

Minerva SIPP - *the wise choice*



The Minerva Self Invested Personal Pension (SIPP) explained



in association with





The Minerva SIPP Explained

We all know the importance of having a pension and we'd all like to think we have made adequate financial provision for what we hope will be a long and enjoyable retirement. But how many people really understand the complex and often daunting subject of pensions?

This guide is designed to clear up some of the uncertainty by telling you about the Minerva SIPP and to help you as you make one of the most important financial decisions of your life.

Specifically, it introduces you to a special type of pension scheme, a Self Invested Personal Pension (SIPP) which depending upon your circumstances might be more beneficial to you than any other pension arrangement.

What is a SIPP?

SIPPs are intended to provide individuals with more control over their pension arrangements. They can offer a flexible and cost effective, tax efficient solution to your pension planning needs.

A SIPP allows you the freedom to choose where the funds are invested leading up to your retirement while enabling you to draw down a regular pension from the investment profits and capital at retirement whilst leaving the balance of the funds to pass on to your next of kin.

Can I have a SIPP?

Yes, even if you have other pension arrangements in place. However, if you are already a member of a company pension scheme to which your employer contributes, it would probably not be in your interest to withdraw from the scheme in order to open a SIPP.

If you are currently in work but have chosen to make your own pension provision rather than take up your company scheme, then you should consider the benefits of transferring your personal pension into a SIPP. If you've already retired but have not yet purchased an annuity, then you should also look at the advantages of a SIPP. The benefits of such a scheme could be significant.

If you are unsure about which pension is best for you, you are advised to seek independent financial advice.

How much can I invest in a SIPP?

Unlike many personal pension schemes, you would be under no commitment to make regular contributions. There are no limits to the contribution that can be made to a SIPP, only a limit on tax relief available.

Under current Inland Revenue rules, the total maximum personal gross amount that may qualify for tax relief is the greater of £3,600 or 100% of net relevant earnings in the year of payment.

For people in employment, their net relevant earnings are made up of salary, bonuses and taxable P11D benefits. For the self-employed it is their taxable profits.

You may also consolidate any existing pension arrangements you may have by transferring the funds held into the SIPP.

Contributions made to a SIPP qualify for income tax relief at your highest rate of tax.

What assets can I hold in my SIPP?

You can hold a wide variety of assets in your SIPP, including:

- Bank and Building Society cash deposits
- Government Securities
- Authorised unit trusts
- Shares in London Stock Exchange listed companies
- Shares quoted on a recognised overseas stock market
- Quoted debentures and loan stocks
- Commercial property, with or without a mortgage
- Unquoted or private company shares (subject to restrictions)

The following assets however, cannot be held in a Minerva SIPP:

- Residential property
- Loans to members
- Moveable plant & machinery



How will my SIPP assets be managed?

That is entirely up to you. You might decide you want to take total control and make your own investment decisions. Alternatively, you might want to take advice before making decisions or you may even decide to delegate responsibility to an investment manager. The choice is yours.

How are benefits paid from a SIPP?

From the age of 55 (age 50 up to 2010) you can withdraw up to 25% of the accumulated fund as a tax free lump sum. The remainder will then be used to provide a pension or annuity may be purchased.

A SIPP also provides the option of 'phasing retirement'. The assets of the SIPP are split into segments and the SIPP member can elect to 'cash' a number of segments each year. In this way, any funds remaining in the SIPP continue to grow in a tax free environment, while the SIPP holder can delay the purchase of an annuity in the hope that rates will improve. The benefits of phased retirement make a SIPP a very attractive proposition.

What will happen in the event of my death?

On death before the age of 75 the balance of the SIPP fund is available to provide a pension for your widow(er) or a lump sum to a nominated beneficiary.

On death after the age of 75 the balance of the SIPP fund may provide a pension for your widow(er) or financial dependent. Alternatively the fund value may be paid to a nominated charity of your choice.

Where is my cash deposit held?

Any cash deposits will be held with Newcastle Building Society, which is one of the strongest building societies in the UK, with assets under administration of more than £3.2 billion. Any cash deposits in your SIPP will be held in a Newcastle Building Society Pension Plus client account.

The administration of the SIPP is provided by InvestAcc Limited, a long established and well respected firm of Pension Trustees.

What are the charges I should consider?

There are no establishment or set-up fees. A fixed annual fee is payable and there may be additional charges for other services provided. Details of these are available on request.

What should I do next?

If you would like to apply for the Minerva SIPP simply complete and sign the Application Form and Supplemental Deed and return these to:

InvestAcc Limited
21 Castle Street
Carlisle
Cumbria
CA3 8SY.

If you require any further assistance, please contact your Independent Financial Advisor. Alternatively you can contact us at the above address or via:

Telephone: 01228 538 988

Facsimile: 01228 535 988

E-mail: info@investacc.co.uk

Website: www.minervasipp.co.uk

The Minerva SIPP is offered without pensions advice. A SIPP may not be suitable for all investors. If in doubt you should consult an independent financial advisor.

InvestAcc Limited is the Scheme Operator and is responsible for the maintenance and running of the scheme.

The levels of and bases of taxation can change. The value to an investor of any tax benefits will depend on that investor's tax position. Investors should consult their own tax advisers in order to understand any applicable tax consequence.

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