Whitehall SIPP: Target Market and Fair Value Statement

Assessment Date	August 2024
Date of Next Assessment	August 2025

This document is provided exclusively for the use and information of professional introducers only who are authorised and regulated by the Financial Conduct Authority. It is not intended for customer use.

This document is provided in accordance with the FCA Consumer Duty to assist distributors with the appropriate information on the above product, to enable a full understanding of the intended value of the product, the identified target market and proposed distribution strategy. It is designed to assist with distribution activities in accordance with the best interests of customers and to identify whether the product provides fair value to customers in the target market including whether it will continue to do so for a reasonably foreseeable period.

Whitehall Group SIPP Limited is a product manufacturer and distributor under the definition in the Consumer Duty.

Statement	
We have assessed our product against the FCA's Consumer Duty rules contained in PRIN 2A.3. in the following areas:	
• Target market and distribution strategy • Needs, characteristics and objectives of the target market • Risks of the product to the target market and vulnerable customers • Vulnerable customers	• Avoiding adverse effects on groups of customers • Terms and conditions • Product testing • The Cross-Cutting Rules • Price and Value Assessment against the relevant Consumer Duty rules contained in PRIN 2A.4
No significant issues were found on completion of this assessment. Our final conclusion was that the product represents fair value to customers in the target market.	

Product Information	
Product Summary	The Whitehall SIPP is a self-invested personal pension scheme established by a trust deed and governed by its trust deed and rules. Each SIPP is established by completion of a supplemental trust deed and the member is a trustee together with Whitehall SIPP Trustees Ltd. It is a Member Directed Pension Scheme as defined by HM Revenue & Customs.
Main Features	The Whitehall SIPP is a flexible personal pension allowing access to a broad range of investment, retirement and death benefit options. We charge fees on a flat fee basis not a percentage of fund. We do not offer in-house

	stockbroking or fund platform services. These would need to be sourced separately and additional costs would apply to these features. We manage the scheme cash account and retain a proportion of interest equal to 50% of the interest paid by the bank subject to a maximum of 0.8%.
Product Details	The Whitehall SIPP permits investment into "standard assets" only as defined by the FCA. This includes cash deposits, fund platforms, wrap accounts, stockbroker accounts, discretionary fund managers, insurance company investment funds, UK commercial property and gold bullion. We carry out checks on the underlying assets in these wrappers to ensure they meet the FCA definition as standard investments. The full range of retirement and death benefit options available under HMRC pensions tax rules are permitted. The product can accept personal contributions, company contributions and pension transfers. Defined Benefit (final salary) transfers can only be accepted with positive advice to transfer from a regulated adviser with the required FCA permission.
Product Information	Full details are available in our Key Features Document, Terms and Conditions, Fee Schedule and Supplemental Deed. We also provide a number of product guidelines on specific features.
Target Market	
Identified Target Market	Individual pension savers who wish to utilise the flexibility available from the product. Usually these are businesspeople (or retired businesspeople) with a level of wealth and financial sophistication that enables them to understand the nature of the product and its risks.
Needs and Objectives of Customers	The principal initial objective is to use a long-term tax-exempt retirement savings vehicle to accumulate wealth and purchase commercial property and/or use the product flexibility to make a range of investments. The product is also utilised for income drawdown and flexible death benefit options. Customers need an efficient and helpful service with sufficient information, communication and support to enable them to achieve these goals.
Common Characteristics	Customers make their own decisions on investment and retirement choice either with or without advice. Customers have clearly defined long-term financial goals. Customers are usually high net worth, sophisticated or professional investors. Customers must be able to act as trustees.
Identified Risks	• Insufficient fund size makes the product poor value relative to the fees payable. • Investment risk means the customer does not get back what they invested. • Economic factors may affect customer outcomes (e.g. interest rates and inflation). • Poor investment choices affect fund performance. • Holding a disproportionate percentage of cash leading to poor investment returns. • Pension scams and frauds. • Changes in tax laws.

	• Poor service from the pension provider prevents the customer achieving their financial objectives. • Failure of the provider may mean the customer loses money or is prevented from achieving their financial goals. • The customer may develop vulnerabilities making it difficult for them to pursue their financial objectives.
Who the product is <u>not</u> suitable for	• Individuals with small pension funds that mean the product is poor value. • Individuals who are not sufficiently financially sophisticated to understand the nature of the product and its risks. • Individuals who do not want to utilise the flexibility offered by the product. • Individuals who are unable to accept any risk. • Individuals who are unable to act as a trustee. • Individuals who are not eligible for tax relief in the UK.
Vulnerable Customers and those with Protected Characteristics	We provide a mechanism to identify and support customers who develop vulnerabilities. However, the product may not be suitable for those with specific vulnerabilities from outset (for example dementia, serious ill health, mental health problems, low financial resilience).
Review	New business is reviewed regularly to assess whether the product is being distributed to our target market. We also ask that other distributors ensure this target market statement is being followed. If we believe the product is being distributed to clients that appear to be unsuitable, we will raise the matter with the distributor and will not take further action unless we feel this could lead to poor customer outcomes.
Distribution Strategy	
Intended Distribution Channels	The product is designed to be distributed by financial advisers who are authorised and regulated by the Financial Conduct Authority.
Direct Customer Approaches	We will consider direct approaches from potential customers but will carry out checks that they match our target market and additional risk warnings will be given. We will also signpost financial advice.
Unregulated Introducers	We do not accept introductions from unregulated introducers.
Fair Value	
Having conducted our fair value assessment, we consider that this product provides fair value to customers within our Fair Value Threshold (see below). Our fee schedule represents fair value as it complies with the cross-cutting rules of the Consumer Duty in the following ways.	
Value Provided	• Maintain a UK Registered Pension Scheme • Maintain compliance with legislation and regulation • Due diligence on investments and distributors

	• The product is designed to deliver tax benefits (for contribution payments, investment income and capital growth and on payment of retirement and death benefits) • Preventing unauthorised payments, transactions and investments • Providing processes, systems and expertise to offer customers broader investment ranges, including commercial property • Managing the SIPP cash account through a pooled account benefits the customer in a number of ways: ➢ We maintain accounting records and perform daily reconciliation ➢ We can make online payments where the alternative would be to make all payments by cheque that need to be circulated for two signatures on each leading to delays due to postage ➢ Manage cash through a pooled account is more streamlined and efficient than using separate accounts with chequebooks, therefore helping to keep our fees as low as possible ➢ Online access to transaction and balance details via our website and app ➢ Enhanced protection from fraud and money laundering risk by utilising our disbursements and mandates procedures ➢ Using a pooled account enables us to negotiate an interest rate with the bank applicable to all customers including those with small cash balances who would not usually have access to this rate. Despite our interest share, this approach may achieve a higher interest rate than would otherwise be available. • Looking after the best interests of beneficiaries and vulnerable customers • Monitoring investment returns and fund sizes • Avoidance of pension scams and frauds

Compliance with FCA cross-cutting rules	Act in Good Faith	Avoid Causing Foreseeable Harm	Enable and Support Retail Customers to Pursue Their Financial Objectives
Clear and easy to understand	X	X	
No hidden costs as all fees are fully disclosed	X	X	X
Specific fees demonstrate clearly what the product is intended to be used for		X	X
Fee schedule lists product features to assist with identifying the target market			X
The fees bear a reasonable relationship with the level of work and expertise required to perform the specified tasks	X		
The customer doesn't pay for product features they don't use	X	X	
The price can be assessed before buying	X	X	X

Additional fees for items such as property purchase are signposted. No panel or restrictions on solicitors, valuers etc is maintained allowing the customer to choose the best value suppliers to suit their needs	X		
The fee schedule delivers a stable and resilient business			X
The fee schedule enables the business to meet its capital adequacy and wind-down plan resource plan requirements giving consumer protection	X		X
Our market analysis shows no over-charging relative to the market	X	X	
The fee schedule enables the business to employ sufficient resource and capacity to meet its regulatory requirements giving consumer protection		X	X
There is no price-walking (annual index-linked fee increases)	X	X	X
It is clear what benefits are to be received for the price paid	X	X	X
The fees match our SSAS fee schedule so avoids product arbitrage and conflicts of interest	X	X	X
The fee schedule is designed to give good outcomes during the product life cycle not just to drive sales revenue e.g. charging fees for product features such as property and retirement to ensure these features are fully supported	X	X	X
No additional fees are charged for clients with vulnerable characteristics	X		
No barriers are included for customers that want to leave	X	X	X
Charges do not differ depending on protected characteristics or vulnerabilities, so all customers are charged the same level of fees	X	X	X
Other than the initial fee, fees are charged at the end of the specific transaction or billing period to be consistent with the customer's objectives i.e. we don't get paid until the customer's objective is met (property purchase, retirement crystallisation, investment account opening etc)	X		X
We retain a portion of interest earned on the SIPP bank account. This covers the operational costs of managing the banking and assists with our financial resilience. The interest we retain is 50% of interest paid with a ceiling of 0.8%. This means customers benefit from the upside of	X	X	X

increasing interest rates but are not unfairly treated when interest rates reduce.			
There is no “double dipping” in relation to the SIPP bank account. No additional fees are charged for its management. We do retain a portion of any interest paid on the account.	X	X	

Our Responses to the FCA’s Key Questions	
Is the firm satisfied that it is considering all the relevant factors and available data as part of its fair value assessments? Has it gathered relevant information from other firms in the distribution chain?	• We have used all data currently available by incorporating costs of supplying and distributing the product, maintaining financial resilience and our liquid capital requirement. • The fees bear a reasonable relationship with the level of work and expertise required to perform the specified tasks. • We have also taken into account the necessary revenue to the firm to provide a level of service and support needed to comply with the Consumer Duty. • We gather information from other firms in the distribution chain to assist with our assessment.
What insight has the firm gained for its value assessments by benchmarking the price and value of its products and services against similar ones in the market? Have the price and value of its older products kept up with market developments?	• Our market analysis has analysed the fee structure of companies who offer commercial property purchase as an investment option. Our fee schedule is not an outlier.
Can the firm demonstrate that its products and services are fair value for different groups of consumers, including those in vulnerable circumstances or with protected characteristics?	• The fee structure is the same for all customers regardless of vulnerable circumstances and protected characteristics. • We provide a vulnerable client process to ensure any customer with vulnerabilities is supported in a way that helps with their specific needs. We do not charge additional fees for this. • We collate data on protected characteristics to enable us to monitor outcomes for these customers.
If the firm is charging different prices to separate groups of consumers for the same product or service, is the firm satisfied that the pricing is fair for each group?	Not applicable.
What action has the firm taken as a result of its fair value assessments, and how is it ensuring this action is effective in improving consumer outcomes?	Our fee structure includes features which are necessary to maintain the business so that it can be resourced effectively to provide good consumer outcomes.
What data, MI and other intelligence is the firm using to monitor the fair value of its products and services on an ongoing basis? How regularly is it reviewing this material, and what action is it taking as a result?	A Fair Value Assessment will be carried out annually including: • Market research and comparison of fees charged across the SIPP market. • Analysis of the customer base: Does it match the target market? • Analysis of the investment asset spread: does it match the target market and purpose of the product?

	• Investment performance analysis: average, bottom 10% and top 10% including asset selection. • Average adviser charges • Average fund management charges • Minimum customer fund sizes and outliers • Information collected from other firms in the distribution chain: numbers of recommendations, customer type and protected characteristics or vulnerabilities, take-up rate, complaints. • Communication of fees: Are these clearly explained pre-sale, annually in anniversary packs, displayed clearly online and specific fees for specific transactions signposted prior to each transaction? • Are any fee increases communicated at least 60 days in advance with 90 days given to leave without fee increases being applied? • Complaints and root cause analysis. • Vulnerable client outcomes. • Service level analysis: Are published service levels being maintained? • Customer feedback. • Distributor feedback (IFAs). • Customer satisfaction survey. • Internal feedback survey. • Transfers-out: numbers and any trends for reason for leaving. • Costs of manufacture and distribution. • Financial resilience. • Liquid capital requirement being maintained?
Value of Charges in the Distribution Chain	
What charges may be incurred?	• The distribution arrangements involve recommendations by financial advisers who will levy charges on the customers pension fund. • These charges are agreed between the customer and the financial adviser. • The final decision on setting the overall price is therefore taken by another person. • Adviser remuneration: we monitor financial adviser fees to ensure that they are proportionate to the industry and represent fair value for the investments recommended. Our market analysis has revealed average adviser remuneration is 2% initial and 0.5% annual renewal based on the expected fund in the first twelve months. The average fund analysed was £150,000. • Fund management charges: our market analysis of the investment providers with whom we have agreed terms revealed the average annual total fund management charge is 0.83%. • Commercial property purchase includes additional one-off charges (solicitor’s fees, valuer’s fees, estate agent’s fees, surveyor’s fees, search fees, Land Registry fees, mortgage arrangement fees) and ongoing charges (property managers fees, buildings insurance premiums, service

	charges). We do not maintain a panel of solicitors, valuers, insurance brokers etc and the client is free to choose who they use. They are therefore able to make their own fair value assessment of these costs. • Bank charges only apply for same-day payments (faster payments £5, guaranteed CHAPS payments £20). Other charges for using our selected banking services are paid by us. • We do not pay advisers' introduction fees or commission.
How will these charges support, and not adversely affect, the intended value of the product?	• Fair value for these charges is achieved where the party's inclusion in the distribution arrangements increases access to the product and investment choice for customers in the target market in a way that is proportionate to the additional cost involved. • Availability of advice has a non-financial benefit of peace of mind and reassurance. • We will continue to assess the comparable costs and services of investment companies, platforms, fund managers, IFAs, other SIPP providers, regulated introducers, and distributors. • We will conduct assessments of the total expense ratio on a sample of cases on an ongoing basis.

Fair Value Threshold

- Our fair value benchmark is for our fees (including VAT) to not exceed 1% of a customer's total fund value.
- Based on our market analysis, our fair value benchmark for annual adviser fees is an average remuneration of 0.5% of a customer's total fund.
- Where a customer's fund is to be invested in standard investment funds, our fair value benchmark is a total annual cost of 0.83% of the customer's fund invested.
- Our fair value threshold (minimum viable fund) is £100,000.
- These benchmarks do not include property-related costs where the customer is able to choose their own fair value.

Foreseeable Future

Foreseeable Future	This statement applies for as long as there are no expected changes to the total price a customer would pay during the period they hold the product. This assessment will be repeated every twelve months.
Where price changes may affect foreseeable future	These may mean the total fees payable over the length of time a customer holds the product would exceed the benefits they could expect to receive.
Where reduced funds invested may affect foreseeable future	Where the customer's fund is reduced to a level where the total fees payable over the remaining length of time a customer holds the product would exceed the benefits they could expect to receive. Prompts are given by us to assess whether the product still represents fair value where a customer's fund falls below the fair value threshold, where the features of the product are not being utilised e.g. following commercial property sale and where investment performance over a twelve-month period has been negative.

Where changes to charges in the distribution chain may affect foreseeable future	These may mean the total fees payable over the length of time a customer holds the product would exceed the benefits they could expect to receive.