

# Key Features of the Modular iSIPP

## **Important information you need to read and understand before you invest**

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, James Hay Partnership, to give you this important information to help you to decide whether our Modular iSIPP 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.

# What you should know before you invest

## What is the purpose of this document?

This Key Features Document, along with your Key Features Illustration, gives you a summary of information to help you decide:

- if you want to invest in the Modular iSIPP
- whether the Modular iSIPP is right for you.

## What is the Modular iSIPP?

The Modular iSIPP 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 wide choice of investments and a variety of options for taking retirement benefits.

The core investment options give you access to our panels of fixed term deposit providers and stockbrokers, and a range of funds via the 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. However, if your investment needs are more sophisticated and you wish to have a wider choice of investments to select from, for example funds not available via the Investment Centre, investment managers and stockbrokers not on our panel or commercial property, these options can be added to your Modular iSIPP at an extra cost. This means that you only pay for the investment options that you intend to use.

## Is the Modular iSIPP a Stakeholder Pension?

No. The Modular iSIPP is not a Stakeholder Pension. Stakeholder Pensions are low cost pension plans with limited investment options. The Government sets minimum standards, for example, in relation to costs and contribution levels, which Stakeholder Pensions are required to meet. A Stakeholder Pension may meet your needs at least as well as the Modular iSIPP.

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## Key features of the Modular iSIPP

### Its aims

The aim of a pension product is to build up a pension fund in a tax efficient way for your retirement.

The aim of the Modular iSIPP is to provide a flexible pension arrangement, which can be tailored to suit changes to your lifestyle such as your employment status, your income and your family circumstances.

The Modular iSIPP offers you complete control over where and when you invest.

# Your commitment

Before opening a Modular iSIPP, in conjunction with your financial adviser, you should consider whether you have sufficient investment experience and are prepared to be responsible for making decisions about how your money is invested during the time that your Modular iSIPP is open.

You will need to:

- make at least one payment into your Modular iSIPP, which could be a transfer from an existing pension you hold or a contribution from you or your employer

- be prepared to keep your money invested and not have access to it, normally until at least age 55
- pay the charges set out in the Modular iSIPP Charges Schedule
- regularly review your investments and the amount you contribute.

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## Understanding the risks

There are risks associated with investing your money via a Modular iSIPP which, depending on how they are managed, could affect the level of benefits (income and cash lump sums) you will be able to take in the future. These are detailed below. You may be able to reduce the impact of some of the risks, as you are able to control:

- the amount you put in
- the investments you select
- when you choose to take benefits
- the way in which you take benefits.

However, other factors that contribute to the different risks involved in having a Modular iSIPP may be outside of your control. For example, the Government may change the tax rules applicable to SIPPs and this could affect:

- the level of tax relief you receive on your contributions
- the amount of tax you pay on your investments
- the taxation on the benefits you take from your Modular iSIPP.

**To understand the risks associated with investing via a Modular iSIPP and how the level of benefits you will eventually receive may be affected, we strongly suggest you read on.**

### Applying for the Modular iSIPP

If you open a Modular iSIPP and later change your mind and choose to cancel it, you may get back less than you paid in. Please refer to the SIPP Terms and Conditions for further information, which is available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

### Transferring investments in

If you sell your assets in an existing pension and transfer cash into your Modular iSIPP, you will be 'out of the market' and not get the benefit of any investment increases whilst the transfer is being processed.

If you transfer existing pension funds into your Modular iSIPP from another registered pension scheme:

- you may give up valuable pension rights or guarantees that are not offered by the Modular iSIPP
- the existing pension provider may apply a penalty charge which could reduce the value of your pension fund.

### Investing your money in your Modular iSIPP

The value of your investment can fluctuate up and down and it's possible that you may get back less than the amount you originally invested.

Depending on the type of investments you choose to invest in, there will be different risks that will affect the value of your investment. For example:

- foreign investments will be affected by changes in the rate of currency exchange
- investments in stocks and shares will be affected by fluctuations in the stock market
- cash deposits will be affected by changes in interest rates.

**For further information on the risks that are specific to a particular investment, please read the Guide to Investment Risk available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk) or speak to your financial adviser.**

If the returns on your Modular iSIPP investments are poor, they may not cover the level of charges applied and the value of your Modular iSIPP could significantly reduce in value over time. You should regularly review the performance of your chosen investments to check that they remain suitable for providing you with the benefits you require in the future.

Not all your investments may be protected by the Financial Services Compensation Scheme (FSCS). The FSCS provides financial compensation to investors in the event of the failure of a financial institution. To understand how this may affect your Modular iSIPP, please see the 'Other Information' section on page 9 of this Key Features Document.

### **Taking benefits from your Modular iSIPP**

The value of your Modular iSIPP and the benefits it provides are not guaranteed. Its value will depend on a number of factors including:

- what you have paid in
- how your investments have performed
- the charges that have been deducted.

The level of benefits you can take will depend on:

- the value of your Modular iSIPP
- whether you are able to sell your investments (e.g. it might take time to sell a commercial property)
- how much tax you have to pay on your income
- current annuity and interest rates if you decide to use your Modular iSIPP funds to buy a lifetime annuity.

High levels of inflation could reduce the value of your pension in real terms.

Withdrawing high proportions of money from your Modular iSIPP is unlikely to be sustainable for a long period. Therefore you should carefully plan your withdrawal strategy and regularly review the level of benefits you are taking, to ensure they remain sustainable.

Any income withdrawals you take from your Modular iSIPP are classed as income and therefore you may pay tax on these withdrawals. For further information on the taxation of withdrawals, please refer to the Modular iPlan Technical Guide which is available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

### **Your Modular iSIPP on death**

In the event of your death, we can pay out the proceeds of your Modular iSIPP to your nominated beneficiaries. It is therefore important that you complete an Expression of Wish Form and send it to us. You may wish to regularly review it as your circumstances change. You can obtain one from our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

If you die before your 75th birthday, your Modular iSIPP will pass on to your beneficiaries tax-free. However, if you die after your 75th birthday, your Modular iSIPP will be taxed at your beneficiary's income tax rate.

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# Questions and Answers

## Is the Modular iSIPP the correct product for me?

The Modular iSIPP may be right for you if you are looking to:

- build a pension fund for retirement in a tax efficient way

- access a wide variety of investment options and services that can be varied to suit your changing needs.

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## Who can take out a Modular iSIPP?

Through the services of an FCA regulated financial adviser, you can take out a Modular iSIPP if you are:

- over 18
- not a US Person or resident of the US for tax purposes

- not an undischarged bankrupt.

You can take out a Modular iSIPP for a child under the age of 18 if you are the parent or legal guardian.

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## Who can pay contributions into the Modular iSIPP?

You, your employer (if you have one) or another third party (for example, a parent or spouse) can pay contributions into your Modular iSIPP on your behalf.

The Modular iSIPP can also accept transfers from other pension arrangements you may have.

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## How much can I contribute?

There is no minimum or maximum contribution level although you may have to pay a tax charge on contributions over a certain limit. For further details please refer to the Modular iPlan Technical Guide.

You can pay regular or occasional contributions at any time and you can vary the amount and frequency of your contributions.

Payments can be made by bank transfer or Direct Debit. Your SIPP Bank Account details, including the required payment reference, can be found within your James Hay Online account.

If you have not engaged an FCA authorised financial adviser who is advising you on your Modular iPlan products you must have a minimum of £100,000 invested in the Core Modular iPlan investments (Investment Centre, Managed Portfolio Panel, Cash Panel and Stockbroker Panel) before we will consider allowing you to invest outside of the Core Modular iPlan investment options. Therefore, we strongly suggest that you seek financial advice with respect to any investments that you are considering.

You can start contributions at any age although all contributions to your Modular iSIPP must cease by your 75th birthday.

## Will I get tax relief on my contributions?

Provided you meet certain criteria set by HM Revenue & Customs (HMRC), you will receive tax relief at your highest marginal rate on contributions paid by you up to £3,600 or 100% of your relevant earnings (whichever is the higher). However, if you contribute more than the annual allowance (or money purchase annual allowance, if applicable), you will be subject to a personal tax charge that will effectively cancel out the tax relief. For further details please refer to the Modular iPlan Technical Guide.

We will claim basic rate tax relief on your behalf from HMRC. For example, if you pay £80, we will reclaim £20 meaning the Modular iSIPP has received a total of £100.

If you pay higher rate tax, you may be able to claim extra tax relief through your self-assessment tax return.

Current levels of tax relief are not guaranteed and could be subject to changes by the Government after your Modular iSIPP has been opened.

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## Can I transfer pension benefits from another pension scheme to the Modular iSIPP?

You can transfer pension benefits from other registered pension schemes or Qualifying Recognised Overseas Pension Schemes (QROPS) into your Modular iSIPP. Transfer payments in the form of assets other than cash (known as in-specie transfers) can also be accepted.

There is no guarantee that transferring another pension arrangement to your Modular iSIPP will increase your total retirement benefits. There could be a number of reasons why it might not be appropriate to transfer in existing pension benefits and we strongly suggest you take financial advice if you are considering this option.

**Please note: We are unable to accept any transfer from a defined benefits (final salary) or a defined contribution (money purchase) scheme that contains safeguarded benefits, unless you have received advice in relation to the transfer from a suitably qualified financial adviser and they have recommended that you proceed with the transfer.**

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## What is the SIPP Bank Account?

Any money you pay into your Modular iSIPP is held in a SIPP Pooled Bank Account in the name of our trustee company, until we receive instructions to invest. This pooled bank account also holds money for other SIPP clients. Your Modular iSIPP's individual holding is recorded in our internal records and referred to as your SIPP Bank Account.

For further information on the product bank accounts, please visit our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

## What can I invest in?

Through the Modular iSIPP you can invest in a wide range of investments, including collective investment funds (such as unit trusts and OEICs), investment trusts, fixed term deposits and commercial property.

You can appoint third party investment managers to make investment decisions on your behalf, and you can open an account with a stockbroker to buy and sell stocks and shares.

You can change investments at any time, unless an investment has restrictions. These will be covered in the literature or terms and conditions for the relevant investment you or your financial adviser has chosen.

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## What are the modules within the Modular iSIPP?

### Modular iSIPP Core Investments

The Core Modular iSIPP gives you access to:

- the James Hay Investment Centre which provides the facility for you to pick and mix individual collective investment funds from a wide range of leading fund managers at discounted charges
- a range of model portfolios via the Managed Portfolio Panel
- fixed term deposits with providers from our Cash Panel
- the services of our panel of stockbrokers.

Full details of our Cash Panel, Stockbroker Panel and Managed Portfolio Panel are available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

**Please note: If you invest in a model portfolio on the Managed Portfolio Panel, you will be unable to hold Investment Centre funds outside of the portfolio in the Modular iSIPP.**

### Commercial Property Module

You can invest in land and buildings used for commercial purposes. You cannot buy residential property using this module.

For further information please see the Commercial Property Purchase and Maintenance Guide available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

### Whole of Market Module

You can invest in most other types of investments allowed under HMRC pension rules which do not fit within the Core iSIPP, including the appointment of investment managers and stockbrokers not on our panel, and investment grade gold bullion.

**Please note: If an investment fund is available under our Investment Centre, you must buy it through our Investment Centre and you will not be permitted to purchase it via the Whole of Market Module.**

**For further information on the investments available to you under the Modular iSIPP, please see the Modular iSIPP Permitted Investments List which is available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).**

## What are the charges?

Full details of our charges are given in the Modular iSIPP Charges Schedule, which is available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk). You may pay charges to other parties depending on the investments you select. You may also pay charges to your financial adviser. These charges can be paid out of your Modular iSIPP.

Our charges are normally deducted from your SIPP Bank Account. If there is insufficient money available in your SIPP Bank Account we will ask you to either sell some investments within your Modular iSIPP or you can pay us directly.

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## Can I have an illustration?

Your financial adviser will provide you with an illustration before you make an application for your Modular iSIPP.

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## When can I take benefits?

You can normally start drawing retirement benefits from age 55, even if you are still working. The amount you receive will depend on the value of your Modular iSIPP.

When you come to take retirement benefits, if the total of all your pension funds exceeds a certain limit (the lifetime allowance) you may have to pay a tax charge on the excess (the lifetime allowance charge). Please see the Modular iPlan Technical Guide for further information.

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## What types of benefits can I take?

You can take your retirement benefits in a number of different ways.

- **Flexi-Access Drawdown**

You can take a tax free lump sum (known as a Pension Commencement Lump Sum or PCLS) of up to 25% of your pension fund. You can then draw a regular income from the remaining pension fund. The income you draw will be subject to tax at your marginal rate. You can vary the level and frequency of the income at any time.

- **Uncrystallised Funds Pension Lump Sum (UFPLS)**

You can take lump sums (called Uncrystallised Funds Pension Lump Sums or UFPLS) out of your pension fund on an ad-hoc basis, subject to a minimum individual withdrawal level of £1,000. If you do this, 25% of the UFPLS payment will be tax free and the remaining 75% will be subject to tax at your marginal rate.

- **Lifetime Annuity**

You can take a tax free lump sum (known as a Pension Commencement Lump Sum or PCLS) of up to 25% of your pension fund. You can then use your remaining pension fund to purchase a lifetime annuity from an insurance company. This is where the insurance company agrees to pay you a regular income until you die. The income is taxed at your marginal rate.

For further details of the options and rules for taking benefits from your Modular iSIPP, please refer to the Modular iPlan Technical Guide.

### Pension Wise

Deciding what benefits to take from your pension is an important decision. We recommend that you seek appropriate guidance or advice to understand your options at retirement.



You are entitled to receive free and impartial guidance through the Government backed service called Pension Wise. The objective of the service is to empower you to make informed and confident decisions on how you use your pension savings in retirement. For further details of how to access this service, please see the 'Other Information' section on page 9 of this Key Features Document.

The free guidance does not replace financial advice given by regulated financial advisers.

**Please note: Current tax benefits are not guaranteed. Any changes made by the Government may impact the level of your benefits when you come to take them.**

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### What if I become ill before I retire and cannot work?

Subject to acceptable medical evidence, we may pay ill health early retirement benefits, or serious ill health benefits, in the form of a pension income or lump sum from your Modular iSIPP.

Full details of ill health benefits are given in the Modular iPlan Technical Guide.

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### What happens when I die?

Your Modular iSIPP is held within a trust, which means it does not usually form part of your estate and therefore is not subject to inheritance tax.

You can provide us with details of who you would like to receive any benefits payable from your Modular iSIPP on your death by completing an Expression of Wish Form and sending it to us. This does not bind us, but will help us decide to whom we will pay out benefits.

These benefits can be paid either as a lump sum or as a beneficiary's pension.

The tax treatment of these benefits will vary depending on whether you died before or after age 75.

Full details of the benefits payable on death are given in the Modular iPlan Technical Guide.

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### Can I change my mind?

You have the right to cancel your Modular iSIPP. On receipt of your Modular iSIPP application form, we will send you a cancellation notice. You will have 30 days from receipt of this notice to tell us that you

have changed your mind and wish to cancel your application. For further details please see the SIPP Terms and Conditions.

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### What other documents should I read?

We ask that you also read the Modular iSIPP Key Features Illustration provided by your financial adviser. In addition, you should read the:

- Modular iSIPP Charges Schedule
- Modular iSIPP Permitted Investments List
- SIPP Terms and Conditions and
- Modular iPlan Technical Guide.

These documents provide you with more detailed information on the Modular iSIPP.

If after reading the documentation you are unclear about any aspect of the Modular iSIPP, or you are unsure whether the Modular iSIPP is right for you, we strongly suggest you speak to your financial adviser.

## What correspondence and communications will I receive?

We will issue:

- a cancellation notice that gives you the right to cancel your Modular iSIPP (unless you have waived these rights in your application form)
- information to allow you to access the secure area of our website for you to view details of your Modular iSIPP
- an annual valuation statement for your Modular iSIPP including an illustration of projected future benefits
- other necessary correspondence depending on the day-to-day operation of your Modular iSIPP.

We will send correspondence to your financial adviser, apart from cancellation notices which we will send to you. The only correspondence we will send to both you and your financial adviser is your annual valuation statement.

Our standard methods of communication are letter, secure electronic messaging (through James Hay Online) and by telephone. We do not consider standard email to be secure and so we will not normally communicate in this way if the communication includes personal information or instructions relating to your Modular iSIPP or investments.

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## Other information

### Pension Wise

The Government backed service called Pension Wise is provided by MoneyHelper. You can receive this guidance online, by telephone or face-to-face.

You can access **Pension Wise on the MoneyHelper website** or call either 0800 138 3944 or 0300 330 1003 (from outside the UK +44 20 3733 3495), if you wish to use this service.

### How to complain

If you wish to complain about any aspect of the service you have received, please contact the Complaints Manager using any of the methods detailed in the 'How to contact us' section overleaf.

Complaints about this product that we cannot address may be referred to the Financial Ombudsman Service.

For details of our formal complaints procedure or contact information for the organisations listed above, please see the Guide to our Complaint Procedure leaflet, a copy of which can be obtained from our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

Making a complaint will not affect your right to take legal proceedings.

### Law

The information given in this document is based on our current understanding of pension and financial services regulations and can be subject to change as tax laws and legislation may change over time.

In the event of a dispute, the law of England and Wales will apply, and by completing a Modular iSIPP application you will be agreeing to this.

### Financial Services Compensation Scheme (FSCS)

The FSCS provides protection to consumers when financial services firms fail (or go bust). It is the compensation scheme for customers of UK authorised financial services firms. FSCS can compensate customers if a firm has stopped trading or does not have enough assets to pay claims made against it.

The Modular iSIPP is covered by the FSCS in the event that we are unable to meet our obligations to you regarding administration of the Modular iSIPP. The SIPP Bank Account is also separately covered by the FSCS in the event of the failure of the relevant bank itself.

Similarly, the underlying investments within your Modular iSIPP may be subject to their own protection from the FSCS in the event of the failure of the relevant investment provider. However, this will depend on the investments you select and you should seek further clarification from the investment provider or your financial adviser of the cover applicable to your chosen investments before investing.

For details on how we will hold any money and/or investments, and the level of protection available, please read the document available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk) called How your Money and Investments are held within James Hay Partnership Products.

For further information, please visit the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk).

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## How to contact us

We do not provide financial advice. Your financial adviser will normally be your first point of contact.

However, if you need more help or information regarding the administration or features of your Modular iSIPP or if you wish to exercise your right to cancel your Modular iSIPP, you can write to us at the following address:

**James Hay Partnership  
Dunn's House  
St Paul's Road  
Salisbury  
SP2 7BF**

**Website: [www.jameshay.co.uk](http://www.jameshay.co.uk)**

**Telephone: 03455 212 414**

Lines are open from 9am to 5pm  
Monday to Friday.

To help us improve our service we  
may record or monitor calls.



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).

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