

SIPP / SSAS KEY PENSION TERMS

**This document provides a helpful overview of some of the
key pension terms used in our SIPP / SSAS literature**



KEY TERM	DEFINITION
Adviser	A financial adviser who is appointed by you regarding your SIPP / SSAS. They must be authorised and regulated by the Financial Conduct Authority.
Adviser Charges	Fees charged by an adviser for the services they provide. Fees can only be paid from your SIPP/SSAS that relate to your pension.
Annual Allowance	The maximum amount of pension contributions you can make each year whilst still benefitting from tax relief. It is dependent on your earnings and whether you have taken any income from your SIPP/SSAS and by what method.
Annual Allowance Charge	A tax charge which applies if the annual allowance is exceeded. It is calculated by working out how much income tax would have been due if the excess amount was added to your income.
Annuity	A policy providing a guaranteed income for the rest of your life in exchange for part or all of the value of your pension fund. Westerby does not provide annuity contracts directly.
Beneficiary	A person or persons nominated by you to receive any remaining benefits in your pension fund on the event of your death.
Benefit Crystallisation Event	The times at which your benefits must be tested against the lifetime allowance.
Capped Drawdown	Pension income where limits are set and regularly reviewed as to the maximum level of income that can be drawn each year. People crystallising benefits for the first time post 5 April 2015 cannot do so on a capped drawdown basis.
Carry Forward	Increases the annual allowance of an individual in any given tax year by using up unused allowances from the previous three tax years.
Connected Party	A person who falls within the definition of a connected person in section 993 of the Income Tax Act 2007 and includes members of your family and any company or partnership that you or your family members are connected with.
Contribution	Money paid into a pension by you, your employer or a third party on your behalf. Contributions made in any given tax year count towards the annual allowance for that year.
Crystallised Funds	Funds which have been tested against the lifetime allowance in order to provide pension benefits. To 'crystallise funds' means to 'access' pension benefits.
Death Benefits	Funds remaining in your pension after you die which are paid or allocated to your beneficiaries.

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Drawdown	Allows you to take a pension income from crystallised funds whilst keeping your fund invested.
Due Diligence	A comprehensive review of, in the case of a SIPP/SSAS, an investment / investment provider as to suitability for inclusion in a pension scheme.
Expression Of Wish	Your instructions as to who are to be the beneficiaries of your pension fund on your death. An expression of wish is not legally binding and can be updated by you at any time.
Financial Conduct Authority (FCA)	Regulator of the Financial Services industry in the UK.
Flexi-Access Drawdown (FAD)	A type of drawdown introduced on 6 April 2015 which triggers the Money Purchase Annual Allowance on the first income payment made under FAD. There is no upper limit on the level of income that a person can drawdown under FAD.
Financial Ombudsman Service	A free service that settles complaints between consumers and businesses that provide financial services.
HM Revenue & Customs (HMRC)	The organisation in the UK responsible for collecting, paying, administering and enforcing taxes and the tax legislation governing registered UK pension schemes.
Information Commissioner's Office (ICO)	The organisation that regulates data protection in the UK.
Investment	Any type permitted by HMRC subject also to Due Diligence approval by Westerby.
Lifetime Allowance	The total value of a person's funds in registered pension schemes that can be built up without incurring tax penalties. The Lifetime Allowance is being abolished with effect from the 2024/25 tax year.
Lifetime Allowance Protection	Different forms were introduced on 6 April 2006 and each subsequent time that the lifetime allowance was reduced to protect pension savings from new pension rules. Examples of protection types are Enhanced; Primary and Fixed.
Lifetime Allowance Tax Charge	A charge applying to pension benefits in excess of the lifetime allowance.
Money Purchase Annual Allowance (MPAA)	The maximum level of contribution that can be paid by you or on your behalf in any tax year if you are in FAD.
Nominee	A person or persons chosen by you to be a beneficiary to receive your pension benefits on the event of your death.
Normal Minimum Pension Age (NMPA)	The age from which a person can normally access pension benefits. The current NMPA is 55 rising to 57 from 2028.
Pension Benefits	Lump sum / income drawdown payments; annuity purchase or a combination of these.

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Pension Commencement Lump Sum (PCLS)	Tax free cash lump sum payment on accessing benefits which is normally 25% of the amount accessed.
Pension Liberation	A transfer of pension savings to an arrangement allowing to access them before age NMPA .
Pensions Ombudsman	An independent, impartial organisation providing a free service to help people resolve their pension disputes and complaints.
Pension Sharing Order	A court order instruction for the Scheme Administrator / Trustees to transfer part or all of an individual's pension fund to a former spouse or civil partner.
Protected Pension Age	Certain individuals under specific circumstances e.g. specific occupations have a right to access benefits before they reach NMPA.
Scheme Specific Lump Sum	PCLS of more than 25% of the fund which can be paid, under certain circumstances, to individuals who held this entitlement in April 2006.
SIPP	Self-Invested Personal pension.
Small Pot Lump Sum	A pension fund of £10k or less that is accessed as a single lump sum payment.
SSAS	Small Self-Administered Scheme. A SSAS is an occupational pension scheme.
Successor	A person nominated by a beneficiary to receive funds previously inherited from another person.
Tax Relief	Personal contributions to your pension fund within your annual allowance limit do not attract income tax which is known as tax relief. Westerby will claim back the basic rate of any tax relief due on such contributions directly from HMRC and apply this to your pension fund.
The Pensions Regulator (TPR)	The public body that protects UK pensions in the workplace.
Unauthorised Payment	A payment that is not authorised under HMRC legislation and which may result in tax charges being levied in the event that such a payment is made.
Uncrystallised Funds	The part of your pension fund that has not been accessed to provide pension benefits.
Uncrystallised Funds Pension Lump Sum (UFPLS)	A way of taking benefits from your pension fund as a lump sum payment of which part will be tax free (usually 25%) with the rest subject to income tax. Taking an UFPLS triggers the MPAA.
Unregulated Introducer	A person, business or other entity which introduces clients to a regulated (by the FCA) firm.

