

# Fact Sheet – Pooling

Fact Sheet | November 2009

**This factsheet is intended for information purposes only. Its contents are not to be used as legal, financial or tax advice. The tax treatment and tax benefits are based on our understanding of current tax legislation.**

## Pooling of non protected and protected rights

### What is pooling?

Pooling is where non protected rights and protected rights funds are held in one plan and the investments are held on a pooled basis. This means that the investment returns will be notionally split on a pro rata basis between the two types of fund.

Currently, if both non protected rights and protected rights are held at Suffolk Life, they must be held in separate plans - either with each as part of our MasterSIPP or with the non protected rights in the Suffolk Life SIPP and protected rights in the MasterSIPP. However, starting from March 2010, you will be able to pool both types of benefits within a single plan in the Suffolk Life MasterSIPP.

No plans will be pooled unless we receive a completed Election to Pool form.

### What will be involved in pooling my plans?

If you ask us to pool your benefits by completing the Election to Pool form, we will combine any existing plans into a single plan within the Suffolk Life MasterSIPP. Please note that:

- » If your non protected rights are held in the Suffolk Life SIPP, a new plan will need to be established for you in the Suffolk Life MasterSIPP to pool the funds. A new plan may also need to be created in other circumstances.
- » The investments in your protected rights plan and any benefits in the Suffolk Life SIPP will need to be transferred to any existing, or newly created, non protected rights plan in your Suffolk Life MasterSIPP. Except where the plan(s) is (are) invested entirely in cash, at least one in specie transfer (i.e. transfer of assets without selling them from Suffolk Life Annuities Limited as provider of either the protected rights trustee investment plan or the Suffolk Life SIPP) of assets will be necessary. Depending on the type of assets held, such transfers can take several months to complete. No transfer of direct property investments will be needed as these will continue to be owned by Suffolk Life Annuities Limited once the plans have been pooled.

- » Alongside the Election to Pool form, there may be additional documentation for you to complete. For example, where you currently hold only a protected rights plan in the Suffolk Life MasterSIPP a new account must be opened with any investment manager/broker that is currently used for your plans.
- » While Suffolk Life will not charge for pooling your plans, investment managers and fund providers may levy charges on the transfer. These would be paid from your SIPP without prior consultation with you. You should contact the investment manager or fund provider for details of any such charges payable on a transfer prior to electing to pool.

### When will my plans be pooled?

We will look to pool your plans around the first anniversary of your SIPP following the introduction of pooling in March 2010. However, we may at our discretion decide to pool your plan at an earlier or later date, which may also result in an amendment to the due date of your annual report going forward.

We will confirm nearer the time when we will be pooling your plans. As long as we have received the Election to Pool form, you will benefit from the fee amendments noted below in the meantime.

If you wish for your plans to be pooled by a specific date, fees to undertake this will apply. Please contact us for further details.

# Pros and cons of pooling

## What are the benefits of pooling?

Pooling non protected rights and protected rights funds allows us to offer you reduced fees compared to a situation where two or more plans are separately maintained. If you pool all your benefits in a single plan, you will be charged:

- » A single SIPP annual fee (and establishment fee, where the SIPP was introduced on or after 1 May 2009)
- » A single establishment fee for an unsecured income or ASP designation, where funds are first used to pay benefits (whether a lump sum, annual income or both) at the same time and held in the same sub plan. Where funds are first used to pay benefits at the same time from both non protected rights and protected rights funds before we pool your funds, only one such establishment fee will apply.
- » A single annual income facility fee where an income is taken from funds in the same sub plan. Please note that, where benefits (whether a lump sum, ongoing income payments or both) have already been taken from both non protected rights and protected rights funds or are taken before we pool your funds, they will be held in separate sub plans. An annual income facility fee will apply per sub plan.
- » Other fees as described in the schedule of fees for the Suffolk Life MasterSIPP.

No fees that have fallen due before we receive a completed Election to Pool form will be refunded, in whole or part.

In addition to reduced fees, a pooled plan in the Suffolk Life MasterSIPP is able to invest in a wider range of investments than a Suffolk Life SIPP or an existing protected rights plan.

## Is there anything else I should consider?

While pooling may allow you to benefit from reduced fees, there may be other factors, particularly where you currently have funds held in the Suffolk Life SIPP, you need to consider in deciding whether pooling is appropriate for you. These may include:

- » As all of the pooled funds will be held together, you will be unable to pursue different investment strategies with different parts of your SIPP.

- » Where you take an income from a sub plan which includes pooled non protected rights and protected rights, that income must be taken on a pro rata basis. You will not, for example, be able to opt to take all the required income from the non protected rights funds and none from the protected rights funds in the sub plan.
- » If you have a Suffolk Life SIPP where the existing borrowing within that SIPP is more than 50% of the SIPP's net fund value this may restrict your ability to transfer to our MasterSIPP and hence prevent you from pooling all your SIPP funds.
- » Suffolk Life's fees in a pooled plan are subject to VAT, whereas the fees payable in respect of the Suffolk Life SIPP and existing protected rights plans are currently not subject to VAT.
- » Any new, or amendment to existing, contributions should be considered in the light of the changes outlined in the Finance Bill 2009.
- » If you have a Suffolk Life SIPP then any potential claim you can make under the Financial Services Compensation Scheme will change and you will no longer be able to make a claim for 90% of the value of your SIPP should Suffolk Life Annuities Limited be unable to meet its obligations. You may still be entitled to compensation under the FSCS in respect of the Suffolk Life MasterSIPP if Suffolk Life Pensions Limited cannot meet its obligations but most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000.
- » Where non protected rights and protected rights are pooled and benefits are then taken, the funds from which benefits are payable will be held within a single arrangement. Under HMRC rules, if you later wish to transfer to another scheme, the funds from which benefits have been taken would have to be transferred together - i.e. you would have to transfer to a scheme willing to accept both protected rights and non protected rights.

## Where can I get further information

- » Contact your adviser
- » Our website [www.suffolklife.co.uk/pspooling](http://www.suffolklife.co.uk/pspooling)
- » Contact your administration team.