City Trustees
PART OF MATTIOLI WOODS PLC

City Private Pension
Key Features

Important information is contained in this document, you need to read and understand before you invest.

CITY PRIVATE PENSION KEY FEATURES

The Financial Conduct Authority is the independent financial services regulator. It requires us to give you this document which contains important information about the City Private Pension. Along with the application form and terms and conditions these will help you consider the relevant facts and figures before making your investment decision. Please read all documentation which has been enclosed as it is important that you fully understand the pension you are about to set up. Please retain this document for future reference.

The City Private Pension is a registered pension scheme, set up under trust and approved by HM Revenue & Customs. This is a type of scheme known as a self-invested personal pension, which allows you to make your own investment decisions.

You should be aware that stakeholder pension schemes are generally available and might meet your needs as well as this pension scheme.

If there is anything that you do not fully understand or if you would like further information, please call City Trustees on 0116 240 8730, or you can email us at info@citytrustees.co.uk.

AIMS OF THE CITY PRIVATE PENSION

To build a fund of money in a tax-efficient way to provide you with an income in retirement.

To allow flexibility in a broad range of investment opportunities.

To create the right structure in order to enhance the potential of pension assets owned by the scheme.

To allow the flexible taking of benefits upon retirement.

YOUR COMMITMENT

You commit to make one-off or regular contributions or a transfer to your SIPP.

To tell us if you stop being eligible to receive tax relief on your contributions.

There is no commitment to make regular contributions to the SIPP and no penalties for ceasing/reducing such contributions.

To let the fund value build, until your retirement age and then use the fund to buy pension benefits.

To tell us if you change your job, start or stop working or join a company pension scheme, or if any of your personal circumstances change.

To tell us if you access other pension funds under flexi-access rules.

Please ensure you understand what the scheme will do for you, including what costs and expenses will be incurred in establishing the scheme, and on an ongoing basis.

RISK FACTORS

We cannot guarantee future values, as the final fund value will depend on several factors including how much you contribute, how long you invest, how well the investments perform and the charges we make. We cannot guarantee future values as they can go up and down.

When benefits are taken, the amount you receive will depend on your fund value and interest rates at that time.

You may get back less than you invest. This could happen if:

- Interest rates when you retire are lower than assumed
- You draw your benefits earlier than your selected retirement age
- Tax rules change
- Fees are higher than assumed
- Some investments carry a higher level of risk than others

If you take your benefits before your selected retirement age, it could result in a lower pension than anticipated.

If withdrawals of income are higher than the investment returns during the relevant period, your pension may need to be decreased.

As the Government can change State pensions and benefits in the future, it may be unwise to rely on a particular type or amount being available when you retire.

If you change your mind within 30 days of the date of the trust deed, you will not get back all of your lump sum you paid if the investment value has fallen.

Some investments such as property may take longer to sell than other forms of investment.

The value of any commercial property will be based upon an independent valuer's estimate.

If you or your employer pay contributions to this and any other registered pension scheme in excess of the annual allowance or money purchase annual allowance if triggered, you will be personally liable to pay a tax charge.

The Government may change the favourable tax treatment for registered pension schemes in the future.

WHAT IS A SIPP?

A SIPP is a self-invested personal pension, approved by HM Revenue & Customs that helps you save for your retirement in a tax-efficient way. The fundamental difference between a SIPP and other insured pension policies is that it offers a high degree of control and investment flexibility, and also creates the right structure in order to enhance the potential of pension assets owned.

A SIPP is open to anyone whether employed, self-employed or not employed. However, children under 16, and those under 18 who are not in employment or self-employed, cannot start a plan in their own right but a legal guardian can start it on their behalf.

HOW FLEXIBLE ARE THE INVESTMENT OPTIONS?

Funds are able to be invested in cash/deposit accounts, insured funds, unit and investment trusts, and OEICs, as well as real assets such as shares and commercial property/land (directly and syndicated). Please note, different charging structures apply depending on the investments held.

Remember that some investments carry a higher level of risk than others, and therefore the value of all investments can fall as well as rise.

Investments may need to be realised to provide liquidity for payment of benefits and to pay charges incurred by the scheme.

WHAT ARE THE TAX ADVANTAGES?

Contributions for members below age 75 (see section below) qualify for tax relief, and the Revenue does not limit the amount paid into the scheme – only the amount that is tax privileged. Non-UK residents are treated differently in respect of tax relief.

The plan value grows free of Capital Gains Tax and Income Tax (except for income and dividends from UK shares, OEICs and unit trusts) unless the investment is deemed to be a prohibited asset by HM Revenue & Customs.

Generally you can take 25% of your fund as a tax-free lump sum and any income withdrawals will be taxed as earned income.

If you die before you retire, there is, normally, no Inheritance Tax payable on your plan value.

WHAT ARE THE POSSIBLE TAX CHARGES?

Contributions in excess of the annual allowance or money purchase annual allowance if triggered are taxed via the annual allowance charge (see 'contributions' overleaf).

If an investment is deemed to be a prohibited asset by HM Revenue & Customs, there will be tax charges on both the member and the scheme.

All income withdrawals will be taxed under the PAYE system.

Funds paid out in excess of a lifetime allowance, will attract a lifetime allowance charge.

Any payments which are not made in line with HM Revenue & Customs directives/calculations will be subject to unauthorised payment charges on both the member and the scheme.

CAN I BE A MEMBER OF AN OCCUPATIONAL PENSION SCHEME AND HAVE A SIPP?

Yes, although there are restrictions on the level of contributions which can be made, and the annual allowance and money purchase annual allowance (see below) is in respect of all pension schemes within a tax year.

WHAT CHOICES WILL I HAVE WHEN I RETIRE?

We set up your plan to provide benefits from your selected retirement age. However, you can select any age from 55.

You can start taking a pension before age 55 only if you are in severe ill health, or if HM Revenue & Customs has agreed a lower age for your occupation.

You do not have to stop working to take benefits.

You can also change your selected retirement age at any time.

You have an option to take all of your benefits at once or phase the taking of benefits over time.

You can convert all of your plan value to a drawdown pension, which will be taxable, or you can take up to 25% of your plan value as a lump sum (also known as 'tax-free cash') in return for a smaller taxable pension.

The drawdown pension can be paid at a fixed level or can be changed each year during your retirement.

If the pension is capped drawdown the amount paid must be within specified maximum limits. The maximum limit pre-age 75 is subject to triennial reviews and post-age 75 is subject to annual reviews.

You may be able to draw above the maximum capped drawdown income by converting to flexi-access drawdown. This would trigger the money purchase annual allowance. If the pension is paid as flexi-access pension, there are no limits on the amount which may be drawn.

WHAT MIGHT I GET WHEN I RETIRE?

The final fund value will depend on several factors including how much you contribute, how long you invest, how well the investments perform and the charges we make. We cannot guarantee the future value as it can go up and down.

DEATH BEFORE AGE 75

On death before age 75, the following options are available:

1 The fund can be retained within the scheme to provide flexi-access drawdown pension.
2 The entire fund can be paid out as a lump sum
3 Funds can be used to purchase a dependants annuity
4 Funds can be used to provide a dependants scheme pension
5 A combination of the above can be paid

If your pension funds are designated to your beneficiaries as a lump sum death benefit within two years, they will be paid tax free. Any lump sum paid after the two year rule will be taxed at the recipients marginal rate of income tax. If the recipient is a non-qualifying individual, a tax charge of 45% will apply.

If your funds remain within the pension scheme to pay an income to your beneficiaries, the income is paid tax free assuming funds are designated for income within two years. Any amounts not designated within two years, future income would be taxed at the recipient's marginal rate. There is no two year rule for funds which were previously used to provide you with an income, these can be paid tax free.

If you die after receiving benefits without any dependants, you can nominate a charity to receive a lump sum, this will be paid tax-free.

DEATH AFTER AGE 75

If you die post-age 75, the following options are available:

1 The fund can be retained within the scheme to provide flexi-access drawdown pension.
2 The entire fund can be paid out as a lump sum
3 Funds can be used to purchase a dependant's annuity
4 Funds can be used to provide a dependant's scheme pension
5 A combination of the above can be paid

If you die after age 75 then any lump sum death benefits are taxed at the recipients marginal rate of income tax. If the recipient is a non-qualifying individual, a tax charge of 45% will apply.

If the funds are used to provide an income to your beneficiaries this is taxed at their marginal rate of income tax.

If you die after receiving benefits without any dependants you can nominate a charity to receive a lump sum, this will be paid tax-free.

CONTRIBUTIONS

You can personally pay regular contributions or as lump sums, and these are paid net of basic rate tax. We claim the tax relief at the basic rate from HM Revenue & Customs and reinvest it in your scheme. If contributions are made by a higher rate tax payer, extra tax relief can be claimed from HM Revenue & Customs via self-assessment, subject to certain restrictions.

If you are employed, your employer can also pay into your plan, in the same manner as personal contributions. However, these contributions are paid gross.

Your payments can be varied as you wish, and you have flexibility to start, stop and restart your payments even if they are regular.

If you stop payments, your money will stay invested in your fund. Reducing or stopping your payments will reduce the pension you get.

If you are a UK resident, you are automatically eligible to have tax relief on the higher of £3,600 gross (£2,880 net of tax) or 100% of relevant earnings. For those with earnings in excess of the 'annual allowance' (see below) restrictions on contributions are imposed by the Revenue.

An 'annual allowance' is set by HM Revenue & Customs, which is the level at which contributions can be made and qualify for tax relief, details of which are available upon request.

The annual allowance can be exceeded (if earnings support the contribution), but HM Revenue & Customs will levy a tax charge on the excess amount. The level of the tax charge applied on the excess is dependent on your marginal rate of Income Tax.

If you flexibly access benefits you will trigger the money purchase annual allowance. Contributions into any money purchase arrangements will be restricted to £10,000* per annum.

HM Revenue & Customs limit how much you can pay into your plan in a tax year. Everyone can pay in up to £2,880 net of tax a year (£3,600 gross).

You can pay in more if justified by your net relevant earnings. Tax relief can be obtained on contributions up to 100% of net relevant earnings, subject to the annual allowance limit.

There is the ability to utilise unused relief from the previous three tax years, certain conditions apply. For further details please contact us.

As co-trustee, you can direct where investments can be placed in accordance with prevailing legislation. These could include professional managed funds or other investment vehicles including property and equities.

WHAT ARE THE CHARGES?

These are detailed in the Fee Schedule provided.

*The Finance Bill 2017 contains legislation whereby the money purchase annual allowance was to be reduced to £4,000 with effect from 6 April 2017. However, on 25 April 2017 these clauses were removed from the draft legislation. We do expect these rules to be put in force after the 2017 general election. Therefore, we strongly advise that if you feel you will be affected by the money purchase annual allowance rules you speak with your adviser before making a contribution.

HOW WILL I KNOW HOW MY PLAN IS DOING?

After the anniversary date of the scheme, we will send you annual valuations to show how your scheme is progressing.

You can also request an up to date valuation at any time.

TRANSFERS

If you have a pension plan with another pension company, you are able to transfer its value into the scheme as long as it is from another registered pension scheme or a recognised overseas pension scheme. There is no guarantee that doing so will increase your total pension.

The scheme can be transferred to another registered pension scheme subject to any time-cost charges before you start taking a pension.

The scheme can be transferred to another provider at any time, but should payment of benefits have commenced, a transfer can only be made to a registered pension scheme which has provisions allowing receipt of transfers from income withdrawal arrangements.

There is no tax relief on transfers from other pension funds into the scheme.

You also have a right to change your mind in relation to transfers into your scheme. We will remind you of this right following completion of a transfer into your plan. You can cancel your transfer up to 30 calendar days after you receive our transfer confirmation letter.

If you decide that you wish to cancel the transfer, please confirm in writing within 30 days and we will seek to return the transfer to the previous provide, less any fall in the investment value. Please note that some providers may refuse to accept the return of a transfer, in which case you will need to find another provider to accept the transfer proceeds.

CAN I CHANGE MY MIND?

You have a right to cancel your SIPP application. We will remind you of this right by post when we set up your plan. You can cancel your plan up to 30 days after you receive our welcome letter confirming your membership of the scheme.

If you decide that you do not want the plan, please confirm by sending an email to info@citytrustees.co.uk or by writing to us at the address listed at the end of this form. Please ensure you include your full name and the scheme name as listed on the welcome letter. An instruction to cancel must be issued prior to the expiry of the 30-day period to remain valid.

We will give you your money back less any fall in the investment value if you have paid a lump sum.

Please note that where cancellation rights are exercised, you may still be liable for any adviser charges agreed with your financial adviser (if applicable). You will need to liaise with your adviser to confirm.

If you do not cancel within 30 days, your plan will continue as set out in these key features and the terms and conditions.

Your rights will come into effect from the date of our welcome letter. However, if you or your adviser request that a transaction is placed, that establishes your membership of the scheme within the cancellation period e.g. transfer into the scheme, you will automatically lose the right to cancel the plan.

LAW

The law of England and Wales will apply.

IF YOU HAVE A COMPLAINT?

If you wish to register a complaint, please contact:

In writing:
The Compliance Officer
Mattioli Woods plc
MW House
1 Penman Way
Grove Park
Enderby
Leicester
LE19 1SY

By telephone: 0116 240 8700

If you cannot settle your complaint with us, you may be eligible to refer it to the Financial Ombudsman Service.

COMPENSATION

If a financial adviser recommends the product, you have a legal right to compensation if the Financial Ombudsman Service decides it was not suitable for your needs at the time.

You may qualify for compensation from the Financial Services Compensation Scheme if we become unable to pay claims against us because of financial difficulties. It will depend on the nature of the business and the circumstances of the claim. The scheme covers most insurance contracts for 100% of the first £2,000 and 90% of the rest of the claim. You can get further information from the Financial Conduct Authority or from the Financial Ombudsman Scheme.

OUR CONTACT DETAILS:

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1 Penman Way
Grove Park
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