

The SIT SIPP

Self Invested Personal Pension

Risk Warnings

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The risk factors referred to below are not an exhaustive list. In addition to the risk factors below, particular risks will be associated with the investments you can hold in your SIPP. You should review all literature in relation to The SIT SIPP and any investment you wish to hold in your SIPP before making any decision to open a SIT SIPP or invest. The SIT SIPP and/or any eligible investment may not be suitable for you. If you need advice, you should consult a suitably qualified financial adviser.

Transfers In

By transferring other pension benefits into your SIPP you may be giving up the right to guarantees in the form of benefits, the amount you will receive and also the level of increases that will be applied to your pension in future.

You may be giving up the right to receive a terminal bonus on with-profit pension plans.

A penalty may be applied to your existing pension plan if it is transferred.

Not all transfers into The SIT SIPP may be suitable. We offer an execution-only service and recommend that you seek professional advice from a suitably qualified financial adviser if you are considering transferring existing pension benefits into your SIPP.

Transfers of existing pension arrangements will incur transfer charges and will also result in the transfer value not being invested during the transfer period, except where transfers are made 'in specie'.

Investments

The value of investments and any income from them can fall as well as rise and is not guaranteed. You may get back less than the amount invested.

Past performance must not be viewed as an indication of future performance.

The price of investments may change quickly and can go down as well as up.

There is an extra risk of losing money when shares are bought in some smaller companies including penny shares. There may be a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them.

You will be able to deal in a range of investments each of which carries a different level of risk. Increased investment choice also brings increased complexity, and active management and investment expertise are needed for a SIPP. If you do not have the time to manage your SIPP on an active basis, or if you are not sufficiently knowledgeable to understand the risks associated with investment, you should seek assistance and advice from a suitably-qualified professional.

Certain investments may not be readily realisable or they may be illiquid. You may have difficulty selling these investments at a reasonable price and, in some circumstances, it may be difficult to sell them at any price. You should not invest in these investments unless you have carefully thought about whether you can afford them and whether they are right for you.

In certain overseas jurisdictions, there may be different settlement, legal and regulatory requirements to those applying in the United Kingdom and also different practices for the separate identification of customers' investments.

Foreign markets will involve different risks from United Kingdom markets and in some cases, particularly in relation to emerging markets, the risks will be greater. Such risks might include dealing difficulties, settlement and custody practices.

On request, we will provide you with an explanation of the relevant risks and protections which will operate in any foreign markets, including the extent to which we will accept liability for any default of a foreign broker whom we use to process deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

The cost effectiveness of your SIPP may depend on a number of factors, including:

- the size of your SIPP in relation to the initial and ongoing costs (including our charges, which may increase in future);
- the type of investments held;
- the frequency with which you deal; and
- the size of transaction you undertake.

If you have a smaller fund, or deal excessively, the value of your SIPP may be eroded and the costs may be disproportionate to the value of your SIPP.

Multiple investments and frequent dealing in small amounts may also result in excessive costs.

We do not make investment recommendations. Any investment information is provided solely to enable you to make your own investment decisions and must not be treated as a solicitation or recommendation to buy, sell or otherwise deal in any particular investment.

Some of these risks may not be relevant to your SIPP, depending on the investment strategy you have chosen.

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).

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.

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.

General

The tax benefits and governing law for SIPPs may change in the future.

Your benefits are dependent upon a number of factors. Although not a complete list, these factors include future contribution levels, the age at which you commence benefits and external influences such as investment returns, inflation, interest rates, annuity rates and charges.

Charges for The SIT SIPP may be higher than for a stakeholder plan.

If there is insufficient cash in your SIPP, investments held in your SIPP may be realised to pay charges. This may erode the value of your SIPP and constrain the growth of your investments.

You will not normally be able to commence benefits until you reach the minimum pension age of 55.

The SIPP is offered on an execution-only basis without pensions advice.

The SIT SIPP and/or the investment services described may not be suitable for you. If you need advice, you must consult a suitably-qualified financial adviser.

Additional Information

Before making any decision to open a SIT SIPP, or make any investment through a SIT SIPP, you should read the following important documents.

- **The SIT SIPP Key Features Document**, including (if you intend to invest in shares in The Scottish Investment Trust PLC) the **Key Features** of the investment trust savings scheme available through The SIT SIPP in relation to The Scottish Investment Trust PLC.
- **The SIT SIPP Terms and Conditions.**
- **The SIT SIPP Dealing Service Terms and Conditions.**

You can request copies of these documents by calling SIT's freephone brochure request service on **0800 42 44 22**, or you can download them from SIT's website **www.sit.co.uk**

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 e-mail **info@sit.co.uk**.



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This document was prepared in May 2011. It is normally reviewed once per year, so some of the information in it may have changed since it was compiled. If you are in any doubt concerning any of its content, please contact SIT Savings Ltd.