

IPS CORPORATE
SIPP

THE
IPS PARTNERSHIP

Authorised and regulated by the Financial Services Authority (FSA)

“The understanding of financial growth”



Contents

About The IPS Partnership.....	3
Introduction.....	3
The Marketplace.....	4
The IPS Corporate SIPP.....	4
Attractions of the IPS Corporate SIPP.....	5
Tax Benefits.....	6
Documentation.....	6
The Investment Strategy.....	7
The Administration Process.....	7
Retirement benefits.....	8
Death Benefits.....	8
Contracting-out.....	8
Communication.....	8
Charges.....	9
Contacts.....	10

About The IPS Partnership

The IPS Partnership Plc is the Administrator of the IPS Corporate SIPP.

The IPS Partnership is a firm of pension specialists that has provided self-invested pension products for over 30 years. We are one of the largest UK companies in this market. The business has a long established reputation for providing a quality service combined with a high level of technical knowledge.

With offices in Bristol, London and Manchester, IPS provides nationwide coverage which, when combined with a commitment to the highest levels of service standards, provides an award winning combination.

The company is a wholly owned subsidiary of the IFG Group Plc, which is listed on both the London and Dublin Stock Exchanges.



Introduction

A Self Invested Personal Pension (SIPP) is a special type of personal pension, which is a contract between an individual and a pension provider.

In simple terms, the member has a tax-free trust fund in which to build up retirement benefits. Ultimate control of the investment strategy rests with the member who guides the strategy to suit their retirement objectives. A SIPP permits significant saving in a tax-free environment, with greater flexibility than other types of pensions, making it one of the most flexible tools available for arranging retirement benefits.

SIPPs combine all the tax reliefs available to pension schemes with control, flexibility and low costs. In recent years they have become a mainstream pension product for a wide range of people, including:

- People who want to make pension contributions to a private pension and avoid the high charges of traditional pension products.
- People with pension money in traditional types of schemes who want to transfer funds into an arrangement with more control and flexibility.
- People who have existing pension arrangements and want to pay additional contributions into an arrangement of their own.
- People reaching retirement age who want to benefit from a more flexible range of retirement options than those offered by more traditional types of pension arrangement.

A Corporate SIPP is a structure that allows employers to make regular contributions to an individual employee's SIPP fund through the payroll system.

The IPS Corporate SIPP has been established under a central trust. It is a Registered Pension Scheme as defined by HM Revenue and Customs (HMRC).



The Marketplace

In recent years, there has been a trend away from traditional company pension schemes, largely for the following reasons:

- Increasing costs, legislation and regulation have led to the widespread closure of defined benefit (final salary) pension schemes.
- Defined contribution (money purchase) company pension schemes are being replaced by Group Personal Pensions, which avoid the onerous responsibilities of trusteeship.
- Increasing mobility of the working population reinforces the need for a pension plan that is truly portable and avoids the financial penalties and other restrictions that have in the past tended to discourage people from changing job.

Increasing pension awareness from the consumer and the ever-growing attention pensions are receiving from politicians, coupled with the reduced role of state benefits in pension planning, reminds us that there is a growing need for bespoke pension schemes that offer:

- Low and transparent charges
- Straightforward administration
- A simple way for employers to pay contributions in bulk for their employees
- A flexible choice of investments and benefit options for the member
- True portability on switching employment

We feel that there are three factors that will lead to a development in the Corporate SIPP market over the coming years:

- The FSA's Retail Distribution Review - this will spell an end to the high levels of commissions that have been paid traditionally by insurance companies to IFAs for GPP business.
- The advent of personal accounts under the Government's proposed National Pension and Savings Scheme will force employers to consider the pension provision they make available for their staff. Corporate SIPPs will therefore be one of the alternatives.
- There is still an increasing appetite for alternative retirement savings options, due to the volatility and performance of investment markets.

Corporate SIPPs are likely to be suitable for second tier employees, where senior management have individual SIPPs with bespoke portfolios, the second tier of management has a Corporate SIPP with Discretionary Fund Manager options, and the third tier, which represents the rest of the staff, will use a GPP, Stakeholder or personal accounts.



The IPS Corporate SIPP

The IPS Corporate SIPP is a Group Personal Pension designed to compete with a standard insurance company GPP. IPS partners with Discretionary Fund Managers who provide the fund management services.

The Discretionary Fund Manager will have a range of discretionary managed funds to cover different risk profiles e.g. low, medium and high risk. Members will select the fund they wish to use as part of the application process.

Distribution is via Independent Financial Advisers only who provide advice to the employer and employees. The product is presented to the employer who will then make it available to their employees.

The product is charged on a flat fee basis with fund management charges and adviser's remuneration in addition. It is aimed at groups of 20 members or more.

The IPS Corporate SIPP offers all the advantages of a SIPP to employees. This is how it works:

- IPS is appointed by the employees to provide administration services for an agreed fee.
- The employer decides on the level of its own contribution to the Corporate SIPP. There is no open-ended commitment, and there can be different contribution rates for various categories of member. If the IPS Corporate SIPP is to be treated as an alternative to the Government's personal accounts from April 2012, the contribution level will have to be at least equivalent to the Personal Accounts criteria (for example, a contribution rate of 8% of banded earnings with a minimum of 3% paid by the employer).
- The employer decides on the level of contributions, if any, to be paid by the employees. The employees can choose to pay additional contributions if they wish.
- The employees, with the advice of their financial adviser if required, can choose the investment strategy and options that suit their attitude to risk and retirement objectives.
- Investment services are provided by the appointed Discretionary Fund Manager with options for different discretionary investment services.

An IPS Corporate SIPP incorporates all the features of a Group Personal Pension plan and can replace totally an existing Group Personal Pension plan.



The Attractions of The IPS Corporate SIPP

To the Employer

- Tailor-made financial advice can be given to their employees on their pension planning, giving the employer confidence that the best possible benefits are being provided.
- The IPS Corporate SIPP can be provided to targeted employees and the level of contribution agreed appropriately.
- The costs of the employers retirement benefit provision is known in advance, without the open ended commitment of a final salary pension arrangement.
- Payroll and administration costs are reduced.
- The IPS Corporate SIPP offers the most flexible type of pension arrangement available.
- The services of the pension Scheme Administrator, the investment manager and the financial adviser are separated, meaning one can be changed without affecting the others, should one of the parties perform poorly.
- The scheme is available to all staff from the most senior to the most junior, with an appropriate investment strategy for each.

To the Employee

- Previous pension arrangements can be transferred into The IPS Corporate SIPP.
- The level of contribution paid is open to individual choice.

- The selected retirement age is flexible for each employee (from age 55 - 75).
- On leaving service, each employee has a choice of whether to remain in The Corporate SIPP, transfer to a full IPS SIPP with a very wide range of investment choices or transfer to an alternative pension arrangement.
- The retirement benefit options are very flexible and the most suitable choices can be taken by each employee.
- The IPS Corporate SIPP offers the investment management expertise of the appointed Discretionary Fund Manager.
- There are additional investment choices available, which may require conversion to a full IPS SIPP with a different charging structure.

To the Financial Adviser

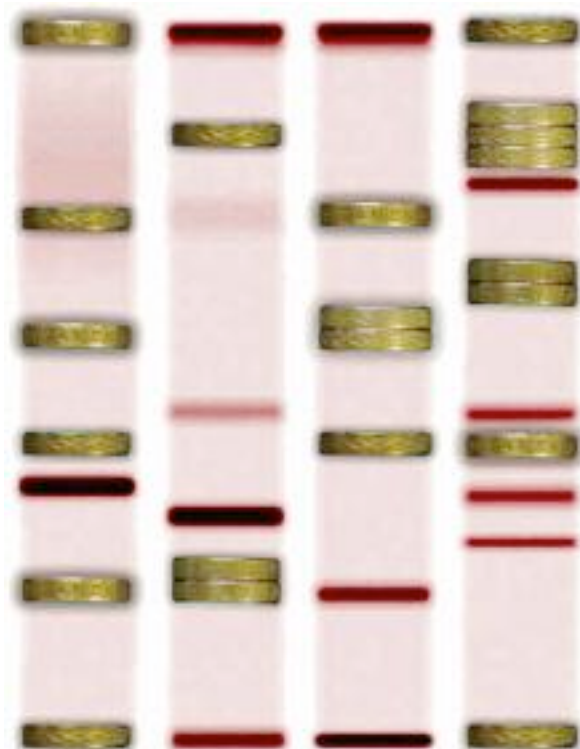
- The flexibility of The IPS Corporate SIPP allows the financial adviser to provide a tailored arrangement for each employer and their employees.
- This includes the ability to change one of the partners if their performance is unsatisfactory.
- Financial advice can be offered to all employees, from the top executives to the most junior staff.



Tax benefits

SIPPs benefit from all the tax advantages of UK Registered Pension Schemes, as well as added investment and retirement flexibility. There are a variety of tax reliefs available:

- Pension contributions attract tax relief at the individual's or employer's highest rate. For example, a basic rate taxpayer can make a contribution to a pension scheme and receive 20% tax relief on the contribution. Higher rate taxpayers receive 40% tax relief. Please note, there are restrictions on tax relief on pension contributions for those with "relevant income" of £150,000 or more.
- Salary sacrifice arrangements can be adopted in order to save National Insurance and boost pension contributions by the members.
- Investment income received by a pension scheme attracts no UK income tax (tax credits on UK share dividends cannot, however, be reclaimed).
- Capital appreciation of investments held by a pension scheme attracts no UK capital gains tax.
- On retirement, 25% of a pension fund can be paid to the member as a tax-free lump sum.
- On death before retirement, the whole pension fund may be paid as a tax-free lump sum (i.e. no inheritance tax).



Documentation

IPS will provide the following documentation for The Corporate SIPP:

1. Service Agreement

This is the agreement between IPS and the Discretionary Fund Manager for the various services and responsibilities to be carried out by each company.

2. Employer Brochure

This is the document used by the IFA to approach the employer at outset. The sales process can also include a joint presentation to the employer by the IFA, IPS and the Discretionary Fund Manager.

3. Employee Pack

These are the documents given to the employee at outset:

- Employee brochure (including Terms & Conditions)
- Application form
- Key Features Document

The Employee Pack must also include a fund information booklet which is produced by the Discretionary Fund Manager. This gives all the necessary detail of the investment fund services available, including all relevant attitude to risk information and appropriate warnings. The document will be used by the employee to decide what investment choices to make.

4. Employee Welcome Pack

These are the documents provided to each employee once they have completed their application and have been entered onto the IPS system as active members.

- Welcome letter
- Illustration
- Cancellation Notice (where cancellation rights have not been waived)

5. Anniversary pack

These are the documents provided to each employee on an annual basis at the anniversary of each arrangement.

- Covering letter
- Statutory Money Purchase Illustration (SMPI)
- Valuation



The Investment Strategy

The chosen Discretionary Fund Manager will provide the investment services for The IPS Corporate SIPP. This will be a unique offering available from that fund manager and will form the selling point of the product (i.e. to access the expert services of that manager rather than those of an insurance company).

It would be logical for the fund manager to offer a range of funds to cover different client requirements, for example a low, medium and high risk fund, but other alternatives would be possible, such as the ability to build a discretionary fund for one specific employer.

The fund manager will be able to use any asset class permitted by HMRC as a pension scheme investment when managing their portfolios.

The literature relating to the investment options and services of The Corporate SIPP must be provided by the fund manager.



The Administration Process

Once an IFA has recommended an IPS Corporate SIPP to an employer, the employee pack is provided to each relevant employee. The process then is as follows:

- The employer completes the necessary data to establish the arrangement. This is done in the form of a data file which IPS will make available. The data can be uploaded into The IPS Corporate SIPP online facility directly by the employer.
- When all completed applications have been received by IPS, the members details are converted into live members by IPS. At this point the welcome pack is issued to each employee.
- The employer can then upload data files of the contributions payable and commence payment of contributions. Again the format of the file will be provided by IPS.
- IPS will apply these details to each member and then pass the funds to the fund manager to be invested into the funds selected by each employee.
- The fund manager will provide IPS with a regular data file of member valuations. The file must be in a format which complies with IPS's requirements. The file is uploaded to the online system allowing records to be kept up to date and for the employees and financial advisers to access details online.
- IPS will arrange for tax to be reclaimed on all personal contributions, which will also be provided to the fund manager for investment. It can take up to eight weeks for the tax reclaim to be received from HMRC.
- IPS will liaise with the fund manager to return any funds required for retirement, death or transfers-out.
- Where a member retires, IPS will transfer them to our individual SIPP system and treat them as an individual client with a branded version of our standard IPS SIPP product. Additional fees are charged for arranging retirement benefits
- Where an employee leaves and wants to transfer-out, a transfer value is paid out by returning funds to IPS and converting the member's status to non-active.
- Conversion to a full IPS SIPP is carried out on request by completion of standard documentation which is provided by IPS.
- New employees can join the scheme at any time by completing an application form.



Retirement benefits

The SIPP allows the member to choose from a full range of options when drawing retirement benefits, including the ability to commence benefits from age 55 (age 50 until 6th April 2010) onwards without financial penalty and without having to stop working. The members are free to choose the options that are best suited to their circumstances.

Up to 25% of the accumulated fund in the SIPP can be taken as a tax-free cash sum, and the remainder is used to provide a pension. The IPS Corporate SIPP is very flexible, allowing the following methods for receiving a pension:

- Purchase of an annuity
- Payment from the fund as income withdrawal, while the balance of the fund continues to be invested. This is known as Unsecured Pension before age 75 and Alternatively Second Pension from age 75.
- Benefits do not have to be taken all at once - they can be staggered to suit the member's financial requirements and to provide greater flexibility.

Death benefits

In the event of death before retirement, the full value of the fund may be paid to the member's nominated beneficiaries free of inheritance tax or as a pension for a dependant.

On death after retirement, if the member has chosen income withdrawal, the balance of the fund may be paid to nominated beneficiaries, subject to a tax charge of 35% (special arrangements apply on death after age 75). Alternatively a pension can be paid to a dependent.

Contracting out

The member can choose whether to stay in the State Second Pension (S2P), or to contract out of S2P, which means that the SIPP will reclaim part of the National Insurance Contributions from the state for investment in the SIPP along with contributions from the employer and the member. Contracting out is due to cease in 2012.



Communication

IPS will send all correspondence via the appointed financial adviser.

IPS provides the following to assist in communication with the employees:

- A booklet with terms and conditions, a Key Features Document and illustration providing information about The IPS Corporate SIPP.
- Online information for the employer, the financial adviser and the members.
- Annual benefit statements, including fund valuations and projected retirement benefits.
- The fund manager makes additional information available in accordance with their Terms & Conditions.



Charges

The costs of administration and fund management are open and transparent as follows:

- A single annual administration fee based on the number of members, which is deducted from the fund. This is subject to VAT.
- An annual management charge for investment of the assets, which is deducted from the fund by the fund manager in accordance with their terms and conditions.
- Additional fees apply in specific circumstances such as payment of retirement and death benefits, pension splitting on divorce and conversion of individual cases to full IPS SIPPs.
- Adviser's remuneration payable from the funds to the financial adviser for the financial advice provided to both employers and employees.

The annual fee charged by IPS will be dependent on the size and complexity of the case. It is not therefore possible to quote a set amount at outset, although the following scale can be used as a rough guide:

1 - 19 members: product not available

20 - 49 members: £200 plus VAT per member p.a.

50 - 99 members: £150 plus VAT per member p.a.

100 - 299 members: £100 plus VAT per member p.a.

300 members plus: £75 plus VAT per member p.a.

IPS will charge no establishment fee, but will withdraw fees on a six-monthly in advance basis.

As a result of the charging structure the product may have restrictions on minimum initial fund size and/or premium level.





10



Contacts

If you would like to find out more about The IPS Corporate SIPP service please:

Call us on:

08455 212414

Email enquires@ipspartnership.co.uk

Visit us at www.ipspartnership.co.uk

Write to us at:

The IPS Partnership Plc

Queen Square House, 18/21 Queen Square, Bristol, BS1 4NH

The IPS Corporate SIPP is offered without pensions advice. A SIPP may not be suitable for all investors. If in doubt you should consult an independent financial adviser.

The IPS Partnership Plc is the Scheme Administrator and is responsible for the maintenance and running of the scheme.

The levels of and bases of taxation can change. The value to an investor of any tax benefits will depend on that investor's tax position.

Investors should consult their own tax advisers in order to understand any applicable tax consequence.



The IPS Partnership Plc: Queen Square House, 18/21 Queen Square, Bristol, BS1 4NH, and 1 Long Lane, London EC1A 9HF
Tel: 08455 212 414