THE IFGL SIPP

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IFGL | PENSIONS

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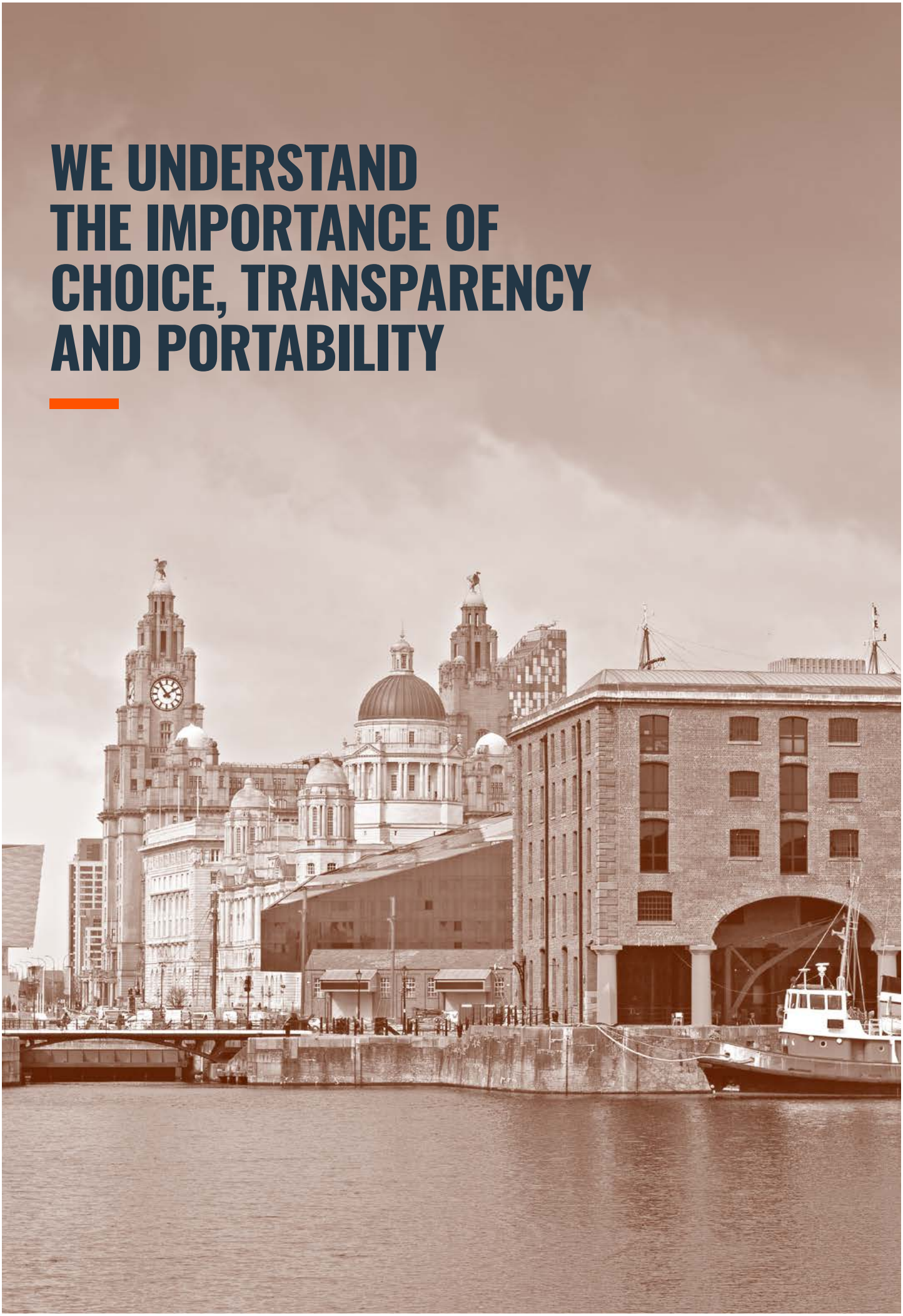
WE UNDERSTAND THE IMPORTANCE OF CHOICE, TRANSPARENCY AND PORTABILITY



WHAT IS A SIPP?

A Self-Invested Personal Pension (SIPP) is a registered UK pension scheme established as a personal arrangement. Compared to standard UK pension schemes, a SIPP offers greater choice of investments and additional flexibility at retirement.

Who can benefit?
Anyone can establish a SIPP. Individuals residing in the UK can make new tax-relieved pension contributions to the scheme or transfer in an existing pension arrangement. UK non-residents would establish a SIPP to transfer an existing pension arrangement held in the UK or elsewhere.

IFGL Pensions SIPPs provide a convenient and flexible way to save for retirement. IFGL Pensions has a specific SIPP product for non-UK residents, The IFGL SIPP. While most UK non-residents say they will not return, in reality many do for career or personal reasons.

The IFGL SIPP is provided and administered by IFGL Pensions with a full administration centre staffed by experienced pension professionals based in the North West of England.

WHICH PENSIONS CAN BE TRANSFERRED TO A SIPP?

Most registered UK pension scheme funds can be transferred to a SIPP, with restrictions on transferring a defined benefit scheme or pension annuity once payments have commenced. It is not possible to transfer a state pension entitlement.

A SIPP can also accept transfer payments from overseas pension arrangements, including QROPS, provided that the overseas pension provider is willing to make the transfer. Financial advice should always be taken prior to any pension transfer.

Annual contributions to a SIPP

Pensions are a tax-efficient form of saving. The maximum UK tax relievable member contribution is capped at the lower of the member's relevant UK earnings and the prevailing Annual Allowance. This limit includes contributions to any other UK pension arrangements in the tax year.

The Annual Allowance may be reduced if the member has flexibly accessed their UK pension benefits, or has total taxable UK income over the higher income threshold.

Employers may also make contributions to the SIPP provided that, collectively, the total member and employer contributions do not exceed the Annual Allowance.

UK residents with no UK earnings enjoy basic rate income tax relief on contributions of up to £3,600 per year. This also applies to non-UK residents, provided they were UK resident both when they became a SIPP member and at some time in the last five UK tax years.

It should be noted that transfers to a SIPP from other pension arrangements do not count towards the Annual Allowance.

Investment options include:

- equities
- unit trusts
- open-ended investment companies
- investment trusts
- cash deposits
- corporate bonds
- government bonds

SIPP FEATURES

The Lifetime Allowance

The lifetime allowance was abolished on 6 April 2024. In its place are two new allowances, the Lump Sum Allowance (LSA) and Lump Sum and Death Benefit Allowance (LSDBA). Only non taxable payments are tested against these allowances. If these allowances are exceeded then a tax charge will apply. Members who have lifetime allowance protection may be permitted a higher LSA and LSDBA allowance.

The non-taxable element of any pension benefits taken is tested against both the Lump Sum and Death Benefit Allowance (LSDBA) and Lump Sum Allowance (LSA). These are £1,073,100 and £268,275 respectively. Benefits paid in excess of these allowances will be taxed at the recipient's marginal rate. Members who have previously saved into a UK pension and have applied for transitional protection may have higher allowances.

SIPP Investment options

The investment options within a SIPP are broad and include equities, unit trusts, Open-Ended Investment Companies (OEICs), investment trusts, cash deposits, corporate bonds and government bonds. Investments can normally be held via an investment platform, stockbroker account or insurance product. Your Financial Adviser will assist you in choosing the most suitable solution.

Access to retirement benefits

Pension benefits may be accessed from the age of 55 or earlier in the case of severe ill health.

Flexible Options

- Flexi-Access Drawdown
- Uncrystallised Fund Pension Lump Sum (UFPLS)

Investment Options

- Equities, unit trusts, OEICs,
- investment trusts, cash
- deposits, corporate bonds
- and government bonds.

Access

From the age of 55

Death benefits (if member dies before age 75)

Lump Sum or Income Stream (not subject to UK income tax)

Death benefits (if member dies after age 75)

Lump Sum or Income Stream (taxed at recipient's marginal rate of UK income tax)

Pension

Commencement Lump Sum 25% (capped at 25% of Lump Sum and Death Benefit Allowance)

Flexibility of drawdown

A SIPP allows the member to draw retirement benefits when they choose, as a lump sum or an income stream, commencing after the age of 55.

The rules allow 25% of the fund (capped at 25% of the LSDBA) to be paid free of UK income tax. The balance will be subject to UK income tax at the member's marginal rate.

The IFGL SIPP offers both Flexi-Access Drawdown (FAD) and Uncrystallised Funds Pension Lump Sum (UFPLS) payments.

Can I transfer out of a SIPP?

Yes, it is possible to transfer to another registered UK pension scheme or to a QROPS.

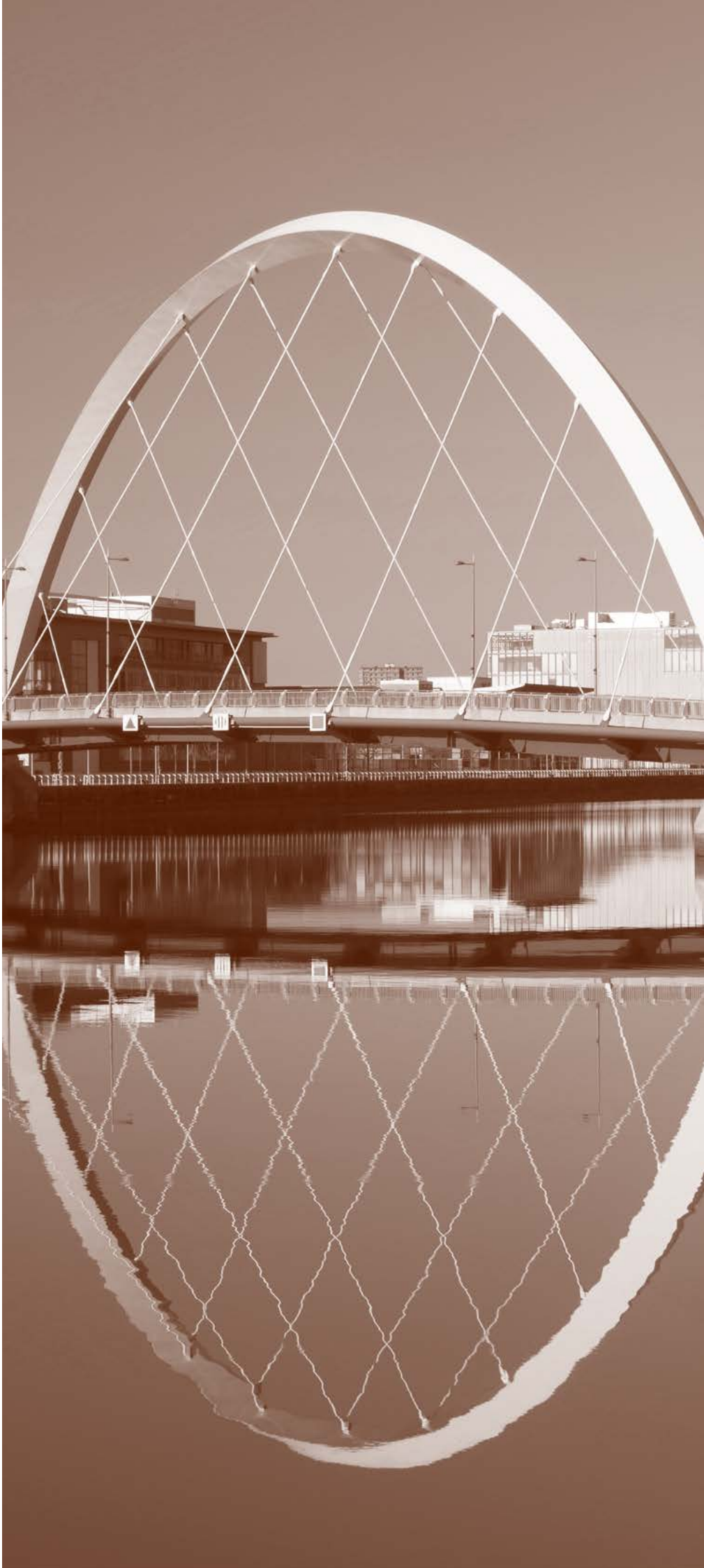
What happens to the SIPP on death?

Monies within a SIPP will generally be paid to the nominated death beneficiaries. They can either receive their share as a lump sum or as an income stream.

If the member dies before the age of 75, there will be no UK income tax on the benefits paid to the beneficiaries.

If the member dies after the age of 75, the beneficiaries will pay income tax on any benefits that they receive at their applicable marginal rate.

If the pension benefits were uncrystallised at the time of the member's death, their value will be tested against the LSDBA. The pension benefits will not generally form part of the member's estate for UK Inheritance Tax (IHT) purposes.



WHY CHOOSE IFGL PENSIONS?

BASED IN LIVERPOOL, IFGL PENSIONS IS A LEADING SIPP AND SSAS ADMINISTRATOR AND OPERATOR. IFGL PENSIONS HAS 20 YEARS' EXPERIENCE IN THE TRANSFER AND PROVISION OF PENSION SCHEMES FOR COMPANIES, ENTREPRENEURS, PRIVATE INVESTORS AND HIGH NET WORTH INDIVIDUALS.

IFGL Pensions – formerly called Sovereign Pension Services (UK) Limited – is now part of International Financial Group Limited (IFGL).

IFGL companies have been providing investment, savings, protection and professional trust services to expatriate and affluent local national customers around the world for over 40 years. Other companies within IFGL include RL360, Friends Provident International, RL360° Services (previously called Clerical Medical International) and Ardan International.

IFGL administers USD27 billion of assets for 214,000 customers and employs 610 staff.

IFGL Pensions is regulated by the UK Financial Conduct Authority.

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