InvestAcc PENSION ADMINISTRATION LTD

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SIPP Lite

Self-Invested Personal Pension

Key Features

Note that this document is part of a set which should all be read together:

Key Features
Schedule of Fees
Terms and Conditions
Permitted Investments
Your Personal Illustration

www.investaccpensions.co.uk

SIPP Lite Key Features

Please read this document carefully, it is designed to help you decide if SIPP Lite is right for you.

A Self Invested Personal Pension (SIPP) 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 plan is best for you, please seek advice from an authorised financial adviser before proceeding.

SIPP Lite is a category of membership of the Minerva Self Invested Personal Pension, which is a UK registered pension scheme. The scheme qualifies for all the tax advantages available to UK pension schemes and operates as a trust 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

Aims

SIPP Lite 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 as flexi access drawdown or uncrystallised funds pension lump sums, as an alternative to buying a guaranteed pension, which is often called an annuity and is explained in greater detail later in this section.
- 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.
- The benefit of the tax incentives granted by the HM Revenue & Customs (HMRC) to registered pension schemes.
- Growth in your fund is usually free from capital gains and income tax, unless your investment is regarded as taxable property by HMRC.

Your investment

- You can establish SIPP Lite for the purpose of receiving previously accumulated pension rights from other pension arrangements and you can also contribute into SIPP Lite at any time prior to age 75.
- 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 earliest retirement age is expected to rise to 57 from 2028 and may rise again in the future.
- The level of income withdrawn must be within any applicable HMRC limits, depending on the option you choose.

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.
- Inflation can erode the value of your investments, and the benefits available from them.
- If you take your benefits earlier than shown on your illustration, or you stop paying regular contributions, your benefits may be lower than illustrated.
- Some investments may take longer to sell than other forms of investments.
- High income withdrawals are unlikely to be sustainable, particularly if investment returns are lower than the amount withdrawn.
- The higher the level of income withdrawals, the less you will have available to provide for beneficiaries, or to buy an annuity in the future.
- 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 if you buy an annuity later, 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.
- Fixed charges on your SIPP are likely to mean that smaller funds carry more of a burden than larger funds, and this may affect your decision to invest in a SIPP.
- 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?

A 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 Conduct Authority.

Prior to age 75, you, or someone on your behalf, including your employer if you have one, can pay contributions regularly into your 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 resident relevant UK individual your contributions may qualify for income 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 grow free from UK income and capital gains taxes, 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?

All contributions and transfer values received are paid into specifically designated member's 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), or regulated collective investment schemes.

The full range of investments is published in our permitted investments list which is available on our website. Note that the SIPP Lite product offers lower charges than our full Minerva SIPP, and this is because investments are further restricted to any **one** of the following:

- Discretionary fund manager (DFM) account.
- Stockbroker share dealing account.
- Investment platform account.
- Structured product.
- Insurance company trustee investment plan (including investment bonds).
- Deposit account (one account, in addition to the designated member's deposit account).

Some investment types (e.g. commercial property or land) may require your plan to be upgraded to the full Minerva SIPP which has wider investment options. The upgrade will be without charge after 12 months, although the annual fees will increase to the full Minerva SIPP charges from your next plan anniversary. Details of the Minerva SIPP and the applicable fees are available from our website: www.investaccpensions.co.uk

Remember the value of your 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 and any taxes that are the responsibility of the SIPP.

What benefits can I have from SIPP Lite?

You can take benefits from your SIPP from age 55, whether you have retired or not. Under current rules, you cannot normally take the proceeds before age 55, unless you retire early due to ill health or have a protected early retirement age. The Government has said that it intends to raise the earliest retirement age to 57 from 2028 and it may rise again in the future.

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 valid Enhanced 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.

Unless you have used up all your lifetime allowance you are entitled to use your funds to provide:

- A pension commencement lump sum of normally up to 25% of the SIPP fund value and the remainder taken as flexi access drawdown.
- If you already have capped drawdown funds then you may be able to retain this so long as income stays within the applicable limits, 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 before age 75 and every year after age 75. You may designate additional funds to your existing capped drawdown plan, so long as this is under the same arrangement.
- 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 payment, or series of payments, of any amount from your uncrystallised funds, 25% of which will be tax free and the balance subject to income tax. This is known as an uncrystallised funds pension lump sum.
- You can elect to take a combination of phased annuity and phased flexi access drawdown. 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 after charges. This may also be reduced by the effects of inflation.

For further information about the possible benefits from the SIPP Lite 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 chose 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 SIPP Lite?

For existing capped drawdown arrangements (set up prior to 6th April 2015), 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, but does not guarantee it.

For flexi access drawdown payments, there is no maximum amount of withdrawal. There is no minimum income amount that you must take from your 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 or beneficiaries.

You can vary the income level at any time but if you are using capped drawdown then you must not exceed the maximum income limit each pension year.

If you are taking capped 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 currently 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.

Generally, the older you are the more annuity you can buy for your money. Annuity purchase rates can change all the time, up or down. 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, dependants or beneficiaries if you die. The income can be paid for life, or for a fixed period of time.

InvestAcc is not an annuity provider.

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

If you die you can nominate your beneficiaries to receive benefits in the following forms:

A lump sum, **or**
A flexi access drawdown pension, **or**
An annuity purchased on the open market, **or**
A charity of your choice.

Tax on death benefits:
Payments up to the available unused lifetime allowance are tax free to beneficiaries, if you die before age 75.
If you die from age 75 onwards, payments to beneficiaries are subject to the beneficiary’s marginal rate of income tax. No inheritance tax is normally payable.

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

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

Can I make extra contributions to my my SIPP Lite?

Yes, up until age 75.

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 or additional rate taxpayer, 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.

We may agree at our discretion, to partial transfers out of your SIPP, although under current regulations this is not possible for crystallised funds.

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 us. Your SIPP will then be cancelled. During this period, you will not be able to make any investments in commercial property or land, 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?

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 us. 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 instruction 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 SIPP Lite are described in the SIPP Lite schedule of fees, as amended from time to time. In certain circumstances we may need to charge additional fees if we deem the work required to administrate your SIPP is excessive. Any additional fees would be communicated to you in advance.

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, carried out over the past twelve months. The frequency of these valuation statements will be annually. If you would 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 in the same tax year in which the member dies or retires due to serious ill health.

Investments within the SIPP enjoy freedom from UK tax on income and capital gains. However, if an investment is regarded as taxable property, it will be subject to tax charges prescribed by legislation.

Any income withdrawals and annuity payments will be taxed under PAYE systems.

If you die from age 75 onwards, payments to beneficiaries are subject to the beneficiary's marginal rate of income tax.

In the absence of Enhanced 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 of their advice and services.

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 Financial Ombudsman Service, Exchange Tower, London, E14 9SR.

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?

Investments within your SIPP may be covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme to the extent of your SIPP's overall exposure to a particular investment product, or investment company default, up to the appropriate limit. You can find more details at www.fscs.org.uk

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.investaccpensions.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.

Our SIPP products are offered without advice of any kind. A SIPP may not be suitable for all investors. If in doubt you should consult an authorised 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 Conduct 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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