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Alliance Trust Savings

SIPP | Key Facts

! This is an important document which you should keep.

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The Financial Conduct Authority is the independent financial services regulator. It requires us, Alliance Trust Savings, to give you this important information to help you decide whether our SIPP Account is right for you. You should read this document carefully so that you understand what you are applying for and keep it safe for future reference.

Helping you decide

What you should know before you invest.

What is the purpose of this document?

To give you a summary of information to help you decide if you want to invest in our Self Invested Personal Pension.

What questions should I ask before I invest?

In this document we have given you the answers to some very important questions about our SIPP. These are set out between pages 4 and 7 and will give you important information to help you make your investment decision.

Who is our SIPP suitable for?

Our SIPP and SIPPs in general are suited for clients who are comfortable managing their own pension affairs or have a financial adviser to assist them. If you only plan to invest a small amount in our SIPP and not add to it over time or transfer other pensions you have to it our flat fee may not be suitable to your personal circumstances. Our SIPP offers wide investment choice and therefore individuals who have an understanding of various investments and wish to invest across different asset types may be attracted to a SIPP.

Its aims

- To offer you a tax advantaged way to invest for retirement.
- To let you choose from a range of investments.
- To let you start taking money out if you want to, normally from age 55.
- To give you the option to take some of that money as one or a series of tax-free lump sums (up to 25% of the value of the money you use to provide an income).

Your commitment

- If you wish to make a contribution you understand that there is a minimum payment of £50.
- To choose investments that match the risks you are willing to take with your money.
- To manage your investments actively to make sure they continue to be right for you.
- To view those investments as being for the long term. You won’t normally be able to take money out of your SIPP Account until you are at least 55.
- To only take money out in a way allowed for under the pension and tax rules that apply at the time.
- To take financial advice if you are not sure of the right option for you when it comes to taking money out. You will be entitled to free, impartial guidance on your options from Pension Wise – a government service completely independent from Alliance Trust Savings.
- After age 55, to review your arrangements for taking money out regularly, to make sure they are still right for you.
- To pay us your account charge.

Risks

General risks

- The value of your investments, and any income you get from them, can go down as well as up.
- You may get back less than you put in. That includes if you cancel in the first 30 days and the value of your investment has fallen by the time we get your instruction.
- Past performance is not a guide to future performance.
- These things all mean that, if you set a target amount you would like to get out of your SIPP Account in future, you may not meet that target.

Other things that might affect meeting your target are:

- **not keeping up payments you planned**
- **charges being higher than you allowed for**
- **taking money out earlier than you planned**
- **inflation being higher than you expected**
- **lower than expected investment growth**

Laws and tax rules may change in the future without notice. The information here is our understanding in April 2017.

Investment specific risks

- Different investments have different levels of risk. Some have more risk than others.
- You can find details of the specific risks for a fund in the fund prospectus and (for most types of fund) a summary in the key investor information document (KIID).
- Fund managers make their own investment decisions based on the investment objectives of their fund. They don't make decisions based on your personal circumstances.
- Investments in property funds can be difficult to sell. You might not be able to sell them when you want to. The valuation of property is generally a matter of opinion, rather than fact.
- If you invest directly in the shares of a company you become a joint owner of that company with the other shareholders. The company, or the industry it is part of, might fail.
- Factors outside of the control of a company's managers can affect the price of shares. These can be national or global. They include political, economic and social factors and the actions of governments and other organisations.
- When you want to trade there may not be a market to buy or sell the shares you are interested in.
- If investments have holdings which are denominated in a currency other than Sterling they may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.

Risks specific to taking money out of your SIPP Account

- Taking money out and still being invested in your SIPP Account may not be suitable for you. If you are not sure what to do you should take financial advice. You will be entitled to free, impartial guidance on your options from Pension Wise.
- Any taxable income you take from your SIPP Account will be taxed under the Pay as You Earn system (PAYE). If you take a lot of income at once you may end up paying a higher rate of tax than usual.
- If you receive any means tested benefits, taking an income from your SIPP Account might mean they are reduced or stopped.
- The value of your SIPP Account might go down when you start taking money out, especially if you take a high income and investment returns are poor. So the income you can take in future might also go down.
- By taking money out of your SIPP directly it is possible that your Account will run out of money. This can be due to high levels of income taken and/or poorer than anticipated investment performance.

The rules for pensions and tax might change in the future. If they do, this could affect:

- **the amount of income you can take**
- **what could be paid to your beneficiaries when you die**
- **how much tax either you or they have to pay**

If you die the tax rules are complicated and significant tax charges might apply to your SIPP Account.

When you ask to take money out for the first time (this can be either a tax free cash payment or income), if you cancel after we have paid the money out you will have to pay it back within the 30 day cancellation period please read our cancellation policy for details.

Our legal relationship with you

You should read this document along with:

- **the SIPP Scheme Rules**
- **the Terms and Conditions**
- **our Charges Guide.**

Together with your Application they give the full picture of how we manage your SIPP Account and the legal relationship between us. We automatically send you a copy of the Terms and Conditions with your Welcome Pack. To get a copy of the SIPP Scheme Rules, please contact our Client Service team.

The SIPP Scheme Rules, the Terms and Conditions and the Charges Guide may change in the future. Sometimes we have to set special conditions to accounts to meet our legal and regulatory obligations.

For the funds available through your SIPP Account you can look up fund prospectuses and KIIDs online at alliancetrustsavings.co.uk !

Get in touch:

www.alliancetrustsavings.co.uk

T: 01382 573737

PO Box 164,
8 West Marketgait
Dundee
DD1 9YP

E: contact@alliancetrust.co.uk

Your questions answered

What is a SIPP?

It is a type of personal pension that lets you access a wide range of investments. A personal pension is a tax advantaged account designed to help you invest for retirement.

Is a SIPP a stakeholder pension?

No. Stakeholder pensions have to meet government set standards covering payments, charges and other terms and conditions. A stakeholder pension might meet your needs as well as a SIPP Account. The charges for a SIPP may be higher than for a stakeholder pension.

Who can apply for an Alliance Trust Savings SIPP Account?

If you are 18 or over and:

- **have earnings that count for UK income tax; or**
- **are resident in the UK at some point during the tax year; or**
- **want to make a transfer from another registered pension scheme**

you can apply for a SIPP Account with us.

If you are the parent or legal guardian of a child under 18 you can also apply for a SIPP Account on their behalf. We call this a Child SIPP. Whenever we talk about a SIPP Account in this document we also mean a Child SIPP. We don't accept applications by or on behalf of any US Persons.

Here to help: For the details of what we mean by a registered pension scheme, and by US Persons, you can look up our glossary online at **www.alliancetrustsavings.co.uk/glossary**.

Is this SIPP Account for me?

This SIPP Account is for people who are:

- **looking to invest through funds, in shares directly, or in a combination of both**
- **looking to hold their investments in a tax advantaged account**
- **willing to view these as long term investments (remember, you can't normally take money out of a SIPP Account until you are at least 55)**
- **comfortable with putting their capital at risk for the possibility of better returns**
- **comfortable that a stakeholder pension wouldn't meet their needs just as well.**

I'm not sure if I need advice?

Alliance Trust Savings can't give you financial advice. You should understand the risks and commitments of a SIPP Account before you invest. If you feel you need advice to decide whether a SIPP Account is right for you and don't already have a financial adviser, you can search for one near you at **www.unbiased.co.uk**.

Can I change my mind?

Yes. You have the right to cancel your SIPP Account within 30 days of us accepting your application. Just let us know in writing. We will give back any money paid in, unless your investment has fallen in value by the time we get your instruction. In that case we will take off the amount by which it has fallen first.

You can also change your mind when you ask us to arrange the transfer in of money from another registered pension scheme or to take money out of your SIPP Account for the first time.

Here to help: We'll remind you of your right to cancel in your SIPP Account Welcome Pack, including the address to write to and all the details you'll need to include.

Who can pay in to my SIPP Account?

Anyone can, including your employer. But you only get a tax advantage (in the form of tax relief) on your personal payments. Personal payments include those you make from your own pocket or that anyone else, other than an employer or former employer, makes on your behalf. And to qualify for the tax relief you have to:

- **have earnings that count for UK income tax; or**
- **be (or be treated as) resident in the UK at some point during the tax year being claimed for or in any one of the previous five tax years.**

How much can I pay in?

You can pay in as much as you like each tax year, but you can only get tax relief on payments up to the greater of:

- **up to all of your relevant UK earnings in the tax year (subject to annual allowance); or**
- **up to £3,600 (before tax) regardless of any earnings.**
- **you can no longer pay into your SIPP when you turn 75.**

What is the annual allowance?

Each tax year there is an annual allowance for the total that you, your employer and anyone else making payments on your behalf can together pay in or build up across all registered pension schemes in your name. This limits the personal payments on which you can actually claim tax relief. The annual allowance for 2017/18 is £40,000 but there are circumstances when it may be lower.

If the tapered annual allowance applies to you

If you have earnings of more than £150,000 in a tax year then your annual allowance for that tax year is restricted. For every £2 of earnings over £150,000, £1 of your annual allowance will be lost. The maximum reduction is £30,000. It will be reached if you have earnings of at least £210,000 in the tax year, resulting in an annual allowance for you of £10,000.

If you are taking money out from a pension

If you are already taking money out from a pension, your annual allowance may be £4,000 (see **If I start taking money out, can I still pay money in?** for more information).

Payments for the purposes of working out your annual allowance include:

- **any basic rate tax relief we reclaim on your behalf; and**
- **any increase in the value of any defined benefit (sometimes called 'final salary') pension to which you are entitled.**

You will have to pay a tax charge on anything above your annual allowance, unless you can use up ('carry forward') any left-over annual allowance from up to the three previous tax years.

Here to help: If you'd like to find out more about carry forward for any unused annual allowance please read our guide to Accessing Your Pension Savings, available online at **www.alliancetrustsavings.co.uk**

How flexible can I be with my payments?

Each payment you make (or that anyone else, including your employer, makes on your behalf) must be £50 or more (before any tax relief is claimed). Otherwise, you can be very flexible with your payments. You can set up regular monthly or quarterly payments. You can also make one off payments. And you can start, stop and vary your payments whenever you like.

Can I transfer from another pension scheme to my SIPP Account?

Yes. You may be able to transfer from another registered pension scheme to your SIPP Account.

If we offer the same investments in your SIPP Account that you hold with your current registered pension scheme you can ask to transfer these to us without having to sell them first.

Your current registered pension scheme might charge you for transferring and you should work out the impact of any charges on your investment before going ahead.

You can't transfer money to us from a private defined benefit scheme unless you have taken advice from a financial adviser with the right qualifications. The only exception is when the total transfer value of all your benefits in that scheme is less than £30,000.

You are unlikely to be able to transfer money to us from a public sector defined benefit scheme at all. Please check with the scheme concerned before asking us.

Pensions are a long term investment and can be complicated. You could lose valuable benefits by transferring so you should seek financial advice before making any pension transfer. There will be a cost for this.

Find out more: You can find details of the different payment methods we accept, how to go about setting up your payments, and also how to transfer from another registered pension scheme to us in our Platform Guide, available online at **www.alliancetrustsavings.co.uk**

What about taking money out?

You can't normally take money out of your SIPP Account until you are aged at least 55. You can take money out after this whether you are retired or not.

How and when you take money out is an important decision with potentially long term consequences for funding your retirement.

Around the time you can start taking money out of your SIPP Account you will be entitled to free, impartial guidance from Pension Wise – a government service completely independent from Alliance Trust Savings. You'll be able to get help about:

- **what you can do with your pension pot**
- **the different pension types and how they work**
- **what's tax free and what's not**

To access the service go to **pensionwise.gov.uk** or if you prefer to speak to someone you can talk to an impartial guidance specialist on the phone or face to face – details are on the website.

Pension Wise can't provide financial advice. If you need this you should speak to a financial adviser.

What are my choices for taking money out?

The **income approach** lets you take a tax free lump sum - normally up to 25% of the value of your SIPP Account (or 25% of your 'lifetime allowance' if this is less – see page 6). Then you use the rest to set up a taxable income for your retirement. There are two ways to do this:

- **buy an 'annuity' from another company (we don't provide annuities)**
- **move into 'flexi-access drawdown' where you continue to invest in your SIPP Account but start taking money out either regularly or when you need it, until your investment runs out. There are no limits on how much you can take out at any one time under flexi-access drawdown. You can take all your money in one go if you like but remember income is taxed.**

The **cash lump sums approach** lets you take your money out as one or a series of cash lump sums. For each lump sum, 25% will normally be paid tax free and you will be taxed on the rest.

If you like, you can start with the cash lump sums approach, and move to the income approach later. But you can't do things the other way round.

In both cases, apart from the tax free lump sums you can take, you will be taxed under the Pay As You Earn (PAYE) system when your money is paid to you, the same way you would pay tax on a salary. Depending on your personal circumstances, if you take a lot out at once that may mean you end up paying a higher rate of tax than usual.

There is no obligation to take a tax free lump sum or income at any time.

Here to help: For a fuller guide to making decisions about your retirement savings, and more on the details you may need to consider, you can read our guide to Accessing Your Pension Savings, available online at **www.alliancetrustsavings.co.uk**

If I start taking money out, can I still pay money in?

Yes, as long as your SIPP Account is still open. But your annual allowance will be reduced to £4,000.

The only exceptions are:

- **if, under the income approach, you just take out a tax free cash lump sum but do not take an income right away, then your annual allowance stays at £40,000 until you do start taking an income**
- **if you are in a 'capped drawdown' arrangement set up on or before 6 April 2015, when your annual allowance also stays at £40,000 for as long as you stay in that arrangement**

Are there any limits for taking money out?

No. Not unless you already set up 'capped drawdown' before 6 April 2015 and want to stay in this arrangement. Otherwise you can now move to flexi-access drawdown whenever you like and these limits will no longer apply. If you do this, your annual allowance reduces from £40,000 to £4,000.

If you are not sure whether you are in capped drawdown through your SIPP Account, please contact us using the details at the end of the document.

Find out more: You can also find details of the limits for capped drawdown in our Accessing Your Pension Savings guide.

What is the lifetime allowance?

There is a lifetime allowance for all your pension savings. The lifetime allowance for 2017/2018 is £1 million. On anything you take out from any registered pension scheme above your lifetime allowance you might have to pay a lifetime allowance charge of up to 55%.

In recent years the lifetime allowance has been reduced. If you applied for protection from these changes you may have a lifetime allowance higher than £1million.

Find out more: learn more about the lifetime allowance and protection in our Accessing Your Pension Savings guide.

Can I transfer my SIPP Account from you to another registered pension scheme?

Yes. You may be able to transfer your SIPP Account to another registered pension scheme.

If the other registered pension scheme offers the same investments as you hold with us you can ask to transfer these without having to sell them first.

We will charge you for transferring to another registered pension scheme.

Pensions are a long term investment and can be complicated. So we suggest you seek financial advice before making any pension transfer. There will be a cost for this.

Find out more: You can find details of how to set up the different ways of taking money out and other useful information about managing your SIPP Account - including how to transfer to another registered pension scheme - in our Platform Guide, available online at **www.alliancetrustsavings.co.uk**.

What are the charges?

You pay us an account charge for holding your SIPP Account. We may also charge separately for some transactions (for example, buying and selling investments and transferring your SIPP Account to another registered pension scheme).

Our charges may change in future.

If you invest in funds, you will also pay charges to the fund manager(s). You will find details for each fund in the fund prospectus or in the KIID (for funds that have one).

If you have an adviser you may also pay charges to them. They will agree these with you separately.

Find out more: You can find details of all our charges in our Charges Guide online at **www.alliancetrustsavings.co.uk**. And you can find the KIID for each fund, including the charges, at **www.alliancetrustsavings.co.uk**.

What about tax?

A SIPP Account is a tax advantaged account.

You get tax relief on what you pay in, and some tax advantages on what you take out (tax free lump sums). But you may have to pay tax charges if you exceed your annual allowance for paying in or your lifetime allowance for taking money out.

Once you start taking an income from your pension, other than any tax free lump sums you take, you will pay tax on this under the PAYE system.

You don't have to pay tax on any income or capital gains from investments held in your SIPP Account or declare these on your tax return. Deposit interest (if applicable) will be paid gross (without deducting tax).

Find out more: Our latest interest rates for cash are in our Interest Rate Table online at **www.alliancetrustsavings.co.uk**.

Laws and tax rules may change in the future without notice. The information given here and elsewhere in this document is based on our understanding in April 2017. It takes no account of your personal circumstances which may impact on tax treatment.

What happens if I die?

If you die before the age of 75 your beneficiaries can take all the money out of your SIPP Account or use it to pay them an income. Either way they won't pay tax on it unless:

- **you have exceeded your lifetime allowance; or**
- **payments out are not made to them within two years of your death.**

If you die after the age of 75 your beneficiaries can still take all the money out of your SIPP Account or use it to pay them an income. Any payment they take will be taxed at their marginal rate of tax.

Find out more: To find out more about what happens to your SIPP Account when you die please read our guide to Accessing Your Retirement Savings, available online at **www.alliancetrustsavings.co.uk**.

What information do you send me?

We send you a Welcome Pack when we accept your application.

We also send you a valuation and transactions statement around April and October each year.

And once a year – usually after the end of the tax year – we send you an illustration of what you might get back when you start taking money out.

If you have already started taking money out we will also send you an illustration that shows you the likely effect of taking more money out in the future.

What the illustrations show is not guaranteed.

Can I access my account online?

Yes. When we open your account we automatically send you a user ID and password (under separate cover for security). These let you access your account online and check the value of your SIPP Account at any time.

Other information

Law

The law of England applies if you have a dispute with us.

Language

We will communicate with each other in English.

Complaints

If you have a complaint about your SIPP Account please contact our Service Quality Team in writing, by email or on the phone using the contact details shown at the end of this document.

You can make a complaint yourself or someone else can complain on your behalf, as long as you have given them written authority to do this.

If you are not satisfied with our answer to your complaint you can contact the Financial Ombudsman Service by writing to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR or calling 0800 023 4567.

You can also contact the Pensions Advisory Service in writing at, 11 Belgrave Road, London, SW1V 1RB or calling 0845 601 2923. If you are not satisfied with their answer to your complaint you can contact the Pensions Ombudsman by writing to the same address or calling 0207 834 9114.

Find out more: our Complaints Handling Procedure gives all the details of our complaints process. You can find this online at **www.alliancetrustsavings.co.uk** in the pensions forms and documents section, under useful information.

Compensation

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme. In respect of investments held in Accounts, you may be eligible for compensation under the FSCS, up to £50,000. In respect of deposits, an eligible depositor is entitled to claim up to £85,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £85,000 each (making a total of £170,000). The £85,000 limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.

Find out more: our Compensation statement gives more details about the FSCS and what it covers. You can find this online at **www.alliancetrustsavings.co.uk** in the pensions forms and documents section, under useful information. You can also visit the FSCS website at **www.fscs.org.uk** or call them on **0800 678 1100**.

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