



Understanding Your SIPP

Self Invested Personal Pension Plan (SIPP)

A SIPP is a 'money purchase' pension arrangement. Contributions are made into a fund or a selection of funds. It is also possible to hold direct equities, commercial property and other assets. This means it is extremely flexible for pension arrangements with larger funds.

The value of a SIPP is dependent on the performance of the assets in which it is invested and the market value of any property held, and is therefore subject to market movements, which can fall as well as rise.

Tax relief on your personal contributions is received at your marginal rate (within prescribed limits) and funds are allowed to grow within the plan free of Income and Capital Gains Tax, providing an extremely tax efficient savings vehicle.

Under current legislation, your pension plan offers tax efficient accumulation of funds. Income tax will be payable on any future income taken, the rate(s) being decided by your total income at the time of payment.

At Retirement

You can draw benefits in a variety of ways, although the earliest you can access the funds is currently age 55.

On retirement up to 25% of the accumulated funds can be taken as a tax free 'Pension Commencement Lump Sum' (previously known as tax-free cash). When income is taken from the plan it will be subject to income tax at your marginal rate at that time.

The benefits you receive at retirement are dependent upon future contribution levels, the age at which you take benefits and external influences such as investment returns, inflation, interest rates, annuity rates and charges.

On death

In the event of your death, the full value of the accumulated fund at the date of death will be payable to your surviving spouse or nominated beneficiary/ies, who will, in most circumstances, have the choice of drawing the fund either as a lump sum or as a variable income.

The tax treatment of the lump sum and income payments will vary depending upon your age at the time of your death.

Important Information

Our advice has been prepared based on our company's understanding of the current law and HM Revenue and Customs' practice. Whilst we believe the interpretation is correct we cannot guarantee it.

Tax treatment may change in the future.

The levels of taxation and annual exemptions from taxation are subject to change and their value will depend upon your individual circumstances.

PLEASE REFER TO OUR SEPARATE DOCUMENT 'GENERAL AND INVESTMENT RISK WARNINGS' FOR ADDITIONAL INFORMATION RELATING TO THE RISKS OF INVESTING.

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