

**THE GREYFRIARS PREFERRED  
RETIREMENT ACCOUNT (GPRA)**

**A SELF INVESTED PERSONAL  
PENSION (SIPP)**

**KEY FEATURES DOCUMENT**

## 1. Introduction:

Before you proceed with your SIPP we want you to be sure that you know what the decision will mean for you; what the plan is, how it works and what the risks are. This key features document gives you the main points about your SIPP. We have enclosed a personal illustration showing you the pension you may get in the future. Please read it and this key features document carefully and keep with your other SIPP documents.

## 2. Eligibility:

If you wish to make contributions to your SIPP you must be a 'relevant UK individual'. The application form gives the legal definition of this term.

## 3. The Structure of Your SIPP:

The Greyfriars Preferred Retirement Account (GPRA) is a pension scheme established under irrevocable trust and governed by formal Rules. It is registered in the UK with Her Majesty's Revenue and Customs (HMRC) under the provisions of Part 4 of the Finance Act 2004.

While this document is intended to be an accurate summary of the key features of the scheme, in the event of any discrepancy between it (or any similar literature) and the scheme rules, the rules will prevail.

The Operator of the scheme, i.e. the person primarily responsible to members for its administration and management is Greyfriars Asset Management LLP (GAM), an independent firm authorised and regulated by the Financial Services Authority for this purpose. Its address is The Cedars, 11, High Street, Fleckney, Leicestershire, LE8 8AJ. As Operator GAM will assume the legal roles of:

- Trustee of the scheme as a whole; and
- Scheme administrator for tax purposes.

By the completion of a short supplemental Trust Deed you can be appointed as a co-trustee of your own SIPP, i.e. the separately identifiable funds held for you within the Scheme as a whole. This deed can also be used to appoint an additional trustee effective only from the date of your death. This may be particularly helpful for deciding the payment of death benefits.

Your SIPP is split into 1000 segments. You can open (or 'vest') all or a limited number of segments to access your pension benefits, thus allowing you to 'phase in' your retirement by gradually accessing your pension fund as, for example, you steadily reduce your working hours and your earnings.

Investments will usually be registered in the names of GAM Trustees Ltd ( a separate non-trading company used by GAM to hold assets on its behalf) and you as the member Trustee. The SIPP will maintain a bank account from which any payments must be authorised by GAM (or GAM Trustees Ltd) and yourself.

4. The Aims of Your SIPP:

To provide a tax efficient way to save for your retirement.

To provide a pension or a lump sum for your dependant(s) or other beneficiaries on your death.

To provide a tax-free lump sum and/or pension not earlier than age 50 (55 from April 2010) and before your 75<sup>th</sup> birthday.

There is no minimum level of regular or single contributions. Nor is there any minimum transfer value if you wish to transfer in monies from other pension arrangements.

5. Your Commitments:

If you wish to take any tax free lump sum entitlement, you must do so before your 75<sup>th</sup> birthday.

You cannot cash in your plan at any time.

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

6. Risk Factors:

When you first set up your SIPP or you are making a further payment and you cancel within 30 days, you may get back less than you paid in. This is because any fall in the investment value during the period before we get your cancellation form will be deducted from the amount refunded to you.

If you are transferring benefits into your SIPP from another pension scheme, there is no guarantee that the value of benefits from your SIPP will be greater than you would have received from the other pension scheme. You may also be giving up rights in the other pension scheme, for example guaranteed annuity rates or waiver of premium benefit.

If you have claimed or are considering claiming “enhanced protection”, you will lose that protection if you, your employer or any third party make a contribution to your SIPP.

The benefits you eventually receive will depend upon investment performance and pension benefits will also depend upon future levels of annuity rates, neither of which can be guaranteed. The investments you can choose will have different levels of risk and the value of your investments may fall as well as rise.

Some investments, such as commercial property, will take longer to sell than others and you will need to take this into account when you consider drawing your pension benefits.

Property valuation is a matter of judgement by a professional valuer.

Taking pension benefits earlier than expected will reduce the level of expected benefits.

Ceasing or reducing contributions when the intention was to pay regular contributions will result in a lower fund at retirement.

Charges to your SIPP and charges on the underlying investments may also increase.

Tax rules and legislation may change.

## 7. Contributions:

### a) Personal Contribution;

The declarations in the SIPP application form make clear the limits on tax relief on personal contributions.

Personal contributions are paid net of basic rate tax. We will reclaim the basic rate tax from HM Revenue & Customs on your behalf. If you are a higher rate taxpayer, the additional relief must be claimed through your self-assessment tax return.

### b) Employer Contributions;

Employer contributions will be eligible to be treated as a business expense for Corporation Tax purposes in the same way as other remuneration, i.e. for a trading company they will be subject to meeting the 'wholly and exclusively for the purposes of trade' test.

### General points about contributions

You and/or your employer can pay contributions by cheque at any time or by direct debit or standing order. There is no minimum level of contributions that we will accept.

HM Revenue & Customs has an Annual Allowance for the total contributions that you, your employer and any third party can make to all your pension plans that will benefit from tax relief. This allowance is £235,000 for the 2008/09

tax year. You will pay a 40% tax charge on any payments above this limit effectively cancelling out any initial tax relief or deduction, on the excess contribution. Special rules apply where you are building up “defined benefits” or “cash balance” benefits in other schemes.

Contributions to your SIPP in the year in which you “crystallise” all your remaining funds in your SIPP (i.e. use them to provide benefits) will not count against the annual allowance.

#### 8. Transfers In:

You can transfer into your SIPP monies accumulated in other UK registered pension schemes, including schemes you are already receiving an income from. There is no minimum amount that we will accept. If you are considering transferring monies into your SIPP we recommend you seek expert advice as you may be giving up valuable benefits.

#### 9. Investments:

You can choose how your fund is invested subject to certain limits and safeguards in the scheme rules and relevant tax legislation. You can take full responsibility for your investment decision or you can take advice from anyone duly authorised to give investment advice.

Investments generally permitted include;

- Cash.
- Shares quoted on the London and recognised overseas Stock Exchanges.
- Unit Trusts, Open Ended Investment Companies (OEICs) and Investment Trusts.
- Insurance company funds.
- UK commercial property and land.
- Second-hand endowment policies (TEPs)
- Your SIPP can borrow up to 50% of its (net) value at any time.

Investments and transactions that are not generally permitted;

- Unquoted equities.
- Loans cannot be made to you or anyone connected with you.
- Residential property
- Tangible moveable property (this can mean plant and machinery as well as items more obviously discouraged by tax legislation, e.g. paintings, vintage cars, wine or other “personal chattels” capable of private use).

Where applicable we will reclaim any tax relief deducted from income received.

Any investments that are made during the initial 30 day cancellation period will be on the understanding that if you exercise your right to change your mind you might get back less than was initially invested.

The rules give GAM the right to refuse any investment request if, broadly speaking, it considers that it might result in substantial adverse tax charges or not be consistent with the rules of the scheme or prevent the payment of fees properly due, or it would be likely generally to carry unacceptable risks or require unduly complex administration.

We will provide you with a scheme valuation at least annually so you can see how your investments are doing.

#### 10. Drawing Benefits:

You can start taking benefits at any time between age 50 (55 from 6<sup>th</sup> April 2010) and 75, and you are not required to retire from employment/self employment in order to do so. It may be possible to take benefits earlier in certain special circumstances.

HM Revenue & Customs has a Lifetime Allowance on the total funds in pension plans that can be used to provide benefits for you. This allowance is £1.65 million for the tax year 2008/09 and increasing in stages to £1.8 million by 2010/2011. Any funds over this allowance will be liable to a standalone tax charge of 55% for a lump sum, or 25% if kept in the scheme to be drawn as a pension. There are circumstances in which you can claim an enhanced personal Lifetime Allowance, speak to your financial adviser for more details.

Starting to receive benefits is known as a Benefit Crystallisation Event (BCE). When this happens the total of your benefits taken to date is compared with the Lifetime Allowance and any amount taken in excess of the LA is taxed accordingly. You are tested against the LA each time a BCE occurs. Remember, your SIPP consists of 1000 segments and you can 'crystallise' these segments in stages, each of which is a BCE.

You will be entitled to a Pension Commencement Lump Sum (tax-free cash) each time you crystallise part of your fund to provide an income, provided you have not attained age 75. This is normally up to 25% of the part of the fund being crystallised.

The uncrystallised part of your fund is still able to receive contributions and transfers from other registered pensions schemes but the crystallised portion cannot.

You have options as to how to receive an income from the remaining crystallised funds after you've taken your tax-free cash;

##### (a) Annuity Purchase:

Under this option, all the assets of your crystallised funds are sold and the monies transferred to an insurance company of your choice within the EU, who will provide you in return with a regular income for life. There are several different

types of annuity, each of which can be tailored to your personal requirements. Expert independent advice should always be sought.

(b) Unsecured Pension (USP):  
(sometimes called Income Drawdown or Pension Fund Withdrawal)

This option enables you to defer the purchase of an annuity but receive an income directly from your SIPP, while you can continue to invest remaining funds as you choose. There are limits imposed by regulations on the amount of income you can receive to avoid excessive erosion of the fund and to combat tax avoidance.

The maximum and minimum income levels are calculated when you first opt for USP. The minimum level is zero and the maximum is 120% of an amount calculated by reference to the size of your fund and the appropriate factor as shown in the Government Actuary's Department annuity tables (the GAD rates). These levels are normally reviewed every five years, but you can request a review at any time.

You can change the level of income at any time, provided that it remains within the permitted limits most recently calculated.

We will pay income directly to your chosen bank account. Income tax will be deducted from all payments in accordance with UK PAYE arrangements. In the absence of a P45 we are required to deduct tax at basic rate until we receive authority from HMRC to apply deductions in accordance with a tax code.

USP is usually only suitable for clients who have a large pension fund and/or considerable private wealth to live on. USP is a higher risk retirement strategy compared to annuity purchase and you should always consult a suitably qualified financial adviser.

The higher the level of your pension, the greater the investment return required to prevent substantial erosion of the value of your SIPP. There is no guarantee that your pension payments will not have to be reduced in the future if you extract a high level of pension, investment growth is lower than anticipated or GAD rates fall, or any combination thereof.

Whilst you are free to 'opt out' of USP at any time and purchase an annuity, if you continue with USP then, at age 75, you must either buy an annuity or opt for Alternatively Secured Pension.

(c) Alternatively Secured Pension (ASP):

ASP is available from age 75 and has been introduced primarily for those people who do not wish to purchase an annuity for religious reasons. Opting for ASP enables you to continue to direct the investment of your funds. However, there are more restrictive rules on the amount of income that you can receive to prevent the fund from being exhausted prematurely. The minimum amount of income is 55% and the maximum amount of income that can be drawn is 90% of an amount calculated by reference to the size of your fund and the appropriate factor as shown in the Government Actuary's Department (GAD rates) for an annuitant aged 75. This level is reviewed annually, but always using an age 75 rate. The maximum income under ASP is therefore significantly lower than could be received if an annuity were purchased. Please note you can only choose ASP if you were already drawing USP.

USP and ASP are a far higher risk retirement strategy than annuity purchase and expert advice should and always be sought.

11. Death Benefits:

If you die before age 75 then any uncrystallised fund can normally be paid out as a tax-free lump sum outside of your estate to your nominated beneficiaries. This is though a BCE and will be tested against the then Lifetime Allowance. Alternatively, income could continue to your spouse, civil partner or other dependant.

Should you die in USP the fund remaining may be used to provide a lump sum, which is subject to a 35% tax charge. It is possible that Inheritance Tax will also be payable on any lump sum. Alternatively, income could continue to your spouse, civil partner or other dependant.

The Government are implacably opposed to seeing pension schemes being used as a way to pass on wealth to the next generation, at least for members over 75. They therefore consider ASP to be a way of avoiding annuitisation for those who have a strong religious objection to doing so and not for the mass market. Upon the death of the SIPP member whilst in ASP the options are:

- Provide dependants' pension(s) or;
- Gift the funds to charity or;
- Pay out the fund as a lump sum but subject to various tax charges. These tax charges are considerable and could equate to more than the value of the SIPP and are designed to discourage ASP.

12. Costs:

Our fees vary dependent upon the services being provided and are therefore attached to the back of this Key Features Document. The quotation supplied reflects these agreed fees. If you have agreed any additional fees payable to your financial adviser these are not included in our quote. Your adviser will be asked to invoice your SIPP via us. We will deduct their fees from your SIPP bank account and remit them to your adviser.

13. Is this a Stakeholder Pension?

No, the Government has set minimum standards that companies must meet for a Stakeholder pension. These are to do with payment levels, charges and terms and conditions. This plan is not a Stakeholder pension because our charges can be higher than the Government Stakeholder standard.

Stakeholder pensions may meet your needs at least as well as this SIPP. Your financial adviser will be able to advise which contract is better for you.

14. Your right to change your mind:

On receipt of your fully completed application form we will send you a notice giving you 30 days in which to change your mind about continuing your SIPP.

If you decide to cancel, simply complete the cancellation notice and return it to us. Any money that we have received will be returned but if any of this money has been invested it is possible you will get back less than we received. We reserve the right to make a further deduction for any administration charges resulting from the application for this contract.

Please note that it may not be possible to return any transfer of funds to the original pension arrangement. In this case you would need to arrange for another pension arrangement to accept the transfer.

If you do not wish to cancel your SIPP, please ignore the cancellation notice.

If you elect to take USP or ASP we will send you a separate cancellation notice giving you the right to change your mind within 30 days. If you exercise this right you will need to return any income and/or Pension Commencement Lump Sum paid to you.

If you decide to cancel ASP it will be necessary to transfer the fund to another provider or purchase an annuity.

15. Transfer Out:

Should you wish to close down your SIPP and transfer the assets elsewhere, there is no contractual penalty to do so subject to;

- Our fees have been paid up to the date of transfer and,

- Some of your investments may have to be liquidated and transferred over as cash which may involve costs dependent upon the contract terms of those investments.

#### How to contact us:

- Remember your adviser will normally be your first point of contact.  
If you have any questions or would like to make any changes to your plan, you can phone us, send a fax, email, or write to us.
- Call us on 0116 2404402 during the following times  
Monday to Friday 9.00am – 5.00pm. Please have your SIPP number ready when calling.  
Fax number 0116 2404406  
Email address – [ifa@greyfriars.co.uk](mailto:ifa@greyfriars.co.uk) or you may prefer to contact us by writing to us at:

Greyfriars Asset Management LLP,  
The Cedars,  
11 High St,  
Fleckney,  
Leicestershire,  
LE8 8AJ

*Greyfriars Asset Management LLP is authorised and regulated by the  
Financial Services Authority.*

#### Other Information:

##### How to complain:

- If you ever need to complain, first write to us at the address shown above. If you are not satisfied with our response, you may be able to complain to:

The Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR

Telephone: 0845 080 1800

Fax 020 7964 1001

e-mail: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

- Complaining to the Ombudsman will not affect your legal rights

- Where you receive advice from a financial adviser, they should recommend a product that is suitable for you. You have a legal right to redress if, at any time, it is shown that you have bought a recommended product that was not suitable for your needs at the time. Any redress would be decided by the Financial Ombudsman Service.

If your complaint concerns the administration of your SIPP, you may be referred to:

The Pensions Advisory Service (TPAS)  
11 Belgrave Road  
London  
SW1V 1RB

Tel 0845 601 2923

Law:

- The law of England will decide any legal dispute.
- The information contained in this document is provided based on our understanding of current law and HMRC and FSA practice and guidance which may be subject to change.

Compensation:

- The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if firms are unable, or likely to be unable, to meet claims against them.
- The amount of compensation available from the FSCS depends on the type of business and the circumstances of the claim. Further information is available from the FSCS.