CAREY GROUP

Carey Pensions UK

Specialist pensions for specialist people

keyfacts®

KEY FEATURES OF THE CAREY PENSION SCHEME SELF INVESTED PERSONAL PENSION(SIPP)

The Financial Conduct Authority is our financial services regulator. It requires us, Carey Pensions UK LLP, to give you this important information to help you decide whether the Carey Pension Scheme SIPP is right for you.

You should read this document very carefully in conjunction with the Terms & Conditions, Fee Schedule and Application Form so that you fully understand what you are applying for, and then keep it safe for future reference.

Carey Pensions UK LLP is authorised and regulated by the Financial Conduct Authority (FCA), ref 501747.

Carey Pensions UK LLP is not permitted to provide financial advice to our members. If you require advice about establishing a SIPP with us, you should seek advice from an FCA regulated independent financial adviser.

Key Features of the Carey Pension Scheme SIPP

Carey Pensions UK LLP is authorised and regulated by the Financial Conduct Authority (FCA), the UK financial services regulator. The FCA requires us, Carey Pensions UK LLP, to give you this important information to help you decide whether the Carey Pension Scheme SIPP is right for you. You should read this document very carefully in conjunction with the Terms & Conditions, Fee Schedule and Application Form so that you fully understand and agree to what you are applying for. You should keep all the SIPP documents issued to you safe for future reference. This document sets out the aims of the Carey Pension Scheme SIPP; your commitments once we have established your plan/arrangement and outlines certain risks of which you should be aware. **A Questions and Answers section is included at the end of this document to help you. Throughout the document references are included which indicate where further information can be found.**

Aims of the Carey Pension Scheme SIPP

The Carey Pension Scheme SIPP is designed to enable you to:

- Save for retirement in a tax-efficient and flexible way;
- Build up a pension fund to give you a tax-free cash lump sum and a taxable pension income;
- Take control of your pension fund investments. A wider choice of investments is available compared to other types of personal pension arrangements. Investment decisions are made by you or your appointed regulated financial adviser/investment manager;
- Receive transfer payments from other suitable pension arrangements;
- Allow you to flexibly access your pension savings in a variety of ways that are allowable by Her Majesty's Revenue & Customs' (HMRC) rules, the Trust Deed and Rules of The Carey Pension Scheme, normally from age 55;
- To provide benefits to your family and beneficiaries on your death. You can complete an Expression of Wish Form confirming whom you would like your pension savings paid to, in the event of your death.

Your commitments

Once you have established a Carey Pension Scheme SIPP, your commitments include:

- Saving for your retirement by making contributions or transferring in benefits from other suitable pension arrangements, or both;
- Accessing your pension in accordance with the Scheme rules and HMRC regulations;
- Taking responsibility for the management of the investments in your Carey Pension Scheme SIPP; You can manage them yourself or appoint a regulated investment adviser to do this for you;
- Adhering to the Terms & Conditions of the Carey Pension Scheme SIPP;
- Maintaining a minimum balance in your Scheme bank account, as specified in the Fee Schedule, which is available on request.

[*Please refer to the Terms & Conditions for more details*.]

- You must tell us within 30 days if an event occurs which means that you are no longer eligible for tax relief on your contributions.

[*Please refer to Q&A 11 later in this document for more details*.]

- Paying all Carey Pensions fees as detailed on our Fee Schedule, which is available on request and also on our website, www.careypensions.co.uk;
- Paying all our administration fees and any other professional advisory fees that may be incurred on behalf of your Carey Pension Scheme SIPP;
- Informing us of any other pension arrangements you have so that we can check your Annual and Lifetime Allowances. Informing us within 91 days if you have flexibly accessed pension benefits elsewhere and you are making contributions into your Carey Pension Scheme SIPP and provide us with a copy of the Flexible Access Statement. *[For further details please see "Other" in the "Risk factors" section.]*

Risk factors

It is important that you fully understand the risks involved with the SIPP <u>before</u> proceeding with your application. The risks associated with saving for retirement through the Carey Pension Scheme SIPP are outlined below, some of which refer to the investment performance of the funds in your Carey Pension Scheme SIPP.

Please be aware that you are responsible for the investment decisions, although you may delegate this to an FCA regulated financial adviser or investment manager selected by you and agreed with us. If the products you invest in also have key features documenting the specific risks applicable to that investment, you should thoroughly read those as well as this document, to ensure you fully understand what you are doing.

Please note that Carey Pensions is the SIPP administrator and as such, is not an investment manager and is not permitted by the regulator, the FCA, to provide any advice to members. The Carey Pension Scheme SIPP is administered on an execution only basis, which means Carey Pensions requires and acts on your express instructions and if applicable, on the instructions of your appointed regulated financial adviser and / or investment adviser / investment manager.

If you require any advice about your SIPP and / or investment(s), you should seek independent advice from a qualified and FCA regulated financial adviser **<u>before</u>** proceeding.

Investment Risks

Investment performance may be better or worse than expected and your pension fund value can go down as well as up with market conditions, which could affect the potential size of your Carey Pension Scheme SIPP and therefore, the benefits you receive when you decide to access your pension savings. Higher risk investments will typically vary in value more and could potentially result in the loss of your entire pension fund, should they underperform. Please note that past performance is not a guide to future performance.

You should ensure that you fully understand and are comfortable with the level of risk you are taking with an investment(s), as well as the term you are committing to, how many investments you are investing into, accessibility and any potential limitations and associated costs in selling the investment in the future. You should read all documentation relating to your investment(s) thoroughly **<u>before</u>** proceeding.

If you are unsure of how you would like to invest your pension fund, you should seek independent advice from a qualified and FCA regulated financial adviser **<u>before</u>** proceeding.

Charges Risks

A personal pension or a stakeholder pension may offer you some of the same options as the Carey Pension Scheme SIPP, at a lower cost.

[*Please refer to Q&A 2 for more details on what type of investor the Carey Pension Scheme SIPP is aimed at, together with a comparison of alternative options*.]

The charges or fees you pay to your selected investment managers and advisers could change and be higher than expected, which could affect the potential size of your Carey Pension Scheme SIPP and therefore, the benefits you receive.

The fees Carey Pensions charge to administer your fund are of a specified amount, rather than being linked to the size of your Carey Pension Scheme SIPP – this means that the fees could become disproportionate to the value of your fund, for example if investment values fall and/or you only pay in small amounts.

Tax Risks

HMRC legislation and the favourable tax treatment of pension savings could change at any time in the future, without warning and this is outside of the control of Carey Pensions UK LLP.

If you have already registered with Her Majesty's Revenue & Customs (HMRC) for Enhanced Protection or Fixed Protection, Fixed Protection 2012, Fixed Protection 2014, Fixed Protection 2016 or Individual Protection 2016, you could lose this protection if you make payments into any registered pension scheme, including the Carey Pension Scheme SIPP. If this affects you, you should seek independent financial advice from an FCA regulated financial adviser **before** proceeding.

Transfer-in Risks

Whilst the Carey Pension Scheme SIPP can accept transfers from other pension schemes, not all transfers are suitable. You should seek independent financial advice from an FCA regulated and suitably qualified financial adviser before proceeding with a pension transfer, because in some cases you could lose valuable and potentially guaranteed benefits for you and your family. These benefits can include, but are not restricted to, certain rights, options, guarantees, extra life cover or terminal bonuses (i.e. a bonus applied when you reach retirement age).

If you transfer from an existing registered pension scheme, it is possible that some tax free cash protection may be lost from that scheme when you transfer it (i.e. you may be able to take a bigger cash lump sum from your previous pension at retirement without paying tax on it, than the 25% of the fund value that is available from SIPPs, based on current tax rules).

If you are already taking benefits from your pension and you transfer to the Carey Pension Scheme SIPP, in some circumstances the transfer could trigger a review of the income limits applying to your pension income, which could result in a reduction in the amount of pension income that is able to be paid to you.

The time it takes the pension transfer to complete could be affected by factors such as, investments having to be sold, or delays in the re-registration of the asset and there may also be associated costs with these transactions. For cash transfers, you will be out of the investment market whilst the transfer is taking place. Market conditions may change during this time which could be to your advantage or disadvantage depending on which way the markets move.

Assessing Your Pension Risks

There are numerous risks associated with accessing your pension savings, especially since 'pension freedoms' was introduced by the Government in April 2015. Below we have listed some generic risks.

To assist consumers when planning to take benefits from a personal pension arrangement, the Government has introduced a free-to-use impartial guidance service called Pension Wise, who can provide guidance on accessing pension savings to consumers aged 50 and above. Please see the contact details below:

Pension wise

Tel: 0800 1383944
www.Pensionwise.gov.uk

Other factors that can affect the size of your fund and the retirement benefits you receive include the amount you pay or transfer into the Carey Pension Scheme SIPP; you may pay in less than you anticipated or take the benefits earlier than you were planning to.

Investment conditions can also affect your pension income. If you convert your Carey Pension Scheme SIPP to an annuity (which is where you purchase an income, usually guaranteed and for life, in exchange for your pension fund), prevailing interest rates can affect annuity rates (generally speaking lower interest rates will mean that your pensions fund will provide less income than if interest rates were high).

Alternatively, if you decide to withdraw income directly from your Carey Pension Scheme SIPP, investment returns may not sustain your income requirement and higher income levels may not be sustainable and you may run out of money. This will be the case whether you access your benefits via Flexi-access Drawdown or Uncrystallised Funds Pension Lump Sum and retirement income is not guaranteed for life from your Carey Pension Scheme SIPP.

When taking retirement benefits from your Carey Pension Scheme SIPP, it is important that you review the suitability of the retirement income product during the life of the plan and take FCA regulated financial advice to understand your options in retirement before making further decisions or taking further actions in regards to your retirement benefits *(please refer to Q&A 20, taking pension benefits).*

There may be a delay in receiving benefits if some of your investments cannot be sold quickly. For example there could be a delay in selling a property. Please note that there may also be transaction and legal costs involved in selling your investment, which would reduce your pension savings.

Other

Costs can arise in connection with your Carey Pension Scheme SIPP other than professional advisory fees, such as tax charges. You are responsible for these costs. We will normally pay these costs on your behalf using the money in your Scheme bank account. However, if you do not have enough money in your Scheme bank account, we will either sell assets or investments from your Carey Pension Scheme SIPP, or require you to pay the costs personally, or both.

If you have a Smart SIPP and invest in property, any costs in connection with the property (such as solicitors' costs, Stamp Duty Land Tax, environmental liability etc) will be your responsibility and will be treated in the same way as other costs, as explained above.

Questions and Answers:

1. What is The Carey Pension Scheme SIPP?

The Carey Pension Scheme SIPP is a pension scheme registered with HMRC. It is a type of personal pension, called a Self Invested Personal Pension (SIPP).

There are three types of Carey Pension Scheme SIPP; the Simple SIPP, the Smart SIPP and the Smart Plus SIPP. The main difference between the SIPPs is the types of investments you can make and the charges you will pay. Unless otherwise stated, all the information in this document applies to the Simple SIPP and the Smart and Smart Plus SIPPs.

[For further details about the Simple SIPP and the Smart and Smart Plus SIPPs, please see Q&A numbers 14 and 15]

The Carey Pension Scheme SIPP allows you to save for retirement in a tax efficient and flexible way. The retirement benefits you can receive are subject to UK pension legislation, which include rules concerning:

- Limits on contributions that can qualify for income tax relief;
- The earliest age you can access your pension savings; and
- Limits on the amount of benefits that can be taken without tax being applied, including the amount that can be taken as pension commencement lump sum (i.e. tax free cash).

2. Who invests in Self Invested Personal Pensions such as the Carey Pension Scheme SIPP?

SIPPs are used by people who want to:

- Make investment decisions about their pension assets;
- Invest in a wide range of investments; and
- Withdraw an income whilst, subject to HMRC limits, continuing to make investment decisions about the remaining pension assets.

A SIPP is unlikely to be appropriate for those who will not use the flexibility it offers, or who only have a small amount to invest, because the administration fees reflect the wider investment options and flexibility available.

In general terms, investment of less than £25,000-£50,000 into a Smart SIPP won't provide the opportunity to take advantage of the investment flexibility and may mean that the administration fees charged for the Smart SIPP would be considered excessive in relation to the size of the fund.

A Simple SIPP, with its investment restrictions and lower fee structure, can be considered as an alternative option.

You should seek independent advice from a suitably qualified and FCA regulated financial adviser when deciding whether the Carey Pension Scheme SIPP is the right option for you.

3. Who will administer my Carey Pension Scheme SIPP?

Carey Pensions UK LLP will administer your Carey Pension Scheme SIPP in accordance with the Carey Pension Scheme Trust Deed and Rules and the Terms and Conditions. This involves the day to day running of your Carey Pension Scheme SIPP, ranging from processing contributions, transfers, investments and paying benefits, and ensuring the Carey Pension Scheme SIPP adheres to HMRC rules and regulations. Carey Pension Trustees UK Limited will be the trustee of your Carey Pension Scheme SIPP.

Please note that Carey Pensions UK LLP is the SIPP administrator, we are not investment managers and are not permitted by our regulator the FCA to provide advice to our members.

4. Will I have a Scheme bank account?

Each member of the Carey Pension Scheme SIPP will be set up with a dedicated Scheme bank account with Royal Bank of Scotland (RBS) and you cannot choose to change this. It will be through this bank account that payments into and out of the Carey Pension Scheme SIPP will be made. You do not need to keep all your pension money in this bank account and can invest it elsewhere. However, we do require that you maintain a minimum balance on this Scheme bank account. The minimum balance requirement can be found on our fee schedule, which is available on request and also on our website, www.careypensions.co.uk.

Interest is payable in full on each separate account at the Royal Bank of Scotland's prevailing rate at the time. The interest rate is currently 0% and can be varied by Royal Bank of Scotland.

5. What will my Carey Pension Scheme SIPP be worth?

The value of your Carey Pension Scheme SIPP will depend on how much is paid in, the charges paid, and how well the investment(s) perform.

The valuation of certain assets such as property may not be precise. If you need precise figures, you can instruct us to appoint a professional valuer to value the assets for which they will charge a fee, generally payable from your Carey Pension Scheme SIPP.

The annual statement Carey Pensions UK LLP issue to you will include transaction statements in respect of the *designated bank account*. The annual valuations are made available through your individual online SIPP-Web account which you can access using the unique access login details that we will provide to you. We will inform you by email when your annual statement is available. If you would prefer to receive a paper statement, please inform us at the earliest opportunity and we will organise for a hard copy to be posted to you.

Please note that Carey Pensions are not investment managers and as such, provide a valuation only and do not make any commentary or analysis of the investments and their performance.

6. How much pension will I get?

Pension payments can come from part or all of your fund. How much you get will depend on the value of your fund, how much of it you use for pension provision and the investment conditions when you access your pension, particularly if you choose to buy an annuity. Therefore, we cannot tell you now exactly how much pension you will receive in the future, however you will be provided with an illustration when you set up your SIPP (see below). Retirement benefits from your Carey Pension Scheme SIPP are not guaranteed.

[Please see Q&A 20 for more information about how you can take your benefits.]

7. Can I get an illustration of benefits?

An illustration giving details of the potential benefits and costs will be provided upon establishment of your Carey Pension Scheme SIPP. If you choose to access your pension savings directly from your Carey Pension Scheme SIPP, we will automatically supply you with an illustration of these benefits.

On an annual basis, we will send you a statement to help you track the progress of your Carey Pension Scheme SIPP, which will include an illustration which is not guaranteed and is a projection based on standard industry assumptions.

8. What are the charges?

We charge fees to cover the cost of administering your Carey Pension Scheme SIPP. In broad terms, these fees cover setting up your Carey Pension Scheme SIPP, the on-going administration and dealing with queries, the regulatory and HMRC reporting of the Carey Pension Scheme SIPP and for carrying out certain transactions. The fees for administering your Carey Pension Scheme SIPP are detailed in full in our Fee Schedule, which is available on request and is also available on our website, www.careypensions.co.uk.

We aim to make our fees open and transparent, so that the administration activities that we are likely to carry out on your behalf are detailed in our Fee Schedule.

Occasionally a situation may arise, for example a particularly complicated transfer of pension benefits, where we may need to charge additional fees for the work carried out. In such circumstances, we will notify you **before** carrying out any work and agree with you the basis of charging this additional fee i.e. whether it will be a fixed fee or linked to the time spent on the task. We will also agree with you any limits to the fee incurred and whether the fee is to be paid by you or deducted from your Carey Pension Scheme SIPP.

Please remember investment providers may also charge for the purchase, sale and management of your SIPP assets. They will provide details of their fees separately (they may provide a Key Features Document similar to ours). Our charges are in addition to costs involved in the purchase or sale of assets levied by the investment companies. Examples of extra costs include solicitors' fees, unit trust establishment fees, and the cost of selling assets to provide pension benefits. If you don't have sufficient money in your Scheme bank account to cover our charges, we can either sell assets from the Scheme to meet these costs or ask you to pay the charges personally.

9. How and when can I pay money into my Carey Pension Scheme SIPP?

You can choose from:

- One-off cash contribution payments;
- Regular cash contribution payments – you can choose the frequency of when these are paid and must be paid by standing order;
- Transfer of pension benefits from other suitable pension arrangements.

If you are employed, your employer can also pay contributions into your Carey Pension Scheme SIPP.

You have the flexibility to stop paying, or take payment holidays and restart payments at a later point; it is your choice although stopping payments, even temporarily, may affect the value of your retirement fund and ultimate retirement benefits.

10. Are there limits on what I can pay in?

Payments can be made to the Carey Pension Scheme SIPP at any age. Tax relief cannot be claimed on any contributions paid after age 75. We will not generally accept contributions that exceed the Annual Allowance (which is the limit you can contribute to your pension each tax year and can claim tax relief on).

There is no limit to the amount of contributions that can be paid, but tax relief is only available on contributions if you are a 'relevant UK individual' (i.e. if you are under the age of 75 with earnings chargeable to UK income tax and/or you are a UK resident for tax purposes). You receive tax relief on contributions up to £3,600 gross each year, if you are a UK resident for tax purposes but have no taxable earnings. You can pay in more than this and still receive tax relief and the maximum is based on the lower of your UK Relevant Earnings and the Annual Allowance (set by HMRC).

This details how tax relief is granted and the limits applying. The Annual Allowance is currently £40,000 gross. The Annual Allowance applies as a total limit on personal tax relief across **all** of your registered pension schemes in a tax year. It covers:

- Your personal contributions;
- Employer contributions made on your behalf; and
- Any increase in the value of retirement benefits you may earn from a final salary/defined benefit pension arrangements.

If you have flexibly accessed pension benefits on, or after 6th April 2015, the Money Purchase Annual Allowance (MPAA) may apply, which is currently £4,000 and will apply immediately. Your pension provider will have informed you if you have flexibly accessed your pension benefits. Examples of drawing benefits flexibly include taking income from flexi-access drawdown or a cash lump sum 'Uncrystallised Funds Pensions Lump Sum' (UFPLS).

You may be able to 'carry forward' unused allowance from the last three tax years to increase your limit for the current tax year. Carry forward relief is not available when the Money Purchase Annual Allowance (MPAA) applies.

From 6th April 2016, individuals with an income above £150,000 (subject to a 'threshold income' of £110,000) are subject to a reduced Annual Allowance. In broad terms, such high earners have their Annual Allowance reduced by £1 for every £2 of income above £150,000, subject to a minimum Annual Allowance of £10,000. For example, an individual earning £210,000 will have their Annual Allowance reduced by £30,000 (£60,000/2) to £10,000. This is a complex matter; if you think you may be affected by the Tapered Annual Allowance you should seek advice from an appropriately qualified and FCA regulated financial adviser and/or tax adviser.

The Annual Allowance does not apply in the year of death or where benefits are taken early as a result of "serious ill health".

The Annual Allowance does not include transfers in from other pension arrangements as they have already qualified for tax relief when the contributions were originally invested in a pension scheme.

Any contributions over the Annual Allowance will be taxable at an 'appropriate' rate set by HMRC. The amount of tax charged will be your highest rate of tax determined by your individual circumstances, based on your income and the amount by which you have exceeded the Annual Allowance. As this is a complex area you should talk to an appropriately qualified and regulated financial advisor and/or tax adviser if you think you may be close to, or exceed the Annual Allowance.

[*Please refer to Q&A 18 for details of the Lifetime Allowance*]

11. Can I claim tax relief on what I pay into my Carey Pension Scheme SIPP?

Contributions can attract tax relief as outlined below:

If you are a relevant UK individual and are not earning, you can pay up to £3,600 gross contributions (i.e. before tax relief) per annum, which means you can pay a net contribution of up to £2,880 (being the amount after adjustment for basic rate tax relief at 20%). We claim basic tax relief from HMRC on your behalf and invest it in your Carey Pension Scheme SIPP.

If you are employed or self-employed, you pay contributions net of basic rate tax. We claim basic rate tax relief from HMRC and invest it in your scheme.

It should be noted that claiming tax relief generally takes between six and ten weeks. Tax relief monies can only be invested once they have been received from HMRC. If you are a higher rate taxpayer, you can claim the extra tax relief through your self-assessment tax return.

12. Is there any tax relief on employer contributions?

Employer contributions are not taxable as a benefit in kind for you and your employer will normally get tax relief on employer contributions as a business expense.

13. What if I am affected by 'Enhanced Protection' or Fixed Protection?

Enhanced protection could affect you if, before 6 April 2006, you had any existing pension plans and they were near to or above the Lifetime Allowance (*please refer to Q&A 18 for details of the Lifetime Allowance*) and you registered with HMRC for protection against additional tax charges.

You may lose this protection, and any of the other protections you have registered for, such as Fixed Protection 2012, Fixed Protection 2014, Fixed Protection 2016 or Individual Protection 2016, if you make contributions into any registered pension scheme, including a SIPP such as the Carey Pension Scheme SIPP. If you transfer from an existing registered pension scheme it is possible that some tax free cash protection may be lost from the transferring scheme. You should check these points with your adviser before making payments into your Carey Pension Scheme SIPP.

14. What can I invest in with a Carey Pension Scheme Smart and Smart Plus SIPP?

You, or your advisers if you give them appropriate authority, can choose from a wide range of investments. Investments must be within the range agreed by the Administrator, Carey Pensions UK LLP. We do not accept investments that may attract tax penalties for your Carey Pension Scheme SIPP and potentially you personally.

If you choose to retain your right to cancel (*please refer to Q&A 25 for cancellation rights*), investment will be limited to the Scheme bank account during the 30 day period covered by your right to cancel.

Thereafter or where you waive your right to cancel, investment choices include:

- Shares in Companies listed on a Recognised Stock / Investment Exchange
- Deposit Accounts
- UK Commercial Property
- Unit Trusts
- Open Ended Investment Companies (OEICs)
- Unit Trusts
- Investment Trusts
- Investment Plans and Investment Bonds
- Insurance Company Managed Funds and Unit Linked Funds
- National Savings & Investments (NS & I)
- UK Real Estate Investment Trusts (REITs)
- Investment grade gold bullion, this is gold of a purity not less than 995 thousandths
- Venture Capital Trusts
- Depositary Interests
- Fixed Interest Securities issued by Government or other UK based bodies
- Quoted Debenture Stock and other Quoted Loan Stock
- Quoted Permanent Interest Bearing Shares (PIBS)
- Convertible Securities

- Exchange Traded Funds (ETFs)
- Structured Products
- Exempt Property Unit Trusts

If there is anything else you would like to invest in, please contact us to ascertain whether this would be permitted within the Carey Pension Scheme SIPP. Please note that the list of investment choices may change from time to time.

15. What can I invest in with a Carey Pension Scheme Simple SIPP?

The Simple SIPP is designed to enable those with smaller pension funds to have some investment flexibility whilst benefiting from lower fees than those that apply to the Smart SIPP. You and/or your appointed financial/investment adviser can choose from two options:

1. Tailored Option – You can use a combined maximum of two regulated investment managers or investment platforms of you or your appointed regulated adviser's choice, through which managed funds can be held and administered. These must be allowed by HMRC and acceptable to the Administrator, Carey Pensions UK LLP;

Or

2. "Off the Shelf" Option – You can use the services of one of our strategic partners who will manage your investments through an investment platform based on Risk Model Portfolios;

Or alternatively, you can combine both options as long as you do not exceed the maximum of two investments (not including your Scheme bank account). Please note that Carey Pensions is the SIPP administrator only and we do not offer platform services or risk model portfolios. We are not permitted to provide advice and we are not investment managers.

A Risk Model Portfolio is a range of investments that are linked to the level of risk an investor is prepared to take. The investor's risk is analysed by their appointed regulated adviser and then the appropriate portfolio model, comprising a range of investments and asset classes, is used. The portfolio uses standard risk rating parameters and the investments are monitored by the investment manager to ensure they remain within these parameters. Carey Pensions UK LLP simply provides access to this service through the Carey Pension Scheme SIPP and does not provide advice or recommend investment managers. We do not pay or receive any commission or fees from them.

Certain types of investment such as, but not limited to, commercial land and property, unquoted shares, direct holdings of quoted shares, loans, borrowings, derivatives and hedge funds are not permitted within the Carey Pension Scheme Simple SIPP.

However, if after having established your Simple SIPP you decide to invest in a broader range of investments including those not permitted through the Simple SIPP then, subject to your instruction and agreement to pay the higher Smart SIPP fees, the Simple SIPP can be granted Smart SIPP status [subject to our agreement]. You can also decide to move back to a Simple SIPP in the future. You should ask us prior to commencing your Simple SIPP if you are unsure whether a particular investment can be held within this type of Carey Pension Scheme SIPP.

16. What investment would attract tax penalties?

Investments that attract tax penalties and are not allowed within the Carey Pension Scheme SIPP are:

- Residential property; and

- Property such as art, antiques, wine, jewellery, classic cars, racehorses etc. – this is referred to by HMRC as ‘tangible moveable property’.

Together these are known as Taxable Property.

17. How do I decide what to invest in?

You can appoint an FCA regulated financial adviser / investment manager/ investment adviser or you can manage the investments yourself. You (or your appointed investment manager / adviser) must tell us what investments to make. Carey Pensions UK LLP is not permitted by the FCA to provide advice, nor are we investment managers. We are the administrators of your pension scheme and act on an execution only (i.e. non-advised) basis, upon your or your appointed investment manager’s / adviser’s express instructions only.

You can change your choice of investments whenever you like. Please remember that the investment provider may charge you for this and that it may take some time to buy or sell certain types of investments, e.g. property, and that the value of investments can go down as well as up with market conditions.

18. Is there a limit on my Carey Pension Scheme SIPP?

The maximum total value that all of your pension arrangements can reach without incurring special tax charges is called The Lifetime Allowance (LTA). This is currently £1 million.

You may have to pay tax on the value of the excess over the LTA when you access your pension savings unless you have a form of transitional protection.

If you think that either of these measures apply to your pension you should speak with an appropriately qualified and FCA regulated financial and/or a professional tax adviser, especially before you pay money into your Carey Pension Scheme SIPP.

Every time you take benefits from any of your pension arrangements (including your Carey Pension Scheme SIPP), whether you withdraw lump sums and / or regular payments, some of your LTA is used up and checks against the LTA are carried out. In addition, an LTA check is also carried out if you die and at some other points, such as reaching age 75.

At each of the above stages, an allowance is made for any LTA tests previously carried out.

Once the LTA is fully used up, special tax charges apply to any further benefits. The current tax charge is 55%, where the excess over the LTA is taken as a lump sum, or 25% where the excess is taken as pension because the pension attracts Pay as your earn (PAYE).

From the 2018/2019 tax year the LTA is proposed to increase annually by the Consumer Prices Index (CPI).

19. Can I transfer my Carey Pension Scheme SIPP?

You can transfer part or all of your Carey Pension Scheme SIPP to another registered pension scheme at any time. Where you have started making withdrawals from your Carey Pension Scheme SIPP, the Scheme assets must be transferred in their entirety.

If you transfer the whole of your arrangement/plan, it will come to an end. Any protection for which you have applied to HMRC, could be lost if you transfer.

You should speak to your financial adviser before making a transfer. There could be a charge levied for this transaction. Please see the fee schedule, available on request, for more information.

20. Taking pension benefits from the Carey Pension Scheme SIPP

Summary

The table below shows the main options available.

OPTIONS	DETAILS
Take No Action	Your plan will remain as it currently is and the value of your fund will rise and fall depending on your investment choices. You are able to access your pension savings when you reach your minimum retirement age of 55, at a time that suits you.
Tax Free Cash (Pension Commencement Lump Sum)	A proportion of your fund, up to 25%, may be taken tax free when you reach your minimum retirement age of 55. The payment may be withdrawn at any time from age 55 and does not have to be taken all at once. Tax free cash is normally paid before either an annuity is purchased or a drawdown pension arrangement is entered into.
Capped Drawdown	Capped Drawdown is the existing arrangement that a member of the Carey Pension Scheme may use to access their pension income. Note: Capped Drawdown is no longer available unless you have previously accessed your pension under this method. It is different from an annuity contract, as it is not a secured pension for life. A member is able to take an annual pension amount (at their chosen frequency) up to their maximum permitted income limit. Various factors affect your maximum income limit (such as your age, the value of your remaining fund, gilt yields and rates set by the Government Actuarial Department GAD). Income limits must be reviewed regularly (every three years up to the age of 75 and annually thereafter) which means the income available to you under Capped Drawdown is not guaranteed. It is likely that your maximum income limit will rise and fall from one review to the next. For an existing Capped Drawdown arrangement, you will be able to continue as long as you do not exceed the maximum annual income, or you can choose to convert to a flexi-access drawdown arrangement (explained below).
Flexi-access Drawdown	Flexi-access Drawdown is a method of accessing your pension savings, after your tax free cash sum has been paid, as a one-off income payment or in amounts of your choosing, at a time that suits you. Each income payment will be taxed at your applicable rate of Income Tax through PAYE (i.e. basic rate 20%, higher rate 40% and / or additional rate 45%). There is no maximum limit on the income and you can take the whole value of your SIPP and no periodic reviews will be carried out. As soon as you take income using Flexi-access Drawdown, your Annual Allowance is reduced to the new Money Purchase Annual Allowance (MPAA).

	Currently, the Annual Allowance is £40,000 and the MPAA is £4,000. Please note under MPAA you are not able to utilise previous tax years unused contribution allowances ('Carry Forward'), so £4,000 is the maximum you can pay into your pension.
Uncrystallised Funds Pension Lump Sum (UFPLS)	UFPLS is a benefit payment made directly from pension funds which haven't been accessed before. It is different from any of the drawdown options, as the payment does not take your SIPP into drawdown. The payment is split between a 25% tax free element and the remaining 75% is taxed as income at your marginal rate of Income Tax through PAYE. The payment could affect the rate and amount of Income Tax that is paid in a tax year, as the UFPLS may affect your tax code and take you into another tax band if you already receive income from other sources. You must also have remaining Lifetime Allowance to take this benefit payment. The Lifetime Allowance is the amount of pension fund you can build up without paying a tax charge. If you have Enhanced or Primary Protections in place and you have protection for lump sum rights which exceeded £375,000 on 5 April 2006, you are unable to access your pension benefits using UFPLS. You should seek independent and FCA regulated financial advice before deciding on how you will take your benefits.
Small Pots	A small pot is a fund which is less than £10,000 in value, taken at the age of 55 or later. A tax free element of up to 25% of the fund may be taken and the remainder of the fund is taxed at your highest applicable rate of Income Tax. A member may take a small pot from up to three pension arrangements. Taking a small pot benefit payment will not affect your ability to contribute to a pension arrangement up to £40,000 per annum.
A Lifetime Annuity	A Lifetime Annuity is a type of retirement income offered by insurance companies which provides you with a regular guaranteed payment for life. In exchange for your pension funds, you will receive a secured income from the Annuity Provider for the rest of your life. The amount you receive will depend on the type of Annuity you purchase and the rates applicable at the time of purchase and this can vary between providers. The income you receive from the insurance company is subject to Income Tax under the PAYE system. Below are examples of some of the choices you may add to your annuity depending on your circumstances: 1. <u>An annual increase inline with prices</u> You may choose a pension that increases each year by inflation, 3% or 5%, or you may select no increases. The greater the level of annual increase requested, the lower the initial income payment will start at. 2. <u>A nominee's benefit when you die</u> Depending on your circumstances you may choose to leave pension

	benefits to your spouse, partner, children, dependents or other people you have nominated. The individuals you nominate do not need to be dependent on you. The percentage of your pension provided for your nominees following your death will depend on your circumstances and you should seek guidance or independent and FCA regulated financial advice before you make a decision. Your nominees may also select a lump sum payment following your death. 3. <u>Guarantee period</u> A guaranteed period is a set amount of time that the annuity will be paid. If you die within this period your beneficiaries will receive a lump sum that equates to the value of the pension for the remaining period of the guarantee. For example, if you have selected a five year guarantee and you receive two years of pension payments prior to your death, the beneficiaries will receive the remaining three years pension as a lump sum paid in accordance with your wishes. If you suffer from health issues and / or you are a smoker, you may have access to Enhanced or Impaired Annuities, which typically offer a higher income than standard annuities. Annuity options will vary subject to what is offered by the annuity provider, therefore it is important to shop around and take independent and FCA regulated advice.
A Combination of any of the above	A combination of any of the pension benefits described above is available to you. The way in which you take benefits is flexible and can be structured to meet your individual requirements.
Death Benefits from a SIPP	Death benefits payable from a pension arrangement has changed significantly since 6th April 2015. The benefits that will be available to your beneficiaries and/or nominees from your scheme after you die will depend on your age at the date of death and whether you have commenced taking benefits from your pension. 1. <u>Death benefit lump sum</u> Benefits payable to your nominees as a lump sum are tax free if you are under the age of 75 when you die. This is the case, even if you had been paid pension benefits from the scheme prior to death. If you are over the age of 75 when you die, your nominees are able to take a lump sum, however these will be subject to tax at the nominee's applicable rate of income Tax. 2. <u>Nominee's drawdown pension</u> Your nominee(s) may wish to receive a pension rather than a lump sum. In this case, the fund would remain in its existing state until the nominee wishes to take benefits. The nominee's income will be tax free if you die before you reach the age of 75, and taxed at the nominee's applicable rate of Income Tax if you die after the age of 75. Death benefits must be paid to the beneficiaries and nominees

	within two years of Carey Pensions being notified of a member's death, otherwise tax charges may be levied.

21. When can I take benefits?

You may access your Carey Pension Scheme SIPP any time from age 55. You may also take benefits earlier if you suffer illness or an accident which leaves you permanently unable to carry out your current occupation and you cease that occupation.

Upon death, different tax treatments apply depending on whether you die before or after age 75 years, as outlined above.

(P*lease refer to Q&As 24, 25 and 26 for more information*.)

22. Are pension payments taxable?

Pension payments are treated as earned income and are taxable through the PAYE system, so we will deduct Income Tax before payment is made to you. It is your responsibility to provide us with your current tax coding.

23. Is my Carey Pension Scheme SIPP taxable?

Pension funds don't generally pay UK tax on contributions or investment growth (although tax credits deducted from UK dividends and some overseas dividends cannot be reclaimed by the Carey Pension Scheme SIPP).

24. Are there any other tax charges?

Any payment which is not allowed by HMRC is called an Unauthorised Payment. Unauthorised Payments will result in an additional tax charge of at least 55% and up to 70% in some circumstances of the value of the Unauthorised Payment. Certain investments (known as Taxable Property) will also attract Unauthorised Payment tax charges.

The tax charges payable for Unauthorised Payments (including investments in taxable property) will vary depending upon the reason for the charge. However, in broad terms these tax penalties are typically 40% on the member personally, up to 40% on the scheme plus a further 15% on the member personally if the Unauthorised Payment is more than 25% of the SIPP fund value.

25. Can I cancel my Carey Pension Scheme SIPP?

You have a right to cancel the Carey Pension Scheme SIPP within the first 30 days from the date you apply for your SIPP or you can waive this right to allow the full range of investment choices immediately.

If you want to retain the right to cancel your Carey Pension Scheme SIPP, you should notify us when returning your completed application form. There is a section for this on the Application Form. You will then have the right to cancel the Carey Pension Scheme SIPP at any time within the 30 day cancellation period. **The Carey Pension Scheme SIPP cannot be cancelled once the 30 days have elapsed.**

Where you have retained the right to cancel your Carey Pension Scheme SIPP, your contributions or transfer payment will be held within the Scheme bank account until the 30 day cancellation period has expired.

This means you will not be able to make any investments until the 30 day cancellation period has expired. You can instruct us to move the funds into other permitted investments, but we will not do this until the end of the 30 day period.

If you decide to cancel your Carey Pension Scheme SIPP, any contributions will be returned to you and any tax relief claimed on your behalf will be returned to HMRC. Where you cancel your Carey Pension Scheme SIPP in respect of a transfer from another pension scheme, the transferring scheme may not agree to take back your transfer value – or may not take it back on the terms that applied before the transfer – in which case you and your FCA regulated financial adviser will be responsible for finding an alternative registered pension scheme for the transfer.

In the event of cancellation, the establishment fee for the Carey Pension Scheme SIPP will be retained by us to cover the administration costs incurred.

Separate rights to cancel, which cannot be waived, apply to any transfers in made from other pension arrangements and when you enter drawdown for the first time

If you decide you want to cancel, you should write to us at the address set out in Q&A 33.

26. Where can I find more information?

The Carey Pension Scheme Terms & Conditions, available on request, provide more information. You can ask your financial adviser for a copy or contact us – our contact details are provided under "Contacting Carey Pensions UK". You can also visit our website www.careypensions.co.uk.

27. Data Protection

Carey Pensions UK LLP and Carey Pension Trustees UK Ltd both act in accordance with the Data Protection Act 1998. Your personal data is treated as private and confidential, is stored securely and is only used for the purpose of administering your SIPP.

The Carey Pension Scheme SIPP is covered by the Data Protection Act, under which you have a right to access your personal records. If you wish to exercise this right please write to Carey Pensions at the address shown later in this document. There may be a charge of £10 for the provision of information, depending on the volume of information requested.

28. Who is Carey Pensions UK LLP?

Carey Pensions UK LLP is authorised and regulated by the Financial Conduct Authority under FCA Registration Number 501747. You can check this on the FCA's website at https://register.fca.org.uk. Carey Pensions UK LLP is part of the Carey Group.

Carey Group is an independently owned, off-shore financial services company providing administration and trustee service for off-shore funds, trusts and international pension plans. Carey Group shareholders are the partners of one of the largest international law firms in the Channel Islands; Carey Olsen.

29. What if I have a query or complaint?

If you have a query or complaint, please either ring us, write to us or email us; our contact details are provided in Q&A 33.

We take complaints very seriously and if you do have a complaint, we will do all we can to resolve it with you. Details of our complaint handling process are available on request and fully adhere to FCA guidance.

If you are not happy with our response and you wish to take the matter further you can refer your complaint, without giving up any other rights you may have, to any of the following:

Pension Ombudsman

The Pensions Ombudsman is an independent organisation that adjudicates between you and us, where you have a complaint about the administration of your SIPP that we cannot resolve. Their contact details are:

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Telephone number: 020 760 2200
www.pensions-ombudsman.org.uk

You can also refer any questions you have about pensions to The Pensions Advisory Service and their contact details are:

The Pensions Advisory Service Limited
11 Belgrave Road
London
SW1V 1RB
Telephone number: 0300 123 1047
www.pensionsadvisoryservice.org.uk

Financial Ombudsman Service

The Financial Ombudsman Service is an independent organisation that provides clients with a free service for resolving complaints about the sale or marketing of pension arrangements with financial firms. Their contact details are:

Financial Ombudsman Service
Exchange Tower
London
E14 9SR;
Telephone number: 0800 023 4567
Email: complaint.info@financial-ombudsman.org.uk
www.financial-ombudsman.org.uk

30. Law

The law of England and Wales will be used to decide any dispute.

The Carey Pension Scheme SIPP is administered by Carey Pensions UK LLP which is authorised and regulated by the Financial Conduct Authority no. 501747 with permission to establish, operate and wind up personal pension schemes.

31. Compensation

The Financial Services Compensation Scheme (FSCS) was established under the Financial Services and Markets Act 2000 and may provide protection if we cannot meet claims made against us or because we cannot return investments or money.

FSCS compensation limit for eligible investments is up to £50,000 and for bank deposits, up to £85,000. Further information regarding compensation arrangements is available from the FSCS website at https://www.fscs.org.uk and the contact details for the FSCS are detailed below:

Telephone number: 0800 678 1100

Investments with regulated investment providers or insurance companies are covered separately by FSCS and these companies will provide information about the levels of cover provided. Not all investments are covered and please note that investments provided by non regulated investment providers will not be covered by FSCS.

You should take advice from your financial adviser as to whether the investments you wish to invest in are covered by FSCS.

Your status under the FSCS does not affect any statutory right you may have to compensation.

32. Terms and Conditions

This Key Features document provides a summary of the Carey Pension Scheme SIPP. It does not include all the definitions, exclusions or terms and conditions.

The full contractual terms are set out in the Trust Deed & Rules and the Terms and Conditions. If you would like copies of these, or clarification of any of the information provided in this document, please ask your financial adviser or contact Carey Pensions at the address shown below.

We can change the Terms and Conditions in limited circumstances. This is explained in the Terms and Conditions themselves.

33. Contacting Carey Pensions UK LLP

Both the Administrator and Trustee can be contacted at:

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

Telephone: +44 0330 124 1505
Fax: +44 01908 506169

Website: www.careypensions.co.uk
Email: enquiries@careypensions.co.uk

34. Language

All information and communications from us will be in English. Please contact us if you need this document in larger print.