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Key Features

of the Suffolk Life MasterSIPP

This is an important document that helps you understand how the Suffolk Life MasterSIPP works and sets out the key features of your terms with Suffolk Life. It is part of a set all of which should be read together:

- » **Key Features**
- » Personal Illustration
- » Schedule of Fees
- » Schedule of Allowable Investments
- » Terms and Conditions
- » Application Form

SUFFOLKLIFE
THE INTELLIGENT APPROACH

The Financial Services Authority is the independent financial services regulator. It requires us, Suffolk Life Pensions Limited, to give you this important information to help you decide whether our Suffolk Life MasterSIPP 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.

About this product

The Suffolk Life MasterSIPP is referred to as the SIPP throughout this document.

It is important that you understand how the plan works and what the risks are before you buy. Before making an application in consultation with your adviser you must ensure that you have also seen the following relevant literature for our Suffolk Life MasterSIPP:

- Schedule of fees
- Schedule of allowable investments
- Terms and conditions
- A personalised illustration

What is the SIPP?

The SIPP is a self-invested personal pension, giving you the freedom to decide how the assets of your pension are invested. It provides a tax-efficient framework for saving for retirement.

The value of certain pension benefits may have to be held in separate arrangement(s) within the SIPP to comply with HM Revenue and Customs (HMRC) requirements.

Its aims

- To provide you with a means to save for your retirement in a tax-privileged manner.
- To provide an income when you retire – alternatively you can choose to take a tax-free cash sum (pension commencement lump sum) with a reduced income.
- To allow you to make your own investment decisions, in conjunction with your adviser, even if you are drawing an income, in accordance with the rules of the Suffolk Life MasterSIPP.
- To give you the flexibility to take benefits from your SIPP in stages, choosing when to draw income and when to purchase an annuity. You should consult with your adviser before deciding on how to take income from your SIPP.
- To enable you to take (or continue to take) income from your pension without buying an annuity before reaching the age of 75 under unsecured income and from age 75 under alternatively secured pension (see glossary of terms for more information). You should consult with your adviser to decide whether unsecured income or alternatively secured pension is appropriate for your circumstances.
- To give you flexibility over the provisions for your spouse, registered civil partner and/or dependants in the event of your death, including the availability of a lump sum before age 75 (taxed if you are in unsecured income) or to draw taxable income.

Your commitment

- To make a one-off contribution, transfer or regular contributions, which may cease or change at any time without penalty, to your SIPP.
- You must normally wait until you are at least 55 before taking your benefits (50 up to 5 April 2010).
- Regularly to review the level of your contributions if you want your pension to keep up with your income requirements in retirement.
- To purchase, using your SIPP, an annuity by age 75 or from age 75 you will receive an alternatively secured pension (an annuity can be purchased at any time after age 75).
- If you do not keep to your commitments it may result in a lower income at retirement or, in some cases, tax charges.

Risks

Many things could happen to alter the level of your pension at retirement. The illustration(s) provided is an indication only, based on certain statutory assumptions.

You could get a smaller pension if:

- you take your pension earlier than your chosen retirement date;
- you are unable to continue making contributions, as illustrated;
- the investment performance of the underlying assets is worse than illustrated;
- the annuity rates are, or the rate used to convert your SIPP into an income is, lower when you retire;
- the charges made to your SIPP by Suffolk Life increase more than illustrated - please see the relevant schedule of fees for full details of the fees and charges that may be made to your SIPP;
- the favourable tax treatment of registered pension schemes changes in the future;
- a pension sharing order is made by court against your SIPP reducing the value of your SIPP by the value of the pension credit; and/or
- you transfer your SIPP to another pension arrangement with higher charges.

Other factors that could affect your pension include:

» The value of your investment can go down as well as up so the value of your pension fund is not guaranteed;

» If the value of an underlying asset falls before notice of cancellation is given, any refund may reflect a reduction in the value of underlying investments. Please see 'Your right to change your mind' on page 6;

» It may take time to realise the value of certain underlying assets, e.g. property, collective investment funds that invest in property and hedge funds;

» The risks associated with your SIPP may increase for certain categories of underlying assets. You should also be familiar with the content of the key features document or simplified prospectus that may be issued by the product provider of any underlying asset;

» If you invest in complex investments (e.g. warrants, derivatives and hedge funds) you should ensure that the risks involved are acceptable. We will not assess the suitability or appropriateness of any underlying investment chosen by you;

» High withdrawals of income are unlikely to be sustainable during the unsecured income period. They might also reduce your potential annuity;

» Annuity rates can change substantially over short periods of time, both up and down. They could be worse when you buy an annuity than they are now;

» Under unsecured income and alternatively secured pension you will not receive the benefit of cross-subsidy from the funds of annuitants who have died which you would under an annuity; and/or

» If all contributions to your pensions with pension input periods ending in any one tax year are more than the applicable annual allowance, you will be personally liable to pay a tax charge.

Before taking out a Suffolk Life MasterSIPP or taking an income from a SIPP you should speak to a financial adviser. We do not provide advice.

Glossary of terms

Adviser	A financial adviser nominated by you who is authorised by you to receive communications in respect of your pension and to give instructions on your behalf on all matters concerning your plan.
Alternatively secured pension	An alternatively secured pension is similar to an unsecured pension in that it allows for an income to be paid from your pension without having to purchase an annuity. An alternatively secured pension is only available once you reach the age of 75. The maximum level of income available under alternatively secured income is substantially less than the maximum level available under unsecured income. There is also a minimum level of income you must take.
Annual allowance	The maximum amount an individual may contribute to a pension in any given tax year and on which they may claim tax relief.
Annuity	An annuity is an income in retirement purchased by a lump sum such as an accumulated pension fund. It is often paid monthly for the rest of your life and can continue to be paid to a dependant such as a spouse or registered civil partner after your death. It can be for a fixed amount or can increase each year, for example according to changes in the cost of living. It provides greater certainty and security compared to the flexible but unknown future benefits of unsecured income.
Crystallisation	This is the term used to describe taking benefits from your pension account.
Crystallised benefits	That part of your SIPP from which your have or are taking benefits.
Enhanced protection	A method of protecting those pension benefits (including future growth) built up before 6 April 2006 against the Lifetime Allowance. You may also have primary protection.
In specie	The transfer of investments from one owner to another without selling the investment.
Lifetime allowance	The total value an individual may accumulate within all registered pension schemes of which they are a member during their lifetime on which they may claim tax relief.
Non-protected rights	Those pension benefits which are not made up of protected rights benefits.
Pension commencement lump sum	A tax-free sum payable from your SIPP
Protected rights	This refers to the portion of your plan which has been built up by contracting out of the state second pension (S2P) or, previously, the State Earnings Related Pension Scheme (SERPS).
Uncrystallised benefits	That part of your SIPP from which benefits have not been taken.
Unsecured pension/ income	Unsecured pension allows you to take a cash lump sum and then use the balance to pay you a taxable income under unsecured income. It allows you to defer buying an annuity whilst still receiving an income from your pension and to continue making your own investment decisions. You can put just some of your pension into unsecured income.

Questions and answers

What is a personal pension?

It is a tax-efficient investment vehicle, designed to help you save for your retirement.

What is a Self-Invested Personal Pension?

A Self-Invested Personal Pension (SIPP) is a type of personal pension which allows you to make your own investment decisions in conjunction with your adviser, if applicable, within a range of investments permitted by regulations. These may be further restricted by the rules of the specific SIPP.

Please be aware that stakeholder pension schemes are also available in the market and might meet your needs at least as well as a SIPP.

What tax benefits are available?

Personal contributions up to your earnings normally qualify for tax relief, including tax at the higher rate (where applicable), however there are exceptions to this. Also if all (i.e. personal and employer) contributions to your pensions with pension input periods ending in any one tax year are more than the applicable annual allowance, except in specific circumstances, you will be liable to a tax charge. The annual allowance is set by the Government for each tax year.

Unless you specify otherwise, you pay contributions net of basic rate tax. We will reclaim the basic rate tax and add it to your SIPP. If you are a higher rate taxpayer, you arrange the extra tax relief through your tax return.

If your employer also makes contributions, their contributions will be made gross and may be treated as an allowable deduction from the profits of your employer. These count towards the annual allowance.

Once contributions are paid into your SIPP, they are invested free of UK tax except in a few exceptional circumstances.

There is no UK tax on investment income. UK tax deducted at source on income (other than tax credits on dividends from UK equities) can be reclaimed, and there is no capital gains tax on your investment gains. It may not be possible or cost effective to recover overseas tax that has been deducted.

When you retire you can normally take up to 25% of your pension benefits (subject to the lifetime allowance) as a tax-free pension commencement lump sum.

What are protected rights benefits?

Protected rights benefits arise if you have contracted out of the State Second Pension (previously SERPS) and are, or have been a member of a contracted out pension scheme. This may be:

» an appropriate personal/stakeholder scheme;

» a contracted out money purchase occupational pension scheme;

» a contracted out final salary scheme.

These rights may be held in the original pension scheme or currently in another appropriate personal pension/stakeholder scheme.

Can my SIPP accept protected rights?

Yes, your SIPP can accept transfers in of existing protected rights, guaranteed minimum pension or section 9(2B) of the Pension Schemes Act 1993 rights.

Can I use my SIPP to contract out of the State Second Pension?

No. Should you wish to continue to contract out of the State Second Pension you should consult with your adviser to help you find a suitable alternative.

Can I make extra contributions?

Yes. You can vary the level of contributions at any time and there is no minimum contribution required.

To benefit from tax relief your gross personal contributions must not be more than your earnings and the total pension contributions must normally be not more than the annual allowance (see What tax benefits are available? for more detail).

To give your pension benefits the best chance of keeping pace with your earnings, you would be wise to review your contributions regularly, every year if possible.

Contributions can be paid by Direct Debit or cheque.

Please note that if you make contributions you will lose any enhanced protection you may have.

What happens if contributions stop?

The full value of your SIPP will stay invested in the investments chosen by you or your adviser and will continue to benefit from any investment return.

We will continue to make our annual administration charge and any other applicable transactional charges in accordance with the terms and conditions.

Your pension benefits are likely to be less than illustrated.

Where will monies be deposited?

On receipt all monies are deposited in the default SIPP bank account for your SIPP. If we do not receive any investment instructions monies will remain in the SIPP bank account.

The default SIPP bank account is a trustee bank account opened in the name of the trustee. The SIPP account will be opened with Bank of Scotland or other bank we may choose.

We will operate the SIPP bank accounts and will be the authorised signatories.

What interest is earned on the default SIPP bank account?

Where the SIPP bank account has a credit balance the account may earn interest at varying rates depending on the amount deposited. Interest is calculated gross on a daily basis and is credited to your account monthly. The rates of interest are based on Bank of Scotland's base rate, which in turn generally mirrors the Bank of England base rate, and are paid on the whole balance, not just the part above the threshold.

The rates of interest at March 2010 are:

» £0 to £49,999.99	1% below the bank's base rate
» £50,000 to £249,999.99	0.5% below the bank's base rate
» £250,000 and over	0.25% below the bank's base rate

Provided Bank of Scotland's base rate does not fall below zero, the SIPP bank account will receive the higher of:

- the above rates; or
- zero.

The account balance bands and the variation from the bank's base rate may change in the future. The relevant interest rates at any time in the future will be available on our website www.suffolklife.co.uk or on request on 0870 414 7000.

Where the rate of interest earned by the SIPP bank account is less than the rate of interest paid by the bank to the Suffolk Life Group across all the accounts the Suffolk Life Group has with them, we will keep the difference.

Where will my SIPP be invested?

You, your adviser or your chosen investment manager can choose how your SIPP is invested, subject to the relevant Suffolk Life MasterSIPP allowable investments schedule.

At any time, you can appoint, change or remove an investment manager.

If we do not receive any initial investment instructions any monies received will remain on deposit in the default SIPP bank account. More detail on the operation of this and the interest payable, if any, on the balance are set out in section 5 of the terms and conditions.

We will not generally be responsible to you for any loss (including loss of profit) in relation to any investment or investment transactions. We will not assess the suitability or appropriateness or otherwise of any underlying investment purchased as chosen by you and you will not benefit from the protection rules on assessing suitability.

How often will I receive a statement for my SIPP?

We will send you a valuation of your SIPP each year. The first valuation will be as at the first day of the month that we establish your SIPP in the following year. We may change this in the future but will ensure that the revised date is within one year of the last valuation.

The valuation will be based on the information we hold using the latest prices available to us. Where properties are held these will be at original cost or subsequent valuation. The property valuation is not guaranteed and where shown at a valuation it reflects a property surveyor's opinion and is not guaranteed.

Can I transfer my SIPP to another pension?

Yes; you can transfer all or part of your SIPP to another UK registered pension scheme or, in certain circumstances, to an overseas scheme at any time provided the whole of your SIPP has not been used to purchase an annuity. If you transfer part of your SIPP then you may lose any entitlement to a lump sum in excess of 25% of the SIPP where you have taken benefits from your SIPP, there may be restrictions on your ability to make a partial transfer to another pension scheme.

We do not charge for transfers out consisting solely of cash to a UK registered pension scheme. However, we do charge transaction fees in respect of the disposal of assets prior to a transfer out in cash or on assets that are transferred to another pension scheme without being sold. See the relevant schedule of fees for more details on the fees payable.

Can I be sure how much pension I will get?

No; the size of your pension will depend upon:

- your age, sex, marital status and interest rates at the time you convert your SIPP into a pension; and
- the value of your SIPP when you reach retirement which in turn will depend upon:
  - how long it has had to grow;
  - the investment return from the underlying assets; and
  - the charges deducted.

An illustration based on your personal details and some assumptions is included with this document for your reference.

When can I take my benefits?

You can generally start to take benefits when you reach 55 (50 up to 5 April 2010)

How much income can I take?

Limits are laid down by the Government as to the minimum and maximum amount of income you can receive under unsecured income and alternatively secured pension, as shown in your illustration(s). The maximum limits aim to avoid excessive depletion of your SIPP.

You need to think about the level of income you need, bearing in mind any other sources of income you may have, as well as increases in the cost of living and the need to provide for your dependants.

You can vary the income level at any time, and even take one-off amounts at irregular intervals through the year within the set income limits.

The limits for unsecured income and alternatively secured pension must be recalculated every five years and every year respectively and the income changed if necessary. At each review, we will provide an updated illustration showing the possible future benefits.

We will send you an annual report showing the change in the value of your SIPP, allowing for withdrawals, charges and investment performance. We will also give an indication of the annuity that could be secured at that time.

If there are insufficient funds to meet the gross income payment in the SIPP bank account ten working days before the payment date we will not make the payment. It is your responsibility to ensure sufficient funds are available in the SIPP bank account.

What happens if I die before taking benefits?

Non-protected rights benefits

A lump sum up to the value of your personal lifetime allowance can be paid to any nominated beneficiaries, who may be your spouse, registered civil partner, dependant or other individual, normally tax-free.

Any amount of your fund over your personal lifetime allowance which is taken as a lump sum is subject to a 55% tax charge payable by your personal representatives.

Alternatively the whole or part of your fund can be used to secure an income for your dependants by the purchase of an annuity.

Protected rights benefits

If you have a spouse or registered civil partner on death then the protected rights benefits must be used to provide an income to that person.

If you have no spouse or registered civil partner on death then the protected rights benefits can be paid to any nominated beneficiaries. This may be liable to inheritance tax.

What happens if I die while taking an unsecured income?

Your SIPP provides these options:

- » your spouse or registered civil partner can continue unsecured income until he or she reaches age 75;
- » another dependant can continue unsecured income, in the case of a child this will generally cease at age 23;
- » your spouse, registered civil partner or dependant can buy an annuity;
- » if over 75, your spouse or registered civil partner can convert the fund to an alternatively secured pension; or
- » the remaining fund can be paid to your spouse, registered civil partner, other dependant or estate, subject to a tax charge (currently 35%) – this option is not available from the protected rights benefits if you have a surviving spouse or registered civil partner.

When you choose in consultation with your adviser the level of income to take, you should think carefully about whether there will be sufficient funds to provide for your dependants should you die before them.

What happens if I die while taking an alternatively secured pension?

Your SIPP provides these options where you have a spouse, registered civil partner or dependant:

- » your spouse, registered civil partner or dependant can buy an annuity;
- » if your spouse, registered civil partner or dependant (who is not a child) is under 75, the fund will convert to unsecured income until he or she reaches age 75, when it will convert back to alternatively secured pension;
- » if over 75, your spouse, registered civil partner or dependant can continue alternatively secured pension; or
- » a child dependant can take an unsecured income generally until he or she reaches age 23.

If you do not have any dependants the following options are available:

- » a lump sum can be paid to a registered charity which should normally be free from inheritance and other tax charges; or
- » a lump sum can be paid to another beneficiary. This will incur significant tax charges based on the value of the fund and may also have inheritance tax implications (you should discuss this with your financial or tax adviser).

When do I buy an annuity?

You may buy an annuity at any time from age 55 (50 up to 5 April 2010). Remember when you do you will have to buy at whatever annuity rates are available at that time.

An annuity is an income in retirement purchased by a lump sum such as an accumulated pension fund.

It is often paid monthly for the rest of your life and can continue to be paid to a dependant such as a spouse or registered civil partner after your death. It can be for a fixed amount or can increase each year, for example according to changes in the cost of living. It provides greater certainty and security compared to the flexible but unknown future benefits of unsecured income or alternatively secured pension.

It is important not to wait too long before buying an annuity, since beyond a certain age you might not get as much from your annuity as you were taking in unsecured income or alternatively secured pension.

The older you are, the more annuity you can buy for your money. However, annuity purchase rates can also change at any time, up and down.

When you buy an annuity you can buy this from whichever life insurer you choose i.e. on the open market. If you die after buying an annuity, any spouse's, registered civil partner's or dependant's pension selected will continue for their lifetime or as otherwise provided.

What are the charges?

The charges for your SIPP are set out in the relevant Suffolk Life MasterSIPP schedule of fees. The fees for investment transactions will vary depending on both the type of investment and how the investments are held. Where investments are not held by an investment manager that reports to us in an acceptable manner (e-investment affiliates) an annual fee is payable together with transaction fees for each investment transaction. Please speak to your adviser or contact us for a list of e-investment affiliates. You should read our schedule of fees as well as this document prior to completing the application form.

How much will the advice cost?

This will be between you and your adviser. We do not give advice. If you have been charged for advice relating to your SIPP you may settle this personally or ask that it is paid from your SIPP by completing the relevant section of the application form. We will only settle such a charge with your written consent.

Further Information

Contact us

Suffolk Life, 153 Princes Street, Ipswich,
Suffolk, IP1 1QJ, United Kingdom
Tel: 0870 414 7000 Fax: 0870 414 8000

Your client category

We will treat you as a retail client (as defined by the FSA) in respect of the services we will provide you, which means that you will benefit from the highest level of customer protection. This means that we will provide you with information in a more straightforward way than we would to a financial services company.

Your right to change your mind

You may change your mind about having a Suffolk Life MasterSIPP. When your membership starts you will receive a cancellation notice. This gives you the right to cancel it during the next 30 days. You should send your cancellation notice to the address detailed above under Contact us.

In certain circumstances (i.e. if you wish to invest your SIPP in an illiquid underlying asset during this period) you may waive your right to cancel the SIPP during the initial 30 day period.

To waive your rights you must expressly request this in writing to us. If you do make this request then you will lose your right to cancel your SIPP.

If you cancel your membership we will return any payment received to which the cancellation notice applies. The amount returned may be reduced for the following:

» if the value of any underlying investment(s) fall(s) before we receive your cancellation notice, by an amount equal to the fall in value;

» any charges or expenses incurred while your SIPP is self-invested; and

» our charges and expenses for the administration costs of the investment transactions.

Cancellation rights may also apply to any additional transfers.

It may not be possible to return the funds received from a transfer in to the original pension arrangement should you cancel the transfer in within the cancellation period. In this instance you will need to arrange for another pension arrangement to accept the transfer.

If you opt to enter into unsecured income or alternatively secured pension you will also receive a separate cancellation notice for this. This gives you the right to cancel the chosen option during the next 30 days. You will need to return any pension commencement lump sum and income paid to you within 30 days of invoking your right to cancel otherwise you will lose your right to cancel.

If you decide to cancel an alternatively secured pension in addition to returning any income paid to you, you must ask us to either transfer the fund to another pension provider or an annuity provider of your choice.

Tax

Pension income will be taxed as earned income. There are normally no tax disadvantages on stopping contributions or on transferring the benefits under your SIPP to another registered pension scheme. Tax reliefs could be altered in the future.

The tax treatment and tax benefits of your SIPP outlined in this document are based on our understanding of current tax law at March 2010. The tax treatment depends on your individual circumstances and may be subject to change in the future.

Conflicts of interest

During the period where we are administering your SIPP conflicts of interest may arise between you and us, our employees or our associated companies. A conflict of interest is where our duties to you as our customer may conflict with what is best for ourselves or other customers. To ensure that we treat customers consistently and fairly, we have a policy on how to manage these conflicts. A copy is available on request from our contact address shown above.

About Suffolk Life

Suffolk Life Pensions Limited is the operator and scheme administrator of the Suffolk Life MasterSIPP. Suffolk Life Pensions Limited is authorised and regulated by the Financial Services Authority (FSA) (FSA register number 116298). Suffolk Life Annuities Limited provides the trustee investment plan to hold commercial property. Suffolk Life Annuities Limited is an insurance company, authorised and regulated by the Financial Services Authority (FSA register number 110468).

You can check the above on the FSA's Registry by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234 or by writing to The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Suffolk Life Trustees Limited is the trustee. Suffolk Life is part of the Legal & General group.

Queries and complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact us at the address shown under Contact us. A summary of our complaints procedure is available on request.

If the matter of any complaint is not dealt with to your satisfaction, you can write to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR; telephone 0845 080 1800.

The Pensions Advisory Service (TPAS) provides free help and advice to members of the public who have problems concerning their rights under personal pension schemes. Its independent service is provided through a network of local advisers. The Pensions Ombudsman can also deal with complaints and disputes with personal pension schemes.
The Pensions Ombudsman is completely independent and acts as an impartial adjudicator. The correspondence address for both organisations is 11 Belgrave Road, London SW1V 1RB.

Making a complaint, unless made to the Pensions Ombudsman, will not prejudice your right to take legal proceedings.

Compensation

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Most types of investment business are covered for 100% of the first £50,000, so the maximum compensation is £50,000.

If the fund manager or provider of an underlying asset (e.g. unit trust, OEIC, investment trust or trustee investment plan) is authorised and regulated by the Financial Services Authority and is unable to meet its obligations then, where the fund manager or provider is covered by the Financial Services Compensation Scheme (FSCS), we may be able to make a claim in relation to any loss under the FSCS in respect of the assets held for your SIPP. The value of any compensation will depend upon the type of asset held.

Further information about compensation arrangements is available from us on request or direct from the FSCS website www.fscs.org.uk. The FSCS correspondence address is 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

We will not be liable for any losses arising where an investment manager, underlying investment, fund manager or provider fails.

Law

All correspondence will be and has been made in English.
All communications from us will normally be by letter or telephone.

In legal disputes the law of England and Wales will apply.

Full details of the legally binding contract between you and us are contained or referred to in the terms and conditions.

Call recording

Telephone calls to or from us are recorded for training, monitoring and fact verification purposes.

www.suffolklife.co.uk

The registered address of all companies is 153 Princes Street, Ipswich, Suffolk, IP1 1QJ, United Kingdom

Tel: 0870 414 7000 Fax: 0870 414 8000

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