Cabot Trustees Limited

Trustees and Administrators of Personal Pensions
Tel: 0117 922 6738
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The Quorum, Bond Street South, Bristol, BS1 3AE
Registered in England No. 3184466

Authorised and Regulated by
The Financial Conduct Authority

The Bath Private Pension Plan
Value Assessment

The Bath Private Pension Plan is a SIPP which allows members to invest their pension fund in any assets on our permitted investment list including direct commercial property.

The target market has been defined and includes members who place a value on individual service.

Nature of product – as well as accessing the tax benefits of a pension arrangement, the SIPP allows members choice and access to investments such as direct commercial property. Members expect that they can generate higher benefits overall from this route and appreciate these qualities.

The benefits of the product are easily identifiable compared to other pension schemes and the fees are designed to only charge clients for the benefits they use e.g. for a property or borrowing or VAT.

Limitations – the only limitations are those imposed by HMRC (i.e. avoiding tax charges) and the FCA's standard investments.

Our fee menu is completely transparent and the latest version is provided to all members with their annual statement pack.

We don't aim to be the cheapest because providing a personal service comes at a cost. We do not aim to compete with online platform SIPPs. They do not provide a personal service or access to commercial property and so their fees can be lower.

The fees for each year are independent, taking into account the work involved. There is no front to back loading. The lifetime of the relationship is determined by the member and the fees are appropriate whatever the lifetime.

Our fee structure has developed over 20 years taking into account market conditions and feedback from advisers and clients.

In setting fees, we aim to cover the costs, mainly staff costs and provide for a reasonable profit that can provide compensation for the cost of the very significant capital that needs to be held for the potential benefit of the members and also provide for unforeseen claims that may arise in the future.

Our fees take into account whether the SIPP is "simplified" or "full" but we do not have differential pricing structures where some members pay less for similar or better benefits.

We ensure where reasonable that the customer is charged appropriately for the correct product. If the nature of the SIPP investments means they should no longer be charged for a "Full" SIPP, this will be identified and their fees brought down to reflect this. Equally, a member who may spend years in a "Simplified" SIPP can be elevated to a "Full" SIPP where appropriate.

As part of our monthly reporting, we can produce a report which compares the value of a members fund with the fees we have charged them. We can now easily identify any members who appear anomalous and ensure that the charges do represent fair value – i.e. have they carried out a BCE on a small pot. If there is no tangible reason for the fees to be at the level we can take remedial steps with the adviser or the member themselves to put this right.

Pricing does not depend on distribution channels but where members won't use an adviser, we can charge extra fees to cover the extra work involved.

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Some members use advisers and we monitor the typical ranges of fees that they charge to see that they are similar to the general market. Advisers and members agree the charges between themselves and our SIPP does not facilitate differential adviser pricing compared to other SIPPs.

We ask advisers for the fees that they typically charge so that we can see the total cost to the typical client. We recognise that some advisers provide a more extensive service than others and some clients demand more attention than others. If we receive the Fair Value evidence from the adviser, it is not unreasonable to assume that the Adviser can justify the reasons for their own charges. There may be reasons why some clients are "outliers" compared to others and these will have a higher fee – if the adviser firm have followed their own consumer duty for fair value and can justify their position, it is not our place to question this within the distribution chain. Where no fair value assessment has been provided or evidenced, we may have grounds to question the adviser firm to ensure we are producing the best outcome for the client.

We have reviewed our main competitors' fees. On the whole, their fees are more complex and higher.

Our fees are reviewed from time to time and will be increased from July 2023. Fees are not changed by the same percentage, they are reviewed to reflect the work involved allowing for efficiencies achieved from investment in systems. For example, the simplified SIPP fee has only increased by 3.5% in over 16 years whereas there is less scope for such additional efficiencies with work related to property purchase.

We are always looking to enhance the service and if any potential improvements to the value arise we will adopt them.

Relevant cost to the client for the work undertaken can appear misleading and appear as though we are not perhaps offering fair value. For instance, we have a fixed fee for carrying out a Benefit Crystallisation Event. If the member wishes to crystallise £10,000 or £500,000 the amount of work we have to carry out is broadly the same and we must undertake the same processes and checks. However, as a percentage of the amount being crystallised, it would seem disproportionate and could be considered not fair value. In many cases, our target market acts as a barrier to this as it means that such small crystallisations would be rare and infrequent, but it is not impossible such a scenario could arise.

Since 2021 we have 7 members crystallising less than £20,000. Were these to be direct, non-advised clients our fee for carrying out this BCE is £285 which is nearly 1.5% of the amount being vested (as opposed to our largest BCE in the same period where the equivalent charge is a fraction of a percentage).

In one such case of this small amount being crystallised, the completed paperwork was received at our offices on 28th March and the lump sum paid to the member on 30th March. We have stated that we do not aim to be the cheapest, but in this case, it is not unreasonable that the member has received fair value given the time taken for the work to be completed.

Fair value is not simply about reflecting on the amount charged to a client in a race to be the cheapest, it is about ensuring that what the client has paid is reflective of the service received and that is what we will continue to measure.

We are therefore confident that our SIPPs provide fair value for money, and the fees are clear and justified. The use of time-cost fees for additional services, charged at different rates depending on the experience and qualifications of the member of staff is a fair way of charging for non-standard circumstances or situations, ensuring fairness acorss all our clients.

Our conclusion is that range of costs incurred by our SIPP members is within the normal range for similar SIPP products and our charges are competitive compared to the market. There are no improvements that are needed to improve the value of the SIPP.