



IPM PERSONAL PENSION SCHEME

1 INFORMATION

This document is designed to provide you with clear information regarding your self invested personal pension (SIPP) so that you can make a fully informed decision whether you are making a contribution, considering a transfer value or wishing to take benefits from your savings. However this document is not a substitute for independent financial advice.

Please read this document carefully and ensure that you keep it in a safe place for future reference.

This document is based on our interpretation of current legislation and Her Majesty's Revenue and Custom's practice as at April 2011 and should not be relied upon for detailed advice or as a statement of law.

Please remember that current tax benefits may change in the future which could affect the amount of benefits you receive.

CONTENTS

	Page
Aims of the SIPP	1
Your Commitments	1
Risk Factors	2
General Queries on the IPM SIPP	2/3
Contributions	4
Transfers to the IPM SIPP	5/6
Investments	6
Receiving Benefits from the IPM SIPP	7
Death Benefits	8
What other information is available concerning the IPM SIPP?	9
Complaints	9

2 AIMS OF THE SIPP

The SIPP is designed with the following aims in mind:

- To offer you a way of saving for your retirement whilst enjoying generous tax treatment
- To give you and your adviser the ability to direct how the pension funds should be invested
- To provide you with a lump sum when you come to draw benefits from your SIPP
- To provide you with a level of regular income when you come to draw benefits from the SIPP
- To provide a lump sum or regular income payments to your spouse/dependent upon death.

3 YOUR COMMITMENTS

To ensure the smooth running of your SIPP, you will be required to make the following commitments:

- To pay either a one off or regular contribution and / or transfer existing pension benefits to the SIPP
- To refrain from taking benefits from the Scheme until your 55th birthday
- To comply with the rules of the SIPP
- To determine the most suitable investment strategy for you and appoint those agents best placed to assist you in the pursuit of investment goals
- To decide the type of benefits you wish to take from your SIPP
- To notify us immediately of any changes in your personal circumstances that may affect your SIPP membership, including the eligibility to continue to receive tax relief on contributions or to receive benefits
- To settle any fees that have risen in connection with the administration of your SIPP.

4 RISK FACTORS

Before you agree with your adviser that the SIPP is the best option for you, please consider the following risks:

- The size of your SIPP, the income and other benefits that it can provide are not guaranteed and does not necessarily reflect the amount that you have paid in to the SIPP
- You may incur a penalty when transferring benefits from existing arrangements to the SIPP as well as surrendering any guarantees for future income you may have from that arrangement
- Whilst you are able to contribute to your SIPP after your 75th birthday you will not be eligible for tax relief
- The value of investments held within your SIPP can go down as well as up. This should be remembered particularly when you are considering taking benefits from your SIPP
- The liquidity of your SIPP needs to be considered when a decision to take benefits is made. Certain investments such as commercial property may take significantly longer to sell than other investments and delay the payment of benefits to you
- The taking of income may erode the capital value of your SIPP. This may be the case if investment returns are poor and a high level of income is taken
- Future reviews of your income could see a fall in the annual amount of income you are able to take if you maximise the benefits available from your SIPP on an annual basis
- Whilst you are able to continue with your SIPP once you have reached 75 years of age, you should be aware that your SIPP will be subject to a tax charge if you wish to pay benefits as a lump sum in the event of your death regardless of whether you have received your pension commencement lump sum
- The favourable tax treatment of the SIPP is not guaranteed and could change in the future
- You should understand the key features and any charges that relate to the underlying investments that are held within your SIPP
- If the amount you contribute to all your pension benefits in one pension input period exceeds the annual allowance you may be personally liable for a tax charge.
- If you have applied for Enhanced protection then a contribution to your SIPP or any other pension arrangement you may have will see the protection revoked. This point will not be relevant in most cases
- A partial transfer of benefits to the SIPP may result in the loss of Enhanced protection. This point will not be relevant in most cases
- **IPM does not provide any investment or financial advice. If you are at all uncertain as to the suitability of a SIPP then please contact your adviser.**

5 GENERAL QUERIES ON THE IPM SIPP

This section looks to provide you with answers to any queries you may have concerning membership of the IPM Personal Pension Scheme (the SIPP).

What is a SIPP?

A Self Invested Personal Pension (SIPP) is a personal pension that has a self invested aspect which ultimately gives you greater flexibility and control over your savings than conventional contracts.

The investment opportunities within a SIPP are typically greater than that of a personal pension offered by an insurance company, as you are not restricted to the funds offered by that one investment house. The SIPP also offers you greater choice and flexibility in how you wish to take your benefits.

What is the IPM Personal Pension Scheme?

This is the name we give to our SIPP.

The IPM Personal Pension Scheme (the SIPP) is a registered pension scheme as laid down in Chapter 2 Part 4 of the Finance Act 2004. The Pension Schemes Tax Reference is 00605673RE.

The SIPP trustee is I.P.M. SIPP Administration Limited. I.P.M. Personal Pension Trustees Limited will act as bare trustee to the SIPP. The provider to the SIPP is the Bank of Scotland. The SIPP is operated under a Trust Deed and Rules a copy of which should be provided to you by your adviser along with this document.

5 GENERAL QUERIES ON THE IPM SIPP (CONTINUED)

Who are I.P.M. SIPP Administration Limited?

I.P.M. SIPP Administration Limited (IPM) is a specialist pension administration organisation who will provide you with the full range of administration services necessary to operate the SIPP. IPM is authorised and regulated by the Financial Services Authority (FSA) as the operator of the SIPP to provide self-invested personal pension administration services.

IPM has been providing SIPP administration services since 1999. Since then, it has consistently enjoyed both significant client and financial growth year on year, despite the fact IPM does not advertise within the industry or national press.

What happens when I establish a SIPP with IPM?

Once in receipt of your application, IPM will allocate you with a membership number. This number is specific to you and will be quoted on all correspondence issued and investments placed on your behalf.

You and your adviser will then be issued with a written acknowledgement of your application which will include an acceptance schedule and a cancellation notice (see **Can I change my mind once I have established a SIPP?**) IPM will then commence work on your behalf as directed by you or your adviser.

Is the SIPP right for me?

IPM is not regulated to provide financial advice. Before applying for membership of the SIPP, IPM strongly recommends that you contact an independent financial adviser to see if the SIPP suits your individual needs.

In addition, IPM will not provide assistance in making a decision whether or not to transfer from one pension scheme to another. Before embarking upon any form of financial undertaking such as pension planning, IPM strongly suggests that you seek independent financial advice.

Am I eligible to establish a SIPP?

There are no eligibility criteria to meet if you wish only to transfer existing pension benefits from a UK registered pension scheme to the SIPP.

However if you want to pay contributions into your SIPP you are only eligible to receive tax relief subject to the appropriate limits (see contributions section) providing that you:

- are below the age of 75 when the contribution is paid
- satisfy the 'relevant UK individual' criteria

What is a Relevant UK Individual?

You satisfy the Relevant UK Individual criteria providing that you meet one of the following:

- you are resident in the UK for tax purposes
- you have relevant UK earnings in the current tax year*
- you were a UK resident sometime in the previous five tax years* and when you established your SIPP
- you, your spouse or civil partner has earnings from overseas Crown employment subject to UK tax

** Note: a tax year runs from 6 April of one calendar year to 5 April of the next.*

Can I change my mind once I have established the SIPP?

Along with confirmation that your SIPP is established with IPM, you will receive a notice detailing your cancellation rights to the contract.

You will have 30 calendar days from the issuance of this cancellation notice during which you have the right to change your mind and send the cancellation notice back to IPM. Your SIPP will then be cancelled. During this period you will not be able to make any investments or receive benefits from your SIPP unless you waive the right to this cancellation period.

Note: if you do change your mind and cancel your SIPP then work may have already been undertaken by IPM to arrange the transfer of existing benefits to the SIPP. Any monies received in this respect will then have to be returned to the previous scheme provider if you cancel the SIPP. This could result in a decrease in the value of your funds due to either charges being incurred or movement in the market your monies were previously invested into.

6 CONTRIBUTIONS

Can I contribute to the SIPP?

Yes but you will only receive tax relief on the contribution if you are below the age of 75 and are a relevant UK individual (see 'What is a Relevant UK Individual').

How much can I contribute?

In each tax year you are able to contribute and receive tax relief on:

- up to £3,600 (including tax relief) regardless of your earnings

OR

- up to 100% of your relevant UK earnings for the tax year concerned (including tax relief) or the annual allowance if lower

These limits apply to contributions made to all pension arrangements you have, not just your SIPP.

All personal contributions paid to the SIPP are paid net of basic rate tax, currently 20%.

Note: the annual allowance is a limit on all contributions made on your behalf to all registered pension schemes in any one tax year. The annual allowance has been set at £50,000 for 2011/12 onwards. Please consult your financial adviser for further information.

Note: if you are a member of a defined benefits arrangement such as a final salary scheme as well as the SIPP then the benefits accrued in this arrangement need to be taken into consideration when calculating your maximum contribution for a tax year. Please consult your financial adviser for further information.

Can my employer contribute to the SIPP?

Your employer is able to make contributions on your behalf. However please note that any employer contribution is paid to the SIPP as a gross payment and is not restricted to 100% of your salary.

Example: If your earnings for the current tax year are £30,000 and your employer makes a contribution of £35,000 this will not incur a tax as the contribution is below the annual allowance. Please note that although this payment does not impact on a member's ability to contribute 100% of earnings as a personal contribution, a personal contribution of £20,000 in this example would exceed the annual allowance and tax relief at the member's highest marginal rate would not be available on the excess amount.

Any contributions whether employer or employee in excess of the annual allowance will result in a personal tax charge.

Do I have to contribute to my SIPP?

No. You can establish the SIPP with a single transfer from an existing pension scheme.

How do I make a contribution to the SIPP?

IPM is happy for you to make a contribution using a number of methods:

- Sending a cheque to IPM's offices made payable to 'IPM Personal Pension Trustees Limited – your membership number'
- Establishing a standing order for regular contributions to your SIPP
- Arranging a telegraphic transfer to IPM

In all cases IPM would request that if you are making a contribution to your SIPP, particularly by telegraphic transfer, that you notify IPM before the payment is submitted.

IPM requires that the first contribution from a particular source (i.e. from a personal bank account or an employer) is made via cheque or standing order. Subsequent transfers from that source can be made by telegraphic transfer subject to the completion of a wiring instruction form.

What tax relief is my contribution able to receive?

Personal contributions made to the SIPP are able to receive 20% of the amount you contribute as basic tax relief. If you are a higher rate tax payer then you may receive an additional 20% or 30% where appropriate.

Example: if you make a personal contribution to the SIPP of £8,000 then your SIPP will receive £2,000 basic rate tax relief directly from HMRC. If you are a 40% tax payer you will be entitled to an additional £2,000. This will be paid to you outside the SIPP.

6 CONTRIBUTIONS (CONTINUED)

Where does my money go?

Upon establishment of the SIPP, IPM will open your own trustee Bank of Scotland account. This account will be in the name of IPM Personal Pension Trustees Limited but will have your membership number in the account name in order to identify that the monies in the account are being held for your benefit.

All contributions paid into the SIPP by you or on your behalf will be placed in this account and will remain there until we receive written instruction from you or your adviser in regards to investment or paying benefits. This account currently pays interest at 0.1% however is subject to change (April 2011).

The normal rate of interest is 0.75% below bank base rate.

The Bank of Scotland will issue either you or your adviser with a statement of this account on a monthly basis so that you can keep a record of payments both in and out of your SIPP.

Who reclaims the tax relief on my behalf?

This responsibility is split into two roles. For all contributions eligible to personal tax relief, IPM will make a reclaim on your behalf of 20% of your contribution value directly from Her Majesty's Revenue & Customs (HMRC)

If you are a higher rate tax payer, you can reclaim the additional 20% or 30% to which you are entitled through your self assessment tax return.

How long will it take for IPM to receive my tax relief?

Dependent upon receipt of the contribution, the tax reclaim process typically takes six to eight weeks to be received. This will need to be taken into consideration when making preparations for investments and taking benefits from the SIPP.

Can I amend the amount I pay as a regular contribution or stop all together?

Yes – without charge. The SIPP offers you the flexibility to make contributions as frequently as you wish and of any amount although if you contribute in excess of the prescribed limits then tax relief may not be available

Can my SIPP accept contracted out National Insurance rebates?

No – it is not possible for rebates to be paid into your SIPP directly from the Department of Social Security (DSS).

7 TRANSFERS

Can I transfer existing pension arrangements to the SIPP?

Yes - you are able to transfer any UK registered pension scheme to your SIPP. There is no minimum amount that you need to have in order to transfer to your IPM SIPP nor is there a restriction on the amount of transfers you can make.

The transfer of existing benefits to a SIPP is not a decision that should be taken lightly and IPM strongly recommends that you seek advice from an independent financial adviser before making the necessary arrangements to transfer.

Can I transfer protected rights benefits to my IPM SIPP?

Yes, you are able to transfer existing protected rights policies to your IPM SIPP.

What are protected rights?

Protected rights are benefits that have accumulated as a result of contracting out of the State Second Pension (S2P), formally known as the State Earnings Related Pension Scheme (SERPS). These monies may have previously been paid by the HMRC National Insurance Contributions Office on your behalf into an appropriate personal pension, appropriate stakeholder scheme, or they may have accumulated in a contracted out money purchase scheme or contracted out final salary schemes.

Note: IPM is able to accept the transfer of existing protected rights policies only and not on-going contracting out rebates.

I have taken a pension commencement lump sum from an existing arrangement and am currently receiving income too. Can this arrangement still be transferred to my IPM SIPP?

Yes. IPM can accept transfers into your SIPP even though you have commenced drawdown from the transferring scheme, provided that the rules of the transferring scheme permit such a transfer. IPM will continue to use the maximum income figure calculated by the ceding scheme until the first anniversary date of your pension year after the transfer has completed. At this point IPM will then re-calculate your maximum income figure based on your fund value at that time. Please note the level of your maximum drawdown may reduce. For more information on maximum income calculations please see 'What can I expect to receive from my SIPP.'

7 TRANSFERS (CONTINUED)

Where will the monies received on my behalf be placed?

As with contributions, your monies will be placed into your individually designated Bank of Scotland account pending further instructions.

Can I transfer my SIPP away from IPM?

Yes. You are able to leave the Scheme at any time and transfer your benefits to an alternative registered pension scheme. IPM will levy an administration fee to cover the time spent arranging the transfer.

You should also consider that if you sell any or all of the investments to make the transfer the respective investment managers may make a charge.

8 INVESTMENTS

What can my IPM SIPP invest in?

IPM does not operate any in house investment funds therefore you are free to choose an investment strategy which best suits the investment objectives agreed by you and your adviser.

Items that you can invest in within your SIPP include:

- unit trusts, open ended investment companies and investment trusts
- stocks and shares quoted on any recognised stock exchange
- insurance company funds
- commercial property including agricultural land
- bank deposits

Note: IPM is not authorised to provide investment advice and therefore cannot comment, recommend or confirm whether a particular investment is suitable for your requirements. IPM recommends that all investment decisions should be made with the assistance of an independent financial adviser.

How can I make my chosen investment?

You can provide an application form directly to IPM with a written instruction for an investment to be made on behalf of your SIPP. This submission can also be made on your behalf by your appointed adviser. Once IPM has received the instruction to invest along with all accompanying paperwork and assuming there are sufficient funds available within the SIPP, the investment can be made. For investments made by cheque, IPM will complete the application form, transfer the funds from your designated bank account to the cheque payments account and issue the cheque together with the investment application as instructed. For investments made via telegraphic transfer, upon receipt of the necessary bank details IPM will forward the monies to the specified investment house directly from your account.

The above procedure does not necessarily apply for all investments, for example the purchase of a commercial property. In the event of any investments of this nature, please contact the offices of IPM for guidance.

Note: IPM will require the appointment of an investment administrator to oversee the placing and on-going monitoring of any investment made in your SIPP. This role can be performed by your adviser, a stockbroker or an investment management firm regulated by the FSA.

How are my investments held?

All investments made on your behalf within the SIPP are issued in the name of IPM Personal Pension Trustees Limited and are designated using your unique membership number.

The type of investment you wish to make will determine how the investment is held. For example, for all stocks and shares IPM will insist that these are purchased via a stockbroker who will hold the assets in their nominee account. It is however possible for any insurance company fund/ unit trust investments to be purchased directly from the investment house.

What investments will IPM not accept into the SIPP?

Whilst aiming to accommodate all client requirements, there are a number of investments IPM has made the decision not to hold due to the tax charges they may generate. These investments include:

- unquoted shares
- direct holdings in residential property
- fine wine and antiques
- classic cars

Any non-standard investments should be referred to IPM for consideration at the earliest opportunity.

Is the growth of any of my investments within the SIPP subject to Capital Gains Tax?

No. The SIPP is a tax efficient wrapper and this benefit includes being exempt from Capital Gains Tax.

9 RECEIVING BENEFITS FROM THE IPM SIPP

When can I start to draw benefits from my SIPP?

You are able to receive benefits from age 55.

What can I expect to receive from my SIPP?

When you elect to take benefits from your SIPP, you are generally able to take 25% of the value of your SIPP as a tax free lump sum*. If required, this is paid directly to your designated personal bank account.

Once you have taken a lump sum, you are then eligible to receive income from your SIPP. This income withdrawal is known as drawdown. IPM will calculate for you the maximum amount you are able to receive on an annual basis using figures issued by the Government Actuarial Department (GAD) and your age as of the date you are drawing benefits. You can choose any level of drawdown to this calculated maximum which is generally reviewed every three years. At this point a new maximum annual income limit will be provided to you. Please be aware that following the review the new limit may be higher or lower than your previous maximum income.

You can elect to waive your right to the tax free lump sum if you wish and just receive income from the SIPP. Alternatively, you can take your maximum lump sum entitlement and elect to receive no income.

** Note – if you have transferred benefits to your SIPP from an occupational pension arrangement or have applied for transitional protection, your lump sum percentage might not be 25%. Please contact your adviser for further details.*

How often can I receive income from my SIPP?

The SIPP offers you the flexibility to receive income on a monthly, quarterly, half annual or annual basis. You are also able to amend the frequency and the amount of income you receive at anytime providing you do not exceed the maximum annual pension you are entitled to in any one pension year.

Is the income from my SIPP subject to tax?

Yes. All income from the SIPP will be subject to pay as you earn (PAYE) and is calculated by reference to your tax coding. The tax on income received from the SIPP is deducted at source and paid to HMRC on your behalf.

What happens when I reach age 75?

Under previous legislation reaching age 75 has meant wholesale changes to your SIPP. Whilst recent legislative amendments have removed some of these changes there are still things which you need to be aware of when approaching your 75th birthday, including:

- any contributions post age 75 will not be eligible for tax relief
- you are not required to take your pension commencement lump sum prior to your 75th birthday. However should you die before taking your pension commencement lump sum and you nominate beneficiaries to receive a lump sum then this payment will be subject to 55% tax
- your maximum income will be reviewed on an annual basis as opposed to three yearly

If I retire from my pension scheme, does this mean I have to retire from my employment?

No. You are able to continue day to day employment and receive benefits from your SIPP. There is no link between your SIPP and your employment.

What other options do I have?

Should you feel that drawdown is not the right option for you, you have the option of purchasing an annuity with an insurance company.

Note: the decision of when to draw benefits from your SIPP should be given very careful consideration. As with all major decision concerning your SIPP, the advice of an independent financial adviser should be sought before any action is taken.

10 DEATH BENEFITS

What happens if I die before I commence drawing benefits from my SIPP?

Should you die before your 75th birthday and without taking benefits they are two options available. Generally, the whole of the fund can be paid as a trustee discretionary payment without the deduction of tax. Neither is the lump sum subject to tax in the hand of the beneficiary(s)* Alternatively, the fund can be used to provide a pension to your spouse/dependent of the deceased. Such payments can be paid directly from the SIPP or by purchasing an annuity with the accumulated fund.

If you die after your 75th birthday, even if you not receiving benefits from the SIPP, then the option to pay a lump sum to your nominated beneficiaries will incur a 55% tax charge. You are still able to elect to pay your spouse / dependent an income as per the above.

** to avoid any tax liability, the recipient(s) of such a payment must be at the discretion of the SIPP trustee and in this connection IPM will ask you to provide an expression of wishes, nominating the potential beneficiaries.*

What happens if I die after I commence drawing benefits from my SIPP?

If you die after receiving benefits from the SIPP then you are still able to provide your spouse / dependent with income, either from the SIPP or via the purchase of annuity on their behalf. However should your nominated beneficiary (s) elect to receive a lump sum from the SIPP then this will be subject to a 55% tax charge.

What happens to the protected rights element of my SIPP in the event of my death?

The differences in how protected rights funds are dealt with on your death are as follows:

- if you are survived by a qualifying spouse or civil partner, he/she is entitled to a pension from the protected rights funds (this can either be paid directly from the fund as income drawdown or the fund can be used to purchase an annuity);
- if there is no qualifying spouse or civil partner, the protected rights funds must be paid out as a lump sum in accordance with your directions, i.e. in these circumstances your directions are binding. If you do not give any directions, or they can not be followed, the funds will be paid to your estate.

Please note that this is not a discretionary payment so the protected rights funds carry a greater risk of being treated as part of your estate for inheritance tax purposes, i.e. there is a greater risk of IHT being payable. This is laid down in the legislation and is not within the control of the Scheme Trustee.

11 WHAT OTHER INFORMATION IS AVAILABLE CONCERNING THE IPM SIPP?

As well as this key features document, you can expect to receive the following from IPM when requesting an application pack:

- Terms of Business
- Fee Menu
- IPM Application Form
- Investment Adviser Agreement
- Investment Administrator Agreement

Other documents including a copy of our Trust Deed and Rules, Benefit Crystallisation Event form and our property purchase pack are available upon request.

IPM reserves the right to amend our Terms of Business or any other documents we may issue. Should this affect you, we will contact you.

Office hours are 9am – 5pm Monday to Friday. Please note that IPM does not operate a call centre approach and we aim to turn all correspondence around in 24-28 hours. This may be longer, dependent on the nature of the work involved.

12 COMPLAINTS

How do I make a complaint?

If you have any cause for complaint about the service that you have received in respect of the administration of your SIPP, please write in the first instance to the Managing Director of I.P.M. SIPP Administration Limited at our registered address. We have a leaflet which details our complaints procedure; if you would like a copy please ask.

Should you feel that your complaint has not been handled in a satisfactory manner then you are able to contact the Financial Ombudsman Service at the following address:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Phone: 0845 080 1800/ 020 7964 1000

Email: complaint.info@financial-ombudsman.org.uk

Website: www.financial-ombudsman.org.uk

Complaining to the Ombudsman does not affect your legal rights.

When you receive advice from a qualified financial adviser, they should recommend a product that is suitable for you. You have a legal right to redress if, at any time, it is shown that you have bought a recommended product that was not suitable for your needs at that time. Any redress would be decided by the Financial Ombudsman Service.

I.P.M. SIPP Administration Limited is authorised and regulated by the Financial Services Authority



I.P.M. SIPP Administration Limited • Cambridge House, Campus Six, Caxton Way, Stevenage, Hertfordshire, SG1 2XD

Tel: 0845 130 3443 • Fax: 0845 230 3443 • Email: info@ipm-pensions.co.uk • Web: www.ipm-pensions.co.uk

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