
Addendum



Key Features Document: **The Carey Small Self Administered Scheme (SSAS)**

This addendum contains important changes to the Carey Small Self Administered Scheme (SSAS) Key Features document to reflect proposed pension rule changes introduced by the Finance Bill 2011.

The rule changes have operational effect from the 6th April 2011; however the changes do not become law until the Finance Bill 2011 achieves Royal Assent and this is expected in the Summer of 2011.

Amendments - Key Features Document: Carey Small Self Administered Scheme (SSAS)

PAGE & SECTION	REVISED TEXT
Page 2: Your commitments	6th bullet point: The requirement to take the tax-free cash sum by age 75 has been removed.
Page 5: Are there limits on what can be paid in?	The annual allowance for the tax year 2011/12 is £50,000. Subject to membership of a registered pension scheme in the year in question, it is now possible to carry forward any unused annual allowance from up to the previous three years. Where contributions are made in excess of the annual allowance, these will be taxed at the scheme member's highest marginal rate of tax rather than a fixed 40% as stated. The revised annual allowance does now also apply in the year benefits are taken.
Page 5: Can tax relief be claimed on what is paid into the SSAS?	The table with contribution examples refers to the 2010/11 annual allowance and therefore is no longer relevant. Reference to the 'high earners' being subject to additional tax provisions is now no longer applicable.
Page 6: Limits	The Lifetime Allowance (LTA) will remain at £1.8m for the tax year 2011/12 however this will reduce to £1.5m from 6th April 2012. Prior to the reduction in the LTA, it will be possible to apply for 'fixed protection' which fixes an individual's LTA at £1.8m. An application for fixed protection should be submitted to and approved by HMRC before the 6th April 2012. Once fixed protection has been granted no further contributions or increase in pension benefits will be allowed from 6th April 2012 onwards.
Page 7: Taking benefits from the SSAS	The requirement to take benefits prior to age 75 has been removed. Therefore the column in the table referring to 'Over age 75' is no longer relevant and the column titled 'Between age 55 and 75' should now read 'From age 55 onwards'. Within the table called 'Draw a pension directly...' the following changes apply; from 6th April 2011 there are two types of income drawdown - capped and flexible. The limit applying to capped income drawdown is 100% of the GAD rate. However where a minimum income requirement of £20,000 is met through the provision of guaranteed lifetime income, such as state pensions, fixed lifetime annuities or some scheme/ occupational pension benefits, then the remaining pension fund can be accessed without any limit applying.
Page 7: When can I take benefits?	The requirement to take income by age 75 has been removed.
Page 8: Benefits Summary	Within the table the 'Can a lump sum be paid?' section has the following amendments; the requirement to take income by age 75 has been removed. Where funds are not being used for income withdrawal, prior to age 75 they can still be paid without deduction of tax; after 75 any lump sum death benefit will be subject to a recovery tax charge of 55%. This same tax rate also applies to any lump sum death benefit paid once income withdrawal has commenced.
Page 8: Are lump sum death benefits taxable?	First bullet point: the tax rate of 35% is replaced by 55%. Second bullet point: should now read that lump death benefits will be subject to tax at 55%; payment though remains tax free where paid to a charity.
Page 9: Is the SSAS fund taxable?	The third sentence in the second paragraph is no longer relevant.
Page 9: Compensation	Revised limits apply to the FSCS limits; eligible investments are now covered up to £50,000 and bank deposit accounts up to £85,000.