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## KEY FEATURES OF PENSION PORTFOLIO SELF INVESTED PERSONAL PENSION (SIPP)

The Financial Conduct Authority is a financial services regulator. It requires us, Royal London, to give you this important information to help you decide whether our Pension Portfolio self invested personal pension (SIPP) is right for you. You should read this document carefully, so that you understand what you're buying, and then keep it safe for future reference.

**This is an important document and you should read it together with your illustration, Pension Portfolio core investment key features and the enclosed Self Investments Charges Summary. Please read it and keep for future reference.**

This document contains the following information:

- the aims of the Pension Portfolio self invested personal pension (SIPP)
- your commitments if you use the Self Investments
- the risks associated with the Self Investments
- questions and answers that explain the plan's main features of the Self Investments
- how to contact us.

The Self Investments option isn't available on its own. You must also have Core Investments within your plan. Details of the Core Investments are provided in your **Key features of Core Investments** document. All assets purchased to hold within your Self Investments must be bought from money in your Pension Portfolio Bank Account.

If you're planning to use the services of discretionary fund managers or invest directly in commercial property, you should refer to our **Discretionary Fund Managers** leaflet and **Guide to Property Purchase** respectively.

### ITS AIMS

- To build up a sum of money tax efficiently, which provides you with retirement benefits at any time after age 55.
- To give you control of your own pension investment strategy.

- To allow you to invest a portion of your plan in assets that aren't available through the Core Investments.
- To give you the flexibility you need if your circumstances change in the future.

### YOUR COMMITMENT

- You ensure there are sufficient funds in your Pension Portfolio Bank Account before purchasing any assets to hold within the Self Investments.
- You ensure there are sufficient funds in your Pension Portfolio Bank Account to cover any charges relating to the Self Investments.
- You keep at least £1,000 in the Core Investments (£15,000 if using Income Release).
- You regularly review your Self Investments arrangement to ensure that, in conjunction with your Core Investments, your plan is on target to meet your retirement income requirements when you take your benefits.
- If you take benefits from another pension plan you need to tell us as this may trigger the MPAA (Money purchase annual allowance). For more information about this, please refer to the **What about tax?** section for details.

## **RISKS**

- We can't guarantee what you will get back at your chosen retirement date. Various factors can alter your plan value. For example:
  - Investment performance, interest rates and charges may be different to those illustrated.
  - You might take some or all of your retirement benefits earlier than your chosen retirement date. If you take your benefits earlier than your chosen retirement date, you should think about reviewing your investments as they may no longer be appropriate.
  - Tax rules depend on individual circumstances and may change in the future.
  - Our charges, or those of other parties involved in running the Self Investments, may be higher than those illustrated.

### **Investment risks**

- The Self Investments enable you to invest in collective investments, such as unit trusts and open ended investment companies (OEICs), or directly in a range of permitted assets, including stocks and shares (equities), Government securities and UK commercial property. These investments have different levels of risk. The value of the investments can fluctuate and may fall as well as rise, you could get back less than the amount invested. Some assets are particularly volatile and may lead to significant losses, up to the value of your entire investment. If you're unsure about the risks associated with an investment you should seek financial advice.
- Some investments, such as property, can take longer to sell than others and you may not be able to dispose of an asset when you want to do so. The value of any investment in property may be based on a valuer's estimate rather than the actual market price.
- If you're using Income Release and there's not enough money in your Core Investments to cover the income payments and our charges, then we may need to sell some of your assets. If we do this, we'll try to sell the assets you bought most recently, first.

- Most of the investments that can be held in your Self Investments are denominated in Sterling. If you invest in any assets denominated in a different currency, there's a risk that exchange rate fluctuations may reduce the value of your investment. If you invest in any overseas assets, there may be risks associated with dealing difficulties, settlement and custody practices.

### **Borrowing risks**

- You can borrow up to 50% of the net value of your Pension Portfolio for the purpose of purchasing UK commercial property. There is a risk that the investment returns will not be sufficient to outweigh the interest on the money borrowed.

### **Cancellation and closure risks**

- If you cancel your plan and the value of your investments has fallen, you will get back less than your original investment. Any costs incurred in buying and/or selling assets held within the Self Investments will be paid by you, unless those assets have their own cancellation rights.
- If you close the Self Investments, all of the assets held within it will be sold and the proceeds will be invested in the Core Investments, unless you tell us to transfer them to another pension plan. The amount invested in the Core Investments or transferred may be less than you originally invested in the Self Investments, if the value of the assets held has fallen.

## QUESTIONS & ANSWERS

### What is a self invested personal pension?

A self invested personal pension (SIPP) is a savings plan that lets you save for your retirement tax efficiently. You take control of your investment strategy and can choose from a wide range of investments such as individual stocks and shares and UK commercial property.

### What is Pension Portfolio?

Pension Portfolio is a personal pension plan. It allows you to build up money tax efficiently to provide you with an income for life, cash lump sum(s) and/or tax-free cash.

We designed the plan for people who want to build up tax efficient savings in a very flexible way. In particular, in terms of how and when they can access their retirement benefits.

Pension Portfolio has two parts: Core Investments and Self Investments.

The Core Investments consist of our own investment funds and a selection of investment funds managed by other investment companies. You must have a Core Investments part to your plan. Details of the Core Investments are provided in your **Key features of Core Investments** document.

The Self Investments provide two levels of investment flexibility. There is an Online Investments option, offering access to a fund supermarket and a share dealing service, and a Full Investments option. The Full Investments option allows you to invest directly in the full range of permitted assets, such as Government securities and UK commercial property, and provides you with access to a panel of discretionary fund managers.

Although you take out one plan, the Pension Portfolio, the Core Investments and Self Investments are separate legal entities. They are covered under different contracts with separate terms and conditions.

You can move money between the Core Investments and the Self Investments at any time, although this may affect the charges applying to the plan. The process of moving money between the Core and Self Investments will involve some, or all of your funds and/or assets being sold and the proceeds re-invested in either the Core or Self Investments.

At least £1,000 needs to be invested and held in the Core Investments. If you want to use the Self Investments and Income Release, at least £15,000 needs to be kept in the Core Investments.

As the Income Release Account and Savings Account can include both Core Investments and Self Investments, your plan may consist of up to four parts:

- Income Release Account Core Investments
- Income Release Account Self Investments
- Savings Account Core Investments
- Savings Account Self Investments

Any income payments from your plan will be paid from the Core Investments part of your Income Release Account. If there's not enough in your Core Investments to cover your desired income, you will have to sell some of the assets held in your Self Investments and move the money into the Core Investments; move money from the Savings Account; or reduce your income.

### How much can I pay in each year?

Any contributions you make to your plan must initially be invested in the Core Investments, see your **Key features of Core Investments** document for details.

You can move money from the Core Investments to the Self Investments, subject to at least £1,000 being retained in the Core Investments (£15,000 if Income Release is also being used). Any money moved to the Self Investments will initially be deposited in your Pension Portfolio Bank Account, see the **Where are the contributions invested?** section for details.

### **Can I make In Specie transfers?**

An In Specie transfer refers to the transfer of ownership of an investment or asset from one registered pension scheme to another without the need for it to be encashed.

Subject to our agreement and the agreement of the transferring scheme, it may be possible for you to transfer an asset In Specie to the Self Investments part of your plan, provided that it comes from another UK Registered Pension Scheme. A separate **Permitted Investments Schedule** provides a list of assets that can be held within your Self Investments. A copy of this schedule is available on request. Our contact details are provided in the **How to contact us** section.

### **Where are the contributions invested?**

All of your contributions are initially invested in the Core Investments, including those earmarked for the Self Investments.

Details of the Core Investments are provided in your **Key features of Core Investments** document.

Opting to use the Self Investments enables you to take direct control of your investment strategy. This allows you to invest in a fund supermarket and/or directly in a collection of different assets. Please refer to the **Permitted Investments Schedule** for the full list of assets that can be held.

Before you can invest in any of the options available within the Self Investments, it is necessary to set up a designated self investment bank account for you, known as the Pension Portfolio Bank Account.

To self invest your Pension Portfolio, you need to move money from the Core Investments and transfer it to the Pension Portfolio Bank Account, this is known as disinvesting. The money held within this account is then invested in accordance with your instructions.

Disinvesting money from the Core Investments may lead to a reduction in the management charge discount under that part of your plan.

Any assets you purchase to hold within your Self Investments must be bought with money deposited in your Pension Portfolio Bank Account. You must ensure there are sufficient funds within your account before making any transaction. The proceeds from the sale of any asset will be paid to your Pension Portfolio Bank Account.

Some of your investments may pay an income, for example, some equities may pay a dividend. Any income generated by the assets held within your Self Investments will be deposited in your Pension Portfolio Bank Account.

When deciding how to invest the money held within your Pension Portfolio Bank Account, there are two investment strategies you can adopt:

- You and your financial adviser can choose the investments. This may require you to appoint a stockbroker to carry out the investment instructions on your behalf. This is known as execution only dealing.
- You can appoint an investment manager from our preferred panel to manage investments on a discretionary basis. These are known as discretionary fund managers. Transactions considered appropriate by the investment manager will normally be carried out without requiring your specific consent. Usually you will identify the general investment aims and objectives that they should follow.

Royal London doesn't act as an investment manager for the Self Investments. We don't accept any liability for the performance or choice of any investment manager. Each investment manager should have their own service agreement or terms of business, which includes details of their complaints procedures and compensation arrangements.

The fund supermarket allows you to invest your retirement savings in a wide range of professionally managed funds from a large number of fund managers. Different types of fund are available within the fund supermarket, including unit trusts and OEICs.

If you want to purchase a commercial property to hold within your Self Investments, you may need to engage the services of a number of third parties, such as solicitors, surveyors and property managers. Please refer to our **Guide to Property Purchase** for more information about purchasing and holding a property within your Self Investments.

Investment instructions relating to the fund supermarket and online share dealing platform will normally be submitted by your financial adviser, through our secure online service.

Details of all the permitted investments that can be held within your plan are shown in the **Permitted Investments Schedule**.

### **ProfitShare**

If you've opted to self invest, the self invested part of your plan does not qualify for ProfitShare.

### **What are the charges?**

Details of the charges applying to the Self Investments are provided in the enclosed **Self Investments Charges Summary**. Please read this carefully.

If you intend to use a discretionary fund manager, we'll send you a **Discretionary Fund Managers** leaflet detailing the charges applying to fund managers on our panel.

Direct investment in commercial property can be complex and requires the specialist services of a number of different parties.

If you want to purchase a property to hold within your Self Investments, we will provide you with a **Guide to Property Purchase** which details the charges relating to purchasing and holding commercial property.

You can request copies of the charges summary or any other documents mentioned in this key features from us. Please refer to the **How to contact us** section for our contact details.

We regularly review our charges and they could change in the future.

### **What about tax?**

The investments you hold within your Self Investments will be taxed in a similar manner as those for the Core Investments. Please refer to your **Key features of Core Investments** document for details.

If you want to make contributions to your plan after you have taken all or some of your retirement savings you may be limited to what you can contribute and receive tax relief on. This is known as the MPAA. Please note that this is considerably lower than the annual allowance and relates to any pension plan you may have not just this one. If you want to find out more, speak to your financial adviser or visit our website [royallondon.com/pensions](http://royallondon.com/pensions).

If you require further information about how specific assets held within your Self Investments are taxed you should seek taxation advice.

There will be no tax relief on In Specie transfers.

Tax rules depend on individual circumstances and may change.

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

You can change your mind within 30 days of receiving your plan documents. If you've taken out both self investment and core investment at the same time and you choose to cancel your plan, both the Core and Self Investments will be cancelled. You must complete and return the cancellation form to us within the cooling-off period should you wish to cancel your plan. See your **Key features of Core Investments** document for details.

If you've an existing Pension Portfolio and are now adding Self Investments to your plan, you've a period of 30 days in which to cancel the Self Investments (but not the existing Core Investments). You must complete and return the Self Investments cancellation form within the 30 day period if you wish to cancel the Self Investments.

If you cancel the Self Investments, any assets purchased will be sold or cancelled and invested in the Core Investments. Where these assets do not have their own cancellation rights, we'll not return any transaction charges or service charges relating to their purchase or sale. Any joining fees that have been paid in advance for the administration of your Self Investments will be returned.

### **Can I close the Self Investments?**

You also have the option to close the Self Investments at any time. If you do this, your Core Investments will remain in force.

If you close your Self Investments, all of the assets held within it will be sold and the proceeds will be invested in the Core Investments, unless you tell us to transfer them to another pension. Any plan charges that have been paid in advance for the administration of your Self Investments are non-refundable. The amount invested in the Core Investments or transferred may be less than you initially invested in the Self Investments, if the value of the assets held has fallen.

You must instruct us in writing if you wish to close the Self Investments.

If you close or cancel the Self Investments it is not possible to re-open it. If you subsequently decide that you want access to the Self Investments again it will be necessary to transfer to a new plan.

### **How will I know how my plan is doing?**

We'll send you a yearly statement to show you how your plan is doing. This includes information about your Self Investments. You should review your plan on a regular basis to ensure your pension plan meets your needs. A financial adviser can help you with this.

You can check the value of the funds you are invested in online. You can find out your plan value by calling our customer helpline or you can get an online valuation at any time. Our contact details can be found in the **How to contact us** section.

You'll receive an initial unit statement when you first invest in a fund within the fund supermarket, you'll subsequently receive a yearly statement showing the value of all your funds.

If you employ a discretionary fund manager, you may also receive separate statements from them. These statements will provide details of your investment portfolio and will be issued at different times to the statements we send you, typically every three months.

### **HOW TO CONTACT US**

Your financial adviser should be your first point of contact. We're unable to provide financial advice.

If you want to move money to the Pension Portfolio Bank Account or change your investments, please contact your financial adviser.

If you've any other queries regarding your Self Investments or would like copies of our Self Investments literature, you can contact our SIPP Administration Team by the following methods:

- ✉ Royal London  
PO Box 413  
Royal London House  
Alderley Road  
Wilmslow  
Cheshire  
SK9 1PF
- ☎ 0345 600 7477 Monday to Friday 8am – 6pm. We may record calls to help improve our customer service.
- @ SIPPAdministrationTeam@royallondon.com  
Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

## **OTHER INFORMATION**

### **How to complain**

If you have a complaint against us in connection with your plan, please contact our Customer Relations Team.

✉ Customer Relations Team  
Royal London House  
Alderley Road  
Wilmslow  
Cheshire  
SK9 1PF

☎ 0345 60 50 050 Monday to Friday 8am - 6pm. We may record calls to help improve our customer service.

@ customer.relations@royallondon.com  
Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

If you're not satisfied with our response you can refer the complaint to The Financial Ombudsman Service, Exchange Tower, London E14 9SR. Telephone 08000 234 567.

Complaining to the Ombudsman won't affect your legal rights.

### **Terms and conditions**

These key features give a summary of the Self Investments within the Pension Portfolio. They don't include all definitions, exclusions, terms and conditions.

If you choose to self invest your Pension Portfolio you'll receive a copy of the full terms and conditions as detailed in our **Self Investments Plan booklet**.

We've the right to change some of the terms and conditions, including the charges. We'll write to you and explain the changes if this happens.

It may become impossible to comply with the terms and conditions, for example, due to a change in legislation. We'll tell you if this happens and will be as reasonable as possible in the circumstances.

Terms and conditions and all communication will be supplied in English.

### **Law**

The terms and conditions applying to your plan are governed by Scots Law unless we agree with you that a different law should apply.

### **Client classification**

The Financial Conduct Authority requires us to classify our customers to ensure they get the appropriate level of protection under the rules. You've been classified as a retail client which means you will benefit from the highest level of protection available.

### **Compensation**

Your financial adviser must recommend a pension plan that is suitable for you. You'll have a legal right to compensation if, because of what your adviser recommends, you lose out by buying a plan that wasn't suitable for your needs at that time.

Royal London does not offer any guarantees regarding the investment performance of any assets. We cannot affirm the suitability of any of the assets held. We're not liable for compensation payments regarding the performance and/or suitability of any of the assets held.

If we're to become unable to meet our liabilities under your plan, you may be entitled to compensation through the Financial Services Compensation Scheme. The Financial Services Compensation Scheme may not apply to the Self Investment assets held within the plan. This will depend on the type of assets and how they are held.

If you employ the services of third parties, for example, investment managers, solicitors and surveyors, they're responsible for the services they provide. Each of these parties will normally provide you with a written service agreement or terms of business. If you've any issues arising from breaches of the agreement or terms of business you should contact them directly.

If you'd like more information about the compensation arrangements that apply, please ask your financial adviser or contact the parties involved directly.

### **About us**

The Royal London Mutual Insurance Society is a mutual company owned by its members.

## **SOLVENCY AND FINANCIAL CONDITION REPORT**

We want to provide you with clearer information about Royal London's financial position so we've created a Solvency and Financial Condition report. This report will provide more details about Royal London's business and company performance. You can access the report from [royallondon.com/solvency](http://royallondon.com/solvency)



**Royal London**

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