

Sole or Joint SIPP Trusteeship

‘Sole or joint?’ may sound like a classic ‘surf or turf’ choice in your favourite restaurant but the question can also be applied to the trusteeship of self-invested personal pensions (SIPP).

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Where a SIPP member is a trustee, they become involved to a degree in the administration of the SIPP, for instance needing to authorise payments.

Trusteeship affects how a SIPP operates in profound ways. The good news is that both sole and joint trusteeship are tried and tested models and both work – this is not a perilous issue. That said, we do believe that one model offers material advantages over the other.

Where a SIPP member is a trustee, they become involved to a degree in the administration of the SIPP, for instance needing to authorise payments. That provides a means of control and visibility to the member but it also makes work for them – the same goes for their financial adviser and SIPP operator. It tends to cause delays, too, for instance in sending money to an investment manager or indeed any instance where a payment needs to be authorised.

Being joint trustee can make conflicts of interest harder to deal with: a conflicted member can potentially frustrate the administration of their SIPP. Arguably, the most significant instance is connected party property cases where the SIPP member wears two hats: tenant and property owner. Trustees have to look after the pension scheme’s interests, including when the tenant is having [difficulty paying the rent](#).

When it comes to oversight, the scrutiny SIPP providers are under these days is intense: from internal audits to external, Financial Conduct Authority (FCA) and HM Revenue & Customs (HMRC) requirements, regular regulatory returns, ad hoc data requests, visits from regulators and more. Client Assets sourcebook (CASS) requirements in particular, which govern how cash is accounted for, are very complex and demanding and the penalties for mistakes can be very heavy. Being a joint trustee is in no way equivalent to the regulator’s or auditor’s ability to get under the bonnet.

Whether a SIPP is on a sole or joint trustee basis, the SIPP operator is responsible for the day-to-day administration: there is a specific regulatory permission for operating a personal pension. Under both options, the member makes the investment decisions, but is not responsible for administration, and under both they can delegate authority, usually to an adviser or spouse.

Sole trusteeship allows a SIPP provider to get on with the administration. Not only can it relieve the member from some mundane tasks and make service faster: it makes behind-the-scenes improvements possible, too. If providers turn these into tangible benefits for members, it’s a win-win.

One of those behind-the-scenes improvements is the use of pooled accounts (also known as client money accounts) instead of an individual one for every single SIPP. It is real under-the-bonnet stuff – equivalent to the inner-workings of your mobile phone’s operating system – but pooled accounts are deeply embedded in a provider’s systems, making record-keeping, money movement and controls (to ensure that everything is done properly) much easier than with thousands of separate accounts.

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What matters to SIPP members is that the money is protected by the financial services compensation scheme (FSCS), records are up-to-date and they can see what they've got, which we show on [SIPPs Online](#) (if you are not registered, please do contact your client manager).

All of which, is why we believe it is preferable to let the SIPP provider get on with the administration and why we launched our [Flexible SIPP](#) in 2014 on a sole trustee basis. (It also works on a pooled account basis.)

Joint trusteeship is akin to a radio in a digital age. Whilst we still enjoy listening to the radio, radios have changed a lot. The delicate turn of the tuning wheel and crackly reception is long gone. In fact, even the radio itself has gone! One tap and an app on our phone goes straight to our favourite radio stations – UK and overseas – played in rich tones over the internet.

Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively contact us via the following:

✉ flexiblesipp@barnett-waddingham.co.uk

☎ 0344 443 0100

🖱 www.barnett-waddingham.co.uk



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