SIPP Technical Guide

Contents

Introduction

This SIPP Technical Guide provides information that is applicable to the following James Hay SIPPs:

- Private Client SIPP
- Partnership SIPP
- IPS SIPP
- IPS (2008) SIPP
- IPS Family SIPP
- IPS Pension Builder SIPP

Your SIPP is a type of registered pension scheme known as a Self Invested Personal Pension (SIPP). It is a long term, tax efficient savings plan designed to help you invest for your retirement. It offers a choice of investments and a variety of options for taking benefits.

This document is designed to provide guidance on how to manage your SIPP, as well as technical and regulatory information that may apply.

If you have any questions after reading this guide, please speak to your financial adviser or call us on 03455 212 414.

If you do not have a financial adviser and would like to speak to one, you can obtain a list of financial advisers local to your area by visiting www.moneyhelper.org.uk or by calling MoneyHelper on 0800 011 3797.

For further information on pensions, please see the Useful Contacts section at the end of this guide.

Should you require access to any of our literature in alternative formats, such as Braille, large print, audio or E-text, please contact us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

Eligibility status

To be eligible for a SIPP, you must be aged over 18 and must not be:

- a US Person or resident of the US for tax purposes
- an undischarged bankrupt.

You do not have to be resident in the UK, but you may not receive tax relief on any contributions you make to the SIPP if you are not a UK resident.

If your eligibility status changes you will need to inform us in writing, by letter or secure message sent through James Hay Online.

SIPP Bank Account

Any payments of money into your plan from you or a third party will be held in a pooled bank account in the name of the SIPP Trustee. This means that the account will hold money for you and other clients.

Your individual holdings will be recorded internally by us and available to view at any time; this is referred to as your SIPP Bank Account.

For further information on how the SIPP Pooled Bank Account and SIPP Bank Accounts operate including details of any interest payable, please visit our website at www.jameshay.co.uk/bankaccounts.

Please note that the SIPP bank account is designed for holding cash for short periods while your investments are being made, or benefits are being paid, rather than for holding cash over the long term.

Secure online access via James Hay Online

For online access to your SIPP, you can register via James Hay Online.

To set up your online access, go to www.jameshay.co.uk, click on the 'Log in' button on the home page and follow the instructions.

We will issue you with a registration code by post to allow you to view and manage your SIPP through our secure website. If you have a financial adviser, they can also register to have online access to your plan.

Charges

We take initial and ongoing administration charges from your SIPP, and these are detailed in the relevant charges schedule. You may also pay charges to other parties, such as investment managers and stockbrokers (depending on the investments you choose), as well as charges to your financial adviser for the advice and services they provide to you.

All of our charges will be taken from the SIPP bank account. Similarly, any dealing charges that you may incur for buying and selling investments outside of the James Hay Investment Centre (with a stockbroker or investment manager service) will be met from your SIPP bank account. You and your financial adviser will need to ensure that a sufficient cash balance is maintained in the SIPP bank account to cover these expenses as they fall due.

For full details, please refer to the charges schedule for your SIPP, which is available on our website at www.jameshay.co.uk.

Annual statements

We will send you regular statements showing the value of your investments. If your SIPP is in drawdown (where you have begun to take benefits from your SIPP), we will send you an annual review statement for your SIPP shortly before the anniversary of when you started to take drawdown.

Putting money into your SIPP

You can put money into your SIPP by:

- making personal contributions
- someone making contributions on your behalf, for example, a family member (referred to as a third party in this document) or your employer
- transferring in pension savings that you have already built up in pension schemes elsewhere.

Contributions

Personal contributions

You can pay as much or as little as you want into your SIPP, although there are limits on the amount that will attract tax relief (see further details in the Tax Relief section that follows). You can make single or regular contributions and you can stop, restart, increase or decrease your regular contributions at any time. Regular contributions can be set up on a monthly, quarterly, half-yearly or annual basis via direct debit.

You can make contributions to your SIPP up until the age of 75. After this point, all contributions to your SIPP must stop.

Please note that if a third party is making contributions on your behalf, we will not be able to accept any money from them until we have completed an identity check on the third party. This is to ensure we comply with the UK Money Laundering regulations.

To make a single contribution, please contact your bank to arrange an electronic transfer (BACS, CHAPS, Faster Payment) from your bank account to your SIPP bank account. Bank account details, including the required payment reference, can be found within your James Hay Online Account.

If details of the contribution were not included on your SIPP application, please complete and submit the 'SIPP Supplementary Contribution Form' from our website.

To set up a regular contribution, please also complete the Direct Debit Mandate attached to the form and send it to us. We will set up the direct debit with your bank.

Please allow 10 business days for us to set up the direct debit.

Employer contributions

Your employer can make single or regular contributions into your SIPP. If they are paying regular contributions they will need to complete the Employer Payment of Contributions Declaration section of the 'SIPP Supplementary Contribution Form' which is available on our website. This confirms that the employer will pay contributions to James Hay by the 19th (the 'due date') of the month following the end of the calendar month in which the contributions were deducted from your salary.

Once the form has been signed and the direct debit has been set up, we are obliged to notify the Pensions Regulator if contributions are missed or received after the due date.

For the purposes of setting up the direct debit, we will use the first contribution date as the ongoing collection day for the contribution.

To make a single employer contribution, please ask your employer to arrange an electronic bank transfer (BACS, CHAPS, Faster Payment) from their bank account to us. If details of the contribution were not included on your SIPP application, please complete and submit the 'SIPP Supplementary Contribution Form' from our website.

To set up a regular employer contribution, ask your employer to also complete the Direct Debit Mandate attached to the form and send them to us.

Tax relief

You may be eligible for tax relief on your contributions. If you are entitled to tax relief, we will reclaim the basic rate tax relief from HM Revenue and Customs (HMRC) on your behalf and add it to your SIPP. It takes between 7 and 11 weeks for tax relief claims to be credited to your SIPP bank account.

If you are a higher rate tax payer, you may be able to claim the difference between the basic tax rate and the higher tax rate on your tax return or by contacting HMRC.

Eligibility

Your eligibility for tax relief will depend on a number of factors including:

- your residential status and earnings
- how much you decide to contribute.

If you are a UK resident you will be able to receive tax relief on any gross contributions of up to 100% of your earnings each tax year.

Even if you have no earnings you can still contribute up to £3,600 gross each tax year and be able to claim tax relief on your contributions.

If you open your SIPP and later cease to be a UK resident then you will continue to be able to receive tax relief on the first £3,600 of your contributions for the first five years that you become non resident. If you become a UK resident at a later date, you will be able to receive tax relief on your contributions in the normal way.

Tax relief on third party contributions

We treat third party contributions as personal contributions and so we will reclaim basic rate tax relief where this is applicable.

Employer contributions and tax relief

Employer contributions are treated as 'gross' contributions and we therefore do not reclaim tax relief on them.

Exceeding your personal tax relief limit

If HMRC notifies us that the contributions you have paid exceed your personal tax relief limit for the year (meaning the higher of your earnings in the tax year or £3,600), then depending on your wishes, we will either:

- repay the excess contribution back to you after basic rate tax relief on it has been deducted and returned to HMRC (please note that we cannot normally refund contributions under any other circumstances); or
- record the excess contribution separately within your SIPP (please note that any contributions that exceed your personal tax relief limit will not attract any tax relief).

Levels of tax relief for the 2025/26 tax year

Basic rate tax relief is 20%. Therefore, for every £100 of contribution you wish to make to your SIPP, you will only need to contribute £80 and we will claim basic rate tax relief of £20 from HMRC on your behalf and add it to your SIPP.

If you are a Scottish resident (as determined by HMRC) your tax rate may differ. For example, you may be liable to income tax at no more than the Scottish starter rate of 19%. For the 2025/26 tax year we will still claim tax relief of 20% where applicable. HMRC has stated that it will not recover the difference between the Scottish starter rate and the Scottish basic rate for the 2025/26 tax year.

The Welsh government has the power to amend the rate of income tax paid by Welsh residents, and if they do, this may impact the amount of tax we can reclaim on contributions made by Welsh residents. The Welsh government has indicated that they will not amend the rate of income tax for the 2025/26 tax year.

If you pay a higher rate of tax, you will need to claim the difference between the basic rate of tax and the higher rate of tax that you pay, via your tax return or by contacting HMRC.

The annual allowance

The annual allowance limits the tax privileges applicable to your contributions in a tax year. If you exceed the annual allowance, you will be subject to an annual allowance tax charge which effectively cancels out the tax relief received on the amount above the annual allowance.

In the 2025/26 tax year, the annual allowance is £60,000. The £60,000 limit includes contributions made by you, your employer and any third parties.

If you have a defined benefits pension scheme (where the pension benefits at retirement depend on your earnings history and your length of service with a particular employer), the annual value of any increase in your benefits will also count towards the annual allowance.

If you have adjusted income (that is your total income before the deduction of personal allowances or reliefs) of more than £260,000 per annum, your annual allowance will be reduced by £1 for every £2 of income above £260,000 with a maximum reduction of your annual allowance to £10,000.

Your annual allowance will not be affected by:

- transfer values received from other pension arrangements
- pension debits and credits from a divorce settlement.

It is possible for any unused annual allowance to be carried forward for three years.

The money purchase annual allowance

If you wish to take money out of your SIPP (or any other money purchase pension you may have) then whilst you can continue to make contributions, you may be subject to the Money Purchase Annual Allowance (MPAA). The MPAA for the 2025/26 tax year is £10,000. If you contribute more than the MPAA, then you will be subject to an annual allowance tax charge that effectively cancels out the tax relief received on the amount above the MPAA.

The money purchase annual allowance rules will apply to you if one of the following occurs:

- You take an income from a flexi-access drawdown fund, including receiving payments from a short-term annuity provided from a flexi-access drawdown fund
- You receive an uncrystallised funds pension lump sum
- You notify your scheme administrator that you wish to convert your pre-6 April 2015 capped drawdown pension fund to a flexi-access drawdown fund and you subsequently take an income from that fund
- You take more than the permitted maximum for capped drawdown from a pre-6 April 2015 capped drawdown pension fund
- You receive a stand-alone lump sum and you are not entitled to enhanced protection.

In addition, you will be subject to the money purchase annual allowance rules if you had a valid flexible drawdown declaration accepted by a scheme administrator before 6 April 2015.

The money purchase annual allowance rules will not apply if one of the following occurs:

- You receive a tax-free pension commencement lump sum but do not take an income
- You receive a trivial commutation lump sum
- You receive a small pots lump sum
- You are in receipt of a scheme pension
- You are in receipt of a lifetime annuity
- After 6 April 2015, you take no more than the permitted maximum for capped drawdown from a pre-6 April 2015 drawdown pension fund.

It is not possible for unused MPAA to be carried forward to future years. The rules around triggering the MPAA are complex and if you think they may apply to you, we recommend that you obtain professional financial or tax advice.

Transfers in

Your SIPP can be used to consolidate pension savings you hold with other pension providers, even if you do not want to make any other contributions into it. By doing so, you may find it easier to monitor and manage your pension savings if they are all in the same place.

You can transfer in pension savings from any other UK registered pension scheme, such as a personal pension or an employer pension scheme. You may also be able to transfer in pension savings from a qualifying recognised overseas pension scheme (QROPS).

Any transfer is subject to both our acceptance and the agreement of the administrators of the transferring scheme. We strongly suggest that you obtain financial advice before instructing any form of pension transfer.

Please note that we will not accept pension transfers from defined benefit pension schemes (also known as final salary schemes) or from defined contribution schemes (occupational money purchase schemes) that contain safeguarded benefits, or schemes that have any other protected benefits, unless you have received advice from an appropriately qualified financial adviser, and the adviser recommends that you proceed with the transfer. This requirement applies to all such transfers regardless of the amount.

Tax

Transferring savings from other pension schemes into the SIPP is not treated in the same way as a personal contribution and will not affect your tax relief position in any way. However, we recommend you seek financial advice before instructing a transfer.

Block transfers

HMRC rules allow for some of your existing scheme specific benefits (such as an entitlement to retire at an earlier age, or a pension commencement lump sum in excess of 25%) to be protected if you transfer your scheme pension benefits to your SIPP. However, certain requirements must be met, including what is referred to as a 'block transfer', where you and another member of the transferring scheme must transfer your total pension rights at the same time.

Subject to these requirements being met and the transferring scheme agreeing that the transfer can be made, we are able to accept block transfers. Benefits from this type of transfer will be kept in a separate SIPP arrangement.

Arranging a transfer in

If you wish to make a cash transfer in, you or your financial adviser can submit a request through James Hay Online.

We will contact the trustees of the transferring scheme to obtain the discharge papers on your behalf, or you can provide them to us. Once the discharge papers have been completed, the transferring scheme will calculate a transfer value which, if you accept, they will pay to us in cash.

Should you wish to transfer existing pension funds without first disinvesting to cash, you can complete a 'SIPP In-specie Transfer In Form' from our website and send it to us.

The advantage of making an in-specie transfer is that you may avoid selling and buying costs, and your money can continue to benefit from uninterrupted investment performance. It may not always be possible to make an in-specie transfer, as this will depend on the investments held in your existing pension scheme.

Investing your money

You can invest your money in a number of different ways through the SIPP depending on how much you are investing, how long you want to invest it for, and the level of risk you want to take.

For more information on the types of risks associated with different types of investments, please read the 'Guide to Investment Risk' document available on our website.

Please see the table below for the investment options available for your SIPP.

Please refer to the Permitted Investments List for your product for a full list of your investment options. You can obtain a copy from our website.

	Investment Manager/ Stockbroker	Other Whole of Market investments	Commercial Property	Specialist Investments	Cash Panel Deposit Accounts	Investment Centre
Private Client SIPP	✓	✓	✓	✓	✓	✓
Partnership SIPP	✓	✓	✓	✓	✓	
IPS SIPP	✓	✓	✓	✓		
IPS (2008) SIPP	✓	✓	✓	✓		
IPS Family SIPP	✓	✓	✓	✓		
IPS Pension Builder SIPP	✓	✓	✓	✓		

Please note that, apart from the Private Client SIPP, all of the above products are co-trustee SIPPs. Investment instructions for these products will require signatures from all trustees.

Investment managers and stockbrokers

You may wish to use the services of an investment manager or stockbroker to buy and sell (trade) individual stocks and shares on your behalf. An investment manager usually offers different types of services including:

- **Discretionary service** – the investment manager will manage your investments based on the strategy agreed with you, without consulting you on individual trades.
- **Advisory service** – the investment manager will advise you on what trades to place but will need to get your agreement before placing a trade.
- **Execution only service** – the investment manager or stockbroker will act on your instructions when placing trades and will not provide advice.

The investment manager or stockbroker you wish to use must be based in the UK, regulated by the Financial Conduct Authority and agree to our operational requirements. We have a list of investment managers and stockbrokers with whom we currently have agreements, and this is available on our website.

To set up an investment manager or stockbroker account, please read the investment manager's or stockbroker's own terms and conditions and then complete their application form and submit this with our 'Investment Manager Appointment Form', which is available on our website. Upon receipt of these forms, we will set up the account on your behalf.

Please note: To set up an investment manager account for a co-trustee SIPP, you will need to send us the investment manager's application form, having completed the relevant sections and signed it as co-trustee of your SIPP. We will complete the rest of the form and forward it on to them to set up your account.

We will confirm to you once the account has been set up, and you or your financial adviser can then place trades directly with them.

The investment manager or stockbroker will apply charges for trading in stocks, shares and other investments and for holding cash on your behalf. If the investment manager holds cash on your behalf, they may take their charges from this cash or we may pay their charges from your SIPP bank account.

Please read the investment manager's or stockbroker's literature to check you are happy with the level of their charges before applying for an account.

Please note: Should an investment manager or stockbroker business fail and be unable to return some or all of your money or investments to you, you may be covered under the Financial Services Compensation Scheme (FSCS) up to the relevant compensation limit, which is currently £85,000 for money and investments held by them. Please ask your chosen investment manager or stockbroker for further information regarding how the FSCS covers them.

Whole of Market investments

Whole of Market investments may include:

- Collective investment funds
- Investment trusts
- Structured products
- Insurance company managed funds
- National Savings and Investments (NS&I) products
- Investment grade gold bullion

To buy or sell these types of funds directly, you can complete the 'Instruction to Trade Form' available on our website, and send this to us along with any additional documentation that the fund provider may require, such as their application form signed by yourself and all co-trustees, where applicable.

Investing in commercial property/land

You can invest in commercial property and land in the UK, which may be purchased by your SIPP, but you cannot buy a residential property using your SIPP.

To help with your purchase, you may be able to borrow up to 50% of the net value of your SIPP at a commercial rate of interest from a commercial lender in the UK.

In order to purchase a property, you will need to arrange for various reports and documents to be forwarded to us. During the time the property is owned in your SIPP, you will be asked to arrange for valuation reports to be carried out by a qualified surveyor, and may be asked to pay additional fees for certain services that may be required, such as a lease renewal or buy-out.

Since the ownership of commercial property involves ongoing liabilities, particularly if the property falls vacant, you will need to ensure that sufficient money is available to meet any property costs at all times. The property will need to be managed in accordance with commercial practice and insurance requirements and no concessions can be given because you or a party connected to you is the tenant.

If you want to buy a commercial property or land, please refer to the 'Commercial Property Purchase and Maintenance Guide' for your SIPP, which explains the process and our requirements. Once you are ready to proceed, please complete the 'SIPP Commercial Property Questionnaire' and forward it to us together with all the necessary supporting documentation as outlined in the guide.

Before selling your property please refer to the 'Commercial Property Disposals Guide', which explains the process and our requirements. Once you are ready to dispose of the property, please complete the Disposal Form included in the guide and forward it to us.

For further information or for copies of the guides referred to above, please visit our website.

Specialist investments

While they are no longer available for new investment, you may be able to make additional investments (top ups) in certain types of Specialist Investments (including second hand/traded endowment policies, Non-Mainstream Pooled Investments, unquoted shares and loans to unconnected third parties) if you already hold one of these in your SIPP, subject to our due diligence review and requirements in place at the time the investment is requested.

If you wish to top up an existing investment, please read our 'Specialist Investments (also known as Non-Standard Investments) Guide' which is available from our website. New investments (other than top ups) are not permitted into these types of investments.

Deposit accounts from our Cash Panel

If you wish to invest in cash without the risks posed by market fluctuations, you can hold cash deposit accounts within your SIPP. We offer a range of cash deposit accounts via a deposit account provider, which we refer to as our Cash Panel. **Please note that the Cash Panel is not available for any IPS SIPPs, though other fixed term deposit accounts may be permitted to be held in those products.**

To apply for fixed term deposits and notice accounts from our Cash Panel, you should read the deposit provider's terms and conditions, attached to the application form. These forms are available on our website, and can be downloaded from our website and sent to us via secure message, post or fax. We will then arrange the deposit for you.

The rate of interest you receive will be the prevailing rate on the date the money is deposited with the deposit provider. This will be between two and five business days after we have received your application form.

Once your application has been accepted, you will be sent confirmation of the new account, along with the interest rate and maturity date for your cash deposit.

If you invest in a cash deposit over a fixed term, you may not be able to access your cash during the term.

Please note: Should the deposit provider's or deposit taker's business fail and they are unable to return some or all of your money, you will be covered under the Financial Services Compensation Scheme (FSCS) up to the relevant compensation limit, which is currently £85,000. This limit would include any money you may hold with the deposit provider outside your SIPP as well.

James Hay Investment Centre

The Investment Centre is our in-house fund platform that allows you to invest in a variety of collective investment schemes that we refer to as 'funds'. Through the Investment Centre you can invest in up to 3,700 funds from leading fund managers on favourable terms. We have negotiated competitive discounts on the initial management charges made by the fund managers in their fund prices, reducing the cost of each investment. **Please note that the Investment Centre is not available for co-trustee SIPPs.**

We offer access to two different groups of funds: **Select funds and Collect funds**.

Select funds are mainly institutional and pooled pension funds, which are only available to you if you have a financial adviser appointed to your SIPP.

Collect funds are mainly unit trusts and OEICs, and you can invest in these whether you have a financial adviser or not.

The available funds are split into two lists, known as the 'Collect Funds List' and the 'Select Funds List'. These are available on our website.

You can buy, sell and switch Investment Centre funds via James Hay Online by simply logging in to your account and following the instructions.

If you or your financial adviser submits an online instruction to buy, sell or switch a fund before the cut-off time detailed on James Hay Online, we will normally carry out your instruction on the same day. If an instruction is submitted by post or fax, then provided it is received by 4pm, we will normally carry out your instruction on the next business day. For more information, please see our 'Order Transmission Policy', which is available on our website.

Switching funds

If you want to switch between Investment Centre funds, we need to sell your holdings in one fund and buy them in the other. We do this by selling your holding in the fund on one day and buying the holding in the new fund normally on the following business day, thereby ensuring your money remains invested as fully as possible while switching.

Please note that the timing of the buy trade is dependent on us receiving details of the sale trade from the fund manager. Furthermore, please note that we reserve the right to defer making the buy element of a switch until we have received the sale proceeds from the fund manager, for any reason and without prior notice. For any switches within a Managed Portfolio Panel, the buy element of a switch will never be placed until we have received the sale proceeds.

We will update your James Hay Online account with details of Investment Centre transactions once we have received a contract note from the fund manager. A paper confirmation will also be posted to you, or your financial adviser if you use one, except for regular trades and transactions undertaken within a Managed Portfolio Panel. These are not confirmed individually but are included in a half-yearly (for regular transactions) or quarterly (for Managed Portfolio Panel transactions) statement sent to you or your financial adviser.

Cancelling your investment

If you have received advice from a financial adviser in respect of your Investment Centre purchases (including the buy element of a switch), you can cancel your investment within 14 days of receiving your cancellation notice. We will send you a cancellation notice for each investment you make, except for regular investments where you will only receive a cancellation notice when you set up the regular investment, or if you make any changes to it. If you cancel a trade, you may not get back your full investment, as the value of any units or shares bought may have fallen.

If you have not received advice from a financial adviser, you will not be able to cancel your investment.

Suspension of a fund

If a fund manager suspends dealing in a fund for any reason for any period of time, we will not be able to accept instructions on that fund until it is reinstated. If this happens, we will let you or your financial adviser know.

Tax

Interest distributions may be paid gross or net of tax. If paid net of tax, we are able to reclaim the tax. As the SIPP is a registered pension scheme, any gains made on investments within it are not subject to capital gains tax. This is based on current tax legislation which may change in the future.

Fund manager charges

If you invest in funds via the Investment Centre, the fund manager will take a charge to cover the cost of setting up your investment and running the fund. These are normally referred to as initial and annual management charges. The charges you pay will vary depending on which funds you invest in. Please refer to the 'Collect Funds List' and 'Select Funds List' for more information about the costs of investing in a particular fund.

Sometimes the fund manager rebates part of their annual management charge to us. If this happens we will credit 100% of the amount rebated to your SIPP in the form of additional units to the same value. There are some scenarios, permitted by regulation, where instead of allocating any rebate as additional units, we may credit it to your SIPP bank account.

Our charges

To help cover the costs of operating our Investment Centre we take a 'platform charge' from your SIPP bank account. This is a percentage charge based on the total value of your Investment Centre holdings (including where funds are held in model portfolios on the Managed Portfolio Panel) and any fixed term deposit and notice accounts and from our Cash Panel you hold.

Please refer to the charges schedule for your SIPP on our website for further details of this charge.

Managed Portfolio Panel (only available if you have an appointed financial adviser)

A model portfolio held via our Managed Portfolio Panel is a defined collection of funds set up by an investment manager to achieve a predetermined investment strategy and reflect a certain risk profile.

If you wish to leave the day-to-day monitoring of your Investment Centre funds to an investment professional, we offer access to a range of model portfolios with varying risk profiles, all of which are made up of funds in our Investment Centre fund range.

Each model portfolio is managed by an investment manager who is responsible for selecting, monitoring, reviewing and rebalancing the investments that comprise the model portfolio, and for ensuring the funds contained in it reflect the design of that model portfolio.

When your chosen investment manager rebalances the investments by switching between funds, the buy element of the switch will only be processed once the sale proceeds have been received.

Please be aware that you may only hold one model portfolio in your SIPP at any time, and that if you hold a model portfolio via the Managed Portfolio Panel, you will not be able to hold any other Investment Centre funds.

We will provide you with a quarterly report, based on the investments connected to your chosen model portfolio. These reports will provide you with information such as investment values, transactions and the performance of your model portfolio during this period.

To set up a model portfolio via the Managed Portfolio Panel, your financial adviser will need to agree to the terms of business of the investment manager whose portfolio they wish to use. They will then be able to appoint the investment manager on your behalf using James Hay Online.

Once the investment manager has been appointed, we will buy or sell units in funds to ensure you are invested in the funds and proportions as specified by the investment manager for that model portfolio.

You can find more information about the options available through the Investment Centre on our website www.jameshay.co.uk. Full terms and conditions for the Investment Centre are also included in the 'SIPP Terms and Conditions', which can be obtained from the literature section of our website.

Taking money out of your SIPP

When you are ready to take money out of your SIPP, either as lump sums or as regular income (referred to collectively as 'benefits'), the way in which you take your benefits can have tax implications, particularly if you have large amounts of money in your pension fund, or a number of pension funds with different pension providers.

We therefore recommend that before applying to take benefits out of your SIPP, you should:

- speak to your financial adviser if you have one
- access free, impartial guidance through Pension Wise, a Government-backed service provided by MoneyHelper, details of which are given at the end of this document
- read the MoneyHelper brochure called 'Your pension: your choices', which is available on our website
- read our 'Accessing Your Pension Benefits' document and the 'Pensions Scams' leaflet, which are available from our website.

When you can start to take benefits out of your SIPP

Under normal circumstances you can start taking benefits from your SIPP from age 55. You do not need to retire or stop working to receive your benefits, which may be taken in their entirety, or phased over a number of years, as you prefer.

You may be able to take your benefits earlier than age 55 if you have a protected retirement age, due to the fact you were a pension scheme member who qualified for early retirement under prior legislation, or if you are forced to retire due to ill health. If you have a protected retirement age that allows benefits to be taken before the minimum pension age of 55, then you must start to take (crystallise) all of the benefits in the scheme at the same time.

There is no upper age limit by when you must start to take benefits.

Providing proof of age

When you come to take your benefits, if you have not already done so, you will need to provide us with evidence of your date of birth.

Your financial adviser can confirm your age by sending us a letter confirming they have seen evidence of your date of birth. An example letter which satisfies our requirements called the ‘Evidence of Age Proforma’ is available on our website.

Alternatively, you can confirm your age by sending us a black and white photocopy of your unexpired passport, or your original birth certificate (and marriage certificate if your name has changed on marriage).

Please note: Due to Crown Copyright rules, we can only accept originals of birth and marriage certificates as proof of your age.

Taking money out of your SIPP early due to ill health

Subject to medical evidence, we may pay ‘ill health early retirement benefits’ before the age of 55, or ‘serious ill health benefits’ if you are expected to live for less than 12 months.

The medical evidence must be from a registered medical practitioner and must confirm that, in their opinion, (for early retirement) you are, and will continue to be, incapable (either physically or mentally) of continuing your current occupation as a result of injury, sickness, disease or disability, or (for serious ill health) you are expected to live for less than one year.

If you wish to apply for either of the above, we will need to ask you for evidence from a medical practitioner before agreeing to pay benefits. To apply for benefits early due to your ill health, please provide this evidence alongside our 'Benefit Payment Form'.

If you are suffering from poor health when you come to retire, it is worth investigating the annuity options available to you, as you may get a better annuity rate than someone of a similar age who is in good health via an enhanced annuity. We suggest you consult with your financial adviser if you think this may be applicable to you.

Taking money out in stages

Rather than taking your money out all at once, you may have the option to take money out in stages over a period of years, allowing you to wind-down your working activity in the way that suits you. If you have any pre-6 April 2006 pension benefits with protected pension entitlement, as provided for under the transitional rules, you might not be able to take these benefits in stages.

Benefit options

You can take as little or as much as you want from your SIPP. You have the choice of taking your funds as an income for life by purchasing a lifetime annuity, or you can access your funds as and when you want through one or more lump sums and income drawdown. Or you can have a combination of both.

To access your funds, you will have two main choices:

- You can put your funds into drawdown, known as flexi-access drawdown, from which you can take out any amount over whatever period you choose as an income withdrawal, or
- You can take a single or series of lump sums from your uncrystallised funds (any funds not already designated for income), known as an uncrystallised funds pension lump sum (UFPLS).

Certain flexible access payments will trigger the money purchase annual allowance rules. Please see the Contributions section of this document for further details.

Flexi-access drawdown

If you choose to access your pension through drawdown for the first time, the funds will be crystallised ('designated') into flexi-access drawdown. You can take a tax free lump sum of up to 25% of the funds you crystallise, and there will be no limit on the amount of income that you can draw from the remaining value of the crystallised funds in your plan each year.

You can take income payments annually, half-yearly, quarterly or monthly. Any income payment via flexi-access drawdown will be taxable under PAYE and will trigger the money purchase annual allowance rules.

To take flexi-access drawdown, please complete the 'Benefit Payment Form for Capped or Flexi-access Drawdown' from our website and send it to us.

Capped drawdown

If you have an existing pension fund that is in capped drawdown (a fund crystallised before 6 April 2015 where you have not since exceeded the capped drawdown income limit or converted to flexi-access drawdown), you can continue to receive capped drawdown from your SIPP should you transfer in that pension. You can also crystallise further funds in capped drawdown where you have an existing capped drawdown arrangement.

The difference between capped drawdown and flexi-access drawdown is that there is a limit on the amount of income you can take from a capped drawdown fund; a limit that is regularly recalculated based on your age, your fund value and the government actuary department's tables of annuity rates. Taking an income under capped drawdown does not trigger the money purchase annual allowance rules, whereas taking an income under flexi-access drawdown does.

Uncrystallised funds pension lump sum (UFPLS)

If you want to access some or all of your money purchase pension savings without designating funds for income drawdown, you can take an uncrystallised funds pension lump sum. This lump sum is payable from the uncrystallised part of a pension fund, and so cannot be paid from a fund already in drawdown.

The full designated sum will be paid in one go, with 25% of the amount paid tax-free, and the remainder taxed as pension income through PAYE.

If you take an uncrystallised funds pension lump sum, you will be subject to the money purchase annual allowance rules. Please see the Contributions section on page 3 of this document for further details.

To take an uncrystallised funds pension lump sum, please complete the 'Benefit Payment Form for UFPLS' from our website and send it to us, along with any of the supporting documentation listed at the end of the form.

Buying a lifetime annuity

You can choose to purchase a lifetime annuity with your fund at any time after you have reached age 55, whether or not you are already receiving benefits. Your annuity will be purchased on the open market from any insurance company you choose.

A lifetime annuity must be payable to you at least annually by an insurance company and must be payable at least until your death.

Payments from a lifetime annuity are taxed as income.

To exercise the Open Market Option to purchase a lifetime annuity, please complete and submit the 'Annuity Open Market Option Request Form', which can be obtained from our website.

Checklist for applying to James Hay to take benefits

- Benefit Payment Form for Capped or Flexi-access Drawdown, or
- Benefit Payment Form for UFPLS, or
- Annuity Open Market Option Request Form
- Confirmation if you have any form of protection from HMRC and evidence of this, such as the relevant certificate (please see the next section of this document for information on protection)
- Evidence of your name and address (if not previously received)
- Proof of your age (if not previously received), and
- Sufficient money available in your SIPP bank account, or appropriate disinvestment instructions, in order for us to pay your required benefits.

We recommend that you seek appropriate guidance or advice to understand your options at retirement.

Allowances and protection

Lump Sum Allowance/ Lump Sum and Death Benefits Allowance

Prior to 6 April 2024 benefits taken from a registered pension scheme were subject to the lifetime allowance which limited the total value of benefits that could be taken before a tax charge would be applied. The lifetime allowance tax charge and lifetime allowance were abolished from with effect from 6 April 2023 and 6 April 2024 respectively. The standard lifetime allowance immediately prior to 6 April 2024 was £1,073,100.

From 6 April 2024 benefits taken from registered pension schemes are instead subject to the Lump Sum Allowance and Lump Sum and Death Benefits Allowance. Rather than limiting the total value of pension savings that can be taken before a tax charge is applied the new allowances work by restricting the value of non-taxable benefits that can be paid from registered pension schemes.

Lump Sum Allowance (LSA)

The standard LSA is £268,275.

The allowance will be reduced in relation to any of the following relevant benefit crystallisation events (RBCE's) occurring on or after 6 April 2024:

- A pension commencement lump sum (PCLS), or
- The non-taxable element of an uncrystallised funds pension lump sum (UFPLS)

The LSA will also be reduced in relation to any benefits taken prior 6 April 2024. The reduction will normally equate to 25% of the amount of lifetime allowance utilised prior to that date.

Lump Sum and Death Benefits Allowance (LSDBA)

The standard LSDBA is £1,073,100.

The LSDBA will be reduced in relation to any of the following RBCE's occurring on or after 6 April 2024:

- A pension commencement lump sum (PCLS),
- The non-taxable element of an uncrystallised funds pension lump sum (UFPLS),
- A serious ill-health lump sum, or
- A relevant lump sum death benefit.

As with the LSA, the LSDBA will also be reduced in relation to any benefits taken prior to 6 April 2024 with the reduction normally equating to 25% of the amount of the lifetime allowance used prior to that date. However, if a serious ill health lump sum was paid prior to 6 April 2024 the reduction will be 100%.

If 100% of the lifetime allowance had been utilised prior to 6 April 2024 the LSA and LSDBA will be nil.

Transitional protection

Prior to 6 April 2024 it was possible to protect benefits in excess of the standard lifetime allowance if you held one of the various forms of transitional protection. If you do hold one of these transitional protections, then your LSA and LSDBA may be increased to reflect the available protection.

The various forms of protection are as follows:

Fixed and individual protection

Fixed and individual protection allowed for your lifetime allowance to be set at a greater value than the standard lifetime allowance:

- Fixed protection 2012 – fixed your lifetime allowance at £1.8 million.
- Fixed protection 2014 – fixed your lifetime allowance at £1.5 million.
- Fixed protection 2016 – fixed your lifetime allowance at £1.25 million.
- Individual protection 2014 – only available if the value of pension savings at 5 April 2014 exceeded £1.25 million and subject to an overall maximum of £1.5 million.
- Individual protection 2016 – only available if the if the value of pension savings at 5 April 2016 exceeded £1 million and subject to an overall maximum of £1.25 million

Enhanced lifetime allowance

You may have been eligible for an enhancement of the standard lifetime allowance if:

- Your SIPP received a transfer from an overseas pension scheme which had not received UK tax relief.
- A pension credit that qualifies for an enhancement was received as a result of a pension sharing order.
- You made contributions as a non-UK resident of more than five years standing.
- You hold a primary protection certificate.

Enhanced protection

Enhanced protection allowed the total value of your pension savings to be protected from the lifetime allowance tax charge in exchange for no further contributions being paid.

Your SIPP on death

If you die without buying an annuity

Your SIPP is held within a trust, and as such, it lies outside your estate for inheritance tax purposes. This means that when you die the proceeds from your SIPP can normally be paid to your beneficiaries free of inheritance tax.

There may be other tax charges on the proceeds, depending on your age at the date of your death and the options your beneficiary(s) decide to take. Your beneficiary(s) can normally either take the death benefits as a cash lump sum or keep the funds within the pension environment to provide a regular income.

We pay benefits to beneficiaries based on your wishes as given by you on your application. However, under the trust deed of the SIPP, as trustee and scheme administrator we have ultimate discretion on who we pay.

To let us know who you would like your SIPP benefits to go to in the event of your death, or to update your nomination, please complete and submit an 'Expression of Wish Form', available from our website.

Income

Where your beneficiaries retain the funds within the pension environment and choose to draw an income, the tax consequences will be as follow:

- If you die under the age of 75 and benefits are designated for income within 2 years of your death, then income paid to your beneficiaries will be free of tax.
- If you are over the age of 75 at date of death, income paid to your beneficiaries will be subject to income tax at their marginal rate.

On the deaths of the recipients of your pension fund, any residual pension can be passed on to a beneficiary of their choosing. The tax treatment of the residual fund is dependent on the age of the recipient at the time of their death, and not your age.

Lump sum

Where a lump sum death benefit is paid to your beneficiaries the lump sum will be tested against your LSDBA. If there is insufficient LSDBA available to cover the lump sum, the excess will be subject to income tax at the marginal rate of the recipient beneficiary.

Your personal representatives will be responsible for providing details of the lump sums paid to HMRC in order that HMRC can then arrange to assess the beneficiaries at their marginal rate of tax.

Where any of the lump sum death benefits paid relate to pension funds that were originally crystallised by yourself prior to 6 April 2024 these will not be subject to the LSDBA.

If you die over the age of 75 any benefits paid as a lump sum to your beneficiaries will be subject to income tax at their marginal rate.

If a lump sum death benefit is paid to a trust, then a tax charge of 45% will be applied. You can nominate a registered charity to receive a lump sum death benefit in the event that you have no dependants. Any lump sum paid to a registered charity will be tax free.

If you die after buying an annuity

If you have used all or part of your fund to buy an annuity, on your death the benefits paid will depend on the options selected when the annuity was purchased.

When you purchase an annuity you can choose to include a spouse's, civil partner's or dependant's pension.

Tax

Any taxation information contained in this document is based on our interpretation of legislation and HMRC practice, which may change from time to time. Any information relating to how tax may be applied to you may change and depends on your individual circumstances.

Banking

In respect of the SIPP Bank Accounts, please note that we may place money in notice or unbreakable term deposit accounts with notice periods of, or on deposit for, fixed terms of up to 180 days, In the event of our insolvency or default of a bank or deposit taker, the investor's money may not be immediately available for distribution.

Compensation

The SIPP scheme administrator is covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations, you may be entitled to compensation under the FSCS. We will send you details of the cover provided by the FSCS on request.

The individual provider for your underlying investments may themselves offer protection under the FSCS. Please ask your financial adviser or the particular SIPP provider for further information.

The SIPP pooled bank accounts and fixed term deposits are covered separately by the FSCS. The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations up to a combined maximum of £85,000 for all accounts you hold with them (including those held through a SIPP and any you may hold personally outside of the SIPP).

For further information about the FSCS (including the amounts covered and eligibility to claim), please call us on 03455 212 414 or refer to the FSCS website at www.fscs.org.uk.

For further information on the bank accounts we use, please refer to our website at www.jameshay.co.uk/our-products-services/investments/bank-accounts/.

For details on how we hold money and/or investments and the protection available, please read our **How your money and investments are held within James Hay Partnership products** factsheet.

Useful contacts

James Hay is the provider of your SIPP. We do not provide financial advice. If after reading this guide you have any technical or administrative questions, you can send us a secure message, or call us on the number below:

James Hay
Suite 202 Warner House
123 Castle Street
Salisbury
SP1 3TB

Website: www.jameshay.co.uk

Telephone: 03455 212 414

Lines are open from 8.30am to 5.30pm Monday to Friday. To help improve our service we may record or monitor calls.

Pension Wise

Deciding what benefits to take from your pension is an important decision. You are entitled to receive free and impartial guidance through Pension Wise, a Government-backed service provided by MoneyHelper. The objective of the service is to empower you to make informed and confident decisions on how you use your pension savings in retirement. The guidance does not replace financial advice given by regulated financial advisers.

You can receive this guidance online, by telephone or face-to-face. Please visit the MoneyHelper website or call the number below if you wish to use this service.

Website: www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

Telephone: 0800 280 8880 or 0300 330 1003
(from outside the UK +44 20 3733 3495)

MoneyHelper

MoneyHelper offers free impartial money advice. Please visit the MoneyHelper website or call the number below if you wish to use this service:

Website: www.moneyhelper.org.uk

Telephone: 0800 011 3797

Pension wise

Money Helper

Financial Services Compensation Scheme

The FSCS is the UK's compensation fund of last resort for customers of authorised financial services firms. They may pay compensation if a firm is unable, or likely to be unable, to pay claims against it. The FSCS is independent of the government and financial services industry. For more information, please visit the FSCS website or call the number below:

Website: www.fscs.org.uk

Telephone: 0800 678 1100

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).