



Key Features of the James Hay Partnership SIPP

(Closed to new business)

 20 minute read

Important information you need to read and understand before you invest



The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, James Hay Partnership, to give you this important information to help you to decide whether our James Hay Partnership SIPP (Partnership SIPP) is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.



What you should know before you invest

What is the purpose of this document?

This Key Features Document, along with your Key Features Illustration, gives you a summary of information to help you decide if you want to invest in the Partnership SIPP, and whether the Partnership SIPP is right for you.

What is the Partnership SIPP?

The Partnership SIPP is a type of registered pension scheme known as a Self Invested Personal Pension (SIPP). It is a long-term, tax efficient savings plan designed to help you invest for your retirement. It offers a wide choice of investments and a variety of options for taking retirement benefits.

Is the Partnership SIPP a Stakeholder Pension?

No. The Partnership SIPP is not a Stakeholder Pension. Stakeholder Pensions are low cost pension plans with limited investment options. The Government sets minimum standards, for example, in relation to costs and contribution levels, which Stakeholder Pensions are required to meet. A Stakeholder Pension may meet your needs at least as well as the Partnership SIPP.

Key features of the Partnership SIPP



Its aims

The aim of a pension product is to build up a pension fund in a tax efficient way for your retirement.

The aim of the Partnership SIPP is to provide a flexible pension arrangement, which can be tailored to suit changes to your lifestyle such as your employment status, your income and your family circumstances.

The Partnership SIPP offers you complete control over where and when you invest.



Your commitment

Before opening a Partnership SIPP, in conjunction with your FCA regulated financial adviser (adviser), you should consider whether you have sufficient investment experience and are prepared to be responsible for making decisions about how your money is invested during the time that your Partnership SIPP is open.

You will need to:

- make at least one payment into your Partnership SIPP which could be a transfer from an existing pension you hold or a contribution from you or your employer
- be prepared to keep your money invested and not have access to it, normally until at least the normal minimum pension age (NMPA) in the UK
- pay the charges set out in the Partnership SIPP Charges Schedule
- regularly review your investments and the amount you contribute.



Understanding the risks

There are risks associated with investing your money via a Partnership SIPP which, depending on how they are managed, could affect the level of benefits (income and cash lump sums) you will be able to take in the future. These are detailed below. You may be able to reduce the impact of some of the risks, as you are able to control:

- the amount you put in
- the investments you select
- when you choose to take benefits
- the way in which you take benefits.

However, other factors that contribute to the different risks involved in having a Partnership SIPP may be outside of your control. For example, the Government may change the tax rules applicable to SIPPs and this could affect:

- the level of tax relief you receive on your contributions
- the amount of tax you pay on your investments
- the taxation on the benefits you take from your Partnership SIPP.

To understand the risks associated with investing via a Partnership SIPP and how the level of benefits you will eventually receive may be affected, we strongly suggest you read on.

Applying for the Partnership SIPP

If you open a Partnership SIPP and later change your mind and choose to cancel it, you may get back less than you paid in. Please refer to the SIPP Terms and Conditions for further information, which is available on our website at www.jameshay.co.uk.

Transferring investments in

If you sell your assets in an existing pension and transfer cash into your Partnership SIPP, you will be 'out of the market' and not get the benefit of any investment increases whilst the transfer is being processed.

If you transfer existing pension funds into your Partnership SIPP from another registered pension scheme:

- you may give up valuable pension rights or guarantees that are not offered by the Partnership SIPP
- the existing pension provider may apply a penalty charge which could reduce the value of your pension fund.

Investing your money in your Partnership SIPP

The value of your investment can fluctuate up and down and it's possible that you may get back less than the amount you originally invested.

Depending on the type of investments you choose to invest in, there will be different risks that will affect the value of your investment. For example:

- foreign investments will be affected by changes in the rate of currency exchange
- investments in stocks and shares will be affected by fluctuations in the stock market
- cash deposits will be affected by changes in interest rates.

For further information on the risks that are specific to a particular investment, please read the Guide to Investment Risk available on our website at www.jameshay.co.uk or speak to your adviser.

If the returns on your Partnership SIPP investments are poor, they may not cover the level of charges applied and the value of your Partnership SIPP could significantly reduce in value over time. You should regularly review the performance of your chosen investments to check that they remain suitable for providing you with the benefits you require in the future.

Not all your investments may be protected by the Financial Services Compensation Scheme (FSCS). The FSCS provides financial compensation to investors in the event of the failure of a financial institution. To understand how this may affect your Partnership SIPP, please see the 'Other useful information' section on page 13 of this Key Features Document.

Taking benefits from your Partnership SIPP

The value of your Partnership SIPP and the benefits it provides are not guaranteed. Its value will depend on a number of factors including:

- what you have paid in
- how your investments have performed
- the charges that have been deducted.

The level of benefits you can take will depend on:

- the value of your Partnership SIPP
- whether you are able to sell your investments (e.g. it might take time to sell a commercial property)
- how much tax you have to pay on your income
- current annuity and interest rates if you decide to use your Partnership SIPP funds to buy a lifetime annuity.

High levels of inflation could reduce the value of your pension in real terms.

Withdrawing high proportions of money from your Partnership SIPP is unlikely to be sustainable for a long period. Therefore you should carefully plan your withdrawal strategy and regularly review the level of benefits you are taking, to ensure they remain sustainable.

Any income withdrawals you take from your Partnership SIPP are classed as income and therefore you may pay tax on these withdrawals. For further information on the taxation of withdrawals, please refer to the SIPP Technical Guide which is available on our website at www.jameshay.co.uk.



Questions and answers

Is the Partnership SIPP the correct product for me?

The Partnership SIPP may be right for you if you are looking to:

- build a pension fund for retirement in a tax efficient way
- access a wide variety of investment options and services that can be varied to suit your changing needs
- have joint control and responsibility over your Partnership SIPP by acting as a co-trustee with our trustee company.

Who can take out a Partnership SIPP?

Through the services of an adviser, you can take out a Partnership SIPP if you are:

- over 18
- not a US Person or resident of the US for tax purposes
- not an undischarged bankrupt.

You can take out a Partnership SIPP for a child under the age of 18 if you are the parent or legal guardian.

What are the duties and responsibilities of a co-trustee?

The Partnership SIPP is written under trust and our trustee company acts as a trustee. You, as the member of the Partnership SIPP, will also be appointed as co-trustee. As the co-trustee, you and our trustee company are the legal owners of the investments held within the SIPP.

As co-trustee, you must:

- adhere to the requirements or rules set out in the Trust Deed and Rules that govern the Partnership SIPP. A copy is available on request from us
- take responsibility for co-signing with our trustee company any investment instructions including purchases, switches or sales, or other instructions or agreements such as loan agreements, commercial mortgages or property purchases, prior to the transaction taking place
- hold and keep safe the original certificates for the investments made within the Partnership SIPP as these certificates provide the legal proof of ownership of a particular investment

Please note: The loss of a certificate could delay the sale of the investment, affect your investment strategy for your Partnership SIPP or delay the receipt of benefits from the plan.



What are the duties and responsibilities of a co-trustee? (continued)

- Avoid undertaking activities which might place your Partnership SIPP's assets at undue risk
- Act with integrity and avoid any personal conflicts of interest in your roles as both member and co-trustee.
- Consider getting external professional advice in relation to any investments of a complex nature especially where obtaining legal ownership of the investment is complicated.

You (or where you have one, your financial adviser) may be required to provide a valuation for some or all of the investments held within your Partnership SIPP on an annual basis, and additionally, when you submit a request to take benefits from your Partnership SIPP.

Who can pay contributions into the Partnership SIPP?

You, your employer (if you have one) or another third party (for example, a parent or spouse) can pay contributions into your Partnership SIPP on your behalf. The Partnership SIPP can also accept transfers from other pension arrangements you may have.

How much can I contribute?

There is no minimum or maximum contribution level although you may have to pay a tax charge on contributions over the limits as set by the government. For further details please refer to the SIPP Technical Guide.

You can pay regular or occasional contributions at any time and you can vary the amount and frequency of your contributions.

You can start contributions at any age although all contributions to your Partnership SIPP must cease by your 75th birthday.





Will I get tax relief on my contributions?

Provided you meet certain criteria set by HM Revenue & Customs (HMRC), you will receive tax relief at your highest marginal rate on contributions paid by you up to £3,600 or 100% of your relevant earnings (whichever is the higher). However, if you contribute more than the annual allowance (or money purchase annual allowance, if applicable), you will be subject to a personal tax charge that will effectively cancel out the tax relief. For further details please refer to the SIPP Technical Guide.

We will claim basic rate tax relief on your behalf from HMRC. For example, if you pay £80, we will reclaim £20 meaning the Partnership SIPP has received a total of £100.

If you pay higher rate tax, you may be able to claim extra tax relief through your self-assessment tax return.

Current levels of tax relief are not guaranteed and could be subject to changes by the Government after your Partnership SIPP has been opened.

Can I transfer pension benefits from another pension scheme to the Partnership SIPP?

You can transfer pension benefits from other registered pension schemes or Qualifying Recognised Overseas Pension Schemes (QROPS) into your Partnership SIPP. Transfer payments in the form of assets other than cash (known as in-specie transfers) can also be accepted.

There is no guarantee that transferring another pension arrangement to your Partnership SIPP will increase your total retirement benefits. There could be a number of reasons why it might not be appropriate to transfer in existing pension benefits and we strongly suggest you take financial advice if you are considering this option.

Please note: We are unable to accept any transfer from a defined benefits (final salary) or a defined contribution (money purchase) scheme that contains safeguarded benefits, unless you have received advice in relation to the transfer from a suitably qualified adviser and they have recommended that you proceed with the transfer.

What is the SIPP Bank Account?

Any money you pay into your Partnership SIPP is held in a SIPP Bank Account in the name of our trustee company, until we receive instructions to invest. Interest is paid tax free on this account, which is operated by us.

For further information on the SIPP Bank Account, please visit our website at www.jameshay.co.uk.





What can I invest in?

Through the Partnership SIPP you can invest in a wide range of investments, including collective investment funds (such as unit trusts and OEICs), investment trusts, fixed term cash deposits and notice accounts, and commercial property.

You can appoint third party investment managers to make investment decisions on your behalf, and you can open an account with a stockbroker to buy and sell stocks and shares.

You can change investments at any time, unless an investment has restrictions. These will be covered in the literature or terms and conditions for the relevant investment you or your adviser has chosen.

What are the charges?

Full details of our charges are given in the Partnership SIPP Charges Schedule, which is available on our website at www.jameshay.co.uk. You may pay charges to other parties depending on the investments you select. You may also pay charges to your adviser. These charges can be paid out of your Partnership SIPP.

Our charges are normally deducted from your SIPP Bank Account. If there is insufficient money available in your SIPP Bank Account we will ask you to either sell some investments within your Partnership SIPP or you can pay us directly.

Can I have an illustration?

Your adviser will provide you with an illustration before you make an application for your Partnership SIPP.

When can I take benefits?

You can normally start drawing retirement benefits from the NMPA in the UK, even if you are still working. The amount you receive will depend on the value of your Partnership SIPP. Please see the SIPP Technical Guide for more information.





What types of benefits can I take?

You can take your retirement benefits in a number of different ways.

- **Flexi-Access Drawdown**
You can take a tax free lump sum (known as a Pension Commencement Lump Sum or PCLS) of up to 25% of your pension fund, subject to your lump sum allowance. You can then draw a regular income from the remaining pension fund. The income you draw will be subject to tax at your marginal rate. You can vary the level and frequency of the income at any time.
- **Uncrystallised Funds Pension Lump Sum (UFPLS)**
You can take lump sums (called Uncrystallised Funds Pension Lump Sums or UFPLS) out of your pension fund on an ad-hoc basis, subject to a minimum individual withdrawal level of £1,000. If you do this, 25% of the UFPLS payment will be tax free and the remaining 75% will be subject to tax at your marginal rate.
- **Lifetime Annuity**
You can take a tax free lump sum (known as a Pension Commencement Lump Sum or PCLS) of up to 25% of your pension fund, subject to your lump sum allowance. You can then use your remaining pension fund to purchase a lifetime annuity from an insurance company. This is where the insurance company agrees to pay you a regular income for life. The income is taxed at your marginal rate.

For further details of the options and rules for taking benefits from your Partnership SIPP, please refer to the SIPP Technical Guide.

Pension Wise

Deciding what benefits to take from your pension is an important decision. We recommend that you seek appropriate guidance or advice to understand your options at retirement.

You are entitled to receive free and impartial guidance through the Government backed service called Pension Wise. The objective of the service is to empower you to make informed and confident decisions on how you use your pension savings in retirement. For further details of how to access this service, please see the 'Other useful information' section on page 13 of this Key Features Document.

The free guidance does not replace financial advice given by financial advisers.

Please note: Current tax benefits are not guaranteed. Any changes made by the Government may impact the level of your benefits when you come to take them.

What if I become ill before I retire and cannot work?

Subject to acceptable medical evidence, we may pay ill health early retirement benefits, or serious ill health benefits, in the form of a pension income or lump sum from your Partnership SIPP.

Full details of ill health benefits are given in the SIPP Technical Guide.





What happens when I die?

Your Partnership SIPP is held within a trust, which means it does not usually form part of your estate and therefore is not subject to inheritance tax.

It is important that you provide us with details of who you would like to receive any benefits payable from your Partnership SIPP on your death by completing an Expression of Wish Form and sending it to us. You can obtain one from our website at www.jameshay.co.uk. This does not bind us, but will help us decide to whom we will pay out benefits. You may wish to regularly review it as your circumstances change.

These benefits can be paid either as a lump sum or as a beneficiary's pension.

The tax treatment of these benefits will vary depending on whether you died before or after age 75. If you die before your 75th birthday, your Partnership SIPP will pass on to your beneficiaries tax-free. However, if you die after your 75th birthday, your Partnership SIPP will be taxed at your beneficiary's income tax rate.

Full details of the benefits payable on death are given in the SIPP Technical Guide.

Can I change my mind?

You have the right to cancel your Partnership SIPP. On receipt of your Partnership SIPP application form, we will send you a cancellation notice. You will have 30 days from receipt of this notice to tell us that you have changed your mind and wish to cancel your application. For further details please see the SIPP Terms and Conditions.

What other documents should I read?

We ask that you also read the Partnership SIPP Key Features Illustration provided by your adviser. In addition, you should read the:

- Partnership SIPP Charges Schedule
- Partnership SIPP Permitted Investments List
- SIPP Terms and Conditions and
- SIPP Technical Guide.

These documents provide you with more detailed information on the Partnership SIPP.

If after reading the documentation you are unclear about any aspect of the Partnership SIPP, or you are unsure whether the Partnership SIPP is right for you, we strongly suggest you speak to your adviser.





What correspondence and communications will I receive?

We will issue:

- a cancellation notice that gives you the right to cancel your Partnership SIPP (unless you have waived these rights in your application form)
- information to allow you to access the secure area of our website for you to view details of your Partnership SIPP
- an annual valuation statement for your Partnership SIPP including an illustration of projected future benefits
- other necessary correspondence depending on the day-to-day operation of your Partnership SIPP.

We will send correspondence to your adviser, apart from cancellation notices which we will send to you. The only correspondence we will send to both you and your adviser is your annual valuation statement.

Our standard methods of communication are letter, secure electronic messaging (through James Hay Online) and by telephone. We do not consider standard email to be secure and so we will not normally communicate in this way if the communication includes personal information or instructions relating to your Partnership SIPP or investments.





Other useful information

Pension Wise

The Government backed service called Pension Wise is provided by MoneyHelper. You can receive this guidance online, by telephone or face-to-face.

You can access Pension Wise on the MoneyHelper website www.moneyhelper.org.uk or call either 0800 138 3944 or 0300 330 1003 (from outside the UK +44 20 3733 3495), if you wish to use this service.

How to complain

If you wish to complain about any aspect of the service you have received, please contact the Complaints Manager using any of the methods detailed in the 'How to contact us' section overleaf.

Complaints about this product that we cannot address may be referred to the Financial Ombudsman Service.

For details of our formal complaints procedure or contact information for the organisations listed above, please see the Guide to our Complaint Procedure leaflet, a copy of which can be obtained from our website at www.jameshay.co.uk.

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

Law

The information given in this document is based on our current understanding of pension and financial services regulations and can be subject to change as tax laws and legislation may change over time.

In the event of a dispute, the law of England and Wales will apply, and by completing a Partnership SIPP application you will be agreeing to this.

Financial Services Compensation Scheme (FSCS)

The FSCS provides protection to consumers when financial services firms fail (or go bust). It is the compensation scheme for customers of UK authorised financial services firms. FSCS can compensate customers if a firm has stopped trading or does not have enough assets to pay claims made against it.

The Partnership SIPP is covered by the FSCS in the event that we are unable to meet our obligations to you regarding administration of the Partnership SIPP. The SIPP Bank Account is also separately covered by the FSCS in the event of the failure of the relevant bank itself.

Similarly, the underlying investments within your Partnership SIPP may be subject to their own protection from the FSCS in the event of the failure of the relevant investment provider. However, this will depend on the investments you select and you should seek further clarification from the investment provider or your adviser of the cover applicable to your chosen investments before investing.

For details on how we will hold any money and/or investments, and the level of protection available, please read the document available on our website at www.jameshay.co.uk called How your Money and Investments are held within James Hay Partnership Products.

For further information, please visit the FSCS website at www.fscs.org.uk.

What do I do next?

If you need advice on how to proceed, you should contact your adviser.

If you need more help or information regarding the administration or features of a Partnership SIPP, please contact us via secure message or write to us at:



James Hay Partnership, Dunn's House
St Paul's Road, Salisbury, SP2 7BF

You can call us on the number below:



03455 212 414

Lines are open from 8.30am to 5.30pm
Monday to Friday. To help us improve our
service, we may record or monitor calls.

All of our other literature named in this document can be found on our website:



www.jameshay.co.uk

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

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