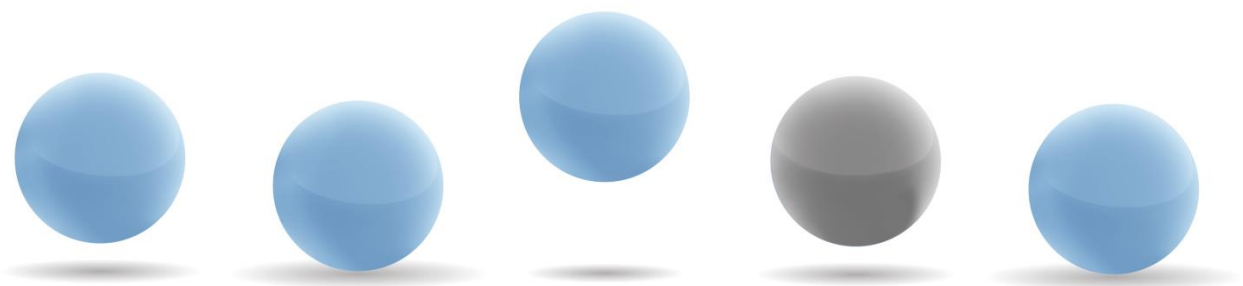


# Group SIPP

## Key Features Document



The Group SIPP is brought to you by Taylor Patterson, Based in Lancashire, Taylor Patterson specialises in bespoke pension plans.

Taylor Patterson is a trading name of Mattioli Woods plc which is authorised and regulated by the Financial Conduct Authority to act as provider and operator of self-invested personal pensions (SIPPs).

The Group SIPP is a HMRC Registered Pension Scheme and therefore has all the tax benefits of contributing to and investing through such arrangements.

The Group SIPP has been specially designed for those who wish to accumulate or consolidate their pension savings in a single arrangement that permits a member to make his or her own investment decisions generally in conjunction with their financial advisers. It is designed for those that wish to pool their funds together with others for purchase of a joint asset, generally commercial property.

It also provides a cost effective and flexible means of investing pension savings in cash deposits, managed funds and other collectives through an investment platform. It also allows for investments and cash deposits held under an agreement with a Discretionary Fund Manager approved by Taylor Patterson. It also allows borrowing and investments in unquoted stocks and shares in unconnected companies and investment in commercial property. In line with HMRC regulations, the Group SIPP does not allow investment in any vehicle either directly or indirectly that would result in the SIPP holding "taxable property" as defined by HMRC regulations.

In specie transfers from existing pension arrangements can be accepted providing the investments are permissible in the product.

Your financial adviser will be able to recommend the appropriate investment strategy for you to invest your SIPP funds.

Mattioli Woods plc is the provider, operator and administrator of the Group SIPP. Taylor Patterson Trustees Ltd is the Professional Trustee of the SIPP. The SIPP application that you complete together with this Key Features document and Taylor Patterson's Definitive Trust Deed and Member Installation Agreement for the Group SIPP will form the basis of the contract for the provision and administration of your SIPP. Normally, you will enter into a separate agreement with your financial advisers for the advice and investment services you receive.



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## The Aims of the Group SIPP

To provide you with:

- The means to tax efficiently accumulate pension savings for your retirement
- The facility to transfer benefits from other pension arrangements
- The choice as to when and how much, within HMRC limits, you contribute to your SIPP
- Considerable flexibility when choosing how to invest in cash funds for short term investment
- Benefits for your beneficiaries when you die
- The flexibility to adapt to changing circumstances of employment
- Full flexibility on how benefits are withdrawn.

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## The Risks

- The value of your pension savings may go down as well as up
- The amount you will receive when you come to draw benefits is not guaranteed and may be less than you anticipated
- If you take benefits earlier than you originally planned, the amount you will receive is likely to be less than you anticipated
- Unless you buy a fixed annuity, the level of income you will receive cannot be guaranteed and may fluctuate depending on market conditions
- If you do not review your pensions savings regularly, there may be insufficient funds should your investments not perform as expected and/or your financial circumstances change
- Legislation may change affecting your benefits and taxation.

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## Your Commitment

- To read and gain an understanding of this Key Features document and the Supplemental Deed and Member Agreement for the Group SIPP, a copy of which will be provided by your financial adviser or directly to you if there is no financial adviser appointed
- To making a minimum of one contribution or one transfer from another registered pension arrangement to your SIPP
- To ensure that there is always sufficient cash in your SIPP bank account to cover the running costs of your SIPP and the costs of managing the investments in your SIPP
- To regularly review your pension savings through your SIPP to ensure they are sufficient.

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## Who will advise you?

Investing for retirement is a serious matter and requires specialist advice.

Your financial adviser will be able to advise you on:

- The merits or otherwise of establishing a SIPP
- Transferring benefits from other pension arrangements
- The most appropriate investment strategy for you
- Taking benefits from the SIPP

In its capacity as Administrator of the SIPP, Mattioli Woods plc does not give advice on such matters.

The Government has launched a service providing pension guidance called Pension Wise ([www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)) that will provide you with the following:

- How to access pensions guidance and the relevant contact details
- That pensions guidance can be accessed on the internet, by telephone or face to face
- That pensions guidance is a free and impartial service to help customers understand their options at retirement
- A recommendation that the client seeks appropriate guidance or advice to understand their options at retirement

Pension Wise won't recommend any products or tell you what to do with your money.

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## How much does it cost?

### Charges made by Taylor Patterson

Fees will be raised in accordance with the published Scale of Charges for the Group SIPP in force from time to time. A copy of the current Scale of Charges will be provided by your financial adviser or directly to you if there is no appointed financial adviser. The Scale of Charges is also available for download from the Taylor Patterson website.

A bank account forms part of your SIPP arrangement. It is through this bank account that payments into and out of your SIPP are processed. Taylor Patterson receives no commission on any balances.

### Payment of Taylor Patterson's Fees

All charges will be debited from the SIPP bank account within 21 working days after the invoice date.

The SIPP member should ensure that there are sufficient funds in the SIPP bank account to cover fees and other expenses when due.

Should there be insufficient funds in the bank account, Taylor Patterson reserves the right to charge interest on the invoiced amount at 5%, or 3% over Barclays Bank PLC base lending rate, whichever is the higher until the bank account has sufficient funds to pay outstanding charges. Should there not be sufficient funds in the SIPP bank account after 30 days following the invoice date, Taylor Patterson reserves the right to give instructions to raise sufficient funds to meet the payment of fees and other charges due.

### Charges made by your financial advisers

The costs for advice on establishing your SIPP and the ongoing management of the investments held in it will be subject to a separate agreement and details will be supplied by your financial adviser.

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## Who can contribute to my SIPP?

Any person or body can contribute to your SIPP including:

- You personally
- Your employer
- Any other third party wishing to make contributions for your benefit

In addition you can transfer benefits from other pension arrangements. It is important that you take advice from your financial adviser as it may not be in your interest to do so.

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## What are the tax benefits?

If you are resident in the UK with earnings taxable in the UK, you will be eligible for tax relief on contributions made by you, your employer as a deduction from your pay or by any other third party up to the limits explained below.

Taylor Patterson will reclaim tax at the basic rate on employee contributions and pay the tax relief into your SIPP. If you are a higher rate taxpayer you may be able to claim further tax relief through your tax return.

If you are a UK resident but have no earnings, you can still contribute up to £3,600 gross with the benefit of tax relief at the basic rate.

If your employer makes "employer" contributions to your SIPP, (not being contributions made by deduction from your pay), you will not receive tax relief on them, but your employer may do so.

There is no tax paid on interest received in your SIPP and no tax is paid on capital gains. It may be possible to reclaim tax paid on certain other investment income but generally not from UK dividend income.

You can normally take part of your pension pot as a tax free lump sum after attaining age 55 rising to age 57 from 2028.

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## How much can be contributed?

The maximum amount that can generally be contributed to your SIPP, if you have not drawn any funds in excess of your tax free cash, with the benefit of tax relief is restricted to the Annual Allowance which for the tax year 2017/18 is £40,000. However from 6 April 2016, individuals who have income for a tax year of greater than £150,000 will have their annual allowance for that year restricted. For every £2 of income that exceeds £150,000, £1 of the annual allowance is lost. There will be a cap on the reduction (or tapering) of £30,000, so that anyone with adjusted income on or above £210,000 will have a minimum annual allowance of £10,000.

Tapering is applied in each tax year. As such, an individual may have a tapered annual allowance in one tax year and a full annual allowance in the following tax year, dependent on their income.

If you have other pension arrangements and the total of your "pension savings" exceeds that amount you will be charged to tax on the excess at your marginal rate. Your financial adviser can explain what "pension savings" are.

However, if you have been a member of a registered pension scheme in any of the three previous tax years and contributions to all schemes in one or more of those years were below the annual allowance, the unused allowance may be carried forward to the next tax year and so on to the current tax year. Where this annual allowance is reduced by the taper, the carry forward will be the balance of the tapered amount.

If you have taken benefits as pension income, above your tax free cash entitlement from April 2015 you will be classed as being in Flexi – Access Drawdown (FAD) which means that your annual allowance will be restricted to the Money Purchase Annual Allowance (MPAA). This allowance is currently £4,000.

If you have taken part of your benefits prior to April 2015 under capped drawdown, you may be able to top up that arrangement hence preserving the full annual allowance. If you are in capped drawdown and remain so then you will maintain the higher level of annual allowance. Care should be taken on drawing new benefits since you may trigger the MPAA rules.

If you were previously classed as being in Flexible Drawdown you will automatically transfer to FAD and will be able to contribute to your fund under the MPAA rules.

Please consult your financial adviser as this is a complex area.

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## Does eligibility for tax relief come to an end?

Pension savings (employee contributions) made after you attain age 75 will not be eligible for income tax relief.

If you cease to have UK earnings and your pension savings exceed £3,600 gross in a tax year, you will not receive tax relief on the excess.

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## What is the maximum pension pot that I can accumulate?

The maximum amount that can be accumulated in all pension arrangements for your benefit without incurring an excess tax charge is known as the Lifetime Allowance. From 6<sup>th</sup> April 2016 the Lifetime Allowance is £1m.

If the value of all your pension benefits exceeds the Lifetime Allowance when you take benefits a tax charge on the excess will be incurred of 55% if you take it as a lump sum, or 25% if it is left in the scheme to provide income which is then subject to income tax at your highest marginal rate.

However, if you have been granted any form of protection (primary, enhanced, fixed or individual) of your benefits, you may not be affected and you will either incur a reduced charge to this tax or none at all on your pension pot when you come to draw benefits.

There are still opportunities to protect the lifetime allowance at a higher level than the current £1m allowance. However certain restrictions apply. We would suggest you contact your financial adviser for more details.

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## When will my pension pot be tested against the lifetime allowance?

The most common events that will result in the value of your pension benefits being tested against the Lifetime Allowance are:

- When you draw benefits from all or part of your pensions pot either in the form of a pension or a lump sum or both
- When you use all or part of your pensions pot to buy an annuity
- When you reach 75
- When you die prior to age 75

There are a number of other events that could give rise to a test against the Lifetime Allowance but these do not usually apply to SIPPs.



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## When can I start to draw benefits?

You cannot normally take benefits from your pension pot until you reach age 55 rising to 57 from 2028.

However, if you are suffering from ill health and cannot carry on your occupation or your life expectancy is seriously impaired you may be able to take benefits earlier.

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## What benefits can I take?

You can use your pension pot to:

- Pay you a taxed income from your SIPP
- Pay you a tax-free lump sum. Normally you can take a tax-free cash lump sum of up to 25% of the value of that part of your pensions pot from which you have not already drawn benefits
- Take a taxed lump sum from the remainder of the fund
- Buy an annuity

You can take benefits as a combination of these options and you do not have to take them all at once.

Please note the maximum tax-free lump sum that you can take from all pension arrangements is 25% of the Lifetime Allowance. However, if HMRC has granted you statutory protection of your pension benefits that accrued before 6th April 2006, you may be entitled to a larger tax-free lump sum.

Your options to draw a pension are:

### Capped Drawdown

If you took your benefits prior to 6th April 2015 you may still remain in Capped Drawdown. The maximum pension you can take is then determined by the value of your pension pot, underlying Government Annuity Department (GAD) rates and your age. You can take less than the maximum. The maximum has to be reviewed every three years which may result in the maximum that you can draw being greater than or less than the maximum when you commenced drawing benefits or when the last review took place. After age 75 this review has to take place annually.

Capped Drawdown is not an option for individuals taking benefits for the first time post 6th April 2015 and may not be available to all who have partially taken benefits.

### Flexi – Access Drawdown (FAD)

If you access your pension benefits for the first time post 6th April 2015, this will be done via the new method Flexi Access Drawdown.

There is no limit to the amount that can be withdrawn (subject to the size of the pension fund assets), with the income payment being taxed at the individual's highest marginal rate of income tax.

Anyone in Capped Drawdown before the 6th April 2015 may apply to convert to FAD. Again we would recommend that you consult your financial adviser.

### Flexible Drawdown

If you have previously been in flexible drawdown you will now be classed as being in FAD and will have an entitlement to contribute to your pension under the MPAA.

### Annuity

As stated you may wish to utilise your fund to purchase an annuity from an appropriate provider. The amount you receive is determined at outset and is dependent upon your age, health and prevailing rates as well as the options you choose such as, spouse benefits or automatic increases. Greater flexibility has also been given to annuities and it may be possible to take an income that rises as well as falls. Again we would recommend that you speak to your financial adviser.

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## What happens when I die?

That depends on whether you die:

- Before age 75
- After age 75

### What is the position on my death before age 75?

If you die prior to age 75 all of your pension fund can be paid out as a lump sum or as flexible income to your beneficiaries, subject to the trustee's discretion and the lifetime allowance, tax free.

Alternatively, the whole of your pension pot can be used to provide your beneficiaries with an annuity. In order to benefit from this tax free status the funds must be designated to a beneficiary within two years of death.

### What is the position if I die after age 75?

Your beneficiaries can again, subject to the trustee's discretion, receive your fund as a lump sum this will be taxed at their marginal rate of income tax.

Alternatively

- Your beneficiaries may take withdrawals from the fund subject to their marginal rates of tax on any income taken
- Beneficiaries may take an annuity

### Charity Lump Sum Death Benefit

A nomination to pay a charity lump sum death benefit can only be made by a member. However you can make a charity lump sum death benefit payment where there are no dependants of the member. Such a payment would be made tax free.



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## What if I change my mind?

You have the right to cancel your membership of The Group SIPP within 30 days of the receipt of your completed application form and supporting documentation. You may still be liable for fees incurred to Taylor Patterson and your financial adviser.

Unless you waive this right, Taylor Patterson cannot accept any contributions, commence reclaiming any basic rate tax on your contributions or act on any investment instructions until this 30 day cancellation period has expired.

You can waive your cancellation rights by completing a declaration or by writing to Taylor Patterson at the address shown overleaf.

If you have any questions regarding the effect of waiving your cancellation rights you should consult your financial adviser.

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## Complaints

If you have a complaint about the services of Taylor Patterson, please write to The Compliance Officer at the contact address overleaf.

If you are not satisfied with the way your complaint is dealt with, you are able to refer the matter to the appropriate Ombudsman. The Ombudsmen are:

The Pensions Ombudsman, 11 Belgrave Road, London, SW1V 1RB.

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

A reference to either Ombudsman service will not affect your legal rights.

## IMPORTANT NOTICE

The information contained in this Key Features document is based on our current understanding of the law and regulations relating to pension arrangements and SIPPs in particular which may be subject to change.

It is important therefore that you do not rely on the document's contents when making key decisions and you take advice from your financial adviser before doing so.

# TAKE CONTROL OF YOUR FUTURE

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## Group SIPP Key Features – April 2017

Taylor Patterson is a trading name of Mattioli Woods plc which is authorised and regulated by the Financial Conduct Authority.

Mattioli Woods plc is the Provider, Operator and Administrator of the Group SIPP and is authorised and regulated by the Financial Conduct Authority. Taylor Patterson Trustees Ltd is the Principal Trustee of the Group SIPP.