

# FutureProof Executive Pension Plan (EPP)/ Small Self-Administered Scheme (SSAS)

## Technical details and charges

### Extra contributions

If regular contributions are being paid, the amount can be increased at any time, subject to the minimum levels below. Single contributions or transfer payments from other pension plans the member has built up can also be added.

If regular contributions are being paid by direct debit, they can be increased automatically (or 'indexed') each year on the plan anniversary. This is also called the increase option. You can choose to increase them by 5% or 10%, or at a rate linked to an index – either the Retail Prices Index (RPI) or the Average Weekly Earnings Index (AWEI) – subject to a minimum of 5% and a maximum of 10%. This option can be cancelled at any time, but if you do, we may not reinstate it at a later date.

If the plan was started with a transfer payment, it can be topped up with additional regular or single contributions.

If the plan was started with a single contribution, it can be topped up with additional single contributions only.

### Minimum contributions for each member (gross of tax)

	Initial
regular	£250 each month, or £3,000 each year
single	£10,000
transfer payment	£10,000

	Additional
regular	£20 each month, or £240 each year
single	£500
transfer payment	£1,000

	EPP investment only (minimum initial)
regular	£250 each month, or £3,000 each year
single	£10,000
transfer payment	£10,000

### Maximum contributions

The member cannot pay more than the amount of their salary.

- In any tax year a member can pay up to 100% (gross) of their relevant UK earnings (or £3,600 if this is greater), into registered pension schemes and receive tax relief\*.
- The Treasury sets an Annual Allowance on the amount that can be paid into all of a member's registered pensions schemes without incurring a tax charge. It applies to all contributions the member pays (or are paid on their behalf) to all registered pension schemes that are a member of (except for transfers). Higher earners will have a lower annual allowance limit, called the 'Tapered Annual Allowance'. Please speak to your financial adviser for further details.
- This amount is further limited to the 'Money Purchase Annual Allowance' if the member has flexibly accessed a pension with us or any other provider.

All minimum contribution levels exclude the cost of any life cover which is payable in addition to these amounts.

\*If the member is a Scottish taxpayer the tax relief they will be entitled to will be at the Scottish Rate of income tax, which may be different from the rest of the UK in the future.

### Minimum term for EPP/SSAS

Monthly/yearly contributions: five years.

Single contributions/transfer payments: one month.

### Charges

We charge for managing investments and our administration costs. We may also be taking charges from the plan to pay the financial adviser for advice they have given and any on-going services they provide.

The member's personal illustration will show the charges that apply in their circumstances and the effect they have on reducing the value of their plan over time. You can also find out more information about charges from your financial adviser.

### Allocation rates

The allocation rate is the percentage of contributions that are invested in the plan.

The allocation rate will usually be 100%. However, it will be less than this if it was previously agreed that the financial adviser is to be paid by a reduction in the allocation rate.

Terms are available on request for single contributions and transfer payments where the period to the member's normal retirement date is less than two years.

Increases to regular contributions under the increase option will receive the same allocation rate as your initial contribution.

### Bid/offer spread

There is no difference between the buying and selling price of units.

### Plan fee

There is no plan fee.

### Annual management charge

The overall annual management charge for each member's policy under the plan is made up from the following charges. These will be confirmed in the illustration.

#### The daily fund management charge

This is reflected in the unit prices for the investment funds that the trustees choose, and makes up part of the annual management charge. The annual management charge for the funds the trustees may invest in varies between 1.0% and 2.5% across the range of funds available.

To find out the relevant charge for the investment fund(s) selected please refer to your financial adviser. You will also find this, and other fund information, on our website at: [www.clericalmedical.co.uk](http://www.clericalmedical.co.uk) or in our Investor's Guide (reference 52483), which is available on request.

Where applicable, the charge for with-profits funds is taken into account when we set the bonus rates.

This charge may change if you switch to different investment funds. You can switch units between investment funds at any time. There is currently no charge for doing this. The fund management charge may change if you switch to different investment funds.

We may change the availability of funds in the future.

### The cost of advice

Part of the cost of advice may already be allowed for in the daily fund management charge.

Any additional charge will depend on how you've agreed to pay your financial adviser for the advice you have received, and will be shown in the member's personal illustration.

We may take units from the member's policy to pay for any additional charges on one or more of the following (depending on the type of charge you have agreed):

- Where the extra charges are paid over an agreed term, for example 180 months, units are taken at the end of the 12th day of each month.

- Where the extra charges are to pay for a regular payment to your adviser for the advice you have received, units are taken on the yearly anniversary of the contribution to the member's policy.
- Where you have agreed to pay for the entire cost of the advice you have received in the first five years, units are taken on the monthly anniversary of the contribution to the member's policy.

We calculate the number of units to be taken by using the unit price applicable on the next working day. This effectively increases the annual management charge we take. This charge could continue for the whole of the member's policy term or for a specific period.

**Alternatively, and also dependent on the type of charge you have agreed, we may add extra units to the plan on the monthly anniversary of your contribution. This will effectively reduce the annual management charge we take. From 31 December 2012 we will no longer be paying commission to the financial adviser when new advised contributions are added to the plan. Instead we will pay back the equivalent of the charges taken from the plan by adding units on the monthly anniversary of the contribution, effectively reducing the annual management charge. Any reduction will be confirmed in the member's personal illustration.**

There will be no changes to the existing agreed charges.

Where it has been agreed to pay the financial adviser for the advice received by reducing the allocation rate, the allocation rate could be less than 100%.

### Large fund bonus

The annual management charge may also vary each month depending on the value of each member's policy. At the end of each plan month each member's policy will be valued. When the value exceeds the levels shown in the table below, additional units will be added to the policy, effectively reducing the annual management charge we take. The amount of additional units (large fund bonus) is calculated as one twelfth of the annual calculation rates shown below, times the total value of the member's policy.

**Please note:** The large fund bonus will only be applied to the fund built up from contributions invested in EPP policies.

Total fund value	Annual calculation rate
Less than £10,000	0.00%
£10,000 – £19,999	0.05%
£20,000 – £49,999	0.10%
£50,000 +	0.20%

The amount of additional units added may vary each month depending on the size of each member's fund at the time.

If, during a plan month, the total value of a member's policy decreased due to market conditions, the rate of large fund bonus is **guaranteed** not to be less than that applied the previous month.

If the fund value decreases because some funds were:

- transferred out to another pension plan, or
- cancelled due to a pension sharing order, or
- cancelled because benefits were partially taken, or
- used for other investment purposes, or
- cancelled for regular deduction of charges

the annual calculation rate used will be based on the fund value at the end of the plan month and may reduce.

## Other charges

Subject to HM Revenue & Customs (HMRC) rules, a member's benefits may be taken before their normal retirement date, or their fund transferred to another provider.

Depending on the commission option you've previously chosen, there may be a charge (sometimes called an exit charge) if units are cancelled from the member's policy in the early years and before 1 January 2017. The charge applies to each new or additional regular contribution. It will also apply to any increases under the increase option. It won't apply if units are cancelled from the member's policy to pay benefits to their dependants if they die.

With effect from 1 January 2017, there are no exit charges regardless of which commission option was previously chosen, although an MVR may apply (see the 'With-profits fund' section).

The member's illustration will show the charges that apply to their policy. You can also find out more information about charges from your financial adviser.

## If the member's circumstances change

If the member's circumstances change, regular contributions can be missed or stopped without charge.

With the employer's agreement the member can take their benefits earlier than their normal retirement date. The member's normal retirement date is the date which the employer sets as the date they would normally expect the employee to take their benefits. The minimum retirement age is currently 55.

The member can also transfer the value of their benefits to another provider.

If the member takes their benefits early, or transfers their benefits to another pension provider, and before 1 January 2017, depending on the investment funds and the commission option chosen, an exit charge may apply. With effect from 1 January 2017, there are no exit charges regardless of the commission option chosen, although an MVR may be payable. For details please refer to the 'Other charges' section, the 'With-profits funds' section and the member's personal illustration.

## With-profits funds

Schemes with a start date on or after 6 April 2005 do not have the with-profits fund option and any new monies (including switches in) are not allowed into this fund.

If you are invested in the With-Profits Fund, what you receive will be affected by a deduction that we are currently making to support the guaranteed on policies of other groups of investors, for example because investment returns are below guaranteed levels.

If you take money out of the fund, we may apply a market value reduction (MVR) which would reduce the value of the proceeds. For further information, see our 'With-profits summary' (reference X1332) which is available on request.

## Eligibility

Personnel are eligible to remain a member of the plan if they are under age 75, and are an employee (including directors).

If a member moves overseas, and the employer allows, they can continue to be a member of the plan so long as they:

- remain employed by the same employer, and
- continue to meet the conditions for being a relevant UK individual.

## Important information

Full written details of Clerical Medical's Executive Pension Plan/ Small Self-Administered Scheme are available on request from your financial adviser.

We reserve the right to change the amount of any charge, but in the case of the annual fund management charge we aim to give three months' notice of any such charge.

The value of the tax benefits of the plan depend on individual circumstances and tax legislation, both of which may change in the future.

Pensions are a long-term investment. The retirement benefits you receive from your pension plan will depend on a number of factors including the value of your plan when you decide to take your benefits which isn't guaranteed, and can go down as well as up. The value of your plan could fall below the amount(s) paid in.

Every care has been taken to make sure that the information given in this leaflet is correct and in accordance with our understanding of current legislation and HM Revenue & Customs practice. The law and HM Revenue & Customs practice are subject to change.

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

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