Select SIPP

Key Features of Income Withdrawal

Its Aims

The aims of income withdrawal are:

- To enable you to take a tax free lump sum (prior to age 75) and an income from your Select SIPP without purchasing an annuity
- To enable you to continue to manage the investments in your Select SIPP whilst taking an income from it
- To allow you to purchase an annuity at any time in the future

Your Commitment

- The income you can withdraw will depend on your age and the value of your Select SIPP
- You are free to purchase an annuity at any time

Risk Factors

- Income withdrawal may not be suitable for you. If you need advice, you should consult an independent financial adviser
- If you exercise your right to cancel, you will need to repay any tax free cash and/ or income received
- The value of your Select SIPP may be eroded, especially if the investment returns are poor and a high level of income is taken. This could result in a lower income in the future
- When maximum withdrawals are taken, high levels of income may not be sustainable
- The investment returns may be less than those shown in illustrations issued to you
- Annuity rates may go down in the future
- The maximum income that can be withdrawn after age 75 is significantly less than the maximum that applies before age 75
- The taxation of income withdrawal may change in the future, affecting the income you receive and / or any death benefits payable
- The taxation of death benefits is complex. Significant tax charges may apply, especially if you die aged 75 or over
- 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

Your Questions Answered

What is income withdrawal?

Income withdrawal allows you to obtain pension benefits in the form of a tax free lump sum (prior to age 75) and an income directly from your Select SIPP, without purchasing an annuity.

Under income withdrawal there are two options:

Prior to age 75 – Unsecured Pension

This allows your Select SIPP to remain invested as you withdraw an income. You can choose the level of income required, subject to a maximum annual limit. The maximum annual limit is based on 120% of a single life annuity, which could have been bought by your unsecured pension fund. The minimum income is zero. The maximum income limit is reviewed every five years although you can request for the maximum income limit to be recalculated on any of the anniversary dates.

From age 75 – Alternatively Secured Pension

This operates in a similar way to the unsecured pension option although the maximum annual income limit is lower than the unsecured pension maximum. The maximum annual limit is based on 90% of a single life annuity for a 75 year old, regardless of your actual age. There is also a minimum income requirement limit of 55%. The income limits are recalculated annually.

Your unsecured pension will automatically become an alternatively secured pension at age 75, unless you choose to purchase an annuity.

Alternatively secured pension is not availalable from the protected rights fund.

When can I take pension benefits?

You can take pension benefits (enter income withdrawal) at any time from the age of 55, even if you have not retired. If you are considering taking a tax free lump sum, you must take pension benefits before age 75.

Can I cancel my application to take income withdrawal?

Yes. Once your income withdrawal 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.

These cancellation rights only apply to your initial income withdrawal application. If a tax free lump sum and /or income has been paid out, this must be fully repaid before income withdrawal can be cancelled.

How frequently can I receive income payments from my Select SIPP?

You can receive payments monthly, quarterly, six monthly or annually. Further information on income payments is available in the ***Taking Pension Benefits Guide*** which is available from the ***Literature Centre*** on our website, or on request from your Client Services Team.

Can I make contributions to my Select SIPP if I am withdrawing an income?

Yes. Contributions that you make will be added to your existing Select SIPP Account. You will be entitled to take pension benefits from the part of your Select SIPP from which you are not withdrawing an income.

Can I transfer an unsecured pension fund or alternatively secured pension fund to / from another pension provider?

Yes. However, the cash and investments you are transferring cannot be added to any existing pension fund from which you are withdrawing benefits.

Do I have to use all my Select SIPP to provide an income?

No. You can use all or part of your Select SIPP to provide an income and can take pension benefits in stages. You must, however, take pension benefits using your entire fund by your 75th birthday.

Are income withdrawal payments taxable?

Yes. Income received is taxed as earned income. We will pay income net of basic rate tax, unless we are otherwise notified by HM Revenues & Customs (HMRC).

When I take pension benefits will this trigger a test against the lifetime allowance?

Yes. Further information on this can be found in our ***Taking Pension Benefits Guide.***

What happens if there is insufficient cash in my Select SIPP to make an income payment?

It is your responsibility to ensure that there is sufficient cash held in your Select SIPP to make any payments to you. If there is insufficient cash to make a payment, we will write to inform you.

If you are withdrawing an income under the alternatively secured pension rules you must withdraw the minimum income. If you do not provide sufficient cash we may sell your ivestments to ensure that your minimum income withdrawal can be made.

What happens if I die when withdrawing an income from my Select SIPP?

Death benefits from an unsecured pension fund

If you die before age 75 whilst withdrawing an income from your Select SIPP (non-protected rights) then the value of your Account can be paid as a lump sum to your beneficiaries (subject to tax at 35%) or can be used to provide a taxable income for your spouse, civil partner and / or dependants. You can do this by completing an ***Expression of Wish Form.***

The option of a lump sum payment is not available from the protected rights benefits if you have a surviving spouse or civil partner.

Death benefits from an alternatively secured pension fund

If you die aged 75 or over whilst withdrawing an income from your Select SIPP (non-protected rights) then your Account 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 (or payments to such individuals cease) then any remaining fund can be paid (tax-free) to one or more charities. You can nominate, during your lifetime, which charities you would like to benefit in the event of your death.

You can do this by completing a ***Death Benefits Nomination Form.***

All other death benefit payments, if permitted, will be treated as unauthorised payments and will therefore suffer tax charges of up to 70%. Inheritance tax may also be payable as the remaining assets 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*** 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.

How much will advice cost?

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

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

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*** 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 the Select SIPP?

Further information about the Select SIPP (including the ***Alliance Trust Savings Select SIPP Key Features*** document and ***Alliance Trust Savings Handbook***) is available from:

Alliance Trust Savings Limited
PO Box 164
8 West Marketgait
Dundee
DD1 9YP
Tel: 01382 573737
Fax: 01382 321183

Email: contact@alliancetrust.co.uk
Web: www.alliancetrust.co.uk

The Literature Centre on our website is the easiest way to get online access to all our communications.

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.

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