

# 7IM SIPP:

## Key features

**This document contains important information and you should read it carefully and keep it safe for future reference.**

Succeeding together

The logo for 7IM, featuring the number '7' followed by the letters 'i' and 'M' in a bold, sans-serif font. The 'i' is lowercase and has a dot above it, while the 'M' is uppercase.

### **Important notice**

This document explains the key features and benefits of the 7IM Self Invested Personal Pension (7IM SIPP).

You should read this in conjunction with the following documents:

- Your Personal Illustration
- 7IM SIPP Fees and Charges
- 7IM SIPP Terms and Conditions
- 7IM SIPP Guide to Your Retirement Options
- 7IM SIPP Glossary.

The Financial Conduct Authority is a financial services regulator. It requires us, 7IM Investment and Retirements Solutions Limited (7IM IRS), to give you this important information to help you decide whether our 7IM SIPP is right for you. You should read this document carefully so that you understand what you are committing to, and then keep it safe for future reference.

In this document, certain terms have a particular meaning and are capitalised (e.g. Annual Allowance). You can find a list of these terms and an explanation of what they mean in the 7IM SIPP Glossary on our website [www.7im.co.uk](http://www.7im.co.uk).

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# Introduction

## Its Aims

Your 7IM SIPP aims to:

- build up a pension retirement fund in a tax efficient way
- provide you with the control and flexibility to determine how you take your pension benefits
- provide an income and/or lump sum to your nominated beneficiaries should you die
- provide access to information on the scheme and the underlying investments online
- allow you to keep your funds invested whilst taking lump sums and/or regular income from your pension.

## Your commitment

- Read and ensure you understand the features, benefits and risks associated with the 7IM SIPP.
- Always keep us updated with any change in circumstances – for example, if you move house, get married or if you are no longer eligible to receive tax relief on your contributions.
- Agree to be bound by the 7IM SIPP Terms and Conditions.
- Continue to use one of the 7IM Investment Services to invest the funds held within your 7IM SIPP.
- Regularly review your investments, contributions and/or any withdrawals. If you have a Financial Adviser they will be able to help you with this.
- Invest for the long term – this is normally until at least the age of 55 when you can first access your pension benefits.

## Risks

### When setting up your SIPP

- Unless you cancel within the first 30 days, you will not normally be able to access your pension until age 55.
- If you transfer benefits from another pension scheme there may be penalties and / or a loss of valuable benefits, including guarantees. In addition, there may be higher costs associated with the 7IM SIPP than those under the transferring scheme.

### Making contributions

- If you stop or reduce your contributions, then your target income may not be achieved.

### Investment risks

- The value of any investments may go down as well as up. You could get back less than you originally invested.
- The Sterling value of investments denominated in any foreign currency may rise and fall as a result of fluctuating exchange rates.
- Each investment will have risks, therefore you need to ensure you have read the relevant Key Investor Information Document prior to investing.

### When you access your pension benefits

- Illustrations are not guaranteed and are based on a number of assumptions. The value of your SIPP when you access benefits could be lower due to a number of factors:
- The charges on the 7IM SIPP could have increased.
- Your contributions are lower than indicated in the illustration.

- You take benefits earlier than planned.
- Annuity rates could fall.
- The investment performance does not meet the assumed growth rate.
- Tax and pension regulations may change and make the scheme less or more attractive for you.
- Taking large lump sums and / or higher levels of income can drastically erode your pension fund. This could mean your pension fund will not be able to provide an income for your lifetime or provide little or no benefits to your chosen beneficiaries.
- Taking large lump sums and/or higher levels of income may also affect the amount of tax you pay. If you have taken benefits using drawdown and then decide to purchase an annuity in the future, there is no guarantee that the level of the Annuity will be better than if you had purchased an annuity at the outset.
- Depending on your personal circumstances, any pension benefits you receive from the 7IM SIPP may reduce your entitlement to means tested state benefits.
- If you take the whole of your fund at once as a lump sum then this could affect your standard of living in the future.
- The amount of tax you will pay will depend on your personal circumstances, such as the amount of income you receive from your pension and other sources.



# Questions and answers

## About the scheme

### Q. What is the 7IM SIPP?

It is a pension that can help you save for your retirement in a tax efficient way.

A. Contributions can be made each month by you and/or your employer and lump sums can be paid in at any time.

There are a range of investment options and it also offers flexibility when taking your pension benefits.

### Q. Is this a stakeholder pension?

No. The 7IM SIPP does not meet the minimum standards the government has set for stakeholder pensions.

Stakeholder pensions are relatively simple pension plans, with limited investment options, for which the government has set minimum standards to be met by providers covering areas such as charges, minimum payment levels and terms and conditions.

A. The charges for a 7IM SIPP may be higher than a stakeholder pension.

Stakeholder pensions are generally available and may meet your needs at least as well as a SIPP. If you are in any doubt about the suitability of a SIPP, you should contact your financial adviser.

For more information please see:  
[www.gov.uk/personal-pensions-your-rights/stakeholder-pensions](http://www.gov.uk/personal-pensions-your-rights/stakeholder-pensions)

### Q. Who can apply for a 7IM SIPP?

- A UK resident with Relevant UK Earnings.
- A crown employee with earnings from overseas crown employment subject to UK tax.

A.

- A spouse or civil partner of a crown employee with no earnings.
- A parent / grandparent / third party on behalf of a minor (someone under 18 years of age).
- A non-UK resident who wants to transfer other UK pension benefits to the 7IM SIPP.

## Questions and answers

### Continued

#### **Q. Who looks after the 7IM SIPP?**

- The operator of the scheme is 7IM Investment and Retirement Solutions Limited.
  - The trustee of the scheme is 7IM Trustees Limited.
- A.
- Both companies are wholly owned subsidiaries of Seven Investment Management LLP.
  - Investment services under the 7IM SIPP are provided by Seven Investment Management LLP.

#### **Q. What are the charges for the 7IM SIPP?**

- A. All of the 7IM SIPP charges are detailed in the accompanying document 7IM SIPP Fees and Charges.

### **Making contributions to the 7IM SIPP**

#### **Q. Who can contribute?**

- You, your employer or a third party (e.g. parents or grandparents) on your behalf can make payments into the 7IM SIPP.
- A. Parents or grandparents can only contribute on behalf of someone under the age of 18 if they also have a 7IM SIPP account in their own name.

#### **Q. How can I contribute?**

- Payments can be made:
- A.
- via direct debit (regular monthly payments)
  - as a one off payment by cheque.

#### **Q. How much can I contribute?**

- The minimum regular payment is £100 per month.
- The minimum one off payment is £1,000.
- A. There is no maximum amount you or your employer can pay into the 7IM SIPP, although HMRC sets a limit on how much tax relief you can receive on personal contributions.
- Total contributions in excess of the Annual Allowance (or, where applicable, the Money Purchase Annual Allowance) may incur a tax charge.



**Q. Do I get tax relief on my contributions?**

As long as you are eligible, you will benefit from tax relief on your personal contributions subject to certain limits.

Under current legislation these limits are:

- A. Tax relief on contributions of up to £3,600 gross per year, even if you don't have any earnings.

If you earn more than £3,600 per year, you will receive tax relief on your contributions up to a limit of 100% of your Relevant UK Earnings in the tax year.

There is no tax relief on employer contributions, as this will have already been claimed by the company paying them.

**Q. Does 7IM pre-fund tax relief?**

Yes. 7IM will automatically add the amount of basic rate tax relief you are due to your contributions before investing them. We will then reclaim the relief from HMRC.

- A. If you are a higher or additional rate tax payer, you can claim the difference between the basic rate of income tax and your actual rate on your self assessment tax return.

**Q. What is the Annual Allowance?**

The Annual Allowance is the maximum amount that can be contributed to all of your pension schemes in a tax year without you being subject to a tax charge.

- A. Increases in benefits under final salary pension schemes are also taken into account in the calculation – you should speak to your financial adviser if you think this may affect you.

It may be possible to pay more than the Annual Allowance without incurring a tax charge, if you Carry Forward unused Annual Allowance from up to three previous tax years, as long as you were a member of a pension scheme in those years.

**Q. What is the Money Purchase Annual Allowance (MPAA)?**

- A. This is a reduced Annual Allowance that applies if you have already started to draw benefits flexibly from any of your pension schemes, either by Flexi-access Drawdown, Uncrystallised Funds Pension Lump Sum (UFPLS) or the purchase of a flexible annuity.

If you are subject to the MPAA, you will no longer be able to Carry Forward unused allowances from previous years.

## Questions and answers

### Continued

#### Transfers

**Q. Can I transfer my existing pension benefits into my 7IM SIPP?**

You can transfer benefits from any defined contribution scheme, also known as money purchase schemes. We would recommend that you seek advice from a suitably qualified financial adviser before transferring pension benefits.

- A. Transfers may be by transfer of cash from an existing pension arrangement or transferring assets In Specie from an existing pension arrangement. Please note that we do not accept transfers from Defined Benefit Arrangements.

**Q. Can I transfer if I am already receiving a pension?**

As long as your existing scheme will allow the transfer, the value can be transferred.

- A. If the pension you wish to transfer is in Capped Drawdown or Flexi-access Drawdown, you must transfer the whole amount.

**Q. Can I transfer out to another pension scheme?**

Yes you can transfer to another pension provider at any time.

- A. You can transfer out as cash or by transferring assets In Specie to your new provider's pension scheme.

## Investments

### Q. Which investments can be held within the 7IM SIPP?

You can only invest in assets which can be held on our trading platform and which are regarded as "standard assets" by the FCA. Some examples of these are:

- Cash
  - Cash funds
  - Bonds
  - Exchange traded products
  - Government and local authority bonds and other fixed interest stocks
  - Investment notes (structured products)
  - Shares in investment trusts and closed ended investment companies
  - Managed pension funds
  - Permanent interest bearing shares (PIBs)
- A.
- Real estate investment trusts (REITs)
  - Securities admitted to trading on a regulated venue, such as a stock exchange
  - Units in regulated collective investment schemes
  - Unit trusts
  - Open-ended investment companies (OEICs)

The above list is not exhaustive – if you are considering an investment that is not included, then please send us full details so that we can determine whether it will be acceptable.

Your 7IM SIPP will not be able to invest in assets that the FCA would regard as "non-standard", as they may be difficult to sell, be higher risk and are often inappropriate for SIPPs.

In addition, we will not allow assets that could lead to a tax charge being levied on the SIPP, unquoted equities, physical property (whether residential or commercial) or 'ethereal' investments such as crypto-currencies.

## Questions and answers

### Continued

#### **Q. How can I see how much my 7IM SIPP is worth?**

You (and your nominated Financial Adviser) will have access to our online service where you can keep track of how your investments are performing.

- A. We will also send you reports annually which will provide a valuation and, if you have not started taking benefits, an updated projection of how your fund may grow until your intended retirement age.

#### **Accessing pension benefits at retirement**

#### **Q. When can I take my pension benefits?**

We will write to you shortly before your intended retirement age to explain your options.

- A. However, you don't have to wait until then and benefits can normally be taken at any time from your 55th birthday onwards. You may be able to take benefits before age 55 if you are in ill health, subject to us receiving appropriate medical evidence.

There is no upper age limit by which you must have started taking benefits.

You do not have to take your benefits all at once – you can take benefits in stages to suit your circumstances.

#### **Q. What are my options for taking my benefits?**

The options available to you are to:

##### **Buy an annuity from an annuity provider (7IM does not offer annuities)**

Take up to 25% of your pension as a tax-free lump sum and use the remainder to purchase an annuity.

##### **Flexi-access Drawdown or Capped Drawdown**

- A. This allows you to take 25% of your pension pot as a tax free cash lump sum, or income from your pension pot, or both.

Any income payments will be subject to income tax.

If you start taking an income, you can continue to make contributions but they will be subject to the MPAA.

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

UFPLS allows you to take all or a proportion of your pension as a lump sum. The first 25% will be tax free and the remainder will be taxed as income.

**Q. What is an annuity?**

A. An annuity is a product which guarantees to provide you with a regular income for the rest of your life, in return for you paying over a lump sum from your pension fund. When buying an annuity, you have the option to include annual increases and/or a continuing pension for your spouse/civil partner when you die, although including these will reduce the initial level of income payable.

You have the option to shop around for the best rates as the annuity rate you get will differ between annuity providers and the options you choose.

**Q. What is the difference between Flexi-access and Capped Drawdown?****Flexi-access Drawdown**

You can choose to take as much income from your pension as you wish and you may even withdraw the whole of the pension fund at any time.

Income tax is payable on withdrawals and is deducted at source through the pension payroll. Making large withdrawals could increase the rate of income tax that you have to pay.

**Capped Drawdown**

A. Capped Drawdown limits how much you can take out each year and the amounts are set by the Government Actuaries Department (GAD).

Your income will be checked against the GAD rates at least every 3 years, up to age 75, and annually thereafter.

We offer the ability to convert from Capped Drawdown to Flexi-access Drawdown.

Again, income tax is payable on withdrawals and is deducted at source through the pension payroll.

Legislation does not allow you to set up a new Capped Drawdown, but you can transfer in from a previous scheme that is already in a Capped Drawdown arrangement.

**Q. When are benefits paid out?**

A. Subject to us receiving a fully completed taking benefits form, we will normally pay out any tax free cash within 5 working days of receiving the instruction.

For any income payments, we have two payroll runs on the 1st and the 15th of each month. It may take up to two working days to arrive in your bank account.

## Questions and answers

### Continued

#### Q. What is the Lifetime Allowance?

The Lifetime Allowance is a limit imposed by HMRC on the total value of an individual's registered pension schemes. The Lifetime Allowance is £1,073,100 for the 2020/21 tax year and is expected to rise each year in line with increases in the Consumer Prices Index. Exceeding this limit will normally result in an additional tax charge. This additional tax charge is currently 55% if the excess is paid as a lump sum or 25% if it is used to pay an income.

- A. If you have not taken any benefits by your 75th birthday, your whole fund will need to be tested against the Lifetime Allowance at that date.

If you are taking drawdown and decide to buy an annuity, there will be a further test against the Lifetime Allowance.

There is also a further test against the Lifetime Allowance on reaching age 75 if you continue in drawdown.

#### Q. Can I reduce the Lifetime Allowance tax charge?

You may be able to limit the tax charge if you have already applied for Primary Protection, Enhanced Protection, Fixed Protection or Individual Protection on your existing pension funds.

If you don't already have one of the above forms of protection against the Lifetime Allowance, you should consider whether you need to apply for either of the two forms of protection described below. These protections will have a similar effect as those introduced for previous changes to the Lifetime Allowance.

- A. The current types of available protection are:

- **Fixed Protection 2016** – available if you do not already have a previous version of Fixed, Enhanced or Primary Protection and have not made contributions or accrued benefits after 5 April 2016. The Lifetime Allowance remains at £1.25m.
- **Individual Protection 2016** – available if your pension fund was above £1m on 5 April 2016. Your Lifetime Allowance will remain at this level, subject to a maximum of £1.25m. You may continue to make pension contributions.

There is no deadline to apply and applications can be made to HMRC online, but you will need to apply before taking any further retirement benefits.

## Benefits on death

### Q. What happens if I die?

We will require formal notification of your death as documented in the 7IM Investment Service Terms and Conditions.

Your beneficiaries will be provided with a number of options:

- A.
1. Take a lump sum
  2. Purchase an annuity
  3. Set up a Flexi-access Drawdown pension in a beneficiary's name.

### Q. Who will death benefits be paid to?

It's important that you help us to pay your pension savings to the people you want to receive it when you die.

- A.
- To ensure that there is no inheritance tax due on your pension when you die, the Trustee of your pension scheme must have full discretion. Completing an Expression of Wish form to nominate beneficiaries helps us to determine who to pay.

### Q. Does the age at which I die impact the level of benefits paid to a beneficiary or beneficiaries?

- A.
- Yes. If you die before age 75 any lump sum or income payments will normally be paid out tax free. However, if there is money in your pension that is not in drawdown then these funds will be assessed against your Lifetime Allowance.
- If you die after age 75 then any payments will be subject to the income tax rate applicable to the beneficiary.

### Q. Is there any limit on what can be paid?

- A.
- As for retirement benefits, any lump sum may be subject to a Lifetime Allowance tax charge, currently 55%, if the total benefits paid out exceed the Lifetime Allowance.

## Questions and answers

### Continued

#### Cancellation

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

Yes, providing you return the cancellation notice within 30 days of receipt of your welcome letter.

Your original contributions will be returned to you. Where monies have already been invested within your SIPP before receipt of your cancellation notice, the amounts we return may be less than the original amount received as investment values may have gone down.

- A. Any transfers will be returned to the originating scheme. However, if they refuse to accept the return of the transfer then you will need to provide us with an alternative pension scheme to pay the transfer to.

Once the 30 days have elapsed you will no longer be able to cancel your 7IM SIPP. The monies will remain invested in the 7IM SIPP until your retirement date or until such date as you wish to transfer your funds to another registered pension scheme.



# Other information

## Complaints

A copy of our complaints handling process is available on our website ([www.7im.co.uk](http://www.7im.co.uk)), from your financial adviser or from us on request.

If you ever need to complain about any aspect of the service you have received, you can contact us at the following address:

Compliance Officer, 7IM, 55 Bishopsgate, London EC2N 3AS

Telephone: 020 7760 8777

Email: [compliance@7im.co.uk](mailto:compliance@7im.co.uk)

A summary of our complaints procedure is available on request.

Any pension related complaint that we can't settle can be referred to:

The Pensions Ombudsman at: 10 South Colonnade, Canary Wharf, London E14 4PU

Telephone: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

Any sales or investment related complaints that we can't settle can be referred to:

The Financial Ombudsman Service at: Exchange Tower, Harbour Exchange Square, London E14 9SR

Telephone: 0800 023 4567 or 0300 123 9123

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## Financial Services Compensation Scheme

7IM IRS is covered by the Financial Services Compensation Scheme (FSCS). This is a scheme that provides limited compensation for customers who might otherwise lose out if an FCA regulated firm is unable to pay claims against it.

If 7IM IRS is unable to meet its obligations to you, then you may be eligible to make a claim for compensation under the FSCS.

FSCS contact details: 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU

Telephone: 020 7741 4100

Website: [www.fscs.org.uk/contact-us](http://www.fscs.org.uk/contact-us)

### How to contact us

All communications from us to you will be in English.

If you have any questions, you can contact us using the details below:

7IM Investment and Retirement Solutions Limited, 55 Bishopsgate, London EC2N 3AS

Telephone: 020 3823 8500

Email: [SIPPenquiries@7im.co.uk](mailto:SIPPenquiries@7im.co.uk)

It is important that you inform us of any changes in your personal circumstances, such as your address details. Please either contact us directly or via your Financial Adviser, if you have one.

### Who are we regulated by?

7IM IRS is authorised and regulated by the Financial Conduct Authority.

The Financial Conduct Authority, 12 Endeavour Square, London E20 1JN



7IM Investment and Retirement Solutions Limited is authorised and regulated by the Financial Conduct Authority. Registered address 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales number 10902511.

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