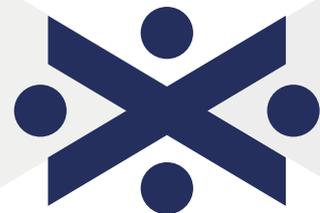




# Bank of Scotland Share Dealing SIPP

Benefits Guide



**BANK OF  
SCOTLAND**

# Contents

---

|           |   |          |
|-----------|---|----------|
| <b>1.</b> | <b>Introduction</b>   | <b>3</b> |
| <b>2.</b> | <b>SIPP benefits - the basics</b>   | <b>3</b> |
|           | ▶ 2.1 Income drawdown and taxable lump sums - the commitments and risks                   | 4        |
|           | ▶ 2.2 Annuity purchase - the commitments and risks  | 4        |
| <b>3.</b> | <b>Your benefits options</b>  | <b>5</b> |
|           | ▶ 3.1 Lump sums   | 5        |
|           | ▶ 3.2 Income drawdown   | 5        |
|           | ▶ 3.3 Lifetime annuity  | 6        |
| <b>4.</b> | <b>Help with making your choice</b>   | <b>6</b> |
| <b>5.</b> | <b>Receiving your pension</b>   | <b>6</b> |
|           | ▶ 5.1 How do you make payments?   | 6        |
|           | ▶ 5.2 How often can I take my pension?  | 7        |
|           | ▶ 5.3 Will the payments I receive be taxed?   | 7        |
|           | ▶ 5.4 How do I reclaim tax that is overpaid?  | 7        |
|           | ▶ 5.5 Can I change the level of income I am receiving?                                    | 7        |
| <b>6.</b> | <b>Death benefits</b>   | <b>7</b> |
|           | ▶ 6.1 Death benefits payable from your SIPP   | 7        |
|           | ▶ 6.2 Lifetime annuity  | 7        |
| <b>7.</b> | <b>Lump sum allowances and transitional calculations</b>                                  | <b>8</b> |
|           | ▶ 7.1 Is there a limit on the payments I can receive?                                     | 8        |
|           | ▶ 7.2 How are my allowances reduced if I accessed my pension before 6 April 2024?         | 8        |
|           | ▶ 7.3 What is a transitional tax-free amount certificate (TTFAC) and can I apply for one? | 8        |
| <b>8.</b> | <b>Charges</b>  | <b>9</b> |
| <b>9.</b> | <b>Miscellaneous SIPP questions</b>   | <b>9</b> |
|           | ▶ 9.1 Will taking money from my SIPP impact my state benefits?                            | 9        |
|           | ▶ 9.2 Can I cancel my decision to take benefits?  | 9        |
|           | ▶ 9.3 Will you pay any benefits not described above?                                      | 10       |
|           | ▶ 9.4 Can you provide advice regarding my benefit options?                                | 10       |
|           | ▶ 9.5 Will taking benefits affect my creditors?   | 10       |
|           | ▶ 9.6 Can I withdraw benefits to invest elsewhere?  | 10       |
|           | ▶ 9.7 What if I have a complaint?   | 10       |
|           | ▶ 9.8 What if I have any further questions?   | 11       |

---

## keyfacts

® The Financial Conduct Authority is a financial services regulator. It requires us, AJ Bell Management Limited, to give you this important information to help you to decide whether the Bank of Scotland Sharedealing 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.

# Benefits guide

## 1. Introduction

This guide has been designed to help you make the right choices when deciding what benefits to take from your SIPP.

It explains:

- ▶ the options available to you;
- ▶ the benefits and risks associated with those options;
- ▶ how you can let us know which option you have chosen;
- ▶ what happens next;
- ▶ what happens to your benefits when you die and;
- ▶ answers some additional questions you may have.



You are also entitled to free, impartial guidance on your options from the Government-backed Pension Wise service. You can access this online at [www.moneyhelper.org.uk/pensionwise](http://www.moneyhelper.org.uk/pensionwise), book a telephone appointment by calling 0800 138 3944 or arrange a face-to-face meeting through Citizens Advice. This is not a substitute for full, regulated financial advice.

## 2. SIPP benefits - the basics

Your SIPP provides you with the flexibility to choose the age, from 55, at which you want to start receiving your benefits.

Once you have made this choice you can choose to draw a pension from your SIPP through:

- ▶ income drawdown also known as flexi-access drawdown;

and /or

- ▶ a taxable lump sum, also known as uncrystallised pension lump sums;

and /or

- ▶ purchasing an annuity from an insurance company.

If you choose drawdown or an annuity you can usually also receive a tax free lump sum – also known as a pension commencement lump sum from your SIPP. The lump sum will normally be 25% of the value of the fund being used to provide your benefits although this may vary if you have registered with HM Revenue and Customs (HMRC) for protection of your benefits.

If you choose a taxable lump sum, 25% will be tax-free with the remaining 75% subject to income tax.

When considering your options you should be aware that this may have an effect on the amount you can contribute to your SIPP. Before you take benefits the annual limit on contributions is usually £60,000. Once you have flexibly accessed your benefits the amount you can pay to a money purchase pensions, including your SIPP, drops to £10,000. You flexibly access your pension by taking a taxable lump sum, an income under flexi-access drawdown or a flexible annuity. If you only take a pension commencement lump sum and no income from drawdown the limit on contributions is not affected.

If you choose to take income drawdown from your SIPP, your pension fund can continue to remain invested in a tax-efficient manner beyond your retirement.

Both flexi-access drawdown and the taxable lump sums allow you to take as much or as little income from your SIPP as you wish.

When considering the level of income to take you should consider whether it will be sustainable for the rest of your life and how much tax you will have to pay on the income.

If you started drawdown before 6 April 2015 you may be in 'capped drawdown'. Under capped drawdown the amount of income you can receive each year is subject to limits set by the Government. You can switch from capped to flexi-access drawdown at any point but should remember that this will mean the amount you can pay into your SIPP will drop from £60,000 to £10,000 a year.

If you choose to purchase an annuity, your pension fund is passed to an insurance company which converts it into a pension income payable to you for the rest of your life.

You can choose an annuity that only provides a pension for you, or you can choose one that also provides a pension for your spouse or partner after you die. You also have the choice of whether you want your pension to remain level throughout your retirement, whether you want it to increase as you get older or whether you want to allow for payments that can decrease over time. This may be useful if you have other sources of income that will only become payable at a later date.

These choices will affect the level of your initial and ongoing pension. Further information will be available from the insurance company and may also be obtained from a suitably qualified financial adviser. If you need further information about finding a suitably qualified financial adviser in your area you can find it at [www.unbiased.co.uk](http://www.unbiased.co.uk).

## 2.1 Income drawdown and taxable lump sums - the commitments and risks

If you choose to take benefits from your SIPP using either drawdown or taxable lump sum:

**your commitments** will be:

- ▶ To choose an initial income level suitable for you.
- ▶ To determine the most appropriate investment strategy for you.
- ▶ To review your investment strategy regularly.
- ▶ To regularly review your income level and whether to continue taking those benefits (or purchase an annuity).
- ▶ To comply with our terms and conditions and pay the SIPP charges set out on our website.
- ▶ To notify us of any changes to your personal circumstances that might affect your SIPP, particularly those affecting your eligibility to receive benefits.

**the risks** are:

- ▶ Your pension fund will remain invested and the value of the underlying investments can fall as well as rise and is not guaranteed. This may reduce or increase the level of pension you can take.
- ▶ The income you take from your SIPP may not be sustainable particularly if investment returns are low. The higher the income you take, the greater the chance that it will reduce in the future. If your SIPP runs out of funds it could leave you relying on other sources of income for the rest of your retirement.
- ▶ Payments you take from your SIPP are subject to income tax. You may have to pay a significant amount of tax if you make large withdrawals in a short period of time.
- ▶ Cash and investments held within your SIPP benefit from significant tax advantages when compared with cash and investments you hold outside pensions.
- ▶ Lump sum death benefits available from your pension after you have reached age 75 are subject to tax charges.
- ▶ The pension you receive from your SIPP is not fixed or guaranteed for life. If security of income is important to you then you should consider taking an annuity.
- ▶ Not buying an annuity may result in the annuity available to you at a later date being lower.
- ▶ Purchasing an annuity may mean you receive the benefit of a cross-subsidy from the funds of annuitants who have died. Income drawdown does not offer this cross-subsidy.

- ▶ If you have a small SIPP and no other assets or income to fall back on the financial impact of these risks may be greater.
- ▶ If you are in ill health, annuities may offer you an enhanced income. Income drawdown does not offer this.
- ▶ If you place any part of your SIPP in drawdown you will not be eligible to receive a serious ill-health lump sum from the drawdown fund, and may not be able to receive one from your non-drawdown funds.

## 2.2 Annuity purchase - the commitments and risks

If you choose to purchase an annuity from your SIPP:

**your commitments** will be:

- ▶ To decide whether it is the right time to purchase an annuity or whether delaying the purchase might result in a higher annuity.
- ▶ To shop around to make sure that the type of annuity and options you choose are right for you.
- ▶ To consider whether you wish to provide a pension for your spouse or partner after your death.
- ▶ To check whether any of your circumstances mean you qualify for an enhanced annuity.
- ▶ To consider whether you wish to purchase an annuity that will increase over time, one which stays level, or one which allows for payments to decrease over time. Your choice will have an impact on the level of payments you receive at the start of your annuity and how the value of these is affected over time by inflation.
- ▶ To bear the underlying expenses of the insurance company as implicitly contained in the annuity rate.

**the risks** are:

- ▶ Your choice to purchase an annuity, and the type of annuity you choose, is a one-off decision that cannot be reversed. Your circumstances may change in the future meaning your choice of annuity is no longer right for you.
- ▶ The pension available to you from the annuity market may be low when you choose to purchase the annuity.
- ▶ You are not able to transfer your benefits from one insurance company to another once an annuity has been purchased.
- ▶ You may not benefit from future growth in your fund after you have purchased an annuity.
- ▶ Your date of death may mean you are cross-subsidising the pension being paid to annuitants who live longer than you.
- ▶ Annuity rates vary continuously as a result of a complex set of factors. This makes the timing of your annuity purchase important.

## 3. Your benefits options

### 3.1 Lump sums

#### **Pension commencement lump sum (tax-free cash)**

One of the retirement benefits available from your SIPP is a lump sum (currently tax-free). This is known as a pension commencement lump sum.

You can have a pension commencement lump sum up to the lower of

- ▶ 25% of the value of the fund you use to provide your benefits and
- ▶ your unused lump sum allowance and
- ▶ your unused lump sum and death benefit allowance.

You may be able to receive a lump sum greater than this if you have registered with HMRC for protection of your fund or lump sum rights. If you hold lump sum protection, when you decide to take benefits you will be asked to provide details when you take benefits together with a copy of your protection certificate.

Taking a pension commencement lump sum and no income does not restrict the amount you can contribute to your SIPP. However, you cannot take a pension commencement lump sum with the intention of using some or all of it to fund a large increase in pension contributions. This is known as "recycling" your lump sum and will result in significant tax charges being imposed on the value of the lump sum.

#### **Uncrystallised funds pension lump sum (also referred to as taxable lump sum)**

You also have the option of taking unrestricted lump sums from any part of your SIPP that you have not previously accessed, subject to the lump sum allowance and the lump sum and death benefit allowance.

This means you can take up to 100% of your pension as a lump sum, with 25% tax-free and the balance taxed at your marginal rate of Income Tax. You can take one-off payments whenever you like. Note that it is only the 25% tax-free element that counts against your allowances

Any funds left in your pension after the lump sum has been paid out will remain invested for you to take further lump sums or income in the future.

Once you have accessed your pension in this way the amount you can contribute to money purchase pensions, including your SIPP, will be reduced to £10,000 each tax year.

### 3.2 Income drawdown

If you choose to take a pension commencement lump sum from your SIPP the remaining fund will be used to provide you with a pension. If you do not choose to purchase an annuity, the funds remaining in your SIPP will be used to provide you with income drawdown benefits. These benefits will be provided either as

flexi-access drawdown or, if you hold drawdown benefits that started before 6 April 2015, capped drawdown.

#### **Drawdown pension (flexi-access drawdown)**

With flexi-access drawdown your fund remains invested and you draw a pension from your fund. There is no minimum or maximum pension, so you can elect not to take any, or as much of your fund, as you wish.

Payments you receive from a drawdown pension are subject to income tax. You should make sure that you understand how much tax you may have to pay when deciding how much pension to take. Taking a high level of pension in a short period of time may mean you have to pay more tax than you were expecting.

If you decide to take a pension you can choose to take this regularly, or you can choose to take one-off payments to suit your own circumstances. This gives you the flexibility to vary, or stop, the pension you take from your fund to suit your immediate requirements.

Taking any pension under flexi-access drawdown will reduce the amount you can contribute to your SIPP and any other money purchase pensions to £10,000 each tax year.

#### **Drawdown pension (capped drawdown)**

If you started your drawdown pension before 6 April 2015 you may be in a different form of drawdown pension called capped drawdown. This works in a similar way to flexi-access drawdown but the amount of pension you can take is subject to a maximum limit set by HMRC.

The maximum level of annual income is currently set at 150% of the Government Actuary's Department relevant annuity rate. This varies depending on your age and returns from Government securities. It is applied to the value of your pension fund at the date the fund is first used to provide drawdown pension and at each subsequent review.

The maximum pension available from your drawdown fund will be reviewed every three years until you reach age 75, and annually from then on. Until you are 75 you can elect to have the maximum pension reviewed at any anniversary of the date your fund was put into income drawdown. You must tell us that you wish to do this before the relevant anniversary.

You can move further funds into your capped drawdown fund. Whilst you remain in capped drawdown you retain the option of contributing up to £60,000 to your SIPP each tax year. You can move from capped drawdown to flexi-access drawdown at any time simply by completing our 'capped to flexi-access drawdown conversion form'.

### 3.3 Lifetime annuity

Purchasing a lifetime annuity involves passing your pension fund to an insurance company who, in return, agree to provide a pension income to you for the rest of your life and, if you choose, a pension income for your spouse or partner when you die.

In general with annuities there are no HMRC set limits within which you must choose the level of pension to take each year. Instead each insurance company decides what level of pension they are willing to provide to you depending on your own circumstances, the amount to be used to purchase the annuity and the type of annuity you select. The annuity offered by insurance companies can vary considerably and so it is important that you shop around to obtain the best deal.

You will need to make a number of choices regarding the type of annuity you wish to purchase. These will include:

- ▶ **Level, escalating or decreasing pension income** – choosing an escalating annuity will help to protect your income against inflation, but because your income will increase in the future, the starting level of the annuity will be lower. There can be substantial differences between escalating and level annuities. When considering this you must balance the option of rising future long-term income levels against lower initial income levels. You should consider factors such as your health, how long you might be receiving a pension and the long-term effect of inflation. You might want to choose an annuity that allows the income to decrease if you have other income sources payable at a later time.
- ▶ **Maximum allowable contributions** - if you do choose an annuity that can decrease in value the amount you can contribute to your SIPP and other money purchase pensions will be reduced to £10,000 a year. Purchasing a traditional annuity that cannot decrease will not reduce your permitted contributions.
- ▶ **Type of escalating annuity** - if you choose to purchase an escalating annuity you will have flexibility over the level of escalation. You can usually choose for income to increase by a fixed percentage, such as 3% per annum, or by the rate of inflation (RPI). Some insurance companies may restrict the RPI increase to an upper limit. This is called limited price indexation (LPI) and provides protection as long as the long-term rate of inflation is not more than the upper limit.
- ▶ **Investment-linked income** - these annuities offer the potential for income to increase if investments go up. This is balanced against the risk that, if investments fall, the annuity income may fall.
- ▶ **Single life or joint life** - a proportion of your annuity can be paid on your death to your surviving spouse. This is called a joint life annuity. The level of spouse's pension is usually expressed as a

percentage of your annuity income. The benefits under a single life annuity will end on your death. As the benefits under a joint life annuity could continue for longer than under an annuity on your life alone the level of income will be lower.

- ▶ **Guarantee periods** - provision of a guarantee period means that, if you die during the period of the guarantee, the income due for the remainder of the guarantee will be paid. In some circumstances this may be paid as a lump sum. If not, the income will be paid as a continuing pension.
- ▶ **Enhanced annuity** - depending on your personal circumstances you may be eligible to receive an increased annuity. A number of factors will affect whether this is available to you. Two of the most common are your/your family's health history and where you live.
- ▶ **Payment frequency and timing** - if you choose to take your annuity annually in advance the pension will be lower than if you choose to take your annuity in arrears, or monthly.

The FCA's website [www.moneyhelper.org.uk/en/tools-and-calculators](http://www.moneyhelper.org.uk/en/tools-and-calculators) allows you to compare the annuities available to you taking into account the choices mentioned above.

## 4. Help with making your choice

Before making your choice, we recommend that you seek advice from a financial adviser. If you need help finding an independent financial adviser in your area, take a look at [register.fca.org.uk/directory/s/unbiased.co.uk](http://register.fca.org.uk/directory/s/unbiased.co.uk), [vouchedfor.co.uk](http://vouchedfor.co.uk) or [moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser](http://moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser).

You are also entitled to free, impartial guidance on your options for accessing your pension from the Government-backed Pension Wise service, who can arrange an appointment with an independent pensions specialist to talk you through your pension options to help you make an informed decision. You can book an appointment online at [www.moneyhelper.org.uk/nudge-public](http://www.moneyhelper.org.uk/nudge-public) or by telephone by calling 0800 100 166. The Pension Wise service is complementary to, but is not intended to replace full regulated advice.

As we can't give you advice, we would recommend that you contact a financial adviser, or the guidance service providers, to discuss your circumstances.

## 5. Receiving your pension

### 5.1 How do you make payments?

We can only make payments to a UK bank or building society account held in your name (or in joint names with someone else). We cannot make payments to an account in someone else's name, to a non-UK bank account or by cheque. All payments are made in sterling.

## 5.2 How often can I take my pension?

### Income drawdown

If you wish to receive a regular pension from your SIPP, you can do so monthly, quarterly, half yearly or annually. All regular pension payments are paid on the 3rd Monday of the month.

You can also take one-off pension payments to suit your circumstances.

### Uncrystallised funds pension lump sums

Taxable lump sums can be paid as a one-off or on an ad-hoc basis.

### Annuity

If you purchase an annuity the pension frequency will be agreed with the insurance company at the point of purchase.

## 5.3 Will the payments I receive be taxed?

### Income drawdown

Yes. The payments are taxed as pension income under the PAYE system. We will contact HMRC to get your current tax code. In the interim, it is possible that your pension will initially be taxed using the emergency tax code on a month 1 basis.

You will receive an advice slip confirming your gross pension, tax and net pension shortly after each pension payment. We will also send a P60 to you annually confirming the pension and tax that have been paid in each tax year.

### Uncrystallised funds pension lump sums

Three quarters of each lump sum payment is subject to income tax. Payments may be subject to emergency rate tax on a Month 1 basis.

### Annuity

If you purchase an annuity with all or part of your SIPP the annuity will also be taxed under the PAYE system. The insurance company should give you further information on this.

## 5.4 How do I reclaim tax that is overpaid?

If you take a one-off payment, it is likely that tax will be overpaid as the tax system treats this as the first in a series of regular monthly payments. When this is the case HMRC will usually automatically correct the tax position at the end of the year as part of the normal PAYE process.

Alternatively you can make an in-year claim by completing the relevant HMRC form.

If you have emptied your pension fund you should use:

- ▶ P50Z if you have no other PAYE or pension income (other than state pension)
- ▶ P53Z if you have other PAYE or pension income

If you have not emptied your pension fund, and no other withdrawals are to be made within the tax year, you should use P55.

## 5.5 Can I change the level of income I am receiving?

### Income drawdown

Yes. You are free to vary the level of payments, or stop taking an income at any time.

### Annuity

If you purchase an annuity you will establish the level of pension with the insurance company at the point of purchase. The level of pension can be set up to remain level or to vary over time.

## 6. Death benefits

When you die your benefits will be paid out to your beneficiaries. The benefits will be paid either as a lump sum or as an ongoing pension.

The options, and tax treatment of those options, are as follows:

### 6.1 Death benefits payable from your SIPP

Death benefits may be paid as a lump sum or applied to provide pension benefits for a beneficiary, either under income withdrawal or by annuity purchase.

Death benefits are payable at the discretion of AJ Bell Management Limited, as the Scheme Administrator, of your SIPP. You may nominate the individuals you wish to receive benefits and your wishes will be taken into account. You may complete a new nomination at any time.

Lump sums paid on death are normally free of any Inheritance Tax but we cannot guarantee that this will be the case.

Death benefits are normally paid tax-free from the funds of individuals who died before age 75, regardless of whether that individual was taking benefits or not, and can be paid as a lump sum or pension. However, these death benefits are only tax-free when paid as a lump sum if they are within the deceased's lump sum and death benefit allowance. Any excess over the allowance is subject to income tax at the beneficiary's marginal rate. Death benefits paid as a pension are not subject to the lump sum and death benefit allowance.

Where the deceased was over 75 death benefits are usually taxed at the marginal rate of income tax of the recipient. If a lump sum is paid to a trust when death occurs over 75 it will be taxed at 45%.

### 6.2 Lifetime annuity

The death benefits payable, if any, will be determined by the terms of the annuity contract.

These might include the continued payment of a pension to your spouse/dependant through a joint life annuity, or the payment of a lump sum if your annuity payments are guaranteed.

## 7. Lump sum allowances and transitional calculations

### 7.1 Is there a limit on the payments I can receive?

There is no limit on how much of your SIPP or RIA you can convert to income drawdown or use to purchase a lifetime annuity, during your lifetime or on death. However, there are two limits in respect of tax-free lump sums.

**The lump sum allowance (LSA)** - currently £268,275. Pension commencement lump sums and the 25% tax-free element of uncrystallised funds pension lump sums count towards this.

**The lump sum and death benefit allowance (LSDBA)** - currently £1,073,100. Pension commencement lump sums and the 25% tax-free element of uncrystallised funds pension lump sums count towards this. In addition, serious ill-health lump sums paid tax-free before age 75 and tax-free lump sum death benefits paid tax-free before age 75 also count towards it.

Any amounts paid over and above these allowances will be subject to income tax. If you have registered with HMRC for protection of your pension savings, you may have higher allowances.

### 7.2 How are my allowances reduced if I accessed my pension before 6 April 2024?

The LSA and LSDBA were introduced on 6 April 2024, replacing the previous allowance, which was called the lifetime allowance (LTA) and was set at £1,073,100 in 2023/24. If you took benefits between 6 April 2006 and 5 April 2024, you will have used up some LTA and this will have been expressed as a percentage.

When you first come to take a tax-free lump sum, an uncrystallised funds pension lump or a serious ill-health lump sum on or after 6 April 2024, having also taken benefits before then, a one-off calculation will take place to reduce your available LSA and LSDBA.

A reduction also takes place if the first tax-free lump sum is a death benefit lump sum and you died before the age of 75.

If you've used more than 100% of your LTA, you will have no LSA or LSDBA available. Otherwise, an amount equivalent to 25% of your LTA usage will be deducted from your LSA and LSDBA.

Furthermore, the LSDBA will be reduced by an amount equivalent to 100% of the LTA used by any serious ill-health lump sums or death benefit lump sums.

### 7.3 What is a transitional tax-free amount certificate (TTFAC) and can I apply for one?

Some individuals who took tax-free lump sums that come to less than the equivalent amount under the standard calculation could potentially benefit from applying for a transitional tax-free amount certificate (TTFAC). This is most likely for individuals in the following scenarios.

- ▶ Those who have taken less than 25% of their pension as a tax-free lump sum (typically in a defined benefit scheme)
- ▶ Over 75s who have not taken all their tax-free lump sum entitlement and took a tax-free lump sum between turning 75 and 5 April 2024
- ▶ Those who took tax-free lump sums between 6 April 2016 and 5 April 2020 when the standard LTA was less than £1,073,100

You can apply to any pension scheme of which you are a member for a TTFAC. You will need to provide written evidence of the tax-free lump sums that you took. If you've died, your legal personal representatives can apply.

Please note that a TTFAC must be applied for in advance of the first time you take a tax-free lump sum from any pension scheme on or after 6 April 2024. Once the TTFAC has been issued, it's irreversible and must be used.

It's important to be aware that you may be worse off with a TTFAC and could end up with a lower LSA and LSDBA than under the standard calculation, so it's important you understand what your LSA and LSDBA would be under each calculation before applying for a TTFAC. We recommend you speak to a qualified financial adviser.

## 8. Charges

There are a number of additional SIPP charges that may apply when you decide to take benefits. These are:

|  |                |
|--|----------------|
| Flexi-access drawdown ( <b>See Note 2</b> )  | £180 per annum |
| Capped drawdown before age 75 ( <b>See Note 2</b> )  | £180 per annum |
| Capped drawdown from age 75 onwards ( <b>See Note 2</b> )  | £300 per annum |
| Designate additional funds to drawdown, or request a review of income levels ( <b>See Note 3</b> ) | £90            |
| Annuity purchase   | £90            |
| Convert from capped drawdown to flexi-access drawdown  | £90            |
| A one-off payment - Uncrystallised Funds Pension Lump Sum (UFPLS)                                  | £90            |
| Closure charge through drawdown or lump sums (e.g. UFPLS)  | Nil            |
| Payments on death or if your pension is to be split/shared as part of a divorce                    | Nil            |
| CHAPS/Same day payment   | £30            |

### Note:

1. All charges include VAT where applicable.
2. The annual income drawdown charge will become payable immediately where funds are designated to provide drawdown income, even if you select 'nil' income. Payable annually in advance.
3. Payable each time you designate additional funds to drawdown, once your SIPP is in drawdown stage.
4. We will be entitled to close your SIPP and return funds to you.
5. All charges will be deducted from your SIPP.
6. Your insurance company will confirm details of any charges explicitly involved in the provision of your annuity. Typically, the charges for annuities are made implicitly through a reduction in the annuity rates available to their customers.

## 9. Miscellaneous SIPP questions

### 9.1 Will taking money from my SIPP impact my state benefits?

Once you (or your partner) are over the qualifying age for Pension Credit, the higher of the actual income you take or your 'notional' income will be taken into account when your state benefits are worked out. Your notional income is an amount equivalent to the income you would have received if you had bought an annuity. This means that taking an income above the level you would have received if you had bought an annuity could reduce the state benefits you receive.

If you take a lump sum from your pension, this is taken into account as capital when state benefits are calculated.

If you are under the qualifying age for Pension Credit, the actual money you take from your pension will be taken into account when state benefits are calculated. If you are under the qualifying age and do not take any money out of your pension, your pension pot will not be taken into account.

### 9.2 Can I cancel my decision to take benefits?

On the first occasion you choose to take benefits from your SIPP, you will have the right to cancel this option within 30 days of the date you take benefits. You will have to return any lump sum or income that has been paid to you.

You can exercise your right to cancel by writing to us at:

Bank of Scotland Share Dealing Service  
AJ Bell Management Limited  
4 Exchange Quay  
Salford Quays  
Manchester  
M5 3EE

Fax: **0345 543 2601**

Email: [bossipp@sippdeal.co.uk](mailto:bossipp@sippdeal.co.uk)

quoting your name and SIPP reference number.

If you do not exercise your cancellation rights, you will not be able to cancel your choice to take benefits at a later date. You will be able to transfer your benefits to another registered pension scheme or purchase an annuity.

Cancellation rights are also available if you purchase an annuity. The insurance company will provide more details.

### 9.3 Will you pay any benefits not described above?

Most forms of authorised benefit payment are covered in this benefits guide. We cannot be compelled to make a payment that is not authorised by Finance Act 2004.

Both the recipient of any unauthorised payment, and the scheme, would be subject to very significant tax charges.

### 9.4 Can you provide advice regarding my benefit options?

Neither Bank of Scotland Share Dealing, AJ Bell Management Limited nor Sippdeal Trustees Limited can provide any advice in relation to:

- ▶ Whether you should buy an annuity, enter drawdown pension or choose taxable lump sums, or defer your benefit decision;
- ▶ The level of pension benefits you should take from your SIPP;
- ▶ Whether you should transfer pension benefits into, or out of, your SIPP;
- ▶ Any investment, tax or financial services related matters.

If you need advice you must contact a suitably qualified financial adviser. Your adviser will provide you with details of the cost of the advice.

If you need further information about finding an independent financial adviser in your area you can find it at [www.unbiased.co.uk](http://www.unbiased.co.uk).

You are also entitled to free, impartial guidance on your options for accessing your pension from the Government-backed Pension Wise service, who can arrange an appointment with an independent pensions specialist to talk you through your pension options to help you make an informed decision. You can book an appointment online at [www.moneyhelper.org.uk/nudge-public](http://www.moneyhelper.org.uk/nudge-public) or by telephone by calling **0800 100 166**. The Pension Wise service is complementary to, but is not intended to replace full regulated advice.

As we cannot give you advice we would recommend that you contact a financial adviser, or the guidance service providers, to discuss matters further.

### 9.5 Will taking benefits affect my creditors?

Funds held in a pension are protected from creditors by law. Any monies you withdraw from your pension and hold in a personal bank account or other personal investment will not be protected in the same way. This means that, in the event of you going bankrupt, creditors may be entitled to money you have withdrawn from your pension.

### 9.6 Can I withdraw benefits to invest elsewhere?

Once you reach the age of 55 you can withdraw funds to invest as you wish. However, you should be aware that scams exist. Look out for warning signs such as cold calls, unrealistic returns, being rushed into signing documents, and advisers who are not registered with the FCA recommending investments to you.

It is not possible to withdraw funds from your pension before age 55 unless you are in ill health or have a protected pension age. If you are approached by someone claiming a loophole to allow you early access, it is likely to be a scam.

You should also consider the charge that will apply to any alternative investment, and that Income and Capital Gains Tax may be payable, which do not apply to investments held within your pension.

### 9.7 What if I have a complaint?

Customer satisfaction is very important to us and if you do have any cause to complain about the services provided there are clear procedures laid down by the Financial Conduct Authority to ensure that your complaint is dealt with fairly.

If you have a complaint about the dealing and stockbroking administration services provided by Bank of Scotland Share Dealing please contact us in the first instance at:

Customer Service Manager  
Bank of Scotland Share Dealing  
12 Wellington Place  
Leeds  
LS1 4AP

If you have a complaint about the administration of your SIPP, please contact us in the first instance at:

Bank of Scotland Share Dealing SIPP Administration Team  
AJ Bell Management Limited  
4 Exchange Quay  
Salford Quays  
Manchester  
M5 3EE

If you are not satisfied with our response you may refer your complaint to the Pensions Ombudsman, if your complaint concerns the administration of your SIPP.

The Pensions Ombudsman can be contacted as follows:

10 South Colonnade  
Canary Wharf  
E14 4PU

Tel: 0800 917 4487

Help is also available from MoneyHelper who can advise you on how to complain and may be able to sort the matter out, without the need for the Ombudsman to get involved. The contact details for MoneyHelper are as follows:

Money and Pensions Service  
120 Holborn,  
London  
EC1N 2TD

Tel: 0800 011 3797

All other complaints may be referred free of charge to:

The Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

Tel: 0800 023 4567

Email: [complaint.info@financialombudsman.org.uk](mailto:complaint.info@financialombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

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

## 9.8 What if I have any further questions?

Visit [www.bankofscotland.co.uk/sharedealing](http://www.bankofscotland.co.uk/sharedealing) or call Bank of Scotland Share Dealing on **0345 606 1188**

### Important

Full details of the legally binding contract between you and AJ Bell Management Limited are included in the Bank of Scotland Share Dealing SIPP Service and Scheme Terms & Conditions, as amended from time to time. A copy is available from the Bank of Scotland Share Dealing website [www.bankofscotland.co.uk/sharedealing](http://www.bankofscotland.co.uk/sharedealing) or by calling Bank of Scotland Share Dealing on **0345 606 1188**.

The law of England and Wales will apply in all legal disputes.

If you would like a copy of this or any other item of our literature in large print, Braille or in audio format, please contact us on **0345 606 1188** or by e-mail: [bossipp@sippdeal.co.uk](mailto:bossipp@sippdeal.co.uk)

All our literature and future communication to you will be in English.

AJ Bell Management Limited is the Scheme Administrator of the Bank of Scotland Share Dealing SIPP. AJ Bell Management Limited is registered in England No. 3948391. Registered Office: 4 Exchange Quay, Salford Quays, Manchester M5 3EE. Authorised and regulated by the Financial Conduct Authority and on the FCA register under FCA register number 211468. Sippdeal Trustees Limited is a wholly owned subsidiary of AJ Bell Management Limited, registered in England No. 4050222. Registered Office: 4 Exchange Quay, Salford Quays, Manchester M5 3EE. Sippdeal Trustees Limited does not conduct any regulated activities, and is, therefore, not regulated.

Dealing and stock broking administration services are provided by the Bank of Scotland Share Dealing Service which is operated by Halifax Share Dealing Limited. Registered in England and Wales no. 3195646. Registered Office: Trinity Road, Halifax, West Yorkshire, HX1 2RG. Authorised and regulated by the Financial Conduct Authority under registration number 183332. A Member of the London Stock Exchange and an HM Revenue & Customs Approved ISA Manager.