

Risk Warnings

Bank of Scotland Share Dealing Self Invested
Personal Pension



Transfers in

By transferring other pension benefits into your SIPP you may be giving up the right to guarantees in the form of benefits, the amount you will receive and also the level of increases that will be applied to your pension in future.

You may be giving up the right to receive a terminal bonus on with-profit pension plans.

A penalty may be applied to your existing pension plan if it is transferred.

We offer an execution-only service and recommend that you seek professional advice from a suitably qualified financial advisor if you are considering transferring existing pension benefits into your SIPP.

Investments

The value of investments can fall as well as rise and is not guaranteed. You may get back less than the amount invested.

Past performance must not be viewed as an indication of future performance.

The price of investments may change quickly and can go down as well as up.

There is an extra risk of losing money when shares are bought in some smaller companies including penny shares.

There may be a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them.

You will be able to deal in a range of investments each of which carries a different level of risk.

Certain investments may not be readily realisable. You may have difficulty selling these investments at a reasonable price and, in some circumstances, it may be difficult to sell them at any price. You should not invest in these investments unless you have carefully thought about whether you can afford them and whether they are right for you.

In certain overseas jurisdictions there may be different settlement, legal and regulatory requirements to those applying in the United Kingdom and also different practices for the separate identification of customers' investments.

Foreign markets will involve different risks from United Kingdom markets and in some cases the risks will be greater.

On request, we will provide you with an explanation of the relevant risks and protections which will operate in any foreign markets, including the extent to which we will accept liability for any default of a foreign broker whom we use to process deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

The cost effectiveness of your SIPP may depend on a number of factors, including:

- the size of your SIPP in relation to the initial and ongoing costs (including our charges, which may increase in future);
- the type of investments held;
- the frequency with which you deal; and
- the size of transaction you undertake.

If you have a smaller fund, or deal excessively, the value of your SIPP may be eroded and the costs may be disproportionate to the value of your SIPP.

Multiple investments and frequent dealing in small amounts may also result in excessive costs.

We do not make investment recommendations. Any investment information is provided solely to enable you to make your own investment decisions and must not be treated as a solicitation or recommendation to buy, sell or otherwise deal in any particular investment.

Some of these risks may not be relevant to your SIPP, depending on the investment strategy you have chosen.

Income Withdrawal

If you start to take benefits earlier than you originally intended, the level of the benefits you can take may be lower than expected and may not meet your needs in retirement.

Your SIPP may be subject to additional tax charges at the point you withdraw funds if your pension is valued at more than the Lifetime Allowance (currently £1.8 million but will drop to £1.5 million from 2012/13).

If you take income withdrawals this may erode the capital value of your fund. If investment returns are poor and a high level of income is taken this will result in your SIPP falling in value and could result in a lower income than anticipated in the future.

If you choose an annuity to provide your benefits, the level of income you receive is based upon the average life expectancy of someone of your age. When fixing annuity rates, providers take into account the fact that some people will die earlier than expected, effectively subsidising those who live longer. Income withdrawals paid from the SIPP do not have the benefit of such a subsidy.

There is no guarantee that annuity rates will improve in the future. If you choose to purchase an annuity, the level of pension you receive when you purchase the annuity may be less or more than the pension previously being paid under income withdrawal and/or the annuity you could have purchased previously.

General

The tax benefits and governing law for SIPPs may change in the future.

Your benefits are dependent upon a number of factors. Although not a complete list, these factors include future contribution levels, the age at which you commence benefits and external influences such as investment returns, inflation, interest rates, annuity rates and charges.

The SIPP is offered on an execution-only basis without pensions advice.

The Bank of Scotland Share Dealing SIPP and/or the investment services described may not be suitable for you. If you need advice, you must consult a suitably qualified financial adviser.

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