

The Minerva Self Invested Personal Pension

Minerva SIPP



Flexible Drawdown

The Retirement Planning Specialists



Pension Administration Limited

www.minervasipp.co.uk

Flexible Drawdown from InvestAcc Pension Administration Limited

From 6th April 2011, Flexible Drawdown was introduced as a brand new pension income option.

Unlike other pension income options, Flexible Drawdown allows unlimited amounts to be withdrawn from the pension plan. Because there are no limits, this means a withdrawal of anything up to the value of the whole pension fund (after charges) can be made, either gradually over a number of years or all at once.

In introducing Flexible Drawdown, the government did not want to see individuals completely exhausting their pension income in retirement and then having to rely on the State in later life. So, to reduce the likelihood of this happening, the benefits of Flexible Drawdown are only available to individuals who can demonstrate significant income security in retirement. This is done only if you can demonstrate that you satisfy the "Minimum Income Requirement" (which is covered later in this document).

Although this option brings new levels of flexibility, income from a Flexible Drawdown arrangement is taxed at your highest marginal rate of income tax, and in practice this means that some individuals may wish to stagger withdrawals over several tax years in order to benefit from lower rates of tax than would apply if income was taken all at once. In any event, advice should always be sought from an Independent Financial Adviser on the advantages and pitfalls of Flexible Drawdown, and which option is best for you.

InvestAcc Pension Administration Limited provides Flexible Drawdown as part of the Minerva SIPP product, which is available via UK based Independent Financial Advisers (IFAs).

To discuss this and all the other options available to you, please contact your usual adviser. Note that InvestAcc Pension Administration Limited do not provide financial advice.

The Flexible Drawdown conditions are:

- 1) You must have reached the normal minimum pension age of 55.
- 2) You have a minimum 'relevant income' which meets the Minimum Income Requirement (MIR) of £20,000 per tax year at the time you make the declaration.

Relevant income that can be included in MIR is:

- payments of a lifetime annuity from a registered pension scheme
- payments of a 'scheme pension' from a registered pension scheme, provided the arrangement has 20 or more members entitled to the scheme pension
- payments under an overseas pension scheme which, if the scheme were a registered pension scheme, would fall within one of the above categories
- payments of social security pension (also referred to as state pension)
- payments from the Financial Assistance Scheme which are payable until the member's death

The above pension or annuity will not count as relevant income towards the MIR unless you have, at the time of making the declaration, already received a payment of that pension or annuity.

Relevant income towards the MIR does not include income drawdown pensions, or purchased life annuities.

- 3) No contributions are paid by you or on your behalf in the tax year in which the declaration is made to any money purchase registered pension scheme.
- 4) At the time of the declaration you are not an active member of a defined benefits registered pension scheme.

Once you have taken Flexible Drawdown, any new pension contributions you may make in future tax years will be liable to the annual allowance charge. Additionally you cannot take Flexible Drawdown on any Protected Rights fund you have built up through contracting out.

Since Flexible Drawdown payments will be subject to income tax deducted at source, if you take Flexible Drawdown and it turns out that you do not meet the above requirements, any income taken in excess of the normal maximum under Capped Drawdown will be treated as an unauthorised payment and be subject to additional tax charges.

If you are satisfied you meet the above requirements please arrange to complete the Declaration and details of 'relevant income', together with a Benefit Payment Form confirming how much tax-free cash and income you wish to take.

Declaration

I confirm to InvestAcc Pension Administration Limited, at the date of this declaration, I meet the conditions as detailed in legislation and regulations published by HMRC to qualify for Flexible Drawdown.

I confirm that I meet the Minimum Income Requirement of £20,000 per tax year.

I confirm that at the time of making this declaration, I have already received a payment from each pension or annuity that is included in the calculation of the above Minimum Income Requirement.

I confirm that no contributions have been paid or will be paid by me or on my behalf in the tax year in which this declaration is made to any registered pension scheme or relevant non-UK scheme under which there is a money purchase arrangement (other than a cash balance arrangement) relating to me.

I confirm that I am not an active member of any registered pension scheme or relevant non-UK scheme under which there is a defined benefits or cash balance arrangement relating to me.

I agree that I will be liable for any tax charges in respect of monies paid under Flexible Drawdown, which are later deemed to be unauthorised payments. I agree to indemnify InvestAcc Pension Administration Limited, as Scheme Administrator, against any such tax charges.

I confirm that this declaration is correct and complete to the best of my knowledge and belief.

Title	Forename(s)		
Surname			
Permanent residential address			
			Postcode
National Insurance Number		SIPP Member Number	
Signature (of the Member)			Date

Details of the Relevant Income

For each source of relevant income in respect of the Minimum Income Requirement, please provide the following details. If more than four sources, please continue on a separate page.

Please also provide evidence of the amount of each stated source of income.

Name of person / body paying the income	
Address	
	Postcode

The tax year in which the first payment of income from that source was received by you:

The amount of relevant income payable for the tax year in which this declaration is made:

Name of person / body paying the income	
Address	
	Postcode

The tax year in which the first payment of income from that source was received by you:

The amount of relevant income payable for the tax year in which this declaration is made:

Details of the Relevant Income

Continued

Name of person / body paying the income	
Address	
	Postcode

The tax year in which the first payment of income from that source was received by you:

The amount of relevant income payable for the tax year in which this declaration is made:

Name of person / body paying the income	
Address	
	Postcode

The tax year in which the first payment of income from that source was received by you:

The amount of relevant income payable for the tax year in which this declaration is made:

The Minerva SIPP is offered without pensions advice. A SIPP may not be suitable for all investors. If in doubt you should consult an independent financial adviser.

InvestAcc Pension Administration Limited is the Operator and Scheme Administrator and is responsible for the maintenance and running of the scheme.


InvestAcc Pension Trustees Limited is the Scheme Trustee.

The levels of and bases of taxation can change. The value to an investor of any tax benefits will depend on that investor's tax position. Investors should consult their own tax advisers in order to understand any applicable tax consequence.

InvestAcc Pension Administration Limited is authorised and regulated by the Financial Services Authority.

InvestAcc Pension Administration Limited is registered in England and Wales, Company number 7118349.

InvestAcc Pension Trustees Limited is registered in England and Wales, Company number 2875892.



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