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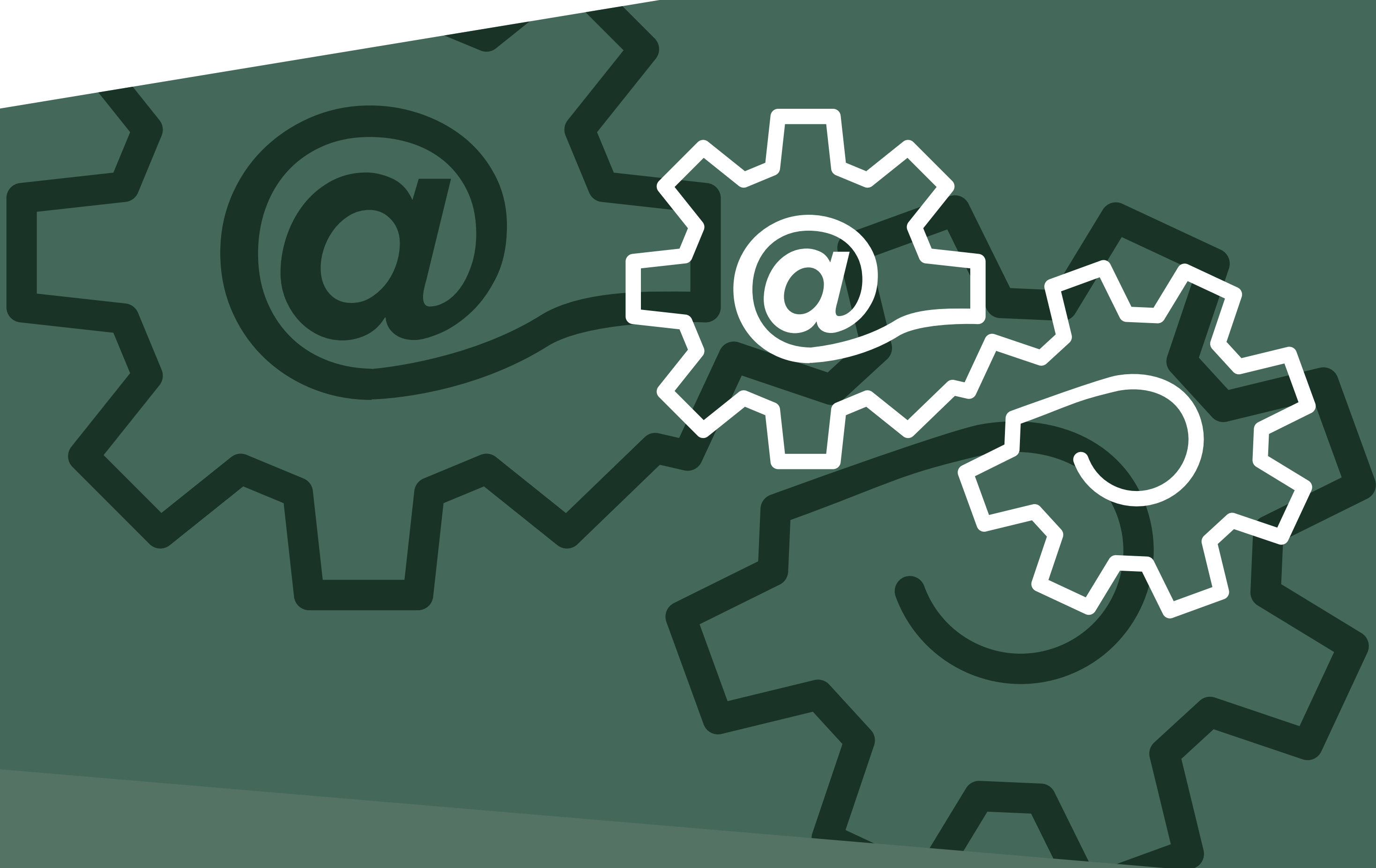
KEY FEATURES OF YOUR SSAS



Strong partnerships, better results

APRIL 2024

Key Features Of Your Small Self Administered Scheme

The purpose of this document is to provide you with important information about your Small Self Administered Scheme (SSAS). This document should be read along with the Fee Schedule and Member Questionnaire to ensure you understand the contract you are entering into. Please also keep this document safe for future reference. The document sets out the aims of the SSAS, your commitments under the scheme, any risks you should be aware of and also includes a question and answer section.

This document is based on our understanding of current legislation and HM Revenue & Customs (HMRC) practice and should not be relied upon for detailed advice or as a statement of law. Furthermore, as it is based on the UK regulatory regime it is, therefore, primarily targeted at customers in the UK. Please note that the current regime may change in the future which could affect the amount of benefits you receive.

Aims Of The SSAS

- To provide you with a means of building up a pension fund in a tax efficient way, to provide an income for you in your retirement
- To give your spouse/civil partner/dependants/beneficiaries an income and/or cash sum when you die
- To give you, or in conjunction with your Financial Adviser or Investment Manager (who must be suitably authorised), the flexibility of investments and control over your investment fund decisions
- At retirement to give you flexibility in how and when you wish to take your benefits
- To enable you to take income from your pension fund without buying an annuity or until you choose to do so
- To allow for the transfer of existing pension funds into the SSAS and to benefit from the flexibility and choice available under the SSAS rules.

Your Commitment

- That there be at least one payment into the SSAS, either a contribution from you and/or your employer, or a transfer from an existing arrangement. It is not a requirement that further or regular payments be made
- To not draw benefits until you have attained minimum retirement age (currently 55 but increasing to 57 in 2028), except on the grounds of serious ill-health or having a protected early retirement age as defined by HMRC
- To act as a trustee of the SSAS, along with any other SSAS members
- To take responsibility for the management of the scheme investments, in your capacity as trustee.
  You may appoint a Financial Adviser or an Investment Manager (who must be suitably authorised) for this purpose.

Risk Factors

- Any illustration provided is only an indication of what you might get back based on certain statutory assumptions
- You could get a smaller pension if you:
  - take your pension earlier than your chosen retirement date
  - are unable to continue contributions at the same level
  - cease making contributions.
- 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
- If you are transferring benefits from another registered pension scheme it may be that you are giving up valuable guarantees or protections that the SSAS cannot match. We recommend that you seek professional advice before proceeding with a transfer.

Investment Risks

- There is no guarantee as to what you will get back in the future as this will depend on how well the investments you make perform. The value can go down as well as up. You could get back less than you have paid in
- Certain investments which may be held by the scheme may not be regulated by the Financial Conduct Authority. These include, but are not limited to, securities on the Alternative Investment Market, traded second-hand endowments, commercial property, land, gold bullion and unlisted shares. This means you are unlikely to be protected if something goes wrong
- If there is insufficient cash within the scheme to meet a liability an investment may have to be sold when markets are low to facilitate payment of the liability
- It may take time to realise certain investments, e.g. commercial property, land or unlisted shares
- There could be a delay in receiving your benefits if some of your investments cannot be sold quickly.

Income Withdrawal Risks

- Large income withdrawals are unlikely to be sustainable if investment returns are low during the income withdrawal period. They might also reduce any future annuity purchase
- The higher the level of income withdrawals, the less you will have available for any pension increases in the future or to buy an annuity or to provide for your spouse/civil partner/dependants.

Taxation Risks

- The favourable tax treatment of pension savings could change in the future
- If you transfer from an existing registered pension scheme, it is possible that you may lose some tax free cash protection from that scheme.

Questions And Answers

What is a Small Self Administered Scheme?

- A Small Self Administered Scheme (SSAS) is an occupational pension, established by your employer, which allows you to save in a tax-efficient manner for your retirement
- You and/or your employer can make single or regular contributions; if you have existing pension arrangements, you may be able to transfer them into the scheme
- Being Self-Administered, you as a trustee make your own investment decisions, or you may appoint a Financial Adviser or an Investment Manager (who must be suitably authorised)
- You can invest in a wide range of investments including commercial property

What tax benefits are available?

- Personal contributions within the HMRC limits benefit from full tax relief
- Contributions paid by the member are paid net of basic rate tax, where the scheme has been registered for "Relief at Source". The basic rate tax is recovered from HMRC by @sipp on a monthly basis. Higher rate tax relief is obtained through the self assessment route
- Alternatively, personal contributions can be paid gross by your employer. Any tax relief would then have to be claimed through the self assessment route
- Employer contributions are paid gross and will normally be treated as an allowable business expense. The employer should consult its tax advisers in advance as the circumstances of each business are different
- Investments within the SSAS are free from UK Investment Income and Capital Gains taxes (except that tax may not be reclaimed on UK dividends)
- At retirement you can take up to 25% of your fund (subject to the Lump Sum Allowance) as a pension commencement lump sum which is tax free.

What is the Annual Allowance?

- Although there is technically no limit to how much you can contribute to your plan, there is a limit on how much qualifies for tax relief. This limit is the annual allowance
- If you have sufficient UK relevant earnings you can get tax relief of 100% of your earnings up to the prevailing annual allowance. The annual allowance is currently £60,000
- If you have no UK relevant earnings, or are no longer resident in the UK (as long as you were resident in the UK both in the year of membership and within 5 years of the tax year when the contribution is made), the maximum gross contribution for tax relief is £3,600
- Where there has been unused annual allowances in any of the three previous tax years, it may be possible to carry these forward to be used in the current tax year
- An annual allowance tax charge is due on any pension savings over and above the annual allowance available for the tax year. The effect of the annual allowance tax charge is to restrict tax relief on any pension savings over the available annual allowance.

What is the Money Purchase Annual Allowance?

- If you trigger the money purchase annual allowances rules then you will have a £10,000 annual allowance for money purchase savings
- If you exceed this £10.000 limit, you will have in addition to the £10,000 money purchase annual allowance, a reduced £50,000 annual allowance for your defined benefit pension savings
- If you do not exceed the £10,000 limit you will retain the normal £60.000 annual allowance for all of your pension savings
- An annual allowance tax charge is due on any pension savings over and above the money purchase annual allowance for the tax year. The effect of the annual allowance tax charge is to restrict tax relief on any pension savings over the available money purchase annual allowance.

What will trigger the Money Purchase Annual Allowance rules?

The money purchase annual allowance rules will apply to you if one of the following occurs in a tax year, on or after 6 April 2015:

- You drawdown funds from a flexi-access drawdown fund
- You receive an uncrystallised funds pension lump sum
- You convert your pre-6 April 2015 drawdown pension fund to a flexi-access drawdown fund and you subsequently take a drawdown pension from that fund
- You take more than the permitted maximum for capped drawdown from a pre-6 April 2015 drawdown pension fund
- You receive a stand-alone lump sum and you are entitled to primary protection with a greater than £375,000 protected tax free lump sum right
- You receive a payment from a lifetime annuity where the annual rate of payment can be decreased other than in permitted circumstances or
- You receive a payment of a scheme pension from a money purchase arrangement where the arrangement is providing scheme pensions to less than 12 members, including dependant's, at the time the first payment is made to you.

What is the Tapered Annual Allowance?

- If you trigger the tapered annual allowance your annual allowance will be reduced by £1 for every £2 by which your income exceeds £260,000, subject to a maximum reduction of £50,000.

What will trigger the Tapered Annual Allowance?

The tapered annual allowance rules will apply to you if:

- You have an adjusted income of over £260,000 and
- You have a threshold income of over £200,000.

What is Adjusted Income?

- Total income before tax plus any employer pension contributions but less any lump sum death benefit chargeable to tax.

What is Threshold Income?

- Total income before tax plus any salary sacrifice set up on or after 9 July 2015 but less any lump sum death benefit chargeable to tax.

What is a Pension Input Period?

- The period in which contributions you make, or are made on your behalf, are tested against the annual allowance
- Each pension input period shall be the period beginning on 6th April each year and ending on the following 5th April.

How can contributions be paid?

Regular contributions must be paid by standing order. Single contributions can be paid:

- by cheque
- by direct credit (i.e. BACS or CHAPS)
- with our consent, as an in specie contribution, which is where the contribution is settled by transferring assets into the scheme.

What happens if I die?

- You should complete an "expression of wish" in the Member Questionnaire to inform us of your wishes of who should receive death benefits. While we will take your wishes into account, we are not bound by them
- You can nominate the beneficiaries to receive benefits and the beneficiaries may choose:
  - A lump sum
  - Guaranteed income (purchase of an annuity)
  - Income that is not guaranteed (flexi-access drawdown income)
  - A combination of these.
- Where death occurs before age 75, any lump sum (subject to the Lump Sum and Death Benefit Allowance) or income withdrawal will be tax free. Where death, occurs after age 75, any lump sum or income withdrawal will be taxed at the recipient's marginal rate
- If any lump sum or income withdrawal is paid from uncrystallised funds it must be paid out or designated within two years of your death and tested against your lifetime allowance, where death occurs before age 75

What is the Lump Sum and Death Benefit Allowance?

- The Lump Sum and Death Benefit Allowance places a maximum limit on the combination of lifetime lump sums and death benefit lump sums that can be paid tax-free. The Lump Sum and Death Benefit Allowance has been set at £1,073,100
- Pension Commencement Lump Sums, the tax-free elements of Uncrystallised Pension Funds Lump Sums, lump sum death benefits paid before age 75 and serious ill-health lump sums count towards the Lump Sum and Death Benefit Allowance
- You may have a higher allowance if you have existing Lifetime Allowance protection

What is Pension Wise?

You now have more options on what you can do with your pension savings. We recommend you get guidance or regulated advice to help you with your decisions. Pension Wise is a new free and impartial Government service to over 50s that will offer you:

- Tailored guidance (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings
- Information about the tax implications of different options and other important things you should think about
- Tips on getting the best deal, including how to shop around.

What choices will I have when I want to take an income?

- You can choose to start taking an income from your SIPP once you reach age 55
- Income can be taken as:
  - Guaranteed income (purchase of an annuity)
  - Income that is not guaranteed (capped or felxi-drawdown income)
  - Or a combination of both
- Income withdrawal can be in the form of capped income drawdown or flexi-access income drawdown.

What is capped income drawdown?

- It is an option for anybody over the age of 55 to receive an income up to a capped limit from their pre-6 April 2015 drawdown pension fund
- The maximum income that an individual may withdraw is capped at approximately 150% of the amount an equivalent annuity would pay
- The capped income drawdown limit will be reviewed every three years before age 75 and every year after age 75
- You can receive the income monthly, quarterly, half yearly or yearly.

What is flexi-access income drawdown?

- It is an option for anybody over the age of 55 to receive an income without being subject to the capped income drawdown limit
- If you receive an income from a flexi-access drawdown fund, the tax relief on any further pension savings you make to a money purchase arrangement will be restricted, see "What is the Money Purchase Annual Allowance?".

When can I buy an annuity?

- You can choose to use some or your entire fund to purchase an annuity at any time from age 55
- You can choose the annuity provider to purchase the annuity from.

How will my income be taxed?

- Drawdown and pension annuity income will be taxed as earned income.

What choices will I have when I want to take a lump sum?

- You can choose to take a lump sum from your fund once you reach age 55.
- A lump sum can be taken as: - Pension Commencement Lump Sum
- Uncrystallised Funds Pension Lump Sum

What is a Pension Commencement Lump Sum?

- It is an option to take up to 25% of your benefits (subject to the Lump Sum Allowance) in the form of a tax free cash payment at or around the time your pension income starts to be paid.

What is an Uncrystallised Funds Pension Lump Sum?

- If you take an uncrystallised funds pension lump sum, one quarter of the amount paid will be tax free (subject to the Lump Sum Allowance) and the remainder will be taxable as pension income
- If you receive an uncrystallised funds pension lump sum, the tax relief on any further pension savings you make to a money purchase arrangement will be restricted, see "What is the Money Purchase Annual Allowance?".

What is the Lump Sum Allowance?

- The Lump Sum Allowance places a maximum limit of lifetime lump sums that can be paid tax-free. The Lump Sum Allowance has been set at £268,275
- Both Pension Commencement Lump Sums and the tax-free element of Uncrystallised Funds Pension Lump Sums count towards the Lump Sum Allowance
- You may have a higher allowance if you have existing Lifetime Allowance protection

Who will administer my plan?

- @sipp Limited will administer the scheme.

What measures are in place to ensure the security of Members' assets?

- You will be appointed as a trustee. All assets will be registered jointly in the names of all trustees. For every movement of cash/assets to occur there must be a signed instruction from the trustees.

What are the charges?

- **SSAS Administration:** We charge fees to cover the cost of administering your SSAS. In addition to the set-up and annual administration fee, the only other fees are transaction based. Please refer to the SSAS Fee Schedule for full details
- **Financial Advice:** Any fee in respect of financial advice (both initial and ongoing advice) should be agreed between you and your financial adviser. We will only arrange payment of such fees where we have your written consent
- **Investment Charges:** There will be charges associated with the investments held within your SSAS. These charges will vary depending on the particular investments chosen. Your financial adviser or the investment provider will be able to provide you with full details.

Can I transfer my benefits?

- Yes, you may transfer your benefits to another registered pension scheme or to a qualifying recognised overseas pension scheme approved by HMRC to receive the pension rights. However, where you are receiving income withdrawals your benefits may only be transferred to registered pension scheme arrangements which have been set up for the purpose of receiving transfers from income withdrawal arrangements. Please refer to the SSAS Fee Schedule for the charges involved.

Further Information

Law

The Law of Scotland will apply.

Contact Us

If you require any further information, please contact us by telephone on 0141 204 7950 or write to us at:

@sipp Limited
6th Floor, Mercantile Building
53 Bothwell Street
Glasgow G2 6TS

Pension Wise

To receive free, impartial guidance from the Government please go to
www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

Complaints

If you have a complaint about any aspect of our service please write to the Operations Manager at the address shown under Contact Us.

If you are not satisfied with our response to a complaint, you may refer your complaint to:

The Pension Ombudsman
11 Belgrave Road
London
SW1V 1RB
Tel: 020 7630 2200

Any complaint regarding advice you have received should be directed to your Financial Adviser, who should have provided their own complaints procedure to you.

Making a complaint does not affect your legal rights.

FCA Registration

While @sipp Limited is authorised and regulated by the Financial Conduct Authority, SSAS services are not regulated by the FCA and you may not have the right to refer your complaint to the Financial Ombudsman Service.

Compensation

Should any firm, authorised by the FCA, that you have assets with become insolvent then the Financial Services Compensation Scheme, an independent body set up under the Financial Services & Markets Act 2000 (FSMA), will compensate up to the following limits:

- Deposits – up to £85,000 per person per firm
- Investments – up to £85,000 per person per firm

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