

# CASE STUDY

April 2011

## MASTERSIPP & EXECUTION-ONLY BROKERS

It is easy for the investor to take investment matters into their own hands with a broker.

### Approved for use with clients

This case study is intended for information purposes only. Its contents are not to be used as legal, financial or tax advice. The tax treatment and tax benefits are based on our understanding of current tax and other legislation, and depend on a customer's individual circumstances. They may be subject to change in the future.

### Key points

#### Facts

- » Investor wants to have control over his pension funds
- » Desire to invest in specific investments

#### Recommendation

- » Suffolk Life MasterSIPP for specific investment needs with excess cash invested execution-only

#### How

- » Execution-only broker, Stocktrade, appointed for investment of funds
- » Adviser requests Suffolk Life to set up other investment requirements

#### Benefits

- » Investor has control over his funds
- » Investor is happy to deal actively with Stocktrade

### Background

Martin has worked in the finance industry for quite a few years and therefore has a good understanding of investments and pensions.

Over the years Martin has built up a large fund in his personal pension; however he is looking to transfer this into a self-invested personal pension (SIPP). Martin has a few certain requirements for investment which only some SIPP providers will accept, and he is determined to have control of most of his own funds and does not want to pay for ongoing investment advice when it is not needed.

A colleague mentioned Suffolk Life to Martin as a SIPP provider who may be able to accommodate his wishes. Looking on the website, Martin sees his investment choices are within scope, and it would also be possible for him to invest via an execution-only broker, to allow him control over his funds.

Martin would need to apply for a SIPP using an adviser to set up his specific investments and to establish an execution-only broker. From then on, Martin could deal online directly with the broker.

Martin contacts an adviser to discuss establishing the SIPP.

### Process

In their first meeting, the adviser, Phil, realises Martin's financial sense and understands his need to control his own investments. Phil had researched and recommended Suffolk Life's product, the MasterSIPP, previously and recognises that the flexibility and choice on offer would appeal to Martin.

Looking at different options, Phil suggests Martin invest via Stocktrade, an execution-only broker. Phil highlights the benefits, including:

- » Dealing and transaction charges are fairly low as no advice is given
- » Online functionality – dealing can be performed by Martin 24/7
- » No quarterly nominee fee
- » Online trading and valuation facilities at no additional charge; and
- » tiered interest paid on cash deposits

In addition to the above, Stocktrade is also an e-affiliate of Suffolk Life. E-investment affiliates provide an integrated, fee-saving option by reporting transactions to Suffolk Life electronically, meaning up-to-date information can be obtained from the secure portal. More information can be found at [www.suffolklife.co.uk/streamlined](http://www.suffolklife.co.uk/streamlined).

Phil has one more comment to add regarding Stocktrade, which is that all investments purchased will be held electronically in Stocktrade's nominee account. This ensures a one day settlement of transactions and no additional administration charges associated with certified holdings.

Martin likes what he hears, so Phil contacts Suffolk Life to express an interest in opening a Stocktrade account in the MasterSIPP. This can be done on the MasterSIPP application form. The only information that Suffolk Life needs in order to set up the Stocktrade account is Martin's email address and his mother's maiden name. No forms are needed by Stocktrade.



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Once the account is ready, the funds will be moved across, at Martin's request, from Suffolk Life's default bank account to the new Stocktrade dealing account. Once complete, Martin or his adviser are able to place deals.

### Outcome

Martin is happy with the process and is glad to finally have control over the investments in his pension fund.

Martin enjoys the flexibility and choice on offer from the Stocktrade dealing portal, and is very happy with the service received from Suffolk Life in setting up his new MasterSIPP.