



Key Features

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The Financial Conduct Authority is the independent financial services regulator. It requires us to give you this important information to help you to decide whether iSIPP 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.



www.isipp.co.uk

iSIPP is a trading name of iPensions Group Limited registered in England and Wales with Company Number 03683070 whose office is at 2nd Floor, Marshall House, 2 Park Avenue, Sale, M33 6HE. Authorised and regulated by the Financial Conduct Authority, Licence Number 464521.

IMPORTANT INFORMATION

The iSIPP scheme is a personal pension scheme available to individuals who are residing either inside or outside of the UK that gives you the ability to invest your pension money in a range of investment fund choices. These fund choices include ready made portfolios as well as an option to build your own portfolio.

The iSIPP scheme is established as a trust through the document known as the Trust Deed and Rules. iSIPP is the trading name of iPensions Group Limited who are the Provider and Scheme Administrator as referred to in the Trust Deed and Rules. The Scheme Trustee is iPensions Group Trustees Limited (together known as "iPensions Group").

Your pension will be held as segregated assets and/or cash within the iSIPP Scheme, this is your personal iSIPP pension set up under the scheme, which we usually refer to as your member scheme and in this key features document is referred to as 'your iSIPP' or 'my iSIPP'. Your iSIPP is an online service and offers an online application for individuals wishing to become members of the iSIPP Scheme.

Within your iSIPP you may choose appropriate investment options from the fund choices made available within the iSIPP scheme depending on your risk appetite and retirement requirements. The iSIPP scheme operates as an execution only arrangement which means that you instruct us directly with your decision to transfer your existing pension to the iSIPP scheme or with any decision relating to which underlying fund you wish to invest. You may decide to take independent professional and financial advice from a regulated adviser in coming to your decision but we can only accept instructions directly from you.

You may choose to consolidate your pension(s) within your iSIPP by transferring one or more pensions from your current pension schemes. The initial minimum transfer value or contribution value to open your iSIPP is £20,000. Your iSIPP can accept cash transfers only. Once a member of the iSIPP scheme, you can apply for additional transfers. You and your employer also have the flexibility to make one-off and/ or regular contributions into your iSIPP. If you are a UK resident aged under 75 and have UK taxable earnings, you may receive tax relief on your contributions up to the HMRC (as define at page 6 of this document).

Some services provided as a part of the iSIPP scheme will be provided by a third party service provider or one of our group companies for example our dealing service, investment, instruction, execution and custody services.

It may be that because of your residence or domicile, you are subject to different tax provisions and if you are in any doubt about the taxation of your iSIPP and benefits from it, then you should take advice from a suitably qualified tax expert.

Purpose of this document:

This document summarises the key features of your iSIPP. It should be read in conjunction with the iSIPP Terms and Conditions, the Fee Schedule and the Key Features Illustrations.

You can contact us at the following address:

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Tel: 0161 972 2841

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Aims

- To help you save for your retirement in a tax-efficient manner.
- To provide you with a range of investment fund choices to allow you to choose the type of investment that suits your circumstances and retirement goals.
- To enable you to transfer your existing pension(s) from other registered pension schemes and consolidate them into your iSIPP.
- To give you choice over how and when you take your retirement benefits from your iSIPP once you are eligible.
- On eligibility, allow you to take tax-free lump sum, regular or variable income from your fund while still remaining invested.
- To provide benefits for your beneficiaries on your death.

Your Commitment

- To determine the most suitable fund choices, whether this be through a ready made portfolio or the build your own portfolio option, suited to your risk appetite and retirement needs.
- To regularly review your iSIPP to check it is meeting your needs now and for the future.
- To comply with our Terms and Conditions and to pay the iSIPP charges set out in our Fee Schedule.
- If you choose to make one-off and/ or regular contribution payments to your iSIPP, that these are within the limits set by HMRC.
- You must wait until you reach age 55 before taking any benefits.
- To notify us immediately of any changes to your personal circumstances that might affect your iSIPP, including your residence, eligibility for tax relief on your contributions or to receive benefits.

Risks

This section is designed to tell you about some of the product risks that you need to consider:

Transfers in

- By transferring other pension benefits into your iSIPP, you may be giving up the right to any guaranteed benefits, the amount you will receive and also the level of increases that will be applied to your pension in the future.

- You may be giving up the right to receive a terminal bonus on with-profits pension plans.
- A penalty may be applied to your existing plan if it is transferred.
- If unsure, you should seek appropriately regulated advice from a Financial Adviser if you are considering transferring existing pension benefits into your iSIPP.
- You may receive lower level of benefits than if you had left the fund with the current provider.
- You may have benefits from your existing pension scheme where the amount you can take as income is capped at 150% of the rate set by the Government Actuary's Department. This is also known as capped drawdown benefits. You will lose the capped benefits when you transfer your existing pension to iSIPP as all benefits will automatically be converted into flexi-access drawdown benefits upon successful transfer. Flexi-access drawdown lets you take a tax-free lump sum (also known as 'pension commencement lump sum') from your iSIPP, while leaving the rest invested to take an income from as you choose. If you don't decide to buy an annuity, the rest of your pot will be moved into drawdown.

Investments

- The value of investments can fall as well as rise and is not guaranteed. Past performance must not be seen as an indication of future performance.
- Your iSIPP will be able to invest into a range of investment funds, each of which carries a different level of risk. You should read the Key Investor Information Document (KIID) that details information about the fund, the fund's risk rating and the associated fees. KIID is available in your online iSIPP portal account that is issued to you when applying to open your iSIPP. Apart from reading the KIID, you should also research about the fund elsewhere, this will assist you in making a more informed decision on whether or not it is a suitable investment choice for you and your circumstances.
- iSIPP does not offer any advice on investment choices.
- Some investments may take longer to sell or

have lower secondary market values. You will need to take this into account when you are reviewing your investments or planning to take your benefits.

Cash Withdrawal: Taking your money flexibly

- Taking flexible amounts of cash or income withdrawals may erode the capital value of your fund, especially if investment returns are poor and a high level of income is taken. This could result in a lower income than anticipated in the future.
- If you regularly take large cash or income withdrawals these may not be sustainable. The higher the pension you choose to receive, the higher the probability that your funds may deplete and run out which could leave you with insufficient money for your retirement.
- There is no guarantee that annuity rates will improve in the future. If you choose to purchase an annuity, the level of pension you receive when you purchase the annuity may be lower or higher than the benefits previously being paid under flexi-access drawdown and/or the annuity you could have initially purchased.
- Under flexi-access drawdown, your beneficiaries may not receive guaranteed pension as they would have if you had chosen to purchase an annuity.

Borrowings

- You cannot lend or borrow from or to your iSIPP.

General

- The tax benefits and governing law for SIPPs may change in the future.
- The tax position may be affected by your or your Beneficiary's tax residency or domicile.
- Your benefits are dependent upon a number of factors. Although not a complete list, these factors include future contribution levels, the age at which you commence benefits and external influences such as investment returns, inflation, interest rates, annuity rates and charges.
- The investment returns on your fund may be lower and the charges may be higher than those shown in any key features illustrations

you may receive from us. Key features illustrations are based on assumptions and does not guarantee the benefits or investment returns.

- The value of the benefits you receive may be less than the amounts you pay into your iSIPP.

Questions and Answers

What is iSIPP?

It is a personal pension that allows you to invest in a range of investments.

If you establish your iSIPP, you will become a member of the Scheme.

The Scheme is established under and governed by a Trust Deed and Rules. Your rights and obligations under your iSIPP are set out in our Trust Deed and Rules, our online application process and our Terms of Business. This Key Features document summarises the main provisions of these documents, and of HMRC regulations that apply to your iSIPP and that you need to know about. However, in the event of a discrepancy between the Key Features document and the Trust Deed and Rules or the Terms and Conditions, the Trust Deed and Rules or Terms and Conditions will prevail.

Please read all of the above mentioned documents as well as the iSIPP Fee Schedule before completing the online application process.

Am I eligible for opening iSIPP?

You can set up your iSIPP for the purposes of transferring benefits from a UK registered pension scheme or Recognised Overseas Pension Scheme (ROPS).

- You must be over 18 years old.
- You must not be listed on an international sanctions list.
- You must not be a US Citizen or US Resident.
- You must transfer your existing pension worth minimum £20,000 in cash value.
- You are able to take your own decision to transfer your existing pension to iSIPP or are able to make investment decisions based on your own investment knowledge, experience

and requirements or you have received an independent and professional financial advice from a regulated Financial Adviser but do not need to appoint a Financial Adviser to manage or instruct your iSIPP on your behalf.

What are Stakeholder pensions?

The iSIPP is not a stakeholder pension.

Stakeholder pensions are relatively simple pension plans for which the Government has set minimum standards to be met by providers covering areas such as charges, minimum payment levels and terms and conditions.

Stakeholder pensions are generally available and may meet your needs at least as well as a SIPP. If you are in any doubt about the suitability of a SIPP you should contact a regulated financial adviser.

FEES

What are the iSIPP Fees?

The iSIPP fees and associated terms of payment are set out in the iSIPP Fee Schedule and Terms and Conditions, which are available on our website, and should be read prior to completing and submitting your iSIPP application.

All fees are deducted directly from your iSIPP investments and can be clearly seen on the statement available in your iSIPP Account.

CONTRIBUTIONS

Does iSIPP accept contributions?

iSIPP can accept one-off and/ or regular personal and employer contributions.

- If you are already an iSIPP member, the minimum one-off additional contribution is £250.
- Minimum regular contribution acceptable is £250. You can choose to pay monthly, quarterly, half-yearly or annually.

Who can pay contributions into my iSIPP?

If you are a Relevant UK Individual you can pay personal contributions into your iSIPP. The full definition of a Relevant UK individual can be found in Note 1 below.

Once you have reached age 75, we will no longer accept any contributions paid by you or your employer.

Who is a relevant UK individual?

An individual is a relevant UK individual for a tax year if they:

1.1 have relevant UK earnings (see Note 2) chargeable to income tax for that tax year; or

1.2 are resident in the UK at some time during that tax year; or

1.3 were resident in the UK at some time during the five tax years immediately before the tax year in question and they were also resident in the UK when they joined the pension scheme; or

1.4 have for that tax year general earnings from overseas Crown employment subject to UK tax (as defined by section 28 of Chapter 5 of Part 2 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA); or

1.5 are the spouse or civil partner of an individual who has for the tax year general earnings from overseas Crown employment subject to UK tax (as defined by section 28 of ITEPA).

For individuals within 1.1, 1.2 and 1.3 above, who do not have relevant UK earnings, the maximum personal contribution is the basic amount (£3,600 gross for the current tax year).

What are Relevant UK earnings?

Relevant UK earnings are:

2.1 employment income such as salary, wages, bonus, overtime, commission chargeable to tax under section 7 (2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA); or

2.2 Income derived from the carrying on or exercise of a trade profession or vocation (whether individually or as a partner acting personally in a partnership) chargeable under Part 2 Income Tax (Trading & Other Income) Act 2005; or

2.3 Income arising from patent rights and treated as earned income under section 529 Income and Corporation Taxes Act 1988 (ICTA 1988); or General earnings from an overseas Crown employment which are subject to tax in accordance with section 28 of ITEPA.

What is the Annual Allowance for contributions?

The Annual Allowance is the total amount of pension contributions that can be made to one or more of your registered pension schemes in a Pension Input Period that will qualify for tax relief. The Annual Allowance is £40,000 for the current tax year.

If you have income (including pension contributions) in excess of £240,000 a Tapered Annual Allowance will apply and the above Annual Allowance will be reduced by £1 for every £2 income you have in excess of the £240,000 subject to a maximum reduction of £30,000 in the current tax year.

If you access your benefits flexibly then you will trigger a lower Money Purchase Annual Allowance (MPAA). This lower MPAA is set at £4,000 for the current tax year.

Provided you have not triggered the MPAA, you may also 'carry forward' unused Annual Allowance from the previous three tax years, provided you were a member of a UK Registered Scheme in the respective carry forward tax year. Carry forward is subject to a maximum of £40,000 for the last three tax years, and the amount you can carry forward is reduced by your Annual Allowance usage during those tax years. In order to carry forward you must use up the current years' Annual Allowance.

If you think that you may be affected by the Annual Allowance you should consult your financial adviser.

What if I am entitled to enhanced protection or fixed protection?

It is very important to note that if you have registered with HMRC for enhanced protection (for pension rights built up before 5 April 2006) or fixed protection to reduce or eliminate liability to the Lifetime Allowance charge, the payment of any contribution to your iSIPP will lead to the loss of this protection.

What if I access my benefits flexibly and pay a contribution?

All benefits from your iSIPP will be flexible, for example through Flexi-Access Drawdown

or Uncrystallised Funds Pension Lump Sum (UFPLS); you will trigger a lower Money Purchase Annual Allowance. The MPAA for current tax year is £4,000.

Do I get tax relief on my contributions?

For each tax year, you will get tax relief on personal contributions paid either by you, or on your behalf, of up to 100% of your relevant UK earnings.

If you do not have any relevant UK earnings but are a UK Relevant Individual, a contribution of up to £3,600 gross a year will be eligible to receive basic rate tax relief. Any contribution over £3,600 will not be eligible for tax relief.

You will receive tax relief at your highest rate of income tax on all one-off and / or regular personal contributions paid into your iSIPP subject to your available Annual Allowance in that period. See previous page for more details on the Annual Allowance.

We will reclaim the basic rate tax for you from HMRC and credit it to your iSIPP. You can claim any higher rate relief via your self-assessment tax return.

If someone is paying contributions to your iSIPP on your behalf, then we will still reclaim the basic rate tax from HMRC and credit it to your iSIPP account. You will be eligible to claim higher rate tax relief if applicable on these contributions.

Tax relief will normally be credited to your iSIPP between 6 and 8 weeks depending on when the contribution was made.

We will only accept contributions up to your available Annual Allowance (including where relevant any carry forward entitlement).

If you are no longer entitled to tax relief on your contributions, you must tell us immediately.

Are there any minimum contribution levels?

iSIPP can accept one-off and/ or regular personal and employer contributions.

- If you are already an iSIPP member, the minimum one-off additional contribution is £250.
- Minimum regular contribution acceptable

is £250. You can choose to pay monthly, quarterly, half-yearly or annually.

How can contributions be paid?

One-off contributions can be paid by electronic transfer. Regular contributions can be paid by setting up Standing Order instructions with your bank.

Can I pay contributions in the form of property or shares?

No. We do not accept contributions in these forms.

What happens if I change jobs or become unemployed?

You will be able to pay personal one-off and / or regular contributions, subject only to continuing to be a UK Relevant Individual. Limits on the amount of contributions that will receive tax relief apply as outlined above.

TRANSFERS

Can I transfer my existing pension benefits into my iSIPP?

Yes. You can transfer benefits from any pension scheme, including any UK registered pension scheme or a Qualifying Recognised Overseas Pension Scheme (QROPS), into your iSIPP.

Where you are transferring benefits from a QROPS you can apply to HMRC for an international enhancement of your Lifetime Allowance. Please note there is a deadline to apply for this enhancement, which is five years after the 31 January following the end of the tax year in which the transfer takes place. You may need to contact a financial adviser for assistance with this.

You can transfer your existing pension benefits into your iSIPP even if you have commenced drawdown under the transferring scheme, providing that the terms of your transferring scheme allow it.

If drawdown has commenced under the transferring scheme, the value of those benefits will be held separately from other benefits under your iSIPP.

There is a minimum transfer value of £20,000.

Can I transfer investments held in another

SIPP in to my iSIPP?

Yes, we can accept cash transfers into your iSIPP. In-specie asset transfers are not acceptable into your iSIPP.

How do I transfer my existing pension benefits into my iSIPP?

You can apply online to open your iSIPP. During the application you will let us know from which existing pension provider you wish to transfer. You can also apply to consolidate additional transfers into your iSIPP once your iSIPP is open.

Please note that if you hold scheme enhanced or scheme specific lump sum protection from the Lifetime Allowance then this will be lost if you make a transfer to iSIPP.

iSIPP will not give advice on whether to transfer your benefits. We recommend that you seek appropriate advice from a regulated financial adviser before proceeding. In the case of a transfer of benefits in excess of £30,000 from a defined benefit or safeguarded scheme, we will be unable to accept a transfer unless advice has been taken from a suitably qualified FCA regulated Pension Transfer Specialists Adviser.

Can I transfer my iSIPP to another pension plan?

You can transfer your iSIPP to another UK registered pension scheme or to a QROPS at any time.

If you have already started taking benefits from your iSIPP, then the full value of these benefits must be transferred at one time. If you have uncrystallised funds under the iSIPP (i.e. no benefits have commenced) you can choose to transfer all of those funds to another pension scheme.

The transfer will be in the form of a cash payment. We will sell all of the investments held under your iSIPP to complete the transfer. If the transfer is to a QROPS, a check against your Lifetime Allowance must be carried out before the transfer payment is made. If you have exceeded your Lifetime Allowance, then a Lifetime Allowance charge may apply before the transfer is completed.

The Lifetime Allowance is a maximum permitted tax exempt amount to which each pension

scheme member is entitled. See below for more details of the Lifetime Allowance.

The transfer will always be made direct to the trustees or administrator of the receiving scheme.

Transfers to a QROPS will be liable to a 25% Overseas Tax Charge (OTC) on the transfer value (net of any Lifetime Allowance excess charge if applicable), unless one of the following five conditions are met:

1. You are tax resident in the same country/territory in which the receiving QROPS is established;
2. You are tax resident in the EEA and the QROPS is established in the EEA;
3. The QROPS is set up by an international organisation of which you are an employee;
4. The QROPS is an overseas public service pension scheme and you are an employee of a public service employer;
5. The QROPS is an occupational pension scheme and you are an employee of a sponsoring employer under the scheme. Unless otherwise agreed with you, in the event the OTC is payable, the OTC will be deducted from your iSIPP prior to the transfer being paid, and after any Lifetime Allowance charge being deducted (if relevant). iPensions Group will pay the OTC to HMRC.

Where the OTC was not payable when you transfer, but within five consecutive complete tax years after that date you become resident in another country and no longer meet the first or second condition above, or subsequently transfer to another QROPS and none of the above conditions above are met, you will be liable for the OTC on any ring fenced transfer funds held in the QROPS at that point.

INVESTMENTS

Your iSIPP offers a variety of fund choices provided by leading FCA regulated fund houses. For the fund choices, the corresponding Key Investor Information Documents (KIID) are available on our website and when you apply to open your iSIPP online as part of the application process.

Asset Classes Available

- Cash
- Funds

All Investments available under the iSIPP scheme meet the following criteria:

- Classified as a Standard Asset (as defined by the FCA) to be acceptable within the iSIPP scheme. To be classified as a Standard Asset, the investment must be capable of being accurately and fairly valued on an ongoing basis and readily realised within 30 days.
- Regulated in the UK or constituted outside the UK and recognised by the FCA, as shown on the FCA Collective Investment Scheme Register.
- Funds available are multi asset funds with no CDSC and no leverage.

Are there restrictions on what I can invest in?

The iSIPP scheme will offer a selection of fund choices for you to choose from. You should decide your fund choice based on your investment risk appetite and retirement requirements.

How do I keep track of my investment performance and valuation?

You will be able to see your investment valuation by logging into your online portal account that you create when applying to open your iSIPP.

MEMBER BENEFITS

Is there a limit on the amount of my benefits? There is no limit on the benefits that may be provided for you under your iSIPP. However if the total value of your pension savings, under all registered pension schemes, exceeds the Lifetime Allowance, then there will be an additional tax charge (called the Lifetime Allowance charge) on the excess. The Government sets the Lifetime Allowance each tax year which you can check by visiting <https://www.gov.uk/tax-on-your-private-pension/lifetime-allowance> and it will continue to be index-linked (i.e. rise and fall with inflation) on 6 April each year.

How does the Lifetime Allowance work?

Certain events trigger a test against the Lifetime Allowance and are known as 'Benefit

Crystallisation Events' (BCEs). BCEs that are normally relevant for your iSIPP can be summarised as:

- When funds are designated to provide you with a flexi-access drawdown pension or an Uncrystallised Funds Pension Lump Sum (UFPLS);
- When you elect to receive a Pension Commencement Lump Sum (PCLS);
- When you purchase a lifetime annuity;
- When you reach age 75 and you have funds uncrystallised or designated to provide a flexi-access drawdown pension;
- When lump sum death benefits are paid on your death; and
- When your funds are transferred to a QROPS.

Each of these events will use a portion of your Lifetime Allowance and each time you will be notified of the amount of Lifetime Allowance used by the BCE and the amount still available. Once you have used up your Lifetime Allowance, any benefits paid above the allowance will be subject to the Lifetime Allowance charge. If excess funds are used to provide a taxable pension, the Lifetime Allowance charge is 25% of the excess above the Lifetime Allowance.

Alternatively, if excess funds are paid as a lump sum, called a Lifetime Allowance excess lump sum, the Lifetime Allowance charge is 55%. We will deduct this tax charge from your fund and pay it to HMRC before paying your benefits.

Protection from the Lifetime Allowance

If you have built up substantial pension savings before 6 April 2006 and have registered for enhanced and / or primary protection ('transitional protection') with HMRC then this may reduce, or eliminate any Lifetime Allowance charge that would otherwise be payable.

If you have locked your Lifetime Allowance at £1.8 million by registering for Fixed Protection 2012, locked your Lifetime Allowance at £1.5 million by registering for Fixed Protection 2014, or locked your Lifetime Allowance at £1.25 million by registering for Fixed Protection 2016, any further contributions to or accrual of benefits in registered pension schemes will cause the loss of the protection.

If you have applied for and been approved for Individual Protection 2014 your Lifetime Allowance will be fixed based on the value of your savings as at 5 April 2014 with a minimum of £1.25 million and a maximum of £1.5 million. If you have applied for and been approved for Individual Protection 2016 your Lifetime Allowance will be fixed based on the value of your savings as at 5 April 2016 with a minimum of £1 million and a maximum of £1.25 million. If you think you will be affected by the Lifetime Allowance, please take appropriate financial adviser.

When can I take my benefits?

You can commence benefits, irrespective of whether or not you continue to work, at any time from age 55. It may be possible to commence benefits earlier if you are in ill health.

If, as part of a block transfer, you transfer pension rights to your iSIPP from another registered pension scheme, under which you are entitled to commence benefits earlier than age 55 (i.e. because you are in a specialised occupation for which a lower minimum pension age had previously been agreed by HMRC), you may be able to take benefits from that earlier age.

How do I commence benefits?

You will need to consider your options and complete a Retirement Options Request. This request will ask for details of your available Lifetime Allowance and any protection you have in place for your benefits.

You may choose to take benefits from all, or only part, of your funds under your iSIPP. This will allow you to phase your benefits to suit your personal circumstances.

You can first choose how much of your benefits that you wish to crystallise and then how you would like the benefits to be provided – as drawdown pension income or as a lump sum, or a combination of both.

What type of pension income can I have?

Your iSIPP can provide you with income in one (or a combination) of three ways:

- A Flexi-Access drawdown pension;
- Uncrystallised funds pension lump sum (UFPLS); or
- Purchase of a lifetime annuity.

When you designate funds to provide income you are normally permitted to take part of the funds as a PCLS payable at the time you make the designation. When you take benefits this will trigger a test against the Lifetime Allowance.

Option 1: Flexi-Access Drawdown Pension

You may designate uncrystallised funds into a flexi-access drawdown fund from which you can draw down any amount over whatever period you choose.

The first time that you designate uncrystallised funds into a flexi-access drawdown fund, then this will immediately trigger the MPAA rules described above.

Where, before 6 April 2015, you had designated funds into one or more drawdown pension funds from which you were taking capped drawdown pension, your drawdown funds will automatically be converted to flexi-access drawdown on transfer to your iSIPP.

When you designate uncrystallised funds as available for flexi-access drawdown, you may choose to receive a Pensions Commencement Lump Sum (PCLS) of an amount equal to 25% of the amount crystallised. This is currently free of UK income tax. So if you are crystallising a pension pot of £40,000, you could choose to take up to £10,000 as PCLS and the remaining £30,000 is available for drawdown.

Your pension fund remains invested and you draw an income from the fund. There is no minimum or maximum level of income, so you can elect to receive no annual pension if you wish or to draw it all in a single payment. You can choose to take a regular income and/or one-off pension payments to suit your individual circumstances.

When you designate funds as being available for the payment of drawdown pension in a flexi-access drawdown fund then, where you are aged under age 75, the designation is a Benefit Crystallisation Events (BCE) and the amount designated is tested against your available Lifetime Allowance. If you also take, this is also a BCE.

Flexi-access drawdown pension is a form of pension for tax purposes and so is assessable to UK income tax as pension income. When

you receive a flexi-access drawdown pension you will be assessable for UK income tax at your marginal rate in a tax year on whatever income you take from your flexi-access drawdown fund during that year. We are required to deduct UK income tax from the flexi-access drawdown pension under the PAYE regulations.

If you are in drawdown you can decide to receive benefits by using the funds designated to flexi-access drawdown to purchase a short term annuity with a suitable insurance company. These annuities are paid at least annually and for no more than 5 years. We recommend you seek advice from a financial adviser before making this decision.

It is important to note that any pension funds transferred in from other registered pension schemes will be kept separate from any other funds held for you under the your iSIPP and will be subject to their own terms for payment. Before selecting pension drawdown you should read the 'Cash Withdrawal - Taking your money flexibly' section under 'Risks'.

Option 2: Uncrystallised Funds Pension

You may choose to take all or part of your uncrystallised funds immediately in a lump sum as an UFPLS provided that you have available Lifetime Allowance.

25% of this lump sum is currently paid free of UK income tax. The remaining lump sum will be taxed as per your UK income tax code.

Each time that you designate uncrystallised funds for a UFPLS is a BCE. It will also trigger the MPAA rules described previously.

Option 3: Lifetime Annuity

Purchasing a lifetime annuity involves passing the value of your iSIPP to an insurance company of your choice who in return will provide you with a regular, taxable income throughout your life.

The annuity available will depend on the value of your fund and the annuity rates at the date of purchasing the annuity.

The annuity income may increase each year; may be guaranteed (i.e. paid irrespective of whether you are alive) and may continue, normally at a reduced level, to your surviving spouse, civil partner or dependant.

If an annuity is purchased you will cease to have

any involvement with the investment of your pension fund. This may be a price worth paying if security of income is an important issue.

What about the PCLS?

When you become entitled to pension income from your iSIPP then, subject to certain conditions, you may also be provided with pension commencement lump sum known as a PCLS. HMRC limits the amount of lump sum that can be treated as a pension commencement lump sum and generally this will be a maximum of 25% of the uncrystallised funds that you designate to provide your benefits.

Your PCLS can only be paid if you have available remaining Lifetime Allowance.

If you have protected lump sum rights then you may be entitled to a PCLS of more than 25%. We will ask you to supply a copy of your HMRC Certificate on the Lifetime Allowance declaration to confirm the amount available.

You may not take a pension commencement lump sum with the intention of recycling some, or all of it, either directly, or indirectly, to fund a significant increase in pension contributions. This is because under these circumstances, the lump sum will be treated as an unauthorised payment. The payment you receive would be taxed as an unauthorised payment at between 40% and 55%. Your pension fund would also be subject to a further tax charge of between 15% to 40% (depending on how much of the tax charge you had paid).

Do I pay tax on pension payments?

All pensions paid to you including flexi-access drawdown and the taxable amount of UFPLS are subject to UK income tax under PAYE. We will deduct the tax due before paying your pension or UFPLS and will account for it to HMRC. We will use information provided by you to determine an initial tax code to use for PAYE and HMRC will then confirm the appropriate tax code that should apply to your benefits thereafter. Moving to the correct code may mean you owe tax for the earlier part of the year and you may therefore have to pay back some tax later on. If at the end of the tax year you think you have paid too much tax, you should claim a refund by writing to your local tax office.

If you purchase a lifetime annuity, the annuity

provider will be responsible for the payment of income tax.

It may be that because of your tax residence or domicile that you are subject to other tax provisions and if you are in any doubt about the taxation of your iSIPP and benefits from it then you should take advice from a suitably qualified tax adviser.

DEATH BENEFITS

What benefits are paid when I die?

a. Death Benefits payable from your iSIPP

Death benefits may be paid as a lump sum or may be applied to provide pension benefits for your survivors, either under flexi access drawdown or by annuity purchase. You may nominate the individuals you wish to receive benefits. We as Scheme Administrators, will decide how the death benefits will be paid and to whom and will take into consideration (but need not follow) the wishes noted in your expression of wishes including any preference expressed by a survivor that you nominate. You can submit or update your expression of wishes from your online portal account.

In the event of your death, the way your fund is treated will be based on your age – whether death occurred before age 75 or older, irrespective of whether benefits have been crystallised.

- If before 75, payments to your survivors will be free of UK tax whether taken as a lump sum or income.
- If 75 or older, income payments will be subject to UK income tax and will be taxed at the survivor's marginal rate of tax.

The survivor may in turn nominate who they wish to receive any remaining funds to be paid to in the event of their subsequent death. Again the Scheme Administrator will take such nominations into account but is not bound to follow them.

No tax deduction is applied where there are no survivors and a lump sum is paid to a registered charity.

b. Lifetime Annuity or Short-term Annuity

The benefits payable, if any, will be determined by the terms of the annuity contract with the insurance company.

It may be that because of your survivor's tax residence or domicile that they are subject to different tax provisions and if in any doubt should take advice from a suitably qualified tax expert.

MISCELLANEOUS

Your right to change your mind

Rights to cancel your iSIPP application

You have a legal right to cancel your iSIPP if you change your mind. You will have 30 days from the date you receive our written correspondence confirming acceptance of your iSIPP application to cancel unless you elect to waive this right to cancel your iSIPP during the online application process. If transfer(s) funds are received before this 30 day cancellation period has expired, the funds will not be invested and will be held in a non-interest bearing bank account until the 30 day period has elapsed.

Rights to cancel your transfer

Cancellation rights also apply to any transfer payments received. You will have 30 days from the date that you receive our written correspondence acknowledging the acceptance of your iSIPP application. This right cannot be waived.

You may exercise your right to cancel by contacting us at: iSIPP, 2nd Floor, Marshall House, 2 Park Avenue, Sale, M33 6HE, Email: hello@isipp.co.uk

You must state whether you wish to cancel your iSIPP or whether you only wish to cancel a specific transfer. We will acknowledge your notification and confirm what additional information, if any, is required.

Full details of your cancellation rights are set out during the online application and the Terms and Conditions.

Will iSIPP pay any Benefits not described in this document?

These Key Features include a summary of the main forms of authorised payments that can be made by iSIPP. We will not knowingly make any payment that is not authorised by the Scheme's Trust Deed and Rules and by the Finance Act 2004.

The amount of the unauthorised payment will

be the difference between the actual value and the market value.

We are required to report any unauthorised payments to HMRC. If an unauthorised payment is made, then you, or the person who receives the payment, will be subject to a tax charge.

Are there any compensation arrangements covering my iSIPP?

Yes. The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation, if an authorised financial services firm is unable to meet claims made against it.

The amount of compensation available under the FSCS depends on the type of business and the circumstances of the claim. Further information about the compensation arrangements is available from the Financial Services Compensation Scheme [here](#).

What if I have any further questions?

For further information please either review our Frequently Asked Questions on the iSIPP website, email or contact us using the contact details provided on our website.

If you are 50 and over, you can also avail services from Pension Wise, a UK government service from MoneyHelper that offers free, impartial guidance about your defined contribution pension options.

What if I have a complaint?

We pride ourselves on customer service and satisfaction and hope you are never in a position of dissatisfaction. Please contact us immediately if you are dissatisfied in any way with our service and we will attempt to resolve for you. We follow the Financial Conduct Authority rules for complaint management and will ensure we treat you fairly at all times and communicate with you in a transparent manner.

If there is ever a time when you feel we have not been able to resolve a situation to your satisfaction and you want to make a complaint, please email your complaint to compliance@isipp.co.uk or write to us :

iSIPP, 2nd Floor, Marshall House, 2 Park Avenue, Sale, M33 6HE