

THE PREMIER TRUST



Fee Scenario

A SIPP which purchases a property

This document is to help you understand the fees for administering a SIPP which purchases a property. It provides you with a guide to transaction costs and answers frequently asked questions. This is intended simply as a guide. Your solicitor will provide you with full details of all costs and disbursements involved in the transaction.

Example scenario – purchasing a property

A client, having previously set up a SIPP wishes to purchase a commercial property with a purchase price of £250,000 + VAT. The premises will be let to the client's business.

In addition to our fees for administering the SIPP there will be additional costs incurred which will be charged to the SIPP as follows:

- Legal fees – A solicitor will act for the SIPP and member(s). The SIPP will be responsible for the solicitor's costs, including search fees, disbursements, registration and Stamp Duty Land Tax
- Bank Charges – If borrowing is needed to enable the purchase, the lending bank will charge an Arrangement and Security fee. They will also require an independent valuation to be carried out. If there is no bank borrowing we may require an independent valuation to be carried out which will also set the open market rent. If a bank valuation is carried out, we may accept this.
- Environmental Report – we will require an environmental report which will be prepared by a company instructed by us.

The annual property administration fee is applicable all the while that a property is owned by the SIPP. We do not insist on a property management company being appointed but members should appoint one if they do not intend to manage the property themselves. If members choose to manage the property themselves but fail to deal with it adequately, we reserve the right to appoint a managing agent, the cost of which will be met by the pension scheme.

What the costs would be:

Our fees for purchasing the property:

SIPP disinvestment charges	£Nil
Environmental report (assuming no complications)	£149.00
Handling the property purchase	£675.00
Dealing with the borrowing	£300.00
VAT registration	£100.00
Total	£1,224.00

Other fees/costs in connection with the purchase

VAT at 20% (on £250,000 purchase)	£50,000.00	(See Note 1)
Solicitor fees (approx)	£2,500.00	(See Note 2)
Solicitor disbursements (approx)	£1,000.00	(See Note 2)
Stamp duty (on £300,000 purchase)	£4,500.00	(See Note 3)
Loan arrangement and security fees (approx.)	£1,500.00	(See Note 4)
Banks' valuation fee	£850.00	(See Note 5)
Valuation fee	£1,000	(See Note 6)
Total	£61,350	

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Note 1: This amount should be recoverable by the SIPP within 3 months of the completion date.

Note 2: This is not a representation of what your solicitor's fee and disbursements may be but is purely a figure for illustrative purposes.

Note 3: Stamp duty is paid on the property price including VAT

Note 4: The lender's arrangement and security fees will vary depending on the amount being borrowed and on the lender's terms and conditions. This is not a representation of what the loan arrangement and security fees may be but is purely a figure for illustrative purposes.

Note 5: The bank's valuation fee will vary depending on the valuer used. This is not a representation of what the valuation fee may be but is purely a figure for illustrative purposes.

Note 6: It may be necessary for you to have an additional valuation (particularly if this is a connected party transaction).

New ongoing fees

SIPP annual administration fee	£460.00
Annual property administration fee (one tenant)	£220.00
Annual fee for completing VAT returns	£120.00
Annual borrowing fee	£50.00
Total per annum	£850.00

Please note: All our fees are subject to VAT in addition (currently 20%).

The Premier Trust is administered by DP Pensions Ltd. The trustee of the scheme is D A Phillips & Co Ltd

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