



## Key Features

### Minerva Self Invested Personal Pension

#### AIMS

The Minerva SIPP (Self Invested Personal Pension Plan) is designed to provide you with:

- A means to save for your retirement
- The option to take a pension commencement lump sum at retirement in exchange for part of your pension
- The opportunity to take your benefits in stages and phase in your retirement if you wish
- The option to take income withdrawals from your SIPP as an alternative to buying a guaranteed pension (which is often called 'an annuity' and is explained in greater detail later in this section)
- Flexibility to time buying a lifetime annuity, and monitor changes in market rates
- Flexibility over provision for a spouse/civil partner in the event of your death
- The ability to continue to invest your pension fund whilst withdrawing income
- The ability to make your own investment decisions in conjunction with your investment manager or your Financial Adviser
- The opportunity to invest in a broad range of investments including commercial property
- The benefit of the tax incentives granted by the HM Revenue & Customs to registered pension schemes. Your fund is usually free from capital gains and income tax (except that tax may not be reclaimed on UK dividends), unless your investment is regarded as a taxable property by HM Revenue & Customs

#### YOUR INVESTMENT

- You can establish the Minerva SIPP for the purpose of receiving previously accumulated pension rights from other pension arrangements and you can also contribute into the Minerva SIPP at any time
- There is no commitment on your part to continue making contributions and no penalty for ceasing or reducing contributions to a SIPP
- It is HM Revenue & Customs requirement that you will not be able to take your benefits until age 50 (age 55 from 2010) unless you retire early due to ill health or have a protected early retirement age as defined by the legislation
- The level of income you choose must be within HM Revenue & Customs limits

#### RISK FACTORS

- Benefits due to you may be lower than you expect if growth in your investments and interest rates are lower than those illustrated
- If you take your benefits earlier than shown on your illustration, or stop paying regular contributions your benefits may be lower than illustrated
- Some investments such as commercial property may take longer to sell than other forms of investments
- The value of your commercial property investments will be based on a valuer's estimate
- High income withdrawals are unlikely to be sustainable if investment returns are low during the withdrawals period. They might also reduce any potential annuity
- The higher the level of income withdrawals, the less you will have available to provide for dependants, or to buy an annuity in the future
- The investment growth can be less than shown and capital values can rise or fall
- Annuity rates can change substantially over short periods of time, both up and down. They could be worse when you buy an annuity than they are now
- The longer you wait before buying an annuity, the greater the risk you bear of lower levels of income if you live longer than expected
- Our charges may change in the future, but we will always write to you to let you know in advance

InvestAcc Limited, 21 Castle Street, Carlisle, Cumbria, CA3 8SY

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#### SIPP Questions and Answers

##### WHAT IS A SIPP?

The Self Invested Personal Pension (SIPP) allows you to make your own investment decisions about how your SIPP funds are invested, or to formulate your investment strategy in conjunction with your Financial Adviser, or investment manager. If you appoint an investment manager, or Financial Adviser they must be suitably authorised by the Financial Services Authority.

You, or someone on your behalf, including your employer if you have one, can pay contributions regularly into each SIPP each month or year and/or pay single contributions.

You may also be able to transfer funds from other types of pension arrangements into a SIPP.

##### WHAT ARE THE TAX ADVANTAGES?

Under current legislation if you are a UK resident your contributions qualify for tax relief at the highest marginal rate you pay. HM Revenue & Customs does not limit the amount you can contribute to a SIPP, only the amount that is tax privileged.

The funds invested are free from UK income and capital gains taxes (except that tax may not be reclaimed on UK dividends), unless your investment is regarded as taxable property by HM Revenue & Customs.

Death benefits are normally paid free of inheritance tax.

Tax benefits may change in the future which could affect the amount of benefits you receive.

##### WHAT ARE THE INVESTMENT OPTIONS?

When you join the Minerva SIPP all contributions and transfer values received are paid into specifically designed members deposit bank accounts set up to receive and pay monies as required. Funds may then be invested in a wide range of investments such as stock market shares, government securities (gilts), Collective Investment Schemes, commercial property or land.

More details of the types of investments permitted are included in our permitted investment guide.

**Remember the value of the stocks and shares and other investments can fall as well as rise and that the capital value of your pension fund can also fall.**

**Investments will be realised to pay benefits, to provide income withdrawals and to pay charges.**

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#### **WHAT BENEFITS CAN I HAVE FROM THE MINERVA SIPP?**

You can take benefits from your Minerva SIPP at any age between 50 and 75, whether you have retired or not, you cannot normally take the proceeds before age 50 (rising to age 55 from 2010), unless you retire early due to ill health or have a protected early retirement age as defined by the legislation.

When you take benefits from the SIPP the value of your SIPP fund will be tested against your 'lifetime allowance'.

The amount of lifetime allowance depends on your circumstances and may be:

- Standard Lifetime Allowance, or
- Enhanced Lifetime Allowance.

Your lifetime allowance does not restrict the amount of pension fund you can have, but it restricts the amount that is tax privileged, this means that if your pension fund exceeds your lifetime allowance, in the absence of Enhanced Protection, the excess will be subject to a tax charge when you come to take benefits and the amount of this charge will depend on whether you take this excess as an income or a lump sum.

Your Minerva SIPP is automatically divided into 1000 arrangements, and provided you have not used up all your lifetime allowance you are entitled to take all or any number of arrangements (provided this does not exceed your lifetime allowance) to provide:

- A pension commencement lump sum of normally up to 25% of the SIPP fund value and income from the plan. Income (known as 'income drawdown' or 'income withdrawal') is paid as unsecured pension before age 75, or
- An income from the plan paid as alternatively secured pension from age 75, or
- A pension commencement lump sum of normally up to 25% of the SIPP fund value with the remainder of the pension fund used to purchase an annuity on the open market.

A pension commencement lump sum is only available on benefits paid before your 75<sup>th</sup> birthday.

You can elect to take a combination of phased annuity income drawdown and phased income drawdown and phased annuity purchase. This allows you to phase your retirement. Your pension benefits will depend upon the size of your fund and:

- If you choose to take an income from the fund before age 75, your age, sex, gilt yield and the Government Actuary's Department's annuity tables, or
- If you choose to take an income from the fund from age 75, your sex, gilt yield and the Government Actuary's Department annuity tables. Once you reach 75 your benefits will always be calculated using age 75, or
- If you choose to purchase an annuity, your age, sex and the annuity rates available.

The size of your fund will depend on how much you have invested, the length of time which funds have been invested and the return from the investments.

By age 75 you must be taking income withdrawals in form of alternatively secured pension or must have purchased an annuity on the open market.

For further information about the possible benefits from the Minerva SIPP please refer to your illustration and discuss the options with your Financial Adviser.

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#### WHAT HAPPENS IF I TAKE BENEFITS IN EXCESS OF MY LIFETIME ALLOWANCE?

If you chose to take benefits from funds which are in excess of your Lifetime Allowance you can chose to take the excess as an income, as a lump sum or as a combination of both, but there will be a tax charge of 25% on the excess if it is paid as an income (and income tax on the pension).

If you chose to take a lump sum from the funds in excess of your Lifetime Allowance there will be a tax charge of 55% on the excess.

#### HOW MUCH INCOME CAN I WITHDRAW FROM THE MINERVA SIPP?

There are limits laid down by the Government as to the maximum annual of income that can be taken from your fund, as shown in your illustration. This maximum limit aims to avoid excessive depletion of your fund.

There is no minimum amount income that you must take from your unsecured pension fund. If you take alternatively secured pension the minimum amount you must take is 65% of the GAD income available.\*

Your Financial Adviser can explore alternative levels of income with you and the implications of taking different amounts. You need to think about the level of income you need, bearing in mind any other sources of income you may have, as well as rises in the cost of living and the need to provide for your dependants.

You can vary the income level at any time but you must not exceed the maximum income limit each year.

If you are taking income drawdown your age will determine when the maximum level of income you are entitled to is recalculated:

- If you are under 75 and taking income drawdown as unsecured pension, we must recalculate your maximum levels of income at least every five years
- If you are 75 or over and taking income drawdown as alternatively secured pension, we must recalculate your maximum and minimum levels of income every year on the anniversary of your 75<sup>th</sup> birthday.

This recalculation may mean your maximum level of income may reduce or increase.

At each review, your Financial Adviser can provide an updated illustration showing the possible future benefits, similar to the illustration available when you set up your SIPP. Your Financial Adviser can also give an indication of the annuity that could be secured at that time.

**\* The figure of 65% may be subject to change by the Government. Please refer to your Financial Adviser for more details.**

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#### **WHEN DO I BUY AN ANNUITY?**

At any time from age 50 (rising to age 55 in 2010).

Even though you do not need to purchase an annuity you should speak to your Financial Adviser about this option, as beyond a certain age you might not get as much from an annuity as you were taking in income withdrawals. This is particularly true if you have taken high levels of income.

The older you are the more annuity you can buy for your money. Annuity purchase rates can change all the time, up or down, and it makes sense to buy when annuity rates are high. Remember you can use your fund on the open market to take advantage of the best rates available from the whole range of insurance companies

An annuity can provide a fixed amount of income, or it can increase each year. It is also possible to buy an annuity which will continue to be paid to your spouse or dependants if you die.

#### **WHAT HAPPENS IF I HAVE A MINERVA SIPP AND I DIE?**

##### **If you die before taking benefits from your Minerva SIPP:**

- You can nominate your dependants to receive benefits and they may take either benefits and they may take either an income from the fund or a lump sum, or
- You can also nominate any other person to receive a lump sum.

##### **If you die taking benefits from your Minerva SIPP:**

##### **If you die whilst you are under 75 and taking an unsecured pension:**

- You can nominate your dependants to receive benefits and they may take either an income from the fund or lump sum, or
- You can also nominate any other person to receive a lump sum.

##### **If you die whilst you are 75 or over and taking an alternatively secured pension:**

- Your dependant(s) may take an income from the fund (there is no lump sum option available)
- A charity may receive a lump sum.

##### **If you die after buying annuity:**

- Any dependants pension selected will continue for their lifetime
- If you die soon after buying an annuity, your annuity will continue to be paid for any guaranteed period specified at the time of purchase. If you are in poor health, remember that if you die before buying an annuity, your remaining fund will be available for your dependants, as described above.

#### **WHAT HAPPENS IF I HAVE A MINERVA SIPP AND STOP PAYING CONTRIBUTIONS?**

The fund in your Minerva SIPP will remain invested, but your benefits may be lower than the figures illustrated.

#### **CAN I MAKE EXTRA CONTRIBUTIONS TO MY MINERVA SIPP?**

Yes

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#### HOW DO I OBTAIN TAX RELIEF ON MY CONTRIBUTIONS?

If you are a UK resident your regular and single contributions are paid net of basic rate tax relief from HM Revenue & Customs. If you are a higher rate tax payer, you claim the extra relief from HM Revenue & Customs.

If your employer makes contributions, they will pay them gross. There is no tax relief on transfers from other pension funds into your Plan. Remember that the rules on tax relief depend on individual circumstances and may change in the future without prior warning.

#### CAN I TRANSFER OUT?

Yes, but funds providing income withdrawals may only be transferred to registered pension scheme arrangements which have been set up for the purpose of receiving transfers from income withdrawal arrangements.

#### **Further information**

#### CAN I CHANGE MY MIND?

You will have cancellation rights in respect of your SIPP. We will send you a cancellation notice as soon as we have opened your SIPP.

Unless you have waived your rights to this cancellation notice in your initial SIPP Application Form you will have 30 calendar days during which you have the right to change your mind and send the Cancellation notice back to InvestAcc Limited. Your SIPP will then be cancelled. During this period, you will not be able to make any investments or receive any benefits from your SIPP unless you waive your right to this cancellation period.

**Please note:** it may not always be possible to return a transfer payment to the original pension scheme if you cancel the SIPP, or a particular transfer payment, within the cancellation period, after the transfer has been received by us. In this circumstance you will need to arrange for another pension scheme accept the transfer.

#### CAN I CHANGE MY MIND WHEN ELECTING TO TAKE BENEFITS?

For all members, if you elect to take income withdrawals from your SIPP we will send you a cancellation notice. You will have 30 calendar days during which you have the right to change your mind and send the cancellation notice, along with any pension commencement lump sum and income you may have received, back to InvestAcc Limited. Your election to take income withdrawals will then be cancelled.

If we are instructed to re-invest the returned pension commencement lump sum and/or income in the same investments from where the money originally came, you may receive less units/shares because of transaction costs or upward movements in prices.

The same applies where monies have already been disinvested before the cancellation form is received by us and are held in the SIPP Bank Account in order to pay future income. If we are instructed to re-invest such monies in the same investments from where the money originally came, you may receive less units/shares.

If you choose to cancel your election to take income withdrawals this will not affect any instructions you send us to take income withdrawals in the future.

Your right to cancel will remain unaffected if any event beyond your control makes it impractical for you to communicate the wish to cancel.

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#### **WHAT CHARGES CAN I EXPECT?**

The charges for all transactions that take place in respect of the Minerva SIPP are described in the Minerva SIPP fees schedule.

#### **HOW WILL I KNOW WHAT MY SIPP IS WORTH?**

After accepting your application we'll send an acknowledgment letter to you, or your Financial Adviser if you have one appointed, followed by a statement showing your initial transfer payments and contributions to the SIPP. Any additional payments into your SIPP will be acknowledged and statements will be sent to you, or your Financial Adviser if one is appointed.

At least once a year we'll also send you, and your Financial Adviser if one is appointed, a statement showing the value of your SIPP and the transactions, including any corporate actions, carried out over the past twelve months. The frequency of these valuation statements will be annually. If you'd like information between these valuation statements you can obtain the information from us.

#### **ARE THERE ANY POSSIBLE TAX CHARGES?**

Contributions in excess of the annual allowance will be subject to a tax charge of 40% by HM Revenue & Customs on the excess amount unless this contribution is made in the year you take your benefits in full from the SIPP, or in the year of your death. Investments within the SIPP enjoy freedom from UK tax on income and capital gains, except that tax may not be reclaimed on UK dividends. However, if an investment is regarded as taxable property, it will be subject to tax charges prescribed by legislation.

Any income withdrawals and eventual annuity will be taxed under PAYE systems. Any lump sum death benefits paid from your SIPP after you have reached pension date, but before you are 75, will be taxed 35%.

In the absence of Enhanced Protection funds paid out which are in excess of your lifetime allowance will be subject to a tax charge. The tax charge will be 25% on the excess if it is paid as an income (and income tax on the pension), or if you choose to take a lump sum from funds in excess of your lifetime allowance there will be a tax charge of 55% on the excess.

If at any time you receive benefits which are not in accordance with current pension rules these will be regarded by HM Revenue & Customs as unauthorised payments and will be subject to any tax charges that are prescribed by legislation.

#### **HOW MUCH WILL THE ADVICE COST?**

Your adviser will give you details about the cost. The amount will depend on your payments and length of time to your chosen pension age. It will be paid for out of the charges. Alternatively, your adviser may charge a fee for the advice provided.

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#### **WHAT IF I HAVE A COMPLAINT?**

If you have any cause for complaint about the service you have received in respect of the administration of your SIPP, please contact:

**Compliance Manager**  
**InvestAcc Limited**  
**21 Castle Street**  
**Carlisle**  
**Cumbria**  
**CA3 8SY**

You may also make a complaint to the Occupational Pensions Advisory Service and then to the Pensions Ombudsman. Details can be supplied on request.

Any complaint regarding the advice given to you by your Financial Adviser should be referred to them for review under their own complaints process, details of which should already have been provided by them.

If you have a complaint regarding an individual investment, this should be directed to the individual fund manager concerned and again, details should be provided by your Financial Adviser.

Making a complaint will not affect your legal rights.

#### **CAN I CLAIM COMPENSATION?**

The SIPP is covered by the Financial Services Compensation Scheme and you may be entitled to compensation from the Scheme to the extent of your SIPP's overall exposure to a particular investments product, or investment company default. InvestAcc Limited will make such a claim on the SIPP's behalf following a written request from you.

#### **TERMS AND CONDITIONS**

This Key Features document gives a summary of this plan. You should also see the current full terms and conditions available on our website [www.minervasipp.co.uk](http://www.minervasipp.co.uk). We have the right to change some of the terms and conditions. We will write to you and explain what has changed if this affects your plan.

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