alliancetrust

# Select Pension

## Key Features of the Select Pension

### 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 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 Select Pension and you can stop making contributions at any time without penalty.
- Pension investment is a long-term investment and you will only be able to take benefits from the Select Pension 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.
- Taxation may change in the future, affecting the taxation of your pension fund, contributions paid and benefits to be taken.
- If you exercise your right to cancel (see page 2), you will not receive a full refund if the value of your pension fund's investments falls before notice of cancellation is given.
- Charges may be increased in the future.
- The Select Pension 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 Select Pension?

The Select Pension is part of the Alliance Trusts' Pension Plan, which 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 manage the fund yourself or you can appoint a financial adviser of your choice.

The Alliance Trusts' Pension Plan is not an 'appropriate personal pension scheme', so it cannot be used to contract out of the State Second Pension.

Your rights under the Select Pension are determined by the relevant provisions of the Trust Deed and Rules of the Alliance Trusts' Pension Plan and the contractual terms of the Select Pension.

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

## Who can have a Select Pension?

You can have a Select Pension 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 Select Pension.

## Who is eligible to make a contribution to the Select Pension?

Anyone can contribute to the Select Pension, 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 Select Pension?

To apply for a Select Pension 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 Select Pension Handbook, the Contractual Terms and the separate Charges Schedule.

## 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.

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.

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 Select Pension?

There is no limit on the amount that you, or your employer, can contribute to the Select Pension 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 (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 the total contributions paid by you and your employer to all registered pension schemes exceed the Annual Allowance (£235,000 in 2008/09) then you may be subject to an Annual Allowance Charge of 40% on the excess.

## Can I transfer from other pension schemes to the Select Pension?

Yes. You may be able to transfer from another registered pension scheme to the Select Pension. The Select Pension is unable to receive entitlements that relate to contracting-out. This part of the transfer must remain with the existing scheme or be paid to another pension scheme that has the ability to accept it.

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 the Select Pension?

The Select Pension allows you to invest in over 3,000 investments that are available through our dealing service: equities (including investment company shares and those listed on AIM), gilts, other fixed interest securities and open-ended funds.  You can also hold cash on deposit.

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 (£1.65m in 2008/09) 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?

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.

## 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 fund 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.

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 Charges Schedule for the Select Pension.  In addition to these charges, you will also pay the charges inherent in any collective investment in which you choose to invest.

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.

## How are complaints dealt with?

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

**Customer Services Manager**
**Alliance Trust Savings Limited**
**PO Box 164**
**Meadow House**
**64 Reform Street**
**Dundee, DD1 9YP**
**Tel: 01382 201900**
**Fax: 01382 202250**
**Email: contact@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 Select Pension 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 £35,000 for any deposits.

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

# Your questions answered

## Where can I get other information about the Select Pension?

Further information about the Select Pension is available from:

**Alliance Trust Savings Limited**
**PO Box 164**
**Meadow House**
**64 Reform Street**
**Dundee**
**DD1 9YP**
**Tel: 01382 201900**
**Fax: 01382 202250**
**Email: contact@alliancetrust.co.uk**
**Web: 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 2008. 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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