

# PIMS AND PENSIONS UPFRONT CHARGES



## USING PIMS AS THE INVESTMENT COMPONENT OF A PENSION SCHEME

### USING AN INSURANCE BASED PRODUCT SUCH AS OUR PIMS OFFSHORE BOND AS THE PENSION INVESTMENT PLATFORM CAN OFFER A RANGE OF BENEFITS.

It is important to compare “like with like” when analysing the different investment platform costs and many may be surprised to know that PIMS can offer a cheaper alternative over the longer term than traditional investment platforms.

Product charges are a key consideration when recommending any investment platform, but how those charges are taken and more importantly for how long also matter.

PIMS offers the option of upfront or ongoing charges which can be linked to the personal circumstances of the scheme member. For example, years to retirement or the drawing down of benefits.

### PIMS - Key Features



- Multi-currency
- Wide range of investments
- Institutional fund discounts
- Appoint an IA or DFM
- 24/7 online access
- Online switching available
- Establishment charge and flexibility of how charge is to be taken
- Top up existing PIMS plan within the same structure
- Segmentation
- Transparent charging structure
- Cancellation option within 30 days of receiving policy documents
- IOM protection
- Global Reach

## BEING “UPFRONT” WITH CHARGES

Open architecture needn’t cost the earth and by opting for the PIMS Upfront charge option, which ensures all set-up costs are paid at the start of the plan, clients can gain access to a multitude of investment opportunities with an Average Ongoing Cost from less than 0.24%\* per year.

If your client employs a frequent trading or market timing approach, dealing and custody costs will have a significant effect on the ongoing cost of their investment so perhaps PIMS is not the right option.

If, however, your clients employ a buy and hold approach, or one which utilises a moderate annual trading volume, then you may be surprised to know that PIMS offers a cheaper alternative to traditional investment.

This table shows the initial allocation rate and average ongoing cost based on 0% initial commission.	Payment amount(s)	Asset deals per year	Initial allocation rate	Average ongoing cost (10 years)
	USD350,000	5	99.25%	0.24% p.a.
	USD700,000	5	99.50%	0.12% p.a.
	USD1,000,000	5	99.50%	0.09% p.a.
	USD1,500,000	5	99.50%	0.06% p.a.

If the number of deals is increased to 10 per year, the Average Ongoing Cost increases.	Payment amount(s)	Asset deals per year	Initial allocation rate	Average ongoing cost (10 years)
	USD700,000	10	99.50%	0.17% p.a.

If initial commission is taken, it reduces the allocation rate on a 1 for 1 basis but it does not affect the Average Ongoing Cost at the rate shown here.	The example here shows the initial allocation rate and average ongoing cost at 3% initial commission taken.				
	Payment amount(s)	Initial commission	Asset deals per year	Initial allocation rate	Average ongoing cost (10 years)
	USD700,000	3%	5	96.50%	0.12% p.a.



### \*The “Average Ongoing Cost” is based on:

- Initial payment amount(s) applied at allocation rate(s) above
- Takes both PIMS’ fixed dealing and custody charges into account (including 10 free deals)
- USD560 annual servicing charge (inflation linked - 3.5% p.a.)
- Uses an annual growth rate of 7%.
- No withdrawals or Adviser charges taken
- Benefits/costs spread over 10 years

All figures as at 1 April 2023.

**FOR MORE INFORMATION ON PIMS’ UPFRONT CHARGE OPTION, PLEASE CONTACT YOUR RL360 SALES MANAGER.**

Product charges are of course very important, but they should not be the only factor when considering whether PIMS is the most suitable product for a pension scheme. Flexibility of the of the product, making sure that its features meet the existing and future requirements of the pension scheme member plus the service levels/availability of the provider are also very relevant.

Here are some areas that you may have previously over-looked and which may be different to a traditional investment platform:

- Whilst most pension transfers are in GBP, PIMS can be set up in a choice of 7 currencies (GBP/EUR/USD/CHF/AUD/HKD/JPY). Payments out can also be made in any of those 7 currencies. These options can mitigate future exchange rate exposure by aligning the product to a currency that is more relevant to the personal circumstances of the scheme member.
- 24/7 online access to view PIMS and the Investments held within it.
- Online switching available
- Global reach - RL360 has offices in the Isle of Man, Middle East, Hong Kong, Malaysia, Uruguay and South Africa, so you should always be able to contact us at a time convenient to you no matter where you live in the world.
- Ability to appoint an Investment Adviser or Discretionary Fund Manager
- Whilst the pension scheme itself has number of tax advantages holding, PIMS is also a tax efficient product. This can be very useful in the event that the pension scheme is wound up and the PIMS is held directly.
- PIMS can be segmented which allows it to be split in the event of a pension sharing arrangement/divorce which avoids the need for cashing in investments at an unsuitable time
- Institutional fund discounts
- Being headquartered in the Isle of Man, RL360 must be fully transparent in respect of all product charges. Each investor must be provided with a Key Information Document and Illustration at the point of sale.
- Each Investor is also given cancellation rights which they can exercise if, on reflection, PIMS isn't right for them.
- Finally, the Isle of Man Life Industry benefits from a Government-backed protection scheme which covers up to 90% of the plan value should the company fail. There isn't an equivalent scheme offered by platforms.

In summary, whilst headline charges are important, they are just one component of the investment product and should not solely form the basis of any recommendation. The product flexibility and features are equally relevant.

#### **IMPORTANT NOTES**

For financial advisers only. Not to be distributed to, nor relied on, by retail clients.