

The Flexi Self Invested Personal Pension

Flexi SIPP



Key Features

The Retirement Planning Specialists

www.minervasipp.co.uk

Key Features

Please read this document carefully.

The Key Features are designed to help you decide if the Flexi SIPP is right for you.

A SIPP (Self Invested Personal Pension) is a pension product for clients who require more flexibility and control over their pension arrangements and can offer a cost effective, tax efficient solution to your pension planning needs. If you are unsure about which pension is best for you please seek advice from an Independent Financial Adviser before proceeding.

The Flexi SIPP is designed to be a registered pension scheme, which qualifies for all tax advantages available to UK pension schemes and operates as a trust and is governed by a set of Rules. InvestAcc Pension Administration Limited is the provider and scheme administrator. InvestAcc Pension Trustees Limited are the trustees of the scheme and hold the assets.

Contents

- 3 | Aims
 - Your Investment
 - Risk Factors

- 4 | **SIPP Questions and Answers**
 - What is a SIPP?
 - What are the Tax Advantages?
 - What are the Investment Options?
 - What benefits can I have from the Flexi SIPP?

- 5 | What happens if I take benefits in excess of my lifetime allowance?
How much income can I withdraw from the Flexi SIPP?

- 6 | When can I buy an annuity?
What happens if I have a Flexi SIPP and I die?
What happens if I have a Flexi SIPP and stop paying contributions?
Can I make extra contributions to my Flexi SIPP?
How do I obtain tax relief on my contributions?

- 7 | Can I transfer out?
Can I change my mind?
Can I change my mind when electing to take benefits?
What charges can I expect?
How will I know what my SIPP is worth?

- 8 | Are there any possible tax charges?
How much will the advice cost?
What if I have a complaint?
Can I claim compensation?

- 9 | Terms and Conditions

Aims

The Flexi SIPP is designed to provide you with:

- A means to save in a tax efficient way for your retirement
- The option to take a pension commencement lump sum at retirement in exchange for part of your pension
- The opportunity to take your benefits in stages and phase in your retirement if you wish
- The option to take income withdrawals from your SIPP ('capped drawdown') as an alternative to buying a guaranteed pension (which is often called 'an annuity' and is explained in greater detail later in this section)
- The option to take 'flexible drawdown', allowing unlimited amounts to be withdrawn from your SIPP, which is explained in greater detail later in this document
- The option to take a 'Scheme Pension' instead of a lifetime annuity, which is explained in more detail further in this document
- Flexibility in buying a lifetime annuity, monitoring changes in market rates
- Flexibility over provision for a spouse/civil partner in the event of your death
- The ability to continue to invest your pension fund whilst withdrawing income
- The ability to make your own investment decisions in conjunction with your investment manager or your Financial Adviser
- The opportunity to invest in a broad range of investments including commercial property
- The benefit of the tax incentives granted by the HM Revenue & Customs (HMRC) to registered pension schemes. Your fund is usually free from capital gains and income tax (except that tax may not be reclaimed on UK dividends), unless your investment is regarded as taxable property by HMRC.

Your Investment

- You can establish the Flexi SIPP for the purpose of receiving previously accumulated pension rights from other pension arrangements and you can also contribute into the Flexi SIPP at any time
- You can also transfer protected rights funds, but you cannot contract out of the State second pension scheme
- There is no commitment on your part to continue making contributions and no penalty for ceasing or reducing contributions to a SIPP
- It is an HMRC requirement that you will not be able to take your benefits until age 55 unless you retire early due to ill health or have a protected early retirement age as defined by the legislation
- The level of income you choose must be within HMRC limits.

Risk Factors

- Benefits due to you are not guaranteed and may be lower than you expect if growth in your investments and interest rates are lower than those illustrated
- If you take your benefits earlier than shown on your illustration, or stop paying regular contributions your benefits may be lower than illustrated
- Some investments such as commercial property may take longer to sell than other forms of investments
- The value of your commercial property investments will be based on a valuer's estimate
- High income withdrawals are unlikely to be sustainable if investment returns are low during the withdrawals period. They might also reduce any potential annuity
- The higher the level of income withdrawals, the less you will have available to provide for dependants, or to buy an annuity in the future
- If you elect for a 'Scheme Pension' your funds are more likely to deplete completely, and you could run out of income
- The investment growth can be less than shown and capital values can rise or fall
- 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 the risk you bear of lower levels of income if you live longer than expected
- As a pooled investment, your investment decisions are made jointly with any other members of your Flexi SIPP, and you may not always reach agreement
- Our charges may change in the future, but we will always write to you to let you know in advance.

SIPP Questions and Answers

What is a SIPP?

The Self Invested Personal Pension (SIPP) allows you to make your own investment decisions about how your SIPP funds are invested, or to formulate your investment strategy in conjunction with your Financial Adviser, or investment manager. If you appoint an investment manager, or Financial Adviser they must be suitably authorised by the Financial Services Authority.

You, or someone on your behalf, including your employer if you have one, can pay contributions regularly into each SIPP each month or year and/or pay single contributions.

You may also be able to transfer funds from other types of pension arrangements into a SIPP.

What are the Tax Advantages?

Under current legislation if you are a relevant UK individual resident your contributions may qualify for tax relief at the highest marginal rate you pay. HMRC does not limit the amount you can contribute to a SIPP, only the amount that is tax privileged.

The funds invested are free from UK income and capital gains taxes (except that tax may not be reclaimed on UK dividends), unless your investment is regarded as taxable property by HMRC.

Death benefits are normally paid free of inheritance tax.

Tax benefits may change in the future which could affect the amount of benefits you receive.

What are the Investment Options?

When you join the Flexi SIPP all contributions and transfer values received are paid into specifically designated scheme deposit bank accounts set up to receive and pay monies as required. Funds may then be invested in a wide range of investments such as stock market shares, government securities (gilts), collective investment schemes, commercial property or land.

Remember the value of the stocks and shares and other investments can fall as well as rise and that the capital value of your pension fund can also fall.

Investments will be realised to pay benefits, to provide income withdrawals and to pay charges.

What benefits can I have from the Flexi SIPP?

You can take benefits from your Flexi SIPP from age 55, whether you have retired or not. You cannot normally take the proceeds before age 55, unless you retire early due to ill health or have a protected early retirement age as defined by the legislation.

When you take benefits from the SIPP the value of your SIPP fund will be tested against your 'lifetime allowance'.

Your lifetime allowance does not restrict the amount of pension fund you can have, but it restricts the amount that is tax privileged, this means that if your pension fund exceeds your lifetime allowance, in the absence of Enhanced Protection or Fixed Protection, the excess will be subject to a tax charge when you come to take benefits and the amount of this charge will depend on whether you take this excess as an income or a lump sum.

Your Flexi SIPP is automatically divided into 1,000 arrangements, and provided you have not used up all your lifetime allowance you are entitled to take all or any number of arrangements (provided this does not exceed your lifetime allowance) to provide:

- A pension commencement lump sum of normally up to 25% of the SIPP fund value and the remainder taken as income drawdown. Income drawdown can be taken as 'capped drawdown' or 'flexible drawdown'

Capped drawdown is calculated using your age together with the government actuary's department (GAD) rates to create a 'basis amount'. You can then take anything up to this basis amount limit each year. The basis amount is reviewed every three years and every one year after age 75.

Flexible drawdown allows unlimited amounts to be withdrawn from your pension fund if you can demonstrate that you satisfy the Minimum Income Requirement (MIR) of at least £20,000 per annum, which can be in the form of state pensions, payment of lifetime annuities and certain scheme pensions.

- A pension commencement lump sum of normally up to 25% of the SIPP fund value with the remainder of the pension fund used to purchase an annuity on the open market.
- A 'Scheme Pension' may be offered to you, if you turn down the option of a lifetime annuity. A 'Scheme Pension' means that the trustees of your Flexi SIPP will be responsible for setting an income level, which will be bespoke for you and is calculated by an independent actuary. This will be reviewed at least every 3 years, at your expense, and may in very limited circumstances be adjusted. With 'Scheme Pension' the expectation in setting the income levels is that the funds would have depleted to zero by the very day after die, although of course this is impossible to exactly arrange since it will depend on a number of variable factors including your exact life expectancy (which cannot be predicted with accuracy), the level of income and the performance of the investments. For this reason you could outlive your 'Scheme Pension' and your income could cease whilst you are alive.
- You can elect to take a combination of phased annuity and income drawdown and phased income drawdown and phased annuity purchase. This allows you to phase your retirement.

The size of your fund will depend on how much you have invested, the length of time which funds have been invested and the return from the investments.

For further information about the possible benefits from the Flexi SIPP please refer to your illustration and discuss the options with your Financial Adviser.

What happens if I take benefits in excess of my lifetime allowance?

If you take benefits from funds which are in excess of your Lifetime Allowance you can choose to take the excess as an income, as a lump sum or as a combination of both, but there will be a tax charge of 25% on the excess if it is paid as an income (plus income tax on the pension).

If you choose to take a lump sum from the funds in excess of your Lifetime Allowance there will be a tax charge of 55% on the excess.

How much income can I withdraw from the Flexi SIPP?

For Capped Drawdown, there are limits laid down by the Government as to the maximum annual income that can be taken from your fund, as shown in your illustration. This maximum limit aims to avoid excessive depletion of your fund.

There is no minimum income amount that you must take from your drawdown pension fund.

Your Financial Adviser can explore alternative levels of income with you and the implications of taking different amounts. You need to think about the level of income you need, bearing in mind any other sources of income you may have, as well as rises in the cost of living and the need to provide for your dependants.

You can vary the income level at any time but you must not exceed the maximum income limit each year unless you satisfy the Flexible Drawdown rules.

If you are taking income drawdown your age will determine when the maximum level of income you are entitled to is recalculated:

- If you are under 75 and taking income drawdown as capped drawdown, we must recalculate your maximum levels of income at least every three years.

- If you are 75 or over and taking capped drawdown, we must recalculate your maximum and minimum levels of income every year.

This recalculation may mean your maximum level of income may reduce or increase.

At each review, your Financial Adviser can provide an updated illustration showing the possible future benefits, similar to the illustration available when you set up your SIPP. Your Financial Adviser can also give an indication of the annuity that could be secured at that time.

When can I buy an annuity?

You do not need to purchase an annuity, but you may do so at any time from age 55.

Even though you do not need to purchase an annuity you should speak to your Financial Adviser about this option, as beyond a certain age you might not get as much from an annuity as you were taking in income withdrawals. This is particularly true if you have taken high levels of income.

The older you are the more annuity you can buy for your money. Annuity purchase rates can change all the time, up or down, and it makes sense to buy when annuity rates are high. Remember you can use your fund on the open market to take advantage of the best rates available from the whole range of insurance companies that offer annuities.

An annuity can provide a fixed amount of income, or it can increase each year. It is also possible to buy an annuity, which will continue to be paid to your spouse or dependants if you die.

Minerva SIPP is not an annuity provider - scheme pension.

What happens if I have a Flexi SIPP and I die?

If you die you can nominate your dependent(s) to receive benefits and they may choose:

- A lump sum, or
- A dependents pension, or
- An annuity purchased on the open market

If you nominate a non-dependent to receive the death benefits they will be entitled to a lump sum only.

Benefits cannot be paid to a non-dependent once you reach age 75. If you have no dependents living, a lump sum may be paid to a charity of your choice.

Any Protected Rights funds will in the first instance have to be used to provide a pension for your spouse or civil partner on your death.

Tax on lump sum benefits:

The lump sum is tax free if you die before age 75 and before taking any benefits, otherwise it is taxed at 55%. No inheritance tax is normally payable.

What happens if I have a Flexi SIPP and stop paying contributions?

The fund in your Flexi SIPP will remain invested, but your benefits may be lower than the figures illustrated.

Can I make extra contributions to my Flexi SIPP?

Yes.

How do I obtain tax relief on my contributions?

If you are a UK resident your regular and single contributions are paid net of basic rate tax relief from HMRC. If you are a higher rate tax payer, you claim the extra relief from HMRC. If your employer makes contributions, they will pay them gross. There is no tax relief on transfers from other pension funds into your Plan. Remember that the rules on tax relief depend on individual circumstances and may change in the future without prior warning.

Can I transfer out?

Yes, but funds providing income withdrawals may only be transferred to registered pension scheme arrangements which have been set up for the purpose of receiving transfers from income withdrawal arrangements.

Can I change my mind?

You will have cancellation rights in respect of your SIPP. We will send you a cancellation notice as soon as we have opened your SIPP.

Unless you have waived your rights to this cancellation notice in your initial SIPP Application Form you will have 30 calendar days during which you have the right to change your mind and send the Cancellation notice back to InvestAcc Pension Administration Limited. Your SIPP will then be cancelled. During this period, you will not be able to make any investments or receive any benefits from your SIPP unless you waive your right to this cancellation period.

Please note: it may not always be possible to return a transfer payment to the original pension scheme if you cancel the SIPP, or a particular transfer payment, within the cancellation period, after the transfer has been received by us. In this circumstance you will need to arrange for another pension scheme to accept the transfer.

Can I change my mind when electing to take benefits?

For all members, if you elect to take income withdrawals from your SIPP we will send you a cancellation notice. You will have 30 calendar days during which you have the right to change your mind and send the cancellation notice, along with any pension commencement lump sum and income you may have received, back to InvestAcc Pension Administration Limited. Your election to take income withdrawals will then be cancelled.

If we are instructed to re-invest the returned pension commencement lump sum and/or income in the same investments from where the money originally came, you may receive less units/shares because of transaction costs or upward movements in prices.

The same applies where monies have already been disinvested before the cancellation form is received by us and are held in the SIPP Bank Account in order to pay future income. If we are instructed to re-invest such monies in the same investments from where the money originally came, you may receive less units/shares.

If you choose to cancel your election to take income withdrawals this will not affect any instructions you send us to take income withdrawals in the future.

Your right to cancel will remain unaffected if any event beyond your control makes it impractical for you to communicate the wish to cancel.

What charges can I expect?

The charges for all transactions that take place in respect of the Flexi SIPP are described in the Flexi SIPP fees schedule.

How will I know what my SIPP is worth?

After accepting your application we will send an acknowledgment letter to you, or your Financial Adviser if you have one appointed, followed by a statement showing your initial transfer payments and contributions to the SIPP. Any additional payments into your SIPP will be acknowledged and statements will be sent to you, or your Financial Adviser if one is appointed.

At least once a year we will also send you, and your Financial Adviser if one is appointed, a statement showing the value of your SIPP and the transactions, including any corporate actions, carried out over the past twelve months. The frequency of these valuation statements will be annually. If you'd like information between these valuation statements you can obtain the information from us.

Are there any possible tax charges?

Contributions in excess of the annual allowance will be subject to a tax charge at a level which effectively removes the tax relief on the excess amount unless this contribution is made less than 12 months before death of the member or serious ill health.

Investments within the SIPP enjoy freedom from UK tax on income and capital gains, except that tax may not be reclaimed on UK dividends. However, if an investment is regarded as taxable property, it will be subject to tax charges prescribed by legislation.

Any income withdrawals and eventual annuity will be taxed under PAYE systems. Any lump sum death benefits paid from your SIPP after you have reached pension date will be taxed 55%.

In the absence of Enhanced Protection or Fixed Protection, funds paid out which are in excess of your lifetime allowance will be subject to a tax charge. The tax charge will be 25% on the excess if it is paid as an income (and income tax on the pension), or if you choose to take a lump sum from funds in excess of your lifetime allowance there will be a tax charge of 55% on the excess.

If at any time you receive benefits which are not in accordance with current pension rules these will be regarded by HMRC as unauthorised payments and will be subject to any tax charges that are prescribed by legislation.

How much will the advice cost?

Your adviser will give you details about the cost. The amount will depend on your payments and length of time to your chosen pension age. It will be paid for out of the charges. Alternatively, your adviser may charge a fee for the advice provided.

What if I have a complaint?

If you have any cause for complaint about the service you have received in respect of the administration of your SIPP, please contact:

Compliance Manager
InvestAcc Pension Administration Limited
Minerva House
Port Road Business Park
Carlisle
CA2 7AF

You may also make a complaint to the Occupational Pensions Advisory Service and then to the Pensions Ombudsman. Details can be supplied on request.

Any complaint regarding the advice given to you by your Financial Adviser should be referred to them for review under their own complaints process, details of which should already have been provided by them.

If you have a complaint regarding an individual investment, this should be directed to the individual fund manager concerned and again, details should be provided by your Financial Adviser.

Making a complaint will not affect your legal rights.

Can I claim compensation?

The SIPP is covered by the Financial Services Compensation Scheme and you may be entitled to compensation from the Scheme to the extent of your SIPP's overall exposure to a particular investments product, or investment company default.

InvestAcc Pension Administration Limited will make such a claim on the SIPP's behalf following a written request from you.

Terms and Conditions

This Key Features document gives a summary of this plan. You should also see the current full terms and conditions available on our website www.minervasipp.co.uk

We have the right to change some of the terms and conditions. We will write to you and explain what has changed if this affects your plan.

The Flexi 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.



InvestAcc Pension Administration Limited

Minerva House
Port Road Business Park
Carlisle
Cumbria
CA2 7AF
t: 01228 538 988
f: 01228 535 988
e: info@investacc.co.uk

www.minervasipp.co.uk

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.

Version 1.0 (October 2011)