Key Features

January 2019

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International EXPAT SIPP

HERITAGE PENSIONS

Key Features
of the International Expat SIPP

January 2019

The Financial Conduct Authority is the independent financial services regulator. It requires us; Heritage Pensions to give you this important document to help you decide whether the International Expat SIPP is right for you.

You should read this Key Features document carefully to ensure you understand what you are buying and then keep it safe for future reference.

The International Expat SIPP is a Self Invested Personal Pension (SIPP) that allows you to control where you invest your pension fund. The services for this SIPP will be provided by a number of different parties. These are:

International SIPP Trustees Limited acts as SIPP Trustee. This is the person appointed under the trust deed and rules that governs the International Expat SIPP to act as the scheme's trustee.

Heritage Pensions Limited acts as the SIPP operator and scheme administrator. This is the person responsible for accepting contributions to your SIPP fund, arranging the payment of benefits, and complying with HMRC and tax requirements applicable to your SIPP fund.

IVCM Services FZ LLC provides certain administrative and support services for the SIPP

Heritage Pensions does not give financial advice. If you are unsure about the suitability of the International Expat SIPP to meet your requirements you must speak with a Financial Adviser.

Key Features of the International Expat SIPP

The Aim of the SIPP

The **International Expat SIPP** is designed to provide you with;

1. A means to save for retirement in a tax efficient and flexible way.
2. To make your own investment decisions regarding your pension fund in conjunction with your advisers in a broad range of investments subject to HM Revenue & Customs (HMRC) rules.
3. To allow you to take a lump sum and flexible income in retirement.
4. A lump sum, a pension or both for your nominated beneficiary (ies) should you die before taking benefits.
5. The option to take income from your pension without buying an annuity, now known as 'Drawdown Pension', subject to certain rules.
6. To give you flexibility over the provisions for your nominated beneficiary (ies) upon your death including the availability of a lump sum if you are drawing under Drawdown Pension or to draw a non taxable income in the event of your death (taxed if member aged over 75 at date of death at recipients personal tax rate).
7. To allow you to consolidate all your pension arrangements by transferring them into your SIPP.

Your Commitment

8. To make at least one single contribution or a transfer from a previous pension. Once a transfer has been made into your SIPP all rights and guarantees in your previous scheme will end.
9. You are not required to continue making contributions.
10. You will not be able to draw any benefits until you are at least age 55 unless you retire early due to ill health or your job has a recognised low retirement age agreed with HMRC.
11. You, your Investment Manager or Financial Adviser will be responsible for ensuring that the assets held within your SIPP are suitable to meet your needs and objectives in retirement.
12. To tell us if you stop being eligible to receive tax relief on your contributions.
13. You will be required to tell us each year how much you wish to withdraw from your SIPP.
14. You will be required to take your tax-free lump sum at the same time you designate your fund for a Drawdown Pension.
15. To pay the International Expat SIPP charges as set out in the latest fee schedule.

Risk Factors

16. What you get back when you retire is not guaranteed and may be lower than illustrated if;
    a) The investment returns are lower than illustrated
    b) You start taking benefits earlier than your selected retirement date
    c) You stop or reduce any regular contributions being paid
    d) You purchase an annuity and the annuity rates are lower than illustrated
    e) The charges increase at a higher rate than illustrated
    f) Tax rules or legislation changes in the future
    g) A pension sharing order is made by a court against your SIPP reducing its value
17. If you or your employer pay a contribution to your SIPP and any other registered pension that are in aggregate in excess of the annual allowance you will be personally liable to pay a tax charge.
18. If you have made a transfer, the pension you get from your SIPP may be less than the pension you could have got from the previous scheme. You may be giving up guarantees in your previous scheme.
19. The charges to your SIPP may increase more than assumed in the illustrations received.
20. If you cancel your SIPP during the 30-day cancellation period you may get back less than what you paid in.
21. We are required to wait 30 days before purchasing an investment. If however you waive this right to a cancellation period and ask us to complete an immediate purchase, you should understand that you will be responsible for any costs incurred in connection with the purchase.

22. If you decide to draw an income directly from the SIPP you should be aware of the following;
    a) High income withdrawals are unlikely to be sustainable if investment returns are low during the withdrawal period. They may also reduce any potential annuity
    b) There is no guarantee that your income will be as high as that provided by an annuity
    c) The value of the remaining pension fund may not be sufficient to maintain income at the same level to that from an annuity bought at outset
    d) The higher the level of income withdrawals, the less you will be able to provide for dependants or to buy an increasing annuity in the future
    e) Annuity rates can change substantially over short periods of time, both up and down. They could be worse when you buy an annuity than they are now
    f) Under Drawdown Pension you will not receive the benefit of cross-subsidy from the funds of annuitants who have died as you would under an annuity

Taxation Risks

23. It will take between circa 6 to 11 weeks to recover basic rate income tax from HMRC during which time the cost of investments may rise.
24. Tax legislation and /or our understanding of it and tax rates may change and create additional tax liabilities on you personally and/or your pension fund.

Investment Risks

25. An unauthorised payment or investment made by your SIPP may result in a substantial tax charge.
26. The value of your SIPP can go down as well as up. You may not get back what you put in.
27. The investment performance of the underlying assets may be worse than assumed in the illustrations received. The value of investments can go down as well as up and are not guaranteed. Past performance is not a guide to future returns.
28. Some investments are higher risk than others and you should therefore understand the risk profile of the underlying investments.
29. If you invest in property, the value of the property is determined by an independent valuer and is a matter of opinion rather than of fact. This type of investment may take longer to sell than other forms of investment.
30. The bank which holds your SIPP cash deposits may fail. You have protection under the Financial Services Compensation Scheme (FSCS) but this has limits.

Questions & Answers

31. What is a personal pension?
It is a tax efficient investment vehicle designed to help you save for your retirement. At retirement you will have a fund to be used to provide or buy a suitable pension.

32. What is a SIPP?
A SIPP is a type of personal pension which gives you an increased choice over your investment of the fund.

Please be aware that Stakeholder Pension Schemes are also available and might meet your needs at least as well as a SIPP. Your Financial Adviser will be able to advise you which contract is most suited to your circumstances.

33. What level of contribution is permitted?

a) You can invest as much as you like, but excessive contributions are not usually tax-efficient.

b) If your personal contributions exceed your annual limit you will not qualify for tax relief on the excess.

c) The annual limit is the greater of 100% of earnings and £3,600 gross.

d) If total contributions (personal and employer) from all sources exceed the annual allowance then you will be taxed on the excess.

Tax Year	Annual Allowance	Lifetime Allowance
2018/2019	£ 40,000.00	£ 1,030,000

You may be able to pay more and avoid a tax charge if you have unused annual allowance in the previous 3 tax years. Please request our 'Carry Forward Guide' for further details.

34. Can I pay contributions if I have Enhanced / Fixed Protection?

1) If you have enhanced protection for benefits accrued pre 6th April 2006, any contributions made on or after 6th April 2006 will result in your losing this protection.

2) If you had been granted 'fixed protection' for benefits accrued pre 6th April 2012, any contributions made on or after 6th April 2012 will result in your losing this protection.

3) If you had been granted 'fixed protection' for benefits accrued pre 6th April 2014, any contributions made on or after 6th April 2014 will result in your losing this protection.

4) If you had been granted 'fixed protection' for benefits accrued pre 6th April 2016, any contributions made on or after 6th April 2016 will result in your losing this protection

35. Can I pay contributions if I am subject to the Money Purchase Annual Allowance?

Once you have accessed any of your pension savings using flexi-access drawdown pension or by taking an uncrystallised funds pension lump sum you are subject to the money purchase annual allowance rules.

The money purchase annual allowance is currently £4,000. If you are subject to the money purchase annual allowance in any tax year, you will be liable to an annual allowance charge on the amount of your total contributions to money purchase pension schemes for that tax year that exceed £4,000, and on the amount of your benefit accrual in other schemes providing defined benefits for that tax year (if any) that exceeds £30,000.

If you are subject to the money purchase annual allowance rules you will be unable to carry forward any annual allowance from any of the previous three tax years.

36. How do I obtain tax relief?

If you are employed or self employed your regular and single contributions are paid net of basic rate tax. We will recover basic rate income tax from HMRC and add it to your SIPP. This typically takes between 6 to 11 weeks. If you are a higher rate taxpayer you may be able to claim extra tax relief from your tax office.

37. How can I pay regular contributions?

These must be paid by cheque, standing order or bank transfer and can be increased or reduced without penalty.

38. Can I stop my contributions at any time?

Yes, however, you need to ensure you have sufficient funds available to meet your regular investments or other commitments you have arranged through your SIPP.

39. How will contributions be invested?

They will be paid into a interest bearing account before being invested according to your wishes. The interest rate is variable. Please call Heritage Pensions for 'Details of current interest rates'.

40. What are the investment options?

a) You can make the investment decision for your SIPP either having been advised by your Financial Adviser or not. Or you can choose your own investment manager.

b) Your SIPP may invest in a variety of different assets including quoted stocks and shares, investment trusts, gilts, unit trusts, open ended investment companies (OEICS), commercial property and deposit accounts etc. Different charges may apply to some of these investments.

c) Further details of investments permitted are available upon request and from your Financial Adviser. Remember the value of stocks and share and other investments can fall as well as rise.

d) Investments will be realised to pay benefits, to provide income withdrawals and to pay charges.

e) In the event that neither you or your investment adviser gives instructions your SIPP fund will be invested in an interest bearing account.

41. What are the tax benefits of a SIPP?

a) No UK tax on income or capital gains is payable by your pension fund although your pension fund may not recover the tax credit on dividends.

b) You are normally entitled to take up to 25% of the value of your fund as a tax free lump sum (subject to the lifetime allowance).

c) A lump sum is payable to your beneficiaries in the event of your death before taking your pension benefits which will usually be tax free.

d) Pension income is taxed in the same way as earnings albeit not subject to National Insurance.

e) Personal contributions attract tax relief at your highest marginal rates of income tax and are paid net of basic rate tax. We will reclaim the basic rate of tax from HMRC and add it to your SIPP. You may be able to claim some or all of the additional relief through your tax office.

f) Contributions made by an employer will be paid gross. Employers may be able to claim the contribution as a tax relievable deduction if HMRC considers the contribution was made wholly and exclusively for the purpose of trade.

g) These tax advantages are based on our current understanding and may change in the future.

42. What retirement benefits can I take?

a) When you decide to take your benefits you will be able to take a pension or a reduced pension and a tax free lump sum.

b) If you take a Drawdown Pension you can choose the amount and frequency of withdrawals from the pension fund.

c) You can take one or more lump sums from uncrystallised funds, known as Uncrystallised Funds Pension Lump Sum (UFPLS).

d) An alternative way of providing a pension is for the assets to be sold and proceeds applied to purchase an annuity with an insurance company.

e) If your total benefits from all schemes exceed the lifetime allowance you will be subject to a lifetime allowance charge on the excess.

43. What is Drawdown Pension?

a) This option is available to anyone over age 55. It provides a means of taking benefits from the pension fund without committing to the purchase of an annuity. There are two options under Drawdown Pension, called "flexi-access drawdown" and "capped drawdown".

b) It allows you to take 25% of your fund immediately as a tax free lump sum. This must be taken at outset otherwise it will be lost.

c) With "flexi-access drawdown pension" you can take out as much of your individual fund as you want after having taken your tax-free lump sum. You can increase, reduce and/ or request an extra one-off flexi-access drawdown pension payment. You can choose for flexi-access drawdown pension to be paid on a monthly, quarterly, half- yearly or yearly basis.

d) With UFPLS (Uncrystallised Funds Pension Lump Sum) 25% of the fund will be tax-free and the remainder taxable as income.

e) You can only designate part of your individual fund for providing "capped drawdown pension" if it applies to an arrangement under which part of your individual fund was already designated for capped drawdown pension on 5 April 2015.

f) With Capped Drawdown the level of income can be varied within levels determined by a set of unisex annuity tables produced by the Government Actuary's Department (GAD).

g) For Capped Drawdown the maximum level of income (known as the basis amount') is approximately equal to 150% of the cost of a conventional single life, level annuity. The minimum is 0%.

h) For Capped Drawdown the maximum income levels must be reviewed every 3 years up to age 75, then every year on the anniversary after your 75th birthday.

44. What is an annuity?

a) An annuity may be purchased from whichever life insurer is offering the best rate i.e. on the open market from age 55.

b) An annuity is an income in retirement purchased by a lump sum such as a pension fund. It is often paid monthly for the rest of your life and can continue to be paid to a dependant such as a spouse or civil partner after your death. It can be a fixed amount or can increase each year. It provides greater certainty and security compared to the flexible but unknown future benefits of Pension Drawdown.

c) The older you are, the more annuity you can buy for your money. However, annuity purchase rates can also change at any time both up and down.

45. What happens when I die before taking benefits?

a) The full value of your fund will be used to provide benefits for your beneficiaries subject to HM Revenue & Customs rules.

b) From 6 April 2015 the beneficiaries you nominate no longer has to be dependent, so you are able to nominate anyone to 'inherit' your remaining fund on death.

c) Any lump sum up to the value of your personal lifetime allowance can be paid to your beneficiaries. This is usually free of inheritance tax provided it is paid within two years from the date we are notified of your death. If the lump sum exceeds the lifetime allowance when added to any benefits already taken by you, there will be a tax charge of 55% on the excess.

46. What happens when I die after taking benefits?

This will depend upon how benefits are being taken.

a) If you have purchased an annuity:

- i) It may provide a dependant's pension in which case the dependants annuity purchased will continue for their lifetime.
- ii) If you die soon after buying the annuity it will continue to be paid for any guaranteed period.
- iii) The policy document will provide full details of the benefits available.

b) If you have taken a Drawdown Pension and under age 75 when you die: Your nominated beneficiary has 3 options;

- i) Take a cash lump sum. From 6 April 2015 this is tax free.
- ii) Buy an annuity with the fund. From 6 April 2015 this is tax free.
- iii) Continue taking drawdown pension. From 6 April 2015 this is tax free.

c) If you prefer your funds can be paid to a charity nominated by you before your death. Such payments are not subject to a tax charge.

d) If you are over age 75 when you die: Your nominated beneficiary has 3 options

- i) Take a cash lump sum subject to the beneficiary's marginal rate of income tax. If the whole inherited fund is withdrawn in one lump sum, the tax payable will be at the beneficiary's marginal of income tax
- ii) Buy an annuity with the fund. This will be taxed at the beneficiary's marginal rate of income tax.

iii) Continue taking drawdown pension. This will be taxed at the beneficiary's marginal rate of income tax.

47. What are the charges?

a) Financial Advice

This will be between you and your Financial Adviser. Heritage Pensions do not provide advice.

b) SIPP Administration

There is an annual fee. The only other fees are transaction based, ensuring that you only pay for the services you need. All these charges are set out in our SIPP fee schedule. You should read this before completing the application forms.

c) Investment charges

There will be charges associated with the underlying investments held within your SIPP. Your Financial Adviser or investment provider will be able to provide you with full details.

Further Information

Financial Services Compensation Scheme (FSCS)

The FSCS is a scheme established by the UK government to provide compensation to customers if an FCA regulated financial services company is declared in default and is unable to meet it's financial obligations.

As a member of the International Expat SIPP you may be able to claim compensation if the provider of one of your investments held in the plan is declared in default, or if we are declared in default and unable to meet our financial obligations. The limit is currently £50,000.

You may also be able to claim compensation if the provider of a bank is declared in default. The limit is currently £85,000.

Further information about the eligibility conditions and compensation limits apply to the FSCS can be found at: www.fscs.org.uk

Your Right To Change Your Mind

You have the right to cancel the SIPP within 30 days of your application being accepted. To ensure we are able to return any contributions should you decide to cancel we will not pay any benefits.

If you decide to cancel within the 30 day cancellation period we will arrange to dispose of any assets. If this results in a loss of funds the lower value only will be returned.

To cancel the SIPP please either complete the Cancellation Notice or write to us at:

Heritage Pensions Ltd
6 Doolittle Mill
Froghall Road
Ampthill
Bedfordshire MK45 2ND

Telephone: +44 (0) 330 223 3652 or +44 (0) 152 540 8120
Fax: +44 (0) 330 223 3604 or +44 (0) 152 540 3189

Law

All correspondence will be and have been made in English including this document.

This contract is governed by the laws of England and Wales and any disputes will be subject to the exclusive jurisdiction of the English Courts.

Complaints

If you are not satisfied with any aspect of our product or service you may wish to register a formal complaint. In the event of this please contact:

The Compliance Officer
Heritage Pensions Ltd
6 Doolittle Mill
Froghall Road
Ampthill, Bedfordshire, MK45 2ND

Telephone. 01525 408120

If you are not satisfied with our response to your Complaint you have the right to take it to the Financial Ombudsman Service.

Their details are:

The Financial Ombudsman Service
Exchange Tower
London, E14 9SR

Telephone. 0800 0234 567

You may also refer to:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London, E14 4PU

Telephone: 0800 917 4487

A copy of our complaints procedure is available on request. Making a complaint will not affect your legal rights.

Any complaint regarding advice given to you by your Financial Adviser should be referred to them.

About Heritage Pensions Ltd

Heritage Pensions is authorised and regulated by the Financial Conduct Authority (FCA). Our FCA register number is 475096. You can check this on the FCA's register by visiting the website www.fca.org.uk/register or by contacting the FCA on 0800 111 6768

Heritage Pensions contact details are;

Heritage Pensions Ltd, 6 Doolittle Mill, Froghall Road,
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Fax. +44 (0) 152 540 3189

Email. ivcm@heritagepensions.co.uk

Heritage Pensions does not provide financial advice or investment advice.

Important

This document is based on our current understanding of legislation and Revenue practice which are liable to change.

The International Expat SIPP is operated and administered by Heritage Pensions Limited who are authorised and regulated by the Financial Conduct Authority. The asset trustees for the International Expat SIPP is International SIPP Trustees Limited. An agreement is in place between Heritage Pensions Limited and IVCM whereby certain administrative functions in respect of the International Expat SIPP are outsourced to and undertaken by IVCM.

Heritage Pensions

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