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The Financial Services Authority (FSA) is the independent financial services regulator. It requires us, Pointon York SIPP Solutions Limited, to give you this important information to help you to decide whether The Pointon York 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.



Key Features of The Pointon York SIPP

June 2009

Key Features of The Pointon York SIPP

This document outlines the key facts that you should be aware of before joining The Pointon York SIPP.

In addition, we have produced a number of Fact Sheets, which provide more in-depth information:

Fact Sheet 1: Contributing to your Pointon York SIPP

Fact Sheet 2: The Annual Allowance and your Pointon York SIPP

Fact Sheet 3: Taking Benefits from your Pointon York SIPP

Fact Sheet 4: The Lifetime Allowance and your Pointon York SIPP

Fact Sheet 5: Benefits payable on your death under your Pointon York SIPP

Fact Sheet 6: ASP – What are the rules on drawing income after age 75?

These can be accessed from our website (www.sippolutions.com) or alternatively you can contact us at the address given in Part 5 and we will send you copies by post or email.

This document is not a legally binding contract between you and us. The Terms and Conditions you sign up to and Declaration you make in our membership application form is the legally binding contract laying down our relationship with you.

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Key Features of The Pointon York SIPP

Part 1: What is The Pointon York SIPP? Its Aims

The Pointon York SIPP is a 'Self-Invested Personal Pension Scheme' (or 'SIPP'). A SIPP is a type of personal pension scheme which allows you to make your own investment decisions, or to decide your investment strategy with a financial adviser. Under The Pointon York SIPP we offer you full flexibility in your investment options within the scope of the tax legislation.

The Pointon York SIPP is a 'registered pension scheme' for tax purposes (under Part 4 of Finance Act 2004). This means The Pointon York SIPP benefits from generous tax reliefs. Because of these tax reliefs, the funds that build up in the SIPP may only be used in certain ways. If they are not, there are tax consequences on both the member and the SIPP.

The SIPP can be used to:

- build up a pension fund,
- provide an element of tax-free cash on retirement, and
- provide a pension income on retirement, either by purchasing an annuity from an insurance company or direct from the SIPP as income withdrawal.

The Pointon York SIPP is established and administered by Pointon York SIPP Solutions Limited (PYSS). PYSS is authorised and regulated by the FSA for the purposes of establishing, operating and winding-up personal pension schemes.

The Pointon York SIPP is not a stakeholder pension scheme. If you are unsure as to whether a stakeholder pension scheme or any other type of pension scheme product would better cater for your needs we recommend you seek independent professional advice.

The Pointon York SIPP is set up under trust, and is governed by a trust deed and rules. These trust deed and rules are limited and bound by legislation.

The Trustee of The Pointon York SIPP is Crescent Trustees Limited. It is a non-trading company established purely to be the Trustee of our SIPP. It will be the legal owner of all your SIPP assets. Crescent Trustees Limited is not regulated by the FSA.

You may transfer in any Protected Rights you hold under an existing pension scheme to your new Pointon York SIPP. These Protected Rights can be fully self-invested. The Pointon York SIPP is accepted as an Appropriate Personal Pension for contracting-out purposes by HM Revenue & Customs (HMRC).

You may not currently contract-out on an ongoing basis from the State Second Pension (S2P) through The Pointon York SIPP.

The Aim of The Pointon York SIPP

The sole aim of The Pointon York SIPP is to help you invest for your retirement.

Subject to the tax rules, The Pointon York SIPP gives you the flexibility to:

- Establish a SIPP to make contributions, consolidate rights / funds you have already accumulated in other pension arrangements (including Protected Rights) or a combination of the two.
- Pay contributions into the SIPP whenever you want to and attract tax relief on your personal contributions within the tax limits. From 22nd April 2009 there are restrictions on the level of higher rate relief you can obtain on personal contributions if you have income of £150,000

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either in this tax year or any of the previous two tax years (and any employer contributions may trigger a 20% tax charge on you personally if your income is at this level).

- Vary or stop contributions at any time with no penalty (unless specific to the underlying investment chosen by you funded by these contributions).
- Make your own investment decisions, with or without the help of an Adviser.
- Invest in a broad range of investments with no requirement to invest in any tied products (except maintaining at least £1,000 in your SIPP bank account).
- Start taking your pension benefits from your SIPP at any time between age 50 and 75 (or 55 and 75 from 6th April 2010), whether you have retired from employment or not.
- Take an element of your SIPP as a tax-free cash lump sum when you retire, with the rest being used to provide you with a pension benefit.
- Take your pension benefits in stages, so that you can 'retire' gradually.
- Take your pension income directly from your SIPP (as what is called 'income withdrawal') and vary the amount and timing of that income within the permitted annual limits laid down by the tax rules.
- Decide when (and if) you secure your pension income through the purchase of an annuity contract from an insurance company (although strict tax rules apply if you choose not to purchase an annuity by age 75).
- Indicate how your SIPP provides for your beneficiaries/dependants when you die.
- Further details are given in Part 4.

Part 2: Your Commitment

- There is no requirement for you to contribute to your SIPP. If you do so however, it is your responsibility to ensure that we do not claim tax relief on any contributions you make to your SIPP where tax relief is not due.
- You must accept that you cannot start taking benefits from your SIPP until you are aged 50 (or 55 from 6th April 2010) unless you retire early due to ill health and that any pension benefits you choose to draw from The Pointon York SIPP are subject to limits under the tax legislation. Your benefits cannot exceed these limits. You may also start taking benefit from your Protected Rights monies from age 50 (rising to 55 in April 2010). However, you cannot take benefits earlier than 50 / 55 from your Protected Rights, even if you are in ill-health.
- You must maintain at least £1,000 on your SIPP bank account. You may not choose the provider of your main SIPP Bank account. However, you can invest any cash over this limit.
- You must pay our fees, both initial and ongoing.
- You must provide us with any information we request of you within the timescales specified to enable us to administer your SIPP within the tax rules.
- You must choose how your SIPP funds are invested, or appoint someone to do this for you.
- You must adhere to the membership terms and conditions of The Pointon York SIPP which you sign up to when you join the SIPP.
- Further details are given in Part 4.

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Part 3: Risk factors

- In normal circumstances clients seek specific advice on the suitability of the SIPP, the investment of their fund once in the SIPP and any charges thereto. Other clients may choose to proceed on an Execution-only basis without advice. If you do not seek independent professional advice the risk is all yours.
- According to the value of your fund, the costs of opening and running a SIPP with us may be disproportionate to the value of your SIPP. Our establishment and annual management charges are flat and not related to your fund value, and may be higher than under a stakeholder pension scheme for a low fund size (although conversely, for a large fund size the charges may be lower than under a stakeholder pension scheme or traditional personal pension, where charges are based on a percentage of fund size). You need to consider these costs and your plans when you decide to open a SIPP with us.
- Investments within your SIPP may go down in value over time as well as rise. We do not monitor the market performance of your investments, although we report the values to you annually.

Taking benefits:

- Most of your SIPP fund must be used to provide you with a taxed pension benefit – you will only be able to take a proportion of your fund as a tax-free lump sum.
- You cannot cash in your SIPP. However, you can transfer your SIPP to another pension scheme, subject to an administration charge.
- Any Protected Rights transferred into your SIPP are subject to restrictions under DWP legislation. This means we must track your Protected Rights separately from your other SIPP funds.

Your pension:

- Your income on retirement will be based on your fund value at the time you decide to take benefits and the prevailing market annuity rates or the rules at the time for income withdrawal limits. The value of that fund at that time will depend purely on the level of contributions made over time to your SIPP and the investment return achieved. If your investments do not perform as well as you thought, or the prevailing annuity / income withdrawal rates get worse, then your benefits may be lower than you expected. You must also factor in the effect of any professional Adviser fees and any underlying investment charges (both initial and annual) as the level and shape of these costs during the period you have a SIPP will affect the yield you will achieve from your SIPP. You will also need to consider the effect of charges you agree to pay to your adviser.
- The earlier you take benefits the lower your benefits are likely to be.
- If you decide to take income withdrawals from your SIPP beyond age 75 there are very limited options over how any remaining funds on your death can be distributed. We also impose some limited investment restrictions after age 75.

General:

- If you are considering transferring pension benefits into your SIPP from another pension scheme you may be giving up the promise of a guaranteed pension and other rights not provided by a SIPP. We are unable to give you advice on pension transfers. You must seek professional advice before transferring where the funds are coming from an occupational pension scheme; however we recommend you take advice before any transfer.
- At certain points we must obtain the market value of your investments (for example, when you start taking benefits). There are prescribed ways we must value some investments and with some, such as with commercial property, quoted or unquoted shares, there may be costs.

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- Some types of investment, for example commercial property, may take longer to sell than other forms of investment, and this may influence when you can take your retirement benefits (or when and how we provide benefits on your death).
- The charges on your SIPP may be revised in the future.
- Tax law and incentives may change in the future.

Part 4: Questions & Answers

Contributions:

Who can contribute into my SIPP?

Other than yourself, any individual may contribute into your SIPP on your behalf (under the tax rules, this would be treated as if you had paid it). Your employer may make contributions to your SIPP as well.

If you have registered pension rights held on 5th April 2006 for Enhanced Protection with HMRC you will lose that protection if any contribution is made to your SIPP.

How much can I contribute into my plan?

Whilst you can make as large a contribution as you like there is a limit on the level of tax relief you can obtain on your contributions. There is also an Annual Allowance each tax year you need to be mindful of.

You can contribute an amount each tax year to all the registered pension schemes you are a member of totalling up to 100% of your 'relevant UK earnings' for the tax year, and get tax relief on those contributions. Investment and rental income do not count as 'relevant UK earnings'. If you earn less than £3,600 in a tax year you can contribute up to £3,600 gross and receive tax relief.

However, for the 2009/10 and 2010/11 tax years, if you have annual income of £150,000 or more in the tax year you contribute (or either of the previous two tax years) you are likely to lose the benefit of higher rate relief if you (or your employer collectively) contribute over £20,000 in a tax year. Employer contributions may trigger a 20% tax on you personally in this circumstance. The £20,000 limit is a collective limit between all money purchase pension schemes. If you are also an active member of a final salary occupational pension scheme, the position is more complicated and you should again seek professional advice before contributing.

Rental income, pension income and investment income (including dividends) count towards the £150,000 limit. If you think you have (or have had) income near this level please seek professional advice.

If you do not have 'relevant UK earnings' in a tax year you can contribute up to £3,600 gross to all schemes and get tax relief if you were resident in the UK at some point in that tax year, or any of the last five tax years, provided you were so resident when you joined the scheme you are contributing to.

All personal and employer contributions received into your Pointon York SIPP (or any other registered pension scheme) are limited by an Annual Allowance each tax year. For 2009/10 your Annual Allowance is £245,000. Our Fact sheet 2 explains more about the Annual Allowance.

How is tax relief given on my personal contributions?

Tax relief on your personal contributions to a SIPP is obtained through 'relief at source'.

This means your personal contributions should be paid net of basic-rate tax (currently 20%). PYSS will then collect the basic rate tax due direct from HMRC and add this to your SIPP.

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So if you intend making a £1,000 contribution you should only pay us £800 – we will claim back £200 from HMRC and add this to your net contribution to get to the £1,000 gross contribution. You need to bear this in mind when considering your tax relieviable contribution limit.

If you are a higher rate tax payer in the tax year you contribute you may (where permitted) personally claim back directly from HMRC the difference between the higher and lower tax rate back (so currently an extra 20p in the pound) in respect of the any personal contribution paid to your SIPP. You can do this through your Self-Assessment.

As stated above, if your total annual income is more than £150,000 (or has been in last two tax years) the amount of higher rate relief you may obtain will be restricted. Please seek advice from your adviser if you think this may be an issue for you. You may not claim back more higher rate relief than you actually paid in that tax year.

Any Employer contributions must be paid gross of basic rate tax.

Protected Rights:

What are Protected Rights?

Protected Rights are funds held in a pension scheme that are derived from the rebating of National Insurance payments to the scheme where you have contracted-out of the State Second Pension (previously known as SERPS).

What is the State Second Pension?

When you reach state pension age, you will be entitled to the Basic State Pension if you have paid sufficient National Insurance (NI) contributions. In addition, you may be entitled to receive an additional state pension benefit called the State Second Pension (S2P) if you are employed and earn above a minimum earnings level. This entitlement is calculated separately from the Basic State Pension.

What is contracting-out?

Whilst you cannot opt out of the Basic State Pension you can choose to opt out of S2P. This is called contracting-out. In return for giving up these S2P additional rights, the Government will pay contributions direct into your chosen pension plan (these are often referred to as National Insurance rebates).

These 'rebates' are paid by HMRC after the end of the tax year to which they relate and are calculated as a percentage of your earnings between certain limits (depending on your age). They are automatically allocated to your scheme and are known as '**Protected Rights**'.

Only certain pension schemes can accept Protected Rights (for a personal pension scheme, this is called an 'appropriate personal pension scheme' or APP for short).

You may only contract-out through one scheme at a time and only for full tax years. You can choose to contract back into S2P for any future tax year, as long as you do so before the end of that tax year.

Why must the Protected Rights be separated from my main SIPP funds?

At present there are certain restrictions imposed by DWP regarding the paying of benefits from Protected Rights that do not apply to your main SIPP funds (your 'Non-Protected Rights'). We therefore must track and report on your Protected Rights fund separately from your other SIPP funds.

Your Protected Rights can be fully self-invested in the same way as your main SIPP funds. As these rights effectively replace some of your State retirement benefits we would recommend you seek independent advice on appropriate investments suitable to your circumstances.

The Government intend to abolish the option of contracting-out through a personal pension in 2012, and part of their plan is to then remove these additional restrictions on existing Protected Rights.

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What are my options for contracting-out under The Pointon York SIPP?

You can transfer existing Protected Rights you hold to The Pointon York SIPP. You may not currently opt to continue to contract-out through the scheme on an ongoing basis for the current and future tax years.

Once in your scheme, you may transfer these Protected Rights to another appropriate pension scheme at any time.

Transfers:

Can I transfer funds in or out of my SIPP?

Yes. You may transfer benefits you hold in another registered pension scheme into your SIPP and at a later date may transfer your SIPP funds out from your SIPP to another registered pension scheme. Assets may often be transferred 'in-specie' to or from your SIPP (intact, rather than by encashment). Any Protected Rights transferred in will need to be tracked separately by us to your other funds.

If you have started taking benefits from your transferring scheme through income withdrawal, then no lump sum will be payable once the transfer is received. Ongoing payments will continue to be bound by the same limits as imposed under the transferring scheme.

If you are considering transferring pension benefits into your SIPP from another pension scheme you may be giving up the promise of a guaranteed pension and other rights not provided by a SIPP.

You must seek professional advice before transferring where the funds are coming from an occupational pension scheme; however we recommend you take advice with any proposed transfer.

Change of Mind:

Can I change my mind?

You can cancel your membership of The Pointon York SIPP within 30 days of the establishment of your SIPP with us. You also have a 30-day right to cancel in relation to any funds you transfer in from another pension scheme. However, if you have transferred monies / assets from another registered pension scheme, the transferring scheme is not obliged to take the transfer back.

We will not act on any investment instruction until this 30-day cancellation period has expired. You do however have the option of waiving your cancellation rights for SIPP set-up on our application form. If you do this, we will act on investment instructions immediately once cash is available within your SIPP.

You cannot waive your cancellation rights on transfers. We will not invest any transferred monies until this 30-day cancellation period has expired. This period starts from the point we acknowledge your transfer request. We will write to let you know your rights and the expiry of any cancellation period.

You will have no right to cancel any investment made by your SIPP, unless there is a right to cancel which is specific to that particular investment.

Charges:

What are the charges?

We will charge for administering your plan. These charges are set out in the Pointon York SIPP Solutions Fee Schedule, either provided for this year by your IFA or by us directly. You should make sure that you read this document carefully.

There is a one-off establishment fee for joining our SIPP and an ongoing annual management fee that covers basic administration. There are additional charges for specific services or actions (taking pension benefits, making investments etc).

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You may also have initial and ongoing IFA fees to consider and any fees that are particular to the investment you wish to make.

You should discuss the effect of these charges on the likely performance of your SIPP with your Adviser.

Your Adviser may provide you with a Projection on the likely benefits you may expect to receive from your SIPP in the future – the effect of those underlying charges should be factored into that Projection.

What services does our 'Annual Management Fee' cover?

This covers the cost of basic SIPP administration only:

- i. accepting contributions and claiming basic rate relief from HMRC on personal contributions;
- ii. monitoring employer contributions;
- iii. maintaining your SIPP records and updating our systems;
- iv. complying with HMRC and other regulatory requirements;
- v. tracking investments; and
- vi. providing you with an annual valuation.

Investments:

What investment options are open to me?

We will set a bank account up for your SIPP at a bank of our choice. You should have received notification of the bank we use with your Pointon York SIPP application form. All contributions, transfers, investments or benefits paid must be routed through this account for audit purposes. We may receive a fee from the bank, which will cover the administration of the account. You are only required to hold a £1,000 balance in this account in order that we may collect fees when they fall due.

Other than maintaining £1,000 in your SIPP bank account, you are generally free to invest your Pointon York SIPP funds as you wish, subject to minimal restrictions. There are certain investments we will not let you invest in because of the tax consequences that would arise, but otherwise we will consider most investment proposals.

The main types of investments open to you through The Pointon York SIPP include the following:

- o Deposit accounts with Banks and Building Societies.
- o Unit trusts, Open Ended Investment Companies (OEICs) and investment trusts*.
- o Stocks and shares in this country and abroad*.
- o Structured products such as fixed term Bonds.
- o Unquoted shares (subject to certain restrictions).
- o Commercial property, including shops, offices, warehouses, industrial units, hotels / hotel rooms (provided certain conditions are met) and agricultural land.
- o Joint or syndicated commercial property investments.

* If the underlying investments include residential property certain conditions must be met.

If you decide to take a pension direct from your SIPP as income withdrawal after age 75 (called an 'Alternatively Secured Pension') we do not allow the SIPP to continue to hold commercial property or unquoted shares beyond that point (because of the restrictions on death benefits after age 75).

If we buy or sell assets from / to you or persons connected to you the transaction must be at market value (supported by an independent valuation).

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You may borrow through your SIPP, subject to an aggregate limit of 50% of your net fund value at the time of borrowing (including any Protected Rights). Any breach is subject to a 40% tax charge on your SIPP.

You cannot invest directly in the following assets because of the tax consequences of doing so:

- o Residential property (including holiday and buy-to-let property);
- o Loans to connected parties; or
- o 'Tangible moveable property' (things that can be touched and moved – e.g. antiques, cars etc).

All investment decisions must be made in the best interests of your SIPP, rather than yourself in your personal capacity. Your Adviser will give you advice about your investments, unless you have chosen to act purely on an Execution-only basis.

Financial Protection and Compensation:

Are my SIPP assets protected?

Are there any compensation arrangements covering my SIPP?

Yes.

The Financial Services Compensation Scheme ("FSCS") has been set up by the Financial Services Authority (FSA) to pay out compensation if firms covered by the scheme are unable to meet claims against them.

PYSS, as operator of The Pointon York SIPP, is within the FSCS. If you have a claim against PYSS you may be able to claim up to £48,000 from the FSCS (100% of the first £30,000 and 90% of the next £20,000).

However, your SIPP assets will be owned by Crescent Trustees Limited, a non-trading trustee company which acts purely as trustee of our SIPPs and holds in trust all our SIPP assets. This ensures your SIPP assets are protected by being held separately from the business activities of PYSS.

Any individual investment your SIPP makes may also be covered by the FSCS, depending on the type of investment and the institution involved.

For bank deposits covered by the UK FSCS the maximum claim is £50,000 per institution (or group). This is an aggregate limit for you personally (so would include any personal accounts you hold as well).

For most other investment types covered by the FSCS your SIPP could claim 100% of the first £30,000 and 90% of the next £20,000 (a total of £48,000).

We only require you to hold £1,000 in your main SIPP account. We recommend you do not hold more than £50,000 in an individual banking institution (taking into account any personal holdings) and only invest in accounts covered by the FSCS.

You (or your Adviser) must satisfy yourself on the cover, or lack of cover, from the FSCS or other similar overseas schemes before deciding on a particular investment.

Further information about the compensation arrangements is available from the FSCS (www.fscs.org.uk). Part 5 of this document gives you the relevant contact details.

Taking Benefits:

When can I take pension benefits from my SIPP?

You can start drawing benefits from your SIPP, including any Protected Rights, at any time between ages 50 and 75 (or ages 55 and 75 after 5th April 2010).

Key Features of The Pointon York SIPP

You can start taking benefits even if you are still working.

You cannot take benefits from your SIPP before age 50/55, unless you are in ill-health ('incapacity'). You may not, however, start taking your Protected Rights benefits before age 50/55 where in ill-health.

If you are seriously ill (less than 12-months to live), we may be able to pay out your SIPP as a tax-free lump sum if you have not yet taken any benefits ('vested' any Segments of your SIPP with us). Written evidence from a GP is required.

You must start taking benefits from all your SIPP by age 75. If you do not do this, any unvested funds will automatically be taken into Alternatively Secured Pension at that time (see later Questions) and the right to a tax-free lump sum from those unvested funds is then lost.

What benefits will my SIPP provide?

Part as Tax-free Cash ('Pension Commencement Lump Sum'):

When you first take benefits from your Pointon York SIPP you can usually take part of your funds as a tax-free lump sum (called a 'pension commencement lump sum').

In most cases the maximum lump sum you can take will be 25% of the funds you are taking benefits from (or 'vesting'). There are exceptions and restrictions, which are explained in our Fact Sheet 3.

You cannot use your tax-free lump sum to significantly increase future contributions to your SIPP or any other registered pension scheme.

Taxed Pension:

The remaining funds (generally 75% of the funds you are vesting) must be used to provide you with a pension income. This can be done in one of two ways:

- o using your funds to buy an annuity income payable for life from an insurance company (called a 'Lifetime annuity'); or
- o drawing an income direct from your SIPP through what is called 'income withdrawal' (or 'income drawdown'), subject to certain rules.

If you choose to take income withdrawals direct from your SIPP you can choose to use all (or some) of those vested funds to buy a Lifetime annuity at a later date at any time.

All pension payments are subject to income tax, whether paid direct from the SIPP as income withdrawal or through an annuity contract. Tax will be deducted through PAYE.

From 6th April 2006 a ceiling on the amount of tax privileged pension benefits that you can be provided with in your lifetime from all registered pension schemes was introduced. This is called the Lifetime Allowance. If you use up your Lifetime Allowance, there will be significant tax charges on any pension rights you have not yet started taking once you start taking them. Our fact sheet 4 explains more.

Do I have to take benefits from all my SIPP at the same time?

No, not if you don't want to.

Your Pointon York SIPP will normally be divided into 1,000 notional Segments on establishment. You can decide to draw benefits from these Segments independently of each other, enabling you to phase in your benefits over time. Segments must be vested by age 75.

Your Protected Rights will be tracked separately and are also split into 1,000 Segments.

Due to DWP legislation, both the lump sum and income you choose to draw from your Protected Rights through income withdrawal cannot be proportionately greater than the lump sum and income drawn or being drawn from your other SIPP funds (Non-Protected Rights). This may change in April 2012.

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What if I choose to draw a pension direct from my SIPP as income withdrawals?

Your funds remain invested within your SIPP and you can draw an income direct from your SIPP. An annual limit is set at outset and reviewed periodically thereafter.

Before age 75, income withdrawals are referred to as an 'Unsecured Pension'. The rules governing Unsecured Pensions are different from those governing income withdrawal after age 75 (called an 'Alternatively Secured Pension' or 'ASP').

Before Age 75 ('Unsecured Pension'):

Up to age 75, there is no requirement to draw an income from your vested Segments after you have taken your lump sum. You can vary the amount of income that you draw from your vested SIPP funds at any time but you must not exceed an annual maximum limit.

A maximum annual income that you will be able to draw each year is set using tables produced by the Government Actuary's Department (GAD Tables) when you first go into income withdrawal.

The GAD Tables calculate a basic maximum (called the 'basis amount') based on your age and sex, prevailing gilt yields at that time (using a prescribed rate) and the market value of the funds being vested at that time.

The maximum annual income you can draw is set at 120% of this 'basis amount' figure. This maximum will apply until a review is triggered or you reach age 75. This maximum must be reviewed every five years up to age 75. It may be reviewed earlier in certain circumstances (e.g. you vest more Segments).

After Age 75 ('Alternatively Secured Pension' or 'ASP'):

After age 75 in ASP there is a:

- o more restrictive maximum income you can draw each year from your SIPP; and
- o requirement for you to draw a minimum income

On your 75th birthday we will calculate a new annual maximum using the GAD Tables. Your new annual maximum will be set at 90% of the 'basis amount'.

The minimum annual income you must draw is set at 55% of the 'basis amount' set by the GAD Tables at your 75th birthday (and every review thereafter). If the minimum is not paid, there is a 40% tax charge levied on your SIPP on the shortfall.

For example, if the 'basis amount' calculated was £20,000, the minimum you must draw in the next year would be £11,000 and the maximum £18,000.

The minimum and maximum must be reviewed annually after age 75. We will require you to sell any commercial property or unquoted shares held in your SIPP by age 75.

Protected Rights:

Both before and after age 75, any income taken from your Protected Rights must be no more proportionately than the income being drawn from your other SIPP funds.

What happens if I choose to buy a Lifetime annuity?

If you buy a Lifetime annuity from an insurance company then your SIPP funds are given to the insurance company who in exchange will provide you with a certain level of income (for life). The terms will be set at outset through an annuity contract.

If you buy a Lifetime annuity you will have to cash in SIPP investments to fund the purchase. Those funds are lost to the SIPP. If you use all your SIPP funds to buy an annuity your SIPP will be closed.

The level of income provided by the annuity will vary depending on the type of annuity you buy, as will the provision of any death benefits (which are limited). See our Fact sheet 3.

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Currently there are requirements the Lifetime annuity must meet where purchased from Protected Rights. For example, the annuity rate is calculated on a unisex basis and, if you have a spouse / civil partner, the annuity must provide them with a pension on your death of at least 50% the rate you were paid.

What is my Lifetime Allowance?

Each tax year an amount called the 'standard lifetime allowance' (SLA) is set by the Government. For the 2009/10 tax year, the SLA is £1.75 million. The SLA will rise to £1.8 million for the 2010/11 tax year, but will not be reviewed thereafter for another 5 tax years. Most people's Lifetime Allowance will be whatever the SLA is for that tax year, although some people may be entitled to a higher amount.

After 5th April 2006 you use up Lifetime Allowance when you start taking benefits from a registered pension scheme. You will also be deemed to have used up some of your Lifetime Allowance already if you were in receipt of a pension on 5th April 2006. Our Fact Sheet 4 explains more.

Death Benefits:

What happens on my death?

This depends on whether you:

- o are under age 75 when you die, and have not started taking benefits from your SIPP (you have unvested Segments remaining);
- o are under age 75 when you die, and have started taking benefits direct from your SIPP through income withdrawal (i.e. you have vested Segments);
- o have taken benefits from your SIPP by buying a Lifetime annuity; or
- o are over age 75 when you die (and are in ASP).

When you set up your SIPP we ask you to complete an Expression of Wish to indicate to where you wish any remaining funds to be paid on your death. We will follow your Expression of Wish, unless there are reasonable grounds for us not doing so.

You can change your Expression of Wish at any time. We will ask for a fresh Expression of Wish at age 75, if you still have funds held under the SIPP.

What happens if I die before age 75?

Any funds remaining in your **unvested** Segments under your SIPP (that are not Protected Rights) can be used to provide:

- o any beneficiary (including, but not limited to, your dependants) with a lump sum benefit; this will be paid tax-free, although it will be tested against your remaining Lifetime Allowance; or
- o your spouse / dependant(s) with a pension benefit, either direct from the SIPP through income withdrawal or by purchasing an annuity from an insurance company.

Any funds remaining on your death in your **vested** Segments can be distributed in the same way as described above for unvested Segments, except that any lump sum paid will be subject to a 35% tax charge. The charge is on your SIPP and will be deducted before payment by us and paid direct to HMRC. This taxed lump sum is not subject to the Lifetime Allowance.

If you hold Protected Rights under The Pointon York SIPP then we cannot currently pay a lump sum where you are survived by a spouse / civil partner. They must take a pension benefit. If there is no surviving spouse / civil partner then a lump sum can be paid as above, but it must be paid to the person you nominated, or to your estate where you have not so nominated.

We do not have discretion with Protected Rights. This means the lump sum paid may count against your estate for Inheritance Tax purposes.

Key Features of The Pointon York SIPP

What happens if I die after I have purchased a Lifetime annuity?

If you die after buying a Lifetime annuity, then your dependant will only get a continuing income if you bought a joint-life annuity (or were required to buy one with your Protected Rights). No pension will be payable from the SIPP.

If you purchased an annuity with:

- o a guarantee - if you have died in the guarantee period, your annuity payments will continue to the end of that guaranteed period (still subject to income tax); or
- o 'value protection' - a lump sum may be payable on your death (taxed at 35%) under the terms of that contract if you died before age 75.

What happens to any funds remaining if I die after age 75 in ASP?

If you die after age 75 in ASP under your SIPP and you are survived by a spouse / dependant the only option is to use the remaining funds to provide them with a pension benefit.

If you are not survived by a spouse / dependant then the only option will be for the remaining funds to be paid to a registered charity or charities (which you can nominate). Where you are survived by a dependant similar restrictions apply on their death where they have chosen to continue taking income withdrawals from the SIPP.

If remaining funds are not used in the above ways there are severe tax consequences on both the beneficiary and your SIPP, including potentially inheritance tax (IHT) being due. ***We will not permit a return of fund in these circumstances.***

There may also be an IHT charge if you are survived after age 75 by a dependant (who is not a spouse or civil partner) who is only dependent on you because of financial 'mutual dependence' (rather than complete financial dependence). Here they would not be what HMRC call a 'relevant' dependant, and the amount used to provide them with a pension would count towards your estate for IHT purposes. This is something we recommend you take financial advice on before considering going into ASP at age 75.

A dependant's pension can be provided either through annuity purchase from an insurance company or instead direct from the SIPP through income withdrawal. If by income withdrawal then any funds remaining in the SIPP on their death after age 75 in ASP must be paid to charity, assuming there are no other surviving dependants of yours. If they die before age 75, a lump sum may be paid but this will be subject to IHT and a 35% tax charge.

IHT may also be applied to your SIPP if the funds are not distributed or allocated correctly within 6 months of the end of the month in which you or your dependant die.

Do my beneficiaries have to worry about the Lifetime Allowance?

Only where you die before age 75 and a lump sum is being paid from your unvested funds.

Will any lump sum paid on my death count towards my estate for Inheritance Tax (IHT) purposes?

Our understanding is that where you die before age 75 no IHT charge will arise on any lump sum death benefit paid from funds which are not Protected Rights, providing that you were in normal health at the time you chose to take income withdrawals (where relevant) and that you did not reduce the level of your withdrawals because your health deteriorated. As we have no discretion over where any lump sum death benefit is paid from any Protected Rights in the SIPP we must follow your nomination, or pay to your estate, under DWP rules – this means any lump sum paid will, as we understand, count towards your estate for IHT purposes.

We cannot give advice on IHT matters.

If you (or your dependant) continue into ASP after age 75, there are IHT issues to consider. See earlier questions.

Part 5: Contact us / Complaints

You can contact us at the following address:

Pointon York SIPP Solutions Limited
Pointon York House
Welland Business Park
Valley Way
Market Harborough
Leicestershire, LE16 7PS

Tel: 01858 419300
Fax: 01858 419400
Email: enquiries@sippsolutions.com

If you are not satisfied with any element of the services provided by us, you should write to The Relationship Manager, Pointon York SIPP Solutions Limited at the address above, and your letter will be dealt with according to our complaints procedure. A copy of our complaints procedure will be sent with our Welcome letter when we receive your application.

If you are not satisfied with our reply to your complaint you can refer your complaint to either the Pensions Ombudsman or The Financial Ombudsman Service (FOS). This will not affect your right to take legal proceedings.

Where your unresolved complaint concerns the administration of your SIPP you should direct your complaint to The Pensions Ombudsman, an independent party who will adjudicate between you and us on your complaint. They can be contacted at:

The Pensions Ombudsman
11 Belgrave Road
London, SW1V 1RB

Tel: 0207 834 9144
Email: enquiries@pensions-ombudsman.org.uk

Where your unresolved complaint concerns the marketing or sale of our SIPP you should in the first instance direct your complaint to the FOS, who provide consumers with a free independent service for resolving disputes with financial firms. They can be contacted at:

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

Tel: 0845 080 1800
Email: complaint.info@financial-ombudsman.org.uk

PYSS is covered by the Financial Services Compensation Scheme (FSCS). This means that if PYSS become insolvent you may be able to claim compensation. Further details are available on request from the FSCS at:

The Financial Services Compensation Scheme
7th Floor
Lloyds Chambers
Portsoken Street
London, E1 8BN

Email: enquiries@fscs.org.uk

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