



PENSIONS UPDATE

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Sovereign SIPP now available

Sovereign has now launched the international section of its new UK Self-Invested Personal Pension (SIPP). The SIPP is for distribution by regulated intermediaries and facilitates investment into retail or standard assets. The plan has a £300 establishment fee and an annual administration charge of £500.

Richard Chandler, previously Business Development Manager at Sovereign

Pension Services, has been promoted to Head of SIPP and SSAS (Small Self-Administered Scheme) Business and will take operational responsibility for the SIPP business. He brings to the role extensive pensions knowledge and an in-depth understanding of the advisory market, both in the UK and overseas.

Please contact your local Sovereign representative for more information.

Ad hoc QROPS fees removed

Sovereign has removed ad hoc fees from all of its QROPS plans across Malta, Gibraltar and Isle of Man, together with its Guernsey ROPS, with effect from 1 November 2016.

These fees relate to charges formerly made for requests for Pension Commencement Lump Sum (PCLS) and benefit payment charges (if taken annually, bi-annually or quarterly); in addition, investment switches, processing dealing instructions, change of nominated beneficiaries, change of adviser, interim valuations and additional contributions or pension transfers will no longer attract a charge.

Gerry Kelly, Sovereign Group COO, said: "The reason Sovereign now has over 10,000 QROPS under administration is that we continue to offer competitive and market leading products to our clients and introducers. We recognised the unpopularity of these additional charges, which were over and above the annual fees, and have therefore decided to address this. Many other providers continue to present opaque and lengthy fee schedules that are difficult to understand. Sovereign has instead opted to simplify its fee schedules and bring complete clarity to its charging structures."

Further reduction in AIA Report Fees

Clients using the PenTech-administered Appropriate Independent Advice (AIA) report service will doubtless have noticed that there has been a further reduction in fees to £800 per report. The service, which facilitates UK-regulated advice on the transfer of

safeguarded pension benefits, is available to Sovereign introducers via the International Financial Adviser Support (IFAS) portal. The web address for the service is www.pentech.im/ifas. The new price of £800 is exclusive to Sovereign introducers.

New flexible Guernsey plan

Sovereign's Guernsey office has recently launched the Aditum Personal Pension Plan (PPP). This new arrangement is approved under Section 157A of the Income Tax (Guernsey) Law and offers flexible retirement benefits. Existing members of Sovereign's former Guernsey QROPS arrangements who wish to draw flexible benefits can transfer to the Aditum PPP, subject to their residence status and a minimum entry age of 55. The Aditum PPP will also accept transfers from other Guernsey pension providers subject to the trustee's discretion. Please contact your local Sovereign representative for more information.

Government abandons secondary annuities market plan

The UK government announced, on 17 October, that it had decided not to take forward plans to introduce a secondary annuities market because the consumer protections required could undermine the market's development. This will come as a disappointment to those pensioners seeking to exchange their fixed lifetime incomes for a capital sum.

Simon Kirby, Economic Secretary to the Treasury, said: "Allowing consumers to sell on their annuity income was always dependent on balancing the creation of an effective market with making sure consumers are properly protected. It has become clear that we cannot guarantee consumers will get good value for money in a market that is likely to be small and limited. Pursuing this policy in these circumstances would put consumers at risk – this is something that I am not prepared to do."

The statement can be read [here](#).

Lifetime Allowance protection – online facility now available

There was a further reduction in the UK's Lifetime Allowance, from £1.25 million to £1 million, with effect from 6th April 2016. To protect your pension against the reduction, two new transitional protection regimes were introduced – Fixed Protection 2016 and Individual Protection 2016 – to which eligible pension scheme members may apply. It is worth noting, that Individual Protection 2014 is also still available to those with pensions valued in excess of £1.25 million on 5 April 2014 (applications can be made up to the 5 April 2017). All applications can be made online via the government website [here](#).

More information on this subject is available from the Factsheets section of the Sovereign/PenTech International Financial Adviser Support (IFAS) portal at www.pentech.im/ifas

Enhanced succession planning opportunities

Sovereign's range of Succession Trusts may provide a neat solution for pension scheme members with very specific succession planning requirements. The trust would typically be established during the QROPS member's lifetime and nominated as the death beneficiary. When the QROPS member dies, the QROPS fund is paid into the Succession Trust. This structure can assist in alleviating future succession problems, particularly when the surviving spouse dies, and can prevent assets from being dissipated. The trust can operate more flexibly than the pension scheme, which remains bound by pension rules.

There would be a small increment to the QROPS' fees in the year the Succession Trust is established – for a Malta trust, for example, this would be €300. Thereafter, once the trust becomes active following the member's death, the cost would be €500 p.a. for a simple trust in which a single insurance bond or platform is held, plus any applicable time charges.

Please contact your local Sovereign representative with any questions.

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