



GLOSSARY OF TERMS

AS AT 1 JUNE 2024

'Account' means the account operated and administered by the Company for the Client.

'Act' means the Finance Act 2004, as amended from time to time.

'Adjusted income' broadly means the total income for the tax year on which the individual is subject to income tax plus the value of any employee pension contributions. This will include salary, bonus, profits from self-employment, benefits in kind, pension income (including Uncrystallised Funds Pension Lump Sums (UFPLS)), income from property, savings and dividends; plus

- any excess pension scheme tax relief;
- any employee pension contributions deducted from gross salary (net pay arrangements) in the tax year the payment is made;
- the value of any employer pension contributions (which includes any employer contributions as a result of a salary sacrifice arrangement) for the tax year; less
- some allowances and reliefs, e.g. excess tax relief under net pay pension schemes (where full tax relief is not available through payroll), pension scheme tax relief upon making a claim, gifts to charities and trade losses;
- any lump sum death benefits received in the tax year which were taxable at their income tax rate.

A more detailed explanation of adjusted income can be found in HMRC's online Pension Tax Manual via the following link: www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm057100.

'Agent' means employee or contractor of the Financial Adviser Firm.

'AML' means Anti-Money Laundering.

'Annual Allowance' is the upper limit, for a tax year, on the total value of pension inputs that can be made to;

- your SIPP; and
- any other registered pension schemes of which you are a member; and
- any relieved non-UK pension scheme of which you are a relieved member, in that tax year, without incurring an Annual Allowance tax charge.

'Annual Allowance tax charge' is the tax charged on the amount by which your total pension inputs in a tax year exceed your available Annual Allowance (including any unused Annual Allowance that you are able to carry forward from the three immediately preceding tax years).

'Applicable Laws' means any law, regulatory requirement which applies to the parties, including FCA and HMRC rules and guidance.

'Arrangements' are separate component parts making up your SIPP fund. You will normally have only one arrangement unless you have transferred previously crystallised funds to your SIPP or you have funds that relate to a pension that came into payment before 6 April 2006.

'Authorised payment' is a payment specifically authorised under the pension tax legislation, including Pension Commencement Lump Sums and drawdown pensions.

'Beneficiary' means any party entitled to death benefits, including an individual who is your dependant, nominee or successor.

'Benefit Crystallisation Event' is an event which requires your benefits to be measured against your remaining Lifetime Allowance, for example, when you crystallise SIPP funds in order to take retirement benefits.

'Business Day' means Monday to Friday excluding Bank Holidays.

'Capped Drawdown pension' is pension income that may be taken from your SIPP subject to limits set by HMRC. This only applies if you had designated funds for Capped Drawdown pension prior to 6 April 2015.

'Charity' means a body of persons or trust established for charitable purposes only and has been recognised by HMRC as a charity for tax purposes.

'Client' means the Client of the Financial Adviser.

'Close company' broadly means a company that is privately owned and controlled by five or fewer individuals.

'Commercial property' means land and commercial buildings in the UK.

'Commercial property transactions' means acquisitions (including purchases and in specie transfers from other registered pension schemes), mortgages, occupational leases and tenancy agreements, assignments, deeds of surrender of lease, sales, in specie transfers to other registered pension schemes or Qualifying Recognised Overseas Pension Scheme (QROPS), in specie transfer to you or a beneficiary as a lump sum benefit payment, rent reviews, rent reconciliations, insurance applications and renewals.

'Connected person' includes:

- A member, a member's spouse or civil partner, a direct relative (ancestors, brothers, sisters, or lineal descendants) of a member or of a member's spouse or civil partner, and the spouse or civil partner of a direct relative of a member or a member's spouse or civil partner.
- A trustee of a settlement where the settlor of the settlement is a member or someone connected with a member.
- A person (or that person's spouse or civil partner) who is in partnership with a member or with a member's spouse or civil partner.
- A company, which is controlled by a member and/or persons connected with a member.

For HMRC reporting purposes, a connected person also includes close companies of which a member or another connected person is a director. A full definition is in section 1122 of the Corporation Taxes Act 2010.

'Control' (sections 450 and 451 of the Corporation Taxes Act 2010) – a person has control of a company if that person exercises, is able to exercise, or is entitled to acquire, direct or indirect control over the company's affairs.

'Controlling director' broadly means a director who owns 20% or more of the shares in a company.

Controlling director includes any person who is:

- occupying the position of director by whatever name called and any person in accordance with those directions or instructions the directors are accustomed to act, or is a manager of the company or otherwise concerned in the management of the company's trade or business; and
- is either on his/her own or with one or more associates the beneficial owner of, or able, directly or through the medium of other companies, or by any other indirect means, to control not less than 20% of the ordinary share capital of the company.

The expression 'with one or more of his or her associates' means that a person treated as owning, or as the case may be, controlling, what any associate owns or controls, even if he or she does not own or control share capital of his or her own.

'Crystallise' means to designate all or part of the uncrystallised funds in your SIPP or another registered pension scheme to a Benefit Crystallisation Event, for example to provide benefits.

'Defined benefits' (or final salary benefits) are typically benefits from pension schemes where the level of the member's benefits is calculated by reference to the member's earnings and length of service with their employer.

'Dependant' means:

- a) a person who was married to you, or was your civil partner, at the time of your death;
- b) a person who was married to you, or was your civil partner, when you first became entitled to a pension under your SIPP;
- c) a child of yours who has not attained age 23 or, in the opinion of the scheme administrator, was dependent on you because of physical or mental impairment whatever the child's age;
- d) a child of yours who was already receiving dependants drawdown and who reached their 23rd birthday on or after 16 September 2016; and
- e) any other person (who was not married to you, or your civil partner, at the date of your death, nor your child) if, in the opinion of the scheme administrator, at the time of your death, the person was financially dependent on you, or the person and you were financially dependent on each other, or the person was dependent on you because of mental or physical impairment.

'Disqualifying pension credit' in connection with a divorce, means a pension credit under a pension sharing order that came from pension benefits that were already crystallised.

'Drawdown pension' means the payment to you or a beneficiary of a pension directly from your SIPP fund, or from a short-term annuity purchased from crystallised funds.

'Employer' includes any company of which you are or have been an employee or a director and any other person in relation to whom you are or have been an employee.

'Enhanced Protection' means that (where you have a valid Certificate of Enhanced Protection from HMRC) whatever the value of your benefits at the time they are crystallised, they are not subject to the Lifetime Allowance tax charge, provided that since 5 April 2006, no pension inputs have been made for you to your SIPP, or any other registered pension scheme of which you are or have been a member.

'FCA' means the Financial Conduct Authority or any successor conduct regulator in the UK.

'FCA Rules' means the rules contained with the FCA's Handbook of rules and guidance, as may be in force from time to time.

'Financial Adviser' is an adviser who is authorised and regulated by the FCA and who has been appointed by you to provide you with financial advice, including advice relating to your SIPP. We will accept and process instructions received from your Financial Adviser as your agent regarding your SIPP.

'Fixed Protection 2012' means that (where you have a valid Certificate from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance of at least £1,800,000, provided that after 5 April 2012, no contributions or other pension inputs (in relation to defined benefit schemes) have been made for you to your SIPP, or any other registered pension scheme of which you are or have been a member.

'Fixed Protection 2014' means that (where you have a valid Certificate from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance of at least £1,500,000, provided that after 5 April 2014, no pension inputs have been made to your SIPP, or any other registered pension scheme of which you are or have been a member.

'Fixed Protection 2016' means that (where you have a valid Reference from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance of at least £1,250,000, provided that after 5 April 2016, no pension inputs have been made to your SIPP, or any other registered pension scheme of which you are or have been a member.

'Flexi-Access Drawdown pension' is pension income that may be taken from your SIPP, having no upper limit.

'Flexible Annuity' is an annuity from an insurance company that can decrease and may not be payable for life.

'HMRC' means His Majesty's Revenue & Customs.

'Individual Protection 2014' means that (where you have a valid Certificate from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance at least equal to the total value of your benefits (between £1,250,001 and £1,500,000) in all registered pension schemes, and any relieved non-UK pension rights you have, on 5 April 2014.

'Individual Protection 2016' means that (where you have a valid Reference from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance at least equal to the total value of your benefits (between £1,000,001 and £1,250,000) in all registered pension schemes, and any relieved non-UK pension rights you have, on 5 April 2016.

'In specie' means re-registering or transferring the ownership of an asset instead of selling it.

'Investment Firm' means investment managers, platforms, stockbrokers and fund providers.

'Investment grade gold' is gold of a purity not less than 995 thousandths that is in the form of a bar or a wafer of a weight accepted by the bullion markets.

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'Lifetime Allowance' is the upper limit on the benefits you can crystallise in aggregate in all your registered pension schemes and any relieved non-UK pension scheme of which you are a relieved member without incurring a Lifetime Allowance tax charge.

'Lifetime Allowance enhancement factor' (where you have a valid Certificate from HMRC) is the amount by which your Lifetime Allowance is increased because you:

- acquired a pension credit under a pension sharing order on divorce before 6 April 2006;
- acquired a disqualifying pension credit under a pension sharing order on divorce after 5 April 2006;
- accrued certain benefits in a registered pension scheme during a period when you were abroad and you were not a relevant UK individual (or, if you were, it was only because you were resident in the UK at some time during the five tax years immediately before the tax year in question and you were also resident in the UK when you joined the pension scheme and you were not employed by a UK resident employer);
- transferred benefits accrued in a QROPS which have not received UK tax relief to a registered pension scheme.

'Lifetime Allowance excess' is the amount by which your pension funds, exceed your remaining Lifetime Allowance at any Benefit Crystallisation Event.

'Lifetime Allowance tax charge' means the amount of tax you would pay on any Lifetime Allowance excess.

'Lifetime Annuity' means an annuity contract purchased under a money purchase arrangement from an insurance company of your choosing that provides you with an income for life, and which meets the conditions imposed through paragraph 3, Schedule 28 to the Finance Act 2004.

'Market value' is the price which an asset would reasonably be expected to fetch on a sale in the open market. However, for shares, securities and strips (zero-coupon securities) that are included on the London Stock Exchange Daily Official

List (SEDOL) it is the mid-value between the two values given as the closing price, or, if the exchange is closed, that value on the previous trading day. For securities and strips listed on an HMRC recognised stock exchange outside the United Kingdom, it is the same except where only a single value is shown and it is then that value.

'Member' means a Client who is member of a pension scheme operated or administered by the Company.

'Member's Fund' means the aggregate, under all your Arrangements, of the contributions paid by or in respect of you and any transfer payments or credits accepted by the Scheme in respect of you or the assets representing the same and any income derived therefrom and any accretions thereto less any expenses, tax or other amount paid thereout.

'Money purchase scheme' broadly means a pension fund built up from payments such as contributions and transfers from other pension schemes, and any associated investment growth. The amount of the benefits you or a beneficiary will receive will depend on the value of the fund.

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'Money Purchase Annual Allowance (MPAA)' is the maximum amount that can be paid by you or on your behalf to money purchase pension arrangements once you have "flexibly accessed" the funds in one or more of those pension arrangements. This is generally (but not limited to) at the point pension is drawn from a Flexi-Access Drawdown fund or once an UFPLS is taken.

'Nominee' means an individual who is not your dependant and who you have nominated so that in the event of your death they can receive a drawdown pension and/or annuity payments. The Scheme Administrator may also nominate a nominee, but only where you have no surviving dependants or nominees and you did not nominate a charity.

'Non-Standard Asset' means any asset that is not a Standard Asset. Examples of Non-Standard Assets are: bank account deposits that cannot be realised within 30 days; shares in unquoted companies that are not connected with you; and unregulated collective investment schemes (UCISs).

'Pension Commencement Lump Sum' means a tax-free lump sum benefit paid to you in connection with an arising entitlement to a pension benefit from uncrystallised funds under your SIPP.

'Pension inputs' include gross contributions paid to your SIPP, any other registered pension schemes of which you are a member and any relieved non-UK pension scheme of which you are a relieved member, by you, your employer and anyone else, and benefit increases in defined benefit and cash balance registered pension schemes.

'Pension input period' means the period ending in a tax year, for which the total pension inputs made by or for you to registered pension schemes and any relieved non-UK pension scheme of which you are a relieved member, are tested against the Annual Allowance for that tax year. From 6 April 2016 all pension input periods are aligned with the tax year and cannot be changed.

'Primary Protection' means that (where you have a valid Certificate from HMRC) the value of your pension funds, at the time they are crystallised, will be measured against a personal Lifetime Allowance which exceeds the standard Lifetime Allowance for the tax year 2011/12 (£1.8 million) by a certified factor. This form of protection was only available if the value of your pension benefits on 5 April 2006 exceeded £1.5 million.

'Qualifying Recognised Overseas Pension Scheme' means an overseas pension scheme for which the scheme manager has signed an undertaking to inform HMRC if the scheme ceases to be a recognised overseas pension scheme and comply with any prescribed information requirements imposed on the scheme manager by HMRC.

'Registered pension scheme' means a pension scheme that is registered by HMRC under Chapter 2 of Part 4 of the Finance Act 2004.

A relieved non-UK pension scheme can be treated as the equivalent of a registered pension scheme for the purposes of the Annual Allowance and the Lifetime Allowance, in relation to a member who is a relieved member and has non-UK pension rights.

'Relevant UK earnings' means:

- employment income;
- income which is chargeable under Part 2 of Income Tax (Trading and Other Income) Act 2005 and is immediately derived from the carrying on or exercise of a trade, profession or vocation (whether individually or as a partner acting personally in a partnership);
- income which is chargeable under Part 3 of Income Tax (Trading and Other Income) Act 2005 and is immediately derived from the carrying on of a UK furnished holiday lettings business (whether individually or as a partner acting personally in a partnership); and
- patent income where the individual, alone or jointly, devised the invention from which the patent in question was granted.

Relevant UK earnings are to be treated as not being chargeable to income tax if, in accordance with arrangements having effect under section 2(1) of the Taxation (International and Other Provisions) Act 2010 (double taxation agreements), they are not taxable in the United Kingdom.

'Relevant UK individual' means an individual who, for a tax year:

- has relevant UK earnings chargeable to income tax for that year;
- is resident in the UK at some time during that year;
- was resident in the UK both at some time during the five tax years immediately before that year and when the individual became a member of the pension scheme; or
- has, or whose spouse or civil partner has, for the tax year general earnings from overseas Crown employment subject to UK tax (section 28 Income Tax (Earnings and Pensions) Act 2003).

'Relieved member' is a member of a non-UK pension if at any time after 5 April 2006:

- i) contributions paid by or in respect of the member to the scheme have received migrant member relief, transitional corresponding relief, or relief under a double taxation arrangement; or
- ii) they have been exempt from liability to tax by virtue of section 307 Income Tax (Earnings and Pensions) Act 2003.

'Relieved non-UK pension scheme' is a pension scheme which is not a UK registered pension scheme and one or more of the following conditions have been met: migrant member relief or transitional corresponding relief has been given in respect of contributions; contributions made to the scheme after 5 April 2006 have received tax relief under a double taxation arrangement; a member of the scheme has been exempt from liability to tax by virtue of section 307 Income Tax (Earnings and Pensions) Act 2003.

'Residential property' is:

- a building or structure that is used or suitable for use as a dwelling;
- any related land that is wholly or partly the garden for the building or structure;
- any related land that is wholly or partly grounds for the residential property and which is used or intended for use for a purpose connected with the enjoyment of the building;
- any building or structure on any such related land;
- a beach hut; and
- any building specified in regulations as residential property.

'Safeguarded benefits' are benefits other than money purchase benefits and cash balance benefits. This definition includes not only benefits in defined benefit (final salary) arrangements but any arrangement that has some form of benefit guarantee or promise such as a guaranteed minimum pension (GMP) and a guaranteed annuity rate.

'Scheme' means a scheme operated or administered by the Company for the Member.

'Scheme Administrator' means the person(s) appointed to be responsible for the discharge of the functions conferred or imposed on the Scheme Administrator of the pension scheme by HMRC. EBS Pensions Limited is the Scheme Administrator for your SIPP.

'Scheme Establisher' is EBS Pensions Limited.

'Short-term Annuity' means an annuity contract purchased from an insurance company with funds relevant to a member's crystallised funds that provides the member with an income for a term of no more than five years.

'SIPP' means a Self Invested Personal Pension Plan.

'Standard Asset' means an asset which can be realised within 30 days and includes any of the following: bank account deposits; cash; cash funds; exchange traded commodities; government and local authority bonds and other fixed interest stocks; investment notes (structured products); shares in investment trusts; managed pension funds; National Savings and Investment products; permanent interest bearing shares (PIBs); investment grade gold; real estate investment trusts (REITs); shares listed on any of the following: the Alternative Investment Market (AIM), the London Stock Exchange (LSE), an HMRC recognised overseas stock exchange; units in regulated collective investment schemes; commercial property.

'Standard Lifetime Allowance' is the statutory Lifetime Allowance that applies to a Benefit Crystallisation Event in a particular tax year unless you have a valid certificate or reference from HMRC for a higher Lifetime Allowance.

'Successor' means an individual nominated by a beneficiary. The scheme administrator may also nominate a successor but only where the beneficiary has not nominated an individual or a charity.

'Tangible moveable property' is property that can be 'touched' and 'moved' and includes items such as plant and machinery, equipment and fixtures and fittings in buildings that are not normally part of the 'fabric of the building' (e.g. solar panels, carpets, other floor coverings, free standing furniture, light shades and fittings, free standing gas and electric fires and kitchen white goods), cars, yachts, fine wine, jewellery etc.

'Taxable property' means residential property and tangible moveable property unless specifically exempted under HMRC legislation.

'Terms of Business' means the terms and conditions of business which the Financial Adviser (and its appointed representatives as defined in section 39 of the Financial Services and Markets Act, 2000), on acceptance of these terms, will act as the Agent when introducing business to the Company. As well as governing the relationship between the Agent and the Company they are the only conditions and therefore shall be considered to be binding.

'Third Party' means an introducer of business to the Financial Adviser Firm or other such Third Party business whether regulated or not that is associated with the provision of advisory service by the Financial Adviser Firm to the Client.

'Threshold income' broadly means the total income for the tax year on which the individual is subject to income tax. This will include salary, bonus, profits from self-employment, benefits in kind, pension income (including UFPLS), income from property, savings and dividends; plus

- the value of any employer pension contributions made as a result of a salary sacrifice arrangement made on or after 9 July 2015; less
- some allowances and reliefs, e.g. excess tax relief under net pay pension schemes (where full tax relief is not available through payroll), pension scheme tax relief upon making a claim;
- any contribution made by the individual to a relief at source pension (e.g. the gross amount of a contribution to a SIPP);
- any lump sum death benefits received in the tax year which were taxable at their income tax rate.

A more detailed explanation of threshold income can be found in HMRC's online Pension Tax Manual via the following link: www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm057100.


'Unauthorised payment' is a payment which is not an authorised payment, including a loan to a connected person and transactions with connected persons that are not on commercial terms.

'Uncrystallised funds' are pension funds that have not yet been subject to a Benefit Crystallisation Event.

'Uncrystallised Funds Pension Lump Sum' is a lump sum paid directly to you from uncrystallised funds, part of which is tax-free.



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