

City Trustees SIPP

Key Features

BESPOKE SIPP & SSAS PENSION SERVICES

A decorative graphic element consisting of a horizontal blue gradient bar that transitions from a darker blue on the left to a lighter blue on the right. Below this bar, a large, curved, semi-circular shape in a medium blue color extends from the right side towards the bottom of the page.

SELF INVESTED PERSONAL PENSION KEY FEATURES

- This document contains important information about the City Trustees SIPP. Along with the application form these will help you consider the relevant facts and figures before making your investment decision. Please read all documentation which has been enclosed as it is important that you fully understand the pension that you are about to set up.
- If there is anything that you do not fully understand or if you would like further information, please call us on 0207 269 4700. You can also email us at info@citytrustees.co.uk

AIMS OF THE CITY TRUSTEES SIPP

- To build a fund of money in a tax-efficient way to provide you with a pension for life upon your retirement.
- To allow flexibility in a broad range of investment opportunities.
- To create the right structure in order to enhance the potential of pension assets owned by the scheme.
- To allow the flexible taking of benefits upon retirement.

YOUR COMMITMENT

- You commit to make one-off or regular contributions or a transfer to your SIPP.
- To tell us if you stop being eligible to receive tax relief on your contributions.
- There is no commitment to make regular contributions to the SIPP and no penalties for ceasing/reducing such contributions.
- To let the fund value build, until your retirement age and then use the fund to buy a pension.
- To tell us if you change your job, start or stop working or join a company pension scheme, or if any of your personal circumstances change.

RISK FACTORS

- We cannot guarantee future values, as the final fund value will depend on several factors including how much you contribute, how long you invest, how well the investments perform and the charges we make. We cannot guarantee future values as they can go up and down.
- When benefits are taken, the amount you receive will depend on your fund value and interest rates at that time.
- You may get back less than you invest. This could happen if:
 - Interest rates when you retire are lower than assumed
 - You draw your pension earlier than your selected retirement age
 - Tax rules change
 - Fees are higher than assumed
 - Some investments carry a higher level of risk than others
- If you take your pension before your selected retirement age, there are no extra charges but it could result in a lower pension than anticipated.
- If withdrawals of income are higher than the investment returns during the relevant period, your pension may need to be decreased.
- As the Government can change State pensions and benefits in the future, it may be unwise to rely on a particular type or amount being available when you retire.
- If you change your mind within 30 days of the date of the trust deed, you will not get back all of your lump sum you paid if the investment value has fallen.
- Some investments such as property may take longer to sell than other forms of investment.
- The value of any commercial property will be based upon an independent valuer's estimate.
- If you or your employer pay contributions to this and any other registered pension scheme in excess of the annual allowance you will be personally liable to pay a tax charge.
- The government may change the favourable tax treatment for registered pension schemes in the future.

WHAT IS A SIPP?

- A SIPP is a Self-Invested Personal Pension, approved by HM Revenue & Customs that helps you save for your retirement in a tax-efficient way. The fundamental difference between a SIPP and other insured pension policies is that it offers a high degree of control and investment flexibility, and also creates the right structure in order to enhance the potential of pension assets owned.
- A SIPP is open to anyone whether employed, self-employed or not employed. However, children under 16, and those under 18 who are not in employment or self-employed, cannot start a plan in their own right but a Legal Guardian can start it on their behalf.

HOW FLEXIBLE ARE THE INVESTMENT OPTIONS?

- Funds are able to be invested in cash/deposit accounts, insured funds, unit and investment trusts, and OEICs, as well as real assets such as shares and commercial property/land (directly and syndicated).
- Remember that some investments carry a higher level of risk than others, and therefore the value of all investments can fall as well as rise.
- Investments may need to be realised to provide liquidity for payment of benefits and to pay charges incurred by the scheme.

WHAT ARE THE TAX ADVANTAGES?

- Contributions for members below age 75 (see section titled 'What are the possible tax charges?') qualify for tax relief, and the Revenue does not limit the amount paid into the scheme – only the amount that is tax privileged. Non-UK residents are treated differently in respect of tax relief.
- The plan value grows free of capital gains tax and income tax (except for income and dividends from UK shares, OEICs and Unit Trusts) unless the investment is deemed to be a prohibited asset by the Revenue.
- If you take a cash lump sum when you retire, it is currently tax-free. Your pension will be taxed as earned income.
- If you die before you retire, there is, normally, no inheritance tax payable on your plan value.

WHAT ARE THE POSSIBLE TAX CHARGES?

- Contributions in excess of the annual allowance are taxed via the annual allowance charge (see section titled 'Contributions').
- If an investment is deemed to be a prohibited asset by the Revenue, there will be tax charges on both the member and the scheme.
- All income withdrawals will be taxed under the PAYE system.
- Funds paid out in excess of a lifetime allowance, will attract a lifetime allowance charge.
- Any unauthorised payments which are not made in line with Revenue directives/calculations will be subject to unauthorised payment charges on both the member and the scheme.

CAN I CONTRACT-OUT OF THE STATE SECOND PENSION?

- Whilst the SIPP cannot accept new contracted-out rebates, existing benefits arising from being contracted out of the S2P can be transferred into the SIPP.

CAN I BE A MEMBER OF AN OCCUPATIONAL PENSION SCHEME AND HAVE A SIPP?

- Yes, although there are restrictions on the level of contributions which can be made, and the annual allowance (see section titled 'Contributions') is in respect of all pension schemes within a tax year.

WHAT CHOICES WILL I HAVE WHEN I RETIRE?

- We set up your plan to provide benefits from your selected retirement age. However, you can select any age from 55.
- You do not have to stop working to take benefits.
- You can also change your selected retirement age at any time.
- You can start taking a pension before age 55 only if you are in severe ill health, or if the Inland Revenue has agreed a lower age for your occupation.
- You have an option to take all of your benefits at once or phase the taking of benefits over time.
- You can convert all of your plan value to a pension, which will be taxable, or you can take up to 25% of your plan value as a pension commencement lump sum (also known as 'tax-free cash') in return for a smaller, taxable pension.
- The pension can be paid at a fixed level, subject to reviews (see below) or can be changed each year during your retirement within the specified maximum limits
- The pension will be paid until you die, however the maximum limit pre-age 75 is subject to triennial reviews and post-age 75 is subject to annual reviews.
- You may be able to draw above the maximum income, subject to certain conditions.

WHAT MIGHT I GET WHEN I RETIRE?

- The final fund value will depend on several factors including how much you contribute, how long you invest, how well the investments perform and the charges we make. We cannot guarantee the future value as it can go up and down.

WHAT IF I DIE BEFORE AGE 75?

- If you die before taking benefits a lump sum can be paid tax free to any nominated individual, or
- You can nominate a dependent to receive benefits through taking an income from the fund, subject to PAYE.
- If you die after receiving benefits you can nominate any individual to receive a lump sum. Any lump sum paid out of the scheme will be subject to a 55% tax charge. Alternatively, funds can remain within the scheme to provide a dependents income.
- If you die after receiving benefits without any dependents, you can nominate a charity to receive a lump sum, this will be paid tax free.
- Any protected rights funds must be used to provide an income, either by income withdrawal or an annuity where you die and leave a spouse or civil partner.

WHAT IF I DIE AFTER AGE 75?

- If you die before taking benefits a lump sum can be paid, subject to the deduction of a 55% tax charge, or
- You can nominate a dependent to receive benefits through taking an income from the fund.
- If you die after receiving benefits you can nominate any individual to receive a lump sum. Any lump sum paid out of the scheme will be subject to a 55% tax charge. Alternatively, the funds can remain within the scheme to provide a dependents pension.
- If you die after receiving benefits without any dependents you can nominate a charity to receive a lump sum, this will be paid tax free.
- Any protected rights funds must be use to provide an income, either by income withdrawal or an annuity where you die and leave a spouse or civil partner.

WHAT CONTRIBUTIONS CAN BE MADE?

- You can personally pay regular contributions or as lump sums, and these are paid net of basic rate tax. We claim the tax relief at the basic rate from the HM Revenue & Customs and reinvest it into your scheme. If contributions are made by a higher rate tax payer, extra tax relief can be claimed from the HM Revenue & Customs via self-assessment, subject to certain restrictions
- If you are employed, your employer can also pay into your plan, in the same manner as personal contributions. However, these contributions are paid gross.
- Your payments can be varied as you wish, and you have flexibility to start, stop and restart your payments even if they are regular. High income earners are subject to restrictions
- If you stop payments, your money will stay invested in your fund. Reducing or stopping your payments will reduce the pension you get.
- If you are a UK resident, you are automatically eligible to have tax relief on the higher of £3,600 gross (£2,808 net of tax) or 100% of relevant earnings. For those with earnings in excess of the 'Annual Allowance' (see below) restrictions on contributions are imposed by the revenue.
- An 'Annual Allowance' is set by the Revenue, which is the level at which contributions can be made and qualify for tax relief, details of which are available upon request.

WHAT CONTRIBUTIONS CAN BE MADE CONTINUED ...

- The Annual Allowance can be exceeded (if earnings support the contribution), but the HM Revenue & Customs will levy a tax charge on the excess amount. The level of the tax charge applied on the excess is dependent on your marginal rate of income tax. HM Revenue & Customs limit how much you can pay into your plan in a tax year. Everyone can pay in up to £2,808 net of tax a year (£3,600 gross).
- You can pay in more if justified by your net relevant earnings. Tax relief can be obtained on contributions up to 100% of net relevant earnings.
- There is the ability to utilise unused relief from the previous three tax years, certain conditions apply. For further details please contact us.
- As co-trustee, you can direct where investments can be placed in accordance with prevailing legislation. These could include professional managed funds or other investment vehicles including property and equities.

WHAT ARE THE CHARGES?

- These are detailed in the Schedule of Fees provided.

HOW WILL I KNOW HOW MY PLAN IS DOING?

- After the anniversary date of the scheme, we will send you annual valuations to show how your scheme is progressing.
- You can also request an up to date valuation at any time.

CAN I MAKE TRANSFERS IN AND OUT?

- If you have a pension plan with another pension company, you are able to transfer its value into the scheme as long as it is from another registered pension scheme or a recognised overseas pension scheme. There is no guarantee that doing so will increase your total pension.
- The scheme can be transferred to another registered pension scheme subject to any time-cost charges before you start taking a pension.
- The scheme can be transferred to another provider at any time, but should payment of benefits have commenced, a transfer can only be made to a registered pension scheme which has provisions allowing receipt of transfers from income withdrawal arrangements.
- There is no tax relief on transfers from other pension funds into the scheme.

CAN I CHANGE MY MIND?

- You have a right to change your mind. We will remind you of this right by post when we set your plan up. You can cancel your plan up to 30 days after you receive our reminder.
- If you decide that you do not want the plan, please confirm in writing within 30 days and we will give you your money back less any fall in the investment value if you have paid a lump sum.
- If you do not cancel within 30 days, your plan will continue as set out in these key features and the key terms and conditions

LAW

- The law of England and Wales will apply.

IF YOU HAVE A COMPLAINT

- If you wish to register a complaint, please contact:
In writing :

The Compliance Officer
Fifth Floor
210 High Holborn
London
WC1V 7EU

By telephone: 0207 269 4700

- If you cannot settle your complaint with us, you may be eligible to refer it to the Financial Ombudsman Service.

COMPENSATION

- If a financial adviser recommends the product, you have a legal right to compensation if the Financial Ombudsman Service decides it was not suitable for your needs at the time.
- You may qualify for compensation from the Financial Services Compensation Scheme if we become unable to pay claims against us because of financial difficulties. It will depend on the nature of the business and the circumstances of the claim. The scheme covers most insurance contracts for 100% of the first £2,000 and 90% of the rest of the claim. You can get further information from the Financial Services Authority or from the Financial Ombudsman Scheme.

OUR CONTACT DETAILS:

- Please contact:

City Trustees
Fifth Floor
210 High Holborn
London
WC1V 7EU

Telephone number: 0207 269 4700

Fax number: 0207 269 4701

e-mail: info@citytrustees.co.uk