

Key Features of the Charles Stanley Alpha SIPP

This document sets out the most important things you should know about the Charles Stanley Alpha SIPP ('the Scheme'), including where you elect to opt for Drawdown Pension. It should be kept with your Personal Illustration. Further details are contained in our Terms of Business, the Scheme Rules, *our Fees and Charges Sheet* and any amendments thereto. Copies are available upon request.

The Financial Conduct Authority is the independent financial services regulator. It requires us, EBS Management PLC, to give you this important information to help you to decide whether the Charles Stanley Alpha 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.

You should be aware that Stakeholder Pension Schemes are generally available and might meet your needs as well as this Self-Invested Personal Pension (SIPP).

Helping you decide

What you should know to help you make a decision

What is the purpose of this document?

To give you a summary of information to help you decide whether the Charles Stanley Alpha SIPP is right for you and, when appropriate, to help you decide whether you want to elect to take a Drawdown Pension.

Certain words and terms used in this document are defined in the Glossary at the end of this document.

What questions should I ask before I invest?

These are set out in the following pages under 'Questions and answers' and may help you to make a decision. You should be comfortable that you understand the features of the SIPP before you decide whether it is right for you.

You should seek a personal recommendation from your Financial Adviser, if you have any doubt as to whether the Charles Stanley Alpha SIPP is suitable for you.

Its aims

- To allow you to save for retirement by building a pension fund in a tax efficient manner.
- To give you the flexibility of making your own investment decisions, with or without the help of your Financial Adviser, and to provide a wide range of investment options.
- To give you the flexibility of drawing a lump sum and/or pension income from your SIPP in the form of a Drawdown Pension and/or buying a Lifetime Annuity.
- To allow you to indicate who you would like to receive benefits from your SIPP in the event of your death.

Your commitment

- To make at least one payment (contribution or transfer) into your SIPP.
- To notify us if you make, or anyone else (other than your employer) makes, contributions to your SIPP, which when aggregated with any other such contributions, to other registered pension schemes (of which you are a member) in the same tax year, exceed the value of your Relevant UK Earnings for that tax year.
- To determine and review regularly on your own or with the assistance of your Financial Adviser (and with regard to the Scheme Rules), your investment strategy, contribution levels and benefit levels.
- To notify us of any changes to your personal circumstances which are relevant to your SIPP such as your eligibility for tax relief on personal contributions or your marital status.
- To pay any fees and charges in relation to your SIPP.

If you do not review regularly the level of pension income required or your investment strategy, you could run the risk of additional tax charges, or find that the investments have not performed as expected and therefore the ongoing pension is reduced.

Risks

Factors which affect the level of your benefits (or those of a Dependant) include investment performance, Lifetime Annuity rates, charges and tax. The Charles Stanley Alpha SIPP allows you to invest in a wide range of different investments. Each of these will carry its own investment risks and may incur additional costs and charges. A number of factors could affect the benefits you could take at retirement. For example, you could get a smaller pension if:

- the investment performance of the underlying assets is worse than that assumed in any illustrations we provide;
- charges increase;
- there are changes in legislation affecting taxation and SIPP contribution limits;
- part of your SIPP fund has to be transferred away following a Pension Sharing Order on divorce;
- there are changes in legislation affecting SIPPs;
- contributions into your SIPP are insufficient to provide the desired level of benefits at retirement;
- withdrawals or a short-term annuity erode the value of the remaining fund, especially if the investment returns are poor, and a high level of income is taken in future. High levels of income may not be sustainable, and this may also affect the value of any future annuity;
- when you purchase a Lifetime Annuity, annuity rates are at a lower level; or
- inflation affects the level of benefits in real terms.

Other risks include:

- The value of investments (and income from them) within your SIPP may fall as well as rise, and is not guaranteed. You may not get back the amount invested.
- If you transfer funds to your SIPP from other pension arrangements you may be giving up rights under those other arrangements such as guaranteed benefits, or you may suffer transfer penalties imposed by the transferring arrangement (e.g. loss of terminal bonuses in relation to with-profit funds).
- If Pension Inputs (see Glossary) to your SIPP by you and/or your employer (and/or anyone else) pay tax relievable contributions to your SIPP, which, together with any contributions paid for or by you to any other registered pension schemes in Pension Input Periods (see Glossary) ending in the same tax year, exceed the Annual Allowance you will be personally liable to pay a tax charge on the excess although you can elect to have this paid from your SIPP in certain circumstances.
- If the total funds you build up in your SIPP and any other registered pension schemes exceed the Lifetime Allowance when you take your benefits, the excess will be subject to an additional tax charge (unless you have a relevant HMRC Certificate of Protection).
- By drawing pension directly from your SIPP fund (under a Drawdown Pension) you (or a Dependant) do not benefit from the cross subsidy from annuitants who die early, as would be the case if you had purchased a Lifetime Annuity.
- Changing annuity factors and fund performance may mean a pension has to be reduced, following a Capped Drawdown review.

Questions and answers

What is a SIPP?

It is a personal pension which provides a tax-efficient way to save for retirement and allows you to make your own investment decisions, or with the assistance of your Financial Adviser, within the range of investments permitted by the Scheme Administrator.

Is the Charles Stanley Alpha SIPP a Stakeholder Pension Scheme?

No it is not. If you want further information on Stakeholder Pension Schemes you should contact your Financial Adviser.

What are the tax benefits?

- Your contributions to your SIPP should attract tax relief at your highest rate, subject to any limits imposed by HM Revenue & Customs (HMRC).
- Your employer can make gross contributions to your SIPP.
- Investments within your SIPP can grow free of income and capital gains tax, although it is not possible to reclaim tax paid on UK share dividends within a pension fund. Whether any overseas tax deducted at source in relation to overseas investments can be reclaimed will depend on any relevant dual tax treaty arrangements in force between the UK and the overseas jurisdiction.
- You can usually take up to 25% of your SIPP fund as a tax-free Pension Commencement Lump Sum, subject to the Lifetime Allowance.
- Benefits paid out in the event of your death will normally be free of inheritance tax.

Please note that the tax treatment of pensions depends on your individual circumstances and may be subject to change in future.

Am I eligible for a SIPP?

A SIPP can be established for anyone provided a contribution or a transfer from another registered pension scheme is paid in. A SIPP for a child under the age of 18 must be established by a parent or legal guardian.

How do I set up a Charles Stanley Alpha SIPP?

Your SIPP will constitute a separate account (defined as an 'Individual Fund' in the Scheme Rules) within the Alpha SIPP, which was established under irrevocable trust on 27 July 2004 and is a registered pension scheme for the purposes of Part 4 of Finance Act 2004. EBS is the Scheme Trustee and acts as the Scheme Administrator for the purposes of Section 270 of the Finance Act 2004.

In the application form you provide further details and confirm your membership of the Charles Stanley Alpha SIPP by completing the required declarations.

Who can pay contributions to my SIPP and how much?

Broadly, if you are resident in the UK and/or have earnings subject to UK income tax, you and/or your employer can pay contributions to your SIPP.

There is no minimum contribution that you must pay. Contributions may be paid on an ad hoc or regular basis. Payments received into your SIPP will need to be treated in accordance with current Joint Money Laundering Steering Group Guidelines. In such cases, we may require sight of identity verification documentation and may also require additional information to be provided.

Your contributions must be paid net of basic rate income tax. We will reclaim this element of tax from HMRC and pay it into our Client Account for your benefit. You should reclaim any other tax relief to which you are entitled via your self assessment tax return. It normally takes between eight to twelve weeks to reclaim basic rate tax from HMRC.

For example, if you wanted to pay a gross contribution of £10,000, you would pay a net contribution of £8,000 (i.e. £10,000 less basic rate income tax, which is currently 20%) and we would reclaim the basic rate tax of £2,000.

Tax relief on such contributions will only be available where the total gross contribution does not exceed the greater of £3,600 and the amount of your Relevant UK Earnings for the tax year in which the contributions are made, subject to the Annual Allowance as referenced in the examples below.

Employer contributions are paid gross and there is no specified limit on the amount that your employer can pay in. According to guidance on the HMRC website, a contribution by an employer to a registered pension scheme in respect of any director or employee will be an allowable expense unless there is a non-trade purpose for the payment. In cases where the contribution is part of a remuneration package paid wholly and exclusively for the purposes of the trade, then the contribution is an allowable expense. General guidance on deductions for remuneration paid to directors and close relatives of directors can be found on the HMRC website via the following internet link: <http://www.hmrc.gov.uk/manuals/bimmanual/BIM46001.htm>.

If total Pension Inputs to all your registered pension schemes in any 'Pension Input Periods' ending in a tax year exceed the Annual Allowance for that tax year, you will be personally liable to tax at the appropriate rate on the excess.

Tax year	Annual Allowance
2013/14	£50,000
2014/15 onward	£40,000

Pension Input Periods will normally coincide with the tax year. However, having consulted your Financial Adviser, you can notify us in advance, if you wish a Pension Input Period to end on a different date (as long as the Pension Input Period does not end in the same tax year as any other Pension Input Period under your SIPP).

Unused Annual Allowance from up to three immediately preceding tax years (including 2010/11, 2011/12 and 2012/13 for each of which the Annual Allowance is £50,000) can be "carried forward" provided you were a member of a registered pension scheme during each relevant year. For example, if you were a member of a registered pension scheme in the 2010/11, 2011/12 and 2012/13 tax years but had made no Pension Inputs in any of those tax years to that or any other registered pension scheme, it is possible that total Pension Inputs of £200,000 could be made in the tax year 2013/14 without incurring a tax charge.

Please note that if, in the example, your total Pension Inputs were made up of personal contributions of £200,000, which were all paid in the tax year 2013/14, you would need to have Relevant UK Earnings for the tax year of at least £200,000 to obtain full tax relief in respect of these contributions.

We will not accept contributions on or after your 75th birthday.

Can I pay contributions in the form of assets rather than cash (i.e. 'in specie' contributions)?

No, we do not accept in specie contributions.

What if I have Enhanced Protection or Fixed Protection?

If you have registered for Enhanced Protection of your pre 6 April 2006 pension rights with HMRC then any contribution paid on your behalf to this or any other registered pension scheme will result in the loss of that Protection.

If you have registered for Fixed Protection of your pre 6 April 2012 pension rights with HMRC then any contribution paid on your behalf to this or any other registered pension scheme after 5 April 2012 will result in the loss of that Protection.

Can I transfer my benefits in existing pension arrangements to the SIPP?

Yes, your SIPP can receive such benefits, provided the existing pension arrangement is a registered pension scheme and its rules allow the transfer.

You can also transfer where you are in receipt of a pension in the form of a Capped Drawdown under the existing pension arrangement as long as, on receipt of the transfer, your SIPP continues to pay the pension subject to the HMRC limits and review dates which applied under the transferring scheme. (See section 'How Much Capped Drawdown Pension can I take?' on page 6.)

You can also transfer when in Flexible Drawdown. Further information on Flexible Drawdown can be found under the section headed 'What is Flexible Drawdown?' on page 7.

You and, where applicable, your Financial Adviser will be responsible for arranging any such transfers.

Transfers can be in the form of cash and/or acceptable assets such as quoted stocks and shares, unit trusts, managed funds etc.

Can I transfer my benefits from the SIPP to another pension scheme?

You can normally transfer part or all of your SIPP in the form of cash and/or assets, at any time, to another registered pension scheme or a Qualifying Recognised Overseas Pension Scheme (QROPS) of which you are a member, subject to the receiving scheme rules and HMRC requirements. Please ensure that you are aware of any costs that may apply in relation to a transfer.

Where you are drawing a Drawdown Pension from the SIPP, the whole of that part of your SIPP would have to be transferred.

Transfers must be made directly to the Trustees or Administrator of the receiving scheme.

You and, where applicable, your Financial Adviser will be responsible for arranging any such transfers.

What can my SIPP invest in?

You will have a considerable amount of freedom in choosing the investments for your SIPP but we reserve the right to veto or impose certain restrictions and requirements in relation to any investment which will, or has the potential to, give rise to tax charges on you as the member and/or your SIPP such as indirect investment in residential property.

The following categories of investment are broadly acceptable:

- Stocks and shares listed on any stock exchange recognised by HMRC;
- Shares quoted on the Alternative Investment Market (AIM);
- Futures relating to shares listed on a recognised stock exchange;
- Unit trusts and investment trusts;
- Open ended investment companies (OEICS);
- Insurance company funds (managed funds).

Further details of investments, stock custody and our requirements can be found in our 'Terms of Business'.

What investments are not allowed in the SIPP?

- Property
- Options
- Contracts for Difference
- Loans
- Unquoted shares

The HMRC rules do not prohibit any investments. However, certain investments will constitute 'unauthorised payments' such as investment directly or indirectly in 'taxable property' (as defined in Schedule 29A to the Finance Act 2004) and loans to you or anyone connected with you. Unauthorised payments lead to tax charges of up to 70%. Therefore the Charles Stanley Alpha SIPP will not knowingly allow such investments.

Is there a limit on the funds I can build up in my SIPP?

No. However, there is a limit on the amount of tax favoured pension rights you can build up in aggregate in your SIPP and any other registered pension schemes of which you are a member. This limit is known as the Lifetime Allowance and has been set by the Government as follows:

Tax year	Lifetime Allowance
2013/14	£1,500,000
2014/15 onward	£1,250,000

If you have no remaining Lifetime Allowance and no relevant HMRC Certificate of Protection when crystallising part or the whole of your SIPP fund, the amount of any excess over the Lifetime Allowance will be subject to a tax charge of 55% if you take the excess as a lump sum, and 25% if you take it as pension, which would also be subject to income tax at your marginal or higher rate. Please note that the option of taking the excess over the Lifetime Allowance as a lump sum is only available up until your 75th birthday.

Your SIPP funds will also be tested against your remaining Lifetime Allowance when you attain age 75 (subject to any HMRC Certificate of Protection you may have).

What happens if I die before taking any benefits?

If you die before you reach age 75 the Scheme Trustee, operating under its discretionary powers, will have the following options in respect of any part of your SIPP fund that you have not crystallised:

- to pay the value of your SIPP fund (subject to the Lifetime Allowance, unless you had a relevant HMRC Certificate of Protection) as one or more lump sums, currently tax-free, to your beneficiaries, provided payment is made within two years of your death;
- to purchase annuities, which are taxable, for Dependants;
- to provide Dependants with Drawdown Pensions, depending on their age, which are taxable; or
- to provide combinations of the above.

Please note if you die on or after age 75 the options will be the same as those set out in 'What happens on my death whilst taking a Drawdown Pension' on page 8.

Will Inheritance Tax (IHT) apply to my SIPP funds?

This is unlikely as the rules governing the Charles Stanley Alpha SIPP give the Trustee discretion over the destination of death benefits (or, in the case of Dependants' pensions, ensure they are not under your control).

However, it seems HMRC may still seek to charge IHT on all or part of the value of your contributions to your SIPP in circumstances where:

- you were in ill health at the time of the contribution and you die within the following two years; and
- either the death benefits under the scheme are to be outside your estate, or the contribution was wholly for the benefit of another person.

When can I take my benefits?

You can crystallise your benefits at any time from age 55 or earlier if you are in serious ill-health or have a pre 6 April 2006 protected pension age.

Am I entitled to a Lump Sum?

You can normally take a Pension Commencement Lump Sum at or after age 55 of up to 25% of the amount of the SIPP fund you wish to crystallise, to provide your benefits, provided this does not exceed HMRC limits.

Your Capped Drawdown is then based on the residual fund, after payment of any Pension Commencement Lump Sum. For example, if the value of your SIPP fund was £400,000 and you crystallised £200,000 of it, you should have a Pension Commencement Lump Sum of £50,000. From the balance of £150,000 a Capped Drawdown Pension of between £0 and the maximum amount permitted could then be paid dependent on your requirements. Both the crystallised (£150,000) and the uncrystallised (£200,000) parts of your SIPP fund continue to be invested as you wish.

If you qualified for Flexible Drawdown you could have a Drawdown Pension of between £0 and £150,000 from the balance of £150,000.

Each time you crystallise part of your SIPP fund to provide benefits you use up part of your Lifetime Allowance.

Can I use my Pension Commencement Lump Sum to pay a new contribution to my SIPP?

With effect from 6 April 2006 HMRC introduced new rules to discourage individuals from intentionally pre-planning and carrying out the following activities (known as 'recycling'):

- taking Pension Commencement Lump Sums from their pension schemes in order to pay significantly increased contributions back into their pension schemes and gain the tax relief associated with such contributions; or
- paying significantly increased personal contributions or having significantly increased contributions paid to their pension schemes by their employer or a third party (gaining the tax relief associated with such contributions) in order to take Pension Commencement Lump Sums.

Where the 'recycling' rules apply, the lump sum will be treated as an 'unauthorised member payment' and give rise to tax charges against the individual of up to 55%. There may also be a further tax charge on the scheme of 15% up to 40% if the individual does not pay his tax charge.

These tax charges will not apply to any part of the lump sum that is subject to tax charges because the Lifetime Allowance has been exceeded.

The individual must report any 'recycling' to the scheme administrator within 30 days of the 'unauthorised member payment' occurring, which is when all the conditions for the 'recycling' rules to apply are met.

Detailed guidance on 'recycling' is clearly something you should discuss with your Financial Adviser prior to taking benefits and further details are available on the HMRC website at the following link:
<http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM04104910.htm>.

What is Drawdown Pension?

Drawdown Pension is a form of income withdrawal (usually available from age 55) and there are two types available, Capped Drawdown and Flexible Drawdown. You can also use your Drawdown Pension fund to buy a 'short term annuity' contract from an insurer, to pay you a certain income each year for a period of up to 5 years.

What is Capped Drawdown?

Capped Drawdown is an alternative to buying a Lifetime Annuity. It allows you to draw an income from your pension fund, whilst leaving it invested.

During the period Capped Drawdown Pension is being paid, your SIPP investments continue to be managed (except in the case of a short term annuity) as they were before you started to receive Capped Drawdown Pension subject to liquidity needs to meet pension payments.

How much income under Capped Drawdown can I take?

The maximum amount of income under Capped Drawdown is specified in legislation and is currently 120% of the relevant single-life annuity rate from tables published by the Government Actuary's Department known as the 'GAD rate'. You, along with your Financial Adviser where advice is required, must decide what level of pension to take between nothing and the maximum. However, the amount of pension can be varied from year to year based on your requirements.

There is no minimum amount that must be drawn so you do not have to draw any pension if you do not wish to.

How often is my Capped Drawdown reviewed?

HMRC require your maximum Capped Drawdown to be reviewed every three years up to age 75 and annually thereafter, but you can request an earlier review on any anniversary if desired. Your maximum Capped Drawdown must also be reviewed at any time part of the Capped Drawdown Pension fund is used to buy a Lifetime Annuity or when further SIPP funds are put into payment (i.e. 'crystallised') and added to the Capped Drawdown Pension fund. At each review we will provide an updated illustration.

How is the amount of my Capped Drawdown Pension determined?

To enable us to determine the HMRC limits on your pension payments we need a valuation of the underlying assets held within your SIPP.

Shares listed on the Stock Exchange Daily Official List (SEDOL) must be valued in accordance with section 272 of the Taxation of Chargeable Gains Act 1992.

The HMRC limits are calculated by applying the relevant GAD rate to the amount of your SIPP fund you wish to put into payment (i.e. 'crystallise') less any Pension Commencement Lump Sum you also wish to receive.

Payments of Capped Drawdown which are not within HMRC limits will constitute unauthorised payments and tax penalties will be incurred.

What is Flexible Drawdown?

Flexible Drawdown enables you to drawdown unlimited amounts from your Drawdown Pension fund (subject to income tax at your marginal rate) in one instalment or throughout retirement. However, it is only available provided you satisfy the 'Minimum Income Requirement' and you have completed and returned an appropriate Declaration (as provided by EBS). The Minimum Income Requirement currently is that you should have 'relevant income' of at least £20,000 per annum.

'Relevant income' means income from any of the following (provided it has already begun to be paid):

- A 'scheme pension' or 'Dependant's scheme pension' from a registered pension scheme with 20 or more members entitled to such a pension
- The minimum amount guaranteed to be paid from a Lifetime Annuity or Dependant's annuity purchase with funds from a registered pension scheme
- An overseas pension which, if the scheme were a registered pension scheme, would (by virtue of Schedule 34 of the Finance Act 2004) fall within one of the above two categories
- UK social security pensions (as per Section 577 of Income Tax (Earnings and Pensions) Act 2003) and overseas equivalents thereof
- Payments under the Financial Assistance Scheme which are payable until death, or in anticipation of, and on account of such payments.

Relevant income does NOT include:

- 'Scheme pension' from a registered pension scheme which has fewer than twenty 'scheme pensions' in payment
- Purchased life annuities
- Drawdown Pensions
- Other State benefits.

If you become temporarily resident abroad you will be taxed on any Flexible Drawdown payments if you return to the UK within a five year period.

[**NB:** the conditions for Flexible Drawdown will not be met if you have further 'pension inputs' in the tax year in which Flexible Drawdown takes place (including any made in an earlier tax year but within a Pension Input Period which ends in the tax year in which Flexible Drawdown takes place). Also, for all tax years subsequent to that tax year, any pension inputs (apart from inflation linked increases to pensions for deferred members of defined benefit schemes) will be subject to the Annual Allowance charge in full.]

Do I have to buy a Lifetime Annuity?

No, you do not have to buy a Lifetime Annuity. However, you can do so at any time, from age 55, including when receiving a Drawdown Pension.

Buying a Lifetime Annuity means giving up your involvement in the investment of your SIPP fund and exchanging it for a regular taxable pension income from an insurance company for the rest of your life.

The amount of a Lifetime Annuity will depend on the value of your SIPP fund and annuity rates at the time of purchase. If you are in poor health you may be able to obtain a higher annuity rate from insurance companies who offer 'impaired life' annuities.

Your pension from a Lifetime Annuity may have built-in annual increases, be guaranteed for up to ten years and continue, usually at a reduced rate, for your surviving spouse/civil partner or other Dependents.

Should I change my investment strategy?

It is your decision whether or not to change your investment strategy, with or without professional financial advice, but you must consider the cash flow needs of your SIPP. For instance, if you decide to take a Drawdown Pension from the fund and the investments are in an illiquid form, there will be no investment income from which your SIPP could pay your pension.

Your Drawdown Pension can be paid from investment income received into your SIPP and/or by encashment of assets.

How is my Drawdown Pension taxed?

Your Drawdown Pension (together with any subsequent Lifetime Annuity) and any Dependant's pension or annuity paid following your death, will be treated as the recipient's earned income, and taxed accordingly. The Scheme Administrator will be responsible for deducting tax at source before paying the net pension, under its payroll service. Neither your pension nor pensions paid to your Dependents should be subject to National Insurance.

The tax treatment of pensions depends on the individual circumstances of each client and may be subject to change in the future. Tax treatment and reliefs, and benefits highlighted within this document are subject to review and change without notice.

How is the Drawdown Pension paid?

Your pension can be paid monthly, quarterly, six-monthly or annually and in arrears or in advance. Under our pension payroll system all pensions are paid with effect from the first of each relevant month. Notice of any changes or additions you require to the pension payroll must be given by the 15th of the month immediately preceding the month for which the changes or additions are to take effect. All pensions are paid in sterling.

What happens on my death whilst taking a Drawdown Pension?

Any funds remaining in your SIPP could be used to provide one or more Dependents with pensions directly from the SIPP or to purchase annuities for them.

Alternatively, the remaining funds could be paid out to your beneficiaries as one or more lump sums less a free-standing tax charge, which is currently 55%. The Scheme Trustee is able to pay such lump sums at its discretion, which should not, therefore, form part of your estate for any further tax charge.

It is also possible to provide combinations of Dependents' pensions, annuities and lump sums. If you have no surviving Dependents you can nominate charities to receive any residual fund. Such a payment is tax free.

The above options also apply if you die at or after age 75 but have not taken any benefits. What happens if you die before taking benefits can be found on page 5.

What are the charges?

The charges/fees in relation to your SIPP (including the calculation of benefits and operation of pension payroll) are listed on our Charges Sheet (entitled 'Charges for the Charles Stanley Alpha SIPP'), which should be read in conjunction with this document, prior to completing any forms. Further details concerning the effects of charges we take for running your SIPP are given in your Illustration, which is provided once we receive a contribution or a transfer into your SIPP and should also be read with this document.

The exact fees and charges you pay will depend on the types of investments and services you buy. Bank charges may apply in certain circumstances, for example, where an automated payment is made from a designated account.

Can EBS provide me with advice?

No. If you need advice you must consult your Financial Adviser who could provide you with a personal recommendation if you have any doubt as to whether the Charles Stanley Alpha SIPP is suitable for you.

Further information

The Money Advice Service, an organisation set up by the Government, provides a wealth of free and unbiased financial information including on pensions and retirement. This information can be accessed from its website, via the following link:

http://www.moneyadvice.service.org.uk/yourmoney/pensions_and_retirement

Can I change my mind?

After setting up your SIPP we will send a cancellation notice to you, unless you have waived your right to this when completing the Scheme application form. You will have 30 days from the date you receive the notice to cancel your SIPP if you change your mind. During this time, we will retain any sums received in the Client Account until the cancellation period has expired before proceeding with your instructions. If you decide to cancel, then we will repay any contributions we have received directly from you or your Employer.

If money resulting from a pension transfer is paid into your SIPP at any time, we will send a cancellation notice to you. Again, you will have 30 days from when you receive the notice to change your mind and cancel the pension transfer. The transfer money will be held on cash deposit in our Client Account until the 30 day period has expired (unless you have instructed us otherwise in your application form).

If you cancel a pension transfer, we will attempt to repay the transferring scheme. However, the transferring scheme may refuse to accept the repayment, or only accept it on different terms to those applying prior to the transfer, in which case we will require your instructions on whether to pay the amount to another registered pension scheme.

If you choose to receive a Drawdown Pension, we will send you a cancellation notice once you have completed and returned the relevant form to us. If you cancel you will need to repay any Pension Commencement Lump Sum and Drawdown Pension, which has been paid to you in the intervening period. Any monies that are returned to your SIPP that are then subsequently invested may incur additional charges and will be subject to market conditions at the time of purchase.

If you do not exercise your cancellation rights, your SIPP will continue as usual.

If assets have been purchased during the cancellation period, any such monies invested will be subject to investment fluctuations. As a result, the value of the repayment may be higher or lower than the amount originally invested. Any fees or costs incurred prior to cancellation will be payable proportionately for the relevant period and you will remain responsible for any transactions entered into prior to cancellation.

To exercise your cancellation rights you will be required to sign and return the cancellation notice within 30 days of receipt to EBS Management PLC, 25 Luke Street, London, EC2A 4AR.

Terms of Business

This Key Features document does not include the detailed Scheme terms, which are contained in the Scheme Rules, *Our Charges Sheet* and Our Terms of Business. If you would like a copy of any of these documents please contact us.

How to complain

If you are not happy with any aspect of your SIPP or the service you have received, you may wish to make a complaint. In the first instance, please write to EBS Management PLC at the address set out below, and your complaint will be handled in accordance with their internal complaints procedure, a copy of which is available on request.

EBS Management PLC
25 Luke Street Tel: 020 7149 6560
London
EC2A 4AR Fax: 020 7149 6960

If you are not satisfied with the reply to your concerns, you can refer your complaint to one of the following organisations:

The Pensions Advisory Service (TPAS), 11 Belgrave Road, London SW1V 1RB; Telephone: 0845 601 2923.
Website: <http://www.pensionsadvisoryservice.org.uk/>

The Pensions Ombudsman, 6th Floor, 11 Belgrave Road, London SW1V 1RB; Tel 020 7630 2200.
Website: <http://www.pensions-ombudsman.org.uk/>

If you have a complaint about advice or service from your Financial Adviser you should contact them so that they can respond in accordance with their complaints procedures. You may also refer such a complaint to:

The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR; Telephone: 0800 023 4567.
Website: <http://www.financial-ombudsman.org.uk/>

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

Financial Services Compensation Scheme

If a firm is unable, or likely to be unable to pay claims made against it, you may qualify as an eligible claimant under the Financial Services Compensation Scheme (FSCS). In such instances, the FSCS may pay compensation to you, the amount of which depends on the type of claim. Our understanding is that:

- Trust-based pensions business, which includes the Charles Stanley Alpha SIPP is subject to a compensation limit of £50,000, should the operator of the scheme fail.

- In respect of investments held within your pension, most types of investment business claims have a maximum limit of £50,000 per person, per investment firm.
- Cash deposited within our Client Account (currently Bank of Scotland, part of HBOS plc) is regarded as cash savings and is covered up to £85,000 per person, per authorised firm, and this aggregate compensation limit would include savings you may hold elsewhere with Bank of Scotland (including where applicable its divisions and trading names) outside your SIPP. Further information concerning the Bank of Scotland, its divisions, trading names and the level of cover provided by the FSCS can be found at <http://www.bankofscotlandhalifax.co.uk/helpcentre/fscs.asp>
- Further details about whether you may qualify as an eligible claimant and the compensation available under the FSCS is available from its website www.fscs.org.uk or by telephone – 020 7741 4100

Law

All correspondence will be and has been made in English, including this document. In legal disputes the Law of England and Wales will apply.

About Charles Stanley and EBS Management PLC

Charles Stanley & Co. Limited (Charles Stanley) and EBS Management PLC are authorised and regulated by the Financial Conduct Authority (FCA) and are wholly owned subsidiaries of Charles Stanley Group PLC. Charles Stanley & Co. Limited is registered in England No. 1903304. EBS Management PLC is registered in England No. 00998606. Registered Office: 25 Luke Street, London EC2A 4AR.

Charles Stanley Tel: 0207 739 8200.
Fax: 0207 739 7798.

EBS Tel: 0207 149 6560.
Fax: 0207 149 6960.

You can find the details for Charles Stanley and EBS by visiting the FCA website at www.fsa.gov.uk/register/home.do and checking the FSA register. The Charles Stanley FCA register number is 124412 and the EBS FCA register number is 134908. Alternatively you can contact the FCA by phone on 0845 6061234 or at the following address:

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS.

Important

The information contained in this Key Features document is based on our understanding of current law, practice and taxation, all of which may be subject to change.

Glossary

'Annual Allowance' is the upper limited, for a tax year, on the total value of Pension Inputs that can be made to your SIPP, and to any other registered pension schemes or which you are a member, in all Pension Input Periods ending in that tax year, which can benefit from tax relief.

'Authorised Payments' are payments specifically authorised under the pension tax legislation (e.g. Pension Commencement Lump Sum, Drawdown Pension).

'Charity' means a body of persons or trust established for charitable purposes only.

'Crystallise' means to designate all or part of your SIPP fund for the provision of benefits.

'Dependant' means:

- (a) a person who was married to you, or your civil partner, at the time of your death;
- (b) a person who was married to you, or your civil partner, when you first became entitled to a pension under the SIPP;
- (c) a child of yours who has not attained age 23 or, in the opinion of the Scheme Administrator, was dependent on you because of physical or mental impairment whatever the child's age; and
- (d) any other person (who was not married to you, nor your civil partner, nor your child) if, in the opinion of the Scheme Administrator, at the time of your death, the person was financially dependent on you, or you and the person were financially dependent on each other, or the person was dependent on you because of mental or physical impairment.

'Drawdown Pension' means payment of a pension direct from your SIPP fund, or from a short-term annuity purchased from funds relevant to a Drawdown Pension, to you or a Dependant.

'Enhanced Protection' means that (where you have a valid Certificate of Enhanced Protection from HMRC) whatever the value of your benefits at the time they are crystallised, they are not subject to the Lifetime Allowance, provided that since 5 April 2006, no contributions or pension input (in relation to defined benefit schemes) have been made for you to your SIPP, or any other registered pension scheme of which you are or have been a member.

'Fixed Protection' means that (where you have a valid Certificate of Fixed Protection from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance of £1,800,000, provided that since 5 April 2012, no contributions or pension input (in relation to defined benefit schemes) have been made for you to your SIPP, or any other registered pension scheme of which you are or have been a member.

'Lifetime Allowance' is the upper limit on tax favoured pension savings you can build up in aggregate in all of your registered pension schemes.

'Lifetime Annuity' means an annuity contract purchased under a money purchase arrangement from an insurance company of the member's choosing that provides the member with an income for life, and which meets the conditions imposed through paragraph 3, Schedule 28 to the Finance Act 2004.

'Market Value' is defined in Section 272 of The Taxation of Chargeable Gains Act 1992 (TCGA 1992) and means the price which an asset would reasonably be expected to fetch on a sale in the open market, except in the case of securities listed on the Stock Exchange Daily Official List (SEDOL).

Market value for securities listed on SEDOL is defined in Section 272(3) of TCGA 1992 and is often referred to by stockbrokers and investment managers as the 'quarter-up basis'.

'Pension Commencement Lump Sum' means a tax-free lump sum benefit paid to you in connection with an arising entitlement to a pension benefit under your SIPP (other than a short-term annuity).

'Pension Inputs' include gross contributions paid to your SIPP and any other registered pension schemes of which you are a member, by you, your employer and anyone else, and benefit increases in defined benefit and cash balance registered pension schemes.

'Pension Input Period' means the period (sometimes less than a year) ending in a tax year, for which the total tax relievable contributions/pension inputs made by or for an individual to registered pension schemes are tested against the Annual Allowance for that tax year.

'Qualifying Recognised Overseas Pension Scheme (QROPS)' means a recognised overseas pension scheme for which the scheme manager has signed an undertaking to inform HMRC if the scheme ceases to be a recognised overseas pension scheme and comply with any prescribed information requirements imposed on the scheme manager by HMRC.

'Relevant UK Earnings' means:

- employment income,
- income which is chargeable under Part 2 of Income Tax (Trading and Other Income) Act 2005 and is immediately derived from the carrying on or exercise of a trade, profession or vocation (whether individually or as a partner acting personally in a partnership),
- income which is chargeable under Part 3 of Income Tax (Trading and Other Income) Act 2005 and is immediately derived from the carrying on of a UK furnished holiday lettings business (whether individually or as a partner acting personally in a partnership), and
- patent income where the individual, alone or jointly, devised the invention from which the patent in question was granted.

Relevant UK Earnings are to be treated as not being chargeable to income tax if, in accordance with arrangements having effect under section 2(1) of the Taxation (International and Other Provisions) Act 2010 (double taxation agreements), they are not taxable in the United Kingdom.

'Scheme Administrator' means the person(s) appointed to be responsible for the discharge of the functions conferred or imposed on the scheme administrator of the pension scheme by HMRC. In the case of the Charles Stanley Alpha SIPP this is EBS Management Plc.

'Short-term Annuity' means an annuity contract purchased from an insurance company with funds relevant to a member's Drawdown Pension that provides the member with a Drawdown Pension for a term of no more than five years.

'Unauthorised Payments' are payments which are not authorised payments (e.g. payment of a Capped Drawdown Pension in excess of the maximum authorised and non arm's length transactions with connected parties).