

## **SELF INVESTED PERSONAL PENSION**

### **Key Features Document**

This is an important document which you should keep

**This key features document gives you the main points about our Self Invested Personal Pension Plan. Please keep your documents in a safe place.**

## **Helping you decide**

### **What you should know before you invest**

#### **What is the purpose of this document?**

To give you a summary about our Self Invested Personal Pensions Plan to help you decide if you wish to use our services.

#### **What questions should I ask before I proceed?**

In this document we have explained what a self invested personal pension is. Separately we have set out our charges so that you can compare us with the market place to help you decide whether this is where you want your investments to be held.

#### **Self Invested Personal Pension Key Features**

This document contains important information about City Trustees Self Invested Personal

Pension. There are two sections: Key Features and Terms and Conditions. Along with the application form these will help you consider the relevant facts and figures before making your

The Professional Trustee of the City Private Pension is City Trustees Limited.

The administrator of the City Private Pension is City Pensions Limited which is authorised and regulated by the Financial Services Authority for Self Invested Personal Pensions. Small Self Administered Schemes are regulated by the Pensions Regulator.

Registered Office: 26 Throgmorton Street London EC2N 2AN Registered in England no. 3143448

investment decision. Please read both sections, the application form and any other documentation that 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 our team on 0870 33 00 911 9-5 Monday to Friday. You can also e mail us at [info@citytrustees.co.uk](mailto:info@citytrustees.co.uk) Or send us a fax on 0870 33 00 912. Please note that our Administration Team can not give you any advise on the suitability of investing in our Self Invested

Personal Pension Plan. If you are in any doubt about your investment choice(s) you should contact your financial advisor.

You should also please remember that when you read the Key Features that we are the administrators of the Self Invested Personal Pension therefore we do hold details of past performance of the underlying investments. We would strongly recommend that you refer to the individual investment companies for this information however it should be noted that past performance is not a guide to the future.

#### **Its Aims**

To provide you with a means to save for your retirement in a tax efficient way

To give you a pension when you retire – or if you prefer a reduced pension with a pension commencement lump sum

To give your spouse or civil partner and/or dependant(s) a lump sum, pension – or both – should you die before taking benefits;

To allow you to make your own investment decisions, in conjunction with your adviser, even if you are drawing an income, within the rules of the City Private Pension;

To use the favourable tax treatment given to registered pension schemes;

To cope with changes in your employment situation and your financial circumstances;

To give you the flexibility to take benefits from your SIPP in stages and/or defer the purchase of an annuity, allowing you to consider changes in market rates;

To enable you to take (or continue to take) income from your pension without buying an annuity before reaching the age of 75 under unsecured income and from age 75 under alternatively secured pension (see Questions and Answers section for more information);

To give you flexibility over the provisions for your spouse, civil partner and/or dependants including the availability of a lump sum (taxed if you are drawing an unsecured income) or to draw taxable income in the event of your death.

#### **Your Commitment**

You commit to make one-off or regular contributions or a transfer to your SIPP.

There is no commitment on your part to continue making contributions and there is no penalty for ceasing or reducing contributions.

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To tell us if you stop being eligible to receive tax relief on your contributions.

You must normally wait until you are at least 50 before taking your benefits (increasing to 55 from 6 April 2010).

You should consider increasing your contributions each year if you want your pension to keep up with your income as you approach retirement.

Under current legislation you must use your SIPP to buy an annuity by age 75; otherwise, from age 75 you will receive an alternatively secured pension.

To use the favourable tax treatment given to registered pension schemes;

To cope with changes in your employment situation and your financial circumstances;

To give you the flexibility to take benefits from your SIPP in stages and/or defer the purchase of an annuity, allowing you to consider changes in market rates;

To enable you to take (or continue to take) income from your pension without buying an annuity before reaching the age of 75 under unsecured income and from age 75 under alternatively secured pension (see Questions and Answers section for more information);

To give you flexibility over the provisions for your spouse, civil partner and/or dependants including the availability of a lump sum (taxed if you are drawing an unsecured income) or to draw taxable income in the event of your death.

### **Risk factors**

The risks associated with your SIPP may increase for certain categories of underlying assets as chosen by you or your investment manager.

You should also be familiar with the content of the key features that may be issued by the product provider of any underlying investment.

Annuity rates or the rate used to convert your SIPP into an income may be lower when you retire.

The charges to your SIPP may increase more than assumed in the illustration(s).

The favourable tax treatment for registered pension schemes like this may change in the future.

High withdrawals of income are unlikely to be sustainable during the unsecured income period. They might also reduce your potential annuity.

Annuity rates can change substantially over short periods of time, both up and down. They could be worse when you buy an annuity than they are now.

The longer you wait before buying an annuity, the greater your risk of lower levels of income.

Under unsecured income and alternatively secured pension you will not receive the benefit of cross-subsidy from the funds of annuitants who have died as you would under an annuity.

The maximum income that can be withdrawn under alternatively secured pension after age 75

is significantly less than the maximum that applies before age 75.

If you or your employer pay contributions to this and any other registered pension in excess of the annual allowance you will be personally liable to pay a tax charge.

If you are unsure whether a SIPP or taking an income from a SIPP is suitable for your requirements, it is recommended that you speak to an independent financial adviser.

## Questions and Answers

### **What is a City Trustees Self-Invested Personal Pension?**

City Trustees Self-Invested Personal Pension is a personal pension that allows you to make your own investment decisions in conjunction with your adviser within a range of investments permitted by HMRC/FSA regulations.

### **How Flexible is it?**

A City Trustees Self Invested Personal Pension Plan is a long term contract that allows you to save towards retirement. Once entered into it can be cancelled within the cooling off period or transferred to another provider.

### **How much can I contribute?**

You can now contribute as much as you like into any number of pension schemes (personal and/or company and there is no upper limit to the total amount of pension saving you can build up.

### **What Might I get back?**

The amount of monies that you will get back can not be guaranteed it is dependent upon a number of factors how much you contribute, when you decide to retire the investment strength of the underlying assets of the pension etc. This document should be read with your illustration which shows projected growth rates at 5, 7 & 9% at your chosen retirement age.

### **Can I take money out?**

The City Trustees Self Invested personal pension Plan is a long term contract intended as a retirement plan. Once invested we can not pay out money directly to you until you retire. If we pay money to you prior to retirement this would invalidate the scheme an individual charge of 40% would be applied and a Scheme sanction charge minimum 15% would also be applied.

### **Where is my money invested?**

The investment decisions for the City Trustees Self Invested Pension Plan lie with you and your advisor/ investment manager. We will allow you to invest where ever you chose to do so provided that it is HMRC and FSA permitted. Some examples of HMRC permitted investments are quoted stocks and shares; investment trusts; gilts; unit trusts; OEICS; commercial property; and deposit accounts. In the event that neither you nor your investment manager gives instructions, your SIPP will be invested in an interest bearing bank account.

### **What happens to my Self Invested Personal Pension if I die before I take my benefits ?**

A lump sum up to the value of your personal lifetime allowance can be paid to any nominated beneficiaries, who may be your spouse, civil partner, dependant or other individual, normally tax free.

Any amount of your fund over your personal lifetime allowance which is taken as a lump sum is subject to 55% tax charge payable by your

personal representatives. Alternatively the whole or part of your fund can be used to secure an

income for your dependants by purchase of an annuity.

### **What about tax?**

Each year you will receive tax relief on your pension contributions up to 100 per cent of your earnings (salary and other earned income) subject to an 'annual allowance' above which tax will be charged (more below)

The tax treatment and tax benefits of your SIPP outlined in this document are based on our understanding of current tax law.

Yearly pension savings above a new 'annual allowance' are taxable at 40 per cent, whether made by you and/or your employer

### **What happens if I die while taking an unsecured income?**

Your SIPP provides these options:

The annual allowance for the tax year starting 6 April 2006 will be £215,000 and will rise each year until it reaches £255,000 in 2010; thereafter the amount will be reviewed every five years

If the annual allowance is exceeded you'll need to declare the extra pension savings and pay the annual allowance charge through Self-Assessment

your spouse or civil partner can continue unsecured income until he or she reaches age 75; or another dependant, such as a child, can continue unsecured income until he/she reaches age 23; or your spouse, civil partner or dependant can buy an annuity; or if over 75, your spouse, or civil partner can convert the fund to an alternatively secured pension; or the remaining fund can be paid to your spouse, civil partner, other dependant or estate, subject to a tax charge (currently 35%).

The annual allowance charge will not apply in the year you take all your benefits

When in receipt of a pension it is taxed as earned income. There are no tax disadvantages on stopping contributions or on transferring the benefits under your SIPP.

When you choose the level of income to take, you should think carefully about whether there will be sufficient funds to provide for your dependants should you die before them.

There is no UK tax on investment income. UK tax deducted at source on income (other than tax on dividends from UK equities) can be reclaimed, and there is no capital gains tax on your investment profits. It may not be possible or feasible to recover overseas tax.

### **What happens if I die while taking an alternatively secured pension?**

Your SIPP provides these options:

When you retire you can normally take up to 25% of your pension benefits (subject to the life time allowance) as a tax free pension commencement lump sum.

Your spouse, civil partner or dependant can buy an annuity; or If your spouse, civil partner or dependant is under 75, the fund will convert to unsecured income until he or she reaches age 75, when it will convert back to alternatively secured pension; or If over 75, your spouse, civil partner or dependant can continue alternatively secured pension; or If you do not have any dependants the following options are available:

A lump sum can be transferred to another members City Private Pension. **This has significant tax implications you should speak**

**to a financial adviser about these;** or A lump sum can be paid to a registered charity free from inheritance tax.

#### **When do I buy an annuity?**

You may buy an annuity at any time after age 50 and before the age of 75. (55 from 2010). When you buy an annuity you can buy this from whichever life insurance company is offering the best rate, i.e. on the open market.

If you die after buying an annuity, any spouse's or dependant's pension selected will continue for their lifetime. If you die soon after buying an annuity, your annuity will continue to be paid for any guaranteed period specified at the time of purchase.

#### **Contracting out**

The City Private Pension is suitable for contracting out of the State Second Pension. The funds will be held on deposit in a Butterfield Bank account earning gross interest.

#### **What are the Charges?**

You can choose from different sets of charges These are explained in our separate "Fees list"

which you can get from your financial advisor or direct from City Trustees Ltd.

The charges we take for running your SIPP are detailed in the "Fees list" and can be paid from within the SIPP or by cheque as you choose.

We may change our charges if our costs change unexpectedly, for example if tax rules change. We will tell you when this happens.

#### **Can I change my mind?**

Once we accept your application to open a SIPP you will not receive a right to cancel unless you have opted to receive the statutory 30 day cooling off notice (section xi of the declaration on the application form).

#### **How will I know how my Pension is doing?**

Once a year we will send you an annual valuation statement that details the investments that you hold with us together with a Statutory Money Purchase Illustration that details the projected pension fund at retirement.

### **How to contact us Other information**

If you require further information or an up to date valuation on your Self Invested Personal Pension Plan, please contact us.

If you wish to make an additional investment, or seek advice in relation to the SIPP please speak to your financial advisor.

The City Trustees helpline is:

City Trustees Ltd  
26 Throgmorton Street  
London  
EC2N 2AN  
Tel: 0870 33 00 911  
Fax: 0870 33 00 912  
Email: [info@citytrustees.co.uk](mailto:info@citytrustees.co.uk)

#### **How are complaints dealt with?**

If you have a complaint about your City Trustees SIPP then you should contact (in writing, by fax, email or telephone):

Complaints Manager  
City Trustees Ltd  
26 Throgmorton Street  
London  
EC2N 2AN  
Tel: 0870 33 00 911  
Fax: 0870 33 00 912

**Terms and Conditions**

Please see our separate leaflet detailing the terms and conditions of the contract.

**Law**

English Law governs this contract. We will communicate in English throughout the course of this contract.

**Financial Services Compensation Scheme**

The City Private Pension SIPP is covered by the Financial Services Compensation Scheme (FSCS) should any part of your pension fund fail and not be able to repay the amounts due in respect of those deposits or investments then we may be able to make a claim on behalf of your pension fund against the FSCS. The maximum amount of compensation that your pension fund could receive from the FSCS would be £48,000 for investments and £35,000 for any deposits.

More information on the FSCS can be found at [www.fscs.org.uk](http://www.fscs.org.uk) or by telephone 020 7892 7300.

Email: [info@citytrustees.co.uk](mailto:info@citytrustees.co.uk)

A complaint may be made by you or on your behalf by another person, provided that person has written authority from you to make the complaint on your behalf. A leaflet giving more information on how we handle complaints is available on request.