

Fair Value Assessment Statement

Consumer Duty Retail Customer Assessment of Price and Value at 31 July 2023

In compliance with Financial Conduct Authority (FCA) Rules, the purpose of this document is to explain the Dentons Pension Management Limited (Dentons) approach to fair value and to provide our distributors with product information relating to our Self Invested Personal Pensions (SIPPs).

Manufacturers and distributors

Under Consumer Duty rules, the term 'manufacturer' refers to firms that create, develop, design, issue, manage, carry out, operate or (for insurance and credit purposes only) underwrite a product or service.

Dentons is a service provider of SIPPs and therefore, falls within the definition of a manufacturer.

A 'distributor' relates to firms that offer, sell, recommend, advise on, propose, or provide a product or service.

Dentons is a distributor for its SIPP products, however any advice is provided by independent financial advisers.

Some of Dentons customers are non-advised or execution only. This means they have not sought financial advice and have decided to make their own decisions regarding their investments, so long as this is permitted by the providers of investments and by Dentons as the SIPP provider.

Manufacturer's general obligation

Dentons has made an assessment to ensure that its products provide fair value to retail customers in the target markets for those products and has made a commitment to review the assessment on an annual basis on the first of January each calendar year, prior to publication of fee renewals.

This assessment covers the product and any adaptation of the product in each case before it is marketed or distributed to a retail customer.

The main product is the Dentons SIPP which offers access to a comprehensive range of investment products as detailed in our permitted assets list (see below under Nature of the product) This is supported by the Sippchoice Bespoke SIPP which offers a single investment portfolio, which is a cheaper option for those customers who do not require access to a full range of investments.

These are the main product offerings made by Dentons which are regulated by the FCA. It is not anticipated that any new products will be created in the foreseeable future.

Nature of the product

The products are a type of personal pension designed for self-investment.

The pension plan is designed to provide Dentons clients with considerable investment flexibility.

The range of investment opportunities is extensive and includes stocks and shares and authorised OEICs, commercial property, unquoted UK equities (subject to individual consideration), unit trusts and investment trusts, insurance company managed funds and unit-linked funds, deposit accounts with authorised financial institutions, secured commercial loans to unconnected UK limited companies.

There are limitations to our products designed to ensure that HM Revenue and Customs (HMRC) permits the investments and that they are unlikely to give rise to tax penalties.

The following are some of the investments that we do not allow:

- > Bed & breakfast units
- > Commodities other than gold bullion
- > Cryptocurrency

- > Forestry
- > Individual hotel rooms
- > Loans to individuals or connected parties.
- > Off-plan hotel developments
- > Overseas commercial property and land
- > Overseas unquoted equities
- > Taxable property - defined by HMRC as residential property and tangible movable property (including personal chattels)

A full list of the permitted and non-permitted assets can be accessed on our website.

If a client is not taking advantage of the wide range of available investments via the Dentons SIPP, Dentons will contact him/her at the next periodic review and offer the transfer to the Sippchoice Bespoke SIPP with a lower fee tariff.

Expected total price

Dentons fees are listed in the fees schedule and are a combination of the standard fees for establishment, standard administration (full asset range or single investment portfolio), default bank account fees, investment fees (see permitted assets list above) and services including pension transfers (in and out) and drawing benefits.

In addition to the standard administration fees, any additional services are charged on a time-cost basis and reflect the level of work involved and not the value of your fund. This time-cost assessment works across the whole business for additional services and provides a fair method to deal with complex and lengthy administration services.

The establishment fee is deducted at outset, but all other fees are invoiced six months in arrears.

Expected total price continued

A full list of fees and charges can be found on our website.

We have reviewed the marketplace and would comment as follows:

- Our annual year-on-year increases are competitive and lower than many of our competitors (annual administration fees increased by an average of 2.6% for the last ten years).
- For the full SIPP, our set-up fees are higher than average but our ongoing fees are lower than average and therefore, in the long-term, our total fees may work out cheaper.
- This is reflected in our SIPP competitor comparison fee rankings, with the full SIPP being only the sixth most expensive, out of ten, but the single portfolio SIPP being second most expensive, out of ten.

- For the single portfolio SIPP our fees are above average, compared to our competitors, and we will continue to review them to ensure that they offer fair value for money. Typically, our set-up fees are higher, but our ongoing fees are lower than many of our competitors.
- Our SIPP case studies (available online) demonstrate the variation in costs within the SIPP for different services so clients can tailor their needs and choose the most appropriate SIPP for their objectives.
- We will continue to obtain management information to assess value for money for our two SIPPs and our legacy book.

- We have no other charges other than those set out in the fee schedules. Unlike some of our competitors, we pass on the full interest earned on cash deposits to clients.

It is important to note that cost does not equal value and while in some instances our fees may appear higher than our peers, it is our belief that this is reflected in the level of service we provide. Each of our administration teams operate on a cradle-to-grave basis.

Furthermore, each client has their own dedicated administrator and highly experienced pension consultant.

Fair Value Assessment Table

Products: Dentons SIPP and Sippchoice Bespoke SIPP

Fair Value assessment date	31 July 2023 (start date)
Date of next assessment	1 January 2024
Fair value outcome	Having conducted its fair value assessment, including consideration of key metrics such as the level of fees, attrition rate, exit penalties, complaint analysis, independent financial adviser (IFA) remuneration levels, Total Expense Ratios (TERs), consideration of management information (MI) reports, communication frequency to clients and compliance costs, Dentons considers that these products provide fair value to members.
Product information	<ul style="list-style-type: none"> ➤ flexibility on the level and choice of investments ➤ specialist investments such as commercial property (for the Dentons SIPP only) ➤ ability for clients to select their own fund managers (subject to Dentons due diligence) ➤ total flexibility on the frequency and payment of contributions ➤ staggered or phased retirement ➤ Capped/Flexi-access drawdown and Uncrystallised Funds Pension Lump Sum (UFPLS) drawdown options - no need for clients to purchase an annuity ➤ early 'retirement' irrespective of whether the client remains at work, subject to a minimum age of 55 (rising to 57 from April 2028) ➤ efficient administration ➤ dedicated named pension administrator and pension consultant ➤ simple transparent fee structure ➤ significant tax advantages
Non-financial costs	These include: the provision of personal data and the granting of permission to use that data under General Data Protection Regulation (GDPR) and UK Data protection law; Data Subject Access Requirements, and the timely production of client information held on our SIPP files. Dentons also pays periodic regulatory fees and levies to the Financial Conduct Authority, Financial Ombudsman Service, Money and Pensions Service and for Treasury funding, to tackle illegal money laundering. Dentons are covered for professional indemnity, cyber insurance, public and employers' liability and computer policy insurance. Buildings and office, and Directors and officers Insurance, are renewable on 1st February annually.

Fair Value Assessment Table continued

Target market	<p>Our SIPP products are aimed at retail clients only, where the SIPP will be funded in excess of £50,000 (through pension contributions and/or transfers-in from other UK Registered Pension Schemes).</p> <p>We will accept business only from regulated and authorised financial adviser firms and from direct clients, after a vetting process. This involves confirming the appropriateness of the proposed investments and the initial fund size.</p>
Types of customers for whom the product will be unsuitable	Dentons treat all clients as 'Retail Clients'. Non-UK clients who are not eligible to register for a UK personal pension through their employment abroad are unsuitable for these products. As are clients who cannot demonstrate a need for the investment flexibility available within a SIPP as opposed to other types of personal pension and clients who do not have the minimum investment required to open one of our SIPPs.
Vulnerability	<p>Ever since the introduction of 'Treating Customers Fairly', Dentons has provided training to all staff on vulnerability and the importance of identifying special needs for clients who present with one or more vulnerabilities. This is now enhanced under Consumer Duty and Dentons has appointed the Training and Compliance Manager to be the Vulnerability Champion and contact point for all questions on vulnerability.</p> <p>Vulnerability is embedded within our processes and procedures. IFAs and introducers are asked to share vulnerability information where relevant. Our sales team are vigilant and will pass on any vulnerability information to our administration teams, as appropriate.</p>
Any notable exclusions or circumstances where the product is not appropriate	None, other than above.
Is the product sold as part of a bundle/package?	No
Impact of distribution remuneration upon fair value	IFAs are the main distributor and Dentons monitor their fees to ensure that they are proportionate to the industry and represent fair value for the investments recommended. Dentons do not pay advisers introduction fees or commission.

The Value Assessment: General

Included within our assessment of fair value are the following factors:

1. Our low SIPP attrition rate which is running at 3.5%
2. There are no exit penalties or barriers to prevent clients transferring to another pension provider, which we will facilitate in cash or in-specie transfer of investments, depending on client preference.
3. In 2022, we handled 28 complaints, of which only 4 were fee-related, from a bank of approximately 7,800 clients.
4. Our fees are clear, transparent, are only charged in arrears every six months (other than the establishment fee). Clients have the opportunity to question the fees before they are charged.
5. Every client receives a Terms of Business and Fee Schedule once a year, setting out the fees relevant to their SIPP.

6. A charges sheet is issued to all clients, not just those in drawdown, showing them the physical costs and charges incurred by their SIPP for administration, advice, investment costs etc.
7. Random client sampling asks the client if they believe their SIPP represents fair value.
8. MI reports are run monthly to review IFA remuneration levels and investment charges.
9. Marketing obtains the total expense ratio on all new cases submitted for our review.
10. Small pots letters - if a SIPP value drops below £50,000, we write to our clients to raise the probability that our product may no longer be appropriate.
11. Dentons does not receive a share of interest on clients' bank deposits.

Non-advised cases

Approximately 70% of SIPP members are advised by IFAs. For the 30% of direct clients, they approach us for services which are either conducted on a non-advised or execution only basis.

Following our Consumer Duty Review. We have amended our procedures so that the checklist has a new action point to send the client a letter to confirm that they have satisfied themselves of the costs and charges associated with the proposed investment. We will not allow the investment to proceed until we have received this confirmation.

Due diligence on Distributors, Introducers and Product Providers

With due diligence procedures and questionnaires, Dentons will continue to assess the comparable costs and services of all investment houses, platforms, fund managers, IFAs, other SIPP providers, regulated introducers, and distributors.

Our clients will also be approached for feedback on how we can improve our services.

All data will be analysed at regular MI meetings and investment committee meetings to provide an objective assessment of fair value and any adjustments to our service offering will be made based on the outcomes.

Dentons receives no rebates or commission received from external parties.

Dentons does not pay any commission to introducers.

Dentons does not operate panels or restrictions - we offer a whole-of-market approach when it comes to investment selection, subject to the caveat that Dentons approve them.

Industry service awards

Dentons has been recognised for its service by receiving the coveted 5-star award from Financial Adviser Service Awards, as voted for by IFAs ten times. For the 2013 and 2015 awards, Dentons was also awarded top performer in the Life & Pensions category of these awards.

Our service

- > Dedicated, named Consultant and Administrator - for timely and appropriate responses to enquiries.
- > Expert and technically competent staff - enable us to manage complex and simple enquiries efficiently.
- > Technical CPD training and regular technical webinars for introducers Using the latest technology - to enhance efficiency and access client information through streamlined processes.
- > Experienced regional sales team - assisting you with new client opportunities.

Conclusion

The Fair Value Assessment will remain ongoing.

In the meantime, Dentons is confident that the SIPPs offered by Dentons (full asset and single portfolio versions) provide fair value for money, and the fees are clear and justified. The use of time-costed fees for additional services is a fair way of charging for non-standard circumstances or situations.



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Dentons Pension Management Limited is authorised and regulated by the Financial Conduct Authority, register number 461094.

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Dentons.FVA.0523