



# Active Money Self Invested Personal Pension

Your guide to how it works

## **Contents**

- 03** Investing in your Active Money SIPP
- 04** Active Money management
- 06** Ways to take your money
- 08** Your options after you're 75
- 09** Award-winning service
- 10** Choice and flexibility
- 12** Frequently asked questions
- 13** Getting started

# Get more with the Active Money Self Invested Personal Pension

**You can choose to invest in a number of ways, including shares, bonds and funds. You can make single or regular payments whenever you like - and you can also put any pension plans you already have into a Self Invested Personal Pension (SIPP).**

The Active Money SIPP offers a number of ways to get a tax-efficient income too. How you decide to do it depends on what you need at the time.

The reason a SIPP is so adaptable is because it needs to be actively managed – either by you or your adviser. You need to bear in mind that the price of units in investment-linked funds depends on the value of the underlying assets after charges. Their value can go down as well as up, so you might get back less than you paid in.

The Active Money Self Invested Personal Pension is a pension plan that gives you more flexibility. You get more investment choices, and more options for managing your money and taking the eventual benefits.

## Choosing how to invest

Conventional pensions sometimes limit your choice of investments. However, an Active Money SIPP gives you more options including stock market-linked funds, deposit accounts, bonds, gilts, stocks and shares and even commercial property (though you should remember that this, along with some other types of investment, can take longer to sell). Like all pension investments, any funds you do invest will be free from UK Capital Gains Tax.

This means you can tailor your investment strategy according to your attitude to risk and growth. There are also certain rules and HM Revenue & Customs (HMRC) regulations to follow.

The risks involved in these types of investments can be greater. So they need to be actively managed, and you need to be sure that you or your financial adviser have the skills to do it. Your adviser may charge for their services.



**Before you decide to buy, you need to know what the risks and commitments are. Read our Key Features Document (SLSIP17). It will help you decide if this product is right for you. If you're still not sure what to do, speak to your financial adviser.**

Laws and tax rules may change in the future. The information here is based on our pensions experts' understanding of the current situation.

**“I want a pension that can change when I need it to. And I want to choose where my money’s invested, so that I’ve got a plan that I can feel confident about.”**

**You can tailor your investments and choose from a wide range of investment options with the Active Money SIPP. And you can change your payments when you need to. So if your life changes, your pension can change with it.**



# Investing in your Active Money SIPP

## Regular payments

If the value of your Active Money SIPP is over £50,000 and you want to make regular payments into it, the smallest amount you can pay is £100 a month or £1,000 a year. Because these payments benefit from 20% tax relief, you will only actually pay £80 a month or £800 a year. Payments from employers don't qualify for this tax benefit.

If the value of the plan is under £50,000, or it's a new plan, then the minimum payment is £300 a month or £3,000 a year (which means £240 and £2,400 respectively from you and we'll add on the tax relief).

## Single payments

You can set up your plan with an initial single payment or a transfer from another pension fund. This must be at least £10,000. There's no tax relief on transfers. There are no minimum limits for any payments or transfers you make after this.

## Stopping and starting payments

You have the flexibility to take a break from payments, but doing so could reduce the future value of your fund.

You can carry on paying money into your plan until you're 75, even after you start taking an income from it.

## Maximum limits

There is no maximum transfer limit. There are, however, maximum limits to the regular and single payments you can make (but these don't apply to employer payments). These limits are for all pension plans you have, counted together.

The limit is the equivalent of 100% of your earnings including basic rate tax relief, or £3,600, whichever is higher. In addition, if you pay in more than the HMRC annual contributions allowance, the amount you exceed it by will be taxed at 40% to 50%. This allowance is £255,000 for tax year 2010/2011 but it will reduce to £50,000 from 6 April 2011.

## Paying tax above the basic rate

If you pay tax above the basic rate, you might be able to claim tax relief through your self assessment tax return. From 6 April 2011 the Government are reducing the tax relief that's available for pension plans by reducing the annual allowance to £50,000. You could incur a tax penalty if you increase your payments before then. This is explained in more detail in our fact sheet 'Tax changes to pension plans announced in the 2009 budget' (GEN658). Your financial adviser will be able to talk you through how this might affect you.

# Active Money management

When life changes, you can adjust your Active Money SIPP to fit your circumstances.

You can pay into it for as long as you like up until you reach 75, and as long as you're resident in the UK. You can also continue to pay into the plan after you've started to take income from it.

You can change your investments at any time (your adviser can help you with this). Remember there could be charges for doing this, and some investments will take longer to sell than others (commercial property, for example).

## A single home for your investments

You can pull all your pension investments into your Active Money SIPP to create a single portfolio. If you use our online service, this could be even easier to manage.

Consolidating your pension investments can be a good idea. Plus, it could allow you to save on administrative charges.

Your financial adviser can tell you more, but you should be aware that transferring isn't right for everyone. There may be charges and you could lose existing benefits.



**Please read our Active Money SIPP guide to charges and discounts (SLSIP20).**

## Taking your benefits

There are many ways that you could approach retirement. You may want to gradually scale down the amount you work – or you may want to stop completely. Whatever your aim, the Active Money SIPP is a good way to pay for it.

Once you turn 55, you can take an income either in the form of an annuity, or by taking an income directly from your SIPP – even if you want to keep working.

If a tax-free lump sum would be useful you can normally take up to 25% of your fund in this way, either in one payment or a series of smaller payments.

## Taking an income

You have the option to start drawing an income from your Active Money SIPP as soon as you reach 55.

This is known as income drawdown. You can stop and start it, or change the amount whenever you like, subject to limits set by HMRC. Remember, the value of the fund you have invested can go down as well as up, which could affect how much income you can take in the future.

You can start to take income as long as your SIPP fund value is at least £50,000 before taking any tax-free lump sum. You should remember, though, that the Financial Services Authority recommends that there should be at least £100,000 in your fund. So it's worth thinking about other ways to receive income if you're considering drawdown.

It's important to remember that you can't guarantee an income with drawdown. If you do take it, you'll have to review your fund regularly to make sure that there's enough money in the fund to support the income you're taking from it.

You should always speak to your financial adviser before you decide to take drawdown.

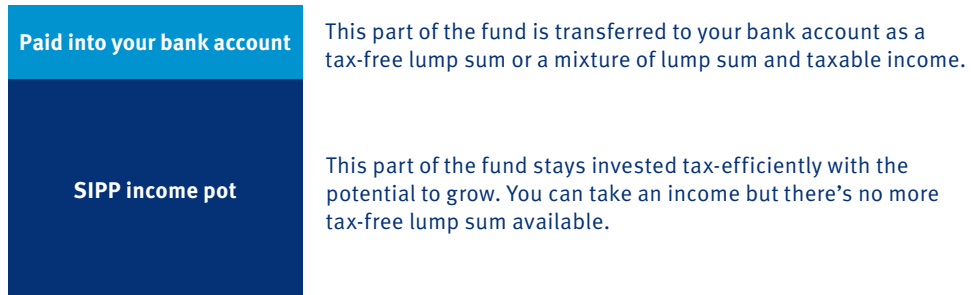


# Three ways to take your money from your SIPP

## Here's how your SIPP savings pot is made up

### SIPP savings pot

This is the total amount invested (minus any charges).  
The fund is invested tax-efficiently with the potential to grow.



## And here's how you can choose to take it

# 1

### Take your tax-free lump sum in one

You can normally take up to 25% of your SIPP as a lump sum tax-free. You can use the rest of the fund to take an income, which will be taxable.

# 2

### Take a series of smaller lump sums

Another option would be to take only part of your lump sum payment now. This means you only need to use a chunk of your SIPP savings pot. You can normally take a 25% tax-free lump sum from that chunk, with the rest providing an income that will be taxed.

# 3

### Take a tax-efficient income

This is a way to spread your lump sum to give you a regular tax-efficient income, using income drawdown. This involves using parts of your SIPP savings pot when they're needed to give you a tax-free lump sum and an income. The rest of the savings pot is left intact, and still has the potential to grow. The diagram helps to make this clear. When your tax-free lump sum has been used up, your income will be taxed.

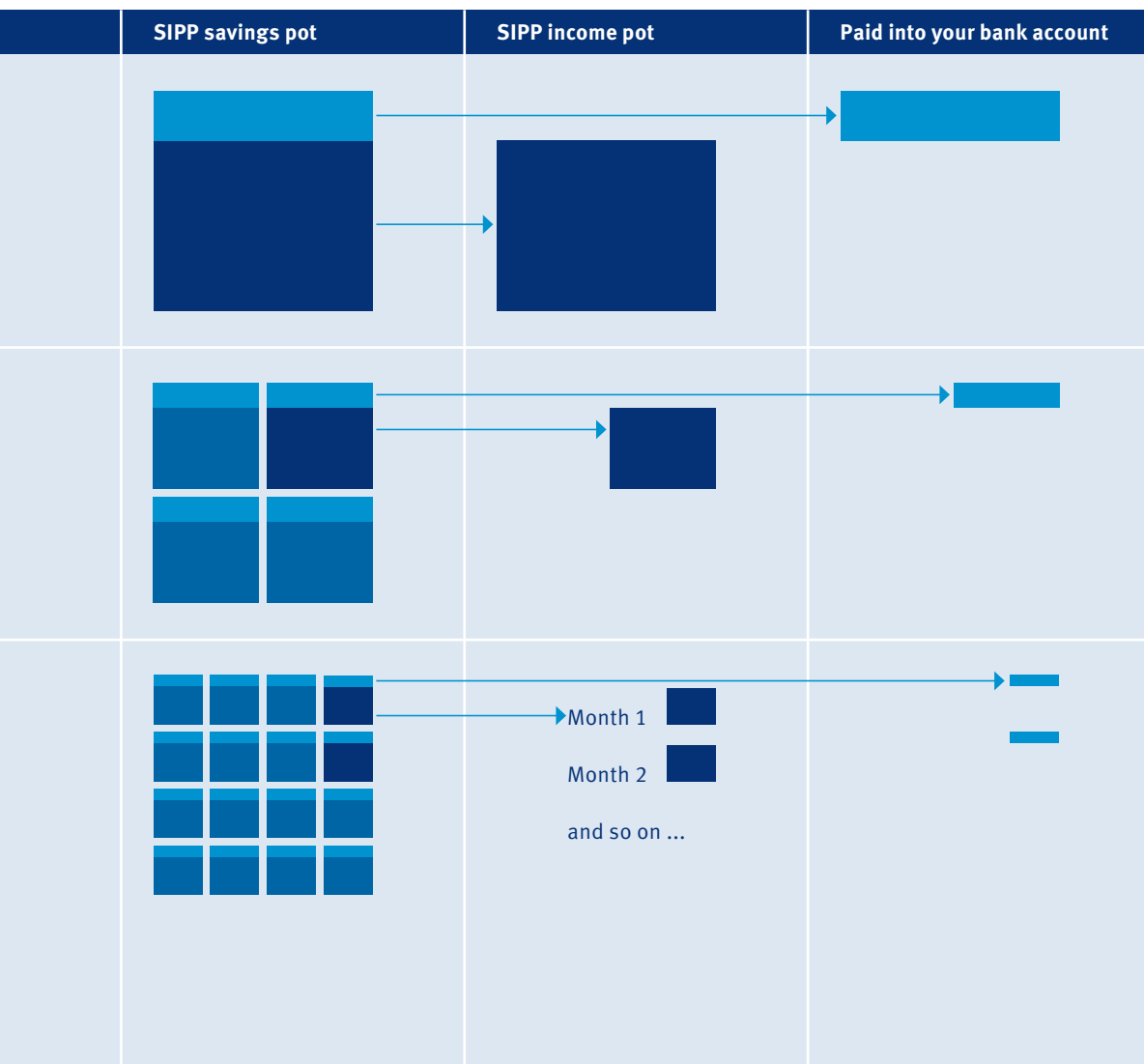
If you'd like to take advantage of this option, just tell us how much income you need each month after tax and we'll take care of it.

To use this option you must be fully invested in the Standard Life Investment Policy funds. Your financial adviser can tell you more.



## Don't forget

Like any investment, the value of the fund you have invested can go down as well as up, which could affect how much income you can take in the future. You will need to have regular reviews to ensure that your fund can sustain the level of income you are taking. Charges may apply.



### Is it right for me?

If you want to take your whole 25% tax-free lump sum this could be the option for you.

### Is it right for me?

If you'd prefer to take a series of smaller tax-free lump sums or draw a tax-free income from part of your plan, this could be the way to do it.

### Is it right for me?

This could be the way to use your lump sum to supply a regular tax-efficient income.

# Your options after you're 75

When you reach 75 you're no longer able to take a tax-free lump sum, but you do have two other choices.

## **Income drawdown**

You can start or continue income drawdown once you reach 75. There's still flexibility to change the amount of income you receive but the maximum amount will be recalculated each year.

## **An annuity**

An annuity offers a regular income for life, but the level of the income depends on a number of factors. These include your age, the options you choose and the rates at the time you buy it.

With a conventional pension you would have to buy an annuity before you reach 75. However, with an Active Money SIPP you can buy one at any age from 55 onwards.

If you don't buy one by the time you're 75 we will move you to into income drawdown, but you can still buy an annuity at any time.

And remember, annuity rates can change. You might not get a better rate by delaying your retirement. Which means you could be worse off. On average, people are living longer and annuity rates are adjusted to take this into account. Annuity rates can rise and fall for other reasons, too.

**We were voted SIPP provider of the year at the Financial Adviser Life and Pensions Awards 2010.**

# Award-winning service from Standard Life

Choose Standard Life to provide your SIPP and you'll get award-winning service, a wider choice of investments and constant online access to your fund.

Our dedicated Active Money SIPP team is here to give you all the support you need, quickly and efficiently, whether you are requesting a valuation or making a transaction. They cannot, of course, give you investment advice – your financial adviser will help you with this.

## Our recent awards

### Money Marketing Awards

- ▶ Company of the Year 2008 & 2009

### Financial Adviser Life and Pension Awards

- ▶ SIPP and/or SSAS Provider of the Year 2008, 2009 & 2010
- ▶ Income Drawdown Provider of the Year 2008, 2009 & 2010
- ▶ Best Alternatively Secured Pension Provider 2008 & 2009

### Financial Adviser Service Awards

- ▶ Voted 5 Star Life and Pensions Provider 2010
- ▶ Special Outstanding Achievement Award 2008 in recognition of winning the 5 Star Service award for 13 years in a row

### Finance & Technology Research Centre in association with Money Marketing

- ▶ Awarded the 'eee' e-excellence rating for SIPP Specialist 2009

# Choice and flexibility

The Active Money SIPP gives you a flexible way to plan for your future. You should be sure you consider the risks of investing in one, as well as the potential benefits.

## **A wide range of investment options**

Choose from lots of investment opportunities including stocks and shares, bonds, pension funds, deposit accounts and commercial property. Some types of investment, like property, may take some time to sell.

## **Choose how you take your benefits**

Take an income, a lump sum, or both. There are a number of options when it comes to taking your benefits, including when and how you take them, subject to plan rules and HMRC limits.

## **Support for your business**

You can include commercial property in an Active Money SIPP. So you could buy business premises. Or if you already own yours, you could unlock the capital to build your business.

## **Support for your family**

If you die, your pension can provide an income for your family or a lump sum for your beneficiaries. Your financial adviser will be able to give you information about death benefits.

## **Simple charges**

We believe in only charging for the services you use, which means lower costs and more of your pension fund working for you.



**Your pension can help support your family if something happens to you. Speak to your financial adviser about providing an income or a lump sum for your dependants.**

# Frequently asked questions

## Who can take out an Active Money SIPP?

Any UK resident under the age of 75 who can meet the minimum payments.

## What is the minimum investment?

At least £300 a month or £3,000 a year if you plan to make regular payments, or a minimum single payment of at least £10,000 which can include transfers from other pension plans.

If the value of your Active Money SIPP is over £50,000, the minimum regular payments are £100 a month or £1,000 a year.

## Can I make more transfers after I've set up my SIPP?

Yes, but you should consult your financial adviser first. Transferring isn't for everyone, and you could be charged and lose benefits.

## Can I take a tax-free lump sum?

Yes, as long as you're under 75. It's normally up to 25% of your fund's value. More details are on page 7, but you should remember that the percentage could change and there may be charges to pay.

## Is there tax relief if I pay tax above the basic rate?

At the moment you could claim up to an extra 30% through your self assessment tax return, but the annual allowance is reducing to £50,000 from 6 April 2011. So the total payments that can be made to all your pension plans without a tax penalty will be much lower. Your financial adviser will be able to tell you if you will be affected.

## How are charges calculated?

Charges depend on how you invest. You'll find full information in the Active Money SIPP guide to charges and discounts (SLSIP20).

## What happens if I die?

Your family or beneficiaries could still benefit from your Active Money SIPP. Your financial adviser can give you more information.

# Getting started

## Three things to go through with your financial adviser before taking out an Active Money SIPP:

### Your financial needs

Decide how much you can afford to put into your Active Money SIPP and the income you expect you will need in retirement.

### Your attitude to risk

Do you feel more comfortable with higher risk and greater potential returns? Or less risky investments and lower potential returns? You should also consider whether your attitude will change over time.

### The wider picture

Think about what other savings and investments you have and the income they could generate, whether you have the time and knowledge to devote to running a SIPP, as well as your general financial responsibilities.

## The next step

If you'd like to open an Active Money SIPP, speak to your financial adviser. If you need to find out more about the plan, our dedicated SIPP team will be happy to talk to you.

**Call us on 0845 0845 000**

We're open Monday to Friday, 9am to 5pm. This isn't a free number so call charges may vary. We might record or monitor your call to make sure you get the best service.

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

Standard Life Assurance Limited\*, registered in Scotland (SC286833), Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH is the Provider and Scheme Administrator of the Standard Life Self Invested Personal Pension Scheme. Standard Life Trustee Company Limited, registered in Scotland (SC076046), also Standard Life House, is the Trustee. Telephone (0131) 225 2552. Calls may be recorded/monitored. [www.standardlife.co.uk](http://www.standardlife.co.uk)

\*Authorised and regulated by the Financial Services Authority