

Key Features of The Lifetime SIPP for Stockbrokers

The Financial Conduct Authority is a financial services regulator. It requires us, The Lifetime SIPP Company Limited, to give you this important information to help you to decide whether our SIPP is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Introduction

The Lifetime SIPP is provided by The Lifetime SIPP Company Ltd which is authorised by the Financial Conduct Authority (FCA) to operate Self Invested Personal Pensions (SIPPs).

What is the Structure of The Lifetime SIPP?

The Lifetime SIPP has been established under a master trust deed and set of rules, copies of which can be made available on request. The SIPP Trustee Company Limited is the scheme trustee and as such holds title to the SIPP's investments.

The Lifetime SIPP Company Ltd and The SIPP Trustee Company Limited have entered into a Service Agreement with Hartley SAS Ltd, whereby the day to day administration of the Lifetime SIPP is delegated to Hartley SAS Ltd. Hartley SAS Ltd is also responsible for collection of all fees due to The Lifetime SIPP Company Ltd.

The Elective SIPP enables you to use a single fund manager who handles all the investments and provides valuations on a regular basis – we do not need details of transactions as they are undertaken within the portfolio.

Your investment manager will be able to help you choose generally the pension product most suitable for your needs – whether this is a Self Invested Personal Pension, a Personal Pension provided by an insurance company or even a Stakeholder Scheme.

Stakeholder schemes are generally available and might meet your needs as well as the scheme on offer.

Who can have a Lifetime SIPP?

There are no age restrictions for The Lifetime SIPP membership and you can join by completing an application form and supporting documentation, which we will supply. Upon receipt of the duly completed forms a bank account will be opened for you with the Royal Bank of Scotland to which you are a co-signatory.

Who is responsible for managing the investments within the SIPP?

You will need to appoint an authorised investment manager (or financial adviser) of your choice to arrange your investments within The Lifetime SIPP. We do not provide advice.

What can I invest in?

Your SIPP is allowed to invest in a wide range of investments, provided they do not give rise to any tax charge imposed by HMRC – you will be notified if such a charge could arise. Acceptable investments include equities, investment funds, unit trusts and cash on deposit with a bank or building society.

You will be required to retain a minimum balance of £1000 in the Royal Bank of Scotland Bank account to cover ongoing fees.

The Lifetime SIPP does not accept Non-Standard Asset (NSA) investments.

Am I committed to making a certain level of contribution?

The Lifetime SIPP offers total flexibility on the amount and frequency of contributions, subject to the limits set by HMRC for tax relief. You can make regular contributions, ad hoc payments, or stop or reduce/ increase contributions as your personal circumstances dictate at any time.

The purpose of this document is to summarise the key features of the SIPP. You should contact your authorised investment manager (or financial adviser) for more information on pension arrangements generally.

The aims of The Lifetime SIPP

The aims of your SIPP are:

- To enable you to save for your retirement in a tax efficient way.
- To allow you to choose from a wide range of Investment Opportunities, to build up your pension fund.
- To allow you to make your own investment decisions, in conjunction with your adviser(s), even if you are drawing an income.
- To provide a retirement income, or to take a lump sum payment in lieu of part of such income.
- To give you the option of choosing when you draw benefits and being able to take the benefits in stages, if desired.
- To provide your beneficiary with a lump sum, pension income or combination of both, on your demise.

- Flexibility on payments in to the scheme to reflect changes in your personal and financial circumstances.
- To receive transfers of existing pension schemes in to the SIPP including benefits accrued from contracting out of the second state pension scheme.

Your commitments

Your commitments are:

- To make a least one contribution by you or your employer, or a transfer from a previous pension arrangement, to your SIPP.
- To inform us if your pension contributions to all your pension arrangements in a given tax year exceed your annual earnings for that tax year.
- To complete such paperwork as is requested in connection with the establishment of your SIPP and the subsequent arranging of investments.
- To normally wait until you are at least 55 before taking your retirement benefits.
- To accept that your contributions may need to be reviewed if you want your pension to keep up with your income as you approach retirement.
- To settle all initial and ongoing fees and charges in respect of your Lifetime SIPP promptly.
- Appoint a suitable investment manager (or financial adviser) to take on the responsibility of managing the investments within your SIPP.
- To comply with our Trust Deed & Rules and those agreed with any third party in connected to the Lifetime SIPP. The Trust Deed & Rules can be obtained from us upon request.

Risk factors

Many things could happen to affect the level of your pension at retirement. Any illustration you may receive is an indication only, based on statutory assumptions, which SIPP providers must adhere to.

- The fund and benefits it provides are not guaranteed. They are dependant on the future investment performance and market conditions at the point of your retirement.
- The benefits payable could be lower than anticipated if:
 - Investment growth is not as expected or in line with the initial expectations.
 - You decide to take your pension earlier than your original selected retirement age.
 - You are unable to maintain an initial level of contributions.

- You draw a higher pension income than anticipated causing a greater reduction in the fund value unless the fund performance is very good. High withdrawals of income are unlikely to be sustainable during the unsecured income period. This could also reduce any eventual annuity you may buy.

- Changes to legislation or tax rules.

- You may not hold sufficient cash deposits to settle the benefit payments and fees which could result in investments needing to be surrendered when markets are low.
- It may take time to sell some investments within the scheme i.e. property and unquoted shares.
- The risks associated with your SIPP may increase for certain categories of underlying assets as chosen by you or your investment manager. You should also be familiar with the content of the key features that may be issued by the product provider of any underlying investment.
- The charges under your SIPP may increase more than assumed in earlier illustrations.
- The favourable tax treatment for HMRC registered pension schemes may change in the future.
- The longer you wait before buying an annuity from an insurance company, the more income you draw from the SIPP, and the funds eventually available to purchase an annuity, may be at risk from underlying investment performance.

Transfer In

If you are planning to transfer the value of other pension benefits into your SIPP, it is essential that you seek advice from your investment manager (or financial adviser) before doing so. You will need to be made aware of any potential loss of valuable benefits for you and your dependants, and possible guarantees, written into the terms of the pension being transferred.

With effect from 6th April 2015 all Defined Benefit transfer requests, or transfers with 'Safeguarded Benefits', will require full financial advice before the transfer can be accepted by The Lifetime SIPP.

The total minimum initial transfer value and/or contribution that can be accepted by The Lifetime SIPP is £30,000.

Contributions

- Your investment manager (or financial adviser) will advise you regarding your eligibility to invest in a SIPP.
- Provided you are subject to UK income tax your personal contributions to the SIPP are paid net of basic rate tax and your SIPP administrator reclaims tax in accordance with rules

set by HMRC on your behalf and remits the tax reclaimed to your SIPP. The limit on Personal Contributions on which tax relief can be claimed is the higher of £3,600 gross or 100% of your UK earnings.

- If you are subject to higher rate income tax you will be able to reclaim further tax through your self assessment tax return.
- If you are employed, as opposed to self employed, contributions by your employer are permitted. Such payments to your SIPP are made gross, without any tax deduction.
- The Annual allowance will be reduced for those with 'adjusted incomes' of over £150,000. The annual allowance will be reduced by £1 for every £2 of income they have over £150,000. The annual allowance will not fall below £10,000.
- You can transfer other assets i.e. shares, in to your SIPP as "in specie contributions" however independent financial advice should be sought before paying in any in specie contributions as there may be additional fees or tax charges applied.

The pension input period for the SIPP is 6 April to 5 April – this means contributions are treated as being made in the tax year.

If you make any withdrawals from a pension, in addition to any tax free cash, the annual allowance could be reduced to £10,000. Further information is given in the Payment of Benefits Guidance Notes

Is there a limit to my SIPP?

The maximum you can take from all your pension arrangements without incurring special tax charges is called the Lifetime Allowance (LTA) and is currently set at £1 million.

You may have to pay tax on the value of the excess over the LTA when you take your benefits. You may have taken steps to avoid this tax charge by applying for HMRC protection; if you think you have HMRC protection on your pension, you should speak with your adviser, especially before you pay in money into your SIPP.

Every time you take benefits from the plan in the form of a benefit crystallisation event, some of your LTA is used up. Checks against the LTA are carried out at various points, including:

- Whenever you use part of the fund for tax-free cash and start income withdrawal and/or pension purchase and annually thereafter
- At age 75 (if funds are still invested in the plan),
- When funds used for income drawdown are used to purchase a pension and annually thereafter.

At each of the above stages, an allowance is made for any tests that have already been carried out.

Special tax charges apply to any further benefits once all the LTA is used. Currently the tax charge is 55% where the excess over the LTA is taken as a lump sum or 25% where the excess is taken as pension (Pension payments will attract Income Tax).

Retirement Benefits

Normally you will not be able to start drawing benefits until you reach the minimum pension age of 55. The point at which you take your benefits is known as "crystallisation". You do not have to retire to crystallise your fund and you do not have to take all benefits at once. The benefits available to you are:

Lump Sum Options

• Pension Commencement Lump Sum

Before drawing any income from the pension scheme you have a choice to draw a pension commencement lump sum of up to 25% of your crystallised value. This lump sum is currently tax free and must be paid at the commencement of the benefits otherwise the option is lost.

• UFPLS (Uncrystallised Funds Pension Lump Sum)

Under this option you can take money from funds that have not been crystallised, 25% will be tax free and the rest taxed at your marginal rate. These funds will need to be paid to you personally.

• Flexi – Access

This option allows you to take smaller lump sums, as and when you like. If you have not taken your 25% tax free entitlement then 25% of each payment is tax free and the rest paid at your marginal rate. If you have already taken your tax free entitlement then the entire amount will be taxed at your marginal rate.

• Full Fund Payment

This is accessible under Flexi-access or Small Pots, the full value of the fund will be transferred to you personally and the SIPP will be closed. If you have not taken your 25% tax free entitlement then 25% will be tax free and the rest paid at your marginal rate. If you have already taken your tax free entitlement then the entire amount will be taxed at your marginal rate.

Income Options

• Annuity

An annuity is a financial product which turns some or all of the money in your pension fund into an ongoing income at retirement. The Lifetime SIPP Company does not offer annuities. You will be required to transfer or all part of pension fund to an annuity provider to take this option.

• Capped Drawdown

Capped drawdown is only available where the member is already in Capped Drawdown under the scheme.

This option is where by the pension income is calculated and paid from the pension scheme. The pension is calculated using your age and the Gilt Yields and Government Actuary Department (GAD) rates at the date your benefits are calculated. Once the pension levels have been calculated and any chosen lump sum has been paid you can draw a pension income from the scheme at any level between zero to the maximum calculated. All pension income is taxed via PAYE. The pension levels calculated last for 3 years and then they are recalculated as at the anniversary date of the original benefit calculation.

The reduced annual allowance (MMPA) is not triggered if you chose to stay in capped drawdown.

• *Flexi-Access*

Under Flexi-Access drawdown you are not restricted to the maximum pension calculated and can draw any level of income desired from your Lifetime SIPP which is taxed via PAYE. When drawing a flexible income it is important that you take in to consideration of your future financial needs and the needs of your dependents or nominated beneficiary.

All pensions in payment are taxed as earned income, and paid on either the 14th or 28th of the month.

Before making any decisions regarding the withdrawal of benefits you are recommended to seek independent financial advice, or consult www.pensionwise.gov.uk

Pensionwise is a free impartial service that helps consumers understand their options at retirement.

Death Benefits

In order for the Trustee to pay benefits on your death you must complete an Expression of Wish Form. This can be done at any point during the life of the SIPP.

Death before age 75

If you die prior to the age of 75, the scheme's trustee has discretion to pay the following benefits from your Funds:

- The value of your fund can be paid out tax free to a previously nominated beneficiary.
- The value of your fund can be used to provide a tax free pension for a financial dependant or nominated beneficiary. This can be by means of an income paid from the SIPP or by the purchase of an annuity with an insurance company.
- A mixture of the above benefits can be paid.

Death after age 75

If you die after age 75, the scheme's trustee has discretion to pay the following benefits from your fund:

- The value of your fund can be paid out to a previously nominated beneficiary. This will be taxed at the beneficiary's marginal rate.
- The value of your fund can be used to provide a pension for a financial dependant or nominated beneficiary, as above.
- A mixture of the above benefits can be paid.

Other factors

If the contributions paid to The Lifetime SIPP and any other registered pension schemes exceed the annual allowance, you will be personally liable to pay a tax charge.

If you are unsure whether your SIPP is suitable for you, you should consult your investment manager (or financial adviser).

Your right to change your mind

When your SIPP commences you will receive a Cancellation Notice. This will give you the right to cancel your SIPP during the next 30 days. You can waive your right to cancel your SIPP.

If you cancel your SIPP you will be entitled to a refund of any contribution other than a transfer value that you have invested in your SIPP. If the value of your investment falls prior to you exercising your right to cancel you will not receive back the full value of your investment. You may also incur additional charges imposed by the company(s) in which you have decided to invest.

Upon receipt of a request to transfer benefits from another scheme to the Lifetime SIPP you will be issued with a Cancellation notice allowing you 30 days to change your mind. Please note that if you change your mind regarding any transfer in to the SIPP it may not be possible to return the transfer value to the scheme you transferred from, as this may be dependent on its terms and conditions. Should this happen you will need to arrange for an alternative pension provider to accept the transfer value. Charges will, however, still be payable due to the work already undertaken in respect of the transfer to your Lifetime SIPP.

Please note that the transfer cancellation can not be waived. Having accepted a quotation of retirement benefits provided by us at the point you are looking to take benefits from your SIPP, you will be issued with a Cancellation Notice allowing you 30 days to change your mind. If you do decide to cancel the commencement of your benefits from the scheme within the 30 day period then you will be obliged to return any payment received in respect of this transaction. All refunds made will be net of any adviser fees already paid.

Fees

The Lifetime SIPP annual fees are taken annually in advance on the SIPP anniversary date. Adhoc fees are shown on the SIPP's full fee schedule, which is available from your investment

manager or directly from The Lifetime SIPP Company Limited. All fees are subject to VAT and may increase with RPI. The SIPP fees are not based on the fund value or performance of the investment.

The annual fee covers

- Professional responsibility and independent Trustee of the scheme.
- Ongoing responsibility as scheme administrator.
- Routine administration of the SIPP including carrying out non reportable transactions, routine record keeping, regular advice to The Pensions Regulator and general technical and administration queries.
- Preparing and filing the Registered Pension Scheme event report and Registered Pension Scheme Return.
- Ongoing negotiations with, and ad hoc reporting to HMRC, including audit requests.
- Individual returns to HMRC.
- Issuing of Statutory Money Purchase Illustration statements as required by the DWP pension legislation.
- FCA reporting.
- Revisions to the Trust Deed and Rules required as a result of a change in legislations or HMRC practice.
- Facilitating the purchase and sale of assets on behalf of the scheme.
- Reclaiming Tax Relief from HMRC on personal contributions, when applicable.

Please ensure that you have sufficient funds available in the RBS account to settle the fees due.

Any changes to The Lifetime SIPP fees will be announced 30 days in prior to these changes coming into effect.

Financial Services Compensation Scheme

The Lifetime SIPP Company Limited is covered by the Financial Services Compensation Scheme (FSCS). A SIPP Investor may be entitled to compensation from the FSCS if we can not meet our obligations. For further details please see the FSCS website <http://www.fscs.org.uk/consumer>

Complaints

Contact Details

For further information or if you have any cause for complaint about the service you have received please contact:

Robin Hooper, Chief Executive
The Lifetime SIPP Company Limited
8th Floor
25 Marsh Street
Bristol
BS1 4AQ

Tel: 0117-316-9944

E-mail: RobinHooper@thelifetimesipp.com

If you wish to pursue any particular issue further, you can contact the Financial Ombudsman at:

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

Tel: 0300 123 9123

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

Web: www.financial-ombudsman.org.uk

Disclaimer

The information provided in this Key Features Document is based on our understanding of current legislation, practice and taxation, and is subject to change as tax laws and legislation may change over time. In the case of a dispute then the Law of England and Wales will apply and by completing the Lifetime SIPP Application form you are agreeing to this. Nothing in this Key Features Document should be taken as giving any sort of investment advice.

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Further information can be found at:

www.thelifetimesipp.com

www.pensionwise.gov.uk