

Alliance Trust Full SIPP

Key Features of the Alliance Trust Full SIPP

Its aims

- To provide you with a tax-efficient way to save for retirement.
- To provide you with a flexible pension that can meet your changing needs and personal circumstances.
- To provide you with a wide range of investment options.
- To give you the ability to make your own investment decisions. You may want to use a financial adviser or fund manager to help you make these decisions.
- To enable you to obtain a pension by withdrawing an income directly from your pension fund and/or by purchasing an annuity from an insurance company. You also have the option to take a tax-free lump sum of up to 25% of the value of your pension fund.
- To provide you with an option to phase your retirement by taking benefits in stages.

Your commitment

- There is no commitment on your part to make any contributions to the Alliance Trust Full SIPP ('the Full SIPP') and you can stop making contributions at any time without penalty. However, because your pension fund has to be administered and maintained, the charges under the agreement you have with us will still be applied and will be deducted from your pension fund. These charges will reduce the fund available to provide you with benefits.
- Pension investment is a long-term investment and you will only be able to take benefits from the Full SIPP in a format approved under the legislation applicable at the time you wish to take those benefits.

- You will not normally be able to access your pension fund to provide you with benefits until you are at least age 50. This minimum age will increase to 55 in April 2010.

Risk factors

- The value of investments in your pension fund, and any income from them, may go up or down.
- The benefits you receive may be lower than expected and you may not receive, in the form of benefits, the amount you originally invested. Lower returns may be caused by:
 - lower than expected investment growth
 - lower than expected interest rates and/or annuity rates at the time you take benefits
 - higher than expected charges or costs of investment
 - taking benefits earlier than originally anticipated
 - not maintaining the contributions originally planned. Even where contributions are maintained, there is no guarantee that a target benefit will be met.
- The Full SIPP allows your pension fund to borrow for investment purposes. Borrowings will have to be repaid regardless of your pension fund performance and this may mean that there is less value in your pension fund to provide you with benefits.
- Some investments in which you choose to invest (e.g. property and unquoted securities) may be less liquid than others and it may take longer to sell these investments. Therefore, you may not be able to sell these investments at your desired time.

- The value of investments such as commercial property and unquoted securities is generally a matter of judgement by a valuer.
- Taxation may change in the future, affecting the taxation of your pension fund, contributions paid and benefits to be taken.
- Any protected rights fund created by you may provide you with less than you would have received had you remained in the State Second Pension depending on stock market performance, and investment decisions
- Charges may be increased in the future.
- The Full SIPP may not be suitable for you. If you need advice, you should consult a professional financial adviser.

Your questions answered

What is a personal pension?

A personal pension is a tax-efficient investment vehicle designed to provide you with an income in retirement.

What is a self-invested personal pension?

A self-invested personal pension ('SIPP') is a form of personal pension that provides you with a much wider range of investment options, allowing you to control the way in which your pension fund is invested.

What is the Full SIPP?

The Full SIPP is part of the Alliance Trust Personal Pension Plan, which is a SIPP that allows investment in all areas permitted by HM Revenue & Customs. You can manage the fund yourself or you can appoint a financial adviser or fund manager of your choice to do this for you.

Your rights under the Full SIPP are determined by the relevant provisions of the Trust Deed and Rules of the Alliance Trust Personal Pension Plan and the terms and conditions of the Full SIPP.

Can I use my Full SIPP to contract out of the state second pension?

No.

Is the Full SIPP a stakeholder pension?

No. Stakeholder pensions are personal pensions that must satisfy a number of Government standards relating to payment levels, charges and terms and conditions. The Full SIPP is not a stakeholder pension because we believe these standards are not appropriate for SIPPs. If you do not need all the flexibility contained in the Full SIPP then a stakeholder pension may be more appropriate for you.

Who can have a Full SIPP?

You can have a Full SIPP if you are eligible to make a contribution (see below), or if you wish to make a transfer from another registered pension scheme, to the Full SIPP.

Who is eligible to make a contribution to the Full SIPP?

Anyone can contribute to the Full SIPP, but you can claim tax relief on personal contributions only if you have earnings chargeable to UK income tax or if you are resident in the UK at some time during the tax year.

How do I apply for a Full SIPP?

To apply for a Full SIPP you must complete an application form and any other required documentation. We will acknowledge receipt of your application form.

Before completing this form, you should have read and fully understood this Key Features document, the Full SIPP Handbook and the separate Member's Guide to Services and Fees.

Can I cancel my application?

Yes. Once your application has been accepted, a cancellation notice reminding you of your right to cancel will be sent to you. You will have 30 days from the date that you receive this notice to cancel your application.

This right to cancel will only be available whilst your entire pension fund is held as cash. If you choose to invest any part of your pension fund during the 30 day period, you will not be able to exercise your right to cancel.

You can also cancel when you initiate a transfer from another registered pension scheme or if you choose to take benefits by withdrawing an income directly from your pension fund for the first time.

How much can I pay into the Full SIPP?

There is no limit on the amount that you, or your employer, can contribute to the Full SIPP within any one tax year, although there is a limit on the amount of tax relief that you can obtain on your personal contributions. Tax relief will be available on contributions up to 100% of your taxable earnings in the tax year, or up to £3,600 gross regardless of your earnings. If your income is in excess of £150,000 tax relief may only be available at the basic rate.

If the total contributions paid by you and your employer to all registered pension schemes exceed the Annual Allowance (£245,000 in 2009/10) then you may be subject to an Annual Allowance Charge on the excess.

Can I transfer from other pension schemes to the Full SIPP?

Yes. You may be able to transfer from another registered pension scheme to the Full SIPP.

Before initiating a transfer you should seek professional advice on the merits of the proposed transfer that is specific to your circumstances.

Can I transfer protected rights to the Full SIPP?

Yes. The Full SIPP can accept transfers in of contracted out rights (guaranteed minimum pension and/or section 9(2b) of the Pension Schemes Act 1993 rights) and protected rights from other registered pension schemes.

The transfer of the contracted out or protected rights will have to be held in a separate plan. This will require a separate Cater Allen bank mandate to be completed for the contracted-out or protected rights being transferred.

What investment options do I have in the Full SIPP?

There are no restrictions in principle (beyond those imposed by HM Revenue & Customs) on the investments that may be held within the Full SIPP. Your pension fund can, therefore, be invested in a wide range of investments including stocks and shares, both quoted and unquoted, funds, commercial property, loans to unconnected parties and cash deposits.

There is no UK capital gains tax on the sale of investments held in your pension fund and no additional income tax is applied to investment income received by your pension fund.

When can I take benefits?

You can take benefits at any time from age 50 (age 55 from 6 April 2010). You do not need to retire from work to take your benefits.

In what form can I receive benefits?

You will normally be able to take a tax-free lump sum (prior to age 75) of up to 25% of the value of your pension fund.

The remaining part of your pension fund must be used to provide a taxable income either by purchasing an annuity from an insurance company of your choice, or by withdrawing an income directly from your pension fund.

If the total value of the funds used to provide benefits exceed the Lifetime Allowance (£1.75m in 2009/10) you may be subject to a Lifetime Allowance Charge of up to 55% on the excess.

What happens to my pension fund if I die prior to taking benefits?

For the non protected rights benefits if you die before taking any benefits then the value of your pension fund may be available to your beneficiaries as a lump sum. Normally no income tax or inheritance tax will be payable on a lump sum paid in this way, although it will be tested against the Lifetime Allowance. Alternatively, your pension fund can be used to provide your spouse/civil partner and/or dependants with a taxable income.

For the protected rights benefits if you die before taking any benefits then if you have a spouse or civil partner on death your

protected rights must be used to provide an income to that person. If you do not have a spouse or civil partner on death then the protected rights can be paid to any nominated beneficiaries or to your estate. This may be liable to inheritance tax.

What happens to my pension fund if I die whilst in receipt of benefits?

If you die after an annuity has been purchased for you then the death benefits will be determined by the type of annuity you selected and its terms and conditions.

If you die before age 75 whilst withdrawing an income from your pension fund then the value of your pension can be used to provide a taxable income to your spouse/civil partner and/or dependents or it can be paid as a lump sum to your beneficiaries (subject to tax at 35%). Normally, no inheritance tax is payable on the lump sum. The option of a lump sum payment is not available from the protected rights benefits if you have a surviving spouse or civil partner.

If you die aged 75 or over whilst withdrawing an income from your pension fund then your pension fund must be used to provide an income for your spouse/civil partner and/or dependants. If there is no surviving spouse/civil partner or dependant then any remaining fund can be paid (tax-free) to one or more charities that you had nominated prior to your death.

All other lump sum payments will be treated as unauthorised payments and will therefore suffer tax charges of up to 70%. Inheritance tax may also be payable as your pension fund will be treated as forming part of your estate.

How will charges and expenses affect my pension fund?

Details of the charges that we will levy are contained in the Member's Guide to Services and Fees. In addition to these fees, your pension fund could incur other charges, including:

- charges levied by fund managers and other investment providers that you choose to use,
- underlying collective investment fund fees and expenses, and
- fees and charges associated with the purchase and holding of a property (e.g. solicitor's fees, property management fees).

These charges will affect your investment returns.

How much will advice cost?

We do not give investment or financial advice. If you wish to receive advice from a financial adviser then they will give you details of the cost of their advice.

We provide an 'adviser remuneration' facility to allow the cost of financial advice to be paid out of your pension fund. Any such payments will require your prior written authority.

How are complaints dealt with?

If you have a complaint about the Full SIPP then you should contact (in writing, by fax, email or telephone):

**Client Servicing and Support Manager
Alliance Trust Savings Limited
PO Box 164
8 West Marketgait
Dundee DD1 9YP**

**Tel: 01382 573600
Fax: 01382 200681**

**Email: sippservicing@alliancetrust.co.uk
www.alliancetrust.co.uk**

A complaint may be made by you or on your behalf by another person, provided that person has written authority from you to make the complaint on your behalf.

A leaflet giving more information on how we handle complaints is available on request.

Where can I find further information on compensation arrangements?

The Full SIPP is covered by the Financial Services Compensation Scheme (FSCS). Should any part of your pension fund fail and not be able to repay the amounts due in respect of those deposits or investments then we may be able to make a claim on behalf of your pension fund against the FSCS. The maximum amount of compensation that your pension fund could receive from the FSCS would be £48,000 for any investments and £50,000 for any deposits.

More information on the FSCS can be found at www.fscs.org.uk or by telephone on 020 7892 7300.

Where can I get other information about the Full SIPP?

Further information about the Full SIPP is available from:

**Ref: Full SIPP
Alliance Trust Savings Limited
PO Box 164
8 West Marketgait
Dundee DD1 9YP**

**Tel: 01382 573600
Fax: 01382 200681**

**Email: sippservicing@alliancetrust.co.uk
www.alliancetrust.co.uk**

Please retain this document for reference purposes. It is issued by Alliance Trust Savings Limited and is based on our understanding of how the law applies at 6 April 2009. There may be subsequent changes. Contractual terms may have to be changed in response to legislative, regulatory and business conditions. In order to comply with our legal and regulatory obligations, we may be required from time to time to apply additional or alternative conditions in relation to applications for membership or continued membership, either generally or in respect of particular applicants.



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ALLIANCE TRUST ASSET MANAGEMENT

ALLIANCE TRUST PLC

ALLIANCE TRUST SAVINGS

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