



### IPM PERSONAL PENSION SCHEME

#### 1 INFORMATION

IPM has undertaken a Fair Value Assessment as the manufacturer of this product. This document is designed to present the outcome of our Fair Value Assessment, carried out during the lead up to implementing the Consumer Duty. The Duty introduces new rules and guidance to ensure good outcomes for retail customers. One of the key areas of the Duty is to ensure that products and services provide fair value with a reasonable relationship between the price consumers pay and the benefit they receive.

This document is provided in conjunction with our 'Target Market Statement' which identifies the potential target market for the IPM SIPP. It details who the SIPP is designed for and also to whom the SIPP may not be appropriate. Our target market can be summarised as follows:

- retail clients receiving advice from a UK regulated financial advisor
- those with a fund value of £50,000 or more
- it is intended for those willing to stay in the contract for a minimum of at least 3 years, who are looking to either pay contributions or consolidate their existing pension benefits into the IPM SIPP
- it will suit those who wish to have a full range of retirement options, including taking pension commencement lump sums from age 55 (under current rules) with a range of income options under Flexi-access drawdown, plus Uncrystallised Funds Pension Lump Sums
- our members, with their advisers, are able to determine their own investment strategy and proceed according to the level of risk they are comfortable with and have a full range of investment options available to them
- in some circumstances it will suit a non-advised client where we understand the background and rationale for why the individual does not require advice

In line with PRIN 2A.4.8, our Fair Value Assessment is broken down into two stages. The first stage is split into two parts where the firm first focuses on the product, assessing the product features and benefits in the eyes of the target market followed by an assessment of the overall costs a typical customer might pay. The second part of this stage is comparing the two aforementioned assessments to ensure the benefits are commensurate with the overall price a customer pays for the product. The second stage reviews different customer groups, the fees that different customer groups might pay due to using the product in different ways and whether this difference represents fair value.

## 2 SUMMARY OF ASSESSMENT

### 2.1 Stage 1

#### 2.1.1 Product features and benefits

IPM consider the features and benefits of the SIPP to be:

- We charge on a simple flat fee basis so our customers always know what they will be paying. Please see Appendix 1 for our current Fee Schedule.
- Our fees have been compared with and are in line with our five closest market competitors.
- Until this year we had not increased our Annual Administration Fee for 20 years. We had been able to do this as we have made efficiencies such as increased automation for some tasks and record keeping. We have a very experienced and efficient team with low staff turnover and have therefore been able to keep costs under control.
- We offer a full and flexible range of investment options which includes commercial property, choice of the member's investment manager or platform (subject to IPM's satisfactory due diligence on these).
- We offer a full suite of retirement options including Flexi-access Drawdown, UFPLS and phasing of benefit payments.
- All of the investment and benefit options are offered within the same product therefore the member does not need to change product to select any of these options.
- We have a service-led offering supported by a very experienced and competent team. 80% of our staff have over 10 years experience in SIPP Administration. 60% have over 20 years experience.
- We do not operate a call centre therefore, customers have direct access via telephone and email to our administration team.

#### 2.1.2 Assessment of costs

Within this stage we assessed the total costs that typical clients may pay for their SIPP. These are based on the following scenarios and the results are in the tables in section 2.3 below:

**Scenario 1** - a customer wishes to set up a SIPP, conduct two 'transfers in', invest via a DFM, invest via a platform, and open two deposit accounts

**Scenario 2** - a customer wishes to set up a SIPP, conduct one 'transfer in', invest via a platform and a trustee investment bond investment, take max PCLS and then receive monthly income.

**Scenario 3** - a customer wishes to set up a SIPP, conduct one 'transfer in', make one contribution, purchase commercial property with borrowing, and invest via a platform account in the SIPP

As can be seen from the tables we have calculated the fee as a percentage of the fund value. This has been done for both the annual fee and the first year's fee. We have based the figures on funds sizes of £631,563 (which is our average fund size) £50k (being the minimum fund size within our target market) and £250K (being a typical fund size for the whole market).

The tables also show the total fees paid over a duration of 10 years for each scenario on the basis that pensions are long term investments.

The IPM SIPP is intended to be distributed via FCA authorised financial advisers. There are costs associated with financial advice that are agreed between advisers and clients and IPM do not set these fees. However when looking at value we must look throughout the whole distribution chain, including adviser charging. IPM operates an internal house limit on adviser fees, whereby any adviser fees above 5% initial or 1% annual are flagged for review giving IPM some oversight of adviser fees.

#### 2.1.3 Comparison of the benefits against the price paid

As set out in section 2.1.1 the IPM SIPP offers full range of investment and benefit options supported by a knowledgeable and experienced administration team which are directly contactable. The fee is a fixed annual fee together with transactional fees depending on the options the member selects.

As noted in section 2.1.2 the annual and first year fees are below 1.38% for the fund values and types of transaction that we expect from our target market (excluding where a property is purchased in the first year with a fund value of £50K).

Within our assessment of fair value we have also reviewed customer retention rates and complaints data. These have not raised any concerns that our fees are too high or that our service is inadequate.

Taking the above into account we deem that our typical client is getting fair value for the price paid. In addition, IPM does not deem there to be any cohorts of customers within our target market that are receiving unfair value.

### 2.2 Stage 2

As stated in section 2.1.1 above IPM have reviewed the average total costs to a customer based on a number of scenarios which are set out in section 2.3 below. Our price assessment is also informed by a comparison with other pension providers within the market that offer similar products to the IPM SIPP. The tables compare the fees paid in year one, the annual fee thereafter and the total fees paid over 10 years.

In each of the scenarios IPM's fees compare favourably with the other providers. This is more evident in the year one fees being lower in each scenario as we do not charge any additional fees at outset. We are also comfortable that IPM's annual fee compares well with the other providers in each scenario.

The scenarios shown do not take into account that IPM receive income from retained interest for funds on deposit in the trustee bank account. Ideally this would be taken into account in the scenarios however the variables are too many to include in these examples.

One provider in our comparison group of our closest competitors has a higher annual fee than IPM but is not retaining interest. Therefore the total cost could potentially work out the same. However this would only be the case for clients with higher cash on deposit in the trustee bank account.

Retention of interest arguably offsets more recent increases in outgoings – the rise in interest rates meaning that the amount from interest retention increases and allows IPM to keep the annual fee at the current rate when other costs (wages, energy, materials) are going up. Therefore this affects the total cost to customer, in enabling us to keep our fees at the level they have been for many years (through periods of very low interest).

In analysing the average amounts held in cash across the book of business and how much this equates to in retained interest, we have verified that customers are not paying high costs through retained interest which could result in them not receiving fair value.

We mentioned in 2.1.1 above that our fees have been compared with our five closest competitors. However we have only shown four of them in the scenarios below. One of the comparison group operates a SIPP which is no longer open to new business so could not be included in the scenarios. We have however included them in our information gathering for direct comparison for existing customers.

## 2 SUMMARY OF ASSESSMENT

### 2.3 Cost analysis tables

#### Scenario 1

A customer wishes to set up a SIPP, conduct two 'transfers in' one from a Personal Pension and one from a Defined Benefit Scheme, invest via a DFM (36.5%), invest via a platform (36.5%), and open two deposit accounts (13.5%).

	IPM	Provider A	Provider B	Provider C	Provider D
<b>Establishment Fee</b>	Nil	£253	Nil	£350	Nil
<b>Annual Admin Fee</b>	£580	£886	£400	£696	£255-£795*
<b>Transfer In Fee</b>	Nil	£124	Nil	£360	£172
<b>Investment Fees</b>	Nil	£248	Nil	£766	£446
<b>Investment Fees Annual</b>	Nil	Nil	Nil	Nil	£392
<b>Year One Fee</b>	£580	£1,511	£400	£2,172	£873-£1,413
<b>Annual Thereafter</b>	£580	£886	£400	£696	£647-£1,187
<b>Total Fees After 10 Years</b>	£5,800	£9,485	£4,000	£8,436	£6,696-£12,096
<b>Year One Fee as a percentage of fund value for a fund of £631,563</b>	0.092%	0.239%	0.063%	0.344%	0.224%
<b>Year One Fee as a percentage of fund value for a fund of £250,000</b>	0.232%	0.604%	0.16%	0.869%	0.565%
<b>Year One Fee as a percentage of fund value for a fund of £50,000</b>	1.16%	3.022%	0.8%	4.344%	2.826%
<b>Annual Fee as a percentage of fund value for a fund of £631,563</b>	0.092%	0.14%	0.063%	0.11%	0.188%
<b>Annual Fee as a percentage of fund value for a fund of £250,000</b>	0.232%	0.354%	0.16%	0.278%	0.475%
<b>Annual Fee as a percentage of fund value for a fund of £50,000</b>	1.16%	1.772%	0.8%	1.392%	2.374%

\*Provider D's Annual Admin Fee is 0.24% of SIPP value subject to min £255 p.a. and max £795 p.a.

Our product means the customer will pay a simple, flat annual fee, rather than a number of different charges.

## 2 SUMMARY OF ASSESSMENT

### 2.3 Cost analysis tables

#### Scenario 2

A customer wishes to set up a SIPP, conduct one 'transfer in' from a personal pension, take max PCLS and pay monthly income, invest via a platform (50%) and trustee investment bond investment (50%).

	IPM	Provider A	Provider B	Provider C	Provider D
<b>Establishment Fee</b>	Nil	£253	Nil	£350	Nil
<b>Annual Admin Fee</b>	£580	£886	£400	£696	£255-£795*
<b>Transfer In Fee</b>	Nil	£62	Nil	£70	£86
<b>Investment Fees</b>	Nil	£124	Nil	£426	£223
<b>Investment Fees Annual</b>	Nil	Nil	Nil	Nil	£196
<b>BCE Fee</b>	£150	£149	£100	£267	£184
<b>Annual Drawdown Fee</b>	£150	£186	Nil	£132	£205
<b>Year One Fee</b>	£730	£1,660	£500	£1,941	£953-£1,493
<b>Annual Thereafter</b>	£730	£1,072	£400	£828	£656-£1,196
<b>Total Fees After 10 Years</b>	£7,300	£11,308	£4,100	£9,393	£6,857-£12,257
<b>Year One Fee as a percentage of fund value for a fund of £631,563</b>	0.115%	0.263%	0.079%	0.307%	0.236%
<b>Year One Fee as a percentage of fund value for a fund of £250,000</b>	0.292%	0.664%	0.2%	0.776%	0.597%
<b>Year One Fee as a percentage of fund value for a fund of £50,000</b>	1.46%	3.32%	1%	3.882%	2.986%
<b>Annual fee as a percentage of fund value for a fund of £631,563</b>	0.115%	0.17%	0.063%	0.131%	0.189%
<b>Annual fee as a percentage of fund value for a fund of £250,000</b>	0.292%	0.429%	0.16%	0.331%	0.478%
<b>Annual fee as a percentage of fund value for a fund of £50,000</b>	1.46%	2.144%	0.8%	1.656%	2.392%

\* Provider D's Annual Admin Fee is 0.24% of SIPP value subject to min £255 p.a. and max £795 p.a.

Like most providers we levy a fee for paying PCLS and then an annual drawdown fee thereafter. However, we do not charge more for higher frequency withdrawals or for ad hoc income payments. We also only charge additional investment fees for non-standard assets. Our structure means the customer simply pays the same fixed fee every year, plus a one-off BCE fee.

## 2 SUMMARY OF ASSESSMENT

### 2.3 Cost analysis tables

#### Scenario 3

A customer wishes to set up a SIPP, conduct one 'transfer in' from a Defined Benefit Scheme, make one contribution, purchase commercial property with borrowing (80%), and invest via a platform account (20%) in the SIPP.

	IPM	Provider A	Provider B	Provider C	Provider D
<b>Establishment Fee</b>	Nil	£253	Nil	£350	Nil
<b>Annual Admin Fee</b>	£580	£886	£400	£696	£255-£795*
<b>Transfer In Fee</b>	Nil	£62	Nil	£290	£86
<b>Contribution Fee</b>	Nil	Nil	Nil	Nil	Nil
<b>Investment Fees</b>	Nil	£62	Nil	£213	£177
<b>Investment Fees Annual</b>	Nil	Nil	Nil	Nil	£98
<b>Property Purchase Fee</b>	£550	£923	£350	£960	£995
<b>Annual Property Fee</b>	Nil	£586	£350	Nil	£730
<b>Borrowing Fee</b>	£550	£308	Nil	£315	£380
<b>Annual Borrowing Fee</b>	Nil	£186	Nil	Nil	Nil
<b>Year One Fee</b>	£1,680	£2,494	£750	£2,824	£1,893-£2,433
<b>Annual Thereafter</b>	£580	£1,658	£750	£696	£1,083-£1,623
<b>Total Fees After 10 Years</b>	£6,900	£17,416	£7,500	£9,088	£11,640-£17,040
<b>Year One Fee as a percentage of fund value for a fund of £631,563</b>	0.266%	0.395%	0.119%	0.447%	0.385%
<b>Year One Fee as a percentage of fund value for a fund of £250,000</b>	0.672%	0.998%	0.3%	1.13%	0.649%
<b>Year One Fee as a percentage of fund value for a fund of £50,000</b>	3.36%	4.988%	1.5%	5.648%	4.866%
<b>Annual fee as a percentage of fund value for a fund of £631,563</b>	0.092%	0.263%	0.119%	0.11%	0.257%
<b>Annual fee as a percentage of fund value for a fund of £250,000</b>	0.232%	0.663%	0.3%	0.278%	0.649%
<b>Annual fee as a percentage of fund value for a fund of £50,000</b>	1.16%	3.316%	1.5%	1.392%	3.246%

\*Provider D's Annual Admin Fee is 0.24% of SIPP value subject to min £255 p.a. and max £795 p.a.

There are additional fees for property purchase however here we are very competitive. There are many variables for a property purchase that many providers, including IPM, charge additional fees for.

## 2 SUMMARY OF ASSESMENT

Whilst the scenarios above give a comparison of our fees against those of our closest competitors in a wide range of situations, they do not give the total costs to a consumer. In assessing fair value we need to also factor in the fees charged by distributors of our product (advisers) and also the fees of other manufacturers in the chain (investment providers).

Shown in the table below are the average of fees charged by advisers in our database and our five most used investment providers:

<b>Adviser Initial</b>	1.05%
<b>DFM</b>	1.07%
<b>Platform</b>	0.29%
<b>Trustee Investment Plan</b>	1.36%

The table below uses these charges, in line with the 3 scenarios, above to give total costs to the consumer for the first year.

	Scenario 1	Scenario 2	Scenario 3
<b>Fund Value £631,563</b>			
<b>Total IPM Fees Year One</b>	£580	£730	£1,680
<b>Adviser Fees Year One</b>	£6,631	£6,631	£6,631
<b>Investment Charges Year One</b>	£3,134	£3,906	£366
<b>Total Fees Year One</b>	£10,345	£11,267	£8,677
<b>Fund Value £250,000</b>			
<b>Total IPM Fees Year One</b>	£580	£730	£1,680
<b>Adviser Fees Year One</b>	£2,625	£2,625	£2,625
<b>Investment Charges Year One</b>	£1,240	£1,546	£145
<b>Total Fees Year One</b>	£4,445	£4,901	£4,450
<b>Fund Value £50,000</b>			
<b>Total IPM Fees Year One</b>	£580	£730	£1,680
<b>Adviser Fees Year One</b>	£525	£525	£525
<b>Investment Charges Year One</b>	£247	£309	£29
<b>Total Fees Year One</b>	£1,352	£1,564	£2,234

IPM's fees represent value to the consumer in light of the benefits of our SIPP against the total cost of use of the product. Whilst third party charges are not controlled by us, this table allows us to consider them in terms of their impact on the total cost. To provide meaningful insight we have tried to show a typical outcome based on the average charges applied. Also by showing that not all consumers will pay all charges, but recognising the importance of understanding how different charges can combine.

### 3 OUTCOME

The fair value assessment result is that:

- The product remains consistent with the needs of the identified target market. As outlined in 2.1.1 above, the product features and benefits of the IPM SIPP being a flat and consistent charging structure which compares favourably with our closest competitors, a full range of investment and retirement benefit options and an experienced and service orientated administration team, matches the target market outlined in 1 above.
- The product has been assessed as fair value for customers within our target market. Whilst we consider that the customers in the scenarios above receive fair value from the IPM SIPP, there may be some who receive better value than others. For example a member with one simple investment will pay the same annual fee as a member with multiple investments. However we have taken into consideration the fact that for standard investments, once it has been set up, there is no extra work for IPM to administer and hold multiple investments than for one. Similarly a member taking an annual pension payment will pay the same annual fee as a member taking several ad hoc payments. However we have taken into consideration that the cost to us is in providing the drawdown facility and payroll function.
- For those outside our target market we would not deem the IPM SIPP to offer fair value. For example the impact of our flat fee structure on those with a small fund size would not be fair value.
- The intended distribution strategy remains appropriate, being that the product is to be primarily distributed to clients via an adviser with adviser charges being overseen by IPM. As IPM is regulated simply to provide pension administration services, we want our clients to receive the necessary advice to ensure that our SIPP is right for their needs.
- No issues or actions were raised through the review process. Our assessment of these measures confirmed the ongoing fair value of this product.

### 4 REVIEW

The firm will review the Fair Value Assessment annually or sooner where there has been any significant adaptation to the product.



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