

**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. Please read it carefully and keep with your other SIPP documents.

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.

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.

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.

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 55 (except in the event of earlier incapacity).

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:

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:

If you exercise any cancellation rights, 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” (or, from 2012, “fixed 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 in more detail. Broadly, in any tax year you can obtain tax relief on contributions up to 100% of your relevant UK earnings, or £3,600 per annum gross if greater.

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 or additional rate taxpayer, the additional relief must be claimed through your self-assessment tax return.

b) Employer Contributions;

Employer contributions will be deductible for the employer's tax purposes to the same extent as other remuneration, e.g. for a trading company they will be subject to the 'wholly and exclusively for the purposes of the 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.

NB: 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, for "input periods" that end in a given tax year. This allowance is £50,000 for the 2011/12 tax year, though you may also be able to "carry forward" unused allowance from previous tax years. You will pay a tax charge on any contributions above this limit, effectively cancelling out any tax relief. Special rules apply where you are building up "defined benefits" or "cash balance" benefits in other schemes.

8. Transfers In:

You can transfer funds (as cash or, potentially, directly in the form of other assets) into your SIPP from 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 to you or anyone connected with you.
- Residential property
- Tangible moveable property (this can mean plant and machinery as well as items more obviously capable of private use, e.g. paintings, vintage cars, wine or other “personal chattels”).

The funds within your SIPP will accrue broadly free of income and capital gains tax. Where applicable we will reclaim any tax relief deducted from income received (NB: tax credits withheld on dividend payments from UK equities and any tax withheld overseas cannot be reclaimed).

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 every six months so you can see how your investments are doing.

10. Benefits:

We will provide you with a statutory money purchase illustration once a year to give you an idea of what the level of your eventual benefits might be.

You can start taking benefits at any time from age 55, and you are not required to retire from employment/self employment in order to do so. It may be possible to take benefits earlier due to incapacity or other 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 £1.8 million for the tax year 2011/12 and is due to reduce to £1.5 million in 2012/13 (with "fixed protection" being available to adversely affected members if they do not build up any further benefits: speak to your financial adviser for more details). 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.

Applying funds to provide benefits is known as a Benefit Crystallisation Event (BCE). When this happens the funds being applied are counted against your unused Lifetime Allowance and any excess is taxed accordingly.

You do not have to apply all the funds in your SIPP for benefits at the same time. You can "phase" the "crystallisation" of the funds i.e. the taking of benefits.

You will be entitled to a Pension Commencement Lump Sum (tax-free cash) each time you crystallise part of your fund to provide pension (see below for the forms of pension). This is normally up to 25% of the part of the fund being crystallised. From 6 April 2011, there is no maximum age for starting to draw benefits, but the way in which remaining funds on death are taxed means that there is usually no incentive to delay taking Pension Commencement Lump Sum beyond age 75.

There are 2 forms of pension available;

(a) Lifetime Annuity

Under this option, all the assets underlying 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) Drawdown

(This is sometimes referred to as Income Withdrawal, though strictly drawdown is slightly wider and includes short-term annuities)

This option enables you to 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.

The maximum income level is calculated when you first opt for drawdown, by reference to the size of your fund, your age and the appropriate factor as shown in the Government Actuary's Department annuity tables (the GAD rates). The maximum is normally reviewed every 3 years (every year after age 75).

You can vary the level of income at any time between nil and this limit.

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.

Drawdown is usually only suitable for clients who have a large pension fund and/or considerable private wealth to live on. Drawdown 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 because investment growth might be lower than anticipated and/or annuity rates which are used to convert the fund into an income, can reduce. The risk of your income reducing in the future is higher if you extract a high level of pension.

You are free to 'opt out' of drawdown at any time and purchase a lifetime annuity.

11. Death Benefits:

On your death, any remaining funds can be used to provide:

- a lump sum to beneficiaries chosen by the trustees of your funds (who will take into account any expression of wishes you provide); and/or
- pensions for your spouse, civil partner or other dependant.

Any lump sum paid from uncrystallised funds on death before age 75 is free of income tax, but is a BCE and will be tested against your unused Lifetime Allowance. A lump sum paid from uncrystallised funds on death on or after age 75, or from crystallised funds, will be subject to a 55% income tax charge.

Payments on death are usually outside the scope of Inheritance Tax, but this is not guaranteed.

12. Costs:

Our fees vary dependent upon the services being provided and are therefore attached to the back of this Key Features Document. Any quotation supplied reflects these agreed fees. If you have agreed any additional fees payable out of your SIPP to your financial adviser, these are also 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. Any underlying investment charges or property transaction charges are not reflected in the quote.

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 drawdown 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.

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 being paid up to the date of transfer and,
- investments being liquidated and transferred over as cash where necessary, 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, 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 or you may prefer to contact us by writing to us at: Greyfriars Asset Management LLP, The Cedars, 11 High Street, Fleckney, Leicester, 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

Website: 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)

and may be able to bring a complaint before the Pensions Ombudsman, at the same address (Tel 020 7630 2200)

Law:

- The law of England will govern any dispute in relation to the scheme.
- 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.