



# CLEAR CHARGES

Pension Portfolio

THIS IS FOR FINANCIAL ADVISER USE ONLY AND SHOULDN'T BE RELIED UPON BY ANY OTHER PERSON.

## INTRODUCTION

**At Royal London, we're all for making pensions as transparent as possible. That's why, we want you to be clear what charges your clients will pay if they take out a Pension Portfolio Plan with us.**

If your clients need a value for money insured pension, the **Core Investments** within the Pension Portfolio offers an attractive range of funds at competitive prices. And if they need greater investment choice, they can access a wide selection of additional assets within the **Self Investments**.

Also available through the Pension Portfolio is **Income Release**, an integrated income drawdown facility which allows eligible clients to withdraw their retirement savings at a time and in a way to suit their individual needs. If your client wants to make ad hoc withdrawals, they can do this from Pension Portfolio.

With Pension Portfolio, your clients will only pay for what they use.

## PRODUCT CHARGES

### Core Investments

Every plan has a management charge. This covers the costs of setting up the Core Investments, ongoing administration and investment management.

The different elements which make up the management charge are shown below.

Basic charge	
minus	Management charge discount
plus	Additional investment charge (if applicable)
plus/minus	Adviser adjustment (if applicable)
=	<b>Total management charge</b>

### **Basic charge**

The basic management charge for the Core Investments is 1% a year. This charge is built into the fund price and is deducted on a daily basis.

Depending on the other elements that make up the management charge, the actual charge may be less than or greater than 1%. Therefore, to ensure the correct charge is applied, an adjustment is made each month by the addition/cancellation of units, as required.

### **Management charge discount**

To provide your clients with greater value for money, our management charge is tiered. So as the value of your client's Core Investments grows, the overall management charge reduces. This is applied through a monthly management charge discount.

The table below details the different discount rates and the levels they apply at.

<b>Value of Core Investments</b>	<b>Discount</b>
£0 - £33,599	0.10% per year
£33,600 - £67,299	0.50% per year
£67,300 - £201,999	0.55% per year
£202,000 - £672,999	0.60% per year
£673,000+	0.65% per year

The levels at which the discounts apply increase each year in line with the Retail Prices Index (RPI).

If a client moves money from the Core Investments to the Self Investments, or starts using Income Release, the discount may reduce. This is because the discount is based on the value of the Core Investments.

### **Additional investment charge**

In addition to a range of funds managed by Royal London Asset Management, your clients can invest in a selection of funds managed by other investment managers and leading discretionary fund managers.

An additional investment charge is applied for the majority of these funds. See our **Fund Range Summary** and **External Investment Solutions** leaflet for details.

### **Adviser adjustment**

An adjustment to the management charge may be made as a result of terms agreed with you. This adjustment can reduce or increase the management charge.

## INCOME RELEASE

Income Release is an integrated income drawdown facility which allows your clients to withdraw tax-free cash and, if required, income payments directly from their Pension Portfolio any time after age 55.

If your clients wish to use Income Release, there's an initial one-off charge of £204 which covers our costs in setting up and administering their Income Release Account.

However if their Royal London pension plan has been in force for 12 months or more when they switch on Income Release, or if they're transferring savings from an existing Royal London pension plan that's been in force for 12 months or more to an Income Release plan, we won't apply this charge.

The Income Release charge increases each year in line with the Retail Prices Index (RPI).

## SELF INVESTMENTS

The Pension Portfolio offers your clients investment freedom, enabling them to hold a wide range of assets within their pension wrapper should they require additional flexibility. As you'd expect, this greater choice comes with additional charges.

If your clients want to self invest, they will need to pay an annual self investment administration charge. This charge varies depending on whether your clients want access to the full range of permitted investments or just the Online Investments – fund supermarket and online share dealing service. Thereafter, investment, transaction and service charges may apply, depending on the specific assets held and services used.

### Administration charge

	Online Investments	Full Investments
Administration charge	£395 a year	£735 a year

The self investment administration charge is payable annually in advance from your client's Pension Portfolio Bank Account and increases each year in line with Average Weekly Earnings.

If your clients move from the Online Investments to the Full Investments during the year the full higher annual charge will apply from the next anniversary of the date your clients set up their Self Investments.

## Online Investments

If your clients opt for the Online Investments, the following charges may apply depending on the assets held.

### Fund supermarket

The number of funds available through the fund supermarket is continually being revised, as are the charges, however, the charges will typically fall within the following range.

Charge type	Charge
Annual fund supermarket charge (based on the following fund values)	
Up to £500,000	0.18%
The next £500,000	0.15%
Over £1 million	0.05%
Annual fund management charge	Typically between 0.25% – 2.5% each year based on the value of the investment

A full list of the funds available and associated charges is available on our website at [royallondon.com](http://royallondon.com).

### Execution only stockbrokers

You can do share dealing online on behalf of your client. This can be done by employing an **Execution only stockbroker**.

Charges levied by the selected stockbroker will be fully disclosed by them and will be subject to separate contractual terms between your client and the selected stockbroker.

These charges may be subject to VAT.

### Telephone instructions

We don't accept telephone instructions.

## Full Investments

If your clients opt for the Full Investments, they'll be able to invest in the full range of permitted assets. The charges relating to the fund supermarket and online share dealing are the same as for the Online Investments. Additional charges apply for the non-online investments.

### Dealing desk

Some investments that aren't available through the online share dealing service can be purchased through a dealing desk. Additional fees apply, which are deducted from your client's Pension Portfolio Bank Account.

Investment		Charge (per transaction)
Funds, equities and other securities/instruments	Online (no application form required)	£23
	Paper (not available online and requiring an application form, e.g. tax exempt unit trust)	£56
	Set-up fee (per account)	£105
Trustee investment plans	Online transaction (no application form required)	£23
	Paper transaction (not available online and requiring an application form)	£56

### Discretionary fund management

If your clients employ the services of a discretionary fund manager (DFM), they'll pay an annual management charge which is a percentage of the money managed by the DFM. Charges levied by your client's selected DFM will be subject to separate contractual terms between them and their selected DFM.

These charges may be subject to VAT.

## Property purchase

If your clients want to invest directly in commercial property, there are a number of associated charges and fees. These include acquisition and administration charges, which are levied by Royal London and third party fees, such as solicitor's fees and property management fees.

Charge	Amount
Initial charge (payable once parties are instructed)	£575
Completion charge	£415
Charge for new mortgage	£215
Property annual administration charge	£815
If VAT registered (annual charge)	£180
If rent in arrears (charged per quarter)	£110
New lease or lease renewal	£435
Rent review (member)	£435 per review
Rent review (non-member)	£790 per review
Deed of variation	£790 per variation
Sale or transfer out	£790
Development or refurbishment	The higher of £1,395 or 0.5% of final contract price.
Additional property services	£155 per hour
Assignment	£790
Sublet (whole or part)	£790
License to alter / change of use	£790

The charges increase each year in line with Average Weekly Earnings based on the change during the 12 months to October each year.

We'll set up a dedicated Property Bank Account for each commercial property held as an asset within the Pension Portfolio. All property related charges/fees should be paid for from this account.

### **Other charges**

There are a number of additional charges that may apply to a client's Self Investments in specific circumstances. These will depend on the services and investments involved.

### **Paper valuation**

Each year your clients will be provided with a statement showing the value of their Pension Portfolio. There is a **£160** charge for any additional paper valuations (the first one is free). This charge is deducted directly from your client's Pension Portfolio Bank Account.

### **In Specie transfers**

We will charge **£180** per transfer for each In Specie transfer (in and out) we accept. This is deducted from your client's Pension Portfolio Bank Account.

All charges are regularly reviewed and could change in future.

### **Pension Portfolio Bank Account and Pension Portfolio Property Bank Account**

Credit balances in your client's bank accounts will attract interest. Royal London retain a portion of any interest paid to help cover the costs of running your clients SIPP. For example, if your clients bank account balance is £1,000 throughout the year and the retained interest charge is 0.5% the amount we keep in the year would be £5. Your client will receive the remaining interest. The rate may change twice a year, April and then October. You can get the current rate by contacting the SIPP administration team, phone 0345 600 7477 Monday to Friday 8am – 6pm or by email at [SIPPAdministrationTeam@royallondon.com](mailto:SIPPAdministrationTeam@royallondon.com).

Overdrafts are not permitted on any bank accounts within your client's Pension Portfolio.



## ADVISER CHARGES

In return for the services you provide for your client, it is possible for you to receive adviser charge payments from your client's plan. Adviser charges will be agreed between you and your client. We would deduct the charges from the Core Investments and then pay them to you. Any adviser charges will be in addition to the product charges.

The remuneration options available are as follows.

	Charge type		
	Initial	Ongoing	Ad hoc
Regular contributions	Percentage of contributions	Percentage of contributions	–
	Monetary amount	Monetary amount	Monetary amount
	–	Percentage of fund	Percentage of fund
Single contributions and transfer payments	Percentage of contributions	–	–
	Monetary amount	Monetary amount	Monetary amount
	–	Percentage of fund	Percentage of fund

Full details of our remuneration options can be found in our **Pension Portfolio Remuneration Guide**.

It is possible to build in additional adviser charges when your client decides to access their retirement benefits using our Income Release facility. This could, for example, be by way of an 'ad hoc' charge applied proportionally across the client's crystallised and uncrystallised investment.



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We're happy to provide your documents in a different format, such as Braille,  
large print or audio, just ask us when you get in touch.  
All of our printed products are produced on stock which is from FSC® certified forests.

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