

# Wensley Mackay Personal Pension

## Key Features

*This is an important document which you should keep*

**This key features document gives you the main points about the Wensley Mackay Personal Pension (“the SIPP”). Please read this key features document carefully, and keep it in a safe place.**

### Its aims

- To provide you with a tax-efficient way to save for retirement.
- To provide you with a flexible pension that can meet your changing needs and personal circumstances.
- To provide you with a wide range of investment options.
- To give you the ability to make your own investment decisions. You may want to use a financial adviser or fund manager to help you make these decisions.
- To enable you to obtain a pension by withdrawing an income directly from your pension fund and/ or by purchasing an annuity from an insurance company.
- You also have the option to take a tax free lump sum of up to 25% of the value of your pension fund.
- To provide you with an option to phase your retirement by taking benefits in stages.

### Your commitment

- There is no commitment on your part to make any contributions to the SIPP.
- You can stop making contributions at any time without penalty. However, your pension fund has to be administered and maintained, so the charges under the agreement you have with us will still be applied and may be deducted from your pension fund.
- These charges will reduce the fund available to provide you with benefits.
- Pension investment is a long-term investment and you can only take benefits from the SIPP in a way approved in the legislation governing pension schemes.
- You won't normally be able to access your pension fund to provide you with benefits until you are at least age 55.

### Risk factors

- The value of investments in your pension fund, and any income from them, may go up or down.
- Benefits you receive may be less than expected and you may not receive the amount you originally invested. Lower returns may be caused by (among other things):
  - lower than expected investment growth
  - lower than expected interest rates and/or annuity rates at the time you

take benefits

- higher than expected charges or costs of investment
- taking benefits earlier than originally anticipated
- not maintaining the contributions originally planned. Even if you maintain contributions, there is still no guarantee that a target benefit will be met.
- The SIPP allows your pension fund to borrow for investment purposes, but borrowings must be repaid regardless of your pension fund performance. This may mean that there is less value in your pension fund to provide you with benefits.
- Some investments in which you choose to invest (e.g. property and unquoted securities) may take longer to sell than others, so you may not be able to sell when you wish to.
- The value of some types of investment such as commercial property is generally a matter of judgement by a qualified valuer.
- Legislation may change in the future, affecting the taxation of your pension fund, contributions paid and benefits to be taken.
- Our charges (detailed in the “SIPP Explanatory Brochure”) may go up in the future.
- The SIPP may not be suitable for you. If you aren't sure, you should consult a professional financial adviser.

## Questions and Answers

### What is a personal pension?

A personal pension is a tax-efficient investment plan designed to provide you with an income in retirement.

### What is a self-invested Personal pension?

A self-invested personal pension ('SIPP') is a form of personal pension that provides you with a much wider range of investment options, allowing you to control the way in which your pension fund is invested.

### Who is the SIPP for?

The SIPP is for anyone wishing to save tax-efficiently for their retirement using a very wide range of investments, including commercial property.

### What is the Wensley Mackay Personal Pension?

The Wensley Mackay Personal Pension is a SIPP that allows investment in all areas permitted by HM Revenue & Customs. You can manage the fund yourself or you can appoint a financial adviser or fund manager of your choice to do this for you.

The Wensley Mackay Personal Pension can be used to receive transfers from other pensions relating to State Second Pension benefits ("Protected Rights"). However, you can't use the SIPP for accepting new Contracted-Out contributions.

Your rights under the SIPP are laid out by the relevant provisions of the Trust Deed and Rules of the Wensley Mackay Personal Pension, and the terms and conditions of the SIPP.

### Is the SIPP a stakeholder pension?

No. Stakeholder pensions are personal pensions that must satisfy a number of Government standards including

payment levels, charges and terms and conditions. If you do not need all the flexibility contained in the SIPP, then a stakeholder pension may be more appropriate for you.

### Who can have a SIPP?

You can have a SIPP if you are eligible to make a contribution (see below), or if you wish to make a transfer from another registered pension scheme, to the SIPP.

### How do I apply for a SIPP?

To apply for a SIPP you must complete an application form and any other relevant documents.

We will acknowledge receipt of your application form and supporting documents.

Before completing the form, you should have read and fully understood this Key Features document and the SIPP Explanatory Brochure.

### How much can I pay into the SIPP?

There is no limit on the amount that you, or your employer, can contribute to the SIPP in any one tax year. However there is a limit on the amount of tax relief you can obtain on your personal contributions. Tax relief (at your marginal rate of income tax) will be available on contributions up to 100% of your taxable earnings in the tax year, or up to £3,600 gross regardless of your earnings.

If the total contributions paid by you and your employer to all registered pension schemes exceed the Annual Allowance (£255,000 in 2010/11), you may be subject to an Annual Allowance Charge of 40% on the excess.

If you are deemed to be a "high income individual" the Special Annual Allowance charge may apply to contributions in excess of £20,000 per annum, dependent on specific circumstances. You should seek advice from your IFA or Accountant if you

think this may apply to you.

### Can I transfer from other pension schemes to the SIPP?

Yes. You may be able to transfer from another registered pension scheme to the SIPP. The SIPP is also able to receive existing contracted-out benefits.

Before initiating a transfer you should seek professional advice on the merits of the proposed transfer that is specific to your circumstances.

### What are Protected Rights?

Individuals who have chosen to contract out of the State Second Pension (S2P, previously known as SERPS), receive rebates of National Insurance contributions and the associated tax relief into their plan. Pension monies built up this way are known as Protected Rights.

### Can you accept Protected Rights contributions?

No, Wensley Mackay will only accept Protected Rights transfers from existing pensions, and will not accept new contracted out contributions.

### Are Protected Rights benefits different from Non Protected Rights benefits?

Yes, the differences in the two funds are described below:

- If you die before taking benefits and you have a surviving spouse or civil partner, your protected rights fund must be used to provide an income to them.
- If there is no surviving spouse or civil partner then the protected rights fund can be paid to your estate or chosen beneficiaries, as directed by an expression of wish. This may be liable

to Inheritance tax.

- If you die whilst taking benefits as unsecured income or as alternatively secured income from the protected rights fund and you have a surviving spouse or civil partner, the remaining fund must be used to provide an income to them.
- If there is no spouse or civil partner the death benefit is the same as if the payment is to be made from a non-protected rights fund.
- You may not deplete Protected Rights funds at a faster rate than non-Protected Rights funds within the same arrangement.

## What investment options do I have in the SIPP?

There are no restrictions on the investments that may be held within the SIPP (though some investments could attract a tax charge and therefore may not be appropriate for a SIPP). Your pension fund can be invested in a very wide range of investments including stocks and shares (both quoted and unquoted), funds (Unit Trusts, OEICS etc), commercial property, loans to unconnected parties and cash deposits.

There is no UK Capital Gains Tax on the sale of appropriate investments held in your pension fund.

## When can I take benefits?

You can take benefits at any time from age 55. You do not need to retire from work to take your benefits. We will set the normal retirement age (NRA) for the Plan at 75 as this may improve the tax position on death where you defer taking benefits at NRA. If you wish to choose another date, please contact us in writing. You can still take benefits at any time from age 55 to age 75 without penalty.

## In what form can I receive benefits?

You will normally be able to take a Pension Commencement Lump Sum (prior to age 75) of up to 25% of the value of your pension fund. This is paid

free of tax.

The remaining part of your pension fund must be used to provide a taxable income either by purchasing an annuity from an insurance company of your choice, or by drawing an income directly from your pension fund.

If the total value of the funds used to provide benefits are greater than the Lifetime Allowance (£1.8m in 2010/11), you may be subject to a Lifetime Allowance Charge of up to 55% on the excess.

## What happens to my pension fund if I die prior to taking benefits?

If you die before taking any benefits then the value of your pension fund may be available to your beneficiaries as a lump sum.

Normally no income tax or inheritance tax will be payable on a lump sum paid in this way, although it will be tested against the Lifetime Allowance.

Alternatively, your pension fund can be used to provide your spouse/civil partner and/or dependants with a taxable income.

You can also have a combination of these options.

## What happens to my pension fund if I die whilst in receipt of benefits?

If you die after an annuity has been purchased for you then the death benefits will be determined by the type of annuity you selected and its terms and conditions.

If you die before age 75 whilst drawing an income from your pension fund then the value of your pension fund can be paid as a lump sum to your beneficiaries (subject to tax at 35%) or it can be used to provide a taxable income for your spouse/civil partner and/or dependants.

If you die aged 75 or over, and you are drawing an income from your pension fund, then the fund must be used to

provide an income for your spouse or civil partner, and/ or dependants. If there is no surviving spouse, civil partner or dependant, any remaining fund can be paid (tax-free) to one or more charities that you had nominated prior to your death.

All other lump sum payments will be treated as “unauthorised payments” and will suffer tax charges of up to 82%. Inheritance tax may also be payable as your pension fund will be treated as forming part of your estate.

If the funds represent Protected Rights the remaining fund must be used to provide a spouse’s pension, where appropriate.

## How will charges, fees and expenses affect my pension fund?

Details of our charges are contained in the SIPP Explanatory Brochure, which you should read with this Key Features guide. In addition to the fees explained there, your pension fund could incur other charges, including:

- Fees charged by your Financial Adviser in respect of the service they provide.
- Charges made by fund managers and other investment providers that you choose to use,
- Underlying collective investment fund fees and expenses, and
- Fees and charges associated with the purchase and holding of a property (e.g. solicitor’s fees, property management fees).

These charges will all affect your investment returns.

## How much will advice cost?

We do not give investment or financial advice. If you wish to receive advice from a financial adviser then they will give you details of the cost of their advice.

We allow the cost of financial advice to be paid out of your pension fund, but before any such payments are made we will require your prior written authority.

## How are complaints dealt with?

If you have a complaint about the SIPP then you should contact (in writing, by fax, email or telephone):

**Managing Director  
Wensley Mackay Limited  
12 Market Place  
Cockermouth  
Cumbria  
CA13 9NQ**

**Tel: 01900 828882**

**Fax: 01900 824123**

**Email:**

**info@wensley-mackay.com**

**www.wensley-mackay.com**

A complaint may be made by you or on your behalf by another person, provided that person has written authority from you to make the complaint on your behalf.

A leaflet giving more information on how we handle complaints is available on request.

## Where can I find further information on compensation arrangements?

The Wensley Mackay Personal Pension is covered by the Financial Services Compensation Scheme (FSCS).

Should any part of your pension fund fail and not be able to repay the amounts due in respect of those deposits or investments then we may be able to make a claim on behalf of our pension fund against the FSCS. The maximum amount of compensation that your pension fund could receive from the FSCS would be £48,000 for any investments and £50,000 for any deposits.

More information on the FSCS can be found at [www.fscs.org.uk](http://www.fscs.org.uk) or by telephone on 020 7892 7300.

## Where can I get other information about the SIPP?

Further information about the Full SIPP is available from:

**Wensley Mackay Limited  
12 Market Place  
Cockermouth  
Cumbria  
CA13 9NQ**

or

**www.wensley-mackay.com**

Please retain this document for reference purposes. It is issued by Wensley Mackay Limited and is based on our understanding of how the law applies at 6 April 2010. There may be subsequent changes. Contractual terms may have to be changed in response to legislative, regulatory and business conditions. In order to comply with our legal and regulatory obligations, we may be required from time to time to apply additional or alternative conditions in relation to applications for membership or continued membership, either generally or in respect of particular applicants.

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