



CARTLIDGE MORLAND

SELF INVESTED
PERSONAL PENSION

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Contents	Page
Cartlidge Morland	3
Introduction	3
Constitution	4
Contributions	4
Investments	5
Investment Process	5
Retirement	6
Lifetime Allowance	7
Death Benefits	7
Transfers In	8
Portability	9
Protected Rights	9
Charges	11
The Provider	11
General Information	11
Contact Details	12

SELF INVESTED PERSONAL PENSION

CARTLIDGE MORLAND

Cartlidge Morland is a leading independent firm of wealth managers, based in the City of London. The firm is entirely owned by its partners, all of who are actively involved in providing advice to clients.

We provide a traditional personal service, embracing the latest innovations in technology and communications. Our investment management services are provided on an 'advisory' basis, which means our clients must firstly consent to any changes made to their investments.

Our approach to investment strategy is determined by an investment committee, which monitors developments in world markets, particularly concentrating on risk levels, economic trends and investment opportunities. The Committee determines a 'house view' for individual investment sectors, establishes selection criteria against which potential investments are measured and sets benchmarks against which their performance is monitored.

The Investment Management division is led by Angela Cooper, a graduate of the London School of Economics with more than 20 years' experience in investment management and research. Angela and her team meet different investment fund managers on a weekly basis, to ensure a current understanding of strategies and to question them as appropriate.

One consultant takes responsibility for each client's affairs, providing both initial advice and subsequent reviews on a regular basis. Our primary objective is to produce attractive returns for our clients over time, whilst controlling risk. Whilst we have house 'models' to ensure consistency and risk control, each consultant has ample discretion to tailor portfolios to suit individual requirements. We invest widely and no two portfolios are identical.

INTRODUCTION

The Cartlidge Morland SIPP is a Registered Pension Scheme for the purposes of Section 150 Finance Act 2004, and is designed to provide you with greater control and flexibility over your pension scheme assets.

Unlike a traditional personal pension where the performances of the underlying assets and also the ultimate benefits at retirement are dependent upon the insurance company fund managers, the Cartlidge Morland SIPP has wide investment powers so that you can choose a range of investments to meet your personal circumstances, subject to H M Revenue & Customs (HMRC) requirements.

Furthermore the pension benefits can be drawn out of the assets of the scheme, avoiding the need to purchase an annuity immediately upon retirement.

This brochure gives you a broad description of the main features of the scheme. It should however be noted that each arrangement is tailor made for each particular individual and is in itself a bespoke scheme.

SELF INVESTED PERSONAL PENSION

CONSTITUTION

The Cartlidge Morland SIPP has been established under a Master Trust Deed and Rules, approved by HMRC. A separate fund is set up for you under an individual sub trust. You are automatically appointed as a co-trustee of your arrangement. This sub trust 'ring fences' each individual's assets and liabilities within their own arrangement. All contributions and/or transfer payments will be placed in this separate arrangement for your benefit.

As the Cartlidge Morland SIPP is a registered pension scheme, under current legislation it will enjoy considerable tax benefits that include:

- full income tax relief at your highest rate on all personal contributions – subject to HMRC limits
- full exemption from income tax and capital gains tax on all investments
- corporation tax relief on employer contributions
- lump sum death benefits will not normally form part of your estate and will be free from inheritance tax
- up to 25% of the fund can be paid as a tax free lump sum at retirement

CONTRIBUTIONS

Under the Cartlidge Morland SIPP there are no specific requirements for the payment of contributions and as a consequence, you can pay such amounts, at such intervals that suit your personal circumstances.

Member contributions in any tax year are restricted to the greater of:

- £3,600 gross or
- 100% of relevant UK earnings which are chargeable to income tax, subject to the HMRC limit.

There is no limit on employer's contributions; however, you will be charged tax at 40% on any contributions that exceed a ceiling or annual allowance set down by Treasury Order. The annual allowance is as follows.

Tax Year	Annual Allowance
2010/2011*	£255,000*
*Limited to £50,000 from 6 April 2011	

There is no test against the annual allowance in the year in which you die or become entitled to all of your benefits.

The allowability of the employers' contributions is at the discretion of the local inspector of taxes.

SELF INVESTED PERSONAL PENSION

INVESTMENTS

One of the main features of the Cartlidge Morland SIPP is that it is not tied to any particular fund manager or insurance company; you have full control over the investment of your funds within the range specified by HMRC.

The major types of investments permitted by HMRC include:

- 1 Stocks and shares quoted on The UK Stock Exchange
- 2 Stocks and shares listed on The Alternative Investment Market
- 3 Stocks and shares quoted on a recognised overseas exchange
- 4 Open ended investment companies
- 5 Futures and options traded through a recognised exchange
- 6 Unit trusts and investment trusts
- 7 Insurance company managed funds and unit linked funds
- 8 Deposit accounts with any authorised financial institution
- 9 Commercial property or land
- 10 Second hand endowment policies via a recognised dealer
- 11 FSA recognised offshore funds
- 12 Trustee borrowing from an authorised institution
- 13 Unquoted shares
- 14 Hedge Funds

This is not a definitive list and we shall be pleased to explore any specific investments you have in mind.

In order to prevent abuse of the Cartlidge Morland SIPP there are a number of investments which are prohibited, these include:

- 1 Commodities – except exchange traded and collective investment funds
- 2 Residential Property – except certain collective investment funds
- 3 Loans to members or persons connected with a member
- 4 Investments considered to be personal chattels

INVESTMENT PROCESS

When establishing your Cartlidge Morland SIPP, we will automatically open an interest bearing current account with Cater Allen Private Bank Limited for your individual SIPP. This account becomes an audit trail into which all contributions and/or transfers are received and from which all investments and benefit payments are made.

Once the funds have cleared you will decide how you would like to invest them. The investment process is very flexible, and you may have strong ideas on how to invest the funds that we will follow, provided they comply with HMRC rules. Alternatively you may prefer to appoint Cartlidge Morland to carry out your instructions or to manage your investments. All investments will be purchased in the joint names of Cartlidge Morland Trustees Limited and yourself, as co-trustees of your Cartlidge Morland SIPP.

Should you wish to invest in commercial property, we will liaise with your solicitors/agents and will provide advice on the mechanics of acquiring and leasing the premises. We will

SELF INVESTED PERSONAL PENSION

also interface with any lending institution, which may be providing finance for the investment, to ensure that the transaction runs smoothly.

RETIREMENT

You may commence taking your benefits at any time between age 55 and age 77, irrespective of whether or not you remain in employment.

At retirement, up to 25% of the fund can be taken as a tax-free lump sum. The balance of the fund is invested to provide your pension. This pension can be paid directly from your Cartlidge Morland SIPP bank account (unsecured/alternatively secured pension) or secured through the purchase of an annuity with an insurance company.

a) **Unsecured Pension/Alternatively Secured Pension**

Unsecured pension/alternatively secured pension allows you to draw your pension directly from your Cartlidge Morland SIPP, within a range set down by the Government Actuary's Department. The maximum pension is approximately 120% of the annuity that could be secured by your fund at the date of retirement, on the basis that there are no pension increases and no dependants' pensions. There is no minimum pension. On an annual basis you can vary the pension you receive within these limits, which are reset every five years.

From age 77 onwards, unsecured pension becomes known as Alternatively Secured Pension. At this stage the maximum amount that can be drawn is limited to 90% of the pension which could be paid to you on the basis that there are no pension increases and no dependants' pensions. This maximum limit is reset each year. A minimum income of 55% of the maximum must be paid.

Unsecured pension enables you to continue to control the underlying funds in your Cartlidge Morland SIPP that remain invested and you can choose the best time to lock into annuity rates. It also gives you greater flexibility, as you do not have to decide on any specific spouse's/dependants' benefits or escalation on your pension at outset. These decisions can be made as events unfold.

Advice should be taken from Cartlidge Morland before entering into Unsecured/Alternatively Secured Pension. Excessive withdrawals might erode your capital, whilst both investment returns and annuity rates will be subject to frequent variation.

b) **Annuity Purchase**

Under an annuity the benefits are determined at the time of purchase and are guaranteed to be paid for life. The pension can be secured on a level basis or it can increase each year at a defined rate, in line with changes in the Retail Prices' Index. You can also build in a spouse or dependant's pension payable in the event of your death. The actual level of pension will depend upon your age and annuity rates at the time the annuity is purchased. Purchasing an annuity immediately is worth considering because it would provide you with the satisfaction of knowing that your future income would be guaranteed. However, once the benefits have been secured they cannot usually be varied or the policy cancelled.

SELF INVESTED PERSONAL PENSION

c) Phased Retirement

Your Cartlidge Morland SIPP is automatically set up as a group of 100 segments. This allows you to draw benefits from different segments at different times, i.e. to phase your retirement. Each segment will normally provide an element of tax-free cash and the balance will provide pension. The pension will be paid in exactly the same manner as described in a) and b) above.

When the pension is paid from your Cartlidge Morland SIPP, both these segments which are used to pay the pension and those not encashed will continue to enjoy the favourable tax environment of the Cartlidge Morland SIPP.

Income tax is deducted from your pension under the PAYE system, but no National Insurance contributions are payable. *(HMRC have the option to issue a tax coding ensuring the SIPP administrators deduct income tax at the highest rate you pay. In practise, income tax is usually deducted at the basic rate, with any higher rate tax only becoming payable upon the submission of the individual's tax return.)*

LIFETIME ALLOWANCE

When your benefits come into payment they will be tested against the Lifetime Allowance. Provided the value of all of your benefits from all registered pension schemes that are put into payment do not exceed the Standard Lifetime Allowance there will be no additional tax charge. The Standard Lifetime Allowance is:

Tax Year	Lifetime Allowance
2010/2011*	£1.8M*
* £1.5M from 6 April 2012, with certain transitional reliefs for those whose funds exceeded the allowance (details of these reliefs yet to be published at 5 November 2010)	

Should you exceed the Lifetime Allowance a tax charge of 55% will be applied to the excess, which can then be paid to you. Alternatively, a 25% tax charge will be levied on the fund and income will be taxed at 40%.

In certain circumstances it is possible to secure a higher Standard Lifetime Allowance. We will be able to advise you in this regard.

DEATH BENEFITS

a) Death Before Retirement

In the event of your death prior to drawing benefits the whole of your fund up to the Standard Lifetime Allowance can be paid out as a tax-free lump sum to your spouse or nominated beneficiaries. Alternatively, you can elect for your spouse or dependants to receive a pension, which can either be secured through the purchase of an annuity, or paid directly from the fund.

SELF INVESTED PERSONAL PENSION

b) Death After Retirement

Should you die once benefits have commenced, the survivors' benefits will depend upon whether an annuity has been purchased or whether you are drawing pension from your Cartlidge Morland SIPP.

Under an annuity the benefits payable to your spouse will depend upon whether a spouse's pension has been secured and whether any guarantee period was built into the policy when the annuity was purchased.

If you are drawing income from the fund, on death before age 77 your spouse or dependants will have three options:

- 1 A pension could be paid to your spouse/financial dependants. This pension can be paid from your Cartlidge Morland SIPP.
- 2 The assets in your Cartlidge Morland SIPP could be realised and used to purchase an annuity for your spouse and dependants immediately.
- 3 The assets in your Cartlidge Morland SIPP could be realised and the proceeds distributed to your spouse or dependants less tax at 35%.

If you die after age 77 your fund must be used to provide a widow or dependant's pension. This can be paid from the fund or secured through an annuity purchase.

Should your spouse or dependants die whilst drawing pension from your Cartlidge Morland SIPP prior to age 77; the remaining fund will be paid to their nominated beneficiaries less 35% tax. Such a payment will not normally form part of the deceased's estate and therefore inheritance tax will not be payable.

TRANSFERS IN

The Cartlidge Morland SIPP contains all the latest features available under current legislation. As a consequence it offers greater flexibility and control over your pension planning than under any other approved schemes. If you have already made pension provision in the past, have accrued benefits under previous employers' schemes or are drawing benefits under other personal pension arrangements, you may wish to consider consolidating these within your Cartlidge Morland SIPP.

Some of the potential advantages can be summarised as follows:

- 1 Reduced administration costs
- 2 Flexible death benefits
- 3 Control over the investments
- 4 The ability to defer the annuity purchase
- 5 Income draw down and phased retirement

If you do not wish to disturb the existing assets within a policy it is usually possible to transfer the assets 'in specie', ie in their existing forms, without having to encash the investments before transferring them.

SELF INVESTED PERSONAL PENSION

PORTABILITY

The Cartlidge Morland SIPP also provides great flexibility in the event of a change in your personal circumstances. Should you change employment you can continue to pay contributions into your Cartlidge Morland SIPP. Similarly, if you change from being employed to self-employed, you can continue to use your Cartlidge Morland SIPP as your pension vehicle.

It is also possible to suspend contributions should you wish and recommence payments at a later date without penalty. Unlike many insured contracts, there are no financial penalties involved and you can continue to control the existing funds within your Cartlidge Morland SIPP.

In the unlikely event of you becoming dissatisfied with your Cartlidge Morland SIPP, this can be transferred into an alternative approved personal pension or approved occupational pension scheme. We would simply request that any outstanding fees are settled prior to actioning the transfer.

PROTECTED RIGHTS

What are Protected Rights?

Since 1988 it has been possible to opt out of the State Second Pension (S2P) or its predecessor the State Earnings Related Pension Scheme (SERPS). In exchange for giving up benefits under these schemes the government pays a 'rebate' into an Insured Scheme or Occupational Scheme on behalf of the individual. These rebates together with investment growth form 'Protected Rights'.

Opting out will be scrapped in April 2012 when the differences between Protected Rights and funds built up by your own or your employer's contributions will cease to exist.

Can I consolidate my Protected Rights with my other SIPP benefits?

From 1 October 2008 the rules have been amended so that Protected Rights can be held in Self Invested Personal Pension Schemes ("SIPPS"). This means that those who wish to have their entire pension benefits held under one roof can do so and enjoy the flexibility and control afforded them by their SIPP.

What investments can I make with my Protected Rights?

Prior to the changes, Protected Rights could only be held in insured contracts, cash or government bonds, but now these restrictions cease to apply and the investment choices are the same as those currently available under the SIPP for your other funds.

Whilst Protected Rights will be held within a separate arrangement under the umbrella of your SIPP they can be globally invested with your other funds built up to date.

SELF INVESTED PERSONAL PENSION

When must I take my Protected Rights?

The benefits built up from Protected Rights can come into payment at any time after age 55. They can be paid with or independently of your other pension benefits, depending upon your circumstances and requirements at that time.

What benefits will I receive?

At retirement you can receive a tax free lump sum of up to 25% of your Protected Rights. The balance of the Protected Rights must be used to support a pension which can be paid directly from your SIPP or secured through the purchase of an annuity. The actual level of benefits will depend upon the size of your fund, your age and interest rates at the time the benefits are put into payment.

If you choose to secure the benefits through an annuity purchase prior to April 2012 a spouse's or dependant's pension must be provided.

What happens on my death before retirement?

If you die before commencing your Protected Rights benefits and are survived by a spouse, civil partner or dependant children, your Protected Rights must be used to provide a pension to that person. If you are not survived by a spouse, civil partner or dependant child, the Protected Rights can be paid as a tax free lump sum benefit to whoever you nominate.

What happens if I die when my Protected Rights are in payment?

Should you die after retirement, the options available are the same as those for your other benefits built up by your own or your employer's contributions. These include a return of the fund less 35% tax on death prior to age 77, a spouse's, civil partner or dependant's pension or annuity purchase.

Can I transfer my Protected Rights to an alternative provider?

Yes, you can transfer your Protected Rights to another provider of your choice at any time, whether the benefits have been put into payment or not.

Can I contract out through my SIPP?

Whilst your SIPP has been designed to receive Protected Rights transfers, it is not possible for future rebates to be paid into your SIPP.

What are Safeguarded Rights?

Where an individual has Protected Rights which are the subject of a pension sharing order on divorce, these rights become Safeguarded Rights when they are transferred to the former spouse. These Safeguarded Rights can come into payment at age 60 and no tax free lump sum can be paid. The Government has indicated that these differences from Protected Rights cease to apply from April 2009.

SELF INVESTED PERSONAL PENSION

CHARGES

The charging structure under the Cartlidge Morland SIPP is designed to be transparent. The current fee structure is set out below. It consists of:

1 Consultancy Fees

1.00% to 4.00% of the funds invested in the SIPP. The charge will vary according to the amount invested in your SIPP and whether unsecured/alternatively secured pension is being adopted. **This charge is only levied as funds are transferred into the SIPP. It is not an annual/regular charge.**

2 Investment Management/Monitoring Fees

1.25% per annum x total SIPP asset value

The consultancy fees will be invoiced to the SIPP trustees and debited to your SIPP's account at Cater Allen Private Bank. The investment management charges will be debited to your SIPP's cash account at Ascentric, monthly in arrears.

If Cartlidge Morland ceases to act as the appointed investment manager of your SIPP, the continuing administration fee will be 0.50% p.a. + VAT x total SIPP asset value.

THE PROVIDER

The provider of the Cartlidge Morland SIPP is Dentons Pension Management Limited, a specialist pension administrator.

The Cartlidge Morland SIPP is a pension scheme registered with the Financial Services Authority.

GENERAL INFORMATION

This booklet contains a broad description of the main features of the Cartlidge Morland SIPP. Full details are set out in the Master Trust Deed and Rules, a copy of which will be provided on request. In the event of any conflict or dispute the Master Trust Deed and Rules will override this booklet.

Should any dispute arise concerning the administration of your Cartlidge Morland SIPP that cannot be resolved with the Trustees, then you may approach The Pensions Advisory Service (TPAS) or the Pensions Ombudsman at:

11 Belgrave Road, London, SW1V 1RB

The Cartlidge Morland SIPP has been registered with the Pension Schemes Registry who may be contacted at:

Pension Schemes Registry, Napier House, Trafalgar Place, Brighton, BN1 4DW

SELF INVESTED PERSONAL PENSION

The Cartlidge Morland SIPP cannot be used to contract out of the state earnings related pension scheme.

The Cartlidge Morland SIPP is an investment regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London, E14 5HS

CONTACT DETAILS

If you would like further information regarding the Cartlidge Morland SIPP please contact:

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The purpose of this guide is to provide information about the Cartlidge Morland Self Invested Personal Pension Plan (SIPP) and does not constitute a specific recommendation. A SIPP may not be suitable for everyone. If in doubt, advice should be sought from Cartlidge Morland.

**Cartlidge Morland is authorised and regulated by the
Financial Services Authority**