



THE PREMIER TRUST



## KEY FEATURES of the Premier Trust SIPP

This document provides a summary of the key points of the **Premier Trust**  
This is an important document. You should keep it safe for future reference

# Key features of the Premier Trust SIPP

## About the Premier Trust

**The Premier Trust is a self invested personal pension (SIPP). A SIPP is a type of registered pension scheme that gives you a wide range of investment opportunities.**

**The Premier Trust offers you the maximum control and flexibility over:**

- **Contributions** – any level up to HM Revenue & Customs thresholds with no requirement to make any contributions if you don't want to.
- **Investments** – all investment options available, including commercial property.
- **Benefits** – all pension drawdown options available, including the option to phase your retirement if you wish.

The Premier Trust has been set up under irrevocable trust by a Trust Deed and Rules (a copy of which can be found on our website at [www.dapco.co.uk](http://www.dapco.co.uk)). It has been accepted by HM Revenue & Customs as a registered pension scheme.

The Premier Trust is administered by DP Pensions Ltd. DP Pensions Ltd is authorised as Operator of the scheme and is regulated by the Financial Conduct Authority.

D A Phillips & Co Ltd is the Asset Trustee of the scheme and is not regulated by the Financial Conduct Authority.

### About this document

This document provides you with the key features of the Premier Trust. For more information, please refer to your financial adviser, who will be able to advise you on all of the options available to you and identify which ones best match your needs.

This Information Booklet is based on our understanding of current legislation and HM Revenue & Customs (HMRC) practice. The purpose of this document is to provide general information on the subject, it should not be used as a substitute for advice. This booklet is issued by DP Pensions Ltd for use by our SIPP clients and their financial adviser and no responsibility to any third party is accepted if the information in this document is used for any other purpose. DP Pensions Ltd assumes no responsibility or liability for any errors or omissions in this booklet. The legislation and HMRC practice may change in the future.

The Financial Conduct Authority is the independent financial services regulator. It requires us, DP Pensions Ltd, to give you this important information to help you to decide whether our Premier Trust 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.

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Authorised and regulated by the Financial Conduct Authority.

# Key features of the Premier Trust SIPP

## Its Aims

To provide you with a means to save for your retirement in a tax efficient way.

To give you the option to pay one-off or regular contributions into your SIPP, taking advantage of the generous tax privileges available.

To allow you to transfer funds from other existing registered pension schemes into your SIPP.

To enable you to make your own investment decisions, with the help of your financial adviser or investment manager (if appropriate).

To give you the opportunity to invest in a wide range of investments, including commercial property, to build up your pension fund.

To give you the flexibility to take your benefits when you choose (after age 55) and the ability to take them in stages through phased retirement.

To give you the option to take a tax-free lump sum, this is referred to as a pension commencement lump sum (PCLS) when you take your benefits and a choice of flexible incomes, which include drawing income from your SIPP without buying an annuity.

To give you the option to take uncrystallised funds pension lump sum payments from your SIPP.

To pay lump sums and/or pensions to your family and dependant(s) following your death.

## Your commitment

To understand the features, benefits and risks of the Premier Trust to ensure that it will meet your needs and expectations.

To make at least one payment into your SIPP. This can be either a contribution or a transfer from another pension arrangement that you have. You do not have to make any further and/or regular payments.

With the help of your financial adviser if you have one, to review your contributions and investment strategy to ensure that your SIPP is on track to provide the level of benefits that you would like.

To take responsibility for the investment of your SIPP assets. You can do this yourself or appoint an investment manager.

To tell us when you want to commence taking benefits from your SIPP and then to tell us each year what benefits you wish to draw (subject to any HMRC limits).

To pay the SIPP charges set out in our Fee Schedule.

To provide us with all of the information necessary to administer your SIPP and notify us immediately of any relevant changes to your circumstances.

To retain the minimum balance required in your SIPP's bank account as detailed in the Terms and Conditions of the SIPP.

## Risk Factors

The value of your SIPP and the benefits it provides are not guaranteed. They will depend on payments made into the SIPP, investment performance, charges deducted and financial conditions when you draw benefits.

There are several factors that could adversely affect the level of benefits available to you. These include:

- you stop or reduce your regular contributions,
- your investments do not grow as expected (investments can go down as well as up and you may not get back what you originally put in),
- you take your benefits earlier than anticipated,
- the rate used to convert your SIPP into an income is lower than anticipated.
- you take high benefit payments either as lump sums or income, which may not be tax efficient or sustainable. This could result in lower than anticipated lump sums and/or income in the future. It could even result in the fund running out.
- annuity rates are lower than anticipated.

If the total value of all of your pension funds exceeds the lifetime allowance at the time you start taking benefits then there may be a tax charge.

The overall level of risk associated with your SIPP will depend on the risks associated with the investments you have selected.

Some investments, like property, could take longer to sell than others and the sale price may be lower than expected. This could affect your benefits.

Our charges, or those of intermediaries involved in your SIPP may increase in the future.

If you have a smaller SIPP or change investments frequently then its value may be disproportionately affected by the costs associated with administering it.

The tax benefits, as well as the laws and regulations which relate to SIPP's, could change to your disadvantage in the future.

Separate risks will apply to the investments held within your SIPP – in some cases a separate key features will apply to these investments which you are urged to read in addition to this key features.

# The Premier Trust - Questions and answers

## 1. THE BASICS

### **What is the Premier Trust?**

The Premier Trust is a self invested personal pension ('SIPP'), which is a type of registered pension scheme that enables you to control how your fund is invested. As with all registered pension schemes it is a long term investment, which is designed to provide you with a means of saving for your retirement. In addition to the significant tax advantages offered by registered pension schemes, you will also benefit from a wide range of investment opportunities.

### **What are the tax advantages?**

If you are a UK resident, then your contributions benefit from tax relief at the highest marginal rate you pay. Your SIPP investments are not subject to capital gains or income tax. A tax-free lump sum payment is available when you take your benefits, either as a pension commencement lump sum or as the tax free element of an uncrystallised funds pension lump sum. Death benefits are usually Inheritance Tax free. Pension payments are subject to the deduction of tax under Pay as you Earn (PAYE). The amount of tax depends on your individual circumstances and may be subject to change in the future.

### **Who is eligible to join the Premier Trust?**

Anyone can join our SIPP. You can join the SIPP even if you are a member of your employer's company pension scheme and you can contribute to both schemes. There is no minimum or maximum age. Children under the age of 18 can have a SIPP taken out for them by their parent or guardian. If you want to pay contributions to our SIPP then you will only receive tax relief on personal contributions up to age 75.

### **How do I set up my Premier Trust SIPP?**

Your designated fund ('your Plan') is established by completing an Application Form. We are also required under anti-money laundering rules to formally identify you. We will need to see certified documents which confirm your name and address. Alternatively you can show these documents to your financial adviser who can provide us with a certificate which confirms he has seen them. We will then set up your Plan bank account. This account receives all incoming payments and pays out all benefits.

### **Who is the Trustee of the Premier Trust?**

D A Phillips & Co Ltd is the Trustee of the SIPP. All investments are held by the Trustee and registered in the names of the Trustee and you, and both you and the Trustee are mandatory co-signatories on all bank account transactions. This ensures that you remain in full control of your Plan.

### **What are the charges?**

Please refer to our Fee Schedule which details all of our charges and our fees for running your SIPP. We will normally deduct our fees directly from your Plan bank account.

### **Is there a limit on my benefits?**

There is no limit on the benefits that may be provided under your Premier Trust SIPP. However, when you take your benefits from your SIPP, the total value of all of your pension funds will be tested against the lifetime allowance, for the 2021/22 tax year the lifetime allowance is £1,073,100. If the total value of all of your pension schemes exceeds the lifetime allowance then there may be a tax charge (see the Member Benefits section for more details).

### **Would I be better off with a Stakeholder Pension?**

The Premier Trust is not a stakeholder pension. Stakeholder pensions are generally available and may meet your needs at least as well as the Premier Trust SIPP. Stakeholder pensions are relatively simple pension plans that must satisfy a number of minimum government standards, such as charges, minimum payment levels and terms and conditions. If you are in any doubt about the suitability of a SIPP, you should contact your adviser.

# The Premier Trust - Questions and answers

## 2. CONTRIBUTIONS AND TRANSFERS

### Who can pay contributions to the Premier Trust?

Contributions can be made by you personally. Contributions can also be paid by another person on your behalf, like your spouse, parent or grandparent. If you are employed then your employer can also pay contributions into your SIPP.

Please note that contributions cannot be paid into your SIPP after you reach age 75.

### How much can I pay to my SIPP as a personal contribution?

You can contribute any amount to your SIPP. However you will only receive tax relief on contributions up to a certain amount. If you are a UK resident then you will get tax relief on contributions up to the higher of:

- £3,600 gross per annum, and
- 100% of relevant UK earnings (subject to the annual allowance) each year.

The annual allowance is currently £40,000. Depending on your circumstances a different level may apply. Further information regarding this can be found in the following sections.

### How do I get tax relief on my personal contributions?

We will reclaim basic rate tax relief from HM Revenue & Customs and add it to your Plan (this usually takes 7-11 weeks). If you are a higher rate tax payer, then you can reclaim the higher rate tax through your personal tax return.

### How much can my employer pay to my SIPP as an employer contribution?

Your employer can also contribute to your SIPP and may do so whether or not you are making personal contributions. All employer contributions are paid gross. Your employer's contributions do not count against the limit above. They will normally receive tax relief on them and you will normally not be taxed on them. However, the annual allowance does also apply to employer contributions (see below).

### Do I have to pay contributions to my SIPP?

No, there is no requirement for you or any other party to pay contributions to your SIPP. If you set up regular contributions, then these can be reduced or stopped at any time without penalty.

### What are my options for paying contributions?

You can pay a single contribution to your Plan at any time or you can set up a standing order to pay regular contributions.

### What is the annual allowance for contributions?

The Annual Allowance is the maximum amount of contributions (personal and employer) that can be made to registered pension schemes each year which will receive tax relief. The Annual Allowance is currently £40,000.

You will exceed the annual allowance if, for any 'pension input period' the total of all contributions (paid by you, on your behalf and by your employer) to your registered pension schemes when added to the increase in benefits under any final salary scheme exceeds £40,000. The pension input period for the Premier Trust coincides with the tax year.

Please note that the Money Purchase Annual Allowance rules restrict your annual allowance if you flexibly access your pension benefits. Details of this can be found in the Member Benefits section of this document. The Money Purchase Annual Allowance is currently £4,000.

### What is the annual allowance taper?

If you have adjusted income of over £240,000 and your threshold income is more than £200,000 your annual allowance will be reduced by £1 for every £2 by which your adjusted income exceeds £240,000, subject to a maximum reduction of £36,000.

# The Premier Trust - Questions and answers

Please refer to our Tapered Annual Allowance Information Sheet for a detailed explanation and examples. We are not able to calculate an individuals tapered annual allowance and you should speak to your financial adviser and / or accountant.

## **Can I carry forward unused Annual Allowance from previous years?**

Subject to having been a member of a registered pension scheme (even if you did not contribute anything), you can carry forward any unused Annual Allowance for a period of up to 3 years and make top-up contributions in later years. You can Carry Forward a maximum of the Annual Allowance for each of the previous three tax years, and this amount is reduced by the amount of the Annual Allowance you used during those years.

The carry forward of unused annual allowance is available for those subject to the annual allowance taper however the amount available will be based on the unused tapered annual allowance.

If the Money Purchase Annual Allowance rules apply to your SIPP then you will not be able to use Carry Forward.

## **What happens if I exceed the Annual Allowance?**

If having used Carry Forward you still exceed the Annual Allowance then you will have to pay a tax charge on the excess. The tax charge is based on the marginal rate of tax relief received on the contribution and will be collected through your tax return.

## **What if I am entitled to Enhanced Protection or Fixed Protection?**

If you have registered for Enhanced Protection (for funds built up before 6<sup>th</sup> April 2006) or Fixed Protection then you will lose this protection if any contributions are made to your SIPP. More details about Enhanced and Fixed Protection can be found later in the 'Member Benefits' section of this key features.

## **Can I transfer other pension schemes into my SIPP?**

You can transfer benefits from other registered pension schemes that you are a member of into your SIPP. However we do not accept transfers from pension schemes that include safeguarded benefits. Examples of this include but are not limited to, defined benefit schemes, guaranteed pensions including Guaranteed Annuity Rates (GARs) and Guaranteed Minimum Pensions (GMPs).

You can transfer assets other than cash into your SIPP. This is known as an 'in specie' transfer.

You can also transfer funds out of your SIPP to other registered pension schemes. The transfer can be as cash or 'in specie'.

## **3. INVESTMENTS**

### **What can my SIPP invest in?**

Our SIPP clients have a wide range of investment options. However, as a responsible SIPP operator, we have placed restrictions on what your SIPP can and cannot invest in.

Our Permitted and Non-Permitted Investments Lists below set out generally what is allowable. The lists are principally determined by:

- Taxable property these are a category of investment that would incur high tax penalties if held in your SIPP, and
- Non-Standard Investments these are investments, which do not fall within the Financial Conduct Authority's definition of "standard investments", as they may be difficult to sell, be higher risk and are often inappropriate for SIPPs.

If you are considering an investment which is not covered below then please send us full details so that we can determine whether it is viable. Please note that there will be a charge for us completing any due diligence. Our fee schedule is available from our website.

# The Premier Trust - Questions and answers

We reserve the right to sell any investment held in a SIPP at our sole discretion if we believe that continuing to hold it could jeopardise the registration of the SIPP or lead to a tax charge.

Please note that DP Pensions Ltd and D A Phillips & Co Ltd (the SIPP Trustee) do not give financial advice. You make all investment decisions with the help of your financial adviser (if you have one). We do not take any responsibility for the consequences of your investment decisions.

## Permitted Investments

You have a wide range of investment opportunities, including:

- Bank and building society account deposits
- Cash
- Cash funds
- Bonds
- Exchange traded commodities
- Government and local authority bonds and other fixed interest stocks
- Physical gold bullion
- Investment notes and capital protected structured products
- Shares in Investment trusts
- Managed pension funds
- National Savings and Investment products
- Permanent interest bearing shares (PIBs)
- Real estate investment trusts (REITs)
- Securities admitted to trading on a regulated venue such as stock exchanges and multi-lateral trading facilities. \*
- UK Commercial Property and Land
- Units in Regulated collective investment schemes

\* Examples include the London Stock Exchange (LSE), the Alternative Investment Market (AIM) and all other venues/operators that have functions similar to an exchange or an MTF – that are authorised by a regulator or a governmental agency either in the EEA or in any third country. (Source: FCA Handbook IPRU-INV 5.9)

We may however consider from time to time that some of these regulated venues are not on markets we would wish to hold in our SIPP. The current list can be found below.

## Non Permitted Investments

Below is a list of investments not allowed in your SIPP. This list is not exhaustive, please contact us if you are unsure as to whether an investment meets the Permitted Investments criteria shown above.

## Taxable Property

- Residential property and any associated land
- Tangible moveable property (such as art, antiques, jewellery etc)
- Loans made by your SIPP to you, your business or anyone connected to you
- Residential ground rents

## Non-Standard Investments

- Unquoted shares – UK or overseas
- Unquoted loan notes and bonds
- Mini bonds
- Unregulated Collective Investment Schemes (UCIS)
- Closed-ended investments which are not realisable within 30 days
- Structured Capital at Risk Products
- Crypto currencies (such as Bitcoin and Ethereum)
- Intellectual property
- Futures and options



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- Land banking
- Overseas commercial property
- Loans made by your SIPP to any party
- Hotel Rooms
- Storage Pods
- Peer to peer lending
- Carbon credits
- Second hand traded endowment policies
- Burial plots
- Contracts for difference
- Forex trading
- Other special purpose vehicles and pooled investment structures meeting the Financial Conduct Authority definition of non-mainstream pooled investments
- Any other asset which cannot be accurately and fairly valued on an ongoing basis and cannot be readily realised within 30 days.

Stock Markets or Exchanges which we will not accept into your SIPP

- NEX
- The International Stock Exchange (formerly known as the Channel Islands Stock Exchange)
- The Cayman Islands Stock Exchange
- GXG Official List
- GXG Main Quote
- The Rio De Janeiro Stock Exchange
- The Sao Paulo Stock Exchange
- Growth and Enterprise Market of the Irish Stock Exchange
- Enterprise Securities Market of the Irish Stock Exchange
- The Bermuda Stock Exchange

This list is our current view of markets that we do not wish to hold in our SIPP. This list will be reviewed from time to time and we reserve the right to make any decision in relation to markets, trading venues or multi-lateral trading facilities as we deem appropriate.

## **How do I make investments?**

All contributions and transfers must be paid into your Plan bank account. From there, you can make the investments that you wish. You have the option to appoint an FCA-regulated investment adviser or manager, or you can manage the investments yourself.

If you would like to invest in quoted shares then an account must be opened with a UK based stockbroker.

## **Can I enter into transactions with 'connected parties'?**

Yes, your SIPP can enter into transactions with you personally or with any party connected to you. Connected parties include your relatives and employer. However, if this is the case then the transaction must be at arm's length using an open market price supported by a professional valuation. Please note, however, that your SIPP can not lend money to any connected party.

## **Can I purchase property in my SIPP?**

Yes, your SIPP can purchase commercial property (either freehold or leasehold). Commercial property also includes land whether development land, farmland or forestry. Your Plan can purchase property jointly with other SIPPs, your business or you personally. If your SIPP purchases property from you or someone connected to you then the purchase price must be set by an independent valuation.

## **What if the property is subject to VAT?**

If the property is subject to VAT then we will register your SIPP for VAT, which will enable us to reclaim the VAT paid on the purchase price. All rent charged on the property will then be subject to VAT.



# The Premier Trust - Questions and answers

## Can my SIPP develop property?

Yes, your SIPP can purchase property for development. However the SIPP must fund the development. If you intend to develop a property owned by your SIPP then your SIPP and the property will normally be registered for VAT. This ensures that VAT paid on contractors invoices can be reclaimed from HM Revenue & Customs. It will also mean that all rent charged by your SIPP will be subject to VAT.

## Can my SIPP borrow funds?

Yes, your SIPP can borrow funds to help finance the purchase and/or development of property, or other purpose. The maximum amount that you can borrow is 50% of the net value of your Plan. The loan can be from a person connected to you or from an unconnected individual or bank. The loan would have to be on a commercial basis. There is no additional provision for short term borrowing required to cover the VAT on the purchase of a property which is subject to VAT. The borrowing required for VAT must be included when determining whether there is sufficient scope to borrow within the 50% limit.

## Can my SIPP let property to my business?

Yes, your SIPP can let property that it owns to you or your business as well as to an unconnected party. If you do let property to your business (or someone connected to you), then the lease must be on commercial terms and the rent must be set by an independent valuation, provided by a member of the Royal Institute of Chartered Surveyors (RICS).

## How can I get a valuation of my SIPP?

We will send you an annual valuation of your Premier Trust SIPP. You can also request a valuation of your SIPP at any time from us.

## 4. MEMBER BENEFITS

### Is there a limit on my benefits?

The benefits available from your SIPP will depend on your age and the size of your fund at the time you take them. The total value of all of your pension funds will be tested against the lifetime allowance. The lifetime allowance is £1,073,100 for the 2021/22 tax year. If this total value exceeds the lifetime allowance then there may be a tax charge (see details of the lifetime allowance and protections later in this section).

### When can I take my benefits?

You can start to take benefits from your SIPP (known as 'crystallisation') at any time from age 55. There is no requirement for you to stop working or 'retire' when you take your benefits. You may be able to take your benefits earlier than age 55 in one of the following circumstances:

- You become seriously ill, or
- Your SIPP is made up of funds transferred from an existing pension with a lower pension age provided that the transfer to your SIPP complied with certain HMRC requirements.

### Can I take my benefits in stages?

Yes, you can crystallise a percentage of your SIPP and take benefits from this crystallised fund leaving the rest uncrystallised. This means that instead of taking your benefits in one go, you could take your benefits in stages by crystallising portions of your fund so as to suit your own personal requirements.

### What are my benefit options?

The options available are:

- A pension commencement lump sum and a pension income. The income can be taken either as Flexi Access Drawdown, Capped Drawdown (subject to certain criteria outlined later in this section) or an Annuity; or
- An Uncrystallised Funds Pension Lump Sum

# The Premier Trust - Questions and answers

## Can I get help with understanding my options?

Taking your benefits is a complex process, which can lead to irreversible decisions. Taking large benefit payments from your SIPP may not be tax efficient or sustainable, especially if you are reliant on your pension to support you for the rest of your life. It is therefore essential that you have all of the information necessary to make an informed decision on what is best for you.

There are two main places that you can go to get help with understanding your options. These are:

- A financial adviser who is regulated by the Financial Conduct Authority
- Pension Wise, which is a Government service that offers free impartial guidance on your benefit options.

We will provide more details on these options when you come to take your benefits or on request.

## What is the Pension Commencement Lump Sum?

A Pension Commencement Lump Sum (sometimes called Tax Free Cash) is a tax-free payment that you can take at the time you crystallise your benefits. The maximum amount you can take is the lower of 25% of the fund you have crystallised and 25% of your available lifetime allowance.

## What is Flexi Access Drawdown?

Flexi Access Drawdown (FAD) is a drawdown option that became available on the 6<sup>th</sup> April 2015. It allows you to continue to invest your Plan while drawing an income from it. There is no maximum limit on the amount of income that you can draw up to and including taking the whole FAD fund. The minimum is nil, meaning that you do not have to draw any pension if you do not wish to. All FAD payments are taxed as earned income.

You can draw your pension income through regular payments (either monthly, quarterly, half yearly or annually). You can also take one-off payments as and when needed and you can change the level you are taking at any time.

Taking an income under FAD will trigger the Money Purchase Annual Allowance rules (outlined later in this section) which will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase savings.

## What is Capped Drawdown?

Capped drawdown is the drawdown option that existed prior to the 6<sup>th</sup> April 2015. Like FAD, it allows you to continue to invest your Plan while drawing an income from it, but unlike FAD it is limited to a maximum annual amount set by HMRC. The minimum is nil, meaning that you do not have to draw any pension if you do not wish to. You can take any level of pension up to the maximum amount each year and can change the level you receive at any time. All Capped Drawdown payments are taxed as earned income.

Capped drawdown is not an option for members who crystallise their benefits for the first time after 6<sup>th</sup> April 2015. Members who had designated funds to capped drawdown prior to 6<sup>th</sup> April 2015 can continue with this option as long as they have not triggered the Money Purchase Annual Allowance rules. Taking more income than the current annual maximum calculated for your Capped Drawdown fund will result in the fund being automatically converted to a Flexi Access Drawdown fund and would trigger the money purchase annual allowance rules.

You can draw your pension income through regular payments (either monthly, quarterly, half yearly or annually). You can also take one-off payments as and when needed.

The maximum pension that you can take is 150% of the relevant Government Actuary Department (GAD) rate. This rate is determined by your age and returns from Government securities. We will apply this rate to the value of your crystallised fund at the time it is first used to provide pension drawdown and at each review.

We will review your maximum pension every three years until you reach age 75. From that point we will review your maximum pension annually.

# The Premier Trust - Questions and answers

## **What is a Lifetime Annuity?**

A lifetime annuity is an insurance company product which guarantees to pay you a regular income for the rest of your life. The level of pension that you receive under a lifetime annuity will depend on the size of your fund, your age and annuity rates at the time you purchase it. If you want your pension to continue to your spouse or other dependants on your death, for your pension to increase, or for a guarantee period to apply then this will reduce the initial pension that you receive. All annuity payments are taxed as earned income.

If you choose to have your pension paid in this way then we will close your SIPP and transfer its cash value to the insurance company of your choice. As a result, you will cease to have any involvement in the investment of your pension fund, which may be the right option if income security is an important factor.

## **When can I buy a lifetime annuity?**

You can buy an annuity at any time from your 55th Birthday. You can crystallise your benefits and purchase an annuity immediately, or you can draw an income through capped or flexi access drawdown and then purchase an annuity at a later time.

You can also buy the annuity all at once or in stages using cash from part of your SIPP.

## **What is an Uncrystallised Funds Pension Lump Sum?**

An Uncrystallised Funds Pension Lump Sum (UFPLS) is an alternative way of accessing your pension benefits which became available from the 6<sup>th</sup> April 2015. It can only be taken from funds not already in drawdown. It allows you to take a one off payment or series of payments whilst keeping the remainder of your pension uncrystallised.

You can normally take an UFPLS at any time from age 55 (or earlier if you meet the ill health conditions) and like drawdown it is not necessary to stop working or 'retire' when you take your benefits.

When you take an UFPLS payment, 25% of the payment will be tax free (like a PCLS) and 75% of the payment will be taxed as pension income at your marginal rate of income tax.

Taking an UFPLS payment will trigger the Money Purchase Annual Allowance rules (outlined below) which will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase savings.

## **What are the Money Purchase Annual Allowance Rules (MPAA)?**

Flexibly accessing your pension savings will trigger the MPAA rules which will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase schemes (details of the annual allowance can be found in the contributions section). Money purchase schemes are ones which do not guarantee a level of pension in retirement. Your SIPP is a money purchase scheme. Special rules apply to 'final salary' schemes. The MPAA rules will apply from the day after the trigger event occurred. The MPAA rules also prohibit the ability to carry forward any unused annual allowance.

The following actions will trigger the MPAA rules as you will have flexibly accessed your pension savings; taking an income under Flexi Access Drawdown (FAD); taking an Uncrystallised Funds Pension Lump Sum (UFPLS); taking a stand alone lump sum with Primary Protection; taking income under a flexible annuity and exceeding the maximum drawdown amount under Capped Drawdown.

## **What is the lifetime allowance?**

The Lifetime Allowance does not limit the size of your pension funds, but it does limit the amount that is tax privileged. Your SIPP will be tested against the Lifetime Allowance when you take your benefits (a benefit crystallisation event) and the growth in any crystallised funds as well as any uncrystallised funds will be tested when you reach age 75. The Lifetime Allowance is £1,073,100 for the 2021/22 tax year.

# The Premier Trust - Questions and answers

## What if I take benefits from my SIPP which are in excess of the Lifetime Allowance?

If you take benefits from your SIPP which are in excess of your remaining Lifetime Allowance then there will be a tax charge of:

- 25% on the excess if you take the excess as income (in addition to income tax on the income withdrawals), or
- 55% on the excess if you take the excess as a lump sum.

## When will my SIPP be tested against the Lifetime Allowance?

Your SIPP will only be tested against the Lifetime Allowance when certain events occur. These are called benefit crystallisation events and include the following:

- Payment of a tax free lump sum referred to as a pension commencement lump sum.
- Payment of income drawdown or annuity purchase.
- Lump sum death benefit paid in the event of your death before you take your benefits.
- Transfer to a Recognised Overseas Pension Scheme.
- When you reach age 75.
- Taking an Uncrystallised Funds Pension Lump Sum (UFPLS)

## Can I protect my pension savings?

You had the option following the introduction of the Lifetime Allowance on the 6<sup>th</sup> April 2006 to apply for Enhanced and/or Primary Protection. These protections could protect your pension funds from the Lifetime Allowance tax charges that apply. You will have a certificate from HM Revenue & Customs if you benefit from one of these protections. If you have Enhanced Protection then any further contributions into any pension schemes would result in the loss of the protection.

The Government has since introduced Fixed Protection 2012, which locked your lifetime allowance at £1.8 million (so that it did not reduce to £1.5 million on the 6<sup>th</sup> April 2012). If you benefit from Fixed Protection 2012 then any further contributions after 6<sup>th</sup> April 2012 would result in the loss of the protection.

When the lifetime allowance reduced from £1.5 million to £1.25 million on 6<sup>th</sup> April 2014. The Government announced two other forms of protection – Fixed protection 2014 and Individual Protection. If you benefit from Fixed Protection 2014 your lifetime allowance is locked at £1.5 million. The deadline for applying for Fixed Protection was 5<sup>th</sup> April 2014 and any further contributions after this date will result in the loss of the protection. If you had more than £1.25 million of private pension accumulated on 5<sup>th</sup> April 2014 you could have applied for Individual Protection. The deadline for applying for Individual Protection was 5<sup>th</sup> April 2017. The main difference between the two forms of protection is that Individual Protection gives you a protected lifetime allowance equal to the value of your pension savings on 5<sup>th</sup> April 2014. You can continue to accrue benefits under pension arrangements without the loss of your personalised lifetime allowance, but any pension savings in excess of your protected lifetime allowance will be subject to the lifetime allowance charge.

The lifetime allowance then reduced from £1.25 million to £1 million on 6<sup>th</sup> April 2016 and the Government announced two other forms of protection – Fixed protection 2016 and Individual Protection 2016. If you benefit from Fixed Protection 2016 your lifetime allowance is locked at £1.25 million. There is no deadline for applying for Fixed Protection 2016 however if you have made any contributions after 6<sup>th</sup> April 2016 you will not be able to apply for this protection. If you have more than £1 million of private pension accumulated on 5<sup>th</sup> April 2016 you can apply for Individual Protection 2016, providing you do not have Primary protection or Individual Protection 2014. Individual Protection 2016 gives you a protected lifetime allowance equal to the value of your pension savings on 5<sup>th</sup> April 2016. There is no deadline for applying for this protection and you can continue to accrue benefits under pension arrangements without the loss of your personalised lifetime allowance. Any pension savings in excess of your protected lifetime allowance will be subject to the lifetime allowance charge.

# The Premier Trust - Questions and answers

## 5. DEATH BENEFITS

### What death benefits are available from my SIPP?

The full value of your Plan will be used to provide lump sum and/or pension benefits to your spouse, civil partner and other beneficiaries. The Trustee of the SIPP has discretion to select who will receive the benefits, but will take account of any beneficiaries nominated by you in the Expression of Wish section of your SIPP Application Form or subsequently. You can complete a new Expression of Wish at any time.

Your beneficiaries can take their benefits as a lump sum. If you were under the age of 75 on death, then the lump sum death benefit will be tax free providing that payment is made within 2 years of your death, otherwise it will be taxed at the beneficiaries marginal rate of income tax. If you were over the age of 75 on death, then the lump sum is taxable at the beneficiaries marginal rate of income tax.

Your beneficiaries also have the right to take their benefits as a pension. Each beneficiary can take their pension through an annuity or Flexi Access Drawdown. If you were under the age of 75 on death, pension payments to a beneficiary will be income tax free if designated within 2 years, otherwise they will be taxed at the recipient's marginal rate. If you were over 75 on death, then any pension payments will be taxed at the recipient's marginal rate.

### What happens if I die after I have purchased a Lifetime Annuity?

If you had purchased a Lifetime Annuity then any payments to your spouse and/or dependants would depend on the terms of that Annuity. If you provided for a spouse/dependants pension then this would be paid to them for their life. If you die shortly after purchasing the Annuity then payments would continue for any guaranteed period specified at the time of purchase.

## 6. FURTHER INFORMATION

### Can I change my mind?

Yes, you have a 30 day cancellation period within which you can change your mind about setting up your SIPP. If you cancel your SIPP we will return the full value of your plan. We will make no charges. You can invest your SIPP funds during the cancellation period if you would like and this will not affect your right to cancel. However if you subsequently decide to cancel the SIPP then the amount returned may be less than has been paid in as a result of movements in the price of any investments made and charges levied by a third party.

We will send you a cancellation notice as soon as we have opened your SIPP. If you complete and return the notice within the cancellation period then we will cancel your SIPP.

If your SIPP has received a transfer from another registered pension scheme then we will request that the transferring scheme takes the remaining value back. If it does not accept the transfer, then you will need to arrange for another pension scheme to take it.

Your right to change your mind also applies to any additional transfers received.

### Can I change my mind when electing to take benefits?

Unless you have chosen UFPLS (see our SIPP Information Booklet – Member Benefits) we will send you a cancellation notice. You will have 30 calendar days during which you have the right to change your mind and send the cancellation notice, along with any pension commencement lump sum and income you may have received back to DP Pensions Limited. Your election to take an income drawdown will then be cancelled.

If you ask us to re-invest the returned pension lump sum and/or income in the same investments, you may receive less units/shares because of transaction costs or upward movements in prices.

If any monies have already been disinvested in order to pay future income, you may also receive less units/shares if we are instructed to re-invest such monies. If you choose to cancel your election to take an income drawdown this will not affect any instructions you send us to take an income drawdown in the future.

# The Premier Trust - Questions and answers

## **What should I do if I have a complaint?**

If you are not satisfied with the level of service that you have received, then please write to: Managing Director, DP Pensions Limited, Bridewell House, Bridewell Lane, Tenterden Kent TN30 6FA

If your complaint is not resolved to your satisfaction, then you can refer it to:

Financial Ombudsman Service, Exchange Tower, London, E14 9SR. Tel: 0800 023 4567 or 0300 123 9123  
[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

The Pensions Ombudsman Service, 10 South Colonnade, Canary Wharf, London, E14 4PU. Tel 0800 917 4487  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

## **Can I claim compensation?**

The Premier Trust is covered by the Financial Services Compensation Scheme, which was set up to deal with compensation if firms are unable to meet claims made against them. Your entitlement would depend on the circumstances of your claim.

## **About us**

The Premier Trust SIPP is administered by DP Pensions Ltd. DP Pensions Ltd is authorised as Operator of the scheme and is regulated by the Financial Conduct Authority. D A Phillips & Co Ltd is the Asset Trustee of the scheme and is not regulated by the Financial Conduct Authority.

## **Important Notice**

The information provided in this Key Features is a summary of our understanding of current law and HM Revenue & Customs practice at the date the document was prepared. Please note that current laws may change in the future.

The Premier Trust is administered by DP Pensions Ltd.

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