

# XPS SIPP

## New Member Key Features: The XPS SIPP and SimplySIPP

The Financial Conduct Authority (FCA) is the independent financial services regulator. It requires us, XPS, to give you this important information to help you to decide whether our 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 applies to both the XPS SIPP and **SimplySIPP**. Differences between the two are highlighted in this coloured text.

### keyfacts<sup>®</sup>

#### Its aims

The plan is designed to let you:

- Save for retirement in a tax-efficient way.
- Build up a pension fund to give you a tax-free cash lump sum and income, and take benefits in stages if you want to.
- Make your own investment decisions, choosing from a range of investments.
- Make transfer payments from other suitable pension arrangements. You can also transfer contracted-out benefits into the plan.

#### Your commitments

- To pay money in and/or transfer benefits from other suitable pension arrangements.
- To take responsibility for the management of the investments in your fund. You can manage them yourself or through an investment adviser.
- To keep within the rules of both our SIPP and those set by Her Majesty's Revenue and Customs (HMRC).
- To tell us if you stop being eligible to contribute to a SIPP.

#### Risk factors

##### Charges

- A stakeholder or other type of pension may offer similar options as a SIPP at a lower cost.
- Our charges for running your SIPP and those made by investment providers and your adviser will reduce what you get back. Make sure the investment will support the charges.

##### Investment risks

- You **must** be prepared to manage your SIPP assets (or appoint someone to do it for you).
- Your SIPP can accept transfers from other pension schemes, but not all transfers are suitable. **We'll only allow certain transfers into our SIPPs if you take advice from a financial adviser.**

- A number of things could reduce the potential size of your fund. These include if you invest less than you expect, if investments grow less than expected, or if you take benefits early.
- Investment performance or charges may be better or worse than expected. The value of the plan could be less than shown in your illustration. **Nothing is guaranteed.**
- Different investments have different risks. Their value can go up or down. In some cases, you could lose all of your investment.
- The value of some investments, e.g. property, will need to be determined by a valuer. The SimplySIPP, with its simpler investment choices, has less exposure to this risk.
- Your final benefits aren't guaranteed. They depend on how your investments perform and interest rates when you take benefits.
- If you choose to buy a pension it may not be as high as expected because the rates used to convert fund to pension change over time.

### **Access to funds and benefits**

- You can cancel the SIPP within the first 30 days but if you've already invested monies, you could lose out. Some investments can't be cancelled and others may be worth less than you paid in.
- A SIPP is written under pension rules so you can't access money until you take benefits.
- There may be a delay in receiving benefits if your investments can't be sold quickly e.g. because they're linked to property.

### **Tax Risk**

- The favourable tax treatment of SIPPs could change in the future.

## **About the SIPP**

Set out below are some questions and answers to help you decide if the XPS SIPP or SimplySIPP is right for you. You can also find more detailed information in your SIPP Member Handbook and the Terms and Conditions. We'll also provide you with an illustration giving details of the potential benefits and costs.

## **Starting your SIPP**

### **What's the XPS SIPP?**

A SIPP is a type of personal pension that allows you to save for retirement flexibly and tax-efficiently. It can offer access to a wide range of investments and gives you control over those investments. The SimplySIPP is a version of the XPS SIPP which offers up to two investment accounts from a more limited list of investment options.

### **Can I move between the XPS SIPP and the SimplySIPP?**

Yes, if you start with a SimplySIPP and think you need more investment flexibility, you can switch into the XPS SIPP. There's no charge for this. Once you've switched, the standard XPS SIPP terms and conditions, including charges, will apply. If you start with an XPS SIPP you can switch to the SimplySIPP subject to the normal XPS SIPP closure charges.

### **Are there any alternatives?**

Yes, for example a Personal or Stakeholder Pension. These offer some of the features of a SIPP at a lower cost. Speak to a financial adviser about whether a SIPP is suitable for you.

## How's it set up?

The SIPP is set up by a trust which cannot be cancelled. Xafinity Pension Trustees Ltd is the Bare Trustee (which means it does nothing more than own the investments held in the SIPP). XPS SIPP Services Ltd is the Scheme Administrator (which means we ensure the scheme complies with the scheme rules).

Pensions get favourable tax treatment, but this means the benefits you can receive are based on pension rules. These restrict when and how you can take benefits.

## Am I eligible?

You normally have to be resident in the UK to pay into a SIPP. You don't have to be resident if all you want to do is transfer existing pensions.

## What are the charges?

Our charges for administering your SIPP are explained in our Fee Schedule. Don't forget that you will have to pay charges on the investments you take out and for financial advice. We can also sell some of your assets to cover your charges.

## Will a SIPP suit me?

A SIPP will suit you if you want to:

- make your own investment decisions about your pension;
- access a wide range of different assets;
- withdraw an income while continuing to make investment decisions about the remaining SIPP assets.

But, a SIPP is unlikely to be suitable for you if:

- you don't want to be responsible for its investment performance;
- you don't need its investment flexibility;
- you plan to invest a small amount (e.g. under £25,000). [However, the SimplySIPP may be appropriate if you have smaller amounts to invest and only need limited investment flexibility;](#)
- you need access to the funds before age 55.

## How do I keep track of my SIPP?

**We'll send you an annual statement** showing how your plan is doing. The valuation of certain assets (e.g. property) may not be precise. If you need precise figures, we'll ask you for professional valuations. You can also manage your SIPP online with the XPS SIPP Centre.

## Do XPS give advice?

Whilst we can explain your SIPP to you **we'll never give you advice** and you should speak to a financial adviser if you need advice.

## Will I have a SIPP bank account?

Yes, each SIPP has a dedicated account with Metro Bank plc. The Trustee is the only signatory. Interest is payable at the rate of 0%.

## Do XPS receive commission?

Yes, we receive commission as follows:

- **SIPP bank accounts (Metro Bank plc)**  
We receive up to 1% p.a. of the balance in the account. So, if the balance for a year is £1,000 we'd receive up to £10.

## Contributions

### What can I pay in?

- We don't have any minimum contribution limits and we don't apply any penalty if you stop contributions (but your final benefits will be lower).
- You can pay in regular or single contributions (as can your employer).
- You can transfer in funds from previous pension schemes but we'll only allow transfers into our SIPPs if you take advice from a financial adviser.
- You can also transfer in assets from another scheme 'in specie'.

All contributions are paid into your SIPP bank account awaiting your investment instructions.

### Are there limits on what I pay in?

- The maximum you can pay gross into your SIPP, and get tax relief on, is the greater of £3,600 per year or your annual Relevant UK earnings.
- The maximum amount is also limited by the Annual Allowance, which is tested against "Pension Input Periods" (i.e. the period of time over which contributions are paid). Our website (see Supporting Financial Advisers/Tax Information) has details of the current Annual Allowance, including the Tapered Annual Allowance that reduces the allowance available to high earners. You can also carry forward unused Annual Allowance.
- If you flexibly access your benefits the Money Purchase Annual Allowance Rules will apply to you. This reduces the Annual Allowance available to you for savings under money purchase pensions (but not final salary pensions).
- The amount of the reduced Annual Allowance is subject to change by HMT and you can find out the current figures by visiting our website. You can also find more details in your SIPP Handbook.

### What about tax relief?

- You pay personal contributions net of tax. We'll then claim the basic rate tax back from HMRC and pay it into your SIPP. It takes between 6 and 11 weeks for this to be paid by HMRC. If you're a higher rate tax payer, you'll need to claim the additional relief through self assessment. If your employer makes contributions they are given relief by being treated as a deductible expense when calculating taxable profits.
- You don't get tax relief on any transfers into your SIPP as the funds will have already received tax relief with your former pension provider.

### What about 'protection'?

Before making any payments or transfers into the SIPP you should seek financial advice as you could lose your protection. Protection is explained more fully in our SIPP Member Handbook.

## Managing your SIPP

### What can I invest in?

You can use a SIPP to invest in a wide range of assets. The investments we'll allow (subject to review) include:

- bank and building society accounts;\*
- UK commercial land or property (with suitable insurance);
- borrowing;
- insured policies;\*

- any Platform or Discretionary Fund Manager investment;\*
- managed funds (including investment trusts, unit trusts and OEICs);\*
- quoted stocks and shares;\*
- unquoted stocks and shares;
- contracts for difference;
- traded endowment policies;
- hedge funds and venture capital trusts; and
- futures and options.

For the SimplySIPP, in addition to the main scheme bank account, up to two investment accounts from the assets marked \* above can be held at any time.

We review investments to check if they're allowed by HMRC and ourselves and might refuse to allow an investment if it could breach the SIPP rules or regulations. We won't allow investments in:

- residential property (except in very limited cases);
- property that can be moved, e.g. art, antiques, wine, jewellery, classic cars, racehorses etc;
- any investment which gives you a personal benefit (e.g. use of the investment).

Your SIPP Member Handbook explains your investment choices in more detail.

### Is my SIPP fund taxable?

Pension funds don't pay UK taxes on income or capital gains. However, tax can't be reclaimed on UK and some overseas dividends. Also, if any payment is made which breaches HMRC rules, it will be treated as an 'unauthorised payment' and subject to tax charges and penalties. HMRC don't expect pension schemes to permit unauthorised payments and we don't allow such payments to be made.

## Taking benefits

### Is there a limit on my benefits?

- Yes, the maximum you can take is called a Lifetime Allowance, unless you're affected by 'Protection'. If your funds are higher than this there will be a tax charge payable. Our website gives you details of the current Lifetime allowance and tax charges.
- Every time you take some benefits from a pension, part of your Lifetime Allowance is used up. We also check against the Lifetime Allowance at age 75.

### What benefit choices are there?

You must normally be over 55 to take benefits unless you're in ill health. After 55 you can take:

- **A 'Pension Commencement Lump Sum'**. This is a tax free cash lump sum of up to 25% of your pension fund (or 25% of the Lifetime Allowance if lower). The remainder must be used to buy a pension or used for Drawdown.
- **Pension purchase**. This is also called an 'annuity' and this gives you an income for the rest of your life. Depending on the pension you buy, you might also be able to pay for a dependant's pension. We don't provide annuities so you'll need to buy one from an annuity provider. Pension is taxed as income.
- **Drawdown**. Instead of buying a pension you can take income straight from your pension fund. If you choose this, we'll give you another set of Key Features like this one which explains this in detail. It is also explained in your SIPP Member Handbook. Drawdown payments are taxed as income.

- **Uncrystallised funds pension lump sum.** You can take a lump sum from your fund instead of buying an annuity or using drawdown. 25% of the lump sum can be taken tax free with the remaining 75% being taxed. The portion of the lump sum that is taxable will be paid to you net of income tax.

All of the above can also be taken in 'phases'. This is where you use 'slices' of your pension fund to provide the above benefits.

### **What will my plan be worth?**

The final value of your plan will depend on how much is paid in, how long you invest for, the charges paid, and how well the investments perform. **There are no guarantees.**

### **How much pension will I get?**

Pension payments can come from part, or all, of your fund. How much you get will depend on the amount of your fund, how much of it you use for pension and the rate at which you buy pension when you take benefits. These rates change over time so we can't tell you now how much pension you can buy in future. **There are no guarantees.**

### **Can I transfer my SIPP?**

Yes, you can transfer part, or all, of your plan to another Registered Pension Scheme at any time. If you transfer the whole plan, it will come to an end. We may charge a fee for transfers out and a Total Transfer Out Charge may also be payable. Any protection you have applied to HMRC for could be lost if you transfer. **Speak to your financial adviser before taking a transfer.**



## Death benefits

### What's payable if I die?

If you die **before** taking any benefits, the pension fund can be used to provide benefits to your beneficiaries as follows:

- a lump sum death benefit (which is tax free before age 75);
- a dependant's or nominee's pension (which is purchased from a pension provider); or
- dependant's or nominee's drawdown.

If you die after commencing drawdown your nominated beneficiary can continue taking drawdown or they can purchase a pension. They can also take a lump sum which, subject to the Lifetime Allowance, is tax free before age 75. If you have no dependants the lump sum can be paid to your chosen charity tax free.

If you die before age 75 the pension and drawdown payments will be paid tax free. If you die having reached age 75 payments will be taxed as earned income.

The SIPP Trustee has discretion over where to pay benefits but will take into account your wishes if you've given them to us (you need to complete a "Nomination of Beneficiaries" Form). If you haven't completed a form, we'll pay the proceeds of the fund to your estate. Visit our website or ask your XPS SIPP Consultant for a form.

## Your legal rights

### Can I cancel the plan?

You'll have 30 days from when you take out the plan to cancel it. We'll send you a cancellation form when you take out your SIPP. Just complete this and send it back to us if you want to cancel.

If you do, you might lose money on any investments you've made. You might not be able to cancel some asset purchases (e.g. property).

### What if I have a complaint?

We hope you never have reason to complain about our service but sometimes things do go wrong. If they do, send your complaint to us (address on the last page) and we'll try to put things right. We'll also send you details of how we handle complaints. If you're still unhappy with our response you can complain to:

- Financial Ombudsman Service, Exchange Tower, London, E14 9SR, Tel 0800 023 4567; [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).
- Pensions Ombudsman, 10 South Colonnade, Canary Wharf, E14 4PU, Tel: 0800 917 4487; [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk).

### Is there a compensation scheme?

**The XPS SIPP is a regulated contract and is covered by the Financial Services Compensation Scheme (FSCS).** When contributions and transfers are paid into your SIPP they're held in a SIPP bank account awaiting your investment instructions. Whilst in that account, the maximum claim that could be made under the FSCS is £85,000. Investments with regulated investment providers or insurance companies will be covered separately under the FSCS. Those companies will provide information about the levels of cover provided.

Further information about compensation arrangements is available from the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk).

### Do I have any other rights?

Making a complaint or claiming compensation from the FSCS doesn't affect your legal right to make a claim through the Court system.

## Other information

### Law

Our SIPP is subject to the law of England and Wales and this law will apply to any disputes. Our SIPP is also subject to HMRC regulations. So you should always check that you're referring to the most up to date version of this document.

### Regulation

XPS SIPP Services Limited is authorised and regulated by the Financial Conduct Authority. Our FCA registration number is 461791 and you can check our permissions on the FCA website at [www.fca.org.uk/register](http://www.fca.org.uk/register).

### Where can I find out more?

Details of how your SIPP works are explained in a plain and simple way in your SIPP Member Handbook. The topics covered include:

- what services we offer;
- the regulatory protection applying to your SIPP;
- how we administer your SIPP;
- what you can pay in;
- what you can invest in;
- how tax applies;
- how benefits are paid, including death benefits; and
- how to complain to us.

**You must also read the Terms and Conditions which we'll give you when you start your SIPP.**

### SIPP trustee

Xafinity Pension Trustees Ltd

### SIPP administrator

XPS SIPP Services Ltd

### SIPP Department

Scotia House  
Castle Business Park  
Stirling FK9 4TZ



**For further information, please get in touch with our XPS Self Invested Pensions team.  
E: [SIPPTeam@xpsgroup.com](mailto:SIPPTeam@xpsgroup.com) | T: 01786 237013 | [www.xpselfinvestedpensions.com](http://www.xpselfinvestedpensions.com)**

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