ASSURED RETIREMENT
HELPING SECURE YOUR FUTURE

Frequently Asked Questions

What is the Cash Retirement Account?

The Cash Retirement Account is a Self Invested Personal Pension that provides retirement benefits for a fixed term at a frequency and level chosen by you at outset. The fixed term may be for one to five years (in whole months).

These benefits can consist of a tax free cash lump sum, regular income payments, one or more lump sum payments, an amount invested in an instant access account and a known maturity value. If a maturity value is payable, at the end of the term you can use it to invest in another Cash Retirement Account or transfer to another drawdown pension arrangement or buy a lifetime annuity. You can if you so wish take the whole maturity amount as a taxable lump sum.

The Cash Retirement Account also allows you to build up further pension savings by making additional pension contributions within the HMRC limits.

Who might purchase the Cash Retirement account?

We have designed this Account for customers who do not wish to commit to an income for life today via a lifetime annuity and want to have some control and flexibility with their pension fund but want the certainty of known regular income or lump sum payments that are fixed at outset and will not fluctuate during the chosen term.

How does the Cash Retirement Account work?

The Cash Retirement Account works on the basis that you set out the shape and frequency of benefit payments you require and we invest your pension fund in one or more instant access accounts, fixed term bonds and/or fixed term cash deposit accounts to provide the level of pension benefits requested. Because our Cash Retirement Account only uses fixed term bonds and cash deposit accounts, you know at outset exactly the level of benefits that will be provided.

The investments are made with one or more of the financial institutions on our panel, which is reviewed regularly and consists of banks, financial institutions and National Savings and Investments (NS&I). The mixture of accounts will be selected so that the interest earned is maximised, they mature in time to provide the future benefits you have asked for and the amounts invested, including interest earned, do not exceed the maximum FSCS limits with any single institution.

All financial institutions within our panel are authorised to do business in the UK by the Financial Conduct Authority and are participants in by the Financial Services Compensation Scheme (FSCS). The FSCS protects your deposits up to £85,000 per person, per authorised firm. NS&I is not part of the FSCS but is an Executive Agency of the Chancellor of the Exchequer and any money invested with NS&I will be 100% secure as they are backed by HM Treasury , with no overall limit on how much is guaranteed.

Who is eligible to purchase the Cash Retirement Account?

You are eligible to invest in a Cash Retirement Account if:

- you are aged 55 or more when the account starts. This could be lower in certain prescribed circumstances, such as if HMRC allows access to the benefits due to ill health or where you have become a beneficiary of an existing drawdown arrangement. If no immediate benefits are required there is no minimum age. There is no maximum age;
- the pension funds being transferred are from a UK registered pension scheme;
- you are resident in the EU (including EEA member states) at the start of the account;
- making personal or employer contributions, you are eligible for UK tax relief under HMRC rules;
- your pension funds are received from a UK registered pension scheme as a transfer payment and NOT as an Open Market Option(OMO). OMOs can only be used to purchase a Lifetime Annuity.

What pension funds can I transfer into the Cash Retirement Account?

If you have pension funds where you have already taken some benefits, these are known as crystallised funds. You cannot take any further tax free cash lump sum from these funds but income withdrawals are allowed which are taxable at your marginal rate of tax.

If you have not taken any benefits from your pension funds then these are known as uncrystallised funds and you can take your pension benefits in one of two ways:

- Convert to a Flexi-Access Drawdown arrangement and take all you tax free cash sum entitlement at the outset followed by, if required, income payments that are taxable at your marginal rate of tax. Once you have decided to take your benefits, if you choose not to take a tax free cash lump sum you won't be able to take it at a later date; or
- Withdraw a single or a series of lump sums from your pension funds without converting to a Flexi- Access Drawdown arrangement. These lump sums are referred to as Uncrystallised Funds Pension Lump Sum (UFPLS). Each payment consists of 25% which is tax free with the balance taxable as pension income at your marginal rate of tax.

You or your employer may also make regular and/or single additional contributions into the Cash Retirement Account. Regular contributions may be paid monthly or annually. The amount you or your employer may contribute will be determined according to the current HMRC rules.

ASSURED RETIREMENT
HELPING SECURE YOUR FUTURE

What types of pension arrangement can I transfer my pension funds into?

There are three types of pension arrangement that you can transfer your pensions funds into. All three arrangements are allowed within your Cash Retirement Account.

The three arrangements are:

- Capped Drawdown: This arrangement assumes you are currently in a Capped Drawdown arrangement and that you wish to remain in that arrangement once you have transfered your pension fund into the Cash Retirement Account. The income you can take will be restricted to the maximum GAD limits already set by the provider you are transferring the scheme from. Provided that any benefits paid remain within the Capped Drawdown limits, any future pension contributions are allowable up to a higher annual allowance, set at £40,000 for the current tax year. If the benefits paid at any time exceed the annual maximum for Capped Drawdown, the account will be converted into a Flexi-Access Drawdown and the new lower Money Purchase Annual Allowance (MPAA) will apply in respect of any future pension contributions you wish to make.
- Flexi Access Drawdown: Your pension funds can be transferred to a drawdown pension and you can draw any level of income over whatever time period you wish. If eligible, you must decide whether to take your tax free entitlement at the outset. If you decide not to take this tax free lump sum then you will not be able to take it at a later date. If income is not taken then you can defer taking the tax free lump sum until the Account matures. The withdrawal of funds from a Flexi-Access Drawdown will trigger a new Money Purchase Annual Allowance (MPAA) which restricts any future pension contributions to a maximum, set at £4,000 for the current tax year.
- Uncrystallised Funds Pension Lump Sum (UFPLS): This arrangement allows you to withdraw a single or a series of lump sums from your pension fund without moving into income drawdown pension. The first 25% of each lump sum will be tax free with the balance taxable as pension income. The withdrawal of funds as an UFPLS will trigger a new Money Purchase Annual Allowance (MPAA) which restricts any future pension contributions to a maximum, set at £4,000 for the current tax year.

How much can I invest?

Transfer Payments:

The minimum combined pension fund that can be transferred into the Cash Retirement Account is £18,000, net of any tax free cash lump sum and £15,000 net of any tax free cash lump sum, initial adviser charge and any amount specified in an instant access account for withdrawal immediately or at a later date.

There is no upper limit.

Pension Contributions:

The minimum amount you or employer on your behalf can pay into your Cash Retirement Account is £50 a month, or £500 per annum or £500 for single payment(s). All the minimum payments made by you include basic rate tax relief.

Overall, HM Revenue & Customs have set a maximum amount that you can pay into your Account each tax year and still receive tax relief.

In each tax year, if you're a 'relevant UK individual' under 75 you can pay:

- up to £3600 (including basic rate tax relief) regardless of your earnings, or
- up to 100% of your 'relevant UK earnings' for that year (including basic rate tax relief).

The above limits apply to the total payments made by you, your employer or any third party, to all your pension arrangements. These limits do not apply to the transfer payments.

There is an overall payment limit set each tax year which is called the Annual Allowance. If the total payments made by you or your employer in a tax year to all your pension arrangements, including this one, exceeds the annual allowance, the excess will normally be subject to a tax charge. The Annual Allowance varies depending on the type of pension arrangement you have selected.(See What types of pension arrangement can I transfer my pension funds into? on page 2)

What term can I choose?

You can choose any term from one to five years (in whole years and months) and can usually buy a plan if you are 55 or over . The account is available to those under age 55 if you do not wish to take an income from your account until you reach 55 or if HMRC will allow the payment of benefits prior to 55, for example, early retirement on the ground of ill health.

How much income can I choose?

If you require income, our plan allows you to choose to receive any amount of regular income above our minimum income amount of £600 per year/£50 per month. The amount will depend upon:

- the size of the pension fund you invest;
- the account term;
- whether your income is level or increases each year by a fixed percentage;
- how often you choose your income to be paid;
- whether a Protected Maturity Amount is payable at the end of the Account period;
- the maximum income set by legislation if the Account is set up under the Capped Drawdown arrangement.

Income payments will remain level throughout the term or can increase at a fixed rate of up to 10% each year. If you have selected to increase your income payments each year this will occur on the anniversary of the first income payment date. You can also have variable income each year, subject to our minimum amount.

You may select your income payments to be paid monthly, quarterly, half yearly or annually. You can either have your payment paid at the policy start date (ie in advance) or at the end of the first income payment period (i.e. in arrears). The regular income you chose is protected and is not subject to any changes in investment conditions during the term of the account. If you chose to receive a fixed income, remember that over time, rises in the cost of goods and services will mean that your income will buy less in the future.

You can request at any time that your income be retained within your account rather than paid out.

Important Note - you may select any level of regular income at outset to suit your needs but your income cannot be increased once your account has been set up, unless the increase is making use of previously retained income.

What is my personal quotation?

Your personal quotation provides a summary of the pension funds to be transferred into your Cash Retirement Account and the pension benefits you have selected to be paid over your chosen term. If applicable, it also shows the total amount invested by the maturity date from all gross additional pension contributions paid into your Account. The personal quotation contains important notes and considerations that should be read and understood.

For how long is my personal quotation valid for?

Your personal quotation is valid for 30 days from the quote date, unless there has been material decrease in the underlying interest rates available. During this period, if there has been a material decrease in the underlying interest rates and we have received the transfer payment, we will issue a revised quotation for you to review prior to investment. If underlying interest rates have increased during this period we will issue a revised quote showing the improved benefits. On receipt of a completed application and the transfer payment, we will proceed with the investment and confirm the date to you in writing.

Where is my pension invested?

Once you have confirmed the amount and frequency of the future income you wish to be paid, we will invest your money into a series of instant access accounts, fixed term bonds and/or fixed term deposit accounts with one or more of the institutions on our panel. After your investments have been set up, we will send you an Investment Schedule confirming how your money has been invested amongst the institutions within our panel and will show the total amount, including interest, payable by each institution.

Our panel is reviewed regularly and consists of banks, financial institutions and National Savings and Investments (NS&I). All institutions within our panel are authorised to do business in the UK by the Financial Conduct Authority and are participants in the Financial Services Compensation Scheme (FSCS).

The FSCS protects your deposits up to £85,000 per person, per authorised firm, per authorised firm. NS&I is not part of the FSCS but is an Executive Agency of the Chancellor of the Exchequer and any money invested with NS&I will be 100% secure as they are backed by HM Treasury, with no overall limit on how much is guaranteed.

If you have specified an investment in an instant access account to be available on request and/or you make additional pension contributions, these amounts will be invested into an instant access bank account so that they are available for you to take as benefits at any time you decide.

How is income paid?

Income must be paid to a personal bank account in your name. There are four income payment dates per month: the 3rd, 10th, 18th and 25th. The first income payment date will be the third weekly payroll date after investment instructions to the selected banks have been issued, and then regularly thereafter.

For example, if the income is paid monthly and investment instructions are issued on the 4th April, your first regular income will be payable on the 25th April, and then monthly thereafter.

Please note, it can take between three and five working days for the money to reach you bank account from the SIPP bank account. Also requests for withdrawals from an instant access account can take up to 7 working days to process.

Why might the income I receive change?

If we make a payment from your account in line with a divorce or dissolution of a civil partnership settlement, this could reduce the income and/or the Protected Maturity Amount payable to you. The income you receive is after the deduction of tax under PAYE rules. If you tax office changes your tax code, this could reduce your income and if your code is incorrect you may have to wait until the end of the tax year to reclaim any tax overpaid.

How much will I receive when my Account matures?

You will receive the Protected Maturity Amount which is set at the outset and is detailed in your Personal quotation. It is fully protected and is not subject to any changes in investment conditions during the term of the Account. If you and/or your employer on your behalf, have chosen to make any additional pension contributions, and not taken them as benefits in the meantime, these will be available at maturity in addition to any Protected Maturity Amount.

The Protected Maturity Amount will depend upon:

- The size of the pension fund you invest;
- The account term;
- How much income you chose, if any, and how often you chose it to be paid.

Although you will know at outset the value of the Protected Maturity Amount, we cannot guarantee what level of income this will provide at maturity. This will depend on the economic conditions and interest rates available at that time.

What can you do with your Protected Maturity Amount?

Provided you survive until the maturity date, you may use your Protected Maturity Amount and the value of any additional contributions to:

- Buy another Cash Retirement Account;
- Buy a lifetime annuity;
- Transfer to another flexi-access drawdown arrangement;
- Transfer to another retirement income product;
- Take your maturity amount as a taxable lump sum.

What happens if I die during the Account term?

All of our accounts are issued with 100% Value Protection death benefit as standard.

The value of your account on death will never be lower than the Net Investable Amount less any benefits that have been paid to you. The Net Investable Amount is the Gross Investment Amount less the sum of any Tax Free Lump Sum, cash invested in an instant access account and if applicable, Adviser Charge.

If you make any personal contributions, your employer contributes on your behalf and/or you have cash invested in an instant access account that has not already been paid to you, the total of these will be payable in addition to the above.

If the market value of your account at the date of death is higher, your beneficiaries will receive this higher amount.

We ask you to nominate one or more beneficiaries when you apply for a Cash Retirement Account and the value of your account on death will be available to them.

- On death before age 75 we will pay a lump sum or regular pension income payments to your beneficiaries and these payments will be completely tax free.
- On death after age 75, tax will be payable at the beneficiary's marginal rate of income tax.

Can I transfer my Cash Retirement account at any time?

Your Cash Retirement Account cannot be cashed in or transferred during the term. However, at maturity you can withdraw your Protected Maturity Amount in full as a taxable lump sum, if required. You can also transfer the maturity amount to a new Cash Retirement Account or to another retirement income product. Alternatively, you can purchase a lifetime annuity from any annuity provider.

What are the charges?

Our charges: All the charges associated in setting up and administering your Cash Retirement Account and arranging the investments are all reflected in the benefits shown on your personal quotation. We are one of the few, totally transparent providers in the retirement market who choose to disclose the effect of all these charge as a Reduction in Yield figure on all personal quotations.

Adviser charges: We do not pay commission to your adviser for recommending the Cash Retirement Account. Any adviser charges will be agreed between you and your adviser. Your financial adviser will give you full details of the cost of providing advice. If you have received advice from your Financial Adviser and you want us to facilitate an adviser charge from your Account, these charge will be shown in your personal quotation.

What about tax?

The information about taxation is based on our understanding of current law and practice. Tax law and practice may change in the future, which could affect how much tax you have to pay.

You will pay tax under the Pay As You Earn (PAYE) rules on any retirement income that is paid from your Account. We deduct tax as notified by your local tax office, before income is paid to you.

If the benefits you take from all of your pension funds are above the Lifetime Allowance, you may have to pay tax. The Government sets the Lifetime Allowance, which for the current tax year is £1,030,000. If your pension funds are close to or more than this amount, we strongly recommend that you take financial advice.

If you move abroad before the maturity date of your Account, you may have to pay local taxes. You should talk to a local tax adviser about this.

Can I change my mind?

You have at least 30 days from the date you are informed that your application for membership has been accepted to make up your mind whether to proceed. If you decide you do not want to proceed, you must tell us by writing to us at Intelligent Money, The Shire Hall, High Pavement, Nottingham NG1 1HN during the 30 day cancellation period.

If you cancel the Account and we've already received a transfer payment, the pension scheme you are transferring from may not take your transfer back and you must arrange for another authorised pension provider to accept the payment.

If you choose to cancel and have asked us to facilitate an adviser charge that has already been paid, this will not be refunded. If you believe you are entitled to a refund of the adviser charge you will need to discuss this with your financial adviser.

Once the 30 day cancellation period has expired and your Account has been set up you will not be able to change your mind.

IMPORTANT NOTE

This brief guide is based on our understanding of current legislation and HMRC guidance as at 6 April 2017. It is a summary and is not intended to cover every situation. You should not take, or refrain from taking, any action based on this information. Tax treatment can change and depends upon your circumstances. Please remember that taking money out of a pension will impact your standard of living later in retirement. This information is not advice and if you are unsure about the suitability of an investment, you should seek Independent Financial Advice.

Issued by Assured Retirement Limited, Registered Office - 23 Westfield Park, Redland, Bristol, BS6 6LT, Company Number 9265346.

Assured Retirement Limited is authorised and regulated by the Financial Conduct Authority.

REF 010518-027