

Choosing a SIPP Provider: Key Questions to Ask

1. Does the SIPP Operator allow access to all HMRC permitted investments?

Many larger providers seek to simplify their self-invested pension offering by precluding investments in some of the more complicated or esoteric asset classes, such as commercial property, unlisted shares or certain “structured” products.

Such companies use their economies of scale to produce systems and procedures aimed at efficiently processing high volume standardised transactions.

This is fine for advisers with clients simply seeking access to a large and diverse collection of funds available on the various “platforms” but if the client is likely to require a more diverse range of non-standard investments, providers offering a more “bespoke” product are more appropriate.

The Organon SIPP allows for the full range of permitted investments under current legislation.

2. Does the SIPP Operator earn interest on the SIPP member’s funds?

Many Operators receive interest on client funds held either in the member’s Scheme Bank Account or a clearing account through which all funds must pass and advisers should enquire if this is the case at the application stage.

All monies received for Organon SIPP members are credited directly to the member’s Scheme Bank Account and the member receives the full rate of interest paid by Cater Allen.

3. Does the SIPP Operator insist on the use of its own “supplier” of particular services to the Scheme? Such services may include the following:

- Use of a stipulated solicitor for property transactions
- Use of a particular lender for any borrowing requirements
- Use of a particular bank for all banking requirements
- Use of a particular insurer for property insurance contracts

Advisers should beware of SIPP Operators who insist on the use of specific service providers for particular transactions, for example, for property purchases. This invariably results in added client costs through the removal of the ability to shop around in the open market. Such practices also remove any useful input the adviser may have in sourcing these services at a competitive price.

Operators may suggest that insistence on the use of particular service providers is simply in the interest of improving levels of service, however it is often the case that they derive additional revenue from these arrangements via commission payments.

Organon imposes no restriction of choice in these matters and allows the member to use whatever suitably qualified service provider they see fit.

4. Does the SIPP Operator impose “transaction” charges in relation to Scheme investments?

Some SIPP Operators impose transaction charges on assets held in the Fund. This is often expressed as a one-off charge but in the worst cases there may also be an additional annual charge even if the asset concerned is an entirely standard one, such as a Trustee Investment Plan! Such practices not only increase the cost of the SIPP but also result in confusion and a lack of clarity over ongoing costs.

Organon aim to provide a clear charging structure with no additional charges on all investment transactions other than for clearly exceptional work, for example that associated with the sale and purchase of commercial property or unlisted shares.

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5. Does the SIPP offer a “Scheme Pension” facility?

Most SIPPs simply offer the facility to take income under Unsecured or Alternatively Secured terms with no Scheme Pension facility.

Scheme Pensions represent a fundamental tool in personal financial planning for most high net worth individuals. Such individuals, particularly post age 75 would often be best advised to draw as much pension as possible in their lifetime to reduce the likelihood of there being significant funds on death taxed at a penal rate of up to 82%.

The scheme pension can be calculated actuarially to provide a much higher income than ASP and may also come with a 10 year guarantee from age 75, massively reducing the level of funds left to suffer penal taxation on death.

The Organon SIPP is one of the few products on the market offering an individually calculated and actuarially calculated Scheme Pension.

6. Does the SIPP offer the Facility to hold Protected Rights?

SIPP products are now able to hold Protected Rights, which is an obvious attraction to members seeking maximum flexibility in their investment and pension planning.

Not all provider plans accommodate Protected Rights and advisers should be aware of the benefits of this facility.

The Organon SIPP allows transfers of Protected Rights for self-investment.

7. Is the SIPP Provider “Independent”?

Many SIPPs are operated by companies who themselves offer financial advice, or who have clear and explicit links with companies offering this service. This may result in conflicts of interest, which the adviser may quite reasonably seek to avoid by choosing a SIPP provider with no such affiliation.

Advisers should rest assured that the companies in the Organon Group are proud to be entirely independent. They do not provide regulated advice to clients.

8. What other Services can the SIPP provider offer?

The adviser may find it useful to use the services of a provider with in-depth knowledge and experience of other related areas. SIPPs do not exist in a vacuum and therefore should not be viewed in isolation from other possibly suitable products or services.

The Organon Group is able to offer a “one-stop shop” for any adviser involved in the Executive Pension Planning arena. We also offer full Small Self-Administered Scheme (SSAS) Trustee and Administration Services, including a Defined Benefit SSAS, are able to offer Actuarial support and consultancy, QROP advice for those IFA's with clients interested in taking their UK pensions offshore as well as a specialist funds distribution service aimed at advisers with High Net Worth clients.

Our range of services means we are well placed to offer practical and impartial advice on the full range of pension vehicles associated with the executive pensions market. So why go elsewhere?