

### KEY FEATURES OF THE LIBERTY PENSION SCHEME

The Liberty Pension Scheme provides a truly flexible Pension offering to enable you to take total control of your retirement planning.

We must point out that there are other personal pensions such as stakeholders which are generally available and may be more suitable for your requirements.

The Liberty Pension Scheme consists of two arrangements. One is an Appropriate Personal Pension (“APP”) which enables you to transfer any Protected Rights policies you may have.

The other is a Self Invested Personal Pension (“SIPP”), a type of personal pension, but unlike a traditional personal pension taken out with an insurance company which can only invest in that company’s products, a SIPP gives you a wider freedom of investment.

Please consult a financial advisor before continuing with any application for a Liberty Pension Scheme to consider the available alternatives.

**Liberty SIPP Limited is not regulated to give investment or financial advice.**

### ITS AIMS

- To save for your retirement with the help of generous tax advantages
- To enable you to transfer in existing pension benefits, including Protected Rights monies and make better use of the funds
- To allow you to take an income while still benefiting from investment performance and avoid being locked into one particular pension rate
- To provide a regular income or pension when you retire, or a tax-free lump sum and a reduced regular income or pension subject to certain restrictions
- To give you a choice after age 55 of taking a regular income or pension, or remaining invested
- To provide a tax-free lump sum and a reduced regular income or pension
- To provide a regular income or pension or a lump sum for your dependant(s) on your death
- To give you control over your pension fund investments. You can make investment decisions on your own or with your choice of advisor
- You can invest in a broad range of investments

### YOUR COMMITMENT

- You will make regular and/or single contributions within HM Revenue & Customs limits and/or transfer in funds from other pension plans.
- There is no commitment on your part to continue making contributions and there is no penalty for reducing or stopping contributions.
- You must normally wait until you have reached the age of 55 before being able to access your benefits.

### RISKS

- The growth of your pension fund will largely depend on the performance of your chosen investments.
- The value of your investments is not guaranteed and could go down as well as up.
- The wide and varied range of investments and markets you can choose to invest in means that they may have different risks attached to them. If unsure you should seek professional advice on selecting investments.
- Some investments such as property may take longer to sell than others and you may not be able to realise your investment when you choose to.

- The value of any property investment may be based on a valuer’s estimate rather than the actual market price.
- As well as investment growth, your SIPP benefits will depend on how much you have paid in, how much is deducted for charges, annuity rates and taxation.
- Your planned benefits may not be achieved if you have to reduce or stop payments to your SIPP.
- Where charges are deducted from the fund, this will impact on the overall value of your fund.
- High income withdrawals are unlikely to be sustainable if investment returns are low during the withdrawals period which will affect how much is available for annuity purchase.
- Higher levels of income withdrawals could mean less would be available to provide for your dependants or to buy an annuity.
- Annuity rates can change substantially over short periods of time, both up and down. They could be worse when you buy an annuity than they are now.
- The longer you leave it before buying an annuity, the greater risks you bear of lower levels of income if you live longer than expected.
- Charges may turn out to be higher than expected as they may be revised in the future.

### QUESTIONS AND ANSWERS

#### What is a Self-Invested Personal Pension?

- A SIPP is a personal pension which allows you to save in a tax-efficient manner for your retirement.
- You and/or your employer can make single or regular contributions; if you have previous pension arrangements, you may transfer them into your SIPP.
- Being Self-Invested, you make your own investment decisions, or you may appoint a suitably regulated investment advisor. Please note that Liberty SIPP is not regulated to give investment or financial advice.
- You can invest in a wide range of investments including commercial property.

#### What are the tax advantages?

- All contributions qualify for tax relief at your highest marginal rate (subject to HMRC restrictions).
- Your pension fund is free from UK income and capital gains taxes except that tax may not be reclaimed on UK dividends.
- On your death, your accumulated fund can normally be paid free of inheritance tax.
- These tax advantages are based on our current understanding of the legislation and may change in the future.

#### What happens if I die before taking benefits?

- The fund up to the maximum lifetime allowance can normally be paid to your estate or to nominated beneficiaries free of tax.
- Any fund over the lifetime allowance paid as a lump sum would be subject to a tax charge at the rate of 55% which would be deducted from the excess fund.
- If you have dependents that rely on you financially the fund can be used to purchase an annuity to provide income for them or they can opt to take a drawdown from the SIPP.
- If you are over 75 and have not taken any benefits from your SIPP, there will be a 55% recovery charge when benefits are paid out to the beneficiaries.

### How do contributions work?

- Up to age 75, you and/or your employer can pay tax relievable contributions up to the Annual Allowance in each year
- The tax relief on personal contributions is limited to the higher of 100% of earnings (up to the Annual Allowance) or £3,600 per annum. The Annual Allowance from the tax year 2011/12 will be £50,000.
- Contributions to all schemes to which the individual is a member need to be taken into account when testing against the Annual Allowance. There will be a tax charge against contributions made in excess of the Annual Allowance which is payable by the member.
- The Trustees of the Self Invested Pension Plan do not take responsibility for confirming whether a contribution will qualify for tax relief.
- A declaration will be required from you confirming your earnings in the tax year will be sufficient for any personal contributions made.
- Contributions can be paid in the following ways and you should deduct basic rate tax if you are contributing personally:
- Cheques made payable to “Liberty Pension Scheme Re: (Member Name)”
- Chaps / BACS payments
- Standing Order
- An in-specie contribution of assets (which will require an independent valuation)
- NB: Contributions paid directly from an employer should be paid gross.
- All contributions will be paid directly into your bank account

### What choices will I have when I want to take an income?

- You can choose to start taking an income once you have reached age 55.
- Income can be taken as: Capped drawdown, the purchase of annuity, or a combination of both.
- You also have the option to take flexible drawdown if you can reach certain minimum income requirements.
- If you are interested in Flexible drawdown or would like more information on it, then please contact your appointed administrator.

### What is Capped drawdown?

It is an option for anybody over the age of 55 where they can start to take an income from their SIPP.

### What is Flexible drawdown?

It is an option for those over the age of 55, who can prove that they will have a secured minimum income of £20,000pa, to take accelerated and unlimited withdrawals of their pension fund. The minimum income can comprise of one or more of state pensions, annuities and scheme pensions (where the schemes have over 20 members) that are guaranteed for life.

### How much income can I take?

You can choose to take income up to the maximum limit based on factors the Government Actuary's Department determines. This is shown in your Pension Income Withdrawal illustration. This limit will be recalculated every three years while you are aged between 55 and 75, and annually thereafter. You can receive the income monthly, quarterly, half yearly or yearly.

### When can I buy an annuity?

You can choose to use some or your entire fund to purchase an annuity at any time from age 55. You can choose the annuity provider from whom to purchase the annuity.

### What happens to the plan if I die after I have received pension benefits?

- If you are under 75, then any funds that have not been used to provide an income will be paid out free of the recovery charge, currently set at 55%.
- Every other scenario will incur the 55% recovery charge when benefits are paid out to the beneficiaries.
- You can also pay tax free lump sum benefits to a member nominated charity, however only in the absence of any living dependants.

### Who will administer my plan?

Liberty SIPP Limited will administer your plan.

### What are the charges?

Please refer to the Schedule of Fees for the current fee structures.

### When will I receive a valuation of my fund?

You will receive a valuation of your fund at the anniversary of the establishment of your SIPP. Ad hoc valuations can be requested at any time. Please note that there may be a fee charged for an ad hoc valuation.

### Can I transfer my plan?

Yes, you may transfer your plan to another registered pension scheme at any time, either in-specie or in cash. Please refer to the Schedule of Fees for the charges involved.

### Can I change my mind?

You have the right to cancel your SIPP within the first 30 days after you have received notice of this right which will be sent to you on receipt of your application. If you wish to cancel your SIPP you will need to provide the administrators with written confirmation and return this to them within 30 days of receiving the reminder from them.

If you cancel your SIPP your funds will be returned to you, any funds transferred into the SIPP during this period will be kept on deposit in your Pension Fund Account.

Each time you apply to transfer an existing pension into the SIPP you have a right to cancel the transfer. Each transfer can be cancelled separately up to 30 days after you have advised us of your intentions to transfer. Until the cancellation period has lapsed, we will not accept any transfer payment.

The cancellation period is also in respect of Income Drawdown. A reminder will be sent in this event to you, which again allows 30 days in which you may change your mind.

In certain circumstances, at the advice of your financial advisor, you may choose to waive the right to the 30 day cancellation period for your SIPP – you will need to write to us with your specific instruction if you wish to take this option.

### What to do I do if I have a complaint?

If you wish to register a complaint, please contact us:

In writing: Liberty SIPP Limited, The Exchange, Bank Street, Bury BL9 0DN

By email: [enquiries@libertypensions.com](mailto:enquiries@libertypensions.com)

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service (FOS).

## LIBERTY SIPP LIMITED

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