



## Key Features of the Ascentric Pension Account (SIPP)



## Introduction

**The Financial Conduct Authority is a financial services regulator. It requires us, Investment Funds Direct Limited (IFDL), 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.**

This document and our other literature is available on the Private Investors page of our website [www.ascentric.co.uk](http://www.ascentric.co.uk)

We do not provide or offer financial, legal or tax advice. You should seek your own financial, legal or tax advice from a Financial Adviser or another suitably qualified professional.

### Copyright Notice

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Ascentric is a trading name of Investment Funds Direct Limited ("IFDL"), registered in England and Wales number 1610781 and authorised and regulated by the Financial Conduct Authority No.114432.

Customer Services: 0345 076 6140. Telephone calls may be recorded for training and security purposes.

Head office: Trimbridge House, Trim Street, Bath BA1 1HB.

IFDL is part of The Royal London Group, registered in England and Wales number 00099064.

Head office: 55 Gracechurch Street, London EC3V 0RL.

### Its aims

- » To provide you with a means to save for your retirement.
- » To allow you to select and purchase investments from a wide range of equities, bonds, unit trusts and Open Ended Investment Companies (OEICs) and other investment schemes and cash in conjunction with your Financial Adviser or investment manager.
- » The option to take a 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 ability to continue to invest your pension fund whilst withdrawing income.
- » The option to take an income from your SIPP as an alternative to buying a guaranteed pension (known as an 'annuity').
- » To offer flexibility on the timing of when you buy a lifetime annuity.
- » To allow for the provision of benefits for a spouse, civil partner or dependants in the event of your death.
- » To offer the tax incentives granted by HM Revenue & Customs (HMRC) to registered pension schemes.

### Your commitment

- » To make regular contributions and/or single contributions and/or transfer funds from existing pension schemes.
- » 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.
- » To maintain at least 2% of the value of all assets held in your SIPP in the form of cash to meet all charges, subject to a minimum of £100 and a maximum of £2,000. This is in addition to any income payments that you require to be made from your SIPP.
- » To read all of the available fund information, especially that provided by the fund manager, before you commit to an investment. We will take all of the instructions placed via your SIPP in good faith that they were placed by you.
- » In accordance with HMRC requirements, to use your SIPP to provide retirement or death benefits only.
- » In accordance with HMRC requirements, to not 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.

### Investment Related Risks

- » The risks in your SIPP will depend on the investments you have chosen.
- » The value of your investments and the income generated from them can fall as well as rise and you may not get back what you originally invested or transferred into your SIPP.
- » Past performance is not a guide to future performance.
- » The performance of your fund will be reduced by the effect of charges, including our charges, your Financial Adviser's charges and fund manager charges.
- » Income generating funds sometimes deduct expenses from capital in order to improve income. This means that capital growth may reduce accordingly.
- » Certain investments for example 'emerging markets', 'high technology sector' and 'small companies' are generally more volatile than UK and large company investments.
- » Investments in foreign assets are subject to currency risk, i.e. as well as the risk of the underlying asset there is also a risk of a loss from the currency falling against the pound sterling.

### Capital and Longevity Risk

- » Withdrawing income from your fund can reduce capital growth especially where performance is poor and the level of income withdrawn is high.
- » The higher the level of income, the less you will have available to provide for dependants, or to buy an annuity in the future if your investment returns are low.
- » You could reduce your SIPP benefits if you reduce or cease contributions to your SIPP, or if you elect to take retirement benefits earlier than originally planned.
- » 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 plan to buy an annuity in the future the longer you wait to buy the annuity, the greater risk you bear of lower levels of income if you live longer than expected.
- » The longer you wait before buying an annuity, the greater the impact of 'mortality drag' on your income due to a loss of cross-subsidy from pensioners that die earlier.
- » The income you take from your SIPP will not be guaranteed. You need to consider the risk of your pension savings in your SIPP running out later in life, particularly if you take large lump sums, and how you would live on any other sources of income you may have.

### Tax Risks

- » If you die under the age of 75, HMRC rules require that any lump sum death benefit is paid within two years of the date we are notified of the death, otherwise the lump sum will be taxed at the beneficiary's marginal rate. This is a particular risk if you hold investments that take time to sell, such as collective investment funds that invest in property.

- » The amount you take from your fund could affect any state benefits that you are entitled to. If the Department for Work and Pensions or your local council judge you to have deliberately spent or given away your pension pot to receive or increase benefits they may re-assess your eligibility and treat you as having the money.
- » Income you take from your SIPP is taxed at your marginal rate and may affect the level of tax you pay on any other taxable earnings you receive in the same tax year. These may include earnings such as State pension payments, benefits, salary, annuity or investment income.
- » Tax treatment depends upon your individual circumstances and the rules may change in the future.

## Questions and Answers

### Frequently Asked Questions about the SIPP

#### What is the SIPP?

The SIPP is a type of registered pension scheme known as a Self Invested Personal Pension (SIPP), which allows you to make your own investment decisions in conjunction with your Financial Adviser. Like all registered pension schemes the SIPP provides you with a means of saving for your retirement. It is a long term investment designed to provide you with a lump sum and/or income in retirement.

The SIPP has been set up under trust and accepted as a registered pension scheme by HMRC. We are the scheme administrator of this SIPP. A trustee is appointed for the SIPP and it owns the cash and assets within your SIPP, but holds them for your benefit. The trustee appoints us to have custody of your cash and assets.

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 another registered pension scheme into your SIPP.

#### Is this SIPP a stakeholder pension scheme?

The SIPP is not a stakeholder pension scheme; however, stakeholder pension schemes are generally available and may meet your needs as well as this pension scheme.

#### Who can have one?

Anyone who is aged 18 or over with a Financial Adviser appointed who is not a US person. If you wish to make contributions you must be a relevant UK individual. For example, you will be a relevant UK individual if you are resident in the UK for tax purposes or you have relevant UK earnings.

The SIPP cannot be opened jointly with, or on behalf of, anyone else.

#### How can I open a SIPP?

You can open a SIPP by completing the Ascentric Pension Account Client Application Form available at [www.ascentric.co.uk](http://www.ascentric.co.uk).

We will only open the SIPP when we have received and accepted your application form and you place cash or transfer assets into the SIPP.

#### How much can I save?

You, or another individual on your behalf, are currently able to pay in contributions that qualify for tax relief. This is the higher of 100% of your relevant UK earnings or £3,600 (after allowing for tax relief).

You can make regular monthly investments into Assets, subject to a minimum investment of £25 per month into any Asset listed on the platform. For exchange-traded assets, the minimum is the amount of the last known whole share price, where this price exceeds £25.

Up to age 75, you can make additional contributions (provided you do not exceed the HMRC limits) at any time into your SIPP by cheque, electronic bank transfer or standing order. There is no charge for making additional deposits. This money can then be used to buy your chosen investments.

You can also carry forward any "unused pension contributions" from the previous three tax years when your current tax year annual allowance has been used up, provided that you were a member of a registered pension scheme during those years, your annual allowance is £40,000 and you have relevant UK earnings to make any additional contributions above the annual allowance.

You should note that if your total contributions to any pension scheme during any year exceed the limit set by HMRC, then no tax relief will be available and there will be a tax charge on the excess contributions. The current limit is £40,000 per year, but this may be reduced as described below in 'Will all contributions receive tax relief?'

You may stop and start your contributions at any time without penalty, although administration fees are still payable to us for funds in your SIPP even if you are not making contributions.

#### Will all contributions receive tax relief?

Under HMRC rules, you can currently receive tax relief at your marginal rate for contributions up to the higher of 100% of your relevant UK earnings up to £40,000 in a year or £3,600.

If you have an income greater than £150,000 in a tax year from 6 April 2016 you will have your annual allowance restricted, this is called the Tapered Annual Allowance. This works by restricting annual allowance by £1 for every £2 of income that exceeds £150,000. There is a cap to the tapering of £30,000 which means that the minimum tapered annual allowance is £10,000.

The £40,000 annual allowance may be reduced to £4,000 for your SIPP and any other money purchase pension savings if certain events happen, for example if you take an income from a flexi-access drawdown fund or an uncrystallised funds pension lump sum.

This allowance applies to the total contributions you pay to this SIPP and any other registered pension schemes, but will not be applied in the year that you die, or the year that you receive a severe ill health lump sum.

Any contributions over this level will be subject to a tax charge and you will need to notify your local inspector of taxes through your self assessment tax return if you have paid contributions over this level.

Contributions from another individual on your behalf, for example, from a spouse or grandparent (other than from your employer) will count towards your personal contributions and will attract tax relief as described above in 'How much can I save?'. Any contributions paid by your employer will attract tax relief as a business expense for your employer.

If, in a tax year, your total pension contributions exceed the maximum amount that can receive tax relief, the amount of excess contributions may be able to be repaid to you and any excess tax relief already received from HMRC must be returned.

#### **Can I transfer from my existing pension plan to this SIPP?**

Yes, subject to our agreement, your SIPP is able to accept transfers from other UK registered pension schemes in cash and/or other assets.

If you wish to transfer assets into your SIPP we will assess the proposed assets for a variety of factors including HMRC permissibility. We will advise you if we are unable to accept an asset and request further instruction from you on how the transfer is to proceed. We will not accept a transfer if you wish to proceed with a transfer that your authorised Financial Adviser has advised would not be suitable for your personal circumstances.

#### **What investments are available?**

You can invest in:

- » Unit Trusts
- » Investment Trusts
- » OEICs (Open Ended Investment Companies)
- » Stocks and Shares
- » Exchange Traded Funds (ETFs)
- » Bonds

#### **What happens to any money which remains uninvested?**

Any money which is uninvested is held in a cash account. Your cash is placed with a number of deposit takers, where it will usually generate interest.

Although we do our best to give you competitive interest returns, your cash account is designed to hold cash ready for investing, cash from a sale, as well as any dividend and interest received, not as a long term savings account.

The rates of interest applied to your cash account are published on our website [www.ascentric.co.uk](http://www.ascentric.co.uk) or are available on request by contacting us using the details in the 'How to Contact Us' section.

#### **Can I switch investments within my SIPP?**

Yes, in conjunction with your Financial Adviser you can decide how your money is invested and switch funds within your SIPP at any time. Each investment provider has their own limits for switching and how much must remain within a particular investment.

#### **How can I find out the value of my investments?**

We will send you:

- » A full valuation statement twice a year by post.
- » An illustration once a year, which will help you decide whether your pension arrangements are likely to meet your retirement needs.

If you have online access you can log in and see the value of your investments at any time.

#### **Will you send me company reports and accounts and voting information?**

We will not ordinarily send you copies of reports, accounts or voting and meeting information issued by investment providers, unless you specifically request it.

We will, however, contact you if there are corporate actions that require you to make a decision (for example, if you need to tell us to take some sort of investment action) such as a rights issue or a fund closure.

#### **What happens to income from my investments in my SIPP?**

Income from investments in your SIPP will be paid to your cash account.

#### **What charges do I have to pay?**

There is an Annual Platform Charge that is deducted from your SIPP monthly in arrears.

Please refer to the Ascentric Charges schedule for more details.

In addition:

- » Your Financial Adviser will provide advice to you regarding your pension planning and you may agree that these costs associated with this advice are paid from your SIPP.
- » Fund managers will apply charges to your chosen SIPP investments and will be able to provide you with more details about these charges.

#### **What could I get back?**

You will get the value of your investment held in the SIPP at the time the investments are sold. There is no guaranteed amount. The amount you get will depend on the following factors:

- » How much you invest;
- » The performance of your investments;
- » Any charges;
- » Any income or withdrawals you have taken; and
- » The terms and conditions of your investment.

### **What is the tax position for my SIPP?**

If you are a UK resident for tax purposes, you will be able to reclaim tax relief on personal contributions up to the higher of £3,600 p.a. (including the allowance for basic rate tax relief) or 100% of your relevant UK earnings, subject to the annual allowance.

We will credit your SIPP with basic rate tax relief as soon as your personal contributions are received and before we reclaim it from HMRC. If you are liable to higher rate tax on your income, you should reclaim the higher rate relief via your self assessment tax return. From 6 April 2018, if you are classed as a Scottish resident by HMRC, the tax relief that will be applied to your SIPP will be at the rate set by the Scottish Parliament.

Contributions made in excess of the annual allowance will be subject to a tax charge which HMRC will levy against you directly. Contributions paid by your employer will not attract tax relief for you. They are also not a taxable benefit in kind for you.

Your SIPP usually grows free of UK capital gains and income tax. Where any income tax has been deducted, we will reclaim this from HMRC and it will be paid back to your SIPP. If an investment is regarded as taxable property it will be subject to tax charges by HMRC.

There is no restriction on the amount of pension fund savings that you can accumulate. However, where the total value of all your pension savings to registered pension schemes exceeds the lifetime allowance set by HMRC, you may be subject to a lifetime allowance charge. The lifetime allowance is £1.03m for tax year 2018/19. Any income withdrawals and eventual annuity will be taxed under the PAYE system.

The death benefits provided from your SIPP are normally paid free of inheritance tax. Tax charges may be payable if you die age 75 or over. The amount of tax payable will depend upon how your beneficiaries chose to take the death benefits.

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.

These tax advantages and any rates quoted are based on our current understanding of UK legislation and may change in the future.

### **How do I withdraw my money?**

You have the freedom to decide how you use your pension fund(s) at retirement, and there are a number of pension benefit options open to you to make the most of your money.

You can only withdraw your money by taking an income when you reach the minimum age set by HMRC. The minimum age for taking income from your SIPP is currently 55. You do not need to have retired to take an income from your SIPP.

If you are suffering ill health or your transfer is subject to certain transitional legislation, you may be able to take retirement benefits at an earlier date.

You can use some, or all, of your SIPP to buy an annuity at any time.

To help you make your decisions the Government has introduced a free and impartial pensions guidance service, known as Pension Wise. You can find out more about this service at [www.gov.uk/pensionwise](http://www.gov.uk/pensionwise). This service offers guidance not advice about your retirement options, you should seek advice about your options from your Financial Adviser.

Your SIPP is part of the Ascentric wrap service that requires you to have a Financial Adviser appointed. This means whilst you are free to use the Pension Wise service, if you wish to take pension benefits from your SIPP with us we require you to confirm you have received advice from your Financial Adviser.

### **What type of benefits can I take from my SIPP?**

Subject to our agreement and meeting certain conditions set by HMRC, from age 55 you can choose to take benefits as a lump sum and/or income in the following ways:

- » As an income of any amount over whatever period you choose (known as flexi-access drawdown). There is no maximum limit on the income you can receive provided you have the cash in your SIPP. You can have a tax free lump sum of up to 25% of the amount you put into flexi-access drawdown, with any income payments taxable as pension under PAYE.
- » As a single or series of lump sums from uncrystallised funds (now as an uncrystallised funds pension lump sum). 25% of each lump sum will be 25% tax free, with the remainder taxable as if it were a pension under PAYE.
- » As capped drawdown, if you have an existing capped drawdown fund. This allows you to choose to take income up to a maximum limit set by HMRC rules, or to take no income. The maximum limit will be recalculated at least every three years if you are under 75 and every year if you are 75 or over. This recalculation could mean your maximum level of income may reduce or increase. If you choose an income over the maximum limit the amount in capped drawdown will automatically convert to flexi-access drawdown.

Taking an income allows you to continue to benefit from the potential for investment growth in your SIPP.

You need to think about the level of income you require, 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. You can vary the income level at any time.

Any new request for income or a lump sum will normally be assessed against your personal lifetime allowance at the time, and a tax charge may result if the amount taken, accumulated with any past amounts from this or any other registered pension schemes, exceeds your lifetime allowance.

### **How will my lump sum and/or income be paid?**

If you would like to receive a lump sum and/or income, we will send money to you by electronic transfer into a bank account in your name.

It is your responsibility to make sure there is sufficient monies in your cash account (for example by instructing the sale of investments in your SIPP) to meet any lump sum and/or income payments you request.

### When do I buy an annuity?

At any time from age 55, although you do not need to purchase an annuity.

You can use your SIPP fund on the open market to take advantage of the best rates available from the whole range of annuity providers/insurance companies. 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 dependants if you die.

### Can I transfer to another pension scheme at any time?

Yes, subject to HMRC rules, you can transfer part or all of your SIPP to another UK registered pension scheme. We will only transfer to a recognised overseas pension scheme where a statutory right to such a transfer exists.

The SIPP is able to transfer both cash and/or assets to your new pension scheme subject to terms and conditions set by the new pension scheme.

If you want to transfer after you have started taking benefits the entire amount of your SIPP that has been used to provide these benefits must be transferred to the new pension scheme at the same time.

You will need to check with the investment provider of your underlying investments whether they will make a charge to sell the assets and transfer the monies in cash or make a charge to re-register the assets.

### Can I change my mind?

#### Opening your SIPP

If you change your mind about opening your SIPP, you have 30 days from the date you receive our confirmation your SIPP is established to write and tell us. A refund of the sum equal to the payment made will be returned to you, your employer or the person that made the payment, less any fall in market value should the money have been invested and associated investment charges. By cancelling your SIPP the SIPP contract is terminated.

There is no right to cancel your SIPP where the contract is fully completed at your express request before the end of 30 days (see your investment documentation for details of investments that may come into this category).

#### Transfers

If you wish to change your mind about a transfer, you have up to 30 days from the date of receipt to cancel by writing to us. If you cancel the pension transfer it will be returned to the previous scheme, if the previous scheme will accept the return of the monies, or an alternative pension scheme of your choosing (provided this meets HMRC rules), less any fall in the market value of any investments made and associated investment charges.

#### Benefits

If you wish to change your mind the first time you make an election to receive benefits, you have 30 days from the date you receive our confirmation that your benefits are being paid to cancel by writing to us and refunding in full any lump sum/ income payments you have received. Cancellation terminates the contract, but it does not affect your right to take income withdrawals in the future.

If you wish to cancel, please send your notification to Ascentric SIPP Team, Trimbridge House, Trim Street, Bath BA1 1HB.

### What happens if I die?

#### If you die below age 75

- » A beneficiary can receive a lump sum tax free up to the lifetime allowance or a drawdown pension tax free.

#### If you die age 75 or over

##### Beneficiary is an individual

- » An individual who is a beneficiary can receive a lump sum or drawdown pension taxed at their marginal rate of tax.

##### Beneficiary is not an individual

- » A company or trust which is a beneficiary can receive a lump sum taxed at 45%.

## Important information

### How to complain

We hope you will never be unhappy with our service. If this does happen, your first step is to contact us to discuss your concerns and we will aim to resolve them straight away. If you are still not entirely satisfied, we have an internal complaints procedure which follows the standards required by the Financial Conduct Authority. Initially, please contact us at:

**Telephone:** 0345 076 6140 (09:00 to 17:30 Monday to Friday)

**Email:** [customerservices@ascentric.co.uk](mailto:customerservices@ascentric.co.uk)

A copy of our Complaint Policy is available on [www.ascentric.co.uk](http://www.ascentric.co.uk). If you are not satisfied with our response, you have the right to refer your complaint to the Financial Ombudsman Scheme.

**Address:** Customer Services Manager  
Ascentric  
Trimbridge House  
Trim Street  
Bath BA1 1HB

## How to contact the Ombudsman

The contact details for the Ombudsman are as follows:

**Telephone: 0800 023 4567** – free for people phoning from a 'fixed line' (e.g. a landline at home)  
**0300 123 9123** – free for mobile-phone users who pay a monthly charge

**Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)**

**Address: The Financial Ombudsman Service  
Exchange Tower  
London E14 9SR**

## Can I claim compensation?

IFDL is covered by the Financial Services Compensation Scheme (FSCS) in respect of the Wrap and the Accounts within it. If you make a valid claim against us in respect of your investments and we are unable to meet our liabilities in full, you may be entitled to compensation, from the FSCS, of up to £50,000.

Your cash and investments are always held separately from our own accounts and from those with whom we place the investments. As such, any insolvency practitioner should be obliged to return your cash and investments to you as part of the wind down process.

If your investment provider fails financially, as long as you have selected one covered by the FSCS - the fund prospectus will tell you this - your investments should remain covered up to a maximum of £50,000. However, this does not protect you against losses if the market were to fall in value.

The banks we use acknowledge your money is held as client money which is protected in the event of the insolvency of IFDL. In the event of the insolvency of one of the banks we use, any client money we hold for you is protected under the FSCS up to a maximum of £85,000 for each client and bank with whom client money is held. This limit is applied to banks that are separately authorised and can only be applied once, therefore banks operating under different brands within the same authorisation are covered under the same limitation. The compensation limit of £85,000 includes any other money held by you in accounts with the authorised banks we use, therefore if you have current or deposit accounts with the same bank these will all count towards the compensation limit of £85,000. Temporary high balances of up to £1 million are protected for a limited period of 6 months from when the amount was first credited to the account or became legally transferable. The FSCS website has further details on the definition of a temporary high balance.

**For further information please visit the FSCS website ([www.fscs.org.uk](http://www.fscs.org.uk)).**

## Where can I find your Terms and Conditions?

Your rights as the investor in a SIPP are set out in the SIPP section of the Ascentric Terms and Conditions available at [www.ascentric.co.uk](http://www.ascentric.co.uk), which may be subject to change in the future.

## How is this affected by the law?

The laws of England and Wales govern the relationship we have with you prior to, and on conclusion of any contract, and the parties submit to the exclusive jurisdiction of the Courts of England.

Any taxation information contained in this guide is based on our interpretation of current legislation and HMRC practice. Please remember that current tax benefits may change in the future.

## How to Contact Us

If you have a Financial Adviser, please continue to use them as your first point of contact. You can also call our SIPP team on:

**Telephone: 0345 076 6140** (09:00 to 17:30 Monday to Friday)

**Email: [apa@ascentric.co.uk](mailto:apa@ascentric.co.uk)**

**Website: [www.ascentric.co.uk](http://www.ascentric.co.uk)**

**Address: Ascentric SIPP Team  
Trimbridge House  
Trim Street  
Bath BA1 1HB**

