

Small Self Administered Schemes

Scheme Summary

contents

This document is split into the following sections and is intended to assist you in making your decisions about Small Self Administered Schemes (SSAS). If you require further technical, or in-depth, information concerning this product, please contact your financial adviser, or alltrust.

Our contact details are at the end of this document.

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its aims

A Small Self Administered Scheme (SSAS) under the sponsorship of an employer would aim to provide you with the following:

- A means to save for your retirement in a tax-efficient way, as growth in your fund is usually free from income tax and capital gains tax;
- A wide range of investment options, restricted only by relevant legislation and good practice;
- A wide range of options at your retirement, including drawing income from your fund or purchasing an annuity;
- The provision of a product that is flexible in meeting your changing needs and personal circumstances both at and before retirement;
- To provide cash and/or pension benefits to your financial dependants in the event of your death;
- The ability for you to make your own investment decisions, or appoint a financial or investment adviser;

A SSAS is a small occupational scheme, and it is likely that there will be a number of other members within the Scheme who will have similar objectives. The membership of a SSAS is usually less than 12.

In addition, we will provide direct access to experienced, dedicated consultants who handle all the administrative requirements of your SSAS. We aim to create a personal relationship with all of our clients.

your commitment

- There is no commitment on your part to make any contributions, or to continue making contributions once you start. Contributions can be started or stopped at any point.
- A SSAS is a long-term investment. Benefits can only be drawn from the SSAS in accordance with legislation that prevails at the time.
- Currently, benefits can generally only be drawn from age 55, unless you retire due to ill-health, or have a protected early retirement age.
- Fees are chargeable in relation to the administration of the SSAS and are in addition to those of any investment or financial adviser. These fees can be paid by the Sponsoring Employer or drawn from the fund.
- When you take pension income from the SSAS any income that you take will be subject to tax by HM Revenue & Customs (HMRC).

risk factors

- Depending on where the Trustees invest, the value of the SSAS may go up or down, and this may affect the level of pension benefit that you take in the future. This is because benefits are normally pooled within a SSAS, and fluctuations in value will affect all of the members.
- Depending on the type of investment, there may not be any guarantees in relation to any of the investments that you hold within the SSAS.
- Legislation, inflation and taxation could change, which might affect the amount of pension benefit that you receive in the future.
- Some investments, such as property, held by the SSAS may be harder to value, or to sell, than other investments. This could affect the timing, and level, of your pension benefits.
- High levels of income withdrawal may reduce the amount of fund you have left to purchase an annuity, or to provide for dependants' benefits. We would recommend you speak to a financial

adviser, or seek guidance through the Government's impartial guidance service called Pension Wise (www.pensionwise.co.uk).

- Your employer may face financial difficulties and any support that it provides may cease.
- Investment decisions for the SSAS will be at the discretion of the Member Trustees. Usually, all members of a SSAS will also be Trustees. We would recommend that the Trustees appoint a financial adviser. The financial adviser may be appointed to act on behalf of all of the members of the SSAS, which would assist in the financial planning of the Scheme, as they will be able to take all members' needs into account.
- If you transfer your benefits from an employer's occupational scheme, you may be giving up other rights and benefits. Please consult a financial adviser before proceeding.
- Charges may increase throughout the lifetime of the SSAS. Where these apply to alltrust, we will communicate this to you, via the Member Trustees, in advance of any increase.

fees, charges and services

Fees are charged by alltrust for the administration that is undertaken on the alltrust SSAS.

These fees relate to the establishment, or takeover, of the SSAS, its annual administration and any other transactional charges. Unless you elect otherwise, all fees will usually be charged to the Sponsoring Employer (the company that sponsors the SSAS) in accordance with the terms outlined in the Scheme documentation. These fees may also be drawn from the fund. The Scheme documentation comprises the SSAS Trust Deed and Rules, and the Terms of Business. Copies of these documents are available on request.

The fees that are charged are contained in the alltrust SSAS Fee Card document, which is included as part of the application pack. A copy is also available on request.

If you are a "Direct Client" you should note that alltrust's normal route to market would be via a financial adviser. As a SSAS can be a complex pension scheme we strongly recommend that all individuals obtain financial advice before proceeding. Where we do agree to deal with you as a Direct Client, please note that we cannot give you any form of financial advice. Additional fees will also apply to reflect the more complex nature of the work we need to undertake in order to administer the SSAS. A copy of these additional fees is available on request.

In addition to any fees charged by alltrust, further fees may be applicable depending on the activities undertaken within the SSAS. These fees may be charged by other parties and will also be met from the alltrust SSAS.

schedule of services

establishment fees

The Establishment Fee is charged at outset as soon as the SSAS is set up. The fee will be charged to the Sponsoring Employer, but can also be taken from the SSAS Bank Account. The services include:

- provision of all documentation which is compliant with all the regulatory and legislative requirements
- to review all the completed documentation and set up the SSAS
- open the SSAS bank account with appropriate mandates
- install all members as a co-trustees and signatory of the SSAS via the Deed
- registering the SSAS with HMRC, the Information Commissioner & the Pensions Regulator

annual fees

Annual Fees relate to the ongoing work that is required for each SSAS. The fee is levied in advance, and is chargeable to the Sponsoring Employer, or can be drawn directly from the SSAS Bank Account. The services include:

- Acting as Trustee & Administrator
- Relevant correspondence, general advice (excluding investment advice) and administration for the operation of the pension scheme
- Maintaining all records
- Liaising with your financial adviser
- Provision of general technical assistance and advice on scheme matters
- Recording all contributions and submitting returns for tax reclamation to HM Revenue & Customs (HMRC)
- Issuing certificates for tax relief where necessary
- Compliance of all matters with HMRC requirements
- Keeping documentation up to date with regulatory requirements

additional transactional fees

Additional Transactional Fees are charged for one-off events, such as property purchases and other investment transactions. These fees cover the costs of additional administrative work undertaken as a result of the transaction taking place.

An additional annual fee can also be charged as a result of holding certain investments. For example, an annual property administration fee will be charged to cover the administration involved in monitoring that rental payments are being made and that other terms of the lease are being met.

Where the fees are for one-off transactions, such as the acquisition of an investment, they are chargeable after the event. Where the fees are annual, they will be charged with the SSAS Annual Administration Fee on the anniversary of the establishment, or takeover, of the SSAS. Pro rata annual fees may apply from the date of the completion of the transaction to the next anniversary of the SSAS.

retirement fees

Retirement Fees apply when an individual chooses to take retirement income from their SSAS. This can be in the form of a payment of tax free cash (known as Pension Commencement Lump Sum) or a payment of pension income, or a combination of both elements.

Fees relate to the strict processes that must be followed to ensure that an individual has considered all of the options available prior to accessing pension savings, as well as analysing generic risks that might be appropriate to the individual. Calculations will also be undertaken to determine the amount of pension benefits that can be paid, as well as the additional administrative requirements involved in calculating and paying pension benefits.

Annual fees will apply in relation to the requirement to operate a PAYE system for the income paid in order to ensure that deductions of income tax are made in accordance with HMRC rules.

bank account arrangements

The SSAS Bank account can be held with any suitable banking provider, chosen by the Trustees. Alltrust will provide details of suitable providers where requested to do so.

All interest accrued on the accounts is paid into to the SSAS Bank account. Alltrust does not receive any commissions, interest or other incentives from any Bank as a result of the banking arrangements.

roles and responsibilities

Alltrust typically has two roles: that of Professional Trustee, and that of Scheme Administrator.

Each registered pension scheme must have a Scheme Administrator appointed in accordance with the scheme rules. The Scheme Administrator will carry out all the duties defined in the legislation and may be required to give certain declarations to HM Revenue & Customs (HMRC). Information requirements include submitting Annual Event Report and Pension Scheme Returns. The Scheme Administrator will typically be the person/company that deals directly with HMRC, fulfilling their requirements, and entering into relevant correspondence with them as necessary.

The Scheme is established as a Trust and therefore has to conform to Trust Law, which is contained in a number of different Acts. Various Pensions Acts also impact the day-to-day running of the Scheme, and have requirements that must be adhered to. Trustees have a responsibility to deal with Scheme affairs in accordance with the Rules, and with due regard to the members and beneficiaries.

questions and answers

what is a SSAS?

A SSAS is a Small Self Administered Scheme established under Trust. Alltrust Services Limited ('alltrust') acts as Scheme Administrator and as the Professional Trustee.

Each of the members of the SSAS is usually also a trustee. The Professional Trustee and the Member Trustees act jointly in relation to all matters of the SSAS. alltrust is also responsible to HMRC as Scheme Administrator and will be required to make certain reports to HMRC from time to time.

Alltrust and the Member Trustees are jointly the owners of the scheme assets and in whose names asset purchases and sales are made. The Trustees may delegate the investment decisions to a financial adviser or an investment manager.

If you need more information on any of the terms used in this paragraph, please contact your financial adviser, or alltrust.

how much can I contribute?

When making a personal contribution, tax relief is only available up to 100% of earned income (relevant UK earnings), or £3,600 if higher. This limit is also subject to the 'Annual Allowance'. Tax relief on a personal contribution is usually obtained through the Principal Employer's PAYE arrangements.

The Annual Allowance is the maximum level of gross contribution that can be made in any year on which tax relief is available, and has been set as £40,000 for the tax year 6 April 2014 onwards.

An employer can make a contribution up to this level on behalf of an individual, although they must take regard of the fact that any contribution for an individual should be appropriate to their position within the company. Employer contributions are paid gross to the fund.

It may also be possible to 'Carry Forward' unused Annual Allowance for the three years prior to the tax year in which you make contribution.

The limit for each of these previous tax years is either £50,000 (for the years prior to 5 April 2014) or £40,000 (for the years post 6 April 2014) and you must deduct from this any gross contributions already made in that tax year. You must also have been a member of a registered pension scheme for the tax year the Carry Forward applies to.

There is a strict method as to how the contributions are allocated. You must first use up the Annual Allowance in the current tax year, and then allocate any additional amounts to the earliest tax year of the three previous tax years.

From 6 April 2014, if income is drawn 'flexibly' from a pension scheme (for example, under the rules of Flexi-Access Drawdown, or Uncrystallised Funds Pension Lump Sum) the Annual Allowance is reduced to £10,000 gross p.a. and was subsequently reduced on 6th April 2017 to £4,000. This is known as the Money Purchase Annual Allowance. Carry Forward from previous years is then no longer allowed. This reduced Annual Allowance does not apply to benefits accrued in Final Salary (Defined Benefit) Schemes.

From 6 April 2016, where an individual has income above £150,000 in a tax year, their Annual Allowance for that year will be reduced by £1 for every £2 of income above this limit. The maximum reduction is £30,000, where an individual reaches income of £210,000. This calculation can be complex, as it generally includes all forms of income, and advice should be sought from an accountant or tax adviser.

can I transfer other benefits in?

It is possible to transfer benefits from other registered pension schemes into the SSAS. Normally, these benefits will be transferred as cash into the bank account held as part of the SSAS.

It is also possible to transfer existing assets from other registered pension schemes. This involves re-registering the ownership of the asset so that it is in the names of the Professional Trustee and the Member Trustees. Sometimes this process can be complex and time-consuming, and some assets may not be transferrable. It is often worth obtaining confirmation from the current provider that they will allow the transfer.

We recommend financial advice be sought before transferring any benefits to the SSAS.

can I transfer my benefits out?

If you wish, you can transfer your accumulated funds from the SSAS to another registered pension scheme, or use the funds to secure benefits in the form of an annuity. This may involve either the encashment of assets and the transfer of monies, or the re-registering the ownership of the asset so that it becomes an asset of the other registered pension scheme. Again it is often worth obtaining confirmation from the current and future providers that they will allow such a transfer.

We always recommend financial advice be sought before transferring or securing any benefits.

In some circumstances, after the transfer or securing of benefits has been paid an additional sum of money may arise that was not included when benefits were originally calculated. This is commonly from a deferred dividend payment arising out of equities that the SSAS had held prior to transfer.

In most cases these monies will be passed on to the receiving provider. If they cannot be accepted, however, and there remains no other avenue by which the funds can be used for transfer or retirement, then such payments may be paid to charities nominated by Alltrust from time to time.

what is the maximum amount I can have?

The 'Lifetime Allowance' is the maximum amount that you can build a pension up to without triggering certain tax penalties. From 6 April 2021 the Lifetime Allowance is £1,073,100.

Certain events (known as 'Benefit Crystallisation Events') trigger a test against the Lifetime Allowance. This is normally on retirement and death, and on some types of transfer. Where there is an excess amount, a tax charge equivalent to 55% will normally apply to that excess if it is taken as a lump sum (or 25% if it is drawn as income).

Some individuals have been able to 'protect' higher levels of pension fund than that available from the current Lifetime Allowance. Broadly, these types of protection (known as 'Primary Protection', 'Enhanced Protection', 'Fixed Protection' and 'Individual Protection') apply where individuals have benefits, or think that they might achieve benefits, in excess of the Lifetime Allowance.

This can be a complex area, and we advise that you speak to either your financial adviser, or alltrust, should you have any additional queries.

what investments are allowed?

The SSAS allows a broad range of investments to be held. It is restricted only by legislation, and by good practice. Typically, investments will include:

- Commercial Property and Land (including farmland and forestry);
- Overseas Commercial Property, subject to strict criteria;
- Unit Trusts, Investment Trusts and Open Ended Investment Companies (OEICs);
- Stocks and Shares, Futures and Options traded on recognised stock exchanges;
- Some types of unlisted share, subject to strict criteria;
- Secured third party loans, subject to strict criteria;
- Insurance company funds and traded endowment policies;
- Deposit accounts with any authorised institution in any currency;
- Depository Interests (including CREST Depository Interests);
- Gilts and other Corporate fixed interest securities.
- Gold, subject to strict criteria.

Although the Member Trustees will be responsible for any investment decisions that are made, it is important that they consider whether to appoint a professional financial adviser to assist them in this process. They will be able to take into account the personal circumstances of all the members, amongst many other things, when helping the Member Trustees to make investment choices.

what options do I have at retirement?

Benefits from the SSAS can be drawn from age 55, but in some limited circumstances, such as ill-health, benefits can be drawn at an earlier age.

Typically, when benefits are drawn, tax free cash (known as the 'Pension Commencement Lump Sum') of up to 25% of the fund value can be drawn. Occasionally, it might be possible for an individual to protect a higher level of tax free cash, and if so this amount could be paid.

In addition, you are able to draw income from the SSAS. This can be achieved in a number of different ways, depending upon when you commence taking benefits:-

"Flexi-Access Drawdown". A certain amount of fund can be designated for drawdown, which means that it can then be drawn as income. There are no restrictions to the amount of the fund that can be taken as income. The income is processed through the PAYE system, and the net payment is made to you. Once income is drawn in this way, you will be subject to the 'Money Purchase Annual Allowance' (see above).

"Uncrystallised Funds Pension Lump Sum". You may elect to draw an amount from your pension scheme, or the entirety of the fund, as a lump sum. In this instance, you will receive part of the payment tax free (25%, as mentioned above), while the rest is paid through the PAYE system.

"Capped Drawdown". This applies to benefits drawn before 6 April 2015. It will also apply to certain instances of benefit payment from 6 April 2015. It involves calculating the maximum amount that can be drawn based on the value of your part of the SSAS, and applying Government Actuary Department (GAD) rates to the amount. Income can then be drawn to suit your needs, subject to this overall maximum income limit. The limit is usually reviewed every 3 years. If income is drawn through Capped Drawdown, you will not be subject to the Money Purchase Annual Allowance unless your income exceeds the maximum income level in place.

"Flexible Drawdown". Up until 6 April 2015, if you were able to demonstrate that you have a secured pension income of £12,000 (from, for example, a Life-time Annuity or Final Salary arrangement) you could draw as much income from your pension as you like each year without limit. From 6 April 2015, this has been replaced by Flexi-Access Drawdown.

“Life-time Annuity”. You can also purchase an annuity using part or all of the funds available to you within the SSAS. An annuity is payable for life, and different options are available depending on your circumstances.

“Scheme Pension”. Finally, you also have the option of drawing income in the form of a Scheme Pension. This process will involve an Actuary calculating more accurately the level of income that you can receive from the SSAS based on certain personal details. This can allow for a different level of income to that under the Drawdown Pension option.

IMPORTANT NOTE: Drawing pension benefits from the SSAS is an important decision. It can also be a complicated issue and can have long term consequences. Payments will be subject to tax, and any funds drawn out can affect your level of income in future years.

We consider it vital that you seek financial advice before proceeding, or that you refer to the government’s free and impartial Pension Wise service (www.pensionwise.gov.uk).

An indication of the amounts available will be provided at the time that you wish to draw benefits. However the following table gives a general idea of the limits and amounts involved:-

Date benefit taken	Retirement Income options available			
	<u>Drawdown Pension</u>	<u>Flexible Drawdown</u>	<u>Life-time annuity</u>	<u>Scheme Pension</u>
Prior 26/3/2014	Yes, 120% maximum GAD amount	Yes, secured income of £20,000	Yes	Yes
After 27/3/2014 and before 5/4/2015	Yes, 150% maximum GAD amount	Yes, secured income of £12,000	Yes	Yes
After 6/4/2015	No limit on the amount drawn from Fund (Flexi-Access Drawdown or UFPLS)		Yes	Yes

Any income drawn from the SSAS is taxed as earned income under the PAYE scheme.

We would always recommend that financial advice is sought by you when deciding upon your options when you retire.

what happens if I die?

Death benefits from the SSAS will depend on your age when you die.

If you die before reaching the age of 75 then the full value of your SSAS can usually be paid to your beneficiaries tax free, subject to the Lifetime Allowance. This is irrespective of whether benefits have been drawn from the fund.

If you die after reaching the age of 75, then any payment will be subject to the marginal rate of tax of the individual receiving that payment. An income can be paid to any beneficiary, and not just a financial dependant (a spouse, or child, for example). On the subsequent death of a beneficiary, benefits can also be paid to nominated survivors.

The rules surrounding payments on death can be complex, and you are advised to seek financial advice, or contact alltrust, should you have any additional questions.

what are protected rights?

Protected Rights were amounts of your pension fund that you may have accumulated by contracting-out of the Second State Pension Scheme (S2P) and the State Earnings Related Pensions Scheme (SERPS). These benefits may have accrued in the form of an Appropriate Personal Pension Plan, or a company pension scheme, such as a final salary scheme, or contracted-out money purchase scheme which were subsequently transferred into the SSAS.

If transferred to your SSAS, Protected Rights will be treated in the same way as all the other funds that are held for you on retirement or death.

other information

not satisfied with our service?

In the unlikely event that you have a complaint about the service you have received, please contact alltrust in writing at the address given at the end of this document. Details of our complaint handling procedures are available on request. If you are not happy with the way in which your complaint is handled, or are unable to obtain a satisfactory resolution, you can contact the Pensions Ombudsman at:

Pensions Ombudsman
11 Belgrave Road, London SW1V 1RB
Tel: 020 7630 2200

Contacting the Pensions Ombudsman does not prevent you from taking legal proceedings later. In addition, the Pensions Advisory Service is available to assist members and beneficiaries of pension schemes in connection with any difficulties which have not been resolved by us. They can be contacted at:

Pensions Advisory Service
11 Belgrave Road, London SW1V 1RB
Tel: 0300 123 1047

terms and conditions

The terms and conditions relating to the SSAS are contained within the Scheme documentation. This comprises the SSAS Trust Deed and Rules and Terms of Business. Fees are chargeable in accordance with the alltrust SSAS Fee Card.

Copies of all of these documents are available on request.

Alltrust Services Limited does not provide financial advice. We recommend that you seek professional financial advice. Details of any cost for financial advice will be provided by your financial adviser.

applicable law

All communications relating to the alltrust SSAS will be made in English. The laws of England and Wales will apply to the alltrust SSAS.

how to contact us

If you are interested in the alltrust SSAS, or wish to contact us, then please use the following details:

alltrust
Fountain House, Fountain Lane, St Mellons, Cardiff CF3 0FB

E-Mail: info@alltrust.co.uk

Website: www.alltrust.co.uk

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