Going for gold with your SIPP

The Royal Mint is offering gold bars to SIPP investors.

The rules on what investments can be held within a self-invested personal pension (SIPP) are simple: you can choose anything. However – and it is a very significant however – certain assets, such as art and residential property, are classed as “taxable property” and attract such large tax charges as to make them unviable.

One surprising specific exclusion from the list of taxable property is investment grade gold bullion – gold that is at least 99.5% pure and in the form of bars or wafers. Hitherto if you wanted to add gold to your SIPP – and your SIPP manager permitted such investments – purchases had to be made via bullion dealers. Now the Royal Mint has announced that some of its gold products (not coins) have been approved by HM Revenue & Customs as eligible for SIPP investment.

You, or more accurately, your SIPP provider, will not physically hold any gold purchased: it will remain in “The Vault”, a secure storage facility at the Royal Mint, at a cost of between 0.6% and 1.2% a year. That fee underlines one of the disadvantages of gold investment: not only does bullion not produce any income, but it incurs an ongoing cost for the investor.

Directly holding gold bars is not the only way to gain exposure to the movement in the gold price. Many professional investment managers now prefer to use funds which themselves hold physical gold. These funds offer economies of scale which can make them more cost- effective than direct ownership of the yellow metal. To learn more, please contact us.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Investing in shares should be regarded as a long-term investment and should fit in with your overall attitude to risk and financial circumstances.