

THE

IPS PARTNERSHIP

KEY FEATURES OF THE IPS FAMILY SIPP

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The Financial Services Authority is the independent financial services regulator. It requires us, The IPS Partnership Plc, to give this important information to help you decide whether the IPS Family 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.

This document should be read together with your IPS Family SIPP illustration provided by your Financial Adviser, the booklet "The IPS Family SIPP", the Fee Structure and Terms & Conditions. This document outlines the most important things you should know about the IPS Family SIPP. Please read these documents carefully and keep them in your possession.

The IPS Partnership Plc is Authorised and Regulated
by the Financial Services Authority (FSA).

THE IPS PARTNERSHIP PLC – KEY FEATURES OF THE IPS FAMILY SIPP



WHAT ARE THE AIMS OF THE IPS FAMILY SIPP?

- For you to build up a pension fund for your retirement in a tax efficient way
- To allow you to choose from a wide range of investment opportunities to build up your pension fund
- To allow you to make joint investments with other members of your IPS Family SIPP
- To provide flexibility to cope with changes in your employment and financial circumstances
- To allow you to take benefits as a pension with the option of drawing part as a tax free lump sum when benefits commence
- To give you the option to allocate your pension fund to provide a cash sum and/or pension for your spouse or dependant(s) when you die
- To allow you to take your pension and tax free lump sum in stages, if required
- To give you an opportunity to hold funds in respect of previous contracting-out of the State Second Pension (S2P) with the aim of getting a higher pension than you would have got from the Government's S2P scheme.

WHAT ARE YOUR COMMITMENTS?

- To make a payment into your IPS Family SIPP by you or your employer on your behalf or;
- To give up your rights under any existing pension arrangements if you decide to transfer money from those arrangements to your IPS Family SIPP
- To tell us if your pension contributions to all your pension arrangements in one tax year exceed your annual earnings for that tax year
- To keep the funds in the SIPP until you can draw from them. Normally this will be age 50 (age 55 from 6th April 2010)
- To draw your lump sum benefits before age 75
- To pay fees and charges in relation to your IPS Family SIPP
- To comply with all terms and conditions agreed with us or any third parties relating to your IPS Family SIPP
- To act unanimously with the other participants in making investment decisions and arranging investments
- To fulfill the role of Trustee of your IPS Family SIPP if you wish to act as a Trustee
- The lead member fulfills no additional commitments other than to be the point of contact for us where there is no Financial Adviser acting on the scheme's behalf, or we are required to contact the members directly.

WHAT ARE THE RISKS?

- The fund and the benefits it provides are not guaranteed. They will depend on future investment performance and the financial conditions when you draw benefits
- Where a pension is taken earlier than originally intended, the benefits you receive could be less than expected
- Investment performance of the underlying assets may be worse than assumed. The value of an investment can go down as well as up, and you may not get back what you originally put in
- It may take time to realise certain assets such as property
- Annuity rates may be lower than expected at retirement
- High income withdrawals (Unsecured Pension) are unlikely to be sustainable without high investment performance
- Under income withdrawal the benefit of cross-subsidy from funds of annuitants who have died is not available as it is with an annuity
- Your personal circumstances may change, for example your IPS Family SIPP could be subject to Pension Sharing as a result of Divorce proceedings or the dissolution of a Civil Partnership, resulting in a lower pension for you
- The fund growth will depend on the performance of the investments held by your IPS Family SIPP and the charges deducted
- If you make joint investments with other IPS Family SIPP members, the Trustees may need to sell them if funds are required to pay retirement or death benefits for another member of the scheme
- If you transfer funds into or out of the IPS Family SIPP, the monies will be out of the market and you will not get the benefit of any market increases whilst the transfer is pending
- The bank which holds your SIPP cash deposits may fail. You do not have enhanced protection under the Financial Services Compensation Scheme (FSCS) as a result of us using a designated client account.

WHAT IS THE IPS FAMILY SIPP?

- The IPS Family SIPP is a self invested personal pension that operates as a Trust which is governed by a set of Rules. The Scheme is separately registered with HM Revenue & Customs
- There can be any number of members. Members do not have to be members of the same family
- You will have your own individual plan within the scheme, with the ability to make joint investments with other scheme members if you wish
- You can choose to be a named Trustee together with other members and our Professional Trustee company. A minor cannot act as a Trustee
- You direct the investment decisions from a wide range of allowable investments as permitted by HM Revenue & Customs. All investment decisions must be made unanimously by all member trustees
- All funds are held in a designated client deposit account with Barclays Bank Plc until investment instructions are given. Interest is paid tax free on this account. The account is operated by us, The IPS Partnership Plc, as Scheme Administrator
- Investment income and capital growth is tax free (tax deducted at source on share dividends cannot be reclaimed)
- Retirement and/or death benefits can be paid from the IPS Family SIPP with tax advantages.

Is the IPS Family SIPP a Stakeholder Pension?

No. Stakeholder pensions have to meet certain standards and comply with certain rules. These are mainly to do with payment levels, costs and terms and conditions. A Stakeholder pension may meet your needs at least as well as an IPS Family SIPP.

AM I ELIGIBLE?

You can have an IPS Family SIPP if you are employed, self-employed, a pensioner, a carer, in full-time education or unemployed. An IPS Family SIPP can be established for a child under the age of 18 by a parent or legal guardian.

Contributions over a fixed level can only be paid if you are self-employed or employed and have relevant earnings.

CONTRIBUTIONS

Can contributions be paid to my IPS Family SIPP?

- Yes, provided you are eligible for contributions, you and/or your employer can make contributions to the IPS Family SIPP up to age 75
- You can start contributions at any age from 18. A third party, such as a parent or grandparent, can even pay contributions on your behalf
- Contributions can be single "one-off" contributions or regular payments
- The amounts paid can vary as you determine
- Contributions can be in the form of other assets as opposed to cash (known as "in-specie"). You should take personal financial advice before making such contributions as there could be tax consequences

- Please note that you may be required to provide evidence of the source of wealth from where contributions originate. If an IPS Family SIPP is introduced by an Independent Financial Adviser, it is their responsibility to verify this.

How much can be contributed to my IPS Family SIPP each tax year?

- There is no minimum contribution level to an IPS Family SIPP
- There are maximum contribution limits on which tax relief will be granted. If total contributions to all Registered Pension Schemes, of which you are a member in any tax year, exceed this limit (known as the "Annual Allowance"), you will normally be subject to a tax charge on the excess
- Regular contributions can be stopped at any time. Your IPS Family SIPP will remain invested and ongoing fees will continue to be charged
- You or your employer can restart regular contributions at any time provided you are still eligible to contribute.

What about tax?

- Personal contributions up to the higher level of either £3,600 or 100% of your earnings receive tax relief at your highest marginal rate. Currently, we will claim basic rate tax relief (20%) from HM Revenue & Customs on your personal contributions (for example, if you pay a net contribution of £80, we will reclaim £20 meaning the SIPP has received a total of £100). It can take about six weeks for tax refunds to be received. If you pay higher rate tax, you may be able to claim extra tax relief through your self-assessment tax return although this depends on your overall earnings
- There are restrictions on tax relief for pension contributions for those with relevant income in excess of £150,000 per annum
- You should seek appropriate advice before making any contributions if you have protection against the Standard Lifetime Allowance, or are treated as a "high earner" for pension contribution tax relief purposes.

Can I contract out of the State Second Pension?

- The IPS Family SIPP cannot accept contributions from the Department of Work and Pensions (DWP) in respect of contracting out of the State Second Pension (S2P), but can accept transfers from other pension arrangements which consist of these funds, which are added to your plan. These benefits are called Protected Rights.

CAN I TRANSFER OTHER PENSION ARRANGEMENTS INTO MY IPS FAMILY SIPP?

- Yes. If you have benefits held under another Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme, you may be able to transfer these to your IPS Family SIPP to be added to your individual fund
- There is no guarantee that transferring another pension arrangement to your IPS Family SIPP will increase your total retirement benefits
- The IPS Family SIPP can accept transfer payments in the form of assets other than cash (known as "in-specie" transfers).

- The IPS Family SIPP can accept transfers of benefits which relate to contracting out of the State Second Pension (S2P) – formerly known as the State Earnings Related Pension Scheme (SERPS). These contracted-out funds include Protected Rights, Guaranteed Minimum Pension or Section 9(2B) Rights.

Can I transfer out of my IPS Family SIPP?

- You can transfer all or part of your IPS Family SIPP fund to another Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme. We charge a fee for work involved with this which is not a penalty. You may, however, incur costs or surrender charges depending on the terms and conditions of each investment you hold within your IPS Family SIPP. We can only make a transfer to the Administrator/trustees of the receiving scheme
- You will need to consider any joint investments in which you participate with other scheme members that may need to be sold beforehand. It may be possible to transfer out in-specie
- Your Protected Rights (if any) held by your IPS Family SIPP can only be transferred to another scheme which can accept contracted-out benefits
- The IPS Family SIPP is closed once the last member has transferred their fund out
- You should seek financial advice before considering any transfer, whether into or out of an IPS Family SIPP.

WHAT CAN I INVEST IN?

- A full list of permitted investments is in our booklet, "The IPS Family SIPP"
- You can invest privately using your own individual plan or you can pool investments jointly with other scheme members
- Investment requests are made to the Trustees
- All investment decisions must be made unanimously by all Trustees of the IPS Family SIPP
- You may direct the investment decisions with the help of your Financial Adviser
- If no investment decisions are given, your fund will remain in cash with Barclays Bank Plc
- You can change investments at any time although pooled investments will require all Trustees to agree to the change.

HOW IS MY PENSION INCOME PAID?

- Your pension income will be subject to income tax which is paid through PAYE either operated by us, The IPS Partnership Plc or via your annuity provider if you opt for an annuity
- Pension income is not subject to National Insurance Contributions.

WHAT ARE MY RETIREMENT OPTIONS?

- You can normally start drawing retirement benefits from age 50 (age 55 from 6th April 2010), even if you are still working
- There is a maximum limit to the value of all your accumulated pension funds known as the Lifetime Allowance. If this is exceeded when you commence retirement benefits, the excess will be subject to tax charges
- Up to 25% of the accumulated fund can be taken as a tax free lump sum. This must be taken by age 75.
- There are choices for payment of your pension income:

Before Age 75:

1. Conversion of your fund to an annuity with an insurance company. The level of pension paid via an annuity is determined by the specific terms of the annuity and annuity rates at the time it is purchased.
2. Payment from the IPS Family SIPP fund as income withdrawal (also known as Unsecured Pension), where the level of pension is based on government rates linked to market annuity rates for your age. The government rate is applied to your final fund value to produce a basis pension. The basis pension is reviewed every 5 years. Up to age 75, you can draw between zero and 120% of the basis pension each year.
3. Payment from the IPS Family SIPP fund as Scheme Pension. The level of pension is calculated by the Scheme Actuary, who is appointed by us and is determined by factors such as your life expectancy and attitude to risk. It is possible to fix your Scheme Pension for ten years, even if you die in the meantime, with payments being made to your beneficiaries. Scheme Pension can only be selected where you have been offered the option of an annuity and must not be seen as a device to avoid tax on death. Please also note that where Scheme Pension is being paid to more than one member and a member's pension is required to be reduced, all other members' Scheme Pensions must also be reduced by the same proportion.

After 75:

1. Annuity as described above.
 2. Payment from the IPS Family SIPP fund as income withdrawal which is known as Alternatively Secured Pension. You can draw between 55% and 90% of the basis pension for a 75 year old and this is reviewed annually.
 3. Scheme Pension as described above.
- At retirement, not all the benefits have to be taken at once. the IPS Family SIPP can be divided into 'arrangements' to provide greater flexibility and during phased retirement, the remaining part of the fund remains in a tax free environment
 - There is no requirement to purchase an annuity with an insurance company
 - Contracted-out benefits can be paid as described above, except that they cannot be paid as Scheme Pension and if you are married or in a civil partnership when benefits commence, a pension at half the rate payable to you must continue to be paid to your spouse after you die. If you do not have a spouse when your benefits commence, you can opt for a pension to be paid to the person who is your spouse at the time of your death (this is not available if you opt to purchase an annuity).

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

If you become ill and are unable to continue working, the IPS Family SIPP may pay ill health early retirement benefits or serious ill health benefits.

Further details of options for drawing retirement benefits from the IPS Family SIPP are available on our website or by contacting us directly.

WHAT HAPPENS WHEN I DIE?

If you have purchased an annuity, the terms selected at outset may include dependant's benefits.

If benefits are held within the IPS Family SIPP, lump sum death benefits can be paid either as cash by selling investments or by transferring the assets in-specie at their open market value at the time of transfer.

The IPS Family SIPP pays death benefits under a Discretionary Trust, which means they do not usually form part of the member's estate. As Scheme Administrator, we pay these benefits at our discretion but are directed by the nomination of beneficiary section of the application form. This nomination can be changed at any time by contacting us.

DEATH BEFORE DRAWING RETIREMENT BENEFITS

Where no retirement benefits have been drawn from the plan, the whole fund consists of "uncrystallised" benefits. The whole fund can therefore be paid as a tax free lump sum to your nominated beneficiaries which should not be liable to Inheritance Tax.

The lump sum is subject to a test against the Lifetime Allowance, and a lifetime allowance charge may therefore apply.

As an alternative, the balance of the fund can be paid as a dependant's pension provided there are dependants available. This is subject to income tax. A dependant's pension can be paid either by purchasing an annuity or by income withdrawal paid as Unsecured Pension or Scheme Pension as described above.

For a plan in phased retirement, only the unvested portion can be paid tax free.

Protected Rights funds will normally be used to pay a pension to your wife, husband or civil partner if you have one.

DEATH WHILST DRAWING RETIREMENT BENEFITS – BEFORE AGE 75

If you are receiving an Unsecured Pension from the fund when you die, the residual fund can either provide a payment of the remaining fund as a lump sum to your nominated beneficiaries less a flat rate tax charge of 35% or can be paid as a dependant's pension. On the death of the dependant, the remaining fund can be paid as a lump sum to their nominated beneficiaries, subject to a 35% tax charge.

If you die while in receipt of a Scheme Pension, the benefits depend on the options chosen at outset. The balance of a ten year guarantee period may be paid to your beneficiaries and a dependant's scheme pension may be paid, if these options were selected. Any remaining fund can be used to pay scheme costs or will be assessed for tax of up to 82% and the balance can be reallocated to other IPS Family SIPP members or family members.

DEATH AFTER AGE 75

If you die after age 75 and are drawing Alternatively Secured Pension, the remaining fund is firstly used to pay a pension to any surviving spouse or dependant until their death (if the dependant is a child, the pension must end when they cease to qualify as a dependant). At this point, the residual fund can either be paid tax free to a nominated charity or assessed for Inheritance Tax on the original member, then be subject to pension tax rules at the rates applicable at the time (currently 70%). The remainder can then be transferred to other nominated IPS Family SIPP members or family members.

If you die after age 75 and are drawing Scheme Pension, benefits are paid as outlined above.

WHAT ARE THE CHARGES?

- We charge fees for operating your IPS Family SIPP. These are detailed in the document, "The IPS Family SIPP Fee Structure". VAT will be charged on these fees
- You may also pay charges to other parties depending on the investments you choose to make with your IPS Family SIPP
- Your IPS Family SIPP may also pay remuneration to your chosen adviser or investment manager. You will have agreed to this remuneration being paid
- Fees are communicated by issue of invoices at the appropriate times to the main contact.
- Fees are settled by deduction from your IPS Family SIPP designated client account unless insufficient funds are available, in which case you will be asked to arrange settlement either by encashment of other IPS Family SIPP investments or by payment from another source.

CAN I CANCEL MY IPS FAMILY SIPP?

- You have a statutory 30 day period in which to reconsider your decision to establish the IPS Family SIPP, during which you have a right to cancel the IPS Family SIPP
- On receipt of your application, we will issue a notice advising you of your rights and enclosing a cancellation form for your use if required. This should be returned to one of our addresses as provided both below and on the cancellation notice. We will take no further action until either the 30 day period expires or a completed cancellation notice is received. The IPS Family SIPP will not be registered with HM Revenue & Customs and no transfer discharge instructions to effect a transfer from another pension arrangement will be actioned and any pension contributions received will not be applied to your IPS Family SIPP during this period
- If you choose to cancel your IPS Family SIPP within the statutory time period, we will not charge you a fee and you will receive a full refund of any contributions made
- If you do not exercise a right to cancel within the statutory time period, any subsequent decision to transfer will be subject to a fee as shown in the document, "The IPS Family SIPP Fee Structure"
- Should you wish to proceed immediately with your IPS Family SIPP, you have the right to waive your 30 day cancellation period by ticking a box on the application form or on the cancellation notice. This includes a statement that you understand the implications of doing so are that you will no longer be able to cancel the arrangement during the remainder of the 30 day period

- You also have a statutory 30 day period to cancel any decision to commence Unsecured Pension or Alternatively Secured Pension from your IPS Family SIPP. You have the right to waive this and the waiver includes a statement that you understand the implications of doing so are that you will not be able to cancel commencement of retirement benefits during the remainder of the statutory 30 day period.

ADDITIONAL INFORMATION

Correspondence and Communication

All correspondence will be in English. Our standard methods for correspondence are letter, telephone and e-mail. It is our standard practice to correspond with one main contact only.

Where an IPS Family SIPP is established as a result of advice from an Independent Financial Adviser, we will deal directly with them unless specifically requested not to do so by the members. In this instance, we will correspond directly with the lead member.

Telephone calls may be recorded for training or monitoring purposes.

How will I know how my IPS Family SIPP is performing?

Every year, The IPS Partnership Plc will send a Statutory Money Purchase Illustration, statement of Annual or Lifetime Allowance used by your IPS Family SIPP, statement of any Protected Rights held and an annual transaction summary to the main contact (your Financial Adviser or the lead member). This will provide essential information for you to assess the performance of your IPS Family SIPP. As your IPS Family SIPP can investment in a large range of alternatives, you will also need to obtain valuations and performance data on those investments to assess their performance. We do not undertake to do this for you.

How can I make a complaint?

We have a formal complaints procedure. A copy is available on request.

Complaints should be made by contacting us at the addresses listed below.

An acknowledgement to a complaint will be issued within five working days from the date of receipt and we aim to issue a full response within 28 days.

If the matter is not dealt with to your satisfaction, you can write to The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR; telephone 0845-080-1800.

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

Compensation

We, The IPS Partnership Plc, are covered by the Financial Services Compensation Scheme (FSCS). A SIPP investor may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Further details are available on request, or by visiting the FSCS website at: www.fscs.org.uk/consumer/

Other Matters

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 an IPS Family SIPP application, you will be agreeing to this.



HOW TO CONTACT US

Your Financial Adviser will normally be your first point of contact. Otherwise you can contact us at one of our offices:

The IPS Partnership Plc, Queen Square House,
18/21 Queen Square, Bristol BS1 4NH

or

The IPS Partnership Plc, 1 Long Lane, London, EC1A 9HF

or

The IPS Partnership Plc, Royal Mills, 17 Redhill Street,
Ancoats Urban Village, Manchester, M4 5BA

Tel: 08455 212 414

E-mail: enquiries@ipspartnership.co.uk