



## Westerby Protected Rights Plan – Key Features Document

This document outlines the main points of the Westerby Protected Rights Plan. The plan is designed to accept transfers of existing protected rights funds currently held with other providers but cannot be used to contract out of the State Second Pension (S2P) on an ongoing basis.

The Protected Rights Plan must be attached to a SIPP established under the Westerby Private Pension or Westerby Discretionary Pension Portfolio. This document should therefore be read in conjunction with the Key Facts document for the relevant SIPP scheme.

### Its Aims

- To build up a pension fund for retirement in a tax efficient way
- To enable you to invest in a wide range of assets
- To allow you to defer buying an annuity by taking an income directly from the investments held by your pension scheme
- To provide benefits for your spouse, civil partner or dependants in the event of your death

### Your Commitment

- You must wait until the age of 55 before taking benefits from this plan (unless you have a protected retirement age lower than age 55 or are in serious ill health)

### Risk Factors

- There may be a penalty for transferring out of an existing pension scheme and you could lose your entitlement to any guarantees or bonuses you may have received

- The value of the investments you select for your plan can go down as well as up and is not guaranteed
- The level of benefits you may draw will depend on the value of your fund and is not guaranteed
- We recommend that you seek advice from your financial adviser before considering transferring any existing protected rights benefits into this plan

### Protected Rights – your questions answered

#### What are Protected Rights?

- The term used to refer to money built up within a Personal Pension Plan as a result of opting out (known as ‘contracting out’) of SERPS or S2P
- In return for a lower state pension, the investor receives contributions (known as ‘rebates’) which are paid by the government into their nominated pension scheme. These payments, and the growth on them, are known as protected rights

### Do Protected Rights need to be kept separate from other benefits?

- Yes, protected rights funds must be held separately. This is to ensure that, in the event of your death, the amount of the compulsory pension payable to your surviving spouse, civil partner or dependant children from your protected rights fund can be calculated
- Your protected rights fund will be held in a separate plan attached to your main SIPP with Westerby Trustee Services Ltd

### Are there any additional investment restrictions that apply to Protected Rights?

- No, you will be allowed to invest protected rights in exactly the same way as non-protected rights
- Your protected rights fund can therefore be invested in commercial property, stocks and shares, unit trusts, investment trusts, OEICS and any other permissible SIPP investments

### Can the Westerby Protected Rights Plan be used to contract out of the State Second Pension?

- No, the plan is designed only to accept transfer payments of existing protected rights funds currently held with other providers
- You may not elect to contract out of the state second pension under this plan

### Retirement Benefits

#### When can I take my benefits?

- Benefits can commence at any time between the ages of 55 and 75
- You do not have to cease working to draw benefits

- It may be possible to commence benefits earlier than age 55 if you are in serious ill health or have a protected retirement age as a result of your current, or a previous, occupation

### What options will I have at retirement?

- Part of the fund may be taken as a tax-free lump sum. This is usually 25% of the fund value, however this may vary depending on circumstances
- You can purchase a lifetime annuity (pension) with your protected rights fund by passing it to an insurance company of your choice who will in return pay you a regular income throughout your lifetime
- You can draw a pension directly from your investments until the age of 77. This is known as an Unsecured Pension (USP). This option allows you to defer buying an annuity and still draw an income. There is no minimum pension requirement however there is a maximum level that is set by the Government Actuaries Department

- You can continue to draw a pension directly from your investments after the age of 77. This is known as an Alternatively Secured Pension (ASP). The Government Actuaries Department set minimum and maximum limits on the level of pension you can draw

- These government minimum and maximum limits are designed to ensure your funds last you for your foreseeable lifetime

- No tax free lump sum benefit is available after the age of 75. You must therefore choose whether to draw an income from the investments or purchase an annuity at this stage

## Death benefits

### What happens if I die before taking any benefits?

- If the member is married or has a civil partner then a pension must be provided and can take the form of an annuity, unsecured pension or alternatively secured pension

- If there is no spouse / civil partner then a lump sum payment must be paid to your nominated beneficiary (free of tax). If there is no nominated beneficiary then the payment will be paid to your estate and may be subject to Inheritance Tax

### What happens if I die while taking an Unsecured Pension?

- If there is a surviving spouse or civil partner the protected rights remaining must be used to provide a pension. This can take the form of an annuity, unsecured pension or alternatively secured pension

- If there is no surviving spouse or civil partner the remaining fund must be paid as a lump sum to your nominated beneficiaries subject to a tax charge (currently 35%).

- If there is no nominated beneficiary then the payment will be paid to your estate and may be subject to Inheritance Tax

### What happens if I die while taking an Alternatively Secured Pension?

- If there is a surviving spouse or civil partner the protected rights remaining must be used to provide a pension. This can take the form of an annuity, unsecured pension (dependant on age) or alternatively secured pension

- If there is no surviving spouse or civil partner, or following the death of the recipient of the income, the remaining fund must be paid as a lump sum to a registered charity of your choice

- It is important that you make your nomination to the registered charity in order for the lump sum death benefits to be paid

### What happens if I die after purchasing a Lifetime Annuity?

- In this instance, any benefits payable will be determined by the terms of the annuity contract

## Charges

- There is no initial fee for establishing a Protected Rights Plan

- Westerby Trustee Services Ltd will charge an our an annual fee of £100 + VAT for managing your Protected Rights Plan

- We may increase our charges if the cost of managing your plan increases in the future due to changes in taxation, legislation or other changes in law. We will inform you if this happens

- Your financial adviser may also charge you separately for any advice given

## Further Information

### Can I change my mind?

- You are provided with a cancellation notice once we are in receipt of the protected rights transfer forms

- You have up to 30 days in which to change your mind about transferring your benefits

- Westerby Trustee Services will not write out for any protected rights transfer until this 30-day cancellation period is over unless you elect to waive this cancellation period

### About Westerby Trustee Services Ltd

- We are authorised and regulated by the Financial Services Authority (FSA)

- Our FSA registration number is 463533

### How to contact us

- If you have any queries or require any further information you can write, phone or fax to:-

Westerby Trustee Services Ltd  
1&2 St Matthews Business Centre  
Gower Street  
Leicester  
LE3 1LJ

Tel: 0116 326 0183

Fax: 0116 253 9730

## How to complain

- If you ever need to complain the first step is to write to us at the address given on this page

- If the matter is not dealt with to your satisfaction you can contact The Pensions Advisory Service (TPAS) at:-

The Pensions Advisory Service (TPAS)  
11 Belgrave Road  
London  
SW1V 1 RB

- Alternatively, you can complain to:-

The Financial Ombudsman Service (FOS)  
South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR