



THE OPTION SIPP

Key Features Document

# The Option SIPP

The Financial Conduct Authority is a financial services regulator. It requires us, Embark Pensions, to give you this important information to help you to decide whether our Option SIPP is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

## KEY FEATURES

The Option SIPP provides a truly flexible Pension offering to enable you to take total control of your retirement planning.

We must point out that there are other personal pensions such as stakeholders, which are generally available and may be more suitable for your requirements.

The Option SIPP is a Self Invested Personal Pension ("SIPP"), a type of personal pension. Unlike a traditional personal pension taken out with an insurance company, which can only invest in that company's selected products, a SIPP gives you a wider freedom of investment.

Please consult a regulated financial adviser before continuing with any application for an Option SIPP, to consider the available alternatives.

Tax treatment depends on the individual circumstances of each client and may be subject to change in future. Embark Pensions is not regulated to give any investment or financial advice.

## ITS AIMS

- To save for your retirement with the help of generous tax advantages.
- To enable you to transfer in existing pension benefits.
- To allow you to take an income while still benefiting from investment performance and avoid being locked into one particular pension rate.
- To provide a regular income or pension when you retire, or a tax-free lump sum and a reduced regular income or pension.
- To give you a choice after age 55 of taking income or pension, or remaining invested.
- To provide a regular income or pension or a lump sum for your dependant(s) on your death.
- To give you control over your pension fund investments. You can make investment decisions on your own or with your choice of regulated financial adviser.
- You can invest in a broad range of investments.

## YOUR COMMITMENT

- You will make regular and/or single contributions within HM Revenue & Customs limits and/or transfer in funds from other pension plans.
- There is no commitment on your part to continue making contributions and there is no penalty for reducing or stopping contributions.
- You must normally wait until you have reached the age of 55 before being able to access your benefits.

## INVESTMENT OPTIONS

As a member of the Option SIPP you can only invest in those investments permitted by us. The assets have to meet the FCA standard asset criteria in accordance with IPRU-INV 5.9.1R and be capable of being accurately and fairly valued on a daily basis and readily realised within 30 days.

If you are unsure as to whether your proposed or chosen investment will meet this criteria please discuss this with your IFA or get in touch with us.

It is your responsibility to ensure that your selected investment is approved by us before you submit your SIPP application. Should you make an investment into a product that is non-standard or becomes non-standard then we reserve the right to instruct such an investment to be sold without any notice to you or your financial adviser and funds returned to your SIPP.

We will not be held liable for any loss on any investments that you or your nominated adviser chose to be held within your SIPP.

## THE RISKS

- The growth of your pension fund will largely depend on the performance of your chosen investments.
- The value of your investments is not guaranteed and could go down as well as up.
- The wide and varied range of investments and markets you can choose to invest in means that they may have different risks attached to them. If unsure you should seek professional advice on selecting investments.
- Some investments such as commercial property may take longer to sell than others and you may not be able to realise your investment when you choose to.
- The value of any commercial property investment may be based on a valuer's estimate rather than the actual market price.
- As well as investment growth, your SIPP benefits will depend on how much you have paid in, how much is deducted for charges, annuity rates and taxation.
- Your planned benefits may not be achieved if you have to reduce or stop payments to your SIPP.
- Where charges are deducted from the fund, this will impact on the overall value of your fund.
- Large income withdrawals are unlikely to be sustainable if investment returns are low during the withdrawals period which will affect how much is available for annuity purchase. Large income withdrawals could mean less would be available to provide for your dependants or to buy an annuity.
- Annuity rates can change substantially over short periods of time, both up and down. They could be worse when you buy an annuity than they are now.
- The longer you leave it before buying an annuity, the greater risks you bear of lower levels of income if you live longer than expected.
- Charges may be revised in the future and turn out to be higher than expected.

# Your questions, answered.

## WHAT IS A SELF-INVESTED PERSONAL PENSION?

- A SIPP is a personal pension which allows you to save in a tax-efficient manner for your retirement.
- You and/or your employer can make single or regular contributions; if you have previous pension arrangements, you may transfer them into your SIPP.
- Being self-invested, you make your own investment decisions or you may appoint a suitably regulated investment adviser. Please note that we are not regulated to give investment or financial advice.
- You can invest in a wide range of investments including commercial property.

## WHAT ARE THE TAX ADVANTAGES?

- Personal contributions qualify for tax relief at your highest marginal rate (subject to HMRC restrictions).
- Your pension fund is free from UK income and capital gains taxes although tax may not be reclaimed on UK dividends.
- On your death, your accumulated fund can normally be paid free of inheritance tax.
- These tax advantages are based on our current understanding of the legislation and may change in the future.

## HOW DO CONTRIBUTIONS WORK?

- Up to age 75, you and/or your employer can pay tax-relievable contributions up to the Annual Allowance in each tax year.
- The tax relief on personal contributions is limited to the higher of 100% of earnings or £3,600 per annum.
- There will be a tax charge against contributions made in excess of the Annual Allowance which is payable by you, the member.
- The Trustees of the Self Invested Pension Plan do not take responsibility for confirming whether a contribution will qualify for tax relief.
- A declaration will be required from you confirming your earnings in the tax year will be sufficient for any personal contributions made.
- Contributions can be paid in the following ways and you should deduct basic rate tax if you are contributing personally:
  - Cheques made payable to "The Option SIPP Re: (Member Name)".
  - Chaps / BACS payments.
  - Standing Order.
  - An in-specie contribution of assets (which may require an independent valuation).
- Contributions paid directly from an employer should be paid gross.
- All contributions made will be paid directly into your SIPP bank account.

## WHAT RETIREMENT INCOME OPTIONS WILL I HAVE WHEN I REACH AGE 55?

- You can choose to start taking an income once you reach age 55.
- Income can be taken as: flexi access drawdown, the purchase of an annuity, or a combination of both.
- If you were in capped drawdown before 6 April 2015, you can continue to take income via capped drawdown, subject to certain requirements.
- You also have the option to take uncrystallised funds pension lump sums, subject to certain requirements.

## WHAT IS FLEXI ACCESS DRAWDOWN?

It is an option for anybody aged 55 and over where they can start to take an income from their SIPP.

You can take up to 25% of your fund tax free as a pension commencement lump sum, as long as you have sufficient lifetime allowance available. You can then utilise drawdown on the rest of the fund as and when you want, which will be subject to your marginal rate of tax.

## WHAT IS AN UNCRYSTALLISED FUNDS PENSION LUMP SUM?

An Uncrystallised Funds Pension Lump Sum can be paid from uncrystallised funds as a lump sum - there will be a 25% tax-free element and the balance will be taxed at your marginal rate of tax.

## WHEN CAN I BUY AN ANNUITY?

You can choose to use some or your entire fund to purchase an annuity at any time from age 55. You can choose the annuity provider from whom to purchase the annuity.

## WHAT HAPPENS TO MY PENSION IF I DIE BEFORE AGE 75?

- If you die before your 75th birthday you can pass your pension onto any beneficiary completely tax free as a lump sum or beneficiaries drawdown pension.
- Any funds that haven't been used for drawdown will be tested against the lifetime allowance.
- Any funds over the lifetime allowance will be taxed at 55% before these are paid to the beneficiaries.

## WHAT HAPPENS TO MY PENSION IF I DIE AFTER AGE 75?

- You can pass your pension on to your beneficiaries as a lump sum, where your beneficiaries will pay their marginal rate of income tax.
- Beneficiaries can also receive death benefits as a pension where they will pay their marginal rate of tax on each income payment. This is known as beneficiaries drawdown.

## WHO WILL ADMINISTER MY PLAN?

EBS Pensions Ltd trading as Embark Pensions will administer your plan.

## WHAT ARE THE CHARGES?

Please refer to the Schedule of Fees for the current fee structures.

## WHAT RATE OF INTEREST WILL I RECEIVE ON MY SIPP BANK ACCOUNT?

Embark Pensions mostly uses Metro Bank for its transactional banking purposes. To view the latest interest rates, please visit [embarkpensions.co.uk](http://embarkpensions.co.uk).

Please note that some accounts are held with Royal Bank of Scotland, if this is the case then you can find this information on your Welcome Letter, or from your Adviser.

## DO EMBARK PENSIONS RETAIN ANY OF THE INTEREST?

Yes. Metro Bank pays an additional rate to us to cover any transactional costs associated with the management of the SIPP bank account. The rate we receive from Metro Bank can fluctuate therefore please visit [embarkpensions.co.uk](http://embarkpensions.co.uk) for the current rates.

For bank accounts held with the Royal Bank of Scotland, we do not retain any of the interest paid.

## WHEN WILL I RECEIVE A VALUATION OF MY FUND?

You will receive a valuation of your fund at the anniversary of the establishment of your SIPP. Ad hoc valuations can be requested at any time. Please note that there may be a fee charged for an ad hoc valuation.

### CAN I TRANSFER MY PLAN?

Yes, you may transfer your plan to another registered pension scheme or a Qualifying Regional Overseas Pension Scheme at any time, either in-specie or in cash. Please refer to the Schedule of Fees for the charges involved.

### YOUR RIGHT TO CANCEL THE SIPP

You have the right to cancel your SIPP within 30 days from the date we receive the application and a notice will be sent to you explaining this. If you wish to cancel your Option SIPP you will need to provide the administrators (contact details below) with written confirmation and send this to them before the 30 days has expired.

If you cancel your SIPP any contributions made will be returned and if there are any funds that have been transferred into the SIPP during this period we will attempt to return these to the provider you have transferred from. We cannot guarantee this will be possible, as not all providers will allow funds to be returned. If the original provider will not accept the funds back we will allow you to transfer out of the Option SIPP free of charge if you have cancelled the membership within the 30 days.

If you have invested any funds within the 30 day cancellation period you may get back less than you originally invested. We cannot be held responsible for any loss.

We will refund any Financial Adviser charges that have been paid from the SIPP. This means your Financial Adviser will not be paid for any advice they have provided. You may still be liable to meet these costs directly with your Financial Adviser.

### YOUR RIGHT TO CANCEL ANY TRANSFERS

Each time you apply to transfer an existing pension into the Option SIPP you have a right to cancel the transfer. Each transfer can be cancelled separately up to 30 days after we have received a signed transfer discharge form or signed letter of authority, and a notice of this right will be sent to you separately.

We will request transfers immediately on your instructions. If funds are received into the SIPP and you then choose to cancel the transfer before the 30 days have expired, we will attempt to return the funds. We cannot guarantee that the transferring scheme will be able to accept the funds back. If this is the case, we will allow you to transfer out to an alternative scheme, free of charge.

### YOUR RIGHT TO CANCEL RETIREMENT BENEFITS

A 30 day cancellation period also applies the first time you choose to take retirement benefits. A notice will be sent to you which will allow you 30 days from the date we make any payment to you to change your mind. If you decide to cancel your decision to take benefits any lump sums or drawdown income will need to be returned to the SIPP.

## WHAT DO I DO IF I HAVE A COMPLAINT?

If you wish to register a complaint, please contact us:

- In writing: Embark Pensions, Dunscair House, Deakins Business Park, Egerton, Bolton BL7 9RP.
- By email: [customerservices@embarkpensions.co.uk](mailto:customerservices@embarkpensions.co.uk).

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service (FOS) or Pensions Ombudsman Service (POS).

POS can be contacted at [pensions-ombudsman.org.uk](http://pensions-ombudsman.org.uk) and FOS at [financial-ombudsman.org.uk](http://financial-ombudsman.org.uk). These services are available to sort out individual complaints that clients and financial services businesses aren't able to resolve themselves.

## FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

In the event we are unable to pay you any money owed, you may be eligible for compensation under the FSCS. Most types of investment business are covered for up to 100% up to the maximum compensation limit. Full details of the FSCS are available on request from our compliance officer or at [fscs.org.uk](http://fscs.org.uk).

## PENSION SCAMS

Fraud and cybercrime are increasing problems in our financial landscape and none more so than pension scams. Fraudsters and their methods are becoming more and more sophisticated, which means it can be increasingly difficult to tell the difference between a genuine financial offering and a scam.

We take this threat very seriously and have invested in multiple electronic and procedural due diligence controls to help prevent pension fraud. Protecting our members retirement funds and managing this risk is integral to all areas of our business.

Please refer to [embarkpensions.co.uk](http://embarkpensions.co.uk) for further information.



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