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Key Features of Your Simple SIPP and Your Premier SIPP

Important Note

If you would like a copy of this document in braille, large print or audio format please contact us on 0330 124 1505.

Options UK Personal Pensions LLP ("Options UK") cannot provide you with either financial or investment advice in relation to your specific circumstances and the suitability of a self-invested personal pension ("SIPP") for your retirement planning.

This Key Features document explains the main characteristics and potential benefits of the SIPP product that you are opening with Options UK. This will either be:

- Your Simple SIPP; or
- Your Premier SIPP

Neither of our SIPP products are stakeholder pension schemes. If you do not require the flexibility offered by a SIPP then a personal pension scheme may be more appropriate for you.

The added flexibility of some of our SIPP products might result in charges that are higher than some other pension products such as a personal pension scheme or stakeholder pension scheme and you should satisfy yourself that these added benefits are relevant to your circumstances.

If you are unsure as to whether a SIPP or one of our specific SIPP products is suitable for you then you should seek advice from an independent regulated financial adviser.

If you do not have a financial adviser then for details of your nearest financial adviser firms please visit www.unbiased.co.uk.

Before you start reading

We use plain language to make these Key Features easy to understand. Please take time to read this information. If you need to ask about anything you read, we are here to help, so please contact us either by phone, email or in writing. Our contact details are given towards the end of this document.

'You' means the person choosing the SIPP and 'we' and 'us' means Options UK or, in some cases, the trustees of the scheme.

The term 'our SIPP' or 'SIPP' is used throughout this document as a generic description of either of the above SIPP products, as relevant to your circumstance.

We also refer to 'your SIPP' or 'my SIPP' throughout the document - this means the self-invested personal pension arrangement(s) you set up and hold with us (if you decide to join).

About Us

The Financial Conduct Authority ('FCA') requires us, Options UK Personal Pensions LLP ('Options UK'), to give you this important information to help you to decide whether one of our SIPP products is right for you. You should read this document carefully so that you understand the product and then keep it safe for future reference.

This document is based on our understanding and interpretation of current legislation, which may change in the future. It should not be relied upon for financial advice, detailed advice for an individual, or as legal advice. The taxation of benefits that you may be entitled to in the future can change.

Key Features Of Your SIPP

Introduction

These Key Features explain the main characteristics and potential benefits of the two SIPP products open to new clients with Options UK. If you have any questions about any information in this document, please contact your financial adviser, or contact us directly.

All our SIPP products are a type of personal pension scheme called a 'self-invested personal pension' ('SIPP') and are suitable long-term pension planning vehicles for individuals who want to diversify their investments outside of the usual range offered by a traditional personal pension. There are additional costs associated with our SIPPs.

Your Premier SIPP differs from a conventional pension plan because it can give you more control and flexibility. You or your financial adviser direct where the funds are to be invested, provided it is in accordance with the conditions that we impose.

Your Simple SIPP offers less flexibility on your investment choice than Your Premier SIPP in return for lower fees. However, it offers the same flexibility as Your Premier SIPP on accepting contributions, transfers and taking benefits.

Both Your Premier SIPP and Your Simple SIPP accounts are held under the same UK registered pension scheme and both benefit from tax exemption and reliefs in the UK.

Its aims

Both of our SIPP products aim to provide you with the following:

- a tax-efficient way to save for your retirement, as your fund is usually free from income tax and capital gains tax on investment returns and growth;
- a wide range of investment options (through the Your Premier SIPP);
- the ability for you to make your own investment decisions;
- the provision of retirement benefits that are flexible in meeting your changing needs and personal circumstances;
- a wide range of options at retirement, including drawing income direct from your fund, purchasing an annuity from an insurance company and even to phase your retirement by taking benefits in stages; and
- direct access to dedicated, experienced administrators and technical staff.

Your commitment

When you open a SIPP with us you are committing to the following:

- you need to make sure you understand the main features, benefits and risks of your chosen SIPP product before opening an account with us to ensure that it meets your needs and expectations;
- you need to make at least one transfer or one contribution to start your SIPP with us;
- you agree to take responsibility for deciding how your SIPP with us is invested;
- you need to ensure any contributions you make do not exceed your tax relievable limits or allowances and let us know going forward if you are no longer eligible to make tax relievable contributions to your SIPP;
- you will normally have to wait until your 55th birthday (or 57th birthday from 6th April 2028) before taking any money from your SIPP with us and any benefits taken will be based on restrictions laid out by the tax rules;
- you are responsible for regularly checking your investments, contributions and fund growth to make sure you will meet your retirement plans and goals;
- you agree to pay the fees associated with your chosen SIPP product and keep enough cash in your SIPP to meet any ongoing fees; and
- you must read and agree to our terms and conditions (that are available on our website www.optionspensions.co.uk or, alternatively, please call us or email us and we will send you a copy if you have not yet read them).

There is no requirement on your part to make a regular contribution. Contributions can be started and stopped at any point in time. Fees will be chargeable irrespective of whether contributions are paid. These fees can be paid from your SIPP or personally.

Key Features Of Your SIPP (continued)

Risks

When you can access your SIPP funds held with us

In normal circumstances benefits can only be paid out from age 55 (or age 57 from 6th April 2028). Benefits may be paid from an earlier age in some exceptional circumstances where you suffer from ill health or incapacity.

If you retire earlier than expected and start taking payments from your SIPP then your pension savings may run out during your retirement and may not meet your retirement needs.

The level of pension benefits you will receive is not guaranteed.

The value of investments within your SIPP may go up or down. The value of your pension fund at retirement is not guaranteed and will depend on the performance of your investments.

The eventual benefits provided by your SIPP in the future may be lower than you expect for a number of reasons:

- lower than expected investment returns, or capital growth
- cessation of contributions
- lower than expected interest or annuity rates
- increases in charges or investment costs
- drawing benefits earlier than anticipated at outset

Changes to tax rates, reliefs and allowances in the future may affect the amount of benefit that you receive when you retire.

The pension income you will receive if you draw direct from your SIPP is not fixed and isn't guaranteed for life. If a guaranteed income in your retirement is important to you then you should consider buying a guaranteed income stream through an annuity from an insurance company. If your SIPP funds run out your income will stop.

If your SIPP investment returns are poor and you take a high level of income then your SIPP will fall in value.

If your SIPP runs out of money you will be reliant on other sources of income for the rest of your retirement.

Any income (or most of any one-off taxed lump sum) you draw is normally subject to income tax, deducted by us through payroll. The more you draw in a tax year, the more likely you are to fall into higher-rate tax bands and the more tax you will pay. You should consider marginal tax-rates before deciding on the level of income to draw.

Transaction charges are payable. The excessive switching of investments or low value transactions may erode the value of your fund.

If your SIPP holds commercial property or more specialist investments then we will have to obtain an up-to-date market valuation of the investments when you take benefits (and at certain other times prescribed by the tax rules). This will likely incur costs.

Transfer risks

You will incur transfer fees if you transfer into your SIPP pension rights from another pension plan. The other provider may also levy their own charges. Charges will also be due if in the future you decide to transfer from your SIPP to another pension plan.

You may be giving up valuable scheme benefits such as guaranteed benefits or annuity rates or life assurance cover if you leave the transferring scheme. If you transfer rights from a defined benefit pension arrangement to your SIPP then the pension benefits you receive in your SIPP may not be as great as they could have been had you stayed a member of the scheme from which you are transferring.

We will not accept transfers from schemes with guaranteed benefits unless you have taken independent financial advice and that advice recommends that you should proceed with the transfer.

If you are already in receipt of benefits from your existing pension provider then you can only transfer those benefits to us if the benefits are being paid as income drawdown. On transfer to your SIPP we will need to keep these funds segregated from any other funds you transfer to us.

Investment risks

You are responsible for deciding how your SIPP funds held with us are invested, although you may wish to appoint a regulated financial adviser or investment manager to do this on your behalf. We cannot do this for you.

You will not receive a recommendation from us concerning either the suitability of your chosen SIPP product or the investments held within it. We will not accept any responsibility for poor investment performance or mis-selling. If you are unsure whether Your Premier SIPP or Your Simple SIPP or the specific investments that you will invest in through your SIPP are suitable for you then you should consult a financial adviser.

Our SIPP product range allow you to access a range of investments, and some of these carry a far greater degree of risk than others.

You should familiarise yourself with the content of the Key Investor Information Document or relevant fund specific document for the investment(s) you have chosen – if you do not understand any aspect of the investment or have any questions relating to the potential risks of an investment you should seek advice from your financial adviser or investment manager.

The sale or market value of some investments (such as commercial property) are subject to the opinion and judgment of third parties, and sometimes these values are not always easily obtained.

Key Features Of Your SIPP (continued)

Investment risks (continued)

Some investments can take far longer to sell than other investments, and you may not be able to sell them at the time you wish to.

Where your SIPP borrows money, repayments will need to be made even if investment income ceases. Failure to maintain repayments will put your SIPP assets at risk.

The value of your investments, and income you receive from them, can go down as well as up. There are no guarantees you will get back the full amount you paid in. The value of your SIPP will depend on how much you save, the charges you pay, and the rate at which your investments grow over the years.

Past performance is not an indication of future performance. Some investments need to be held for the long term before you receive a return.

Some higher risk investments may vary in value and could potentially result in the loss of your entire investment should they underperform.

Fees and charges risks

The fees we charge are normally a fixed amount and not linked to the value of your pension fund. This means that fees could seem more expensive if your pension fund value falls.

Our fees under Your Premier SIPP are more than under Your Simple SIPP (because of the increased investment flexibility on choice offered with this SIPP product).

If you open your SIPP with a small amount and do not add in further contributions or transfers the fees associated with your SIPP may erode the value of your SIPP even if your chosen investments perform well.

Our fees and charges may increase, although this will be communicated to you in writing prior to this happening.

As well as our fees you need to consider the impact of any fees or charges due to your financial adviser, any underlying investment manager or custodian and any third-party (such as a solicitor where buying a commercial property).

All fees associated with your SIPP are subject to change and may have an impact on the value of your pension fund if they go up.

Any charges or fees you pay for your chosen investments could change and be higher than expected and this may affect the value of your pension fund.

We may retain part of the interest payable on your designated SIPP bank account that we set up to receive money into your SIPP to help maintain lower SIPP administration fees.

Other risks

If you hold a personal bank account in the same bank or building society where we hold your SIPP funds (or within the same banking group) this may reduce the amount you can claim in compensation in the event of the default of that bank or building society.

The tax treatment of pension savings depends on your own individual circumstances. Tax law could change at any time in the future and may affect your SIPP.

If you hold investments outside of the UK, foreign withholding tax may apply.

If you flexibly access your pension savings then you must tell your other pension providers within 91 days. If you do not, you may receive a fine from HM Revenue and Customs ('HMRC').

Taking money from your SIPP will reduce the amount payable to your beneficiaries after your death.

Questions and Answers

Setting up your SIPP

Can I open a Your Simple SIPP or Your Premier SIPP?

You can open a SIPP with us if you are:

- resident in the UK; and
- aged 18 or over.

How do I start my SIPP?

To start a Your Premier SIPP you need to put in a minimum of £50,000, either by a transfer from another pension provider or through a single contribution (or both).

You can start a Your Simple SIPP with a minimum of £25,000.

Please consider the impact of our and other fees on your SIPP fund if you open your SIPP with a small amount of money, or intend drawing off relatively high levels of income or benefits.

All contributions and transfers into your SIPP plan will be paid into your designated SIPP bank account.

Any contribution or transfer paid into your SIPP bank account will remain there until you instruct us to invest the money elsewhere on your behalf. Income from other investments such as dividends or rent received by the scheme must also be paid into this account.

What is the SIPP bank account?

Any money that we receive into your SIPP will be held in a bank account selected by us in the name of the SIPP trustees. This bank account will be held with a bank of our choice and will be confirmed to you in your welcome letter. Currently, this will be one of the following banks, depending on which SIPP product you choose to open with us - Bank of Scotland, HSBC or the Royal Bank of Scotland.

Questions and Answers (continued)

What is the SIPP bank account? (continued)

We record all cash transactions in relation to your SIPP within this bank account.

All money received to your SIPP will remain in this bank account until we receive any investment instructions.

You must keep a minimum balance in this account (as we will notify you on the set up of your SIPP).

Your SIPP bank account normally accrues interest. The current rates and our policy on paying interest is laid out in our Bank Interest Policy (available on our website or on request). We may retain part of the interest payable by the bank to help maintain lower SIPP administration fees.

Cash transaction summaries are available to view 24 hours a day, 365 days a year via our website www.optionspensions.co.uk.

What are the fees and charges?

We charge fees relating to:

- the establishment of your SIPP;
- the annual administration of your SIPP; and
- other transactional charges.

Our fees vary depending on the SIPP product you hold with us and are published in the Fee Schedule document for your chosen SIPP product. A copy will be supplied with any application pack issued and is also available from our website www.optionspensions.co.uk or on request.

The fees due will be collected from your SIPP bank account in accordance with our published Fee Schedule document.

Some fees we charge on a time cost basis, but we will always inform you when this type of fee applies and will provide you with an estimate of the fees where we can.

Additional fees may be charged by other parties for activities undertaken within your SIPP (for example, any fees you agree with a financial adviser).

Can I change my mind?

You have the right to cancel your SIPP application within 30 days of the application.

What happens if I do change my mind?

Provided you did not waive your cancellation right on joining you can change your mind and cancel your SIPP, as long as you do it within 30 days of the date you receive our email or letter accepting your application. You also have 30 days to cancel any transfer payments and your decision to start accessing your pension for the first time.

You can exercise your right to cancel by returning your cancellation notice to the address or email address we provide you with the cancellation notice we send you or at:

Options UK Personal Pensions LLP

Lakeside House
Shirwell Crescent
Furzton Lake
Milton Keynes
MK4 1GA

Email: enquiries@optionspensions.co.uk

Will I lose anything if I cancel within 30 days?

If you do change your mind and cancel your SIPP application we will:

- repay any contributions we received to the payee (minus any basic rate tax relief claimed direct by us already, which we will return to HMRC);
- return any transfer payments to the transferring pension scheme (if possible); and
- refund any of our fees that may have been deducted.

Please note:

- if you have requested that we invest your pension fund during the 30-day cancellation period the amount returned will be reduced if the value of the underlying investments fall before we receive your notice to cancel.
- the costs associated with any third party for the purchase or sale of any assets during the cancellation period (for example, stockbroker fees for shares purchases) cannot be refunded.
- any fees paid by us to your financial adviser form part of a contract between you and your financial adviser and may not be refunded as part of your cancellation with us:
 - any refund of these fees would need to be agreed directly with your financial adviser; and
 - any outstanding fees owed to your financial adviser may still be payable.
- the transferring pension scheme may not accept a return of any transfer payment; if this is the case, it will be your responsibility to make arrangements for the funds to be transferred into an alternative UK registered pension scheme or recognised overseas pension scheme.

Making contributions to your SIPP

Can I contribute to my SIPP with you?

Yes. You or your employer (if you have one) can make contributions to your SIPP.

Another person can also make a contribution on your behalf (called a 'third-party' contribution).

You can pay contributions by standing order or electronic transfer. Regular contributions must be paid by standing order.

Can I change my contributions?

You can stop, start, reduce or increase your regular contributions at any time. You can also make single one-off contributions - it's a SIPP; you are in control.

Once made, you cannot cancel a contribution or have it refunded (except in very specific circumstances).

Do I get tax relief on my contributions to my SIPP?

If you are under the age of 75 and UK resident you can get income tax relief on your personal contributions up to limits set each tax year (6th April to 5th April).

No tax relief is given on any personal contributions you make after you have reached age 75.

Questions and Answers (continued)

What are the limits on tax relief?

You only get tax relief on pension contributions you make personally in a tax year that are within:

- 100% of your 'relevant UK earnings' for that tax year; or
- £3,600, if your earnings are below this amount

Only earnings from employment or self-employment count as relevant UK earnings. This limit applies to the combined contributions you make to all UK pension schemes in the tax year.

If you move abroad in the future you may be able to contribute up to £3,600 (gross) each tax year for a limited period.

Anything you contribute over that limit will not get tax relief.

You are also subject to a separate annual restriction called the 'annual allowance'. In the current tax year (2024/25) this is set at £60,000, but if you have significant income in a tax year this may be 'tapered' down to a lower amount.

If you breach your annual allowance in a tax year you may be liable to a tax charge on the amount you go over. You are, however, able to 'carry forward' unused annual allowance from the previous three tax years to mitigate any excess if you go over your annual allowance for a particular tax year (although we would emphasise that this carry forward facility only applies to the annual allowance and not the relevant UK earnings limit on personal contributions).

If you have started taking benefits from another pension scheme you may be subject to an additional, lower allowance called the 'money purchase annual allowance'.

It is important that the 'gross' value of any contribution you make to your SIPP is considered against the above limits and allowances (see the next question).

More information on the above limits and allowances and how they interact is provided in our SIPP member fact sheet – Contributions and tax relief, available on our website or on request.

How is tax relief given on my contributions?

All your personal contributions are payable 'net' of basic rate tax (currently 20%), provided you are going to be within your 'relevant UK earnings' (or £3,600) limit for the tax year.

This basic rate tax is claimed by us direct from HMRC and credited to your SIPP cash account. This process can take between 6 to 11 weeks. If you pay tax above the basic rate then you can claim extra tax relief back from HMRC (through your self-assessment).

If you are a higher or additional rate taxpayer in the tax year (or an intermediate taxpayer in Scotland) you can claim some more tax relief back direct from HMRC (paid to you personally). You can do this through your self-assessment or by contacting them direct <https://www.gov.uk/tax-on-your-private-pension/pension-tax-relief>

For example:

- if you wanted to contribute £10,000 to your SIPP you would only pay us £8,000 net.
- provided you haven't told us the contribution will take you over your earnings limit we will claim back £2,000 from HMRC and add this to your SIPP.
- it is the £10,000 'gross' value above that counts towards your 100% of relevant UK earnings limit and annual allowance for the tax year.
- if you are a higher rate tax payer you will be able to personally claim back some more tax relief from HMRC that will be paid direct to you.

If you live in Scotland or Wales, you may be entitled to a different rate of tax relief on your pension contributions. Please contact HMRC for further details or see <https://www.gov.uk/scottish-income-tax> and <https://www.gov.uk/welsh-income-tax> for more details.

How are any employer contributions treated?

Any contribution paid by your employer is treated as a 'gross' payment by us; we do not claim back any tax relief as we do with your personal contributions. Your employer will normally be able to claim the contribution as an expense for tax purposes.

Any employer contributions do not impact on the maximum amount you can contribute personally against your 'relevant UK earnings' but do count towards your annual allowance.

Can another third-party contribute to my SIPP?

Yes, although we will first need to carry out money-laundering checks on that person.

Unlike with employer contributions, the payment is treated for tax purposes as if you paid it yourself. The contribution is therefore subject to (and counts towards) your earnings limit as well as your annual allowance for the tax year and is treated as being paid 'net' of basic rate tax by us (in the same way as we would with a contribution paid by you personally).

Can I use any tax-free cash drawn from my pension to fund contributions?

If you 'recycle' your tax-free lump sum to significantly increase your future contribution levels then you may be subject to a tax charge. Please take advice if you think this may be an issue.

What are my responsibilities if making contributions?

You are responsible for ensuring that we do not claim tax relief on contributions that take you over your 'relevant UK earnings' / £3,600 limit in a tax year (taking into account any other contributions you make to other pension schemes and any basic rate relief claimed by us or any other pension provider).

You sign a declaration to this effect on opening your SIPP, as well as confirming that you will tell us if you inadvertently go over or stop being eligible to make tax relievable contributions (for example, because you move abroad). You must do this by the end of the tax year (or within 30 days if the excess contribution was made towards the end of the tax year).

Questions and Answers (continued)

If you are a higher-rate taxpayer then you will need to claim any extra tax relief due in the tax year beyond the basic rate we claim direct from HMRC.

You are responsible for monitoring your annual allowance position and declaring to HMRC any charge due if you go over your annual allowance in a tax year and do not have enough carry forward to cover this.

If you intend making significant contributions to your SIPP we recommend that you appoint a financial adviser or accountant to ensure your personal contributions stay within your earnings limit for the tax year and to monitor your annual allowance position.

We cannot give you advice on your tax relief limits, annual allowance position or tell you how much you can contribute and get tax relief. You will need to speak to an accountant or financial adviser.

Making transfers to and from your SIPP

Can I transfer other pension arrangements into my SIPP?

It will be possible to transfer benefits from other registered pension schemes into your SIPP held with us.

Normally, these benefits will be transferred in the form of cash directly into your SIPP bank account.

In some instances, it will be possible to transfer assets 'in specie' from other pension arrangements into your SIPP with us (for example, the transfer of commercial property). An 'in specie' transfer will involve re-registering the registered holding so that it is owned by the trustee of the SIPP. It may not always be possible to make such transfers and it is worth obtaining confirmation from the transferring pension provider that the transfer of the asset itself is possible. We will also need to check that the investment is acceptable to us.

Transferring pension benefits is a complex issue and a number of factors should be considered and discussed with a financial adviser before the transfer goes ahead. This applies whether the transfer is to or from your SIPP held with us.

The FCA have a section on their website to provide additional information to consumers in relation to pension transfers at www.fca.org.uk/consumers/pension-transfer. If you would like a printed copy of this please contact us.

Transfers from a final salary pension scheme are not permitted unless an appropriately qualified financial adviser has advised you to proceed with that transfer to your SIPP.

Can I change my mind about a transfer?

You have the right to cancel any transfer into your SIPP. We will send you a cancellation notice telling you about your right and you have 30 days from the date you receive this notice. If you elect to cancel the transfer there is no guarantee that the monies can be returned to your previous scheme, and you may have to make alternative arrangements for a new policy to receive these monies.

If the transfer value has already been invested when you decide to cancel, the amount that is to be returned may be lower than the amount originally received, in which case you will receive less than you originally transferred.

You will also incur transfer in costs and investment transaction costs may also be incurred.

Can I transfer my pension benefits away?

Yes. You can normally transfer the value or part of the value of your SIPP with us to another UK registered pension scheme, or to a recognised overseas pension scheme at any time (subject to the scheme passing our due diligence process).

We reserve the right to not agree to a transfer out request, but only where it is reasonable for us to do so and where you do not have a legal right to transfer.

We may be required (by law) to ask you to talk to MoneyHelper before considering a transfer out request. MoneyHelper is a free government sponsored consumer-facing service, providing free and impartial money and pensions guidance.

A transfer to an overseas pension scheme is complex and may result in a tax charge being applied to the transfer. Please seek professional or financial advice before considering an overseas transfer.

Investments within your SIPP

Who makes the investment decisions for my SIPP?

You (or your investment or financial adviser) must choose how your SIPP is invested, as long as the investments are permitted by us.

We cannot give you advice on the investments held within your SIPP, nor will we assess the suitability of the particular investment or service being offered or provided for your personal circumstances.

We will not assess whether:

- the relevant product or service meets your investment objectives;
- you would be able financially to bear the risk of any loss that the product or service may cause; or
- you have the necessary knowledge and experience to understand the risks involved.

The value of your SIPP will depend directly on investment performance, how much you contribute and any costs relating to the underlying investments.

We strongly recommend that you take advice from an appropriately authorised financial adviser before making any investment decisions or appoint an authorised investment manager to manage the investments for you.

Questions and Answers (continued)

Investments within your SIPP (continued)

What can my SIPP invest in?

Our two SIPP products offer different degrees of flexibility on the type and number of investments you (or your adviser) can choose from to suit your needs.

All our SIPP products give you flexibility to either manage the scheme's investments yourself (either with or without a financial adviser) or to appoint your own investment manager; unlike an insured scheme where the financial institution providing the contract also provides the funds available for investment.

The assets making up the pension fund are owned by the trustee company but it is still your decision where your SIPP money is invested.

What types of investment are allowed?

Your Premier SIPP offers a full range of investments.

These investments include:

- managed funds and unit linked funds provided by insurance companies;
- regulated funds set up as an authorised unit trusts or open-ended investment companies ('OEICs');
- stocks and shares quoted on the London Stock Exchange or other large and established overseas stock exchanges 'recognised' by HMRC;
- investment trusts and real estate investment trusts ('REITs');
- exchange traded funds ('ETFs') and exchange traded commodities ('ETCs');
- bank and building society deposits;
- government and corporate bonds;
- structured products (with restrictions); and
- commercial property or land.

If you wish to invest in stocks and shares you will need to ask us to appoint a stockbroker or investment platform to hold the investments and make any trades. You may also appoint a discretionary fund manager to hold and manage your SIPP investments. You can change the investment firm at any time.

Your Simple SIPP offers a more stream-lined and simple investment choice (in return for lower fees).

In Your Simple SIPP you can invest in one investment account:

- this account can be set up with a FCA regulated investment platform, stockbroker or discretionary fund manager of your choice (or through a trustee investment plan);
- the account provider must be acceptable to us and sign up to our terms of investment conditions; and
- within this account you can invest in as many regulated funds or stocks and shares listed on a recognised stock exchange as you need that are within our guidelines.

Alternatively, you can hold one savings account or investment product provided by the National Savings & Investments ('NS&I') in Your Simple SIPP.

You can only invest in UK commercial property and land through Your Premier SIPP.

There are no restrictions on the number of investments or investment accounts that can be held within Your Premier SIPP, provided those investments or accounts are acceptable to us.

Full details of what investments we will permit in your chosen SIPP product is given in our Permitted Investments List; a copy of this document is available on our website www.optionspensions.co.uk, or alternatively please call us or email us and we will send you a copy.

We reserve the right to reject any investments that we deem not to be appropriate.

We may only allow you to invest in some types of less mainstream investments if you are receiving financial advice from a FCA authorised financial adviser or if you are what the FCA call a 'professional investor'.

Does what I invest in impact on your fees?

Yes.

If you wish to extend the number of investment types or include UK commercial property or land then you will need to open a Your Premier SIPP with us.

Full details regarding our fees for each of our SIPP products are available in the Fee Schedule for each of our products, which are available on our website www.optionspensions.co.uk, or alternatively please call us or email us and we will send you a copy.

With Your Premier SIPP, what type of property can I purchase?

The property must be commercial.

There are significant tax charges that apply if your SIPP invests in residential property (other than in very limited circumstances). Certain types of property continue to be classed as commercial, such as hotels, but there are strict guidelines relating to the use of such property.

We do not permit overseas property purchases, holiday properties or hotel room investments.

We do permit joint ownership and syndicated commercial property, subject to acceptance criteria.

Can my SIPP borrow?

Yes, if you open a Your Premier SIPP. You can borrow up to 50% of the net assets of your SIPP; we would only normally allow borrowing to facilitate a property purchase.

Questions and Answers (continued)

Investments within your SIPP (continued)

Can my SIPP make a loan?

No. We do not facilitate loan investments (including to a third-party).

Loans to SIPP members, their businesses or any person or party connected to them are not allowed by the tax rules and impose heavy tax charges if these are made, directly or indirectly.

Can my SIPP buy an investment from me or a party connected to me (or sell an existing asset to me or such a party)?

We can only buy an asset from you or a connected person or business provided we are doing so on fully arm's length terms (supported by an independent valuation). The same applies if we are asked to lease or sell an asset to you or a connected party.

There are some investments where we will not allow your SIPP to purchase that investment from yourself or a connected party because of the difficulty of establishing an accurate market value.

Where any terms are not commercial then you and your SIPP would be subject to significant tax charges

Do I pay tax on any dividends or gains in my SIPP?

You won't normally pay UK tax on any dividends or capital gains. There may be a foreign withholding tax on investments held outside of the UK.

Drawing benefits from your SIPP

When can I take my benefits?

You can currently access your pension at any time from your 55th birthday. You do not have to stop working to do so. From 6th April 2028 the age from which you can start accessing your pension is changing from age 55 to age 57.

It might be possible to access your SIPP before your 55th (or 57th) birthday if you are unable to work because of ill health. If you are seriously ill and your doctor says that it is likely that you have less than a year to live, then you may be able to take your whole SIPP as a lump sum (see later question).

You may also have transferred in monies from another pension scheme where you were entitled to start benefits earlier than the above ages and the tax rules allow you to keep that right on transfer to us. If you have such a right, this might only apply to the transferred funds.

Before deciding to access your SIPP you should take financial advice from a financial adviser regulated by the FCA or seek guidance from Pension Wise.

What is Pension Wise?

Before deciding to access your SIPP you should take financial advice from a financial adviser regulated by the FCA or seek guidance from **Pension Wise**. This is a free and impartial guidance service available to you once you are 50 or over. They can help you understand the different ways you can take your pension benefits.

The guidance is available online and they provide appointments over the phone or in person. You can call 0800 138 3944 or go to www.pensionwise.gov.uk to book your appointment or we can book the appointment on your behalf. Their guidance is impartial and they won't recommend any products or companies or tell you how to invest your money.

We would also suggest that you read the Money Helper guide: **Your Pension: your choices** which is available to download and view on their website. The **Money Helper** Service is an independent service, set up by the government to help people make the most of their money.



Tel: 0800 1383944
Tel: +44 203 733 3595 (if you are outside the UK)
www.Pensionwise.gov.uk



Tel: 0800 138 3944
Tel: +44 207 932 5780 (if outside of the UK)
www.moneyhelper.org.uk

Questions and Answers (continued)

Drawing benefits from your SIPP (continued)

How much will I get when I retire?

The final value of your SIPP will depend on a number of factors including:

- how much you have paid in; and
- the performance of the investments after charges.

The actual amount may differ from that estimated on any personal illustrations that you may have received.

What options are available to me when I access my SIPP?

You can normally take up to 25% of the value of the SIPP funds you are accessing for the first time (called 'uncrystallised funds') as a tax-free cash lump sum (called a 'pension commencement lump sum', or 'PCLS' for short).

The rest of your pension fund will be used to provide you with an income.

There are two ways this income is provided - you can either:

- secure a regular income by buying a lifetime annuity from an insurance company; or
- leave the funds invested in your SIPP and draw an income direct from your SIPP as income drawdown ('flexi-access drawdown').

The choice is yours.

All income drawn will be subject to income tax at your marginal rates, which is deducted at source through payroll.

Alternatively, you can normally take all or part of your SIPP fund as a single or a series of one-off taxed lump sum cash payments (known as an 'uncrystallised funds pension lump sum'). 25% of this will be tax-free and the rest of the payment will be taxed as income.

If you have transferred in funds from another pension scheme that were already supporting an income drawdown pension you can only have continuing income payments from those funds (although you can buy an annuity in the future from those funds at any time).

If you started using income drawdown before 6th April 2015 you may still be using older drawdown rules, referred to as 'capped drawdown'. These rules are more restrictive on what you can draw as income but do have other advantages to flexi-access drawdown rules. You can keep using these rules, although you can opt to switch to flexi-access drawdown at any time.

What is an annuity?

An annuity is a retirement income product sold by an insurance company. Your pension funds are paid to the insurance company and in return they pay you an income for the rest of your life (a 'lifetime annuity') or for a fixed term depending on the type of annuity you purchase.

The amount of income received depends on:

- the size of your pension fund;
- your age;

- the type of annuity and what options you want; and
- the annuity rates available to you at the time of purchase.

There may also be enhanced terms depending on your state of health.

There are different types of lifetime annuities and you can (and should) shop around and compare providers to get the best deal. You should seek financial advice before purchasing an annuity.

You can opt to buy a lifetime annuity with only part of your fund.

What is flexi-access drawdown?

Flexi-access drawdown is an alternative option to buying an annuity when you access your pension. It allows you to stay invested while you draw an income from funds allocated for this purpose in your SIPP. You can take income immediately or you can delay taking income until you need it. Income payments can vary and you can take one-off payments if you wish.

You must also have the cash in your SIPP to fund any income payment.

You can opt for either a full drawdown (where you use the entire SIPP) or just part of your SIPP for income drawdown (often called 'phased drawdown').

Unlike a lifetime annuity, there are no guarantees with income drawdown; if your funds run out all income will stop. Whilst usually less flexible, a lifetime annuity provides a guaranteed income for no matter how long you live.

You can buy a lifetime annuity at any time from your drawdown funds (and, with a financial adviser, this is something you should consider at regular intervals to see if the time is right to do so).

Is there a limit on what income I can draw through flexi-access drawdown?

With flexi-access drawdown there is no limit to the amount of income you can take from your pension fund each year, other than the value of the pension fund used to provide the income drawdown and the cash available to make the payment.

Drawing income through flexi-access drawdown will (in most cases) trigger the money purchase annual allowance, which may have an impact on your future contributions you make (see earlier question and our **SIPP member fact sheet - Contributions and tax relief** for more information).

What is an uncrystallised funds pension lump sum ('UFPLS')?

This is a form of one-off lump sum where 25% of it is paid tax free and the rest subject to income tax at your marginal tax rate (deducted by us through payroll). A series of UFPLS payments can be made. You may not be eligible for an UFPLS, depending on your circumstances.

Questions and Answers (continued)

Drawing benefits from your SIPP (continued)

What is phased retirement?

You may not want to take all your pension benefits at once. We allow you to take some tax-free cash and make income withdrawals or buy an annuity at different times. You can use all or part of the fund to do this. This process is known as “phased retirement”.

Is there a limit to how much I can take when I retire?

No, but there is a limit on how much of your SIPP funds you can draw as a tax-free lump sum (or as a UFPLS). You are, however, limited by how much is in your SIPP; once the money runs out there will be no more payments.

Will I always get 25% of my funds as a tax-free lump sum?

Not always.

On 6th April 2024 an upper cap called the ‘lump sum allowance’ was introduced. This is a lifetime personal limit on the amount of tax-free pension commencement lump sum and the tax-free element of any UFPLS that you can be paid in your lifetime from all pension schemes.

For most people, their ‘lump sum allowance’ will be £268,275.

Once you have used up your lump sum allowance you may still take some of any funds you start accessing for the first time as a lump sum, but this will be subject to income tax at your marginal income tax rates for the tax year.

If you accessed benefits before 6th April 2024 (or used up any of your lifetime allowance under the old rules in place before that date) then part of your ‘lump sum allowance’ will be deemed to have been used up (and possibly all of it).

We will need to ask you or your adviser some questions about what has happened previously before paying benefits to ensure that you do not breach your allowance.

There are circumstances where your tax-free cash entitlement or ‘lump sum allowance’ may be different. More information is provided in our **SIPP member fact sheet – Taking benefits and SIPP member fact sheet – Lump sum allowances**, available on our website or request.

Is my income always taxed?

All pension income is normally taxable and subject to income tax in the UK. We or the insurance company will deduct the tax due before paying your pension (as an employer would do through payroll). The rate of tax you pay is determined by the tax code we are issued by HMRC and the other income you have (if any) in the tax year.

The more you draw, the more tax you will pay (particularly if you move into the higher income tax rate bands).

The only exception is in some cases if you are drawing income from funds that were allocated to you as a beneficiary of a deceased member (either of our SIPP or another scheme where you have subsequently transferred to us). Here the income may not be taxed; it depends on the circumstances.

If you move abroad the position may be different.

Do I have to access my SIPP?

No. However, if you die after you reach the age of 75 and have not accessed your SIPP, there will be tax to pay on the money paid to your beneficiaries.

If I am seriously ill, can I take my fund as a lump sum?

If you are seriously ill and your doctor says that it is likely that you have less than a year to live then you may be able to take any funds in your SIPP that you have not yet started accessing (‘uncrystallised funds’) as a lump sum.

If you are under age 75, this will normally be tax-free (subject to an upper limit set by the tax rules). Payment of a serious ill-health lump sum may impact your future ability to take PCLS or an UFPLS, or if you die before age 75 limit the level of tax-free lump sums that can be paid on your death.

Please get in touch if you need more information on this option.

Can I change my mind?

You have the right to cancel the first time that you go into income drawdown or take an UFPLS. This right to cancel lasts 30 days. If you exercise your right to cancel you will need to return all payments made back to your SIPP. If you buy a lifetime annuity, the insurance company will give you a similar right to cancel.

Death benefits under your SIPP

What happens to my SIPP when I die?

When you die, any funds remaining in your SIPP are available to be distributed to your beneficiaries, either as a lump sum or (if an individual) they can in most cases instead use the funds to provide a future pension income for them. This could be either through flexi-access drawdown (and leaving the funds in a SIPP) or by buying an annuity from an insurance company.

If the beneficiary decides to leave the funds with us to provide a flexi-access drawdown pension then they will need to set up a SIPP with us to hold the funds. They can transfer out to another provider who can support the funds once in drawdown.

We have full discretion on deciding how to distribute your SIPP funds after your death. However, you should complete our ‘Expression of wishes’ form (and review this regularly) and we will take this into account when deciding on who your beneficiaries should be. The form is part of your SIPP application and can be changed at any time.

You can nominate more than one beneficiary.

A beneficiary does not have to be a relative. You can also leave to a registered charity or to a trust. We cannot advise you on either setting up a trust outside your SIPP to receive any lump sum payments or the validity of any existing trust.

If you have bought a lifetime annuity there will only be either a lump sum or ongoing income paid to you beneficiaries if this is provided for under the terms of the policy.

More information is provided in our **SIPP member fact sheet – Taking benefits**, available on our website or on request.

Questions and Answers (continued)

Death benefits under your SIPP (continued)

How are any benefits paid on my death taxed?

If you **die before the age of 75** then any payments to your beneficiaries are normally paid tax free.

In most cases we must distribute funds within two years of the point when we became aware of your death for the payment (or any ongoing income) to be tax-free.

Any lump sum paid on your death before age 75 is also subject to an upper cap called the lump sum death benefit allowance (see the next question). If your allowance is used up then any lump sum paid beyond that point will be subject to income tax.

The 'lump sum and death benefit allowance' only applies to tax-free lump sums paid on death (and not funds allocated to provide a future drawdown pension or used to buy a beneficiary an annuity).

Where a beneficiary has opted to either buy an annuity or leave funds in a pension to support future income drawdown payments the tax-free status applies to all future payments in their lifetime, no matter when drawn or what age they are.

If you **die aged 75 or older** then any payments made to your beneficiaries (lump sum or future income) will be taxed at the recipient's marginal rates of income tax. If a lump sum is paid to a trust (or other legal entities) a flat tax charge applies (currently 45%). Lump sums paid to a registered charity may be exempt from tax (depending on your circumstances).

What is the 'lump sum death benefit allowance'?

On 6th April 2024 an upper cap called the 'lump sum and death benefit allowance' was introduced.

This allowance is a lifetime personal limit on the amount of tax-free lump sums that can be paid from all pension schemes, both in your lifetime and on your death, including any lump sum paid before age 75 in circumstances of serious ill-health.

For most people, their 'lump sum and death benefit allowance' will be £1,073,100.

If your allowance is used up any lump sum paid on your death above this cap will be subject to income tax in the same way as detailed above where you die after reaching age 75.

If you accessed benefits before 6th April 2024 (or used up any of your lifetime allowance under the old rules in place before that date) then part of your 'lump sum and death benefit allowance' will be deemed to have been used up (and possibly all of it).

It is the responsibility of the person dealing with your estate to check on your available 'lump sum and death benefit allowance' and report to HMRC where tax is due from the beneficiaries.

There are circumstances where your 'lump sum and death benefit allowance' may be different. More information is provided in our **SIPP member fact sheet - Lump sum allowances**, available on our website or request.

Will any distribution be subject to inheritance tax?

As any benefit is paid at our discretion then any distribution will normally be free of inheritance tax. There are, however, exceptions and you should seek tax advice (particularly if you are in ill-health and are intending to make ongoing contributions or if you are transferring funds in from another pension scheme with different rules on death to our SIPP).

What happens to the assets of my SIPP when I die?

Where property or other non-realizable assets are held in the SIPP we will not look to encash these immediately, and the assets will continue to be held until a decision is made concerning payment of benefits. Whether the assets are then sold will depend on the wishes of the beneficiary (or beneficiaries).

Other information

Who runs your SIPPs?

Options UK Personal Pensions LLP is the scheme administrator and operator for HMRC and FCA purposes of all our SIPP products. We are authorised and regulated by the FCA (Firm Reference Number 501747).

MK SIPP Trustees UK Limited is the trustee who act as bare trustee for the purposes of holding the assets under both Your Premier SIPP and Your Simple SIPP.

Options UK Personal Pensions LLP is registered in England (No. OC345142).

What are the terms and conditions that apply?

Our SIPP terms and conditions set out our full terms and conditions for running your SIPP and govern our relationship with you. A copy is available on our website www.optionspensions.co.uk, but if you have not seen a copy then please let us know and we will send you a copy.

What rules govern my SIPP?

Both our Your Premier SIPP and Your Simple SIPP products are held within the same registered pension scheme, the MK SIPP Trust 1.

The above scheme is governed by our SIPP trust deed and rules. If there is any discrepancy between these Key Features, the SIPP terms and conditions and the trust deed and rules, the trust deed and rules will take priority. We can provide you with a copy of the governing trust deed and rules at any time.

All documentation reflects the conditions and requirements of the tax rules governing UK registered pension schemes.

When will I receive a valuation of my SIPP?

Every year we will send you a valuation of the investments held within your SIPP and a summary of transactions within your SIPP bank account. We will send your valuation on or around your SIPP anniversary date, which is each year after the date we accepted your SIPP application. For example, if we accept your SIPP application on 15th April 2024, the SIPP anniversary date will be 15th April 2025 and each subsequent years 15th April.

Questions and Answers (continued)

Other information (continued)

When will I receive a valuation of my SIPP? (continued)

Your chosen investment firm may also provide you with a valuation of the assets held by them on behalf of your SIPP.

Any valuations we send you will be based on the latest information we hold and has been provided by your chosen investment firm. You can obtain a value of your SIPP online at any time based on the latest valuations we have.

For investments such as commercial property that are not held with an investment firm, the value we will use will be the original cost or a subsequent valuation we have been provided with.

Will my SIPP be covered by the Financial Services Compensation Scheme?

Yes, it will be. We are covered by the Financial Services Compensation Scheme ('FSCS'). If we are unable to meet our obligations to you, you may be eligible to make a claim for compensation under the FSCS. This is to a maximum of £85,000.

Investments made under your SIPP may or may not be covered by the FSCS. This is something you or your financial adviser need to check and consider before making a particular investment.

For bank deposits, the maximum claim that could be made by your SIPP is £85,000 (although this limit includes any other accounts that you have personally with the same banking group outside of your SIPP). Most regulated investments covered by the FSCS are also covered up to 100% of the first £85,000.

Please note that some investments may not be covered by the FSCS and different compensation limits may apply.

Further information about compensation arrangements is available from the FSCS on their website www.fscs.org.uk or you can write to them at:

Financial Services Compensation Scheme

PO Box 300
Mitcheldean
GL17 1DY

Their contact telephone number is 0800 678 1100.

Can I contact you if I have any further questions?

Of course, you can contact us by email at enquiries@optionspensions.com, call us on 0330 124 1505 or write to us at:

Options UK Personal Pensions LLP

Lakeside House, Shirwell Crescent
Furzton Lake, Milton Keynes
MK4 1GA

We have a Cardiff office too. If we have told you that they will be looking after your SIPP with us then please contact us at:

Options UK Personal Pensions LLP

Fitzalan House, Fitzalan Court
Fitzalan Place
Cardiff, CF24 0EL

By telephone on 029 207000 or by email at optionspremiersipp@options.com.

What if I have a complaint?

It is very important to us that we do things right and meet your expectations. If you do have any cause to complain about our service, please contact us at:

Options UK Personal Pensions LLP

Lakeside House, Shirwell Crescent
Furzton Lake, Milton Keynes
MK4 1GA

By telephone on 0330 124 1505 or by email at complaints@optionspensions.com

Details of our complaint handling procedures are available on request – there is more information also at www.optionspensions.co.uk/complaints.

If your complaint is about the administration of your SIPP and you are not satisfied with our response, you may refer your complaint to the Pensions Ombudsman at:

The Pensions Ombudsman

10 South Colonnade
Canary Wharf
E14 4PU

Telephone 0800 917 4487

Website: www.pensions-ombudsman.org.uk

All other complaints may be referred to:

Financial Ombudsman Service

Exchange Tower, Harbour Exchange Square
London
E14 9SR

Telephone 0800 023 4567

Website: www.financial-ombudsman.org.uk

For free help and guidance regarding your pension, you can also contact:

Pension Wise at MoneyHelper

120 Holborn
London
EC1N 2TD

Telephone: 0800 011 3797

Website: <https://moneyhelper.org.uk/pensionwise>

Are your calls recorded?

Telephone calls to us or from us are recorded for training, monitoring and fact verification purposes to ensure that we have an accurate record of what you tell us and what we tell you.

Client categorisation

Our regulator the FCA requires us to categorise our clients.

We treat all clients as retail clients, as defined by the FCA. By categorising you as a retail client you will benefit from the highest levels of consumer protection.

Law and language

The information contained within this document is based upon our interpretation and understanding of the current law within England & Wales and HMRC and FCA requirements, which may be subject to change at any time.

All of our literature and future communications to you will be in English.

Questions and Answers (continued)

Other information (continued)

Email instruction

We will accept instructions by email, but only where it is received from a pre-agreed email address. When emailing items to you we may also use encryption (a strong password) to protect your data. You will however remain liable for any misuse of the email address or passwords we share with you and any resultant loss or detriment incurred.

Data protection

We know how important privacy is to you, so we have created a Privacy Notice to provide you with a clear explanation of when, why and how we collect and use your personal data. A version of this notice can be obtained on our website: <https://www.optionspensions.co.uk/privacy>.

Important notes

The information provided in this document is based on our understanding of current law and HMRC and FCA requirements, which may be subject to change in the future.



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FOR MORE INFORMATION PLEASE CONTACT

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enquiries@optionspensions.com