetings
- Transition to the FCA, little will change



FSA awareness campaign

- "Is your firm on track?" guide and action list for advisers


A guide from the Financial Services Authority

FSA

RDR

Is your firm on track?

Why should I read this guide?

This guide is designed to help you implement the requirements of our Retail Distribution Review (RDR) in your firm. It asks some key questions that you can use to check progress, identify any gaps, and prioritise and plan your next steps.

For some of you, implementing the RDR may mean a fundamental change in business model, while for others, the change may be less pronounced. But almost all firms will have at least some adjustments to make to comply with the new RDR rules.

So whatever your circumstances, and whatever the stage you are at, this guide should help you in your journey towards full implementation.

What's covered?

We cover the following key areas:

- **professionalism:** appropriate qualifications, gap fill and statement of professional standing;
- **independent and/or restricted advice:** choosing and implementing your service model; and
- **fees and business models:** moving to a new fee-based adviser charging model.

This guide also encourages you to think about your wider regulatory obligations, such as treating customers fairly, and how you can factor these into the changes you make when implementing the RDR.

The questions in each section will help you consider what you need to do to meet the new requirements, although this list is not exhaustive.

We have included some sample actions to help you implement RDR requirements.

Professionalism

- The "engaged" consumer leaflet and consumer groups to create awareness among the "non-engaged"


Changes to the way you get

financial advice

Changes are being introduced to improve the way you receive advice on investment products, such as ISAs and pensions. Here we explain what it means for you.

What is changing?

From 31 December 2012, you will get:

- **Clearer charges:** instead of being paid by commission, advisers will have to agree charges with you upfront.
- **Clearer services:** it will be made clear to you how much of the market your adviser can help with, be it all possible investment options available or specific areas.
- **More professional advice:** your adviser will have to meet higher standards of qualification, keep knowledge up to date and sign up to an ethical code requiring them to treat you fairly.

Independent and restricted: Did you know?

From 31 December 2012, if your adviser says they are independent, this will mean they are able to advise on all of the types of products that you could invest in. If not, this means that they will be offering 'restricted' advice.

Restricted advisers will either specialise in specific areas, such as pensions or offer limited advice on a smaller range of products. Your adviser will have to explain to you what they can advise on.

What is the benefit to me?

- Increased **confidence and trust** in the advice you receive as you will know it has been recommended to suit your needs.
- From the outset, you will **know exactly what you are paying for.** Costs will no longer be included within the charges of products that you buy.
- You will get a **higher level of technical expertise** due to the new professional standards advisers must meet.

What do I have to do?

Nothing. Financial advisers have to make these changes by the end of 2012. Your adviser is likely to have already started preparing for this by changing the way they work. They should be able to tell you what their plans are ahead of time, and some may introduce the changes sooner.

How much will advice cost me?

Advice has never been free. These changes do not affect how much the advice should cost, but allow you to agree, in advance, with your adviser how much you pay for their services. And rather than paying a fee upfront, you may be able to agree with the adviser to have their fee taken from your investments.

Ask your adviser how much they are charging you for their advice both now and how much that same advice may cost in the future.

www.fsa.gov.uk/consumerinformation

@FSAconsumerinfo

Pinsent Masons

FSA's Product Manufacturers Information Request (1)

- Survey for firms who manufacture investment products distributed - on an advised basis - to retail customers, either directly or via intermediaries
- FSA wanted to know
  - which products you manufacture now and post-RDR
  - whether FGP alone, FGP plus facilitation of AC or commission paying when non-advised
  - which distribution channel used now and post-RDR (via own or intermediary or platforms)
  - whether expect change to proportion of advised/non-advised

FSA's Product Manufacturers Information Request (2)

- Method of validation of customer instruction
- Anticipated change to product charges?
- Request for information about project management, budget and resources dedicated to RDR implementation
- Anticipated completion of systems changes to accommodate RDR requirements
- How far have your preparations for RDR progressed, on score of 1 to 10?
- Request for name and title of the senior executive responsible for delivery of the RDR !
-

Business change management

- Keep commission system on for non-advised sales and trail commission
- Create new AC/CC payment facilitation system
- Determine AC/CC facilitation options (initial, ongoing, ad hoc, flat rate, percentage of investment)
- Intermediary new Terms of Business and Intermediary database for variables to ToB, registration, change of adviser, intermediary or network details
- Review sponsorships and new inducements rules
- Platform rebates?

Investing in authorised funds through nominees - PS11/9 – Platforms

- Definition of “intermediate unitholder”
- Wherever units in authorised funds are held by a nominee on behalf of retail clients e.g. SIPP providers
- Provision of information to underlying investors
- Provision of voting rights to underlying investors
- Provision of aggregated information to product providers
- 31 December 2012?

Product disclosure (1)

- No requirement to provide SIPP clients with a projection in a KFI (for most SIPPs) or an EoC table and RIY information (for any SIPP) - COBS 13/14 exemptions
- CP11/3 - FSA proposed KFIs consistent with RDR aims, clarity on impact of AC/CC where they are facilitated
- FSA proposed changes to the EoC table and RIY information to show the separate effect of product charges and facilitated AC/CC
- General requirement for clear, fair and not misleading
- Proposed rule to disallow generic projections where ACs are facilitated

Product disclosure (2)

- Provide information (possibly a new KFI) about the likely effect if a new or increased AC/CC to be facilitated
- AMPS representations and joint AMPS/ABI good practice guide on disclosure of SIPP operators' fees
- CP12/5 - Quarterly consultation (No. 32) March 2012 FSA proposed revised proposals
- For all PPs, disclosure should include projections, EoC and RIY information using "reasonable assumptions", no matter what the underlying assets are
- Means revising scheme literature, websites and more disclosure documents, all by 31/12/2012 !

Re-registration

- FSA confirmed definition of a platform service does not include SIPP operators (because a SIPP is a retail investment product)
- However, it extended the re-registration *in specie* requirement to cover all firms acting as nominee companies, hence SIPP operators
- FSA's intention to apply the rule to platform firms and other firms that hold investment products on behalf of retail investors, usually, but not always, via a nominee account
- The relevant rule is COBS 6.1G.1R and it is intended to come into effect on 31 December 2012
-

And finally....

- Adviser charging and VAT
- HMRC on unauthorised payments
- Impact of auto-enrolment...
- Non-advised SIPPs
- FSA Platforms paper to end product and cash rebates?

- As if there is not enough to be getting on with....

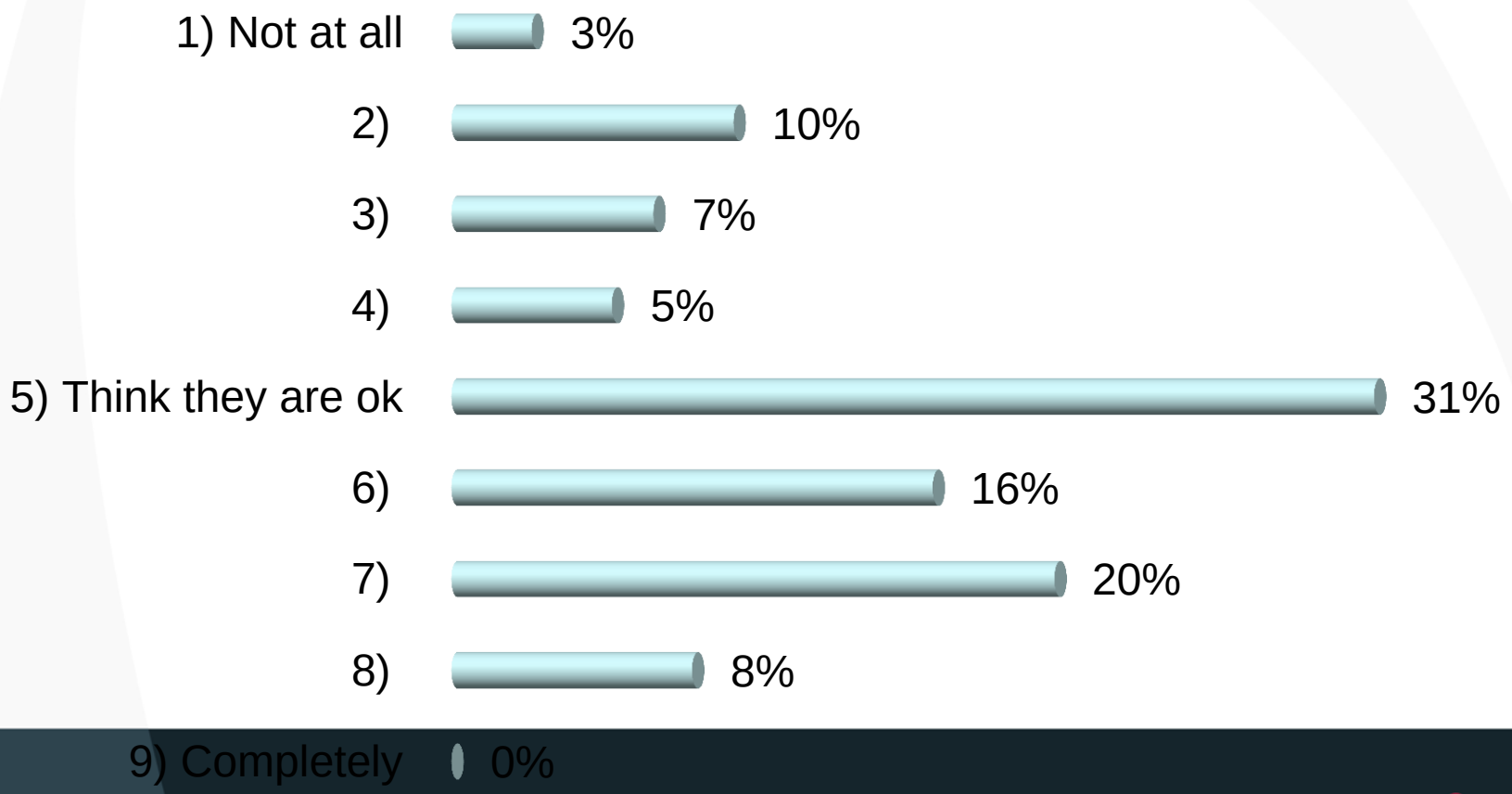
So, are we prepared, Voting questions



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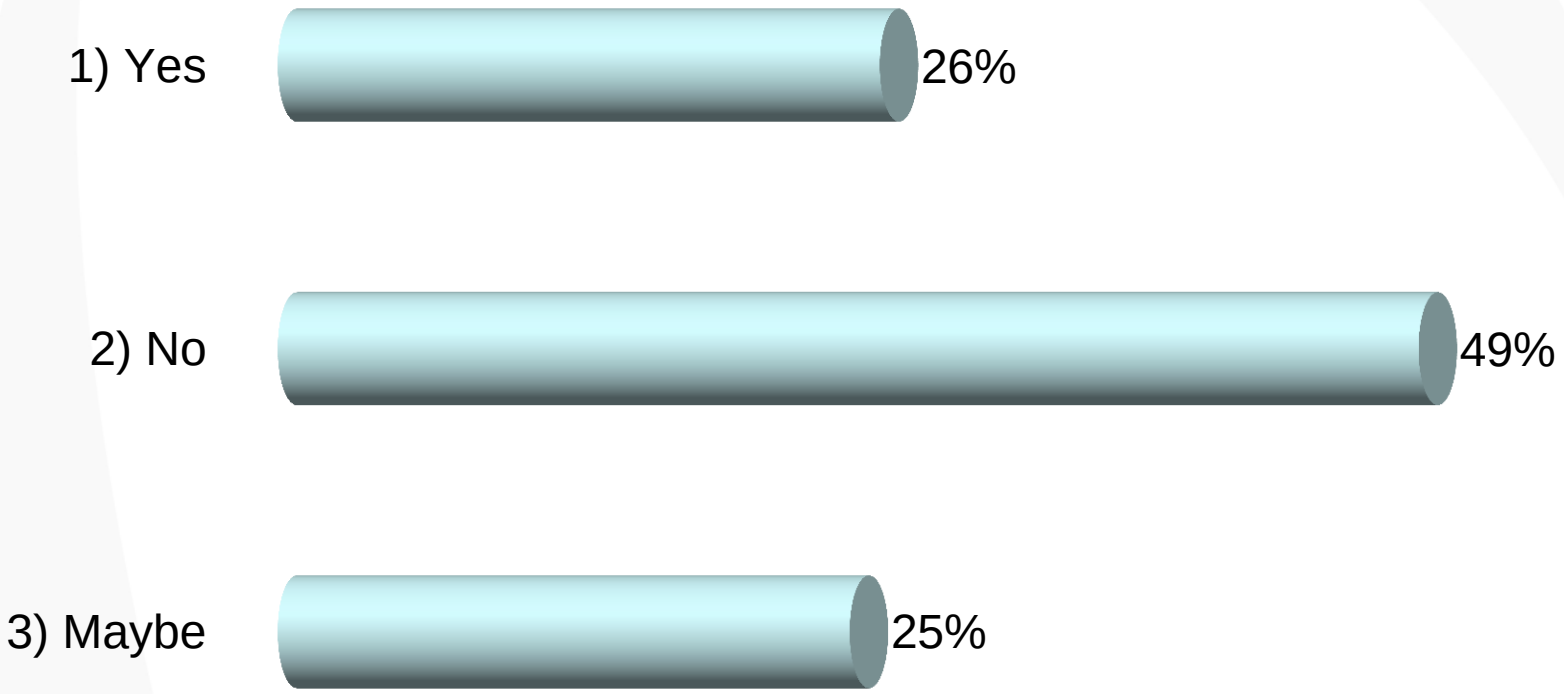
Question)

How far have your preparations for RDR progressed to date on a score of 1 - 9?



Question

Have you changed your terms of business for advisers to accommodate adviser charging?



Any questions?



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Combining the experience, resources and international reach of McGrigors and Pinsent Masons

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AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Summary of current issues with FSA

Milton Cartwright of the FSA
&
David Phillips DAPCO

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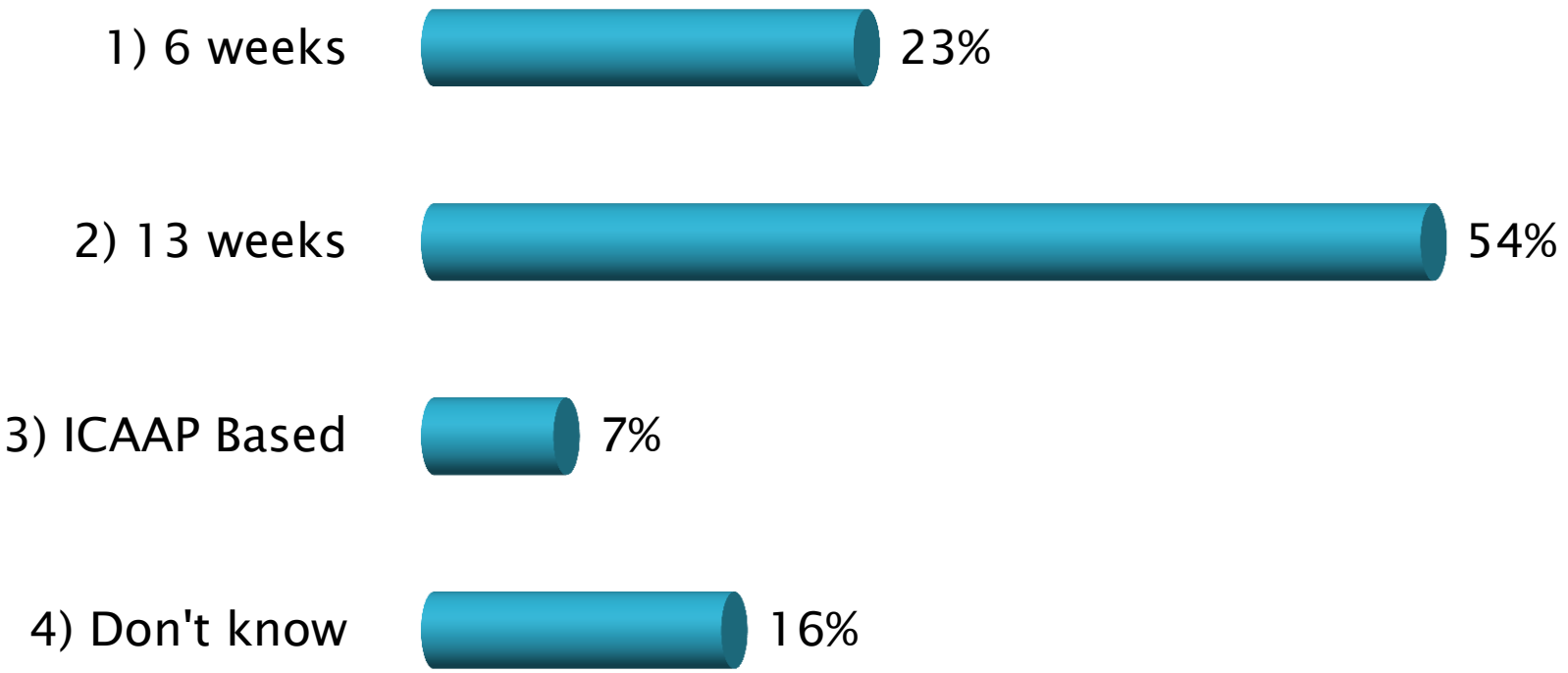
Capital Adequacy

Purpose is to enable the orderly run down of a business if FSA permission is Withdrawn

1. 6 weeks – No Client Money
2. 13 weeks – Holds Client Money
3. ICAAP – "Stressed Tested"

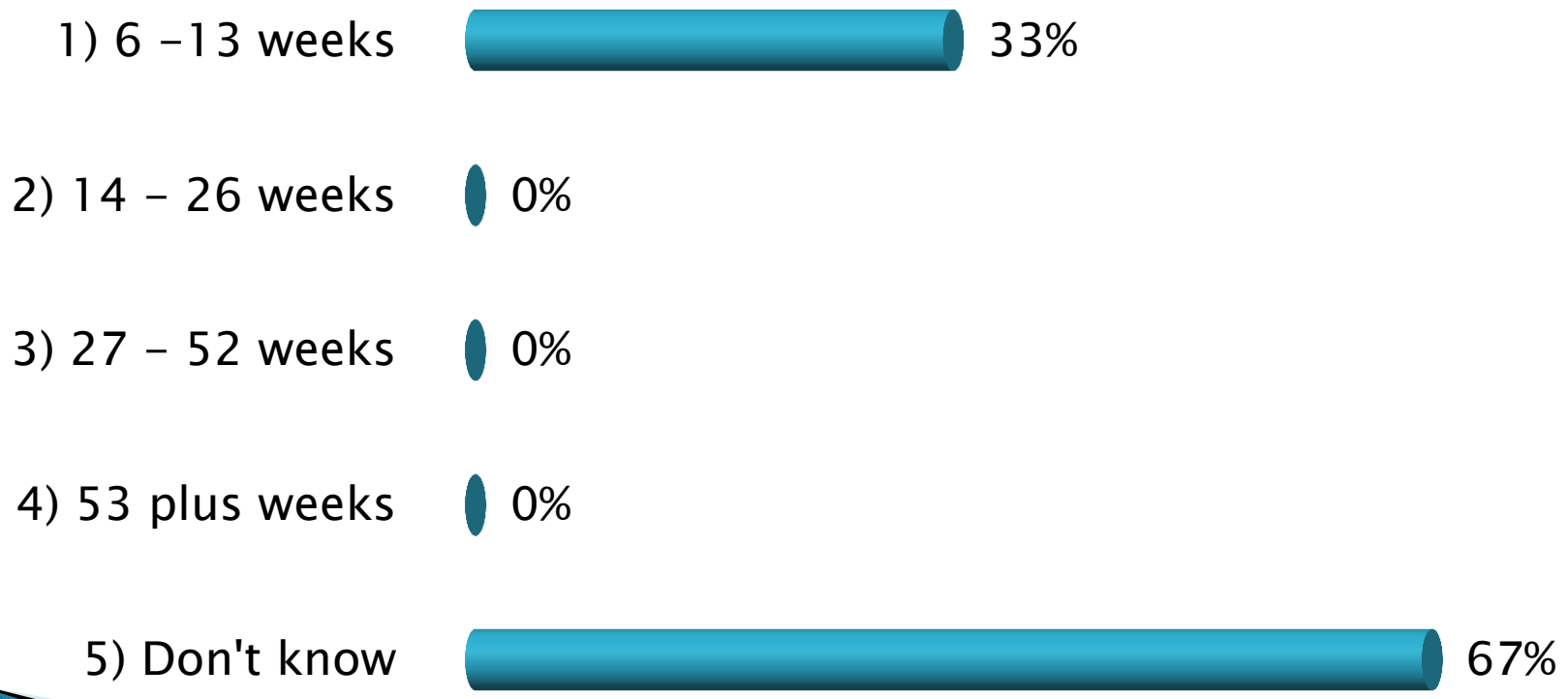
AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Question 1 – Capital Adequacy
What minimum level of Own Funds are you required to hold?



Question 2 – ICAAP Firms only

What minimum level of Own Funds do you hold?



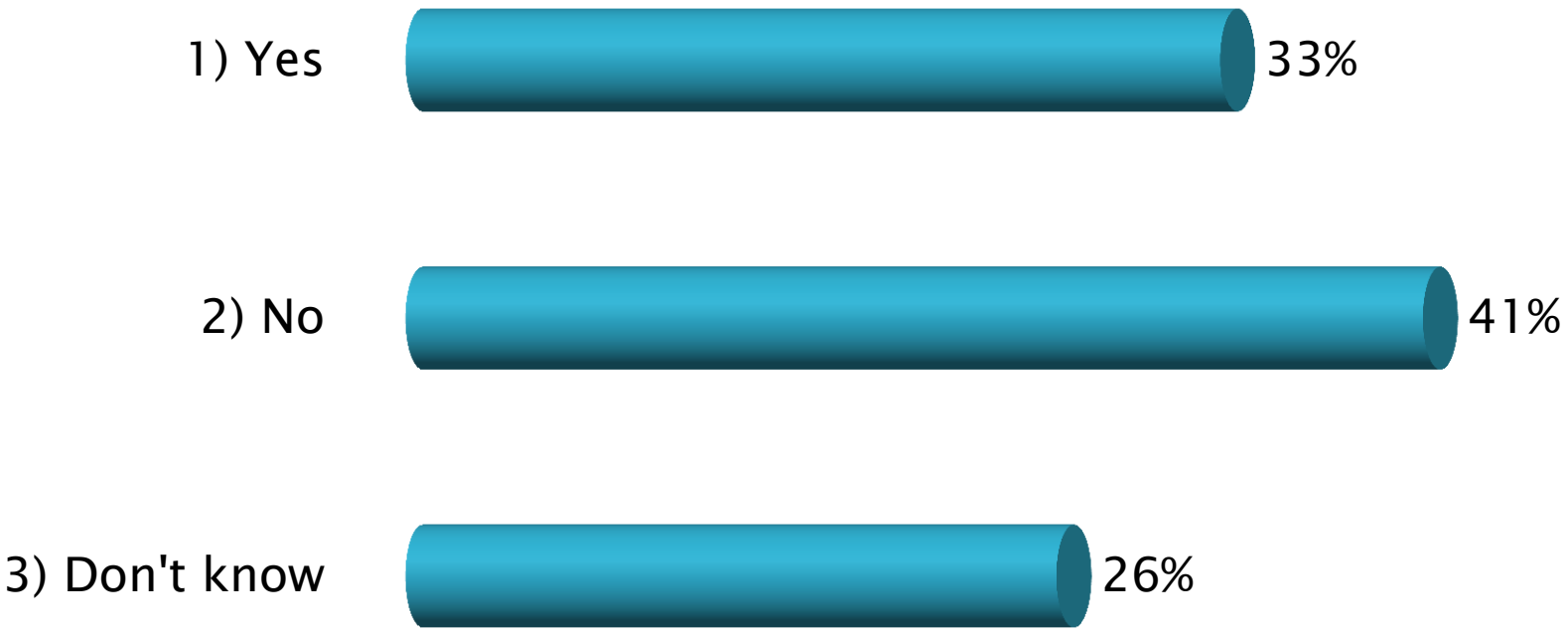
Financial Services Compensation Scheme

1. What security does it provide for our clients?
2. Are we in the right category?
3. Where does Capital Adequacy stop and FSCS start?
4. Should it be recovered from SIPPS or paid by Operator?
5. Does it work for SIPPS?

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

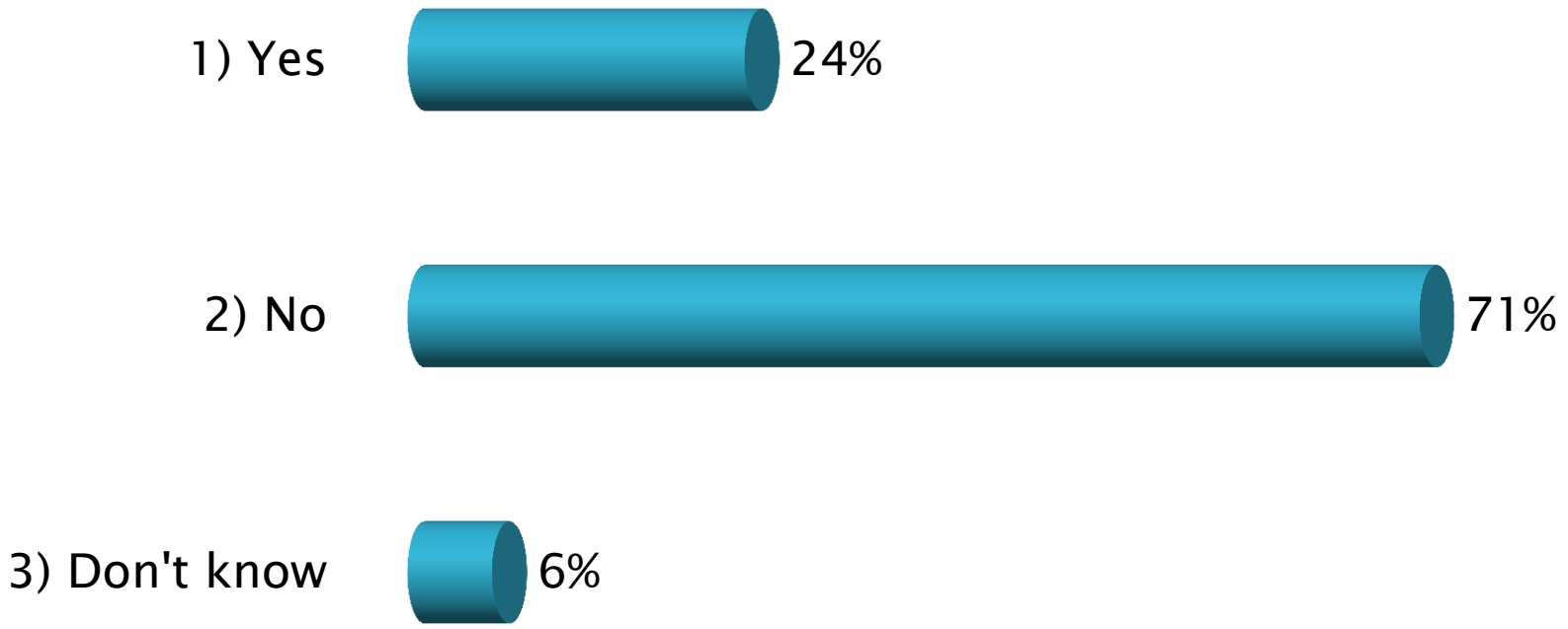
Question 3 – FSCS

Can you recover FSCS Levy from your SIPP?



Question 4 – FSCS

If you can recover FSCS Levy from SIPP, have you?



UCIS Investments

1. Permitted in HMRC Legislation
2. What is the duty of the SIPP Operator?
3. Should investors have freedom of choice?
4. Should UCIS be banned?
5. Even if your Deed permits UCIS, do you?
6. Is it better to have a permitted list and regularly update it?

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Pre Submitted Questions

Is the SIPP Operators duty different on Advised business as opposed to Direct? For example on Esoteric Investments

Pre Submitted Questions

Where an Operator is seen as not conforming to FSA Rules, does the FSA consider removal of permission as the best way of avoiding consumer detriment or only as a last option? What other options are considered?

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Pre Submitted Questions

Do you expect there to be much change of Regulatory approach under the FCA?

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Pre Submitted Questions

Does the FSA see much difference between a Platform and a Trust based SIPP other than the SIPP being a Registered Pension Scheme?

Pre Submitted Questions

Five years on, has the Regulation of SIPPs been a success?

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AMPS HMRC update

Robert Graves
Rowanmoor Pensions

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PISF and HMRC Meetings

- Pensions Industry Stakeholder Forum
  - Large and varied representation
  - Held half yearly
  - ~~Next meeting due 7th March~~

- HMRC re-engagement
  - Scotland Bill
  - RAS processes
  - PAYE RTI
  - Met to discuss compensation
  - Met to discuss gender neutrality
  - RAS declarations?

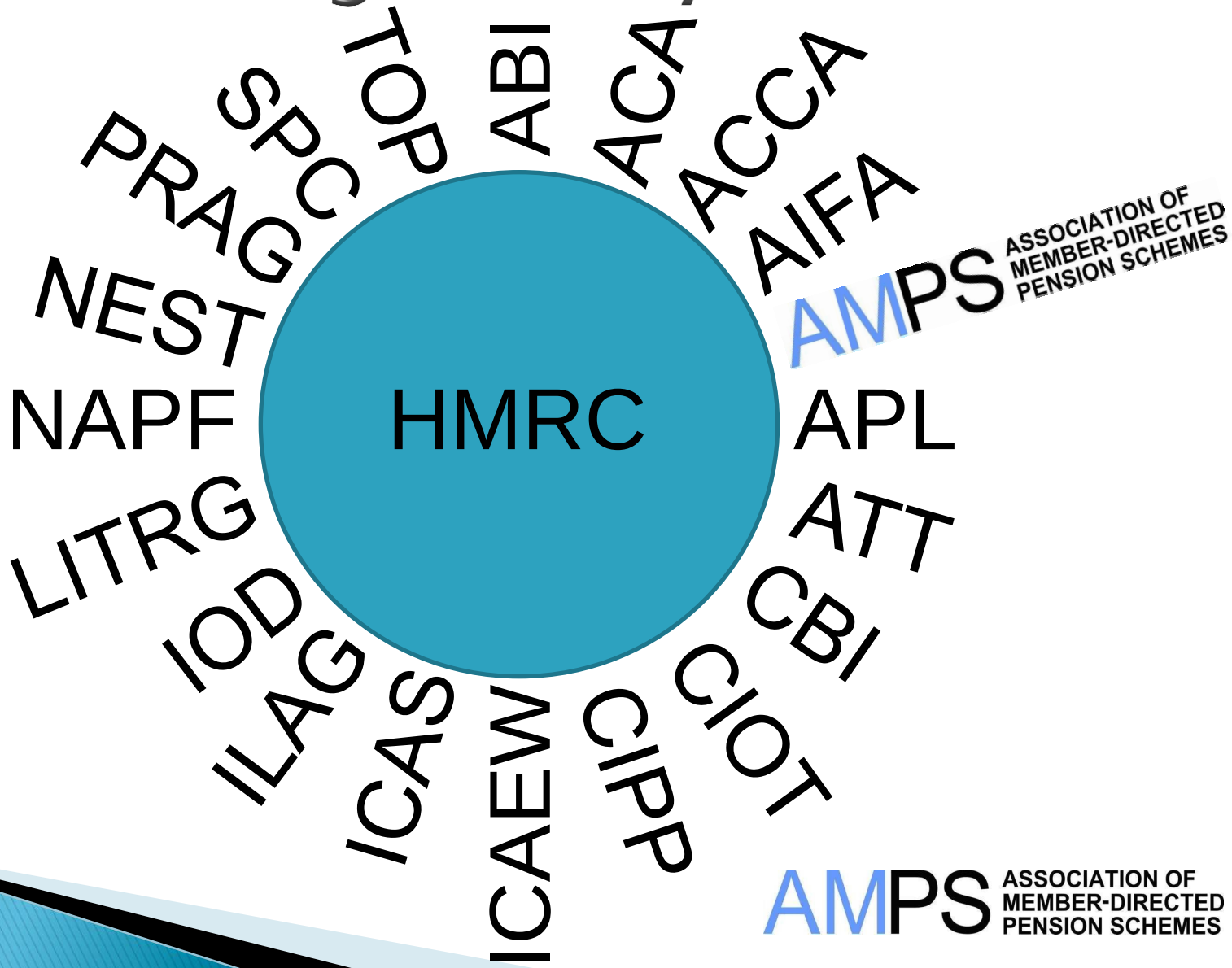
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Relief at Source Declarations

- Issue – declarations deemed deficient giving rise to interest charges for tax relief granted
- Meeting held with HMRC Compliance
- Actions resulting:
  - Will review cases where not materially deficient
  - Consider alternative to or limiting interest charge
  - Were open to the suggestion of endorsing standardised declarations

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PISF Meeting 1st May



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PISF Meeting 1st May

- **Fixed protection**
  - 28,000 apps received
  - Some rejections
  - Can resubmit within 4 weeks of receiving rejection
  - Expect certificates to have been issued by end May
  - Finance Bill 2013 to include regulatory power to protect against loss of fixed protection where no fault – expect to be retrospective

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PISF Meeting 1st May

- **Flexible Drawdown**
  - Concerns expressed by delegates on due diligence of MIR certification.
  - How much do you need to do for 'good faith' dispensation from scheme sanction charge?
  - Newsletter 49 intended to be helpful but only a guide
  - Each case depends on circumstance and facts
  - Keep audit trail of decision making to support 'good faith'.
  - General concerns re 'good faith'. Share experience

PISF Meeting 1st May

- **Review of guidance and the RPSM**
  - Update to RPSM in June
  - HMRC to focus attention on developing website guidance to support 'self-serving' by public
  - No changes to RPSM for next 12 to 18 months unless absolutely essential !!!
  - Keeping track of non essential amendments - AMPS?
  - Followed by restructure / rewrite of RPSM !!!
  - Renewed battles re Legislation vs Guidance + vs Accepted practice

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PISF Meeting 1st May

- **Pension Early Release Schemes**
  - HMRC expressed concerns over prevalence of early release schemes especially targeting SIPPs
  - HMRC requesting portfolio data from providers
  - Trying to spot trends across the industry
  - Early release schemes may involve:
    - Investment propositions
    - Transfers to pension schemes
  - Also beware cash incentives for investors
  - Scam investments/fraud – Sustainable Agroenergy mentioned

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PISF Meeting 1st May

- **Pension Early Release Schemes**
  - Not easy to identify despite SIPP providers investment due diligence
  - Client protection a primary concern
  - Damage to the SIPP industry
  - Threat to the principle of investment flexibility
  - AMPS proposed meeting with HMRC, FSA and tPR to determine what more the industry can do.

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Real Time Information (RTI)

Renata Chester

AMPS Committee

SUFFOLK LIFE

Agenda

- What is RTI.
- The key facts.
- The main changes for payroll.
- What you need to think about.
- Help and support.

SUFFOLKLIFE

What is RTI

RTI is a priority government programme aimed at:

- Modernising Pay As You Earn (PAYE) for the 21st century.
  It will help to
  - Close the “tax gap”
  - Improve the customer experience
  - Achieve substantial cost reductions at HMRC

- Supporting the introduction of the Universal credit by the DWP.

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The key facts

- The move to RTI will be a legal requirement.
- You will be required to begin RTI reporting between April and October 2013.
- Under RTI instead of reporting information to HMRC once a year, you will report information each time a payroll is run.

SUFFOLKLIFE

The main changes for payroll

SUFFOLKLIFE

- There will be a single process for tying information and payment together.
- Information will be sent to HMRC each time a payroll is run.
- Information will be sent to HMRC by way of a Full Payment Submission (FPS) – and will include “year to date” figures.
- This will include joiners and leavers
- The FPS is made up of “data items” relating to the employee and the payment.
  - There may be new data items required

The main changes for payroll (2)

SUFFOLKLIFE

- Information will be sent electronically using either:
  - HMRC's free software for small employers – the Basic PAYE tools
  - The internet via the Government Gateway
  - Electronic Data Interchange (EDI) – until at least the 2016/17 tax year.
- Forms P35 and P14 (whether on paper or submitted electronically) will NO LONGER be required
- Information will be received back from HMRC to update payroll records electronically as well – a 2-way information flow

What you need to think about

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Data Quality

- HMRC will need to match data they receive from a pension provider with the information about an individual they already hold. In particular:
  - NI Number
  - Full names
  - Date of birth
- 80% of the data quality issues are caused by problems with the above 3 data items.

Payroll alignment

- A process that every PAYE scheme must go through before starting RTI
- Helps to ensure that HMRC and the pension provider have a consistent view of the pensioners in each scheme
- Carried out via either
  - First Full Payments Submission (FPS) or
  - Employer Alignment Submission (EAS)

What you need to think about

SUFFOLKLIFE

What RTI means for your organisation

- What is the impact on your business processes
- What do you need to do to prepare
- Who do you need to involve

Help and support

What	Where
Register for email alerts	www.businesslink.gov.uk/hmrcemployeremailalerts
RTI homepage	http://www.hmrc.gov.uk/rti/index.htm
Data quality homepage	http://www.hmrc.gov.uk/rti/dip/index.htm
FAQs for employers	http://www.hmrc.gov.uk/rti/employerfaqs.htm

SUFFOLKLIFE

SUFFOLKLIFE

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Both companies are authorised and regulated by the Financial Services Authority. Suffolk Life operates and administers self-invested personal pensions and similar pension products and similar pension products.

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Flexible drawdown opportunities & by pass trust update

Neil MacGillivray

James Hay

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Agenda

- The 55% special lump sum death benefit charge – the death knell for pensions?
- Other tax wrappers v pensions
- Tax efficient extraction of pension income
- Is there still a place for By-pass trusts?

Is the special lump sum death benefit charge at 55% too high a price for the flexibility?

Key questions being asked;

- Other tax wrappers v pensions
- How to avoid 55% recovery charge

Other tax wrappers v pensions

The number crunching…..

Example based on individual

- Being higher rate taxpayer
- Having £11,280 net (18,800 gross) pa income available to invest
- Return of 5% gross (3% net) pa
- Having estate liable to IHT

Summary of investment return

Type of investment	Value at end of 20 years	Net value on death after all taxes
Deposit account	£308,001	£184,801
ISA	£383,010	£229,806
Pension	£638,486	£287,319

Minimising the impact of the 55% recovery charge

- Post age 75
  - Ensure PCLS taken
  - If income not required consider leaving crystallised fund
    - IT + CGT + IHT v 55%

Minimising the impact of the 55% recovery charge

Prior to age 75

- Is income required?
- If not consider leaving fund uncrystallised
  - IT + CGT + IHT v 55%
  - IHT – normal expenditure out of income exemption?
- If income required protect the size of uncrystallised pension fund
  - Use phased & flexible phased drawdown to meet income requirement

Example

Dr X is 65 and retired he has;

- NHS & State pensions of £30,000 pa
- Savings income of £15,000 pa taxable
- SIPP fund worth £400,000 with 1,000 segments
- An estate that is liable to IHT
- Requirement for further net income of £10,000 pa

PCLS & income of £16,667 gross

- Takes PCLS of £100,000 & pension of £16,667 pa
- If he dies after year 5
  - Net income £50,000 plus 40% income tax £33,335
  - £100,000 PCLS less IHT @40%
  - £216,665 crystallised fund
    - Dependants pension or
    - Lump sum less 55% tax
- £192,501 tax liability (48%) if lump sum taken

Phased drawdown & no income

- By crystallising 100 segments a year tax free PCLS of £10,000 pa

- If died after year 5
  - £200,000 tax free lump sum death benefit
  - £150,000 crystallised fund
    - Dependants pension or
    - Lump sum less 55% tax

- £82,500 Tax liability (20.6%) if lump sum taken

Flexible phased drawdown & income of £10,800 gross pa

- By crystallising 36 segments a year
  - tax free PCLS of £3,600 pa
  - taking full income from segments £6,480 net
  - Income tax at 40% £4,320

- If died after year 5
  - £328,000 tax free lump sum death benefit
  - Net income £50,400 plus 40% income tax £21,600

- £21,600 tax liability (5.4%) if lump sum taken

Conclusion

- EET basis still beneficial over life of pension fund
- Ongoing advice when taking benefits essential
- Maximise use of phased & flexible phased drawdown
- 55% tax can be good value!

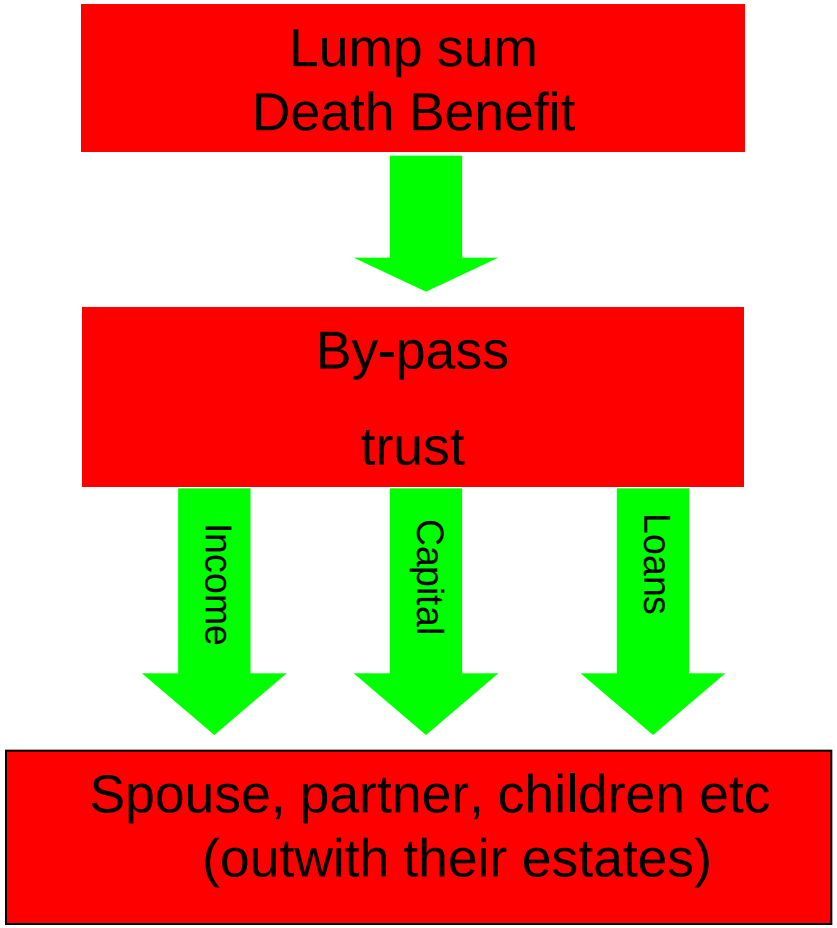
By-pass trust update

Current tax position on members death

On payment of a lump sum on the death of a member of a registered pension scheme :-

- If death occurs after member attained 75 – subject to 55% tax charge
  - Charity LSDB – no tax charge
- If death occurs before member attained 75 & payment made from;
  - crystallised benefits – subject to 55% tax charge (unless Charity LSDB)
  - uncrystallised benefits – no tax charge
- No immediate IHT liability

By-pass trust



Example 1

Mrs Brown's husband dies leaving his entire estate to her as follows:

His one half of house	£200,000
Investments	£200,000
Personal pension death benefit	£400,000
	£800,000
Her own estate is valued at	£400,000

If Mrs Brown dies in 20011/12 her IHT liability would be:

Estate inherited from husband	£800,000
Her estate	£400,000
Combined estate	£1,200,000
Less nil rate band x 2	£(650,000)
	£550,000
IHT @ 40%	£220,000

Assume personal pension death benefit paid into by-pass trust so removing £400,000 from Mrs Brown's estate as follows:

Mr Brown's estate	£800,000
less personal pension death benefit	(£400,000)
£400,000	
Her estate	£400,000
Combined estate	£800,000
Less nil rate band	(£650,000)
	£150,000
IHT @ 40%	£60,000

Outcomes

- IHT liability of £220,000 is reduced to £60,000
- Mrs Brown can have full access to capital and income on the £400,000 trust fund if required
- Mrs Brown can also borrow from the trust

By-pass trust

Is the trust still effective if member dies when taking drawdown or dies after attaining age 75?

Example 2

Mrs Brown's husband has just died leaving the following:-

His one half of house	£200,000
Investments	£300,000
Pension fund (crystallised)	£300,000
	£800,000

Her own estate is valued at £400,000

Mrs Brown has sufficient income & decides she would like to take the crystallised fund less tax of 55%

Pension fund	£300,000
less tax of 55%	(£165,000)
	£135,000

On Mrs Brown's death

- If no By-pass Trust then:
  - 55% tax charge £165,000 (£300,000 @55%)
  - 40% IHT £54,000 (£135,000 @40%)
  - A combined tax liability of 73%
- If trust used
  - £54,000 IHT saved
- Is drawdown a more attractive option?
- Full flexibility required

Phased drawdown

If in phased drawdown:-

- Allow dependant to continue with drawdown on crystallised funds
- Uncrystallised to by-pass trust

Capital protection

- Protects capital against assessment for long term care /state benefits.
- Retain capital within family – protect against remarriage/divorce
- Member can choose trustees
- Flexibility for dependants can be retained

Conclusion

- Lump sum death benefits IHT free or IHT deferred?
- By-pass trust provides more flexibility not less
  - Potential IHT savings
  - Capital protection
- Life companies and larger SIPP providers provide specimen trust wording
- Flexibility key

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QROPS Update

Karen Secker
MC Trustees

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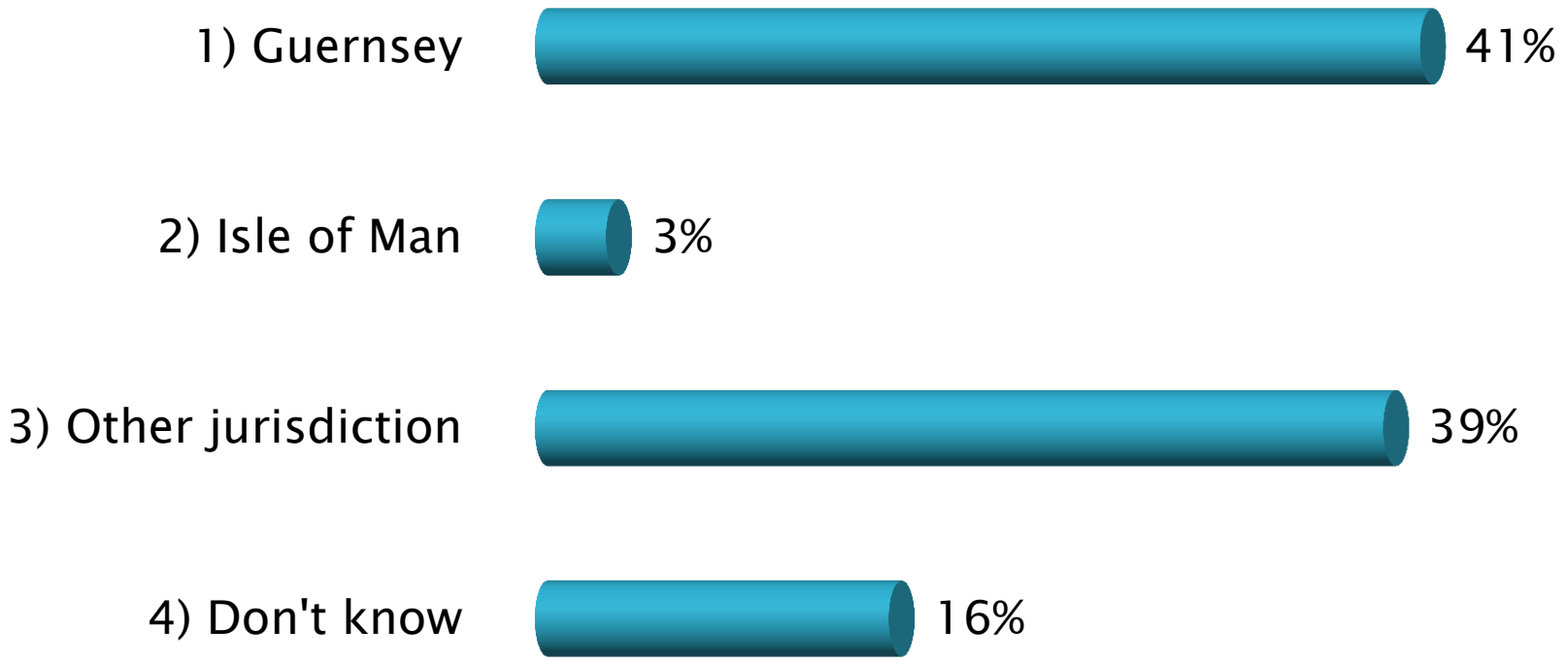
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What changes have taken place recently for QROPS?

- Additional conditions imposed by HMRC for schemes to retain QROPS status
- Additional reporting requirements by both transferring schemes and by QROPS managers
- Increase in period of time during which transactions must be reported to HMRC
- Loss of Guernsey as a QROPS jurisdiction

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Question) For those of you who have transferred pension funds to QROPS, how many have used:



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So, which jurisdictions are still acceptable for QROPS?

There are a number, but recent press has indicated that Malta is a popular choice.

“Malta secures its position as leading QROPS hub .”

“Malta is the bigger winner as HM Revenue and Customs confirms its new list of recognised QROPS. “

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What do the changes mean for UK Registered Pension Scheme Administrators?

- The schemes currently on your “approved list” may no longer be QROPS – BUT QROPS in existence prior to 5 April 2012 which meet the new HMRC conditions effective 6 April 2012 will retain their QROPS status.
- You may need to learn about new QROPS jurisdictions and taxation
- You will need to understand the new HMRC reporting requirements

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Guernsey no longer meets the QROPS conditions – what impact does this have on existing Guernsey QROPS holders?

- Incur possible high exit charges if transferring out within 5 years
- Leave your QROPS in Guernsey and accept that the legislation/tax laws may change in future to your disadvantage
- Move to another QROPS in another country and incur new set up charges

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New HMRC reporting requirements

- Members wishing to transfer “relevant transfer funds” to QROPS will need to complete a declaration that if the transfer is not a “recognised transfer”, it may lead to unauthorised payment charges

- UK Registered Pension Scheme Administrators will need to complete form APSS262 which reports transfers of UK tax-relieved pension assets to QROPS.

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APSS263 – Member Information provided by transferring member

- This form must be completed and submitted to the transferring scheme administrator following the member's request to transfer to a QROPS .

- It confirms member details (name, "principal residential address", NINO etc), together with a declaration by the member that he/she understands if the transfer is not a "recognised transfer", it may be treated as an unauthorised payment, giving rise to a liability to pay tax in the UK

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APSS262 – Transfer information from the transferring scheme

This form captures the information previously reported on the Event Report . It must be submitted in paper format, not via Pension Schemes Online or electronically.

The form requires, in addition to the information you would usually expect to provide:

- Confirmation that you have checked the information and acknowledgement provided by the transferring member (APSS263)

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APSS262 – Transfer information from the transferring scheme (continued)

- Confirmation of the total transfer value, date of transfer and, where the transfer is in specie, details of the assets and their values
- Details of the QROPS to which the transfer is to be made, including the name and phone number of the individual with whom you have been corresponding!
- You must submit the form to HMRC within 60 days of the day of the transfer

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APSS253 – Reporting by the QROPS scheme manager

- Payments in respect of "relevant members" must be reported for a period of 10 years from the date the funds were transferred to the QROPS.
- This period is extended if the member is still tax resident in the UK once the 10 year period has expired.
- The payments to be reported are pension, lump sum, annuity, transfer from the QROPS and "other"
- The report must be made to HMRC within 90 days of the date the payment is made or treated as made

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QROPS list

- Provided by HMRC as a means for UK registered pension scheme administrators and overseas pension scheme managers to verify that a scheme has notified HMRC that it meets the conditions to be a QROPS.
- Not intended for any other purpose and not intended to give assurance that HMRC has checked all the information provided by any named scheme.
- Updated twice a month. If a scheme ceases to be a QROPS, it will be removed from the list by HMRC as a matter of urgency.

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What happens if the QROPS is no longer on the list?

There are a number of reasons why a pension scheme might no longer appear on the published list.

- Where the scheme administrator has relied in good faith on the fact that the overseas scheme is included on the latest published QROPS list when making a transfer to it, this should provide just and reasonable grounds for HMRC to discharge the administrator's liability to the scheme sanction charge if the scheme is subsequently withdrawn from the list by HMRC.

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SIPPs and platforms:

the future for the SIPP platform and corporate wrap SIPP

Emma Napier
The Platforum

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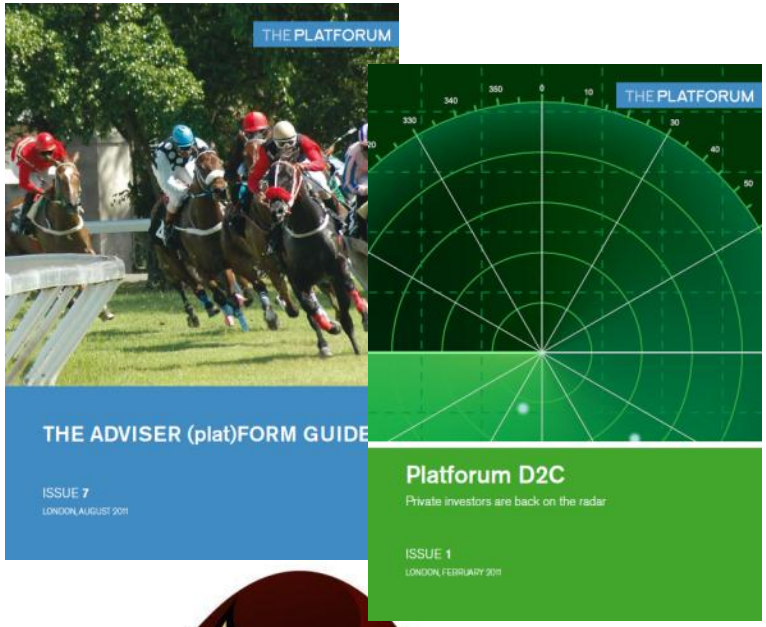
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The future of wraps & platforms

EMMA NAPIER – Head of Adviser Relations

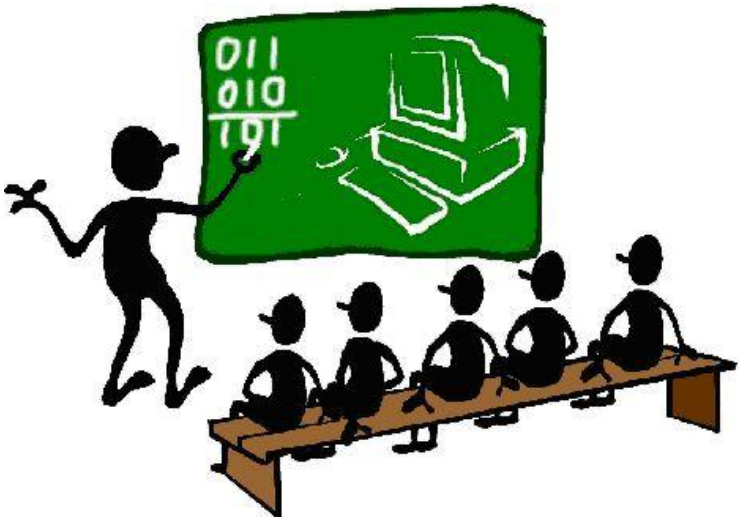
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Agenda

- Platform market round-up
- Platform evolution
- IFA trends
- The Regulator
- Platform due diligence
- Q&A

So, what's going on?



Current IFA platform providers

- 25 platforms today

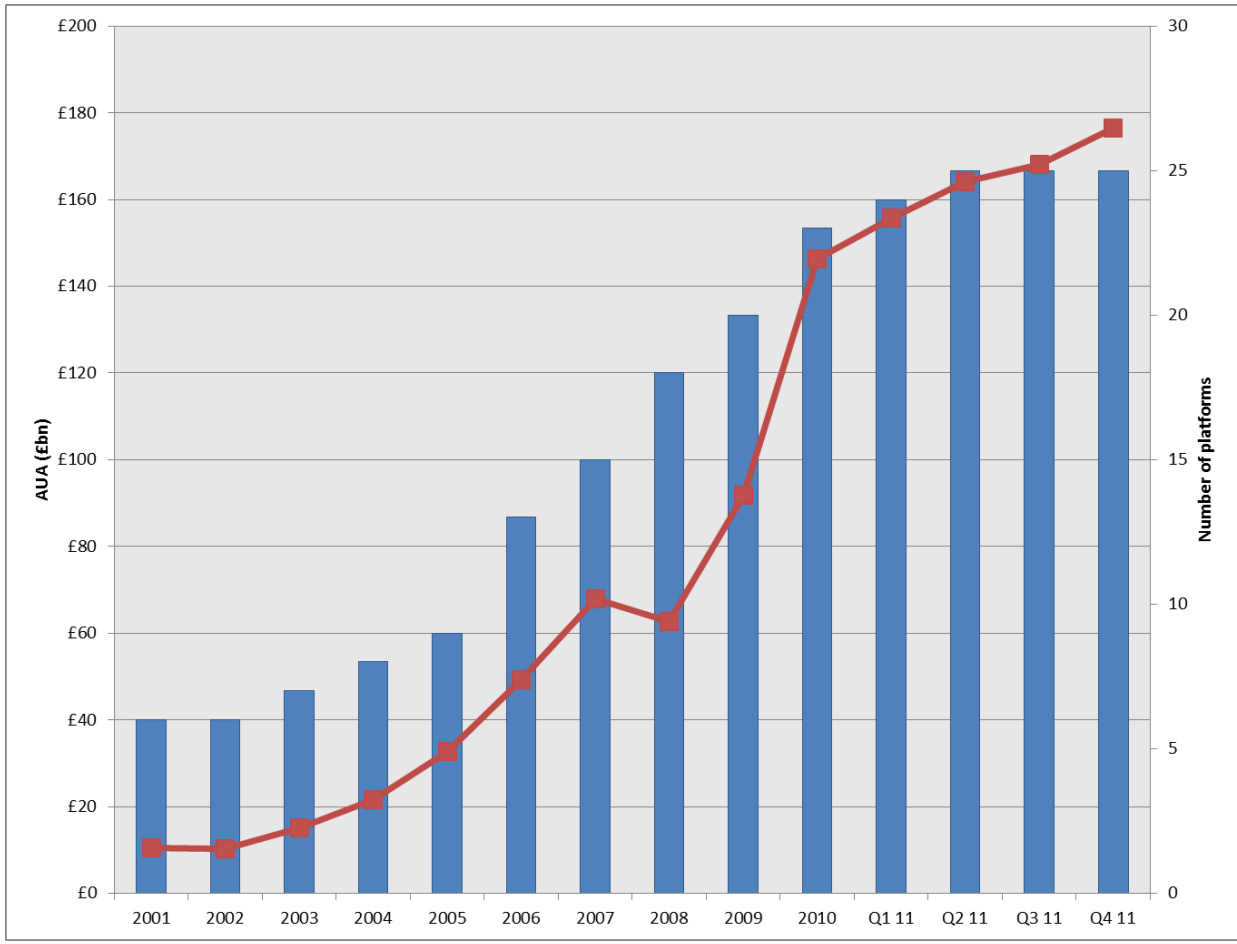


- With 3 + more confirmed future entrants



UK Platforms – Q1 2012

- £176.40bn as of Dec 2011
- 4.99% increase in AUA from Q3 2011 to Q4 2011
- We anticipate platform AUA will increase to £300bn by 31 Dec 2012
- There are currently 25 platform/ wrap players targeting the IFA market



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Adviser Platform Market Size

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Platform name	Date of Launch	AUA £bn (As at 30 Sep 11)	AUA £bn (As at 31 Dec 11)	% Change +/-	Actual/Estimate
Skandia	Jul-07	£37.02	**£38.06**	2.82%	Actual
Cofunds	Jan-01	£33.42	**£35.77**	7.05%	Actual
FundsNetwork	Jun-00	£32.91	**£34.40**	4.53%	Actual
Sippcentre	Jul-11	£11.10	**£11.84**	6.67%	Actual
Standard Life[1]	May-06	£10.58	**£11.30**	6.81%	Estimate
Transact	Oct-00	£10.65	**£10.65**	0.00%	Actual
SEI[2]	Apr-07	£9.55	**£9.75**	2.09%	Estimate
Seven IM	Sep-04	£3.60	**£3.80**	5.56%	Actual
Ascentric	Aug-06	£3.33	**£3.66**	9.94%	Actual
Elevate	Nov-08	£3.08	**£3.50**	13.74%	Actual
Nucleus	Dec-06	£3.03	**£3.33**	9.98%	Actual
Alliance Trust	Jun-05	£3.24	**£3.32**	2.56%	Actual
Raymond James	Jan-01	£2.38	**£2.63**	10.50%	Actual
Novia	Oct-08	£0.86	**£1.00**	16.28%	Actual
James Hay	Sep-03	£0.80	**£0.80**	0.00%	Actual
James Brearley	Jan-00	£0.72	**£0.72**	0.00%	Actual
Aviva	Jan-05	£0.61	**£0.67**	9.51%	Actual
Parmenion	May-07	£0.36	**£0.36**	0.00%	Actual
Praemium	Nov-08	£0.29	**£0.32**	10.05%	Actual
Avalon	Jan-00	£0.28	**£0.28**	0.00%	Actual
Wealthtime	Dec-06	£0.22	**£0.24**	6.82%	Actual
Total AUA		**£168.02**	**£176.40**	**4.99%**	

£176bn
as at Q411

28 principal players

14 platforms >£1bn

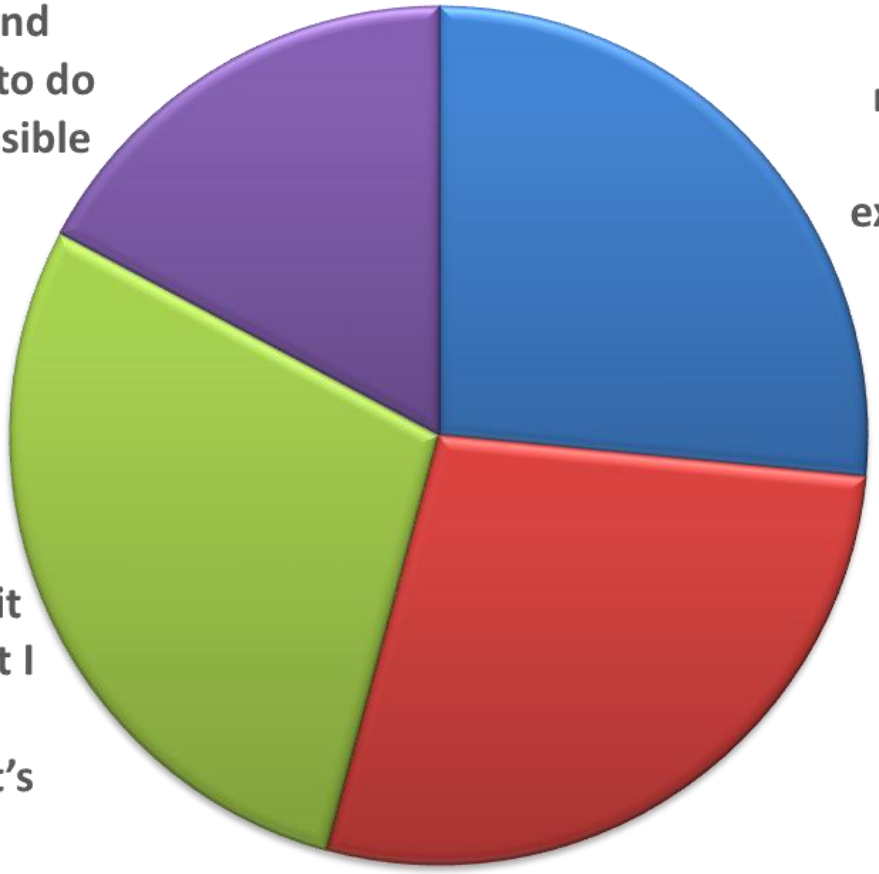
How did it evolve?



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Platform Evolution

	Transaction and Execution	Stochastic Modelling Fever	Investment Management	Administration
WHAT				
WHY?	ISAs	Taking Control	RDR	My one stop (digital)shop



What do IFAs think?



What's bothering IFAs today?

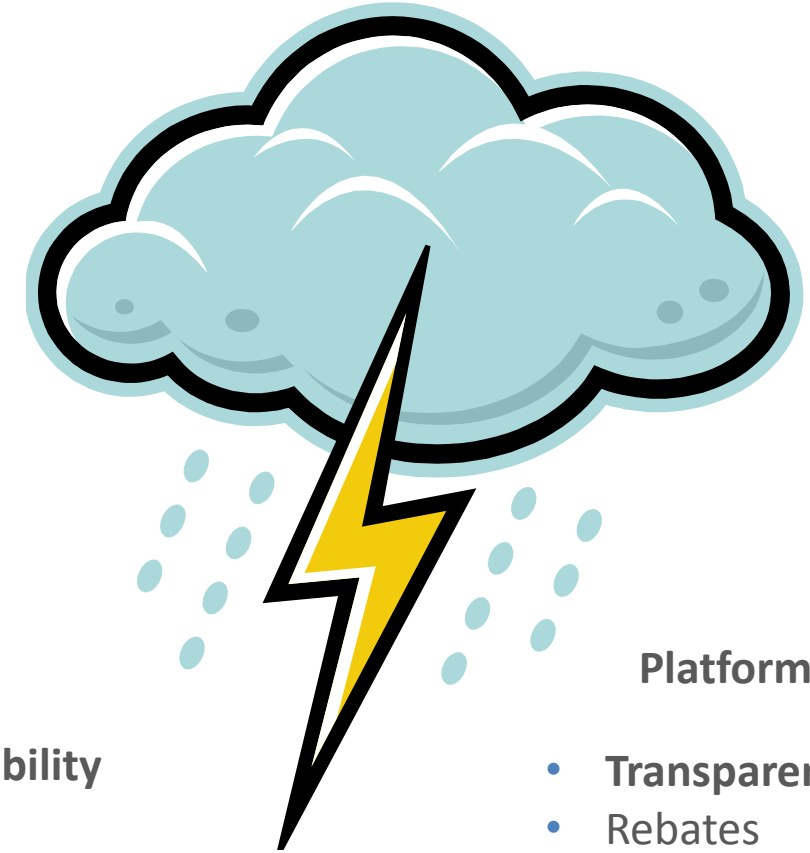
- The RDR
- Increased qualifications
- Increased regulation
- Use of risk profilers and portfolio modelling tools
- Platform selection and due diligence
- Client segmentation
- Lack of clarity
- VAT
- Centralised investment process

- .....very busy and pushed for time

What does the FSA think?



FSA





IFAs

- **Client suitability**
- Funds
- Platforms
- Adviser charging
- Procedures



Platforms

- **Transparency**
- Rebates
- Reregistration

Platform Due Diligence



Most advisers are using 3 platforms today

No Platforms Used	No of Firms	% of IFAs surveyed
1	636	18.46%
2	863	25.04%
3	907	26.32%
4	577	16.74%
5	291	8.44%
6	129	3.74%
7	31	0.90%
8	10	0.29%
9	1	0.03%
10	1	0.03%
Total	3446	100.00%

User Leaderboard



The user leaderboard is derived from more than 1,700 adviser reviews based on 10 different criteria.

This page is for practising IFAs only and shows the aggregate results of what your peers think about platforms they are using today.

To add your review to the mix please click on a platform.

The Platforum has a much more detailed platform analysis tool (PAT) which provides our opinion on over 20 platforms, analysis, data, user feedback, financial strength ratings, momentum, price and functionality. An annual subscription costs £299+VAT per adviser. More information is available here.

Title	Review rating
Wealthtime	★★★★★ 5.0 (7 reviews)
True Potential	★★★★★ 4.6 (12 reviews)
Nucleus	★★★★☆ 4.3 (74 reviews)
Transact	★★★★☆ 4.2 (240 reviews)
Parmenion	★★★★☆ 4.2 (15 reviews)
Novia	★★★★☆ 4.1 (46 reviews)
A J Bell (Sippcentre)	★★★★☆ 4.1 (13 reviews)
AEGON	★★★★☆ 4.0 (1 review)

Nucleus

View Edit

nucleus centre for excellence

Nucleus was launched in December 2006 and as at 31st December 2011 had £3.33 billion AUA. It has been suggested that we note that Nucleus IFA users are also shareholders of the business.

Website: http://www.nucleusfinancial.com/

The following ratings are the averages of reviews given by IFAs. Submit your review

BDM Support

Quality of customer service

Ease of Doing Business

Quality of reports

General web usability

Usefulness of online tools

Choice of funds and tax wrappers

Technical Support

Value for fees charged

General opinion and rating

Reviews



Platform news

Fri, 16/03/2012 - 09:00

Aberdeen overhauls multi-manager pricing

Thu, 15/03/2012 - 13:57

Aegon teams up with NEST on AE proposition

Thu, 15/03/2012 - 11:51

Fidelity launches global demographic fund

Thu, 15/03/2012 - 11:26

Removing NEST restrictions would be a 'mistake'

Thu, 15/03/2012 - 10:30

Platform Analysis Tool - User Leaderboard



Welcome to The Platforum's Platform Analysis Tool. PAT has researched the market, has submitted RFIs to all the platforms and here details her findings. She has combined over 1,700 adviser reviews, data on financial strength, scale and growth and data from the platforms themselves with a pinch of her own opinion to produce three leader boards:

- The User Leaderboard rates platforms according to user feedback based on 10 criteria. Click on a platform's name for detail and to leave your review.
- The Platforum Leaderboard will show you how we rank the platforms, looking at broader criteria alongside user feedback. As a PAT subscriber, you can view a detailed report for each platform and print it as a pdf.
- Our views of what is important might not be the same as yours. Amend the scoring weightings to create your personalised My Leaderboard.

User Leaderboard | Platforum Leaderboard | My Leaderboard | Create My Leaderboard

Print Selected (Max 3)

Select	Platform report	Title	Review rating
☐	View report	Wealthtime[1][2]	★★★★★ 5.0 (7 reviews)
		True Potential[1][2][3]	★★★★★ 4.6 (12 reviews)
☐	View report	**Nucleus**	★★★★☆ 4.3 (74 reviews)
☐	View report	**Transact**	★★★★☆ 4.2 (240 reviews)
☐	View report	Parmenion[1][3]	★★★★☆ 4.2 (15 reviews)
☑	View report	**Novia**	★★★★☆ 4.1 (46 reviews)
☐	View report	A J Bell (Sippcentre)[1][2]	★★★★☆ 4.1 (13 reviews)
		AEGON[1][2][3]	★★★★☆ 4.0 (1 review)
☐	View report	James Brearley[1][2][3]	★★★★☆ 4.0 (1 review)

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RDR Action

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Search

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- Administration
- PAT Administration

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THE PLATFORUM

How we calculate The Platforum Leaderboard

	BDM Support (Max 5)	Quality of Customer Service (Max 5)	Ease of Doing Business (Max 5)	Quality of Reports (Max 5)	General web usability (Max 5)	Usefulness of online tools (Max 5)	Choice of funds and tax wrappers (Max 5)	Technical Support (Max 5)	Value for fees charged (Max 5)	General opinion and rating (Max 5)	Adviser rating (Max 50)	AKG Financial Strengh Rating	AKG Financial Strength Score (Max 15)	Momentum - % of platform market (Max 5)	Momentum - Quarterly growth (absolute) (Max 5)	Momentum - quaterly growth (%) (Max 5)	Momentum rating (Max 15)	Price (no switching) (25k) (Max 3)	Price (1/4ly switching) (25k) (Max 3)	Price (no switching) (100k) (Max 3)	Price (1/4ly switching) (100k) (Max 3)	Price (no switching) (500k) (Max 3)	Price (1/4ly switching) (500k) (Max 3)	Price (Max 18)	
	4.1	3.9	3.6	3.6	3.6	3.5	3.9	3.8	3.8	3.7	**37.4**	B+	**12**	2	3	4	**9**	3	1	1	0	2	1	**8**	
	4.0	4.3	4.4	4.0	4.2	3.8	4.6	3.7	4.5	4.3	**41.9**	B	**9**	2	3	3	**8**	1	2	2	2	1	1	**9**	
	3.3	3.5	3.7	3.8	3.6	3.8	3.8	3.6	3.6	3.7	**36.5**	B+	**12**	5	0	1	**6**	1	1	3	3	3	3	**14**	
Life	4.1	4.0	3.8	3.6	3.6	3.4	4.1	4.2	3.8	3.9	**38.4**	B+	**12**	3	2	2	**7**	1	2	1	1	0	1	**6**	
	2.7	3.3	3.6	3.4	3.7	3.3	3.6	3.0	3.4	3.4	**33.5**	B	**9**	4	4	3	**11**	3	1	2	1	3	2	**12**	
	3.4	3.3	3.2	3.3	3.5	3.0	3.4	3.4	3.5	3.2	**33.1**	B	**9**	1	3	4	**8**	3	3	2	2	2	2	**14**	
	3.7	4.3	4.3	3.8	4.2	3.5	4.7	3.8	3.7	4.2	**40.2**	B+	**12**	3	2	2	**7**	0	0	0	0	0	0	**0**	
-	2.4	3.3	3.6	3.5	3.4	3.4	3.7	3.0	3.5	3.4	**33.3**	B	**9**	4	0	0	**4**	3	2	1	1	3	3	**13**	
	3.4	3.6	3.6	3.4	3.5	3.4	4.4	3.5	4.0	3.8	**36.7**	B	**9**	2	3	3	**8**	0	0	0	0	2	2	**4**	
	4.3	4.2	4.3	3.9	4.0	4.0	4.2	3.8	4.0	4.2	**41.0**	B-	**6**	1	3	3	**7**	0	0	0	0	1	1	**2**	
	3.4	3.8	3.5	3.3	3.3	3.0	4.1	3.3	3.9	3.7	**35.4**	B	**9**	2	2	2	**6**	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**	

PAT Print - Novia

Download a PDF version of these results

Novia - Provider (Score: 15/29)

Platform name	Novia
Please describe your proposition.	An independent, full wrap provider,only available to clients through professional investment advisers. Novia offers a choice of product wrappers,fully transparent/unbundled pricing, flexible remuneration between adviser and client, and an open architecture philosophy to assets. It uses tried and tested modern technology to provide intuitive,easy to use administration and dealing screens.There's a full suite of online financial planning tools for, portfolio analysis and construction including an integrated risk profiler.Model portfolios can be set up as well as discretionary management. Assets available include authorised funds, ETFs,equities, investment trusts,structured products and alternative investments.Re-balancing and switching are provided free of charge.
PAT's view.	Adviser users like Novia. The platform has been particularly innovative in facilitating access to third-party DFMs. As the platform steps into gear to support the Aegon platform, we think they will seek more opportunities to support other institutional relationships via the separate business which has been established to support this (NISL). The challenge will be to make this work to the benefit of existing users, rather than detracting efforts from individual IFA users.
Date of launch	14 Oct 2008
Ownership	Independent
What influence does your parent company have over your platform (if appropriate)?	Novia is independently owned by private shareholders - there are no life offices or large insurance companies that influence the business or distract from our sole aim of providing the best wealth management service in the UK and supporting the relationship between adviser and client.
Management	Bill Vasilieff (CEO) Paul Boston (Sales Director) Shaun Allright (Business Development) Paul Parry (Chief Operating Officer)
Contact address	Cambridge House, Henry Street, Bath, BA1 1JS
Contact telephone number	0845 680 8000
No of employees	100

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RDR Action

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Skandia looks at move into annuity

Lots of things to think about



THE PLATFORUM

Thanks and any questions?

Emma Napier emma@theplatforum.com
Head of Adviser Relations, The Platforum

BARCLAYS

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Knowledge ~ Technology ~ Solutions

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Pendragon

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LLOYDS BANK

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Options Transfers

Cater Allen
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AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

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CP 12/5 Response

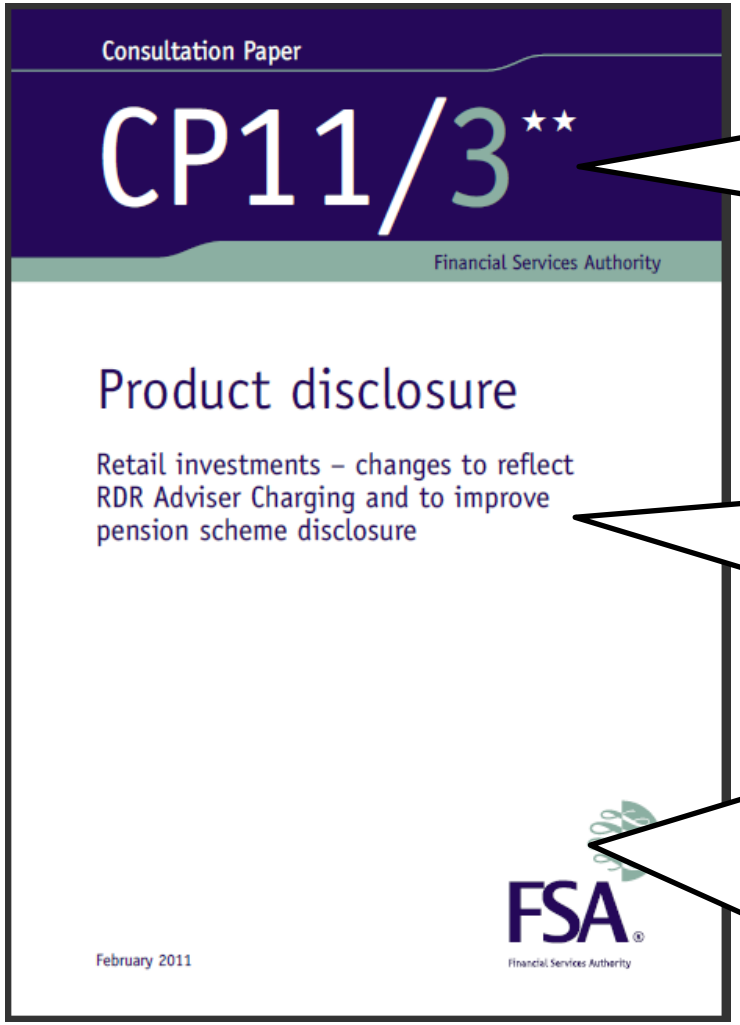
Andrew Roberts
Barnett Waddingham

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

CP 12/5 Response

- Disclosure proposals
- Round table
- AMPS response
- Another way?

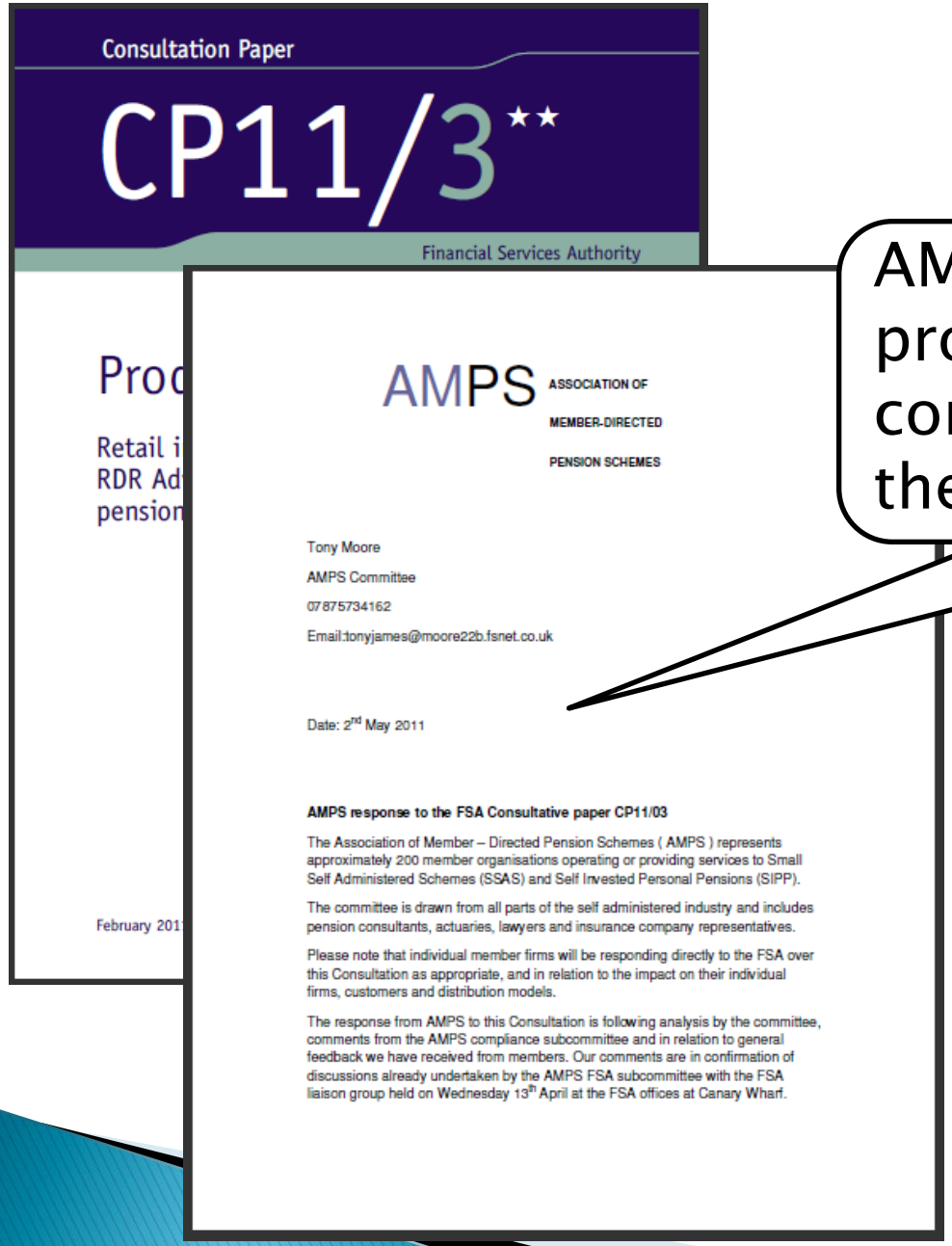
DISCLOSURE PROPOSALS



issued in February 2011
"to improve pension scheme disclosure"

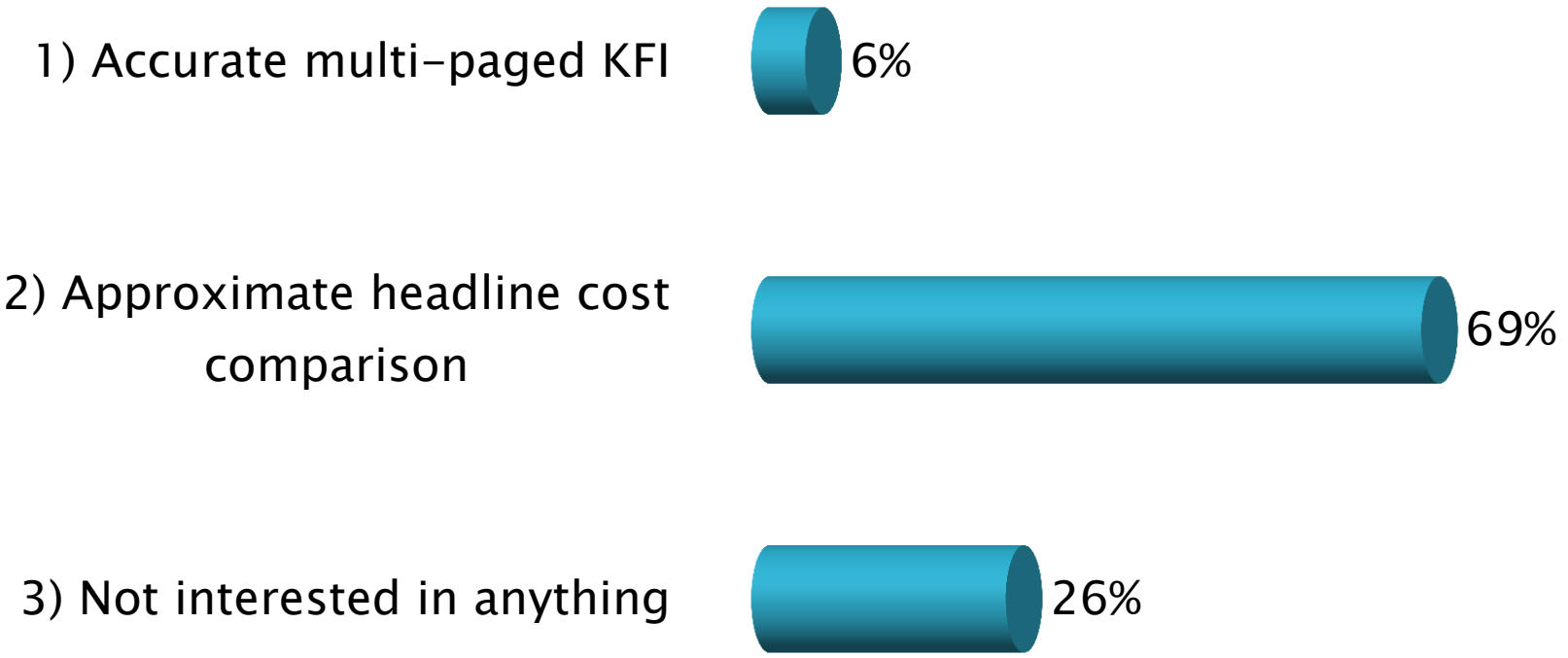
expanded KFI regime including disclosure of bank interest commission

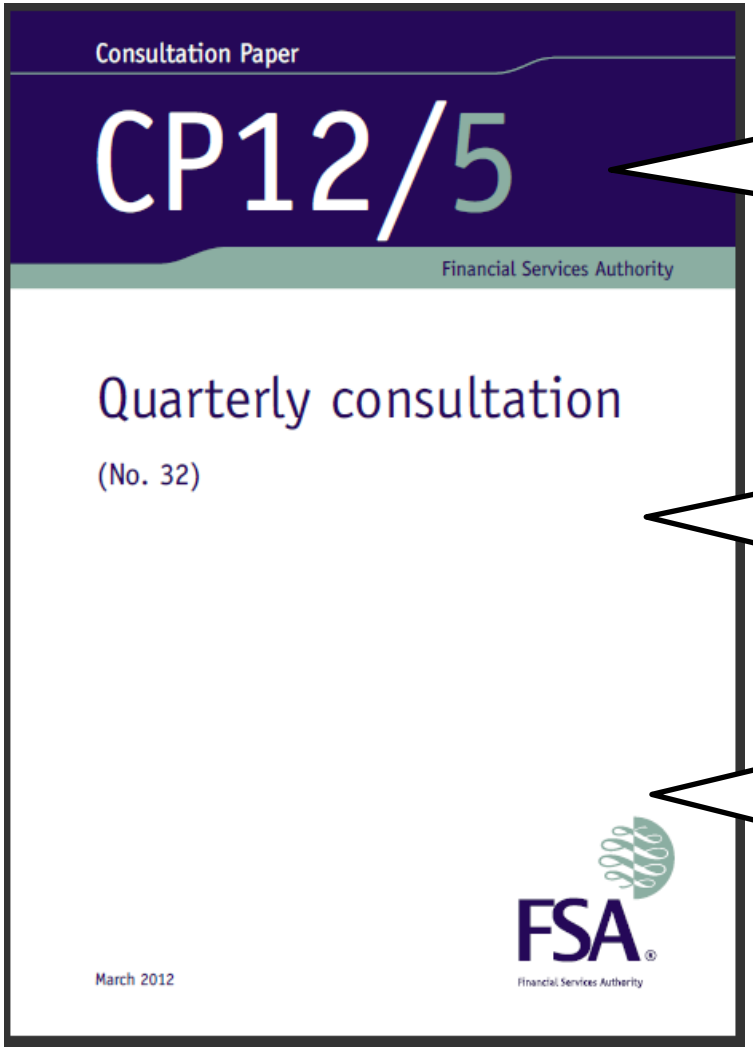
"we do not have conclusive evidence that those who take out a SIPP from providers who currently provide KFIs have systematically made better purchasing choices"



AMPS responded that the proposals are costly, complex and unwanted by the consumer

Question) Which do you think consumers would prefer?





issued in March 2012 "to re-consult on revised proposals"

"disclosure rules should provide certainty, consistency and greater simplicity"

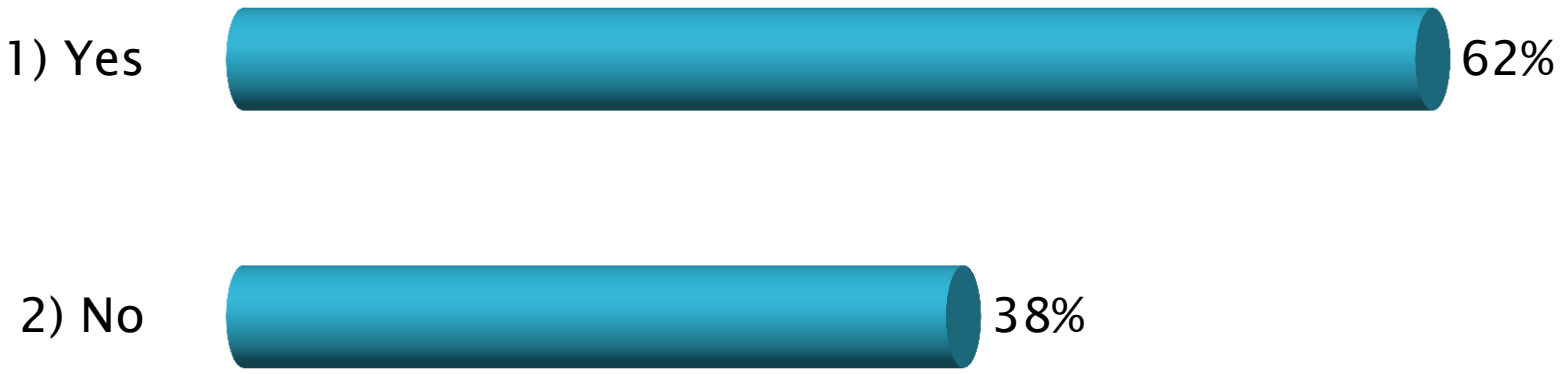
full KFI regime proposed for all SIPPs, including "disclosure of all commissions (not just bank commission)"

Proposed full KFI regime

- KFI at Point of Sale for all SIPPs/PPPs
- Provider to set reasonable rates of return for each asset
- Details of all commissions to be disclosed
- KFI shows projections assuming no charges and then with SIPP, adviser and underlying investment charges

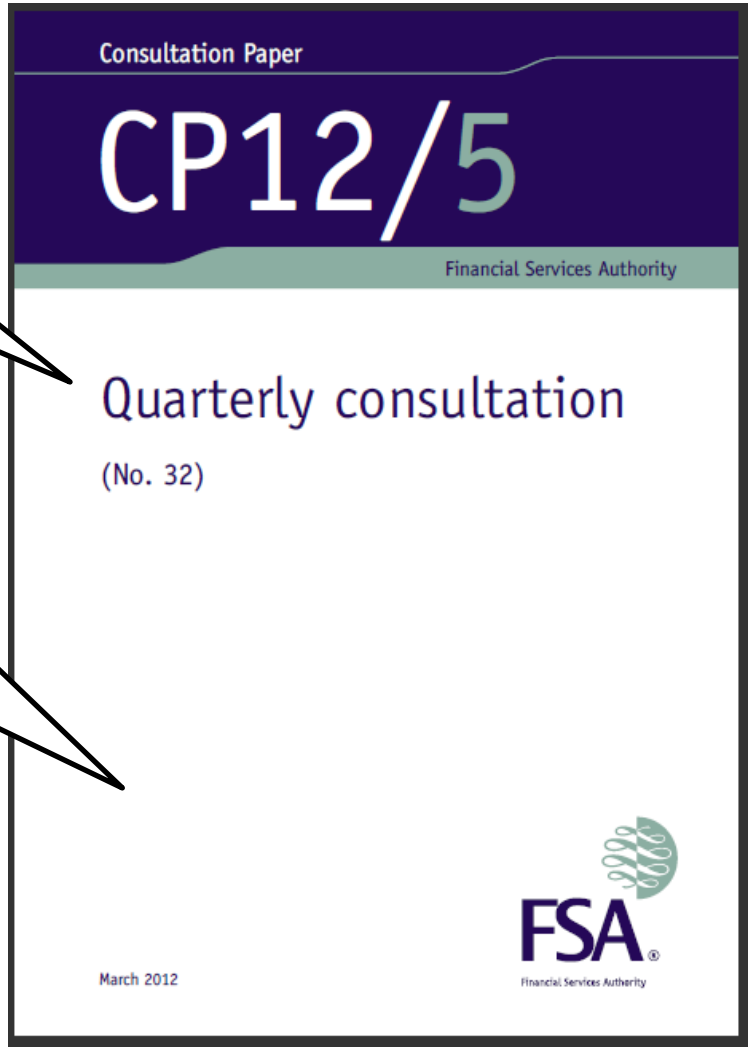
Question) **"disclosure rules should provide certainty, consistency and greater simplicity"**

Should pension projections and information about costs be part of the same document?



one-off costs and on-going costs still said to be of minimal significance

"there is little distinction between most schemes branded as [SIPPs] and other personal pension schemes"



ROUND TABLE

AMPS work

- AMPS response in 2011 to CP 11/3 seemingly brushed aside
- No appetite for a modern SIPP definition
- No response to the mathematical challenge of disclosing bank interest commission
- No consumer research undertaken

AMPS challenge

- We represent a broad cross section of the SIPP market – with many members also represented by ABI or TISA
- FSA seem more concerned with views/actions of large providers without consideration of impact on smaller providers
- If key issues still remain, what will make FSA listen to our concerns this time around?

AMPS Round Table

- Agreed at March committee meeting to put on a round table (hosted by L&G)
- 24 participants from across the industry, not just SIPP providers
- Smaller providers generally represented by committee firms
- Is there an industry-wide response?

Round Table Attendees

A J Bell AXA Wealth Barnett Waddingham
Berkeley Burke Capita D A Phillips
Hargreaves Lansdown Hornbuckle Mitchell
James Hay Killik & Co LV= MC Trustees
Rowanmoor Pensions ScottishLife Suffolk Life

CTC Defaqto Delta MoretoSIPPs
Pinsent Masons Sesame



30% of SIPP industry by SIPP numbers

AMPS RESPONSE

AMPS paper – exec summary

- no desire to hide costs
- doubt about consumer benefit
- KFI not appropriate for D2C sales
- FSA estimate of costs wildly underestimated
- consumer research needed
- proposed regime will not aid comparison
- ABI/AMPS fee schedule should be promoted
- CP12/5 proposals cannot be supported

95% of participants accepted the AMPS paper

Aegon lobbies FSA to delay Sipp disclosure rules

by Michelle Abrego on May 03, 2012 at 15:34

Life company Aegon has called for the Financial Services Authority to delay its proposed changes to the Sipp disclosure regime, as it could risk the implementation off the retail distribution review (RDR).

In March, the regulator proposed to bring non-insured Sipp assets into the key features illustration disclosure regime, which will include requiring these assets and their charges to be included in projections by the end of 2012.

In its response to the FSA's quarterly consultation paper, Aegon argued that adding another layer of changes would create significant implementation risks for the industry, and that the FSA had underestimated the complexity and costs of its proposed Sipp changes.

Citywire, 3 May 2012

Q5.1 Do you agree that the pension scheme disclosure rules should be amended at the end of 2012 to remove exceptions applying to pension schemes described as 'SIPPs'?

Yes: 37%

No: 63%

Rules Amended:	38%
In-force Date:	15%
Both:	46%

Q5.2 Do you agree that FSA rules should reflect firms' fiduciary duties and require disclosure of all commissions (and similar payments) that a pension scheme operator or trustee receives in relation to assets held (both bank and non-bank assets)?

Yes:	85%
No:	15%

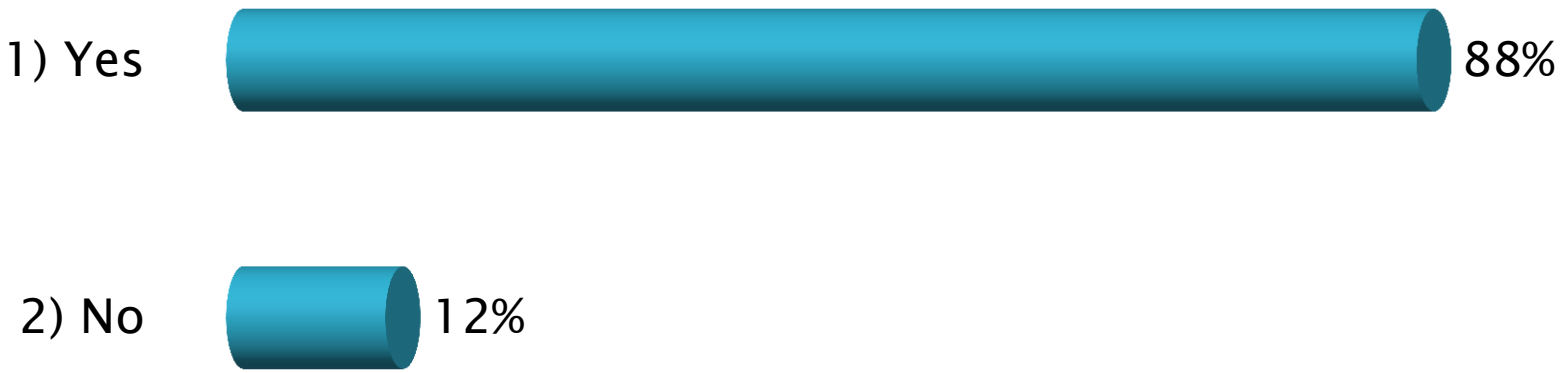
An informed choice?

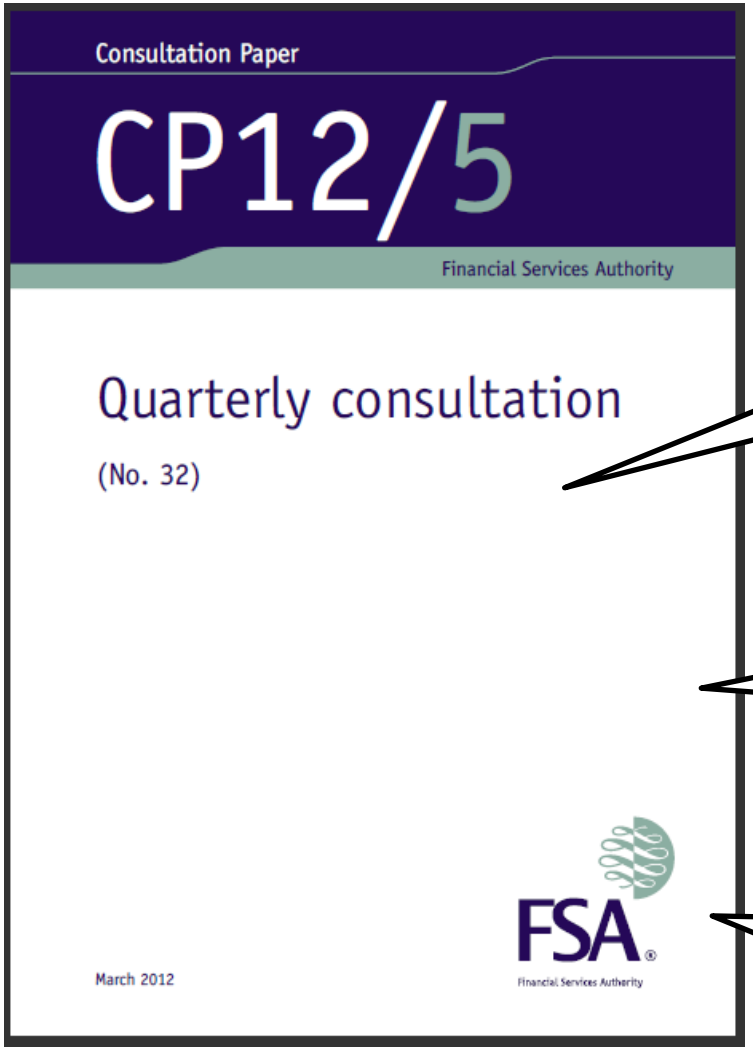
	SIPP A	SIPP B (i)	SIPP B (ii)
Annual Fee	£250	£Nil	£Nil
KFI projection rate	2.5% pa	n/a	n/a
AMC	1.5%	1.4%	1.4%
Commission	0.5%	0.4%	0.4%
KFI projection rate	**6.2%**	**5.8%**	**6.2%**
15 year projection	192k	190k	202k
Effect of Charges	54k	42k	44k

Calculations provided by Andrew Roberts, May 2012

Question) **"disclosure should provide certainty, consistency and greater simplicity"**

As an interim measure, do you support a KFI solution but based on agreed standard parameters?



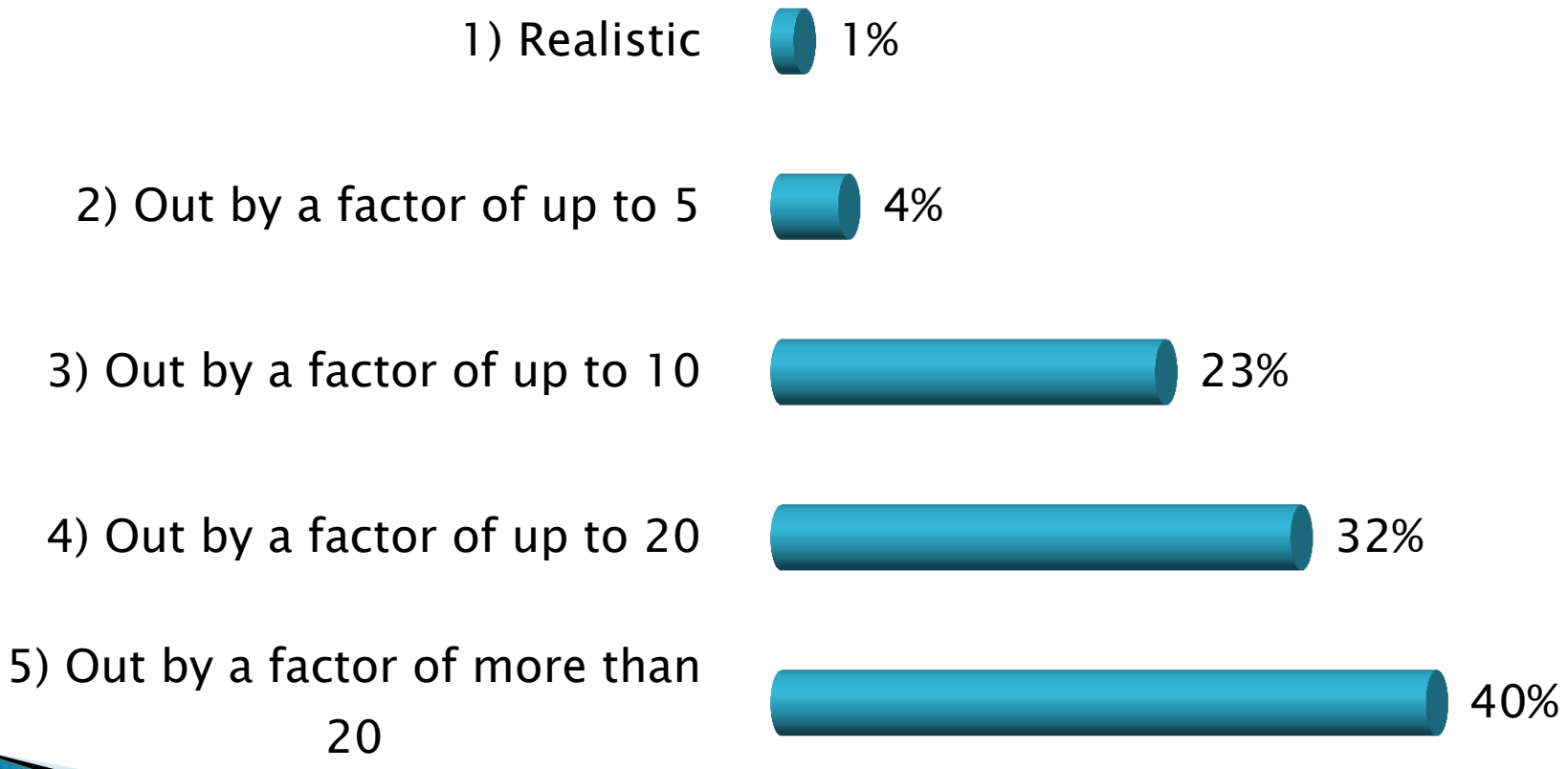


"need for more dialogue between operators, consumers and adviser"

"average cost of producing a KFI … £2"

"cost of revising disclosures … to be £800 per firm"

Question) What do you think of FSA estimated costs?



Q5.3 How will the costs (IT, literature, training, processes etc.) affect your firm?

Significantly:	41%
Manageably:	35%
Insignificantly:	6%
Not Sure:	18%

Industry costs

CP12/5: "one-off industry cost of £96,000 and ongoing industry costs of £100,000 per year"

Our estimate, post event, was £3.70 million one-off and £2.66 million on-going.

By show of hands, do you think the estimate of costs provided by FSA is unrealistic?

Yes: 24 No: 0

AMPS paper – conclusion

CP12/5 **proposals cannot be accepted** by the industry and the FSA should put them on hold and engage more fully with consumers and the industry.

The matter of cost disclosure whilst important might not be as important as other issues surrounding the SIPP industry at present.

We would support a universal approach to disclosure but this could be achieved in a simpler fashion by looking at a third way rather than creating an expensive patch.

CP 12/5 – FSA conclusion

"some consumers may make better-informed purchasing decisions. However, we do not expect this effect to be large, as research indicates that only some consumers pay sufficient attention to product charges."

So why persist with a system that the industry says will fail? Is there another way?

ANOTHER WAY

Behavioural Finance

There is extensive evidence that consumers:

- do not attempt to find the optimal solution for complex decisions
- use simple decision-making strategies
- settle for good rather than seeking best
- are more likely to put off making decisions in proportion to the complexity of the decision
- fall easily into doubt and inaction when decisions are too difficult


Energy
Manufacturer
Model
More efficient
A
B
C
D
E
F
G

BARCLAYS

Online Banking Log in Register

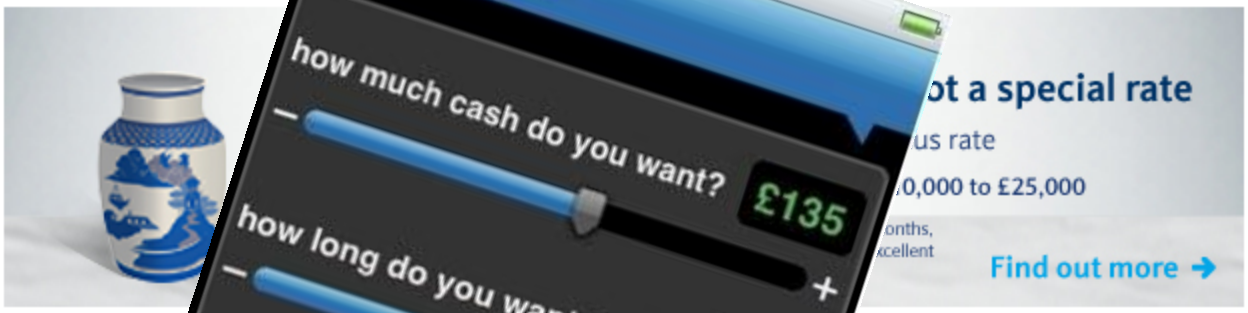
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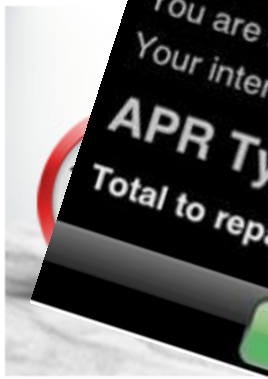
You are here: Personal B

Keyword or question Go

Loans



Our loan



9.9% APR representative on Barclayloan Plus*

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ey in
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,000 to £25,000

eaper loan and we'll match it – **and give**

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the same day [1]

Loans

I'm interested in

- Personal loans
- Homeowner loan
- Car loan

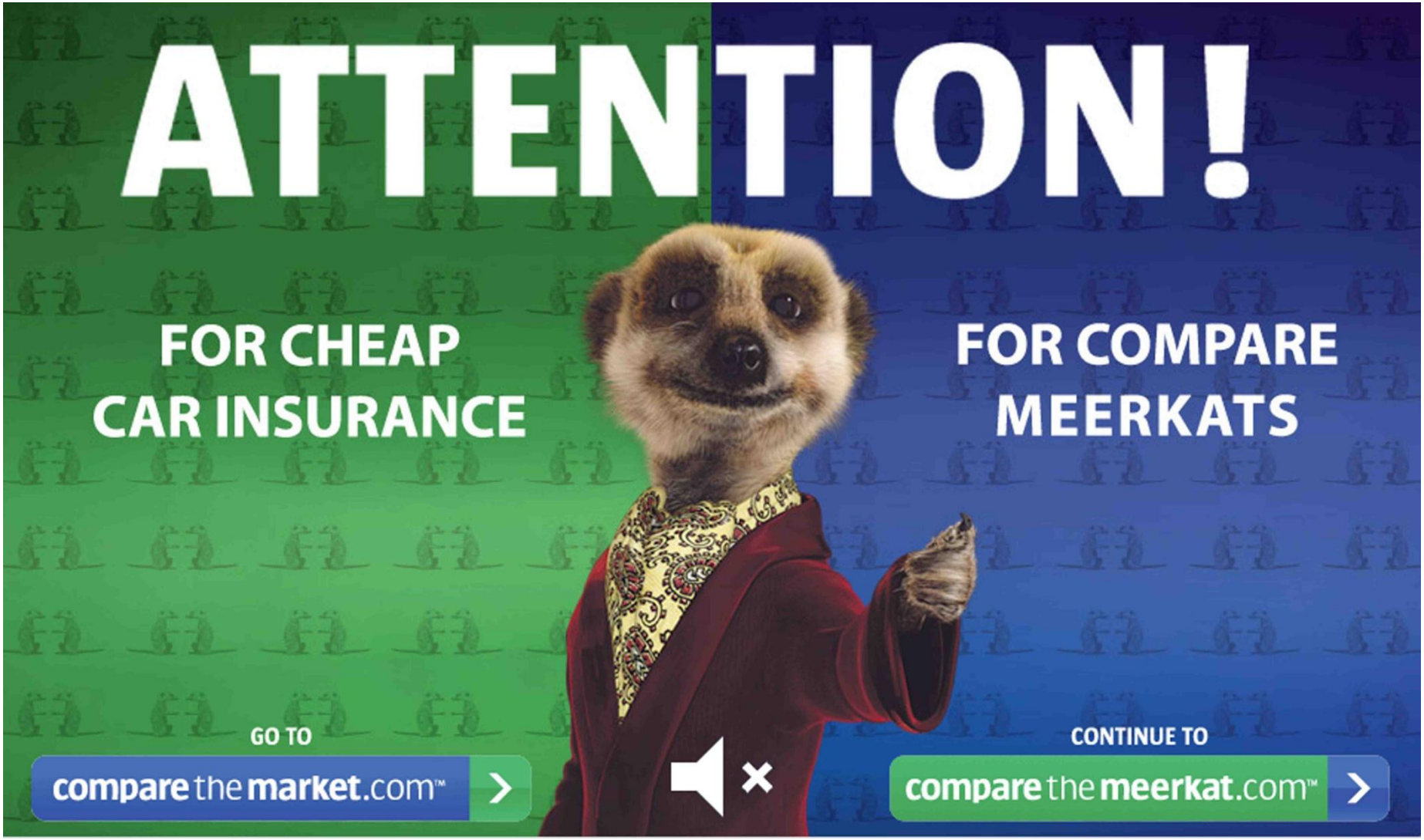
I need to...

- Borrow to buy a car
- Borrow to improve my home
- Transfer a balance
- Consolidate my debts
- Borrow to pay for my studies
- Pay for a vocational course

Tools

Loan repayment calculator

See what your ideal loan would look like with our personal loan repayment calculator


ATTENTION!
FOR CHEAP CAR INSURANCE
FOR COMPARE MEERKATS
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comparethemarket.com™
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AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Keynote Speech

Gregg McClymont MP

Shadow Minister for
Work and Pensions

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Summary and Chairman's Close

Andrew Roberts
Barnett Waddingham

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Close

Thank you and

safe journey home

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