

## Key Features

This document details the main features of the Talbot and Muir SIPP (T&M SIPP). You should read it carefully in conjunction with:

- the Terms and Conditions;
- the Declarations form;
- the Schedule of Fees and Services; and
- the Permitted Investments List

## Overview

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The Financial Conduct Authority is the independent financial services regulator. It requires us, Talbot and Muir Limited, to give you this important information to help you decide whether our T&M SIPP is right for you.

The T&M SIPP is a Self Invested Personal Pension (SIPP) established under trust and approved as a registered pension scheme by HM Revenue and Customs. A SIPP is a personal pension that allows you greater control over where you invest your money. This document details the main features of the T&M SIPP and should be read carefully in conjunction with the documents listed above so that you understand what you are buying before you apply, and then keep it safe for future reference.

This document does not provide financial advice. If you are unsure as to the suitability of a SIPP or there are any aspects of taking benefits from a SIPP that you do not understand, then it is recommended that you speak to a financial adviser authorised and regulated by the Financial Conduct Authority.

## Its Aims

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The T&M SIPP is designed to provide you with:

- A tax efficient and flexible way of saving for retirement, whilst allowing you access to an extensive range of investments, including commercial property.
- Flexibility and control over your investment choice.

- The ability to build up a fund for your retirement, which can provide you with a flexible income, and a tax free lump sum.
- The ability to provide a lump sum, a pension, or both for your spouse or civil partner and/or dependants on your death. Further information on how these benefits can be paid is covered in greater detail in the Questions and Answers section of this document.
- The flexibility to take an income from your SIPP as a drawdown pension without the requirement to purchase an annuity. This is described in greater detail later in this document.

## Your Commitment

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You will appoint a FCA regulated financial adviser to advise you on your SIPP and the underlying investments.

When you establish your T&M SIPP you must make at least one single payment (either a lump sum contribution or a transfer from a previous pension) or regular contributions to your T&M SIPP.

You are not required to continue to make ongoing contributions.

You will be required to maintain a minimum cash balance of at least £1,000 in your T&M SIPP for the time the plan is active and to ensure there are sufficient funds available to meet your plan charges.

When you start to take income payments, you will ensure there are sufficient liquid funds available to continue payment of these benefits.

You will be responsible, in conjunction with your investment manager or financial adviser, for regularly reviewing the investment strategy of the schemes assets to ensure they are suitable to meet your needs and objectives in retirement.

You will inform us when any of your circumstances change and provide us with any information we request that is relevant to your T&M SIPP.

## Risk Factors

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You should review your pension arrangements regularly with your financial adviser to make sure they are still suitable and the investments continue to meet your retirement objectives.

The value of your T&M SIPP is not guaranteed and can go down as well as up. Past performance is no guide for future returns which may be less than you expected. You may get back less than you invested.

The value can depend on a number of factors, including:

- The performance of your chosen investments.
- The amount that is contributed and over what duration.
- The rate of inflation.

- The age at which benefits are taken.
- Our plan charges.
- The charges levied on your chosen savings vehicle or underlying investments.

Future changes in legislation or regulation may impact on your T&M SIPP and our charges may change.

If you intend to transfer from another pension scheme there is no guarantee the benefits will be higher from your T&M SIPP. If you change your mind you may not be able to rejoin the scheme, even if you decide to cancel the transfer.

You cannot start to draw any benefits from your SIPP until you reach Normal Minimum Pension Age (currently 55) unless you satisfy ill health conditions and you can only have a refund of contributions you have made in very limited circumstances.

Once your T&M SIPP is fully crystallised (that is, you have drawn the whole of the pension commencement lump sum to which you are entitled), you will not be able to make any additional contributions to this arrangement except by opening a new, uncrystallised arrangement for which there may be a charge.

On drawing an income from your T&M SIPP you must be aware of the following risks:

- The income level is not guaranteed and you could run out of money.
- High income withdrawals are not always sustainable.
- There is no guarantee that your drawdown income will be as high as that provided by an annuity.
- There is no guarantee that your pension fund will be able to maintain a level of income equal to that which may have been available from an annuity at outset.
- Higher income withdrawal means that there will be less available for dependants or for the purchase of an annuity if and when applicable.
- The impact of inflation can erode the income purchasing power of your SIPP.
- When you are in receipt of income withdrawal from flexi-access drawdown fund or you take an UFPLS, you will have a reduced annual allowance for money purchase savings of £10,000 per annum.

## **Investment Risks**

Some investments are higher risk than others.

Actual investment performance of the underlying assets may be worse than assumed in the illustration(s). The value of investments can fall as well as rise and are not guaranteed and you may get back less than you invested.

By undertaking a large number of deals or switches in relation to your fund size, you may erode the value of your T&M SIPP.

Some assets are less easily realised than others, e.g. commercial property. The value of commercial property is generally a matter of a valuer's opinion rather than fact.

If you change your mind within the 30-day cancellation period and the value of your investments has fallen, you may receive back less than you have invested.

## **Taxation Risks**

- Tax charges and allowances can affect the value of your SIPP and may change in the future.
- There may be a delay in making some investments while we reclaim tax on your personal contributions from HMRC.
- Any unauthorised payments or investments will incur a tax charge.
- Pension income is subject to income tax.
- New contributions can invalidate Enhanced or Fixed Protection.

## **Questions and Answers**

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### **What is the Talbot and Muir SIPP?**

The T&M SIPP is a Self Invested Personal Pension (SIPP). It is a registered personal pension which attracts generous tax incentives whilst offering you control over your investments.

### **Is it a Stakeholder Pension?**

This plan is not a Stakeholder Pension, as it does not meet those requirements laid down by the government with regards to minimum payment levels, charges and terms and conditions to make it a Stakeholder Pension. To determine if a Stakeholder would better suit your retirement needs please discuss this with a financial adviser authorised and regulated by Financial Conduct Authority.

### **Am I eligible?**

Any individual is eligible to join a registered pension scheme. However, only relevant UK individuals under the age of 75 are entitled to receive tax relief on their pension contributions.

You are a relevant UK individual if:

- You are resident in the UK at some point in the tax year;
- You have relevant UK earnings chargeable to income tax;
- You have, or your spouse or civil partner has, general earnings from overseas Crown employment subject to UK tax; or
- You were a UK resident sometime in the previous five tax years and when you established your T&M SIPP.

Relevant UK Earnings, are normally your total earnings from employment. Please contact your accountant if you have any doubt regarding your relevant earnings.

## How flexible is it?

The T&M SIPP offers you the flexibility on your investments and when and how you take your benefits as you would expect with a SIPP.

Contributions can be made by you, your employer, or a third party on your behalf.

Regular contributions can be made at any frequency by standing order, and the levels of contributions can be varied as per your instruction.

You can also make lump sum payments to your plan whenever you wish, either by cheque or direct credit (BACS or CHAPS).

You can make transfer payments in from your other pension schemes.

You can start, stop, and restart payments if your circumstances change. Stopping or reducing your payments may reduce your future pension.

You can transfer your plan to another Registered Pension Scheme at any time.

## What about tax?

The plan value grows free from capital gains tax and income tax, although tax on UK dividends cannot be reclaimed.

If you are a UK resident you will be entitled to tax relief on your personal contributions on the higher of

- £3600 gross per annum; or
- 100% of your relevant UK earnings, subject to the annual allowance

Your contributions will be paid net of basic rate tax. If you are a higher rate tax payer, any extra tax relief you are entitled to may be claimed through your self assessment tax return.

Employer contributions are payable gross. Whether such contributions are treated as tax relievable deduction will depend on whether the Local Inspector of Taxes accepts the contribution as being made "wholly and exclusively for the purposes of trade".

You may usually take a tax-free pension commencement lump sum of up to 25% of the value of the uncrystallised fund (subject to the Standard Lifetime Allowance in that year).

You can take a single uncrystallised fund pension lump sum ("UFPLS") or a series of UFPLS. The first 25% of each UFPLS will normally be tax free (replacing your pension commencement lump sum entitlement).

Pension income is taxed in the same way as earnings, but is not subject to National Insurance and cannot support further contributions. Any income you receive from the T&M SIPP will be paid under the PAYE system.

If you die before reaching age 75, the total value of your fund can usually be paid either as a lump sum or designated as drawdown income, for your beneficiaries. Such benefits are usually tax free if paid within two years of your death.

If you die on or after reaching age 75 through drawdown pension, the amount of tax will be dependent on the type of benefits provided to your beneficiaries (see What happens when I die? section below).

We will claim any basic rate tax relief you are entitled to from HMRC and this will be added to your T&M SIPP. For more information about tax, please go to HMRC's website.

## **How much can I invest in my T&M SIPP?**

There is no minimum or maximum limit to the amount you can pay into your SIPP but there is an annual limit on the total value of all the contributions made to ALL your registered pension schemes by you, your employer or any third party, before incurring a tax charge. This is known as the Annual Allowance

The Annual Allowance is set by HM Revenue and Customs and is currently a maximum of £40,000. However, if your income (including the value of any pension contributions) is over £150,000, your Annual Allowance may be reduced. Please contact your financial adviser for advice on your personal circumstances.

Where the total amount of contributions from all sources exceeds the Annual Allowance, you must normally pay a tax charge on the excess amount over the Annual Allowance in the year in which it is assessed, based on your full marginal rate.

If you decide to access your benefits flexibly (including as flexi-access drawdown or UFPLS), you will be limited to a new annual allowance of £4,000 for money purchase savings. This is called the Money Purchase Annual Allowance (MPAA). Where you have defined benefit pension savings, you will have an additional Annual Allowance of up to £30,000 that can only be used for defined benefit accrual.

Your T&M SIPP can accept a contribution or transfer value paid by way of a transfer of assets. A contribution paid in this way may create a liability to capital gains tax, but may still qualify for tax relief as if it were a cash contribution.

There is no limit to the amount that can be transferred to your T&M SIPP from other Registered Pension Schemes. You should take advice from a FCA Regulated financial adviser's transfer specialist before proceeding to transfer from any type of scheme, in particular a defined benefit scheme.

## **The Lifetime Allowance**

This is the limit on the total value of all your pension funds that can be built up to provide pension benefits without incurring a tax charge.

The Standard Lifetime Allowance is set by HMRC and details are available from your financial adviser. In certain circumstances the Lifetime Allowance may be increased and you may have a personal Lifetime Allowance higher than the Standard Lifetime Allowance. You will have registered with HMRC to protect your savings against the Lifetime Allowance charge and you will have received a certificate or reference number from HMRC confirming your level of protection. You need to supply us with this certificate or reference number before we process any Benefit Crystallisation Events.

Your benefits will be tested against the Lifetime Allowance applicable at the time of any Benefit Crystallisation Event. Such events include retirement, death before age 75 and reaching age 75 in drawdown or with uncrystallised funds. You may have a Personal Lifetime Allowance which is more than the Standard Lifetime Allowance if you have successfully applied to HMRC for one of the relevant enhancements.

Any funds in excess of your Lifetime Allowance will be liable to a tax charge, referred to as the 'Lifetime Allowance Charge' of 55% if the excess funds are taken as a lump sum or 25% if the excess funds remain within the scheme and taken as a taxable pension. If a Lifetime Allowance Charge is applicable on your death it will not be taken from your pension scheme, the beneficiary will be liable for this charge.

You should take advice from your FCA Regulated Financial Adviser when you wish to take your benefits.

## **Where will my contributions be invested?**

Your money will be invested in line with your instructions subject to those investments being on our list of Permitted Investments for the T&M SIPP.

Any investment into a non HMRC permitted asset will incur a tax charge and as a result we will veto such an investment instruction at outset.

For advice on what types of investment are available through your T&M SIPP please speak to a financial adviser authorised and regulated by the Financial Conduct Authority. Where no investment instruction is received, your money will be held as cash in the scheme bank account. The rate of interest will depend on the value of the cash you hold. Current rates are available upon request.

For the payment of benefits, fees or tax charges, these will be deducted from your scheme bank account. If there is insufficient money in the account and no instruction is received from you as to which investments are to be realised to settle these liabilities, we will exercise our discretion as Scheme Administrator.

## **How will I know how well my plan is performing?**

Each year you will receive a Statutory Money Purchase Illustration (SMPI) in respect of your uncrystallised benefits, which will show you how much you have invested during the previous year, the current value of your fund and a projection of the income that this might provide in retirement.

You will also receive an annual scheme valuation which will detail the investments you hold. Additional valuations are available but will incur a charge.

## **What might I get when I retire?**

The pension you eventually receive will depend on a number of factors at the time that you retire. For more information please refer to the section titled 'Risk Factors'.

## **What are my choices at retirement?**

The suitability of the various options should be decided upon after seeking advice from an FCA Regulated financial adviser.

You can take your benefits from the Normal Minimum Pension Age (currently 55).

Benefits can only be taken early where:

- You have medical evidence proving that you cannot carry out your occupation;
- You may take your entire plan as a lump sum if you are below the age of 75 and you have medical evidence that you have a life expectancy of less than 12 months; have not yet begun to take benefits, and have not used all your lifetime allowance.
- You have a protected early pension age.

You will be able to take a pension commencement lump sum of up to 25% of your fund provided you have sufficient Lifetime Allowance. The remaining amount can be used to provide you with

- an income directly from the fund; or
- purchase of annuity from an insurance company

Alternatively you can take a single or a series of Uncrystallised Funds Pension Lump Sum(s) (UFPLS). You can choose the amount and frequency of each UFPLS. 25% of each payment will be made tax free and 75% will be taxed under PAYE.

All income payments are made on the 25<sup>th</sup> of the month.

### **What happens if I am ill?**

See the section entitled "What are my choices at retirement".

### **What happens when I die?**

As the benefits are paid at the discretion of the scheme administrator, we recommend that you complete an Expression of Wish form to nominate your beneficiaries when you establish your SIPP and ensure it is kept up to date.

The options available to your beneficiaries and any tax payable on your death will depend on your age when you die and if you had started to take benefits from your T&M SIPP.

If you die before you reach age 75, on your death the value of any uncrystallised fund will be tested against your Lifetime Allowance. Funds taken by your beneficiaries in excess of your Lifetime Allowance will be taxed at 55% if taken as a lump sum or 25% if taken as an income.

Your nominated beneficiary (spouse, civil partner, dependant or nominee) has three options available to them which will normally be tax free if established within two years of death:

- They can take a cash lump sum;
- They can buy an annuity with the fund; **or**
- They can choose to continue taking drawdown.

If you die on or after reaching age 75, your nominated beneficiary (spouse, civil partner, dependant or nominee) has three options available to them:

- They can take a cash lump sum and pay income tax at their highest marginal rate;
- They can convert your drawdown to an annuity, and any income would be taxable by the recipient on a PAYE basis; **or**
- They can choose to continue taking a drawdown pension and any income would be taxable by the recipient on a PAYE basis.

If you have already purchased an annuity, then at the time of purchasing the annuity you will have been given the option to provide a dependant's pension. The policy document will provide full details of any benefits available.

### **Can I change my mind?**

You will have the right to cancel your T&M SIPP application. When we first establish your plan we will send you a cancellation notice and you will have 30 days to notify us if you wish to cancel your application with us.

During this 30 day period, your money will be invested as instructed by you and your financial adviser. If you cancel your T&M SIPP, we will return your funds to you. The amount you receive will be the full value as at the

date of cancellation less any charges necessarily incurred in accordance with the Schedule of Fees and Services. If you have authorised investments other than bank deposits, the amount returned to you will be dependent upon the value of these investments. You may get back less money than you paid in.

You should check with your financial adviser if their fees are refundable.

You can cancel a transfer payment into your T&M SIPP within 30 days of us receiving your transfer payment.

During the 30 day period, your money will be invested as instructed by you and your financial adviser. If you decide to cancel the transfer, we will return the transfer payment, less any fall in the investment's market value. We will try to return the transfer payment to the pension scheme provider, but they are not obliged to accept the transfer money back from us. If this happens, we will arrange for the transfer payment to be sent to another pension provider of your choice. We cannot return the transfer money to you.

Underlying Investments – Subsequent asset purchases you may make within the T&M SIPP do not attract cancellation rights in most instances (unless they relate to a fresh transfer payment). An exception to this is the purchase of units in an Authorised Scheme/Unit Trust/Investment Company (with Variable Capital) if bought other than 'at a distance (non-face to face)' and where advice is given. In this instance 14 days cancellation from conclusion of the contract applies. You can give notice that you wish to cancel by writing to us at the address given. In the event that you wish to cancel the investment purchase you will receive the full value as at the date of cancellation less any fall in the value of the underlying investments due to market fluctuations. Cancelling a new asset purchase does not have the effect of cancelling previous purchases made within the SIPP wrapper.

The first time you designate some or your entire fund to flexi-access drawdown, you will have 30 days from the date we authorise your request, in which to cancel.

If you decide to cancel your drawdown pension, you will be required to return any pension commencement lump sum, UFPLS and income we have paid to you. We will then wait for instructions from you or your financial adviser as to how to proceed. Any tax free lump sum and income returned to us will be held in the default bank account until further instructions are received.

### **Can I change my mind on subsequent transfers?**

You will have the right to cancel any transfers from other registered pension schemes to your T&M SIPP, whether or not they are received at the same time as the establishment of the scheme.

We will send you a cancellation notice and you will have 30 days to notify us you wish to cancel the transfer.

During the 30 day period, your money will be invested as instructed by you and your financial adviser. If you decide to cancel the transfer, we will return the transfer payment, less any fall in the investments market value. We will try to return the transfer payment to the pension scheme provider, but they are not obliged to accept the transfer money back from us. If this happens, we will arrange for the transfer payment to be sent to another pension provider of your choice. We cannot return the transfer money to you.

### **Can I terminate my contract, or any aspect of it?**

If you wish to terminate any aspect of your T&M SIPP or the plan as a whole, then any request to do so must be submitted in writing and must be signed by you. We will not return any money to you except in the form of a benefit payable in accordance with the scheme rules. Where you instruct us to terminate your T&M SIPP in its entirety because you wish to transfer to another provider, you must provide us with details of the new pension arrangement to which the value of your T&M SIPP is to be transferred to. You will be responsible for providing us with proof that this other pension arrangement is suitable to receive the transfer payment and we will only

action such an instruction once we are satisfied of this. Please note that any transfer value or paid up value is not guaranteed and will be dependent upon the value of the underlying investments less any outstanding plan charges.

### **Will my SIPP benefits affect my State Benefits?**

This will depend on the rules in place when you take benefits.

At present, the benefits from a SIPP should only very rarely affect entitlement to State Benefits.

The State Pension is not affected by income from other sources, but your entitlement to the Pension Credit may be affected.

### **How much will any financial advice cost?**

This is to be arranged between you and your adviser. Any fees agreed between you and your adviser can be paid directly from your T&M SIPP. Your adviser will tell you if VAT is payable on their fees.

### **What are the charges for the T&M SIPP?**

Please refer to the Schedule of Fees and Services for details of the fees charged in relation to the administration of your T&M SIPP.

## **Interest Rates**

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The interest rate paid on the T&M SIPP bank account is variable and current rates are available upon request.

Interest is calculated on the daily cleared balance and paid to your account on the last business day of each month. It will be paid after deduction of tax at the rate ruling on the date of application unless the necessary HMRC documentation has been completed by the customer and accepted by the Bank.

This information is based on that provided by Metro Bank. Metro Bank is not responsible for any inaccuracy or omission in the reproduction of this information.

Metro Bank will pay Talbot and Muir Limited a fee based on the amount held on deposit with them. This is currently 0.70% pa. For example a deposit of £10,000.00 would generate a fee of £70.00 payable to Talbot and Muir Limited by Metro Bank.

Your account will receive the full amount of interest quoted for the account type and amount on deposit. The payment of this fee will not reduce the published rate of interest paid on your Metro Bank deposit account.

## Further Information

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### **Your right to change your mind**

See the section entitled *"Can I change my mind?"*

### **Law**

The laws of England & Wales govern this contact and any disputes will be subject to the exclusive jurisdiction of the English Courts.

### **Language**

This contract will be provided to you and concluded in English and all communications between us will be in English.

## Complaints

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If you are not satisfied with any aspect of our product or service and you wish to register a formal complaint against us please contact us at:

Talbot and Muir, 22-26 Clarendon Street, Nottingham, NG1 5HQ; telephone 0115 841 5000.

Email [enquires@talbotmuir.co.uk](mailto:enquires@talbotmuir.co.uk)

Your complaint will be dealt with in accordance with our internal complaint handling procedures which are available upon request.

We will do everything we can to settle your complaint with us. However if you are still not satisfied, you can refer your complaint to Financial Ombudsman Service, which is an independent dispute resolution service and can be contacted at Exchange Tower, Harbour Exchange Square London E14 9SR; telephone 0800 0234 4567. [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

You may also make a complaint to The Pensions Advisory Service (TPAS) and if they are unable to help you, you can contact the Pensions Ombudsman at 11 Belgrave Road, London SW1V 1RB, telephone 020 7630 2200. [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk).

Making a complaint will not affect your legal rights.

Please note that any complaint regarding advice given to you by your financial adviser should be referred directly to them.

## Compensation

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Talbot and Muir Limited is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations.

In respect of the protection for regulated investments within your scheme the level of compensation available depends on the type of business and the circumstances of the claim. Deposits are covered up to a limit of £85,000 per firm per person. Most other types of investment are covered up to a limit of £50,000 per firm per person. Further information about compensation arrangements is available from the Financial Services Compensation Scheme. [www.fscs.org.uk](http://www.fscs.org.uk)

## About Talbot and Muir Limited

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We are authorised and regulated by the Financial Conduct Authority. Our FCA register number is 776228. You can check this on the FCA's Register by visiting the FCA's website or by contacting the FCA on 0800 111 6768.

## How to contact us

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|-----------|--|
| By post   | Talbot and Muir<br>22-26 Clarendon Street<br>Nottingham<br>NG1 5HQ         |
| By e mail | <a href="mailto:enquiries@talbotmuir.co.uk">enquiries@talbotmuir.co.uk</a> |
| By phone  | 0115 841 5000  |

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Talbot and Muir Limited provides administration to Self Invested Personal Pensions and Small Self Administered Pension Schemes, and is authorised and regulated by the Financial Conduct Authority.

Talbot and Muir is the trading name for Talbot and Muir Limited (company number 02869547), registered in England, registered address 22 Clarendon Street, Nottingham, NG1 5HQ. A list of directors is available upon request.

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