

CHARLES STANLEY

Key Features of the Charles Stanley Alpha SIPP

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).

The Charles Stanley Alpha SIPP (part of the Alpha SIPP) (the "Scheme") has been set up under trust and accepted as a registered pension scheme by HM Revenue & Customs (HMRC).

In this document "we", "us" and "our" refers to EBS Management PLC, the Trustee and Administrator of the Scheme.

We will provide you with a personal illustration that forms an integral part of this document and both should be kept together. Full details of the Scheme are in our Terms of Business, the Scheme Rules and our Charges for the Charles Stanley Alpha SIPP. Copies of these are available on request.

If you have any doubt whether the Charles Stanley Alpha SIPP is suitable for you, you should seek a personal recommendation from an appropriately qualified person, such as a Financial Adviser.

The Glossary at the end of this document explains some of the words and terms we have used and technical information that describes some of the features in greater detail is available on request.

Aims of the Charles Stanley Alpha SIPP

- To provide a tax-efficient way to save for your retirement.
- To provide a wide range of investment options and allow you to make your own investment decisions, or make them with your Financial Adviser or Investment Manager.
- To give you flexibility to cope with changes in your employment or finances.
- To give you flexibility over how and when you take your benefits.
- To provide death benefits to your beneficiaries.

Your commitment

- To make at least one payment (a contribution or a transfer) to your SIPP.
- To tell us if the contributions (other than those made by your employer) to your SIPP when added to contributions (other than those made by your employer) in the same tax year to other pension schemes are more than your Relevant UK Earnings for that tax year.
- To tell us if you stop being entitled to receive tax relief on your contributions.
- To actively manage your SIPP's investments and regularly review them to check they continue to meet your needs.
- To pay the fees and charges for your SIPP.

Risks

The value of your retirement and death benefits might be lower than anticipated if:

- the investments do not perform as well as we have assumed in any illustrations we provide;
- charges turn out to be higher than expected;
- there are changes in legislation affecting taxation and SIPP contribution limits;
- contributions to your SIPP are too low;
- you draw your retirement benefits before your selected retirement age;
- income is drawn at a higher level than is sustainable;
- the cost of buying a Lifetime Annuity when you retire is higher than illustrated;
- price inflation reduces the worth of all savings, investments and pension benefits.

The value of the investments within your SIPP may fall as well as rise and is not guaranteed.

Some investments may take longer to sell than others and you may not be in a position to sell them when you choose or need to.

If you transfer pension benefits from other pension arrangements to your SIPP you may be giving up rights under those other arrangements such as guaranteed benefits and future increases. Your existing pension provider may also apply a penalty or other reduction in the value of your benefits when you transfer. There is no guarantee that you will be able to match the benefits that you give up by transferring.

Questions and answers

What is a SIPP?

A SIPP is a personal pension plan that 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 or Investment Manager, within our permitted range of investments.

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 a Financial Adviser.

Can the Charles Stanley Alpha SIPP be used for auto enrolment?

The Charles Stanley Alpha SIPP is not designed to be used to meet employers' obligations under auto enrolment legislation. If you are employed, your employer will need to make its own arrangements for auto enrolment.

What are the tax advantages?

- Your contributions to your SIPP should receive relief from income tax, subject to the annual allowance.
- Your employer can make gross contributions to your SIPP.
- Investments within your SIPP are free from income and capital gains tax, although it is not possible to reclaim tax paid on UK share dividends. Whether any overseas tax deducted at source in relation to overseas investments can be reclaimed will depend on double taxation treaties.
- If you are over the normal minimum pension age, you can usually take up to 25% of your SIPP fund as a Pension Commencement Lump Sum, paid tax-free, subject to having sufficient remaining lifetime allowance.
- If you are over the normal minimum pension age, you may be able to draw an Uncrystallised Funds Pensions Lump Sum 25% of which is paid tax-free, subject to you having sufficient remaining lifetime allowance.
- Benefits paid in the event of your death will normally be free from inheritance tax.

The tax treatment of pensions depends on individual circumstances and may be subject to change in the future.

Am I eligible for a SIPP?

You will be eligible for a SIPP provided you are UK resident. You must also be over 18 years old.

If you are resident overseas, you may be eligible to transfer pension benefits from a UK registered pension scheme into your SIPP. This depends on the country in which you are resident and you should seek financial advice if you need more details.

If you are 75 or older you can only take out a SIPP if you are transferring benefits from another pension scheme.

How do I set up my SIPP?

Your SIPP will constitute a separate account within the Alpha SIPP, which was established under irrevocable trust on 27 July 2004 and is a registered pension scheme. Members of the Alpha SIPP that are clients of Charles Stanley & Co Ltd are referred to by us as members of the Charles Stanley Alpha SIPP.

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

A SIPP for a child under the age of 18 must be set up by a parent or legal guardian.

Who can pay contributions to my SIPP?

If you are a Relevant UK Individual, you, your employer or anyone else can pay contributions to your SIPP for your benefit.

Is there a minimum contribution?

There is no minimum contribution that you must pay. Contributions may be paid when you want or on a regular basis.

Do I get tax relief on my contributions?

Contributions to your SIPP (except those made by your employer) must be paid net of basic rate income tax. For example, if you wanted a gross contribution of £10,000, you would pay a net contribution of £8,000 and we would claim the basic rate tax of £2,000.

Contributions are not accepted once a member reaches age 75.

Contributions by parties other than you or your employer are treated as if they were contributions by you.

Any additional tax relief to which you are entitled can be claimed through your self-assessment tax return.

How much can be contributed?

Tax relief on your contributions will only be available where your 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.

Employer contributions are paid gross and there is no specified limit on the amount that your employer can pay in.

If the total Pension Inputs to all your registered pension schemes attributed to a tax year exceed the Annual Allowance, you will be personally liable for tax on the excess.

If you hold Enhanced Protection, Fixed Protection 2012 or Fixed Protection 2014, any contributions may result in you losing the protection.

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

No, *in specie* contributions are not permitted.

Can I transfer my existing pension benefits to my SIPP?

Yes, your SIPP can normally receive transfers of pension benefits from other registered pension schemes even when benefits are in payment. However, we will not accept the transfer of pension benefits from a Defined Benefit (final salary) schemes unless you have received a positive recommendation to transfer from someone approved as a Pension Transfer Specialist (a highly qualified financial adviser).

If you transfer pension benefits that are paying a Capped Drawdown Pension, the limits and review dates that applied under the transferring scheme will also apply to your SIPP.

Transfers can be in the form of cash and acceptable assets such as;

- quoted shares
- unit trusts
- OEICS

Can I transfer my pension benefits to another pension scheme?

You can normally transfer part or your entire SIPP fund to another registered pension scheme of which you are a member. A transfer may also be made to a Qualifying Recognised Overseas Pension Scheme (QROPS) subject to HMRC requirements. We charge for processing transfers.

Where you are receiving a Drawdown Pension from your SIPP, the whole of the crystallised fund must be transferred.

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 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, your SIPP or both.

The following categories of investment are broadly acceptable:

- Stocks and shares listed on any HMRC recognised stock exchange, the Alternative Investment Market and ISDX Main Board;
- Exchange traded funds and exchange-traded commodities where listed as above;
- Investment trusts;
- Gilts and corporate bonds;
- Non-commission bearing ('clean') units in unit trusts and share classes in open-ended investment companies (OEICs).
- Permanent Interest Bearing Shares (PIBS).

What investments are not allowed in the Charles Stanley Alpha SIPP?

- Property
- Unregulated collective investment schemes
- Options
- Contracts for difference
- Loans
- Unquoted shares
- Futures relating to shares listed on a recognised stock exchange;
- Insurance company funds (managed funds).

The above is not a definitive list.

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

No. However, there is a limit on the tax favoured pension savings you can build up in your SIPP added to the value of any other registered pension schemes of which you are a member. This limit is known as the Lifetime Allowance and each crystallisation of benefits will use up part of your Lifetime Allowance.

What happens when I die?

When you die the Trustee of your SIPP, operating under its discretionary powers, will have the following options;

- to pay the value of the SIPP fund (subject to your remaining Lifetime Allowance) as one or more lump sums to your nominated beneficiaries;
- to purchase annuities for your dependants and nominees;
- to provide your dependants and nominees with drawdown pensions
- to provide combinations of these death benefits.

You will have the opportunity to tell the Trustee to whom you would like these benefits to be paid.

When can I take my retirement benefits?

You can take your retirement benefits from the normal minimum pension age (currently 55) or earlier if you are in serious ill-health or have a protected pension age.

Which retirement options are available?

You can take retirement benefits from your SIPP by;

- flexi-access drawdown
- uncrystallised funds pension lump sum
- buying a lifetime annuity
- buying a short term or flexible annuity
- a capped drawdown pension transferred from another pension scheme

Am I entitled to a Pension Commencement Lump Sum?

You can normally take a Pension Commencement Lump Sum of up to 25% of the net value of part of your SIPP fund you wish to crystallise. Provided you have sufficient remaining Lifetime Allowance, this lump sum will be paid tax-free.

How is my pension taxed?

Your pension will be treated as earned income and subject to income tax. We deduct tax at source before paying you the net pension through our payroll service. Neither your pension nor any pensions paid to your Dependants or Nominees should be subject to National Insurance.

How is my pension paid?

Your pension can be paid monthly, or less frequently, on the first day of each month. All pensions are paid in pounds sterling.

What are the charges?

Details of our charges and fees for your SIPP are in the sheet entitled Charles Stanley Alpha SIPP Fees and Charges which should be read in conjunction with this Key Features document before you apply for your SIPP.

The exact fees and charges you pay will depend on your SIPP's investments and the services you use.

Can EBS give me advice?

No. If you have any doubt as to whether the Charles Stanley Alpha SIPP is suitable for you, you should consult a suitably qualified Financial Adviser who could provide you with a personal recommendation.

If you wish to pay for a personal recommendation from the assets of your SIPP, you must complete an adviser charge instruction form.

Can I change my mind?

Yes. After setting up your SIPP we will send a cancellation notice to you. If you have changed your mind, you will have 30 days from the date you receive this notice to cancel your SIPP. If you cancel your SIPP we will repay any contributions we have received.

For each pension transfer to your SIPP we will send you a substitute cancellation notice. You will have 30 days from when you receive the notice to change your mind and cancel the pension transfer.

If you cancel a pension transfer, we will attempt to repay it to 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.

On the first occasion you crystallise benefits to pay a flexi-access pension we will send you a cancellation notice. If you cancel you will need to repay any Pension Commencement Lump Sum and pension that has been paid to you. The payment of an uncrystallised fund pension lump sum cannot be cancelled.

If investments have been made during the cancellation period the value of the repayment may be higher or lower than the amount originally invested. If you decide to cancel, we may deduct charges for any services we have provided during the

Terms of Business

This Key Features document does not include the detailed terms for the Charles Stanley SIPP, which are contained in the Scheme Rules, Charges for the Charles Stanley Alpha SIPP and Charles Stanley Alpha SIPP Terms of Business. If you would like copies 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 complain. Your complaint will be handled in accordance with our internal complaints procedure, a copy of which is available on request. If you need to complain please contact us at;

The Compliance Officer
Charles Stanley
55 Bishopsgate
London EC2N 3AS
Tel: 020 7739 8200

If your complaint concerns the administration of your SIPP and you are not satisfied with our reply, you can refer your complaint to the Pensions Ombudsman. The Pensions Advisory Service can advise you how to complain and may be able to sort the matter out, without the need for the Pensions Ombudsman to become involved. These organisations can be contacted at;

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Tel: 020 76300 2200

Web: www.pensions-ombudsman.org.uk

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Tel: 0845 601 29923

Web: www.pensionadvisoryservice.org.uk

Making a complaint will not prejudice your legal rights.

Financial Services Compensation Scheme

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations. Whether you are eligible depends on the circumstances at the time. Further details are available on request or by visiting the FSCS website: www.fscs.org.uk/consumer

For cash deposits the maximum claim that could be made by your SIPP is £85,000.

Law

All correspondence will be in English.

In legal disputes the Law of England and Wales will apply.

EBS Management PLC is the Scheme Administrator and Scheme Trustee of the Charles Stanley Alpha SIPP and is responsible for its administration and management. EBS Management PLC and Charles Stanley & Co Ltd are wholly owned subsidiary of Charles Stanley Group PLC.

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 limit, 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 of which you are a member, in all Pension Input Periods ending in that tax year, which can benefit from tax relief.

'Capped Drawdown Pension' pension income that may be taken from your SIPP subject to limits as set out by HMRC. This only applies if you had designated SIPP funds for Capped Drawdown Pension prior to 6 April 2015 and since that date there has been no Trigger Event.

'Crystallise' means to designate all or part of your SIPP fund to provide retirement 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 the payment to you or a Dependant of a pension directly from your SIPP fund, or from a short-term annuity purchased from crystallised funds.

'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.

'Flexi – access Drawdown Pension' pension income that may be taken from your SIPP, having no upper limit.

'Flexible Annuity' an annuity from an insurance company that can decrease and is not payable for life.

'Fixed Protection 2012' means that (where you have a valid Certificate from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance of at least £1,800,000, provided that after 5 April 2012, no contributions or other Pension Inputs (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 2014' means that (where you have a valid Certificate from HMRC) the value of your benefits at the time they are crystallised, will be measured against a Lifetime Allowance of at least £1,500,000, provided that after 5 April 2014, no contributions or other Pension Inputs (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.

'Nominee' means an individual who is not a dependant of the member and who has been nominated by the member so that in the event of the member's death they can receive a drawdown pension and/or annuity payments.

'Pension Commencement Lump Sum' means a 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 Pension Inputs made by or for you 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.

'Taxable Property' means residential property and tangible moveable property unless specifically exempted under HMRC legislation.

'Uncrystallised Funds Pension Lump Sum' a lump sum paid directly to you from Uncrystallised Funds, part of which is tax-free