



# ***transact*** ***SIPP***

## ***Key Features Document***

# Key Features of the Transact SIPP

## Important

*This document should be read carefully together with your personal illustration. If you have any queries or require additional information please contact your Adviser.*

This Key Features Document provides you with the information you need to consider before making the decision to open a Transact SIPP and must be read in conjunction with the Key Features Document & Transact Terms and Conditions for the Transact wrap service (incorporating a General Investment Account and ISA) **(the Transact Terms and Conditions)**. The definitions set out in Section 1 of the Transact Terms and Conditions shall also apply to these Key Features or as defined in the Finance Act 2004.

**The Financial Services Authority is the independent financial services regulator. It requires us to give you this important information to help you to decide whether the pension you are applying for 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.**

## Aims

The aims of the Transact SIPP are:-

- To help you save for your retirement while making use of the tax privileges available to pension plans.
- To build up a fund from which to draw an income in retirement.
- To provide for your spouse/U.K.-registered civil partner (within the meaning given by or recognised as such under UK legislation) **(Civil Partner)** and/or dependant(s) in the event of death.
- To provide access to some of your fund as a cash lump sum, currently tax-free, when you commence your pension.
- To enable an employer to make provision for the retirement of key personnel (hereafter referred to as "the member") while making use of the tax privileges available to pension plans.
- To replace benefits under the State Second Pension (S2P), if applicable, with benefits arising from the investment of rebate payments received from HM Revenue & Customs (HMRC). These can only be held in the Protected Rights portion of your Transact SIPP.

## and, in respect of transfer payments:-

- To enable benefits under existing Registered Pension Schemes to be transferred into a Transact SIPP.
- To enable your existing benefits to be held in a scheme other than that within which they were accumulated.
- To give you the ability to achieve, but not to guarantee, a larger pension than would be provided under your other pension arrangements had benefits not been transferred.
- To build up a fund from which to draw an income in retirement.
- To provide a more flexible income than you would receive from your current pension arrangement.

## Your Commitment

By opening a Transact SIPP, you are making the following commitments:

- To transfer an existing pension or make regular contributions of at least £100 per month and/or single contributions of at least £1,000 (subject also to the overall minimum investment required to open a Transact Portfolio).
- To pay these contributions on a regular basis and/or as lump sums yourself and/or have them paid on your behalf by your employer, or by someone else on your behalf if you are under 16 (or under 18 and not in employment).
- To inform us if you cease to be or become again resident and ordinarily resident in the UK or a Crown servant or their spouse serving overseas, or cease to have 'relevant UK earnings'.
- To be aware that where you cease to be resident and ordinarily resident in the UK, tax relief will be restricted to contributions of up to £3,600 per annum. After five further years you will no longer qualify for tax relief.
- To understand that HMRC regulations state that you cannot normally take benefits from your Transact Pension Scheme until age 50 until 5th April 2010 and age 55 thereafter (or age 60 at all times in the case of Safeguarded Rights), although the fund can be transferred to another Registered Pension Scheme at any time.
- To maintain a minimum cash balance in your Transact SIPP as specified on page 7 following.
- To be aware that you may have to contribute beyond normal minimum pension age if you wish to have a large enough fund to provide you with sufficient income in retirement.
- To let the value of your scheme accumulate until your selected retirement age and then use it to take your benefits.

## Risks

In addition to the Risks set out in the Key Features Document & Terms and Conditions for the Transact wrap service (incorporating a General Investment Account and an ISA), which relate to Transact generally, specifically in respect of the Transact SIPP, you should also be aware of the following risks:

- You can expect a much smaller income than illustrated should you stop or reduce regular contributions before your selected retirement age, or if you retire early.
- Your investment may not grow at the rate you anticipate or at the rates detailed in your personal illustration. The benefits may therefore be more, or less, than those shown.
- Protected Rights benefits may not be as much as the S2P entitlement given up.
- It may not be to your advantage for you to leave S2P. This will depend on a number of factors including your age and your earnings. You should speak to your financial adviser before making any decision to leave or rejoin S2P.
- Government payments into your Protected Rights fund may change, for example if your earnings fall or the Government alters the way it determines these payments.
- When you draw a pension or buy a lifetime annuity, the amount you get will depend on the value of your plan and current interest rates at that time.
- Charges may vary in the future from the level shown and this could affect the value of your fund.
- Tax law and practice may change in the future and affect your plan. The level of tax relief on contributions to your plan will depend upon your circumstances.

- You should be aware that you can contribute to a Stakeholder pension plan and this may provide you with benefits on competitive terms. Please note Transact does not offer Stakeholder pensions.
- The actual proceeds of your pension will depend upon performance of the underlying investments which you have selected. The value of the investments can fall as well as rise and you may get back less than your original investment.

#### **In respect of transferring your existing pension to Transact:-**

- For some transfers you may be giving up:-
  - As regards benefits held on 5th April 2006, the right to any transitional protection of your tax-free lump sum if benefits are not transferred as part of a block transfer to your Transact SIPP.
  - A pension which is guaranteed and is linked to your salary at the date you left your existing scheme.
  - Possible increases of this pension during the course of payment.
  - Some life assurance (please ask your Adviser about this).
  - A potential spouse/Civil Partner/dependants' pension.
- The benefits we pay may be less than the benefits you are giving up.
- If you are transferring your fund from a defined benefits occupational pension scheme, you may be giving up guaranteed benefits with some allowance for inflation.
- Tax relief will not apply in respect of transfers in.
- You should ensure that you are aware of any charges made by a ceding manager for any transfers, and that you are aware of the ceding manager's policy on transferring investments on as in-specie or re-registration basis.
- You have the right to change your mind within 30 days of receiving your policy documents and, should you do so, we will try to return the transfer payment less any fall in investment value. You should, however, be aware that the transferring scheme may not be willing to take the transfer back. In these circumstances you could elect to proceed with the transfer to Transact or transfer to another provider who is willing to accept it.

## Your Questions Answered

### What is a SIPP?

A SIPP is a plan with special tax advantages, designed specifically to enable you and, if applicable, your employer, to save for your retirement. The contributions that you make to your personal pension are eligible for tax relief. You can also transfer your benefits under other Registered Pension Schemes into your Transact SIPP. The Transact SIPP is not a Stakeholder Pension.

### Is the Transact SIPP Scheme a 'Registered Pension Scheme'?

Yes. The Transact SIPP is registered under Part 4 of the Finance Act 2004. A Registered Pension Scheme will continue to qualify for various tax reliefs and exemptions in respect of contributions, benefits, investment growth and income.

*Protected Rights* are benefits accrued as a result of you contracting out of the State Second Pension, either through a personal pension or whilst a member of a company occupational scheme.

*Safeguarded Rights* arise as a result of Protected Rights becoming subject to a divorce settlement in the form of pension credit benefits or a provision for pension sharing, each being intended to provide a secure income in later life. Safeguarded Rights are payable from age 60 and cannot be used to provide a tax-free lump sum.

### How do I invest into a Transact SIPP?

Before opening a Transact SIPP you should consult your Adviser and read the Transact Terms and Conditions. Then simply complete the appropriate application form(s). To transfer benefits, the second part of the transfer application form must be completed by the scheme administrator of the transferring scheme and returned together with the transfer payment. We will open the Transact SIPP you have applied for as soon as we receive application details and your initial contribution and/or transfer payment.

Before transferring any existing pension benefits, you should consult your Adviser who will provide you with all the necessary information, including a Transfer Value Analysis report if the transfer is from a previous employer's final salary scheme. We will execute all instructions as soon as it is practicable for us to do so. Our aim is to commence all transactions within one business day of our receipt of your instructions and, if appropriate, cleared funds. However, there are often circumstances, particularly when awaiting funds arising from the disposal of investments, which may require longer periods for the transaction to be commenced. All non-cash investments will be registered in the name of Transact Nominees Limited.

### How do I manage my Transact SIPP facility?

We do not give investment advice and you should consult your Adviser about all matters of financial planning and the resultant investment decisions.

Once your Transact SIPP is open, you or your Adviser (if authorised by you to do so) may give us instructions to buy or sell assets by telephone or via your PIN-protected pages on our website ([www.transact-online.co.uk](http://www.transact-online.co.uk)), as well as by post or fax. We will commence all buy or sell orders within the time limits specified in the Transact Terms and Conditions. Any cash balances will be held in our name in one or more interest-bearing client accounts on which the interest rates will vary.

### How do I follow the progress of my Transact SIPP?

We will send you a letter of confirmation when your Transact SIPP is opened. Each time there is an investment purchase or sale or a deposit in your pension (except when done automatically on a regular basis), you and your Adviser will receive written confirmation.

Transaction details, asset prices and valuations will be available on your secure pages on our website. Twice each year we will send you and your Adviser full portfolio statements. Of course, fund and share prices and yields are available from some daily newspapers, such as the Financial Times.

We do not normally forward copies of reports and accounts or scheme particulars issued by the providers of investments unless we have agreed otherwise with you (this being a service for which there will be a charge).

**How much can I contribute?**

- You will receive tax relief on personal contributions up to a limit of the greater of £3,600 and 100% of relevant UK earnings (also known as the 'Annual Limit'). Tax relief will be at your highest marginal rate, subject to an overall maximum based on the Annual Allowance.
- The published Annual Allowance is set out in the table below.

Tax Year	Annual Allowance
2007/08	£225,000
2008/09	£235,000
2009/10	£245,000
2010/11	£255,000

- Your employer may make unlimited contributions, but if these (whether alone or together with your own contributions to all Registered Pension Schemes) exceed the Annual Allowance, you will be taxed at 40% on the excess (and your employer may lose their allowable deduction in relation to this excess). It will be your responsibility to declare any amounts paid by you or your employer in excess of the Annual Allowance in your tax return via self assessment.
- Contributions that are made in the tax year to a Registered Pension Scheme in which benefits are taken in full will not count towards the Annual Allowance.
- Any S2P minimum contributions are excluded when determining maximum tax relief.
- Benefit increases in defined benefit schemes may count towards the Annual Allowance.
- There is no tax relief on contributions made after you turn age 75.

**When can I take my benefits?**

Until 5th April 2010 you may not take benefits until you are aged 50. From 6th April 2010 this will be increased to 55. Any Safeguarded Rights cannot be taken before age 60. However, in certain circumstances, such as serious ill-health or where you have an occupation with a low retirement age, you may still be able to take your pension earlier.

**What can I expect to get when I retire?**

- The amount of your pension will depend upon the size of your fund when you take your benefits and interest rates at that time. The size of your fund will depend upon contributions paid, how long you invest for, investment growth and any charges deducted.
- You may use the fund you have accumulated to provide an income in your retirement by buying a lifetime annuity, or by taking up to 25% of your fund (or possibly more where transitional protection applies) as a tax-free lump sum with the balance being used to purchase a reduced pension annuity or provide an Unsecured Pension. Where you choose to purchase an annuity, you will be free to choose the provider of your annuity.
- Should you buy lifetime annuity you may want to provide a pension for your spouse/Civil Partner or other dependant(s) when you die, or a pension that increases each year during your retirement. These options would reduce the initial level of your own pension.
- Any Protected Rights must provide a spouse's/Civil Partner's pension in the event of death. If you are single, a lump sum may be paid.

- If you select to receive an Unsecured Pension, the maximum level of income that you can withdraw from your fund is 120% of the limit set by the Government Actuary's Department (GAD). Within this limit you are free to vary the level of income that you take at any time to age 75. The GAD limits vary depending upon factors such as your age and the size of your fund. They are set when you start to draw benefits from your plan and are recalculated every five years. The GAD limit for the first five years is shown on your personal illustration. We may sell assets to obtain cash for income payments in accordance with the Transact Terms and Conditions. At the anniversary of each unsecured pension year you may request that the maximum income be reviewed. Regardless of whether you request these reviews we will still recalculate the maximum income every five years from when your plan first started providing unsecured pension benefits.
- There is no minimum amount of Unsecured Pension that must be paid in a pension year (although the minimum withdrawal amounts detailed in the Transact Terms and Conditions will always apply).
- Where you elect to phase benefits, each payment will be split between a tax-free lump sum taken from your fund and taxable income provided from either your fund or from payment of a pension annuity.
- Once you reach age 75, income withdrawal may only be provided by way of an Alternatively Secured Pension. Any tax-free lump sum entitlement not used up prior to age 75 will be lost. The maximum level of income that you can withdraw from your fund is 90% with a minimum payment of 55% of the limit set by the GAD (the minimum will be paid automatically if you do not request an income). Within these limit you are free to vary the level of income or make withdrawals on an ad-hoc basis. The income limits are set when you start to take benefits and are recalculated on your birthday.

For more details please read the Transact SIPP Income Withdrawal Key Features Document.

#### **Why is there a minimum cash balance?**

The minimum cash balance of 2% is necessary to allow us to collect commissions and charges, as well as to fund any regular withdrawals you request.

#### **What is the position regarding taxation?**

You benefit from a number of tax advantages:

- Provided that you are a relevant UK Individual with relevant UK earnings, all personal contributions up to the higher of £3,600 per annum and 100% of earnings receive tax relief at your highest marginal rate of income tax.
- The local inspector of taxes will determine whether contributions shall be regarded as an allowable business expense for the purposes of assessing the employer's liability to corporation tax.
- Up to age 75, you will be entitled to a tax-free lump sum of 25% of your pension fund and this sum could be greater if your fund qualifies for protection.
- Any sale of investments held in a Transact SIPP does not generally attract capital gains tax.
- Protected Rights payments received from HMRC will include basic rate relief.
- There is no income tax payable on investments held in a Transact SIPP although any advance corporation tax paid on dividends cannot be reclaimed.
- The value of any tax benefits that are available through your Transact SIPP will depend upon your personal circumstances. Tax legislation can change at any time.
- You will have to pay a 40% tax charge if the aggregate of employee/employer contributions to all registered pension schemes exceeds the Annual Allowance, except where the benefits are taken in the tax year to which contribution(s) relate.
- It will be your responsibility to declare in your tax return anything paid by you or on your behalf that is more than your Annual Allowance.
- There is no tax relief available on any contributions paid over age 75.

- As a member of the Transact SIPP you will pay contributions net of basic rate tax. We will arrange for this amount of tax to be reclaimed from HMRC and credited to your Transact SIPP pending your investment instructions. Please note the process of reclaiming tax relief to your pension normally takes between six and ten weeks. You will claim any higher rate tax relief via your tax return. Your employer may also pay contributions to your scheme. Subject to approval, employer contributions are entitled to full tax relief against profits.
- When you retire, the pension you receive, whether from a pension annuity or as income payments from the fund, will be taxed as earned income. Part of the proceeds at retirement may be taken as a tax-free lump sum with a corresponding reduction in pension income.

**What benefits are paid out if I die before taking benefits?**

- The value of your fund is normally paid to your nominated beneficiary(ies) as a tax-free lump sum up to the value of the standard lifetime allowance or, if you have one, your enhanced personal allowance applicable at death. Any fund value paid in excess of this amount will be subject to a tax charge of 55%.
- Alternatively, your fund may be paid out as a spouse/Civil Partner or dependant's pension and this will not attract the 55% tax charge.
- Any Protected Rights must be used to provide an income for your spouse/Civil Partner if you have one.

(Please refer to the Transact SIPP Income Withdrawal Key Features Document for details of the benefits payable on death after benefits have commenced.)

**Can I vary my contributions?**

Yes, you and your employer (where applicable) can increase or decrease contributions at no cost and at any time, subject to the initial £100 per month minimum or £50 if made by Direct Debit. Single contributions are also allowed at any time, subject to an initial minimum of £1,000. All contributions are subject also to the minimum overall investment required to open a Transact Portfolio. You should refer to your Adviser for advice on what level of contributions are appropriate for you.

You can also stop contributions altogether at any time without penalty. In this case, the plan will remain invested and continue to participate in the performance of each investment selected. We will continue to deduct ongoing charges from your plan. If the charges outstrip the level of growth of your fund, your retirement benefits will be lower. You should refer to your Adviser for full details.

If benefits are taken you can elect to make further contributions if you are still eligible to do so and/or to receive additional transfer payments.

**How is income from investments dealt with?**

If you buy assets that make dividend or interest payments, these will be collected by us and deposited as cash in your Transact SIPP.

**Can I change my mind?**

Should you wish to change your mind within 30 days of (a) the date on which we accept your application, (b) the date on which any single premium or other form of deposit (of whatever nature, including transfers-in) is made, (c) the date on which the first deposit is made in respect of regular deposits, please write to Integrated Financial Arrangements plc at Domain House, 5-7 Singer Street, London EC2A 4BQ.

If you exercise your right to cancel, you will get back the amount you invested less any fall in the value of the underlying assets of your pension at the time we receive your written instruction. In respect of pension transfers, your investment will be returned to the ceding scheme or, if the ceding scheme will not accept it, to another registered pension scheme, less any shortfall arising from a fall in the markets.

This is your right to cancel. A separate right to cancel will not be issued after your contract has been accepted. We will notify your adviser if you wish to cancel your pension facility.

**Can I use this plan to contract out of the State Second Pension?**

Yes, you can contract out of the S2P. All contracted-out payments must go into the Protected Rights portion of a Transact SIPP. If you have already contracted-out of the S2P you can elect to contract back in at any time by advising us before the end of the tax year. You will then rejoin the S2P backdated to the start of that tax year.

**What is Pension Sharing and Pension Earmarking?**

Should you and your spouse/Civil Partner divorce, the court may issue a pension sharing order under which your fund may be reduced. The amount of any reduction would then be available to your ex-spouse/partner to transfer to a Registered Pension Scheme of their choice. Pension sharing may affect any transitional protection that applies to your pension funds.

Should you divorce, the court may issue a pension earmarking order as an alternative to a pension sharing order for a portion of the accrued fund to be paid to the ex-spouse/partner upon the member's retirement. The benefits would also be earmarked to the ex-spouse/partner if the member subsequently transfers to another Registered Pension Scheme. Please note, Transact do not allow the earmarking of benefits.

**What are the charges?**

We will levy our own commissions ("Transact Commissions") on your Portfolio according to the following tariff. The current rates applicable to the commission types mentioned below are set out in the Transact Commissions Table in the Transact Commissions, Charges and Discounts Schedule, but may be varied with changes to our charging structure and are in addition to any other charges explained in Clause 6 of the Transact Terms & Conditions.

*Transact Initial Commission:* Whenever we use New Cash to buy an Investment for you, we will deduct from your Portfolio an amount equal to the percentage specified against Initial Commission in the Transact Commissions Table multiplied by the cost of the Investment in question.

*Transact Switch Commission:* Whenever we use Switch Cash to buy an Investment for you, we will deduct we will deduct from your Portfolio an amount equal to the percentage specified against Switch Commission in the Transact Commissions Table from time to time multiplied by the cost of the Investment in question.

*Transact Annual Commission:* At the end of each month, we will deduct from your Portfolio amounts equal to :

- The percentage specified against Transact Annual Commission: New Cash in the Transact Commissions Table from time to time multiplied by the average value of New Cash balances over the month in question; and
- The percentage specified against Transact Annual Commission: Investments and Switch Cash in the Transact Commissions Table from time to time multiplied by the average value in Investments over the month in question and the average value of Switch Cash balances over the month in question.

*Adviser Payment:* In addition to the Transact Commissions described above we will also deduct from your Portfolio, and pay to your Adviser on your behalf, those amounts that you agree with them will be paid in return for the intermediary services which are provided to you in relation to transactions as part of the operation of your Portfolio. These amounts will be collected and paid only as specified and authorised by you.

**Are there any other Charges?**

If there are other charges associated with collective investments (i.e. unit trusts and OEICs) that are levied by fund managers, then these will be charged to your Transact SIPP. However, you will receive the benefit of any rebates of these charges that we are able to negotiate on your behalf. When purchasing and selling equities on your behalf through licensed stockbrokers, we also endeavour to achieve reduced dealing charges, and Transact clients benefit from any rebates we are able to negotiate. In addition, equity dealing charges may be effectively reduced where purchases or sales are aggregated for more than one client.

We will charge to your Portfolio any stamp duty, government, bank or other charges, audit fees, taxes or imposts that arise out of the operation of your Transact SIPP (and which are not specifically excluded by the Transact Terms and Conditions).

There are some additional charges which are specific to certain Transact Wrappers and these are detailed in the appropriate Key Features Documents and the Transact Terms & Conditions.

**What are the Automatic Discounts?**

We will reduce Transact Annual Commission based upon the value of your Portfolio (portfolios may be linked, at our discretion, for discount calculation purposes). There are two scales of discount, "Premium" and "Platinum".

**Premium Discounts** – These are shown in the table in the Transact Commissions, Charges and Discount Schedule and will apply to Portfolios in which the average Portfolio Value has been at the stated level for either the whole of the preceding Quarter or at all times since the Portfolio was opened, whichever period is shorter.

**Platinum Discounts** – These are shown in the table in the Transact Commissions, Charges and Discount Schedule and will apply instead of Premium Discounts to Portfolios in which the average Portfolio Value has been at the stated level for either the whole of the two preceding Quarter or at all times since the Portfolio was opened, whichever period is shorter.

*Initial Commission Rebate:* This is shown in the Transact Commissions, Charges and Discounts Schedule and applies as a rebate of your Transact Initial Commission.

## General Information

### If you have a Query or a Complaint

We are authorised and regulated by the Financial Services Authority (FSA) and as such are bound by its rules. If you have a complaint you should write to our Compliance Officer at Integrated Financial Arrangements plc, Domain House, 5-7 Singer Street, London EC2A 4BQ. Should the matter still remain unresolved, you can contact the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR. Any such action will not affect your right to take legal action.

### Protection for Policyholders/Compensation

Should Integrated Financial Arrangements plc become unable at any time to meet claims against it, your interests will be protected by the Financial Services Compensation Scheme, which was set up under the Financial Services and Markets Act 2000. There are maximum levels of compensation you can receive under the Financial Services Compensation Scheme and your entire loss may not be covered. Further details are available on request.

### Applicable Law

The Transact SIPP is governed by and construed in accordance with the laws of England and Wales and are subject to the exclusive jurisdiction of the English Courts.

October 2008

# KEY FEATURES

The **Provider, Scheme Administrator and Trustee** of the Transact SIPP is Integrated Financial Arrangements plc (see below for contact and registration details)

The **custodian of the non-cash assets** for and on behalf of the Provider is:

Transact Nominees Limited

Registered Number: 3727527

Registered Office: Domain House, 5-7 Singer Street, London, EC2A 4BQ

A member of the Integrated Financial Arrangements plc group of companies.

The **appointed agent** of the Provider, and the **custodian of the cash assets** for and on behalf of the Provider is:

Integrated Financial Arrangements plc

Registered Number: 3727592

Registered Office: Domain House, 5-7 Singer Street, London, EC2A 4BQ

Authorised and regulated by the Financial Services Authority (entered on the register under number: 190856)

"Transact" is operated by Integrated Financial Arrangements plc, Domain House, 5-7 Singer Street, London EC2A 4BQ  
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Authorised and regulated by the Financial Services Authority (entered on the FSA Register under number: 190856).