



Xafinity SIPP, Incorporating SimplySIPP – Due Diligence Information

Independent Financial Advisers (IFAs) have a duty to carry out due diligence on the SIPP Provider they recommend to their clients. This document highlights the key points to consider in carrying out that due diligence and why Xafinity is a strong SIPP & SSAS provider.

Who Are Xafinity?

Xafinity are a UK pensions specialist, employing over 1300 people across 16 UK sites. See www.xafinity.com. We administer self-invested pensions from our offices in Stirling.

Financial Strength

Xafinity is part of the Equiniti Group of companies. We are privately owned and hence we are not rated by the ratings agencies. Xafinity SIPP Services Ltd is separately authorised and regulated by the Financial Services Authority and hence we must hold an appropriate level of capital in order to continue to be allowed to accept SIPP business. We are profitable and have ready access to additional capital should this be required (for example by the FSA).

The Equiniti Group is owned by Advent International Plc, a global investment company with \$24bn in cumulative capital raised.

Treating Customers Fairly (TCF)

TCF is embedded in the business through the Xafinity Values and Instincts statement. This sets high level principles that apply to the whole of our business. These are:

- **Innovation**
- **Customer Sovereignty**
- **Quality**
- **Leadership**
- **Enjoyment**

These are linked to the Financial Services Authority's (FSA) six Key Customer outcomes. Taking each of these:

1. Treating customers fairly is central to our culture

- Our staff are skilled, competent and fully trained and they undergo regular TCF training to ensure awareness is maintained.
- All staff receive regular 1:1 meetings which include a review of work quality and any TCF issues.
- We also ask our staff what we can do to improve how we treat customers.
- Our Management Team regularly review TCF management information to check on our progress.

2. Products and services are designed and targeted appropriately

- The Xafinity SIPP, incorporating [SimplySIPP](#), has been designed to be distributed almost exclusively by IFAs.
- Our target market for SIPPs is high net worth individuals who wish to have significant investment flexibility and whose fund would generally be in excess of £25,000. However, the [SimplySIPP](#) may well be appropriate if individuals have smaller amounts to invest.
- We have operational processes to support this such as running checks on whether investors have used investment flexibility within the SIPP and whether funds accrued within the SIPP amount to at least £25,000. These are not applied to the [SimplySIPP](#).
- We do not accept transfers on an execution only basis as we believe in the importance of advice on such a complex issue.

3. Customers receive clear information and are kept appropriately informed at all times

- Our literature and promotional material is written in easy to understand language. We try and simplify pensions as much as possible.
- We ask for e-mail addresses so that we can contact IFAs and SIPP members if anything urgent crops up.
- We are proactive in taking action to help customers and IFAs.

4. Advice is suitable and takes account of customer circumstances

- We don't give advice but we understand the need support the IFA in providing information to assist the advice process.
- We also review all non-standard investments to ensure that these do not give rise to taxable charges and, in the event that any of these are found, we would initially refuse to allow them in the SIPP or we would highlight the issues to the financial adviser.

5. Products and services are of an acceptable standard as customers have been led to expect

- We have published service standards that are tracked daily.
- We ask our customers about the service we provide and we always follow up on the issues they raise with us.
- All of our pensions administration procedures are fully documented to ensure consistent and correct delivery of services.
- We track the quality of the delivery of our service.
- We use modern administration systems and controls.
- We keep full and accurate records.

6. Consumers don't face unreasonable barriers in changing product, switching provider, submitting a claim or making a complaint

- We are clear about the charges for transferring away from our SIPP
- All our SIPP members have a named consultant who they can complain to at any time.
- We have a Services Manager who reviews all complaints to see whether we can improve on our services and our procedures.

Financial Services Compensation Scheme (FSCS) - Protection

The Xafinity SIPP is written under a Master Trust scheme structure and none of the underlying investments are provided by Xafinity. As such, the protection offered under the FSCS depends on the nature of the investments held by the SIPP. For example, the SIPP current account with Bank of Scotland is protected under the FSCS up to a maximum of £85,000. Coverage under the FSCS depends on the nature of the failure of the investment provider and whether the FSCS has agreed to step in. Although Xafinity is the Trustee and owner of the assets, the FSCS Rules confirm that the FSCS would 'look through' the Trustee and treat each individual member of the scheme as a claimant (rather than applying limits only to the Trustee).

Financial Services Compensation Scheme (FSCS) - Levy

Xafinity SIPP Services Limited currently absorbs the annual FSCS levy. However, we reserve the right to invoice the SIPP for this under the Terms and Conditions of the Master Trust SIPP.

The amount of the levy is determined by levels of income and any additional fees charged by the FSCS for industry-wide or one-off events and hence the levy varies year on year.

Strong Track Record & Experience

The Xafinity Group was formed in 2005 as a result of the merger of a number of companies, however, we can trace our roots back to 1836, as one of our companies was formerly the Paymaster General (where pension scheme administration was undertaken for the public sector). Since the Xafinity Group was formed, we have been voted Third Party Administrator of the Year for 2009 and 2011, Pensions Administration System Provider in 2008 and are the accredited software supplier to the UK Principal Civil Service Pension Scheme

Xafinity/Hazell Carr administers pension schemes for thousands of SIPP & SSAS clients with assets held of over £750 million. We have been administering SSAS since 1979 and SIPP's since 2004.

Dedicated, Named Consultants

We don't have a call centre, we don't use phone menus to divert your call and we don't use any overseas call handlers. When you and your client take out a SIPP, we provide you with the name of your SIPP consultant and their direct number; this is the person who actually administers your SSAS or SIPP, so they can usually deal with your question or request immediately. When you call, you go straight through to them. If they aren't about they will call you back – and we always make sure there is appropriate holiday cover.

Our consultants also have access to a Technical Team which has over 100 years of experience within it in complex pensions issues and which is able to help with particularly complex or 'off the wall' suggestions.

Product Quality & Future Client Needs



Our "full" Xafinity SIPP product has received the Defaqto 5 Star rating every year since its launch in 2007, in recognition of excellent product quality. Defaqto is an independent financial research company that provides comprehensive product information to all layers of the financial services sector.

Xafinity SIPP enables all HMRC allowable pension investments to be accessed, and yet is priced to be great value to a wide spectrum of customers with a maximum and minimum annual administration charge.

Our **SimplySIPP** product is a single investment version of Xafinity SIPP, allowing whole of market investment but with lower fees and the opportunity to progress seamlessly into the "full" product if and when needed.

Importantly, our products allow retirement benefits to be taken all under the same product, so there is no need for clients to transfer to an alternative arrangement when they retire.

Fees & Costs – Transparent and Fair

Our menu style fee structure is easy to understand and we only charge additional fees when clients access additional product features such as investments or benefit payment options.

Xafinity SIPP member fees are capped (at a maximum of £530 per member excluding VAT at December 2011) meaning that although we charge 0.24% of the SIPP member's fund value, the costs for high value SIPPs are never excessive. The corresponding [SimplySIPP](#) annual fee is £250, excluding VAT.

In line with Retail Distribution Review Proposals, we do not pay commission but instead support full Adviser Charging.

We are also one of the few companies in the sector who clearly and openly disclose arrangements with preferred suppliers and we have done since we launched our SIPP. We believe in being transparent with our clients so that they can see exactly how we administer their plan.

Systems, Controls and Business Continuity

Xafinity administers its SIPP & SSAS products on industry recognised systems designed specifically for these product types. Our systems staff are constantly developing and improving our systems and on-line facilities to provide customers with an enhanced level of service and information in a secure manner.

We operate risk, bank reconciliation, information security and anti-money laundering procedures in a robust manner.

We also have a fully documented and tested Business Continuity Plan including full IT infrastructure at a remote recovery site, should there be a disaster at any of Xafinity's offices.

Compliance, Monitoring and Control on Regulatory Issues

We have in place a detailed quality assurance programme and monitoring of the business we undertake. There are different levels of checks in place according to the transaction being processed. For instance, the following are perceived as high risk and are subject to 100% checking pre-issue to the client:

- Transfers In
- Income Drawdown
- New Business
- Annual Renewals
- Illustrations
- Investment Purchases and Sales
- Member benefit calculations (including death, protection and transfers out)
- In-specie contributions
- Relief At Source returns
- Self assessment tax reclaims.

There is also a post issue audit, where a further 10% sample of regulatory risk tasks is reviewed to assess the robustness of the initial checking process. A monthly audit is also carried out on a sample of the non regulatory tasks each month. In addition, there are Internal Audit and Compliance Audit Programmes in place.

To ensure compliance with regulatory changes and issues we operate the following:

- A Technical Task list is in place which records the issue of all pensions regulatory publications (e.g. from industry websites etc). This list contains its own risk assessment to ensure that high risk publications are reviewed as a matter of urgency. Compliance feeds into this process and this would include the review of any FSA publications.
- Changes to procedures and documents are subject to technical authoring / checking to ensure they are correct. Only a small number of authorised technical staff can make procedure changes.
- The on-line procedures manual ensures the latest correct versions are available to all users.

We have a Group Compliance function and a local compliance officer, who has 27 years pensions experience (19 of these in compliance roles) and who works with industry groups such as AMPS, the Society of Pensions Consultants and a variety of compliance discussion forums.

Investments – Due Diligence

In order to protect both the member and the Master Trust, we undertake “due diligence” on all investments made by our SIPP members. The type and extent of due diligence we undertake will depend on the type of investment being considered by the SIPP member. For most types of investments these checks consider the investment structure and whether the investment will give rise to HMRC unauthorised payment charges. The checks will also consider the possible risks of liquidity and extended liability.

In addition, we insist on various checks to be made on commercial property purchases such as environmental checks, Energy Performance Certificates, flood risk assessments etc.

Finally, we will also undertake much more detailed reviews of esoteric investments such as Unregulated Collective Investment Schemes (UCIS), Unlisted Company share purchases, loans etc.

Complaints

We record all complaints including all “Expressions of dissatisfaction” made by clients and their advisers in accordance with the FSA guidelines on complaint handling.

We also follow strict processes to ensure all complaints are reviewed and dealt with professionally and empathetically. We are passionate about learning from our mistakes.

As a result, the complaints levels for our SIPP are low.

Service

We are passionate about the service we provide to our clients and their advisers. We are therefore very clear about the service you can expect from us by publishing our service standards.

We also talk to clients and IFAs and the consistent feedback is that customer service is a critical and key differentiator. We know our performance is good (we typically achieve over 95% of our service standards). But we also know this is only one measure of service, and it's how clients *feel* when dealing with us that really counts. So, we regularly survey clients and their advisers to rate our services and tell us of their experiences and where we can improve.

Our surveys tell us that 91% of our clients are satisfied with our set up process and 89% find our documentation clear; the same number are satisfied with the overall level of our service. 98% of our clients say we're polite and helpful.

Likewise, 96% of IFAs find our literature and documentation clear and 96% rate our service as 'fast and efficient'.

Contacting Xafinity

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Xafinity SIPP Services Ltd is authorised and regulated by the Financial Services Authority. Our FSA Registration Number is 461791. You can check this on the FSA's website at www.fsa.gov.uk/register. Xafinity Pension Trustees Ltd (1450089) is registered in England at 27 Kings Road, Reading RG1 3AR. Xafinity SIPP Services Ltd is registered in Scotland (No 69096) and its registered office is at Scotia House, Castle Business Park, Stirling FK9 4TZ.

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