# SOVEREIGN INTERNATIONAL SIPP

**Sovereign understands 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.

Sovereign's SIPPs provide a convenient and flexible way to save for retirement. Sovereign has a specific SIPP product for non-UK residents, the Sovereign International SIPP ('ISIPP'). While most UK non-residents say they will not return, in reality many do for career or personal reasons.

The ISIPP is provided and administered by Sovereign Pension Services (UK) Limited 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 is currently set at £60,000 (2023/2024). This may be reduced if the pension scheme member has already accessed UK pension benefits flexibly or has total taxable UK income in excess of £260,000.

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 and government bonds**

## The Lifetime Allowance

Total UK pension funding is capped by the Lifetime Allowance (LTA). This is currently set at £1,073,100 (2023/2024). Pension benefits are tested against the LTA when a benefit crystallisation event (BCE) occurs. BCEs include: the commencement of retirement benefits, death before drawing benefits, reaching the age of 75, or a transfer to an overseas pension arrangement.

If the value of UK registered pension savings exceeds the LTA, then a tax charge will apply. Members who have previously saved into a UK pension scheme and have applied for transitional protection, may be permitted a higher LTA.

## 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.

## 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 LTA) to be paid free of UK income tax. The balance will be subject to UK income tax at the member's marginal rate.

The Sovereign International 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. Transfers within Sovereign's range of pension products are seamless and without cost.

**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 LTA. The pension benefits will not generally form part of the member's estate for UK Inheritance Tax (IHT) purposes.

**Flexible Options**
Flexi-Access Drawdown, Uncrystallised Funds Pension Lump Sum (UFPLS)

**Death benefits (if member dies before age 75)**
Lump Sum or Income Stream (not subject to UK income tax)

**Investment Options**
Equities, unit trusts, OEICs, investment trusts, cash deposits, corporate bonds and government bonds.

**Death benefits (if member dies after age 75)**
Lump Sum or Income Stream (taxed at recipient's marginal rate of UK income tax)

**Access**
From the age of 55

**Pension Commencement Lump Sum**
25% (capped at 25% of Lifetime Allowance)

# Why choose Sovereign?

With its global office network, reputation for excellence in the administration of trust and company structures, and record of innovation and technical expertise, Sovereign Group has developed into a market leader in the transfer and provision of pension schemes. It currently manages over 20,000 clients that include companies, entrepreneurs, private investors or high net worth individuals and their families – and has assets under administration in excess of US$10 billion.

Retirement planning is a core offering encompassing personal and occupational schemes, including Qualifying Recognised Overseas Pension Schemes (QROPS), Qualifying Non-UK Pension Schemes (QNUPS), International Pension Plans (IPPs), Corporate Pension Schemes and Self-Invested Personal Pensions (SIPPs).

Sovereign Group offers a range of UK and international pension schemes across Gibraltar, Guernsey, Hong Kong, Isle of Man, Malta and the UK with transparent and competitive charging structures, and the option to switch seamlessly within the QROPS and SIPPs range.

This multi-jurisdictional capacity, combined with the technical knowledge provided by its in-house specialists and qualified actuaries, enables the Group to cater for any alterations to a member's situation over time, providing suitable options should residency or other circumstances change. Sovereign is authorised by financial regulators, wherever necessary, to conduct pensions business.

Sovereign supports the work of the UK Pension Scams Industry Group (PSIG) in combating pension scams and adopts the principles of its Code of Good Practice.

**Sovereign’s products offer the option to switch seamlessly within the Sovereign QROPS and SIPPs range.**

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