



Key Features of the Westerby Private Pension

This document outlines the main points of the Westerby Private Pension. Before you buy please read it carefully so that you understand exactly what you are buying, your commitment and the risks involved. Your personal illustration (available on request) shows you what you might get back at your selected retirement age.

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 draw an income directly from the investments held by your pension scheme rather than buying an annuity.
- To provide benefits for your spouse, civil partner or dependants in the event of your death.

Your Commitment

- You must make at least one single contribution or transfer of an existing pension scheme into your plan.
- There is no commitment on your part to continue making contributions and there is no penalty for ceasing or reducing contributions.
- 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).
- You must inform us of any changes in circumstances that affect your eligibility to contribute to this plan or to receive tax relief.

Risk Factors

Initial Risk Factors - Transfer in

- On transferring out of any previous pension schemes into this plan you could lose your entitlement to any guarantees or bonuses you may have received.
- There may be a penalty for transferring out of an existing pension scheme.
- If you are entitled to draw benefits before age 55, or are entitled to a pension commencement lump sum in excess of 25% of fund value, you may lose these entitlements on transfer into this plan.

- You should seek professional advice from your financial adviser before considering transferring any existing pension schemes into this plan.

Investment Risks

- The value of your investments can go down as well as up and is not guaranteed.
- Past performance must not be viewed as an indication of future performance.
- The investments selected will have different levels of risk. Your financial adviser will be able to advise you on the risks involved with particular investments.
- Certain investments, e.g. property, may take longer to sell than others.

Risk Factors - Maturity / Taking Benefits

- What you get back at retirement is not guaranteed.
- Your pension benefits may be lower than shown on your illustration if:-
 - the contributions or transfer values received are lower.
 - the investment performance is less.
 - the cost of converting your pension fund into an income is higher.
 - you take higher withdrawals.
 - you draw your pension benefits at an earlier age.
 - you decide to buy an annuity.
 - the charges are higher.
- If you take the maximum available pension from the investments your pension may over time reduce if investment returns are low.

Other Risks

- Future legislative changes could affect the tax treatment of pension schemes.
- Future legislative changes could affect the levels of contribution payable, the benefits available and the types of investments allowed.
- Transfer out risk - there is a charge for transferring out and there may also be cancellation penalties on any underlying investments.

Your Questions answered

What is the Westerby Private Pension ?

- The Westerby Private Pension is a Self Invested Personal Pension (SIPP) administered by Westerby Trustee Services Ltd.
- The Westerby Private Pension is registered with Her Majesty's Revenue and Customs (HMRC) as a tax exempt pension scheme.
- You will be appointed as joint trustee of the your SIPP along with Westerby Trustee Services Ltd.

What is a Self Invested Personal Pension (SIPP)?

- A SIPP is a personal pension that allows you to build up a pension fund for retirement in a tax efficient way.
- A SIPP allows you to make your own investment decisions.
- A SIPP allows you to invest in a wide range of assets such as commercial property, stocks and shares, Unit Trusts, OEICS and insurance company managed funds.
- Investments within your SIPP will be held in the name of the trustees and you will be co-signatory to all transactions giving you control over your pension fund.
- A SIPP allows you to draw your pension benefits directly from the investments held. There is no requirement to purchase an annuity.

Is the Westerby Private Pension a Stakeholder Pension Plan?

- The Westerby Private Pension is not a stakeholder plan as it does not meet the criteria that the government has set for stakeholder pensions.

- A stakeholder pension may meet your needs at least as well as this plan. Your Financial Adviser will be able to advise which contract is better for your needs.

Who can contribute to a SIPP?

- You can make personal contributions.
- Your employer can contribute for you.
- A third party can make contributions on your behalf.
- You can contribute into your SIPP even though you may be an active member of an employer's pension scheme or are contributing into other pension plans.
- You can also transfer in payments held with other pension providers at any stage whether contributions are being paid into the plan or not.

How much can I contribute to my SIPP?

- For each tax year you can contribute as little or as much as you want.
- If the total contributions made to all schemes of which you are a member exceed the **annual allowance** the excess will be subject to the **annual allowance tax charge**.
- The **annual allowance** is set by HMRC and is currently £50,000.
- Provided you were an active member of a pension scheme you can carry forward any unused annual allowance from the previous three tax years.
- For the purposes of the carry forward rule the tax years ending April 2009, April 2010 and April 2011 each have an annual allowance of £50,000.
- Once your SIPP is established you or a third party can pay in future single contributions as well as increase or decrease your regular contributions at any time with no penalty for altering the levels.

Will my contributions receive any tax relief?

- You are only entitled to tax relief if you are under age 75 and a **relevant UK individual**. You are a **relevant UK individual** if any of the following apply:
 - you have relevant UK earnings chargeable to Income Tax, or general earnings from overseas Crown employment subject to UK tax, in this tax year;
 - you are or have been a resident in the UK at some time during this tax year;

- you were resident in the UK both at some time during the five tax years immediately before this tax year and when you became a member of the pension scheme;

- your spouse has for this tax year general earnings from overseas Crown employment subject to UK tax;

- you or your spouse are in overseas Crown employment but for this tax year do not have general earnings from overseas Crown employment subject to UK Tax.

- Any relievable contributions up to the higher of:
 - 100% of your UK earnings subject to a maximum of the **annual allowance**: OR
 - £3,600 (basic amount)

that are paid by you, or on your behalf by a third party other than your employer or other corporate body, will receive basic rate tax relief.

- For relievable contributions we will reclaim basic rate tax relief from HMRC and credit it to your SIPP. For example, if basic rate income tax is 20% and you make a contribution £80, we will reclaim tax relief of £20 and add it to your fund, In this example this means that for every £80 you pay, £100 goes into your plan.

- If you are a higher rate tax payer you may be eligible to claim additional tax relief on any personal contributions. This can be claimed by completing the relevant sections on your HMRC self assessment form. You should consult your financial adviser or tax adviser if you require further information on this matter.

- Employer contributions are paid gross and your employer may receive tax relief on any contributions it pays.

- If you are in any doubt as to the rules regarding contributions and tax relief please consult your financial adviser.

Can the SIPP be used to contract out of SERPS / the State Second Pension?

- No - but the SIPP can accept transfers of protected rights already accumulated in other pension plans.

Investments

Where can my SIPP be invested?

- The SIPP allows you, your financial adviser or fund manager to choose from a range of investments such as:-

- Quoted shares, including preference shares, debentures and other fixed interest securities traded on a recognised stock exchange;

- Shares in unquoted “private” limited companies (at the discretion of Westerby Trustee Services Ltd);

- Commercial Property and land;

- Residential Property collective investment schemes;

- Investment Trusts, Unit Trusts and OEIC’s;

- Insured company managed funds;

- Loans to third parties;

- Cash deposits in any major currency.

- Quoted investments such as equities will normally be held in the name of an authorised nominee company.

- The SIPP allows you to enter into investment transactions with connected parties provided these transactions are carried out on an arm’s length basis. For example, the SIPP can buy, sell or lease property from you, your business or a family member as long as the transaction takes place at “full market value”.

- Trustees can borrow funds from commercial lenders, subject to their agreement to the terms, for the purchase of assets or any other purpose.

- Borrowing is limited to 50% of the net asset value of the SIPP which includes any existing borrowing.

- It is possible for a number of SIPP holders to join together and collectively purchase a property. However, we will not agree this arrangement with any other third parties unless they are members of the Westerby Private Pension.

- Any uninvested cash will be held in an interest bearing bank account.

- You can change your investments at any time.

Are there any restrictions on what I can invest in?

- There are certain investments which are not permitted to be held in your SIPP and these include:-
 - Residential Property;
 - Residential Ground Rents;
 - Any tangible moveable property (i.e. things that can be touched or moved, which also includes assets such as antiques, arts, classics cars, fine wine, jewellery);
 - Unquoted shares in a company connected with the pension scheme member or members.

What about tax on my investments?

- Due to the tax exempt status of the Westerby Private Pension, most investments will be free of UK income and capital gains tax,
- Any investments that are not permitted will be subject to tax charges.
- Westerby Trustee Services Ltd reserves the right to reject any investments that, in its sole opinion, may lead to tax charges.

Retirement Benefits

What might I get back when I request to draw my benefits?

- The amount of your pension will depend on the size of your fund at the time of drawing benefits.

When can I take my benefits?

- Benefits can commence at any time from age 55.
- 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.
- You do not have to cease working to draw benefits.

What options will I have when I start taking benefits?

- Part of the fund may be taken as a **tax free** lump sum known as a **Pension Commencement Lump Sum**. This is usually 25% of the fund value, however this may vary depending on circumstances.

- You can purchase a lifetime annuity (pension) from the value of your SIPP by passing it to an insurance company of your choice who will in return pay you a guaranteed income throughout your lifetime.

- You can draw your pension income directly from your SIPP investments under a **capped drawdown** or **flexible drawdown** arrangement.

Capped drawdown

- The amount of income you can draw from your fund is limited to a maximum annual limit prescribed by the government.
- The limit is related to your age and long term gilt yields and is designed to ensure that your fund will provide you with an income for your foreseeable lifetime.
- You may draw any level of income between zero and the maximum.
- The maximum limit is subject to a compulsory review every three years. If investment returns are low the amount of income you can draw may reduce.

Flexible drawdown

- Flexible drawdown will only be available under this plan after the Finance Bill 2011 has received Royal Assent. This is expected to be in late summer 2011.
- To qualify for flexible drawdown you must have **guaranteed pension income** sufficient to meet a Minimum Income Requirement (MIR) set by the government.
- If you meet the minimum income requirement then you can draw as much income out of your fund as you wish without reference to the limits imposed under capped drawdown.
- The minimum income requirement is set at £20,000 per annum.
- Only **pension income** that is **guaranteed and already in payment** can be used to satisfy the MIR. This is expected to include:
 - Income from defined benefit schemes
 - Income from pension annuities
 - Income from scheme pension
 - State Pension benefits
- Income taken under capped drawdown does not count towards the minimum income requirement.
- Flexible drawdown is not available from Protected Rights funds.

Is there any tax payable on my pension benefits?

- In most circumstances your pension commencement lump sum is free from any tax charges.
- All pension income payments made to you under capped drawdown and flexible drawdown will be subject to income tax.
- Any tax payable on pension payments will be deducted by us before the payment is made to you.
- If a lifetime annuity has been purchased through an insurance company, it will be their responsibility to collect the tax and pay out any pension due to you.
- Unless you have protection from the **lifetime allowance** any benefits drawn from funds in excess of the **lifetime allowance** are subject to a tax charge of 55% if taken as a lump sum, or 25% if taken as an income. This tax charge is known as the “**lifetime allowance charge**”.
- The **standard lifetime allowance** is set by HMRC at £1.8 million but will reduce to £1.5 million in April 2012.

Charges

What are the charges?

- Westerby Trustee Services Ltd charge an initial fee for setting up your plan and an annual fee for managing your plan and investments.
- The fee is a fixed amount and is not linked to a percentage of the amount of your fund.
- You may also incur specific event related charges.
- Fees are subject to indexation in line with increases in Average Weekly Earnings as published by the Office for National Statistics.
- We may also increase our charges if the cost of managing your plan increases in the future due to changes in taxation, regulation or changes in law. We will inform you if this happens.
- As well as the above fixed fee, the nominated SIPP bank may pay Westerby Trustee Services Ltd a maximum of 0.1% of any cash deposits held in your account. This will not affect the interest rate you receive on this cash deposit.
- Any additional costs incurred, for example legal fees in relation to a property purchase, must be paid separately to our fees but can be paid from your SIPP bank account.

- Your financial adviser will give you details about the costs and they may also charge you for any advice given.

Death Benefits

- In the event of your death any remaining fund can be used to provide a lump sum payment to your nominated beneficiaries or pension income payments to your spouse, civil partner or financial dependants.
- Death benefits are normally paid net of tax deductions. Westerby Trustee Services Ltd will account to HMRC for any tax due.

Tax payable on lump sum payments

	Death before age 75	Death on or after age 75
Fund from which no benefits have been taken	Tax free up to the lifetime allowance	55%
Funds in capped or flexible drawdown	55%	55%

- If the nominated beneficiary is a registered charity then, in most circumstances, no tax charges will apply.

Tax payable on spouses/ civil partners/ dependants pension income payments

- All pension income payments made to your spouse, civil partner or dependants are subject to income tax.
- Income tax is deducted under a PAYE system at the rate determined by the recipient's tax coding.

What happens if my fund on death exceeds the lifetime allowance?

- If your fund exceeds the **lifetime allowance** there may be a **lifetime allowance tax charge** on the amount of lump sum death benefits in excess of the lifetime allowance.

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.

Further Information

How will I know how my plan is doing?

- We will provide you with an annual statement showing you details of any payments made into your plan, your investments, fund withdrawals and the current value of your plan.

Can I change my mind?

- You are provided with a cancellation notice once your policy starts and you have up to 30 days in which to change your mind about having a Westerby Private Pension.
- If you cancel your policy within this 30-day period you will receive a full refund of any contributions paid.
- It may be possible to return any funds received in relation to a transfer of existing pension benefits into the Westerby Private Pension during the cancellation period, however the onus is on you to speak to the transferring company to accept the money back.
- Cancellation rights may also apply to any additional contributions or transfers made into the Westerby Private Pension.
- If you opt to take an income from your Westerby Private Pension, you will receive a separate cancellation notice for this giving you a 30-day period in which to cancel the chosen option.

About Westerby Trustee Services Ltd

- Westerby Trustee Services Ltd is authorised and regulated by the Financial Services Authority (FSA).
- Our FSA registration number is 463533.

Can Westerby Trustee Services Ltd provide me with advice?

- We are not authorised to give you financial advice, however we are happy to work with your financial adviser to assist where possible.

- Due to the large number of options available under the Westerby Private Pension, it is important that you seek financial advice before taking out this plan and also during the lifetime of this plan.

- Financial advice is available through our sister company, Westerby Investment Management Ltd, which is authorised and regulated by the Financial Services Authority to give financial advice.

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 given address on this page.
- If the matter is not dealt with by us to your satisfaction you can contact The Pensions Advisory Service (TPAS) at:-

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

- Alternatively, you can complain to:-

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