

keyfacts<sup>®</sup>

# The SIT SIPP

Self Invested Personal Pension

## Key Features

# The SIT SIPP - Key Features

The Financial Services Authority is the independent financial services regulator. It requires us, A J Bell Management Limited, to give you this important information to help you to decide whether The SIT SIPP is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

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# Key Features of The SIT SIPP

## Aims, commitments and risks

### Its aims

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#### What is The SIT SIPP and what benefits does it offer me?

The SIT SIPP is a personal pension scheme designed to help you accumulate a sum of money which is then used to provide you with an income after you reach your chosen pension age. It can give you greater choice, freedom and control than other types of pension, enabling you to select and manage your own investment portfolio from a wider range of choices. See 'What can I invest in?' on page 7.

You can pay one-off or regular contributions into the SIPP to take advantage of the generous tax privileges available. You can also transfer existing pension benefits into the SIPP, including protected rights. See '[What are protected rights?](#)' on page 5.

The SIPP gives you the flexibility, from the age of 55, to decide when you wish to take benefits.

It provides for lump sum and pension benefits for you in retirement and for your family and dependants following your death. See '[What benefits are paid when I die?](#)' on page 10.

### Your commitment

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#### What you have to do as the SIPP member

You must ensure that you understand the features, benefits and risks of The SIT SIPP, so that you can be sure it will meet your needs and expectations.

You must ensure that any regular or single contributions paid are sufficient to meet your needs in retirement. There is no penalty for ceasing, or reducing, any regular contributions but your benefits will be affected by the level of contributions paid to your SIPP.

If you transfer benefits into your SIPP from another pension scheme, you will be responsible for arranging the transfer from that scheme.

You must decide when to convert your total fund into a pension income. When you make this decision, you may be able to take some of your fund as a tax-free lump sum. See the [Member Benefits section on page 8](#).

You must agree to be bound by The SIT SIPP Terms and Conditions and pay the charges as set out in the [Charges section on pages 13 - 15](#) and in the SIPP Charges section of our website.

You must regularly review whether The SIT SIPP remains appropriate for your circumstances.

### Risks

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#### Factors that could affect the benefits you will receive from your SIPP

The main aim of any pension scheme is to provide you with benefits in retirement. There are three areas in which your decisions will affect the benefits you are able to receive from your SIPP:

- payments to the SIPP;
- investments within the SIPP; and
- withdrawals from the SIPP.

We have set out below, the risks most closely associated with these three areas. When deciding whether The SIT SIPP is right for you, you should also consider risk factors that are beyond your control, such as the tax reliefs available, inflation, interest rates, annuity rates and charges, and the effect these may have on your pension plans. For further information see [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)

#### Payments to the SIPP

By transferring benefits into your SIPP from another pension provider, you may give up the right to guarantees over the kind of benefits, the amount you will receive and the level of increases that will be applied to your pension in future. Your existing pension provider may apply a penalty, or other reduction in the value of your benefits, if it is transferred. There is no guarantee that you will be able to match the benefits that you give up by transferring into a SIT SIPP.

If you are in any doubt about the benefit of transferring, we recommend that you take advice from a suitably qualified professional adviser before arranging the transfer.

Your benefits will be affected by the level of contributions paid to your SIPP now and in the future. You may benefit less from investment growth if you delay the payment of contributions to your SIPP.

Please note that the rules relating to tax relief on contributions may change in the future.

## Investments within the SIPP

The value of investments held in your SIPP can fall as well as rise and is not guaranteed. You may get back less than the amount invested.

Past performance should not be seen as an indication of future performance.

You will be able to deal in a range of investments each of which carries a different type and level of risk.

If you have a smaller SIPP, or change investments frequently, the value of your SIPP may be eroded and the costs may be disproportionate to the value of your SIPP.

The investment returns may be less than those shown on any illustrations you may receive and the charges may be higher.

## Withdrawals from the SIPP

If you start to take benefits earlier than you originally intended, the level of the benefits you can take may be lower than expected and may not meet your needs in retirement.

Your SIPP may be subject to additional tax charges at the point you withdraw funds if your pension is valued at more than the Lifetime Allowance (currently £1.8 million but will drop to £1.5 million from 2012/13). See ['How does the lifetime allowance work?' on page 9](#).

If you take income withdrawals, this may erode the capital value of your fund. If investment returns are poor and a high level of income is taken, this will result in your SIPP falling in value and could result in a lower income than anticipated in the future.

If you choose an annuity to provide your benefits, the level of income you receive is based upon the average life expectancy of someone of your age. When fixing annuity rates, providers take into account the fact that some people will die earlier than expected, effectively subsidising those who live longer. Income withdrawals paid from the SIPP do not have the benefit of such a subsidy. See ['What are my options for taking pension benefits?' on page 8](#).

There is no guarantee that annuity rates will improve in the future. If you choose to purchase an annuity, the level of pension you receive when you purchase the annuity may be less or greater than the pension previously being paid under income withdrawal and/or the annuity you could have purchased previously.

Having considered these risks, if you have any doubts about the suitability of The SIT SIPP, or you need advice, you must seek advice from a suitably qualified professional adviser.

## Questions and Answers

### Could The SIT SIPP be right for me?

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#### The SIT SIPP could be right for you if you:

- are looking to build up a pension fund in a tax-efficient way,
- understand that growth is not guaranteed,
- are prepared to commit to having your money tied up, normally until at least age 55, and
- require access to wider investment opportunities, such as investment in a portfolio of listed stocks and shares.

#### It may not be suitable if you:

- want unrestricted access to your money, or
- are only likely to require access to a more limited range of fund management type investments, such as those available under insurance company personal pension or stakeholder pension plans, or wish to invest directly into assets, such as commercial property, that are not currently available through The SIT SIPP.

If you have any doubts about the suitability of The SIT SIPP, you should contact a suitably qualified financial adviser.

### Can I have a SIT SIPP?

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If you are resident in the UK, Jersey, Guernsey, Isle of Man or are a Crown employee serving overseas, you can take out a SIPP. However, you can only pay contributions to your SIPP if you are resident in the UK for tax purposes. If you cease to be resident in the UK, Jersey, Guernsey or the Isle of Man, you will have to transfer the value of your SIPP to another registered pension scheme.

Transfer payments representing your pension rights held in other UK registered pension schemes can be paid to your SIPP, whether or not contributions are being paid by you, or on your behalf.

### Is The SIT SIPP a stakeholder pension?

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The SIT SIPP is not a stakeholder pension.

Stakeholder pensions are relatively simple pension plans, with limited investment options, for which the Government has set minimum standards to be met by providers covering areas such as charges, minimum payment levels and terms and conditions.

Stakeholder pensions are generally available and may meet your needs at least as well as the SIPP. If you are in any doubt about the suitability of a SIPP, you should contact a suitably qualified financial adviser.

### How do I obtain information about The SIT SIPP?

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Further information is available on [www.sit.co.uk](http://www.sit.co.uk) or by calling 08457 22 55 25.

### What other terms and conditions apply to The SIT SIPP?

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The SIT SIPP Scheme and Dealing Service Terms and Conditions set out the full terms and conditions for your SIPP.

### What are protected rights?

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The State Second Pension (S2P) provides employees with a pension on top of the basic state pension. Employees can give up, or 'contract out' of, the S2P and the Government contributes to their pension plan to replace the benefits they have given up. These payments are known as 'minimum contributions'.

If the 'contracted out' benefits are held in a personal pension, or employer's money purchase pension scheme, they are known as 'protected rights'.

If you transfer a pension through which you were contracted out, the transfer will include protected rights. The benefits that can be provided from protected rights funds are subject to some additional restrictions, which are explained below.

The SIT SIPP does not accept 'minimum contributions' but does accept transfers including protected rights.

# Contributions

## Who can pay contributions into my SIPP?

You can pay personal contributions into your SIPP.

In addition, contributions can be paid by another person on your behalf (e.g. by your spouse, parent or grandparent) and treated as your personal contributions for tax purposes.

If you are employed, your employer can also pay contributions into your SIPP.

Once your SIPP is established, you can pay single contributions and/or increase/decrease your regular contributions at any time, subject only to the minimum contribution levels described below.

We will not accept any contributions after you reach age 75.

Please note that we do not accept minimum contributions from the Government in relation to 'contracting-out' of the State Second Pension. The SIT SIPP cannot be used to contract out, but we can accept protected rights as part of a transfer into your SIPP. See ['What are protected rights?' on page 5](#).

## Are there any minimum contribution levels?

There is no requirement to pay any contributions if a transfer payment is paid to your SIPP.

If you want to contribute, the minimum single contribution is £1,000 (gross). There is no minimum level for your regular monthly contributions.

## How can contributions be paid?

Single contributions can be paid by cheque or electronic transfer.

Regular monthly contributions must be paid monthly by direct debit. Contributions paid by direct debit will be taken on the first working day of the month.

If you wish to pay contributions by electronic transfer, please e-mail us at [hds@sippdeal.co.uk](mailto:hds@sippdeal.co.uk) and we will notify you of our requirements.

## What if I am entitled to enhanced protection or fixed protection and pay a contribution?

If you have registered with HM Revenue & Customs for enhanced protection (for pension rights built up before 6 April 2006), or fixed protection, the payment of any contribution to your SIPP will lead to the loss of this protection.

## What if I have applied for flexible drawdown and pay a contribution?

If you have applied for flexible drawdown, you will have to pay an annual allowance charge on all contributions paid to your SIPP of up to 50% of the value of the contribution.

## Do I get tax relief on my contributions?

In each tax year, you will get tax relief on personal contributions paid by you, or on your behalf, up to 100% of your UK earnings.

If you have no UK earnings, or your UK earnings are less than £3,600 a year, you can still pay contributions up to £3,600 (gross) and receive tax relief.

Any contributions from your employer do not count against this tax relief limit.

All personal contributions (whether you are employed or self-employed) are payable net of basic rate tax (20% for 2011/12).

As an example, if you pay a net contribution of £800 then we will reclaim £200 from HMRC and credit this amount to your SIPP cash account once it has been received.

You must claim any higher rate relief to which you are entitled, via self assessment.

Basic rate income tax will be credited to your SIPP cash account after between 6 and 11 weeks depending upon when your contribution is paid.

We will only accept contributions up to the limit for tax relief referred to above. You must tell us within 30 days if you are no longer entitled to tax relief on your contributions.

All employer contributions are payable gross. Your employer will normally receive tax relief on any contributions they pay to your SIPP and you will not normally be taxed on these contributions.

## Can I pay contributions in the form of shares or other investments?

Generally, no. Contributions can only be paid by cheque, direct debit or electronic transfer.

If you wish to pay contributions by electronic transfer, please e-mail us at [hds@sippdeal.co.uk](mailto:hds@sippdeal.co.uk) and we will notify you of our requirements.

## What is the annual allowance for contributions?

HMRC use the annual allowance to restrict tax relief on large contributions.

The annual allowance is £50,000 for 2011/12.

If, for any 'pension input period' ending in a tax year, the total of:

- contributions paid to registered pension schemes by you, or on your behalf (including any paid by an employer); and
- the increase in the value of your benefits under any final salary schemes

is greater than £50,000, you will exceed the annual allowance.

A factor of £16 per £1 p.a. of pension will be used to value the increase in benefits under a final salary scheme.

For the purposes of your SIPP, the pension input period will always coincide with the tax year. In other words, it ends on 5 April, unless you notify us that you wish it to end on a different date in any tax year.

## Contributions

### What happens if I exceed the annual allowance?

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If you exceed the annual allowance, you may be able to “carry forward” your unused annual allowance from the previous three tax years. Carry forward is subject to a maximum of £50,000 for each tax year, and the amount you can carry forward is reduced by your annual allowance usage during those tax years.

If, having made use of carry forward, you still exceed the annual allowance, you will have to pay a tax charge on the excess. The tax charge will be based on the marginal rate of tax relief received on the contribution.

## Transfers

### Can I transfer my existing pension benefits into my SIPP?

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Yes. You can transfer benefits from any UK registered pension scheme into your SIPP. Please note, we will not accept transfers from final salary pension schemes unless you have received advice on the transfer from a suitably qualified adviser. Before making a final salary transfer, you must confirm to us that you have received such advice.

You can make a transfer even if you have commenced drawdown under the scheme from which you wish to transfer.

The benefits will remain subject to the minimum and maximum income limits and pension year as under the transferring scheme.

Please note that you will be responsible for arranging the transfer from the transferring scheme.

### Can I transfer investments held in another self invested personal pension into my SIPP?

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Yes, although any investments transferred ‘in-specie’ must be an acceptable investment for your SIPP. See ‘What can I invest in?’ below.

Please e-mail The SIT SIPP Administration Team on [hsd@sippdeal.co.uk](mailto:hsd@sippdeal.co.uk) with details of your portfolio of investments under the transferring scheme and we will advise you of our further requirements.

### Can I transfer my SIPP to another pension plan?

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You can transfer the full value of your SIPP to another UK registered pension scheme, or qualifying recognised overseas pension scheme (QROPS), at any time.

If you have started taking benefits from your SIPP, then you must transfer the whole of that part of your fund from which you are drawing benefits to your new scheme.

If you have uncrystallised funds under the SIPP (i.e. no benefits have commenced) you can choose to transfer all, or only a part, of those uncrystallised funds to another pension scheme.

The transfer can be in the form of a cash payment, in which case you will have to sell all of the investments held under your SIPP before the transfer is completed, or you may be able to transfer them in their existing form (known as an in-specie transfer). For in-specie transfers, additional charges may apply.

If the transfer is to a QROPS, a check against your lifetime allowance must be carried out before the transfer payment is made. See ‘How does the lifetime allowance work?’ on page 9, and so it is possible that a lifetime allowance charge may apply.

Transfers including protected rights can only be made to another ‘appropriate’ scheme or a scheme that is contracted out of the State Second Pension.

## Investments

### What can I invest in?

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Details of the types of investments that can be held in your SIT SIPP can be found on [www.sit.co.uk](http://www.sit.co.uk) or in The SIT SIPP brochure which is available by calling the brochure request line on **0800 42 44 22** or by calling our helpline on **08457 22 55 25**.

The **SIT SIPP Terms and Conditions** provide details of how you give instructions to deal in investments under your SIT SIPP.

### How do I obtain a valuation of my SIPP?

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You can obtain a valuation of your portfolio 24 hours a day, 365 days a year, via the Halifax Share Dealing online service if you are registered. Otherwise, you will receive a statement and valuation via the post in October and May each year.

### Do I pay tax on any dividends or gains within my portfolio?

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No, as well as getting tax relief on contributions, there is no tax to pay on any dividends or capital gains. Tax deducted at source from dividends cannot, however, be reclaimed.

# Member Benefits

## When can I take my benefits?

You can commence benefits, whether or not you continue to work, at any time from age 55.

It may be possible to commence benefits earlier if you are in serious ill-health, or transfer benefits to the SIPP from an existing pension with a lower pension age provided the transfer meets certain HMRC requirements.

The charges for taking benefits are set out in the SIPP Charges section of our website.

## How do I commence benefits?

You can take or 'crystallise' benefits from all, or only a part, of your SIPP. This will allow you to phase your benefits to suit your personal circumstances.

You must complete a Benefit Form to tell us how much of your SIPP is to be used to provide your benefits and how you want benefits to be paid. The form will also ask you about your available lifetime allowance and any protection you have for your benefits. See ['How does the lifetime allowance work?' on page 9](#).

## Is there a limit on the amount of my benefits?

There is no limit on the benefits that may be provided for you under your SIPP. However, if the total value of your pension savings, under all registered pension schemes, exceeds the 'lifetime allowance' then there will be an additional tax charge, called the lifetime allowance charge, on the excess. See ['How does the lifetime allowance work?' on page 9](#).

The lifetime allowance is currently £1.8 million but will drop to £1.5 million from 6 April 2012.

## Can I take tax-free cash from my SIPP?

Yes. You can have a tax-free lump sum (also known as the 'pension commencement lump sum'). The value of this can be up to the lower of:

- 25% of the value of the fund applied to provide your benefits;
- or
- 25% of your unused lifetime allowance.

If you have protected lump sum rights then you may be entitled to a larger tax-free lump sum. Please note that you will not be able to take more than 25% of the value of any protected rights as a tax-free lump sum.

You cannot take a tax-free lump sum with the intention of using it to increase your pension contributions. This is because the lump sum will be treated as an unauthorised payment. You will be taxed on the payment at between 40% and 55%. Your pension fund will also be subject to a tax charge of between 15% and 40% (depending on how much of the tax charge you have already paid).

## What are my options for taking pension benefits?

Once the amount of your tax-free lump sum has been agreed, the remaining fund will be used to provide you with a pension in one of three ways - drawdown pension, flexible drawdown, or a lifetime annuity.

### Drawdown pension

A drawdown pension, also known as "capped drawdown", is when your pension fund remains invested and you draw an income from the fund up to a maximum level set by HMRC. There is no minimum level of income, so you can elect to receive a 'nil' pension, if you wish.

You can choose to take a regular monthly, quarterly, half yearly or annual income. Regular payments are made on the third Monday of each month. You can also take one-off pension payments to suit your circumstances.

The maximum level of annual income is set at 100% of the Government Actuary's Department's (GAD) relevant annuity rate. This rate varies depending on your sex, age and returns from Government securities and is applied to the value of your pension fund at the date the fund is first used to provide a drawdown pension and at each subsequent review.

The maximum income will be recalculated every three years until you reach age 75 and annually thereafter.

You can elect to have the maximum income level reviewed at each anniversary of the date funds were first designated to provide drawdown pension. You must make the election before the relevant anniversary.

If your SIPP holds a mixture of funds that have and have not been used to provide you with benefits, you can choose to draw further benefits at any time. This will normally trigger an immediate review of the maximum income level and also a further check against the lifetime allowance. See ['How does the lifetime allowance work?' on page 9](#).

You can choose to purchase a lifetime annuity with your drawdown pension fund at any time. See the ['Lifetime annuity'](#) section [on page 9](#).

If you purchase an annuity from your drawdown pension fund before your 75th birthday, a further lifetime allowance check will normally be carried out.

A further lifetime allowance check will also be carried out on your drawdown pension fund at your 75th birthday unless the drawdown pension fund commenced before 6 April 2006 and no further funds have been added to that drawdown pension fund on, or after, that date.

If your SIPP holds both protected rights and non-protected rights then the maximum proportion of your pension income that can be paid from the protected rights fund is equal to the value of protected rights as a proportion of the overall value of your SIPP.

Before selecting a drawdown pension, you should read the **'Withdrawals from the SIPP'** section under **'Risks'** on page 4.

### **Flexible drawdown**

Flexible drawdown is an option allowing you, if you meet certain conditions, to draw funds from your SIPP without any annual limits.

You have the flexibility to withdraw all of the funds from your SIPP in one go, to draw a regular income over and above the "capped drawdown" limits to suit your ongoing requirements, or simply to draw additional funds to suit one-off circumstances.

The flexible drawdown option is only available to you if you are able to meet a Minimum Income Requirement (MIR). In order to meet the MIR, you must have secure retirement income of at least £20,000 per annum. Income from state pensions and lifetime annuities qualifies for the MIR, but income from drawdown pensions and non-retirement income does not.

Additionally, if you make a contribution to any pension scheme (or accrue benefits in a final salary scheme), you may incur significant tax charges.

Contributions paid in the tax year in which you enter flexible drawdown will make any flexible drawdown payment subject to tax. Contributions paid in subsequent tax years will be subject to the annual allowance charge.

### **Lifetime annuity**

A lifetime annuity is a regular, taxable, income guaranteed to last you for life. Buying a lifetime annuity involves passing the value of your SIPP to the insurance company of your choice.

The annuity available will depend on the value of your fund and the annuity rates at the date of purchasing the annuity and the type of annuity you choose.

If you buy an annuity, you will usually cease to have any involvement with the investment of your pension fund. This may be the right option if security of income is an important issue.

For protected rights, if you have a spouse or civil partner at the date the annuity is purchased, the annuity must provide them with a pension of 50% of your pension in the event of your death.

## **Do I pay tax on pension payments?**

All pensions paid to you under drawdown, including flexible drawdown, will be subject to income tax. We will deduct the tax due before paying your pension.

If you purchase a lifetime annuity, the annuity provider will be responsible for the payment of income tax.

## **How does the lifetime allowance work?**

The Government has set the standard lifetime allowance at £1.8m for 2011/12 although this will drop to £1.5m from 2012/13.

Each time new benefits commence ('crystallise'), a portion of your lifetime allowance is used up. When you reach your 75th birthday, any uncrystallised funds will also use up a portion of your lifetime allowance, as may any benefits crystallised after 5 April 2006.

Once you have used up your lifetime allowance, any benefits paid above the allowance will be subject to the lifetime allowance charge. If excess funds are used to provide a taxable pension, the lifetime allowance charge is 25% of those funds. Alternatively, if excess funds are paid as a lump sum (only available for non-protected rights), the lifetime allowance charge is 55%. We will deduct this tax charge from your fund and pay it to HMRC before paying your benefits.

If you built up substantial pension savings before 6 April 2006 and registered for enhanced and/or primary protection ('transitional protection') with HMRC, then this may reduce, or eliminate, any lifetime allowance charge that would otherwise be payable.

You can lock your lifetime allowance at £1.8 million by applying for fixed protection before 6 April 2012. If you apply for fixed protection, any further contributions to registered pension schemes will cause the loss of the protection.

## **Do I have to take benefits?**

No. You are not forced to take lump sum or pension benefits from your SIPP at any time.

However, the tax charges applied to lump sum death benefits paid from your drawdown pension fund will also apply to the undrawn part of your fund from your 75th birthday.

# Death Benefits

## What benefits are paid when I die?

### Benefits other than protected rights

Death benefits will be paid as a lump sum or may be applied to provide pension benefits for a spouse, civil partner or dependant, either under drawdown or by annuity purchase.

Death benefits are payable at the discretion of A J Bell Management Limited, as the Scheme Administrator of your SIPP. You may nominate the individuals you wish to receive benefits and your wishes will be taken into account. You may complete a new nomination at any time.

Lump sums paid on death are normally free of any inheritance tax but we cannot guarantee that this will be the case. Any lump sum death benefit paid from a drawdown pension fund will be subject to a tax deduction of 55% (2011/12).

### Protected rights death benefits

Where you are survived by a spouse or civil partner, the protected rights must be used to provide a pension for your spouse or civil partner, either by the purchase of an annuity or through a drawdown pension.

If you are not survived by a spouse or civil partner, the protected rights will be used to provide lump sum benefits to beneficiaries nominated by you or, in the absence of any nomination, to your estate. The Scheme Administrator does not hold any discretion over who will receive lump sum death benefits from protected rights so it is important that you update your nomination whenever your circumstances change.

Lump sum payments made from protected rights which are uncrystallised or in drawdown may be subject to Inheritance Tax (IHT) although you can take steps, such as making your nomination irrevocable, which may reduce the tax liability. Before considering this, you should seek specialist IHT advice. If you wish to make your nomination irrevocable, please contact us and we will send you the appropriate documents.

Lump sum payments made from drawdown pension funds will be subject to the deduction of a 55% tax charge (2011/12) before payment.

You can make a lump sum payment to a registered charity from protected rights in income drawdown and this will be exempt from IHT. Any other lump sum payment may be subject to IHT and will also be treated as an unauthorised payment and will be subject to very significant tax charges.

### Lifetime annuity

#### Protected rights and non-protected rights

The benefits payable, if any, will be determined by the terms of the annuity contract.

For protected rights, if you have a spouse or civil partner at the date the annuity is purchased, the annuity must provide a spouse's or civil partner's pension in the event of your death.

## Miscellaneous

### What rules govern my SIPP?

The SIT SIPP is set up under AJ Bell's Sippdeal e-sipp (the scheme).

The scheme is governed by a trust deed and rules, as amended from time to time. These Key Features summarise the main provisions of the rules and of the HMRC regulations that apply to registered pension schemes. However, in the event of any discrepancy between the Key Features and the trust deed and rules, the trust deed and rules will prevail. A copy of the current trust deed and rules is available on request.

### How secure is my money?

A J Bell Management Limited is the Scheme Administrator of the Sippdeal e-sipp and is responsible for the day-to-day administration and management of the scheme. Sippdeal Trustees Limited, a wholly-owned subsidiary of A J Bell Management Limited, is the trustee of the scheme.

A J Bell Management Limited is part of the A J Bell Group, one of the UK's leading SIPP administrators with assets under administration exceeding £13.7 billion.

A J Bell Management Limited is authorised and regulated by the Financial Services Authority. Sippdeal Trustees Limited does not conduct any regulated activities and is, therefore, not regulated.

Bank of Scotland is the provider/establisher of the Sippdeal e-sipp. The Bank will satisfy any statutory obligations that it may have from time to time, as provider/establisher of the Sippdeal e-sipp.

Dealing and stockbroking administration services are provided by Halifax Share Dealing Limited, which is part of the Lloyds Banking Group.

Investments are held by HSDL Nominees Limited. All uninvested cash will be held in your SIPP awaiting instruction.

A nominee account allows Halifax Share Dealing to hold shares for you in their nominee name and therefore deal with any settlement, dividends, and corporate actions on behalf of your SIPP. This is established practice in the stockbroking industry.

If Halifax Share Dealing holds at least £1 in cash for you in your SIPP, you will receive interest on it. Interest is accrued daily and paid gross annually. The current rate(s) can be found on the Halifax Share Dealing website or by calling **08457 22 55 25**.

### What if I change my mind?

You have a legal right to cancel your SIPP, if you change your mind. You will receive a letter confirming the establishment of your SIPP and you have 30 days from the date you receive it to cancel, if you wish.

Cancellation rights will also apply to the receipt of transfer payments and on the first occasion that you choose to take income drawdown. You will have 30 days from the date that you receive our letter acknowledging the transfer, or establishing the drawdown, to exercise your right to cancel.

You may exercise your right to cancel by writing to us at:

**The SIT SIPP  
Halifax Share Dealing SIPP Administration Team  
A J Bell Management Limited  
Trafford House  
Chester Road  
Manchester M32 0RS**

**Fax No: 0845 543 2601**

or by e-mail at [hsdlsipp@sippdeal.co.uk](mailto:hsdlsipp@sippdeal.co.uk)

quoting your name and SIPP reference number.

You must state whether you wish to cancel your SIPP, a specific transfer, or drawdown.

If you wish to make an investment during the 30 day cancellation period, you can do so but this will lapse your cancellation rights. Lapsing your cancellation rights will mean that you cannot cancel your SIPP, contributions or transfers.

Further information about your cancellation rights is included in [The SIT SIPP Terms and Conditions](#).

### Are there any compensation arrangements covering my SIPP?

Yes. The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if firms are unable to meet claims made against them.

For bank deposits, the maximum claim that could be made by your SIPP is £85,000.

Further information about the compensation arrangements is available from the Financial Services Compensation Scheme ([www.fscs.org.uk](http://www.fscs.org.uk)).

### Can you provide me with advice?

No. SIT Savings Limited, Halifax Share Dealing Limited, A J Bell Management Limited and Sippdeal Trustees Limited are not authorised to provide any advice on tax or financial services related matters.

If you need any advice, you must contact a suitably qualified financial adviser. Your adviser will give you details about the cost of advice.

### What if I have any further questions?

Visit the website [www.sit.co.uk](http://www.sit.co.uk) or call the helpline on **08457 22 55 25**.

## What if I have a complaint?

Customer satisfaction is very important to us and if you do have any cause to complain about the services provided, there are clear procedures laid down by the Financial Services Authority to ensure that your complaint is dealt with fairly.

If you have a complaint about the dealing and stockbroking administration services provided by Halifax Share Dealing, please write to:

**Customer Service Manager  
Halifax Share Dealing Limited  
Lovell Park Road  
Leeds  
LS1 1NS**

If you have a complaint about the administration of your SIPP, please contact us at:

**The SIT SIPP  
Halifax Share Dealing SIPP Administration Team  
A J Bell Management Limited  
Trafford House  
Chester Road  
Manchester  
M32 0RS**

**Tel: 08457 22 55 25**

**Fax: 0845 543 2601**

**Email: [hsdlsipp@sippdeal.co.uk](mailto:hsdlsipp@sippdeal.co.uk)**

If you are not satisfied with the response you receive, you may refer your complaint to the Pensions Ombudsman if your complaint concerns the administration of your SIPP.

Help is also available from the Pensions Advisory Service (TPAS) who can advise you on how to complain and may be able to sort the matter out, without the need for the Ombudsman to get involved.

The address for both the Pensions Ombudsman and TPAS is as follows:

**11 Belgrave Road  
London  
SW1V 1RB**

**Tel: 0845 601 2923**

All other complaints may be referred to:

**The Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR**

**Tel: 0845 080 1800**

Making a complaint will not affect your right to take legal proceedings.

## Important

The information contained in this **Key Features Document** is provided based on A J Bell Management Limited's and SIT Savings Limited's understanding of current law, practice and taxation which may be subject to change.

Full details of the legally binding contract between you and A J Bell Management Limited are included in **The SIT SIPP Terms and Conditions**.

The law of England and Wales will apply in all legal disputes.

If you would like a copy of this or any other item of our literature in large print, Braille or in audio format, please contact us on **0800 42 44 22** or by email **[info@sit.co.uk](mailto:info@sit.co.uk)**

The SIT SIPP is marketed by SIT Savings Limited, a wholly-owned subsidiary of The Scottish Investment Trust PLC.

SIT Savings Limited is registered in Scotland number SCO91859. Registered Office: 6 Albyn Place, Edinburgh, EH2 4NL. Authorised and regulated by the Financial Services Authority. FSA Registration Number: 125495.

A J Bell Management Limited is the Scheme Administrator of The SIT SIPP.

A J Bell Management Limited is registered in England No. 3948391. Registered Office: Trafford House, Chester Road, Manchester, M32 0RS. Authorised and regulated by the Financial Services Authority and on the FSA register under FSA register number: 211468.

Sippdeal Trustees Limited is a wholly-owned subsidiary of A J Bell Management Limited, registered in England No. 4050222. Registered Office: Trafford House, Chester Road, Manchester, M32 0RS. Sippdeal Trustees Limited does not conduct any regulated activities, and is, therefore, not regulated.

Dealing and stockbroking administration services are provided by Halifax Share Dealing Limited, which is part of the Lloyds Banking Group. Halifax Share Dealing Limited is registered in England No. 3195646. Registered Office: Trinity Road, Halifax, West Yorkshire, HX1 2RG. Authorised and regulated by the Financial Services Authority, a member of the London Stock Exchange and HM Revenue & Customs approved ISA Manager. FSA Registration Number: 183332.

**Financial Services Authority (FSA)  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS**

# Supplement to the Key Features of The SIT SIPP

## What are The SIT SIPP charges?

Details of The SIT SIPP costs and investment charges can be found below and on [www.sit.co.uk](http://www.sit.co.uk) and in The SIT SIPP brochure which is available by calling the brochure request line on 0800 42 44 22 or by calling our helpline on 08457 22 55 25.

### Establishment and Administration

Set Up (see note 1)	Nil
Transfer in of another registered pension scheme (see note 2)	£50 + VAT per transfer (maximum £300 + VAT per SIPP)
Quarterly Administration Charge (see note 3)	£18.75 + VAT for a SIPP valued at less than £50,000 £37.50 + VAT for a SIPP valued at £50,000 and above
Insufficient funds e.g. to pay benefits or charges	£25 + VAT
Transfer out to another registered pension scheme or annuity purchase	£75 + VAT

### Benefits

Income withdrawal (see notes 4 and 5) - Income drawdown to age 75, or - Income drawdown from age 75	£150 + VAT per annum, payable annually in advance £250 + VAT per annum, payable annually in advance
Designation of additional funds to existing income drawdown fund (see note 5)	£75 + VAT
If you register for flexible drawdown pension (see note 6)	£75 + VAT
If you close your SIPP through flexible drawdown or trivial commutation	£75 + VAT
Payment of death benefits	Time/cost basis + VAT

### Notes

1. There is no charge to set up your SIT SIPP. Administrative and dealing charges are listed below.
2. Up to a maximum of £300 + VAT per SIPP over the life time of the SIPP. The transfer in fee will be deducted by A J Bell Management Limited before funds are transferred to your SIPP account.
3. Payable in arrears at the end of March, June, September and December each year. The quarterly administration charge is not pro-rated. This means that the full quarterly administration charge will be payable for the quarter in which you open a SIT SIPP and in which you cease to be a member of The SIT SIPP.
4. The annual income withdrawal charge will become payable immediately funds are designated to provide drawdown, even if you elect to take "nil" income.
5. No additional charge is made when the first funds are designated to provide drawdown.
6. Applies only on initial set up of flexible drawdown entitlement. The fee is separate and, where relevant, in addition to income drawdown fees.

All charges except the transfer in charge will be deducted from your SIPP.

The above charges may be shared between A J Bell Management Limited and Halifax Share Dealing Limited.

## Investment Charges

Dealing and stockbroking administration service charges are payable in addition to The SIT SIPP administration charges.

### Dealing Charges

There is no dealing charge for SIT shares purchased through a monthly or one-off **planned** investment. For all **other** regular or one-off planned investments there is a charge of £1.50 per trade.

Dealing charges for real-time and telephone transactions in all investments, including SIT shares, are set out in the table below.

Halifax Share Dealing Limited will carry out each instruction to deal in more than one type of investment, or each instruction to deal at different times in the same type of investment, as separate instructions. Please note that the charges below apply separately to each deal.

Option	Investment	Charges	
<b>Purchases</b>			
Monthly or one-off planned purchases	SIT shares	Nil	
	Other UK investments	£1.50	
	International investments	n/a	
Real-time online purchases	UK investments	£11.95	
	International investments	£11.95	
Real-time telephone purchases	UK investments	Up to £5,000	£25
		£5,001 to £50,000	£50
		£50,001 to £100,000	£75
		£100,001 +	0.10%
	International investments	£11.95	
<b>Sales</b>			
Real-time online sales up to £250	UK investments	£5	
	International investments	£11.95	
Real-time online sales over £250	UK investments	£11.95	
	International investments	£11.95	
Real-time telephone sales	UK investments	Up to £5,000	£25
		£5,001 to £50,000	£50
		£50,001 to £100,000	£75
		£100,001 +	0.10%
	International investments	£11.95	
<b>Dividend Investment</b>			
Re-investment of dividends	SIT	Nil	
	Other investments	1% of the value of the deal, capped at the appropriate trading commission for that deal	

Please remember with purchases of any UK equities, including shares and stock units of investment trusts, there is compulsory government stamp duty (currently 0.5%) on the amount invested. With purchases of certain international equities there may be additional stamp duty charges in other jurisdictions on the amount invested.

Also, there is a PTM (Panel on Takeovers and Mergers) levy of £1 for all deals in UK quoted shares over £10,000. Purchases and sales of some investments, such as SIT shares, may be subject to a dealing spread (the difference between the buying and selling prices).

HSDL collects any dealing charges by adding them to the cost of buying investments, or by taking them from the

sale proceeds. HSDL may deduct these charges, its administration charges, or any other applicable charges from cash held in your SIT SIPP or by selling any investment you hold.

HSDL may apply other charges in relation to the dealing and other services it provides. Information in relation to these charges is contained in **The SIT SIPP Dealing Service Terms and Conditions**, which explain your relationship with HSDL, and on SIT's website at [www.sit.co.uk](http://www.sit.co.uk).

You should read these **Terms and Conditions** and confirm the latest charges before making any decision to invest.

## Stockbroking Administration Charges

Transfer out of shares to another pension provider	£15 per investment
Ad hoc statement or valuation (on request)	£30 per item + VAT

The charges described above, with the exception of the transfer in fee, will be deducted from cash held in your SIT SIPP in the first instance. Halifax Share Dealing Limited will use all reasonable endeavours to obtain instructions from you to liquidate specified investments in your SIT SIPP to provide sufficient cash to pay any outstanding fee or charge in the event that there is insufficient cash held in your SIT SIPP to satisfy in full the amount of such fee or charge. Investments held in your SIT SIPP may be sold if you do not give instructions to Halifax Share Dealing Limited within 15 business days of the date on which the relevant fee or charge becomes payable.

The charges described may be varied from time to time. Further information is contained in The SIT SIPP Terms and Conditions, The SIT SIPP Dealing Service Terms and Conditions and on SIT's website at [www.sit.co.uk](http://www.sit.co.uk).

The underlying investments you hold in your SIT SIPP may also be subject to other taxes, charges and costs, some of which may be deducted directly from your investment or prior to any return being allocated to you. Please note that charges for The SIT SIPP may be higher than for a stakeholder plan.

## Interest Rates

Information on the interest rate payable on cash held in your SIT SIPP is available by calling the helpline on **08457 22 55 25**.

## Dividend Reinvestment

Dividends are not automatically reinvested but are paid and held as cash in your SIPP dealing account.

Investors can opt to have dividends reinvested by instructing HSDL either by telephoning **08457 22 55 25** or online at [www.halifaxsharedealing.co.uk/online](http://www.halifaxsharedealing.co.uk/online)

You can also log into your account through the SIPP section of SIT's website [www.sit.co.uk](http://www.sit.co.uk).

Please note that whichever dividend reinvestment option you choose, it will apply to all investments in your SIT SIPP, it is not possible to apply the option to selected investments.

## Can the Terms and Conditions of The SIT SIPP be altered?

A J Bell Management Limited may alter [The SIT SIPP Terms and Conditions](#) and HSDL may alter [The SIT SIPP Dealing Service Terms and Conditions](#) from time to time, as described in the relevant document. Changes to [The SIT SIPP Terms and Conditions](#), or [The SIT SIPP Dealing Service Terms and Conditions](#), the trust deed governing the scheme, or to the tax benefits and governing law for SIPPs generally may result in changes to this document, the nature and amount of fees payable in relation to The SIT SIPP and to the way The SIT SIPP operates generally.

You should read [The SIT SIPP Terms and Conditions](#) and [The SIT SIPP Dealing Service Terms and Conditions](#) carefully before making any decision to invest.

# The Scottish Investment Trust PLC

You can hold shares in The Scottish Investment Trust PLC (SIT) in The SIT SIPP. As a global growth investment trust company, SIT could provide the ideal core of your pension portfolio.

The **Key Features** below set out further information in relation to SIT and the **Terms and Conditions** that will apply if you choose to invest part of your contribution to The SIT SIPP in SIT shares.

SIT shares purchased through the planned investment option are held in an investment trust savings scheme, managed by SIT Savings Limited and administered by Halifax Share Dealing Limited.

These **Key Features** form part of, and should be read together with, **The SIT SIPP Key Features Document**.

## Key Features of the investment trust savings scheme available through The SIT SIPP in relation to The Scottish Investment Trust PLC

### The Scottish Investment Trust PLC

The Scottish Investment Trust PLC (SIT) is an independent, actively self-managed global growth investment trust company. Founded in 1887, SIT is listed on the London Stock Exchange and invests in the stocks and shares of other companies, most of which are listed or traded on one or more of the world's stockmarkets.

SIT has the freedom to invest in any asset of its choosing but usually invests in quoted equities in the UK and overseas, with a small component in unquoted investment funds in the UK and US.

SIT shares are included in the range of permitted investments for The SIT SIPP. It is important that you read this section before making any decision to invest in SIT through The SIT SIPP as it provides important information to help you make an informed investment decision.

The Scottish Investment Trust PLC is a listed entity and is not required to be authorised or regulated by the Financial Services Authority.

### Aims of The Scottish Investment Trust PLC

The aim of The Scottish Investment Trust PLC is to provide investors, over the longer term, with above-average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation.

### Risk factors specific to The Scottish Investment Trust PLC

All stockmarket investments carry an element of risk, and you should ensure that you understand the associated risks before you choose to invest. The following are the principal risk factors that apply to an investment in SIT.

- Equity investments (stocks and shares) are generally considered higher risk than other investments. They may be subject to sudden and large falls in value.
- Investment trusts are listed UK public limited companies and are not authorised or regulated by the Financial Services Authority.

### Market risk

- As with any stockmarket-based investment product, the value of your investment and the income you receive from it can go down as well as up and you may not get back the amount you originally invested.
- Past performance may not be repeated and is no indication of future performance.

### Investment trust company discount risk

- An investment trust company is a "closed end" fund. That is, there is a fixed number of shares in issue. The market price of these shares is affected by supply and demand and may not represent the underlying value of the assets (the net asset value or NAV) of an investment trust company.

If the share price of an investment trust company is lower than the net asset value per share, the trust is valued at a discount. If the share price of an investment trust company is higher than its net asset value per share, the trust is valued at a premium.

The discount is shown as a percentage of the net asset value. For example, if the net asset value of an investment trust company is 100p per share and the market price per share is 90p, the investment trust company would be valued at a 10% discount to net asset value.

The growth of your capital depends upon the movement of the discount and/or premium over the period that you own the shares, as well as the growth of the assets of the trust.

From January 2006, SIT's intention has been to buy back shares actively with the aim, in normal market conditions, of maintaining a discount to net asset value of 9% or less.

### Gearing (or borrowing) risk

- As an investment trust company, SIT has the ability to borrow money with which to make investments. Where borrowings are used to make equity or other investments, this is called "gearing". When the gain on investments bought with borrowed money exceeds the cost of borrowing, the overall return to SIT investors is increased.

Similarly, when the return on investments bought with borrowed money is negative or lower than the cost of borrowing, losses are incurred and the overall return to SIT investors is reduced.

The higher the level of gearing used, the higher the potential gains or losses will be.

- SIT can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing.
- Investment trust companies, such as SIT, can also use gearing by investing in the shares of other investment companies which are themselves geared. SIT invests in other investment companies from time to time to gain exposure to specific asset classes (eg Japanese small companies). Such investments may be geared. It is the policy of SIT's board not to invest in such a company if the level of gearing is inappropriate in relation to the underlying asset class in which the company is investing. It is the policy of SIT's board not to invest more than 15% of SIT's gross assets in other UK quoted investment companies. In practice, it is unlikely to have more than 5% of gross assets invested in such companies.
- SIT has the ability to invest in derivatives such as warrants, futures and options. Derivatives can be used to offset (hedge) possible unfavourable currency and market movements and in a rising market potential gains could be restricted. It is the policy of SIT's board only to use derivatives as a defensive mechanism (eg to hedge a foreign currency exposure), or to help the movement of funds between different investment areas, or lower the exposure to equities.

### Corporate bonds

- From time to time SIT invests in corporate bonds. These bonds give exposure to the risk of non-payment by the issuer and prices are sensitive to changes in interest rates.

### Overseas investment risk

- Investments which SIT makes in overseas markets might be affected by dealing hold ups, settlement difficulties, variations in exchange rates and different custody practices in those markets.
- Overseas investment may be affected by political risk in the chosen geographical areas.

### Liquidity risk

- SIT may have difficulty in selling investments in unquoted securities (1.4% of total assets at 31 October 2010).

### Charges risk

- Your returns will be limited by the charges in the SIPP and/or the expenses of the investment trust company. These charges and expenses may increase in the future.

### Inflation risk

- The value of any investment gains may be reduced over time by increases in the general level of prices, i.e. inflation.

### Taxation risk

- The favourable tax treatment accorded to Self Invested Personal Pensions - or your personal tax circumstances - may change over time. The tax treatment of your investment depends on your individual circumstances.

### Retention of Income

Investment trust companies can keep up to 15% of each financial year's income from the underlying investments and transfer this amount to their revenue reserves. These reserves may be built up in good years, to support dividends in poorer years. The effect is that the managers can, to some degree, smooth out the payment of dividends over a period of time.

### Dividends

The interim dividend is normally paid in July and the final dividend is normally paid in February of each year. The minimum amount which may be reinvested in SIT shares is the price of one share, plus stamp duty.

Smaller amounts will be held in your SIT SIPP pending further investment.

Dividend reinvestments are deemed to have been received for tax purposes and will be taxed as if you had received cash. All dividends are received net of the 10% tax credit which is not reclaimable by investors. However, there is no additional tax to pay on dividend income.

If you do not opt to have your dividends reinvested then the dividend income will be held as cash within your SIT SIPP account. This may be used to purchase investments within your SIPP.

Dividends paid by The Scottish Investment Trust PLC will be reinvested free of charge.



**Registered office:**

6 Albyn Place, Edinburgh EH2 4NL  
Telephone: 0131 225 7781 Fax: 0131 226 3663  
Email: [info@sit.co.uk](mailto:info@sit.co.uk) [www.sit.co.uk](http://www.sit.co.uk)

**SIPP administrator:**

The SIT SIPP  
Halifax Share Dealing SIPP Administration Team  
A J Bell Management Limited  
Trafford House  
Chester Road  
Manchester  
M32 0RS  
Helpline: 08457 22 55 25

**Dealing and stockbroking administration services:**

The SIT SIPP (HSDL Administration Team)  
Halifax Share Dealing Limited  
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