



Affinity  
S I P P

# Key Features

## IMPORTANT NOTE

This document provides you with the main points about the Affinity SIPP. The Financial Conduct Authority is the independent financial services regulator. It requires us, alltrust, to give you this important information to help you to decide whether our Affinity SIPP 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.

# Contents

This document is split into the following sections and is intended to assist you in making your decisions about the Affinity SIPP (Self Invested Personal Pension). 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.

Section	Description	Page
Its aims	This section will briefly describe the aims of the Affinity SIPP	3
Your commitment	What commitments you are making in joining the SIPP?	3
Risk factors	Some of the risks you might face in relation to the product	3
Fees, Charges & Services	The fees, charges and services that are applicable to your SIPP	4
Questions and Answers	This section looks at some of the more commonly asked questions: <ul style="list-style-type: none"><li>• What is the Affinity SIPP?</li><li>• How much can I contribute?</li><li>• Can I transfer other pension benefits in?</li><li>• Can I transfer my benefits out?</li><li>• What is the maximum amount I can have?</li><li>• What investments are allowed?</li><li>• What options do I have at retirement?</li><li>• What happens if I die?</li><li>• What are Protected Rights?</li><li>• Can I change my mind?</li></ul>	6
Other Information	This section includes some additional information on the SIPP as follows: <ul style="list-style-type: none"><li>• How to complain</li><li>• Terms and Conditions</li><li>• Applicable Law</li><li>• Compensation</li></ul>	10
How to Contact Us	This section tells you how you can contact us in the future	11

# Its aims

The Affinity SIPP aims 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;

In addition, we will provide direct access to experienced, dedicated consultants who handle all the administrative requirements of your SIPP. We aim to create personal relationships 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.
- The Affinity SIPP is a long-term investment. Benefits can only be drawn from the SIPP 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 SIPP and are in addition to those of any investment or financial adviser. These fees can be paid personally or drawn from the fund.
- When you take pension income from the SIPP any income that you take will be subject to tax by HM Revenue & Customs (HMRC).

# Risk factors

- Depending on where you invest, the value of your Affinity SIPP may go up or down, and this may affect the level of pension benefit that you take in the future.
- Depending on the type of investment, there may not be any guarantees in relation to any of the investments that you hold within your SIPP.
- 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 SIPP 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.gov.uk](http://www.pensionwise.gov.uk)).
- Investment decisions for the SIPP will be yours to make. We would recommend that you appoint a financial adviser to assist you with this.
- 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 SIPP. Where these apply to alltrust, we will communicate this to you in advance of any increase.

# Fees, charges and services

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

These fees relate to the establishment of your Affinity SIPP, its annual administration and any other transactional charges. All fees will be collected from your Affinity SIPP in accordance with the terms outlined in the Scheme documentation. The Scheme documentation comprises the Affinity SIPP Trust Deed and Rules, the Supplemental Deed and the Member's Application Form. Copies of these documents are available on request.

The fees that are charged are contained in the Affinity SIPP 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 SIPP 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 your SIPP. 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 SIPP. These fees may be charged by other parties and will also be met from the Affinity SIPP.

## Schedule of services

### *Establishment fees*

The Establishment Fee is charged at outset as soon as the SIPP is set up. The fee will be taken automatically from the SIPP 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 SIPP
- open the SIPP bank account with appropriate mandates
- establish appropriate system and filing records for the SIPP

### *Annual fees*

Annual Fees relate to the ongoing work that is required for each SIPP. The fee is taken in advance, and is drawn directly from the SIPP 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***

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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 SIPP Annual Administration Fee on the anniversary of the establishment of the SIPP. Pro rata annual fees may apply from the date of the completion of the transaction to the next anniversary of the SIPP.

## ***Syndicated property fees***

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Syndicated Property Fees apply where multiple SIPPs collectively purchase the same property. Fees are calculated to take account of the greater complexity of the transaction, due to the additional SIPPs involved, and are applied to each SIPP involved in the transaction.

## ***Retirement fees***

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Retirement Fees apply when an individual chooses to take retirement income from their SIPP. 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***

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Banking facilities are provided by Metro Bank plc, and are free of charge to all SIPPs. The only exception to this is where CHAPS (same day) transactions are made, where there is a fee charged by the Bank.

Interest rates for the Bank Account will vary in accordance with the practices of the Bank. Details of the latest rates on offer are usually contained on the alltrust website [www.alltrust.co.uk](http://www.alltrust.co.uk) and are also available on request.

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

Where global bank accounts exist for the management of collective monies (for example in making payments to, or from, HMRC in relation to PAYE or reclaims of tax on contributions), interest may accrue from time to time on those accounts. Such interest will typically be of a nominal nature and will be paid to charities nominated by alltrust, as the cost of calculation of appropriate distributions will typically exceed the monies available.

Alltrust will keep this policy under regular review and will revise this should it be deemed appropriate.

# Questions and answers

## ***What is the Affinity SIPP?***

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The Affinity SIPP is a Self Invested Personal Pension established under a Master Trust. Alltrust Services Limited ('alltrust') acts as Provider and Scheme Administrator, and Affinity SIPP Limited (a sister company of alltrust) as the Professional Trustee.

Each individual Affinity SIPP is established as a separate arrangement with the member also being a trustee in relation to their own arrangement. The Professional Trustee and the member normally act jointly in relation to the SIPP. Whilst this might sound more complex than for a traditional product, the fact that the roles are clear and transparent makes the SIPP easy to operate in practice.

alltrust is responsible to HMRC for the operation of the Scheme in accordance with the Scheme Rules. It is also responsible for the reclamation of tax in respect of personal contributions and (in the case of accessing pension savings) deduction of tax on income payments.

Affinity SIPP Limited and the member are jointly the owners of the scheme assets and in whose names asset purchases and sales are made. Investment decisions are normally made by the member or can sometimes be delegated to 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?***

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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 reclaimed by alltrust on your behalf.

The Annual Allowance is the maximum level of gross contribution that can be made in any year on which tax relief is available, and was set at £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 was originally set from 6 April 2015 at £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?***

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

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 you. 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 Affinity SIPP.

### ***Can I transfer my benefits out?***

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If you wish, you can transfer some or all of your accumulated funds from your SIPP 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 SIPP 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.

Kindly note that if the ceding scheme is a Defined Benefit (DB) arrangement, then we will require confirmation that appropriate financial advice has been sought and that the transfer has been recommended (evidenced by providing us with a certificate).

### ***What is the maximum amount I can have?***

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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?***

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The Affinity SIPP 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 you will be responsible for any investment decisions that are made, it is important that you consider whether to appoint a professional financial adviser to assist you in this process. They will be able to take into account your personal circumstances, amongst many other things, when helping you to make investment choices.

## ***What options do I have at retirement?***

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Benefits from the Affinity SIPP 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 your SIPP. 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 SIPP, 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 SIPP. 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 your SIPP based on certain personal details. This can allow for a different level of income to that under the Drawdown Pension option. It will normally involve the transfer of your benefits to a standalone arrangement.



## IMPORTANT NOTE

Drawing pension benefits from your SIPP 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](http://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			
	Drawdown Pension	Flexible Drawdown	Life-time annuity	Scheme Pension
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 your Affinity SIPP 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?***

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Death benefits from your Affinity SIPP will depend on your age when you die.

If you die before reaching the age of 75 then the full value of your Affinity SIPP 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?***

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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 your SIPP.

Protected Rights no longer have to be held separately within the Affinity SIPP and will be treated in the same way as all the other funds that are held for you on retirement or death.

### ***Can I change my mind?***

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You will be provided with a right to cancel your application for 30 days from the day you receive your right to cancel documentation. This can be waived at the establishment of the Affinity SIPP, and if you do so, you will not be provided with this right.

You will also have the right to cancel any transfers in to the Affinity SIPP that are received for a 30 day period from the date they are received into the SIPP, irrespective of whether you waive your right to cancellation of your application. If you elect to cancel any transfer, you must instruct alltrust in writing, at which point alltrust will attempt to return the monies to the transferring scheme. If it is not possible for the monies to be returned to the transferring scheme, you must provide alltrust with details of an alternative scheme to which the payments can be made.

You will risk losing any benefits that might have been available from the transferring scheme if you do elect to cancel a transfer that cannot be subsequently returned to the transferring scheme.

Finally you will have a right to cancel any option you make to take unsecured pension from your SIPP for a period of 30 days from the date any payment is made. If you elect to cancel this option, you must repay any and all amounts back to your SIPP.

Any cancellation notice must be sent to alltrust at the address given at the end of this document.

## Other information

### *How to complain*

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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 Financial Ombudsman Service at:

#### **Financial Ombudsman Service**

Exchange Tower  
London E14 9SR  
Tel: 020 7964 1000

Contacting the Financial Ombudsman Service 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*

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The terms and conditions relating to the Affinity SIPP are contained within the Scheme documentation. This comprises the SIPP Trust Deed and Rules, the Supplemental Deed and the Member's Application Form. Fees are chargeable in accordance with the Affinity SIPP Fee Card.

Copies of all of these documents are available on request.

Alltrust Services Limited and Affinity SIPP Limited do 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*

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

### *Compensation*

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The Affinity SIPP is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation under the Scheme if alltrust or Affinity SIPP Limited are unable to meet their obligations. This depends on the type of business and the circumstances of the claim.

Further information is available from FSCS at [www.fscs.org.uk](http://www.fscs.org.uk)

# How to contact us

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

**alltrust**

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Fountain Lane

St Mellons

CARDIFF

CF3 0FB

E-Mail: [info@AffinitySIPP.co.uk](mailto:info@AffinitySIPP.co.uk)

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

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