

# Select SIPP

## Key Features of the Alliance Trust Savings Select 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 to help you make these decisions
- To enable you to obtain a pension by withdrawing an income directly from your pension 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 Select SIPP
- To provide you with an option to phase your retirement by taking benefits in stages
- To provide you with the option to hold protected rights and non-protected rights in your Select SIPP

### Your Commitment

- There is no commitment on your part to make any contributions to the Select SIPP after the Select SIPP is established and you can stop making contributions at any time without penalty
- On establishment you will be required to make at least the minimum payment or transfer amount into the Non-Protected Rights Account if you are opening a Select SIPP (Protected Rights) Account
- Pensions are a long-term investment. You will only be able to take benefits from the Select 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 to provide you with benefits until you are at least age 55.

### Risk Factors

- The value of investments in your Select SIPP, and any income from them, may go up or down
- The benefits you receive may be lower than expected and you may not receive the amount you originally invested in the form of benefits. 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
- Taxation may change in the future, affecting the taxation of your Select SIPP contributions paid and benefits to be taken
- If you exercise your right to cancel (see Can I cancel my application?), you will not receive a full refund if the value of your pension investments falls before notice of cancellation is given
- Charges may be increased in the future
- The Select 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 Select SIPP is invested.

#### What is a Select SIPP?

A Select SIPP is a SIPP that allows you to invest in a wide range of investments available through our own dealing service. You can also hold cash on deposit. You can make your own investment decisions, or you can appoint a financial adviser of your choice.

#### What are protected rights?

The term which is used to describe monies accumulated from contracting out of the second state pension.

#### What is a Child SIPP?

A Child SIPP is a Select SIPP which can be opened for a child under the age of 18.

#### What is the Alliance Trusts' Pension Plan?

The Alliance Trusts' Pension Plan (the Scheme) is the pension scheme through which the Select SIPP and the Child SIPP are made available. It is an 'appropriate personal pension scheme', but it cannot be used to contract out of the State Second Pension. It can, however be used to accept transfers of contracted out entitlements.

Your rights under the Select SIPP and Child SIPP are determined by the relevant provisions of the Trust Deed and Rules of the Scheme, and our Terms and Conditions

Alliance Trust Savings is the provider, trustee and administrator of the Scheme.

The Scheme is registered with HM Revenue and Customs as a Pension Scheme (tax reference number 00605756RK).

### Is the Select 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 Select 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 Select SIPP then a stakeholder pension may be more appropriate for you.

### Who can have a Select SIPP?

You can have a Select 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 a Select SIPP.

### How do I apply for a Select SIPP?

In most cases you can apply online at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk). You may also apply by post by completing a Select SIPP Application Form which is available from the Literature Centre on our website or by calling your Client Services Team.

### How do I apply for a Child SIPP?

The parent or legal guardian can apply for a Child SIPP by post by completing a Child SIPP Application Form which is available from the Literature Centre on our website at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk) or by calling your Client Services Team.

A Child SIPP is administered and treated by us in the same way as a Select SIPP except that a Child SIPP cannot hold protected rights. All references in this document to a Select SIPP also include a Child SIPP.

### Can I cancel my application?

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.

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 for the first time.

If the value of any investments purchased falls before notice of cancellation is given by you, you will not get back the full amount invested.

### Who can make a contribution to your Select SIPP (non-protected rights)?

Contributions can only be made to a Select SIPP non-Protected Rights Account.

Anyone, including your employer, can contribute to your Select SIPP. 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.

You cannot apply contracted out minimum contributions to your Select SIPP.

No contributions can be made to a Protected Rights Account.

### How much can I contribute to my Select SIPP?

There is no limit on the amount that you, or your employer, can contribute to your Select SIPP within any one tax year. However, there is a limit on the amount of tax relief that you can obtain on your personal contributions. Tax relief (at your marginal rate of income tax) 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 (£255,000 in 2010/11), then you may be subject to an Annual Allowance Charge of 40% on the excess.

### How do I contribute into my Select SIPP?

Your Select SIPP offers a flexible range of methods for you to make contributions, so you may choose the most convenient method for you.

#### Direct Debit

You can arrange for regular payments into your Select SIPP by Direct Debit. These can be set to be monthly or quarterly and we

offer a choice of collection dates within the month for your convenience. You may choose to have your Direct Debit collected on 1st, 8th, 15th or 22nd of the month.

To set up a Direct Debit you can either use the *Manage My Account* section of *Alliance Trust Online* or complete a Direct Debit Instruction. Copies are available from the Literature Centre at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk) or by calling your Client Services Team

#### Cheque

You can pay into your Select SIPP by cheque at any time. To make a cheque payment, you should make the cheque payable to Alliance Trust Savings Limited and send it to us attached to a completed Instruction Form. Our standard Instruction Form is available from the Literature Centre at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk) or by calling your Client Services Team.

#### Debit card

If you use our Online or Real Time Telephone Dealing services you can also pay into your Account using your debit card.

### Can I transfer from other pension schemes to my Select SIPP?

Yes. You may be able to transfer from another registered pension scheme to your Select SIPP.

A Select SIPP is able to receive entitlements that relate to contracting out.

Any part of a proposed transfer that relates to these entitlements will be transferred to us, and held in a separate Protected Rights Account.

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

### What investment options do I have in my Select SIPP?

Your Select SIPP allows you to invest in a wide range of investments that are available through our dealing service including: funds, equities (including investment company shares and those listed on AIM), gilts, other fixed interest securities. You may also hold cash on deposit.

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

## When can I take pension benefits?

You can take pension benefits at any time from age 55. You do not need to retire from work to take your benefits.

## In what form can I receive pension 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 Select SIPP.

The remaining part of your Select SIPP 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 Select SIPP.

If the total value of the funds used to provide benefits exceed the Lifetime Allowance (£1.8m in 2010/11) you may be subject to a Lifetime Allowance Charge of up to 55% on the excess.

Detailed information on receiving pension benefits can be found in the Taking Pension Benefits Guide.

## What happens to my Select SIPP 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 Select SIPP 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, then either:

- the value of your Select SIPP can be paid as a lump sum to your beneficiaries (subject to tax at 35%), or
- it can be used to provide a taxable income for your spouse/civil partner and/or dependants

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 Select SIPP (non-Protected Rights) then it 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 amount can be paid (tax-free) to one or more charities that you nominated prior to your death

All other lump sum payments, if permitted, will be treated as unauthorised payments for tax purposes and will therefore suffer tax charges of up to 70%. Inheritance tax may also be payable as your Select SIPP will be treated as forming part of your estate.

## How will charges and expenses affect my Select SIPP?

Details of our charges are contained in the Table of Charges which is available in the Literature Centre of our website at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk) or by calling your Client Services Team.

In addition to these charges, if you invest in any collective investment, you will also pay charges inherent in that investment.

These charges will affect your investment returns.

## Where can I get advice?

We do not give investment or financial advice. If you wish to receive advice from a financial adviser you can appoint one and agree details of their fees with them.

## What formal documentation is there for the Alliance Trusts' Pension Plan?

Disclosure regulations require us to make available to you the legal documentation which established the Alliance Trusts' Pension Plan (the Scheme). The documentation is available on request from your Client Services Team and consists of the Trust Deed and Rules of the Scheme and the Select SIPP contract.

These documents established the Scheme, and are the authority by which we act as the trustee of the assets held in the Scheme.

## What information will I receive from you?

Once you have applied for a Select SIPP and it has been processed and accepted you will receive a Welcome Pack which will include the following information:

- a letter acknowledging and accepting your application
- an Instruction Form which you can use to inform us of future transactions
- the Alliance Trust Savings Handbook
- our Terms and Conditions
- our Order Handling Policy
- our Conflicts of Interest Policy
- a Cancellation Notice

You will also receive separately in the mail a Personal ID and Personal Identification Number (PIN), which together will allow you access to our online and telephone services.

In the event that there are any changes to the information we have provided you we will notify you .

We also will send you quarterly valuations and transaction statements, and you can check the value of your Select SIPP at any time if you use *Alliance Trust Online*.

Each year you will receive an illustration of what you may receive when you take pension benefits. Alternatively if you are withdrawing an income, you will receive an annual illustration which shows you the likely effect of future withdrawals.

The amounts provided in each of these illustrations are not guaranteed.

## The Law

In the unlikely event of a legal dispute the law of England will prevail in all cases.

## How are complaints dealt with?

We aim to provide you with excellent service but in the event of a complaint about your Select SIPP you can contact us either by writing, email, telephone, fax or in person. The contact details for complaints are:

**Assistant Operations Manager  
Service Quality Team  
Alliance Trust Savings Limited  
PO Box 164  
8 West Marketgait  
Dundee  
DD1 9YP**

**Tel: 01382 573737**

**Fax: 01382 321183**

**Email: [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)**

Any complaint can be made by you or on your behalf by another person provided that person has your written authority to do so. A leaflet giving more information on how we handle complaints is available from the Literature Centre at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk) or by calling your Client Services Team.

If you are not satisfied with the way that we answer your complaint and would like to proceed further you can contact the Financial Ombudsman Service by writing to:

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

**Tel: 0845 0801800**

You may also contact the Pensions Advisory Service by writing to:

Pensions Advisory Service  
11 Belgrave Road  
London  
SW1V 1RB

**Tel: 0845 601 2923**

Should the Pensions Advisory Service be unable to resolve the complaint, then the matter may be referred to:

The Pensions Ombudsman  
11 Belgrave Road  
London  
SW1V 1RB

**Tel: 0207 834 9114**

Making a complaint will not affect your right to take legal proceedings

## Where can I find further information on compensation arrangements?

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £50,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £50,000 each (making a total of £100,000). The £50,000 limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim) please refer to the FSCS website or call 0800 678 1100.

## Where can I get more information about my Select SIPP?

Further information about the Select SIPP is available on our website at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk) or by contacting us at:

**Alliance Trust Savings Limited  
PO Box 164  
8 West Marketgait  
Dundee  
DD1 9YP**

**Tel: 01382 573737**

**Fax: 01382 321183**

**Email: [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)**

**Web: [www.alliancetrust.co.uk](http://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 2010. 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.



This literature is printed on paper made from trees grown in sustainably managed forests.

**Alliance Trust Savings Limited** PO Box 164, 8 West Marketgait, Dundee DD1 9YP

**Tel** +44 (0)1382 321000 **Fax** +44 (0)1382 321183 **Email** [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk) **www.alliancetrust.co.uk/alliancetrustsavings**