
Guide to Member Directed Investing for New and Existing Clients

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Guide to Member Directed Investing

The introduction of specific Pension Rules in Guernsey established and clarified requirements for Members of Pension Plans who self-manage the investments within their Plans.

This guide aims to address some of the key points you need to be familiar with in respect of a Member Directed approach to investing, also known as self-managed or self-invested.

Responsibility and Liability

Member Direction gives you sole responsibility for the investment decisions and investment outcomes in respect of your Plan. This includes the power to make, select and direct investment decisions. You are therefore responsible for the performance of the Plan's investments, both gains and losses as investment values are not guaranteed and the value may fluctuate. This may have a direct impact on your Plan's ability to provide the level of benefit required throughout your lifetime. Given the significant responsibility that the management of a Plan's assets entails Member Direction should not be taken lightly and you must be able to demonstrate a suitable level of experience for this approach to be permitted.

Suitable Background and Experience

Overseas Trust and Pension (OTAP) needs to be satisfied that you are likely to be able to understand and exercise the relevant investments powers, obligations and responsibilities considering your experience, background, and other such information. OTAP will assess this information in order to decide as to whether or not to grant you Member Direction, the trustee's decision is final.

Existing Members (Clients) Product Options

As an existing client of an OTAP Pension Plan, you can request to control over your investments in any of our products subject to any Plan specific restrictions.

New Members (Clients) Product Options

You can request for your Plan to be established from inception as Member Directed, this approach can be applied to all our products subject to any Plan specific restrictions.

Documentation Required – New and Existing Members (Clients)

In addition to any investment specific documentation that may be required, and all new Members will need to provide the documents listed below. Existing Members will only be required to provide forms annotated with a * but may also be required to update certain details depending on the age of your account.

- Product Application Form
- Customer Due Diligence Form
- Relevant Fee Schedule
- Member Directed Approach Request Form*

For new Members, when completing the Product Application Form, you will not be required to complete Section 2 G - Investment Adviser Appointment or Section 8 - Declaration. These areas are dealt with in the Application Form.

You may still appoint a Professional Adviser as per Section 7 - Appointment of Professional Adviser, in respect of your financial planning. However, they will not have any authority in respect of investment decisions regarding your Plan, albeit with your permission they will be able to request information and liaise with us on non-investment related matters.

Selecting an Investment Account Provider

All listed and tradable investments in your Plan must be held via an investment account issued by a 3rd party (stockbroker, investment bond, investment platform, etc). The investment account provider would be responsible for: valuations, timely execution of trades, settlement, reconciliation, and corporate actions. We have relationships with many custodians, stockbrokers, investment platforms, life bond providers and others. However, we are unable to advise or endorse the performance or suitability of a particular provider.

- Our **ACCESS** option provides a “turn-key” solution with a reduced trustee administration charge and a cost-effective and efficient investment account, which is set-up within 24 hours and offers a seamless service.
- Our **ADVANCED** option provides access to a wide range of life bonds, which will hold the investments and may be beneficial depending on your individual circumstances.
- **ADVANCED PLUS** and other bespoke solutions offer an almost unlimited ability to hold the investment account from the provider of your choosing.

If you opt for an investment account with a 3rd party and OTAP does not have an existing relationship, OTAP would need to review and approve the provider/product before opening an account with this provider for your Plan.

Establishing or Changing an Investment Account

Under Access or Advanced, opening an investment account is a straightforward process. However, if you have opted for our Advanced Plus or a bespoke solution, you will need to provide us with the relevant account opening forms and clearly articulate the service you require.

Prior to the account opening process, you are required to ascertain that the investment provider is willing to operate an account based on the criteria below;

- a. held by a Pension Plan, and
- b. on the basis that you are to have authority to give investment direction over the account.

Existing Members can change the Plan option and the investment accounts within the Plan and the same points raised above will apply.

Additional Fee Information

It is important to note that 3rd party firms have different terms of operations and customer due diligence requirements. Therefore, the time and effort needed to open an investment account may differ from provider to provider and is dependent on circumstances of the Member of the Plan. Due to this, we charge a minimum fixed fee and the potential of additional time charges for undertaking this work. Please refer to our Fee Schedules for more information.

Transferring Assets (Existing and New Clients)

It is possible to transfer acceptable investments, accounts, and assets to your Plan with the agreement of the trustee. However, this process is dependent on both the willingness and ability of the parties transferring and receiving the investments.

Where such a transfer is instigated, we have limited control over the timeline and the process can be complicated and time-consuming depending on the parties and the nature and type of investment. Charges will be calculated on an hourly basis as per our published Fee Schedules and reclaimed from the assets of your Plan.

Foreign Exchange

We operate an institutional foreign exchange service which could reduce the cost of foreign exchange transactions resulting in greater funds for investment. Remember to speak to our Dealing desk if you have any questions or want to get a quote for a possible Foreign Exchange transaction.

Placing Trades and Dealing

For Members utilising or opting for our Access and Advanced product options, you are required to place all investment requests in terms of purchases and sales via our Dealing desk – please refer to our Private Client Investment Request Policy for more information. Under our Advanced Plus product option, you may be able to liaise directly with the provider of your chosen investment account in respect of all investment dealing.

Where Member Direction has been agreed and you take the decision to sell or exit any existing investment, you should make yourself aware of any costs, penalties or bid-offer spreads that may apply on the sale of investments. Any such cost is your responsibility and as such, it is important that you understand the cost and other implications with regard to the investments held in your Plan.

Removal of Adviser and Termination of Advice Fees (Existing Clients)

Where you opt for Member Direction, you may want to remove the services of advisers appointed to your Plan. If this is the case, then you need to specify this in the Request for Member Direction Form. We will then take the necessary action to cancel the adviser's authority, which includes investment authority.

Please note this is not done automatically, and you must request it. You may still be liable for fees in respect of their services until the point of cancellation or beyond, and these may still be deducted from your Plan's assets depending on the arrangements you put in place with the adviser(s).

The removal of an adviser generally takes up to 21 days to complete. The effective date of termination will be the date on which OTAP deems the process finalised. OTAP cannot be held liable for any fees arising from the existence of advisory services or for fees accruing during the time from which a request to terminate the adviser relationship is made. OTAP purely provides an administrative service for cancelling such arrangements.


Changing from a Member Directed Approach

If for whatever reason, you wish to give up a Member Directed Approach, you can either appoint an adviser or request that the trustees provide investment direction. Should this come to pass then you will need to liaise with the trustees to manage the process

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