KEY FEATURES

SOVEREIGN INTERNATIONAL SIPP

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SOVEREIGN INTERNATIONAL SIPP
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Summary

The Sovereign International SIPP is a Self-Invested Personal Pension (SIPP) that is specifically designed for individuals who are resident outside the UK. SIPPs are designed for people who want to manage their own fund by dealing with, and switching, their investments when they want.

A SIPP is a pension "wrapper" that holds investments until the Member retires and starts to draw a retirement income. It is a type of personal pension and works in a similar way to a standard personal pension. The main difference is that the Member has more flexibility over the investments chosen within a SIPP.

With standard personal pension schemes, the Member's investments are managed within the pooled fund that has been chosen. A SIPP is a form of personal pension that gives the Member the freedom to choose and manage their own investments from a wide range of different asset types. The Member may also choose to pay an authorised Investment Manager to make the decisions on the Member's behalf.

A SIPP offers the flexibility to pay contributions at whatever level the Member wishes within the limits prescribed by HM Revenue & Customs (HMRC). There is no contractual minimum contribution. The Sovereign International SIPP is also designed to take full advantage of the pension flexibility rules introduced in April 2015, which allow individuals to access their pension savings.

This document explains the key features of the Sovereign International SIPP. The applicant should read it carefully, in conjunction with the Application Form, the Terms and Conditions and the Investment Guidelines prior to applying for membership of the Scheme. The applicant should also seek advice from their Financial Adviser.

It may be that, due to the applicant's residence or domicile, the applicant is subject to different tax provisions. If the applicant is in any doubt about the tax treatment of the Sovereign International SIPP or its benefits, the applicant should seek advice from a qualified tax expert.

Contents

Introduction

A “Self-Invested Personal Pension” or SIPP is a personal pension scheme where investment decisions are taken by the Member after taking independent advice from a suitably qualified and regulated financial or investment adviser. The Sovereign International SIPP is a pension product established under and governed by the MW SIPP 2 Trust Deed and Rules and registered with HMRC as a Registered Pension Scheme under Chapter 4 of the UK Finance Act 2004 (HMRC Pension Scheme Tax Reference (PSTR) number 00623783RL).

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, Sovereign Pension Services (UK) Limited, to give you this important information to help you to decide whether our Sovereign International SIPP is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

The Parties

Scheme Provider and Scheme Administrator

Sovereign Pension Services (UK) Limited

As Scheme Provider Sovereign Pension Services (UK) Limited is successor to the original SIPP provider authorised to establish a personal pension scheme under the Financial Services and Markets Act 2000. As Scheme Administrator Sovereign Pension Services (UK) Limited is also responsible for the day to day operation and administration of the SIPP and is authorised and regulated by the FCA.

Trustee

MW SIPP Trustees Limited

The Trustee is the legal owner of the assets held within the SIPP for the benefit of the Member. The Trustee has a limited function and acts on the instructions or directions of the Scheme Administrator.

Member

An applicant becomes a member once their formal application for membership of the SIPP has been accepted by the Scheme Administrator. The Member accepts that the sole purpose of the SIPP is to provide benefits in retirement, be that in the form of annuities, income withdrawals or lump sum payments as detailed in the governing provisions and Rules of the MW SIPP 2.

Financial Adviser

Members may appoint their own suitably qualified and regulated Independent Financial Adviser to advise them on financial matters relating to the SIPP and their financial affairs generally. Neither the Trustee, Scheme Administrator nor Scheme Provider will provide any advice to the Member be it financial, legal, tax, investment or pension transfer advice, and they are not authorised to do so. The Scheme Administrator will act on the instructions of the Member and the Member’s Financial Adviser if so mandated.

Investment Adviser

Members are responsible for their own investment decisions and may appoint a suitably qualified and regulated independent Investment Adviser (who may be the same person as their appointed Financial Adviser) to assist them in this respect. The Member’s Investment Adviser will guide the Member to make investments that match their investment risk profile and that are both permissible under the Rules of the SIPP and acceptable to the FCA. Neither the Trustee nor Scheme Administrator will make any investment recommendations and nor are they authorised to give investment advice. If Members do not appoint a Financial or an Investment Adviser they will remain responsible for their own investment decisions and for providing instructions to the Scheme Administrator.

Investment Manager

The Investment Manager is appointed by the Trustee to carry out the instructions of the Members or their Advisers and is responsible for managing the assets within the SIPP. Members may nominate an Investment Manager to act on an advisory or discretionary basis and if suitably licensed and regulated the Trustee will appoint the Member's nominated Investment Manager.

Custodian

This is the financial institution responsible for holding and safeguarding the Member's SIPP assets which are invested in the name of the Trustee.

SIPP Banker

This is the retail banking institution with whom MW SIPP Trustee cash is held in a pooled account. Any cash held by MW SIPP Trustees, will be protected by being held on trust in accordance with the Scheme Rules, and not as Client Money.

Product Objectives

A SIPP provides a means of saving for retirement. It works as follows:

- A Member may make regular payments (contributions) or transfers from an existing pension into their SIPP. This pot of money accumulates during the Member's working life and is then used in retirement to provide an income.
- There is no requirement to make regular contributions, but UK tax relief is usually available.
- An employer may also contribute to an employee's SIPP.
- Contributions are invested with the objective of achieving capital growth over the years before the Member retires. There is no requirement to invest in any particular type of investment.
- Upon retirement, the Member has a number of different options on how to take benefits.

A Member cannot tell in advance exactly how much pension they will receive because it depends on how much is paid in, how well the investments perform and what charges are payable.

"Self-invested" means that the Member chooses where to invest the monies held within the SIPP. "Personal" signifies that the SIPP belongs solely to the Member. Members will usually appoint a suitably qualified and regulated financial or investment adviser to assist them in making these decisions.

As a pension, benefits may only be taken from the SIPP in retirement (usually from age 55) and there are a range of lifetime benefits available.

For 'relevant UK individuals', tax relief on contributions to the SIPP is available.

Considering a transfer to a SIPP, whether to make additional contributions and deciding on the options available on retirement are all complex questions that require financial planning. Stakeholder pension schemes are generally available and might meet the client's needs as well as the scheme on offer. It is strongly recommended that Members obtain suitable independent advice before taking these decisions.

What is the aim of the Sovereign International SIPP?

The Sovereign International SIPP is designed for non-UK tax residents who wish to plan for their retirement.

Sovereign Pension Services (UK) Limited is authorised and regulated by the FCA, for the purposes of setting up and administering personal pension schemes. Thus, the administration of the Sovereign International SIPP falls within a robust regulatory regime.

As a Registered Pension Scheme for UK tax purposes, the SIPP offers relevant UK individuals tax relief on contributions. This may be a consideration for UK expatriates who eventually plan to return to the UK, and who may contribute to their pension once they have returned.

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.

The SIPP offers a pension commencement lump sum on retirement, from age 55, and then a choice of lifetime benefits. Members are not compelled to take benefits from the SIPP but may shop around to find the right benefit options for them. These are detailed later in this document.

Your Commitment

By selecting to establish a SIPP you commit to the following:

- You agree to make at least one payment into your SIPP. This payment could be a transfer from an existing pension you hold or a contribution from you or your employer.
- You must be prepared to keep your money invested and not have access to it, usually to the age of 55.
- You agree to pay the charges set out in our Fee Schedule.
- You are responsible for selecting an income level suitable for you, using one of our pension decumulation products.
- You will regularly review your investment strategy and the amount you pay.
- You, or your adviser, will determine the most appropriate investment strategy for you.
- You will regularly review your income level and whether to continue taking income at that level.
- You accept our terms and conditions and pay the charges set out in our Fee Schedule.
- You agree to notify us of any changes to your personal circumstances that might affect your eligibility to take benefits from your SIPP.
- You agree to keep a minimum cash balance of 3% of the pension fund held within the SIPP.

Risk Factors

Please find below the risks associated with our SIPP. The SIPP is provided by Sovereign Pension Services (UK) Limited on an execution-only basis, and we recommend you speak to a suitably qualified financial adviser regarding the suitability of our SIPP or investments.

Applying for a SIPP

- If you apply for a SIPP and change your mind within 30 days, you can cancel your SIPP but you may get back less than you paid in. Further information is available in our Terms and Conditions.

Contributions and transfers into a SIPP

- If you choose to transfer your pension funds into a SIPP in cash you may not get the benefit of investment increases whilst the transfer is being processed.
- If you transfer your pension funds into your SIPP from another registered pension scheme, you may give up valuable pension rights or guarantees that we cannot match.
- Decisions you make in relation to payments into your SIPP, could affect the level of benefits you receive at retirement.

Taking benefits from your SIPP

- The value of your SIPP and the benefits provided are not guaranteed. They will depend on several factors such as future investment performance, charges deducted, annuity rates and interest rates at the time you take benefits.
- If you take your pension income earlier than originally intended, the amount you receive could be less than expected due to the value of the SIPP at the time.
- Higher income payments increase the chance that your income payments will reduce in the future, and your SIPP runs out of funds. The pension pots you build over your working life are designed to provide you with an income during your retirement; you should therefore consider carefully how much you withdraw each year as you may out live your pension savings.
- It may take time to sell an investment. If, a delay occurs, this may affect your retirement planning, as the money to pay your required benefits may not be available when you need it, for example, a commercial property.

- The income you take from your SIPP may not be sustainable, particularly if investment returns are low.
- If you have a small SIPP and no other assets or income to fall back on, the financial risks may be greater.
- Income withdrawals are subject to income tax at your marginal rate. Depending on your circumstances you could fall in a higher rate tax bracket and pay 40% or even 45% on your income withdrawals.
- Lump sum payments to beneficiaries available from your pension after you reach 75 are subject to tax charges.
- If you place any part of your SIPP into drawdown, you will not be eligible to receive a serious ill-health lump sum from the drawdown fund.
- Future changes to the tax rules could affect tax relief on contributions, the taxation of your investments and the taxation of your benefits when you come to take them.

SIPP investments

- The value of your investment can go down as well as up, and you may not get back the amount you paid in.
- If you have a small SIPP and the returns on your investment do not cover the level of charges, the value of your SIPP may reduce over time.
- Any foreign investments will be affected by changes in the rate of currency exchange.
- The illustration you receive will give you an indication of what you might get back from your SIPP. The figures quoted are based on several assumptions and are not guaranteed. Your benefits could be more or less than the amount provided in the illustration.
- Depending on where you invest, your investment may not have protection under the Financial Services Compensation Scheme (FSCS).
- Different types of investment have different risks. Please speak to a financial adviser if you require further information on your investment choices.

Complaints and Compensation

If a Member is not satisfied with any element of the services provided by the Scheme Administrator, they should write to the Sovereign Pension Services (UK) Limited's Compliance Manager at the address below. The complaint will be dealt with according to the complaints' procedure, a copy of which is available on request.

If a Member is not satisfied with the reply to their complaint, it can be referred to The Financial Ombudsman Service (FOS), or The Money and Pension Service (MAPS) or The Pensions Ombudsman where relevant. Referring to any of these parties does not affect statutory rights.

Where an unresolved complaint concerns the administration of the SIPP, the Member should, in the first instance, contact The Pensions Ombudsman, which is an independent organisation that will adjudicate between the Member and Sovereign Pension Services (UK) Limited on a complaint of maladministration.

Where a complaint concerns the marketing of the SIPP, the Member should in the first instance direct the complaint to FOS, which provides consumers with a free independent service for resolving disputes with firms.

The Pension Ombudsman can be contacted at: 10 South Colonnade, Canary Wharf E14 4PU.

The Money and Pension Service can be contacted at: 120 Holborn, London EC1N 2TD.

The Financial Ombudsman Service can be contacted at: Exchange Tower, London E14 9SR.

Sovereign Pension Services (UK) Limited is covered by the Financial Services Compensation Scheme (FSCS) which has been set up to deal with compensation if an authorised financial services firm is unable to meet claims made against it. Compensation is dependent on the advice provided, type of business, investments selected and the circumstances of the claim. Further information is available from FSCS (www.fscs.org.uk).

The SIPP and its administration is governed by the laws of England and Wales.

Contact

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