



Hartsfield[®]
Financial Services Limited

Professor Ian N M Day of
BristolPad Ltd

Small Self Administered Scheme (SSAS)

Suitability Report

Date of recommendation:
8th April 2015

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HARTSFIELD
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STRICTLY PRIVATE & CONFIDENTIAL

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8th April 2015

Dear Ian,




This report can be seen as a useful reminder, both now and in the future, of what was discussed and the rationale behind my recommendations. Please ensure that you read it, understand its contents and contact me if there is anything in this report about which you require further clarification.

Also provided is a copy of a document which summarises your personal details and the structure of your financial plans and arrangements which are relevant to the financial decisions you are making following my advice. You have also been provided with our 'Combined Initial Disclosure Document (CIDD)' and 'Standard Client Agreement/Terms of Business' (ToB).

Hartsfield Financial Services Limited is authorised and regulated by the Financial Conduct Authority. Our company FCA number is 615731 and our status as a regulated body can be found using the FCA register: <http://www.fsa.gov.uk/register/home.do>

We are committed to providing the highest standard of financial advice possible. As a firm we take seriously the requirements of the FCA, in particular our industry's aim to treat all customers fairly.

This covers our service standards procedures:

-  When we provide advice
-  In all communications with clients
-  In situations where something goes wrong

This report is written within the guidelines of our "Treating Customers Fairly Policy", a copy of which is available upon request.

Richard Kolasinski Dip PFS
Financial Consultant
Hartsfield Financial Services



SCOPE OF MY ADVICE

Hartsfield Financial Services Limited is an Independent Financial Adviser firm, meaning that our company is free to research the whole of the market for the best products and financial solutions to suit your objectives. This means that we are not restricted in any way to the products of a single provider and work at all times with your best interests in mind.

It is important that you understand my advice. Therefore, you should read this report in conjunction with the above-mentioned documents and any plan specific documents which have been supplied to you. You should pay particular attention to the sections on charges and cancellation. If you believe that any information in these documents is materially incorrect, or if you have any questions, please let me know as soon as possible.

Upon request, I would be pleased to provide you with additional information regarding any aspect of the advice, product or procedures outlined in this proposal. Please therefore ensure you take this opportunity to read and understand the information contained within this report.

The financial needs dealt within this report are based upon my analysis of the information you have provided to me. You should review your needs from time to time as they may change. The recommendations made in this report are valid now, but may not be in future and you should therefore let me know if your circumstances or objectives change at any time, regardless of whether that is between any regularly scheduled reviews that we put in place.

FOCUSED ADVICE

My recommendations focus on providing advice relating to how you can use your existing pension assets to help fund your company: BristolPad Ltd and how to invest the balance of the funds remaining in the resultant Small Self Administered Scheme (SSAS).

Separately; we are also providing you with a "Financial Needs Analysis" report which allows us to identify any gaps in your existing financial provision which may need to be addressed in order to meet your current and future financial goals. Hartsfield can offer advice on a number of other areas of financial planning, including investments, protection (personal and business) and inheritance tax (IHT).

In completing the confidential questionnaire, and specifically in respect of your general financial objectives, you selected 'maintaining your standard of living in retirement', 'providing for your children's education' and 'reducing your potential tax burden' as areas of concern for you.

Therefore, following a discussion with you regarding the outcome of your Financial Needs Analysis, I will prepare a separate report outlining my recommendations to you in this area.

CLIENT CLASSIFICATION

As per our "Terms and Conditions of Business", a copy of which you have received and signed, you are being treated as a 'Private/Retail Client'. Retail client classification is afforded the highest level of protection incorporating recourse to the full Financial Ombudsman Services and the Financial Services Compensation Scheme. If you have any questions concerning this, please let me know.

PERSONAL DETAILS

You have been provided with 'Confidential Financial Review Forms' (Fact Find) dated 10th February 2015 which provides a detailed picture of your current financial circumstances and will form the basis of the advice that is being provided to you, both now and going forward. You should therefore review the document regularly and let me know if and when there are changes in your circumstances.

For a detailed overview of your financial and personal circumstances, you should refer to your individual 'Confidential Financial Review Forms'; however, in summary:

- Your personal circumstances:
 - Ian, you are 55 years old, married to Phoebe Jun Sun who is a Cardiologist
 - You own your main residence in St Andrews, Bristol where you have resided since 2006
 - You have a three daughters and a son all of whom are financially dependent
 - You have confirmed that you are in a good state of health with no stated medical conditions
- Time Horizons (age and time to retirement or other significant event)
 - Ideally you wish to retire at age 65 which is 10 years away respectively
- Your financial situation
 - You are UK resident and domiciled for tax purposes
 - You are a Director and 100% shareholder of BristolPad Ltd; the Company is dormant and was established in 2014 largely in order to protect the corporate identity of BristolPad. The private (non-Limited) business 'BristolPad' has been operating since 2011
 - Ian, your employed income as a Professor of Genetic and Molecular Epidemiology at the University of Bristol equates to £90,262 gross per annum which you confirmed comfortably covers your day to day requirements and means that you are a higher rate tax payer
 - In due course, you are planning to cease your employment with the University and dedicate all of your time to external business interests, namely developing your property portfolio
 - You have joint property asset equity (including main residence) totalling £752,207, cash of circa £70,000 in bank account and 'Other Assets' including personal effects/contents with a current value of £38,000. In respect of pension provisions, you have built up a substantial final salary pension (transfer value of approx. £511,979 with Universities Superannuation Scheme based on salary and total pensionable member service of 30 years (as of February 2015)
 - You have the following financial liabilities; two residential repayment mortgages totalling £250,043.57 (current outstanding balances) with HSBC and three 'Buy to Let' mortgages on Interest Only Basis totalling £537,750 (current outstanding balances). A detailed breakdown of your assets and liabilities can be found in the 'Confidential Financial Review Form' dated 10th February 2015
 - You confirmed you have made a Will which you feel accurately reflects your current wishes
- Your financial knowledge and experience;
 - 'Business Investor' which means that you have considerable prior investment experience and make a living, at least in part, from investments.
- Your existing provisions
 - You have three term assurance protection policies in force with L&G and HSBC respectively; details for these contracts are yet to be confirmed. *? life policy within the company? might be cheaper*
 - As part of our advice process, we feel that it is important to consider various 'what-if' situations such as what would happen in the event of death or critical illness. This analysis and any recommendations based upon it are included within our 'Financial Needs Analysis' document, to follow at a later date
 - You should consider keeping some money available with immediate access to cover any unforeseen emergency expenditure that may arise. How much you should hold as an emergency fund will depend on a number of factors including the security of your income and the level of your regular monthly financial commitments. Traditional sources of funding this requirement include current accounts, savings accounts or any other available cash based investments that are readily accessible (without penalty)
 - Currently you feel that you have sufficient emergency reserves at this stage; you retain in excess of £70,000 in cash (as per above summary)

- Unsecured Debt – It is Hartsfield's view that your ability to maintain the debt repayments on any secured debt must not be impacted by any recommendation to invest. Furthermore that you should repay, in full, any unsecured debt before making a decision to invest or re-invest any lump sums, where the funds are not existing pension funds

COMPANY DETAILS

- BristolPad Limited is a company registered in England & Wales under number 08998250 with a registered address of 145-157 St John Street, London EC1V 4PW
- BristolPad Ltd was registered on 15/04/2014 and the principal business activity is property services and development within the city of Bristol
- The business is self-financed and currently has no external borrowing
- You hold 100% of the shares and are principal director of the firm
- Turnover has been modest since company inception and is expected to remain so in the current financial trading year 2014/15 but will then increase rapidly as your focus returns to developing the business
- A detailed business plan will be put together outlining how the company intends to achieve its growth ambitions for 2015 and beyond

A copy of your Corporate Fact Find (Corporate Financial Analysis Document) dated 10th February 2015 is also included for your reference.

YOUR OBJECTIVES

During our meeting, you confirmed that you are looking for a means of introducing working capital into your business, BristolPad Ltd, which will be used to:

- Utilise a proportion of your existing pensions assets, worth approximately £511,979, to invest in your growing property venture
- Provide an on-going vehicle for subsequent projects which will likely include purchasing further property
- Work with you to ensure that your pension provides for your retirement needs in the future, but also supports your more immediate business goals

You have additional considerations, namely;

- You also wish to benefit from the interest payable on the loan
- You have reservations about approaching your bank for business funding due to the excessive personal guarantees they would require

Regarding your investment objectives you wish:

- For them to be prioritised in the order of: Growth and Tax Efficiency, Income and Access then Guarantees
- To ensure your pensions are actively managed to give you more investment choice and diversification so that your portfolio has a higher potential for greater returns and capital preservation
- To invest in a personal investment strategy which has a closer involvement between you and your adviser (me) and therefore a greater involvement in the investment decisions taken
- To ensure that your investment funds fall in line with your retirement objectives, your attitude to investment risk, your capacity for loss and the 'need' for you to take risk
- For the investment to keep pace with inflation at a minimum
- For your funds to grow sufficiently to provide you with a sufficient fund in retirement at age 65

Assess risk altitude
annually.

= "Growth Patches"

- For approximately 50% of the remaining SSAS to be invested for growth and a long term time horizon in mind, i.e. more than 5 years
- You do not have any ethical, geographical, specialist or particular investment considerations

ATTITUDE TO RISK

You have received and read Hartsfield's Guide to Investment Risk and Discussion Document, which explains the various risks associated with investments and a copy is provided with your 'Confidential Financial Review Form' (Fact Find). You have also answered a number of questions relating to the level of risk you are prepared to take with your investments.

CAPACITY FOR LOSS

In addition to the Attitude to Risk Questionnaire, you have also answered a number of questions relating to your ability to sustain any losses which may occur.

NEED FOR RISK

Given that you do not have a specific income target in retirement, you are comfortable with a long term time horizon for your investments which match your Attitude to Risk and Capacity for Loss.

AGREED INVESTMENT RISK PROFILE

Based on your answers and our subsequent discussions to both your preferred attitude to risk and your capacity for loss, we have agreed your risk profile to be "Medium to High" or 4 out of 5 on our risk scale.

Our definition of "Medium to High" risk is as follows:

"Your aim to achieve higher potential returns whilst accepting that losses of capital are quite possible and do occur. You understand and accept that there may be both stock market and currency fluctuations but are prepared to accept these risks in return for potentially higher growth over the longer-term"

As part of any ongoing reviews we agree, your risk profile should be included as this can be subject to variation as your own circumstances or market conditions change.

ATTITUDE TO SELF-INVESTMENT RISK

You have received and read Hartsfield's Guide to Investment Risk and Discussion Document, which explains the various risks associated with investments and a copy is provided with your 'Confidential Financial Review Form' (Fact Find). You have also answered a number of questions relating to the level of risk you are prepared to take with your investments.

AFFORDABILITY

My recommendation deals solely with a sum of money which is already held within existing pension policies and affordability is therefore not an issue in this case.

SOURCE OF FUNDS

The funds in question are detailed in the table below, which confirms the product provider, fund and transfer values. These funds have accumulated through pension contributions and accrued benefits over a number of years.

YOUR EXISTING PENSIONS

Hartsfield has researched your existing pension provisions and can confirm that you currently have the following arrangement in force, as at 26 February 2015. Please note this figure is not guaranteed.

Provider	Members	Type	Policy Number	Fund Value	Transfer Value
USS (Universities Superannuation Scheme)	Professor I N M Day	FSS	89109	£511,979.03 [^]	£511,979.03
Totals				£511,979.03	£511,979.03

NB: * USS (Universities Superannuation Scheme) is a final salary scheme and is not being recommended for transfer. PPP – Personal Pension Plan; CIMP – Contracted In Money Purchase Scheme; COMP – Contracted Out Money Purchase Scheme; SIPP – Self Invested Personal Pension; DBS – Defined Benefits Scheme (Final Salary). [^]A fund value is not applicable

As per my report dated 26th March 2015, I am advising against the transfer of your Universities Superannuation Scheme; however, you have informed me that you still wish to proceed with this transfer, contrary to my advice, and therefore want my advice on how to use these funds to achieve your objectives.

OPTIONS CONSIDERED TO MEET YOUR OBJECTIVES OF INTRODUCING WORKING CAPITAL TO YOUR BUSINESS – BRISTOLPAD LIMITED

There are a number of options which I have considered in relation to your stated objectives. These are as follows:

- Approach your existing bankers to increase their lending to BristolPad Ltd
- Re-broke your banking with an alternative lender and increase the available facility
- Consider alternative commercial finance options such as Invoice or stock/asset Finance
- Funding for Lending Scheme
- Raise investment through an equity sale
- Use existing assets to self-finance BristolPad Ltd

Taking these in turn:

Approaching your existing bankers to increase their lending

This option was considered but rejected as lending would not be possible without providing additional security, including personal guarantees. This could be costly, would increase the Director's exposure from a risk point of view and would leave the bank in control therefore providing uncertainty (as the facility could be reduced, or removed, with little or no notice going forward)

Re-broke your banking with an alternative lender and increase the facility

This option was considered but rejected, largely for the same reasons as given above as a new lender would likely have the same constraints as the current lenders.

SSAs can lend to a connected party, SIPP can't.

Take loan first, then the tax free cash

Use alternative commercial facilities such as Invoice or stock/asset finance

This option was considered but rejected due to the requirement for additional security in the form of personal guarantees to the lender. There are also relatively high setup, administration and ongoing fees. Interest charged also benefits a third party.

In your circumstances, I do not believe this to be an appropriate method of raising the required level of finance. The use of this type of finance for your business will be kept under review as BristolPad Ltd grows.

Funding for Lending Scheme

Although this scheme is not a direct loan to a company, funds have been provided by the government so that banks are able to lend at lower interest rates to SMEs. This in turn should allow the banks to increase the application acceptance levels. However, the main concern for this type of lending is, again, the personal guarantees that are required to extend the loan to the company.

Raise investment through an equity sale

This option was considered but rejected as it would involve relinquishing some control of the business and it may be difficult to source an interested party. Timescales could also be a factor as negotiations, even after a potential investor has been sourced, could take considerable time.

Use existing pension assets to self-finance BristolPad Ltd






This option was considered and recommended as the most viable course of action because it offers the potential to achieve the level of capital required, whilst retaining control over the business, reducing and also providing additional benefits which will be outlined in this report. The assets used will be your existing personal and occupational pensions. When considering using pension assets for self-investment, there are two options; a Self Invested Personal Pension (SIPP) and a Small Self Administered Scheme (SSAS).

Comparing the use of a SIPP to a SSAS:

Given their structure, SIPPS tend to be cheaper to establish and operate than SSASs for individuals; however, a SIPP cannot make a loan to a connected party and the costs are on a *per-member* basis. It is therefore not a viable option to use a SIPP in your case, as you would not be able to make a loan to BristolPad Ltd without substantial (unauthorised payment) tax charges and the fees would, additionally, be larger if you introduce further members to your scheme at some point.

RECOMMENDATION

Having carefully considered your personal and company circumstances, including your objectives, attitude to risk and the options available to you, I have concluded that the most appropriate option is for you to:

-  Establish a Small Self Administered Scheme (SSAS) in order to receive the benefits of your existing (USS) occupational final salary pension scheme
-  Use the scheme to extend a loan to BristolPad Ltd
-  Secure the loan by means of a first legal charge over the Intellectual Property of BristolPad Ltd, specifically the Trademark (which will be registered and therefore provides additional security for the loan), as well as a general debenture over the business. This general debenture will provide you with greater protection should the business fail, but could be released in full, or in part, if required to assist with securing subsequent third-party borrowing at a later date
-  Invest the balance of the SSAS (not used to extend a loan back BristolPad Ltd) as well as any contributions made to the scheme for tax-planning purposes, within a portfolio of funds as recommended by Hartsfield
-  Invest the loan repayments into the Hartsfield Financial Services investment portfolio

JUSTIFICATION FOR THE TRANSFER OF YOUR PENSIONS TO THE SSAS

A full report regarding your USS Defined Benefits Scheme dated 26th March 2015 should be read in conjunction with this suitability letter, a copy of which you have already received.

Comparing Personal Pensions to a SSAS is never easy, as you are not comparing like-for-like.

Additionally; the option to invest within your own business is not available to you within your existing Personal Pension Policies (or via any alternative type of pension).

The advisory costs for establishing the SSAS and the larger administration costs (although not deducted from the fund) are therefore justified as the recommendation made is the best way of achieving your stated objectives and the other options considered would also have incurred comparable costs to the proposal outlined without the same advantages.

FEATURES OF A SMALL SELF ADMINISTERED SCHEME (SSAS)

- A Small Self Administered Scheme (SSAS) provides a method of saving specifically to provide an income in retirement. With a SSAS, you will have access to a considerably wider range of investment funds than are typically available via a stakeholder pension plan
- Pension plan contributions generate direct tax savings because personal contributions attract relief from income tax. How much you receive depends upon your marginal rate of tax. As an example, if you pay £80 to a personal pension plan, income tax of £20 is reclaimed by the plan provider and added to your plan
- If you are a higher (40%) or additional (45%) rate tax payer, you will receive an extra £20 or £25 respectively via your self-assessment tax return
- If personal contributions are made to the SSAS, the WHOLE amount of tax relief must be collected via your self-assessment tax return. The £20 will not be reclaimed by Hartsfield Trustee Services
- Pension Contributions made by BristolPad Ltd may serve to reduce the company's corporation tax bill.
 - For example, £100,000 profits are chargeable at 20% in the 2015/16 tax year; therefore a £20,000 corporation tax bill would become due.
 - A £40,000 contribution from BristolPad Ltd would reduce the company's taxable profits by £40,000, in turn reducing the corporation tax bill to £8,000.
- The pension contract is flexibly written. You are not penalised should you initially commit to a larger level of regular savings than you are later able to maintain
- The age at which you draw benefits is flexible; they can be taken anytime from age 55
- Within certain restrictions it is possible for a SSAS to invest in commercial property
- An Annual Allowance of £40,000 for 2015/16 will apply to limit your pension contributions and it will be possible to carry forward any unused Annual Allowance from the preceding three tax years
- A SSAS offers the ability to make a loan back to a sponsoring employer of the scheme and it can also be used to acquire and hold Intellectual Property assets or more traditional assets such as commercial property
- The pension is potentially able to protect assets of the sponsoring employer from creditors

RISK WARNINGS (SSAS)

- The value of any cash remaining in the SSAS bank account will be eroded by inflation (CPI), which stands at 0.3% for January 2015. This means that the real value of the cash in the bank account will fall by 0.3% per year

- Your SSAS loan is set at a fixed rate of interest but failure to make loan repayments as and when they fall due could lead to tax charges in the form of 'unauthorised payment charges' on your pension
- There is no guarantee that you will be better off at retirement by switching providers and funds from your existing providers to any other provider

POSSIBLE DISADVANTAGES OF THE RECOMMENDED SSAS

Because you are choosing to transfer your existing portfolio as cash rather than in-specie, you are at risk from market movements whilst your policy is transferred; additionally, the proposal involves making a loan to your company and the return on that loan (although at a fixed rate) could be lower than any alternative investments you could have made.

The value of your pension plan and the benefits you later receive from it may adversely affect your entitlement to state benefits. Also, you should bear in mind that the rules for payment of state pensions may change to include a means test.

If BristolPad Ltd is unable to keep up repayments on the loan, your pension could be at risk; however, a first legal charge would be taken over an asset (Intellectual Property) of a value at least equal to the size of the loan plus the interest. Your pension is only therefore at risk if BristolPad Ltd defaults on the loan and the value of the security also falls below the amount outstanding on the loan from the SSAS.

Because the loan is repaid over 5 years, the risk to your pension decreases over time as repayments are made.

HOW A LOAN FROM YOUR SSAS WORKS

Perhaps the most useful feature is the ability for the SSAS to make a loan back to its sponsoring employer. At the moment banks are restricting funds that they are prepared to make available to small businesses therefore, even where banks are prepared to support successful businesses and provide finance, it tends to be on terms which are inflexible. It can also be extremely difficult for businesses to obtain funding for what could be considered to be more speculative propositions such as business development. A SSAS has the ability to lend a proportion of its capital to the sponsoring employer at advantageous rates, although a loan must be made on prudent and commercial terms.

Loans can be made provided they fall within the following criteria (known as the 5 key tests):

- Maximum amount of the loan is 50% of the value of the net assets of the scheme (valued at the date of making the loan);
- The loan is to be secured by way of a first legal charge on assets at least equal to the size of the loan plus the interest payable over the term
- The loan is to be for a term of no longer than 5 years;
- A minimum interest rate is charged of 1% above the average base rate of the six leading high street banks; and
- Repayment of capital and interest is made in equal instalments over the term of the loan

HOW THE LOAN SUITS YOUR RISK PROFILE

Your Small Self Administered Scheme will contain a number of different elements, each of which will carry a different degree of risk. These will include cash deposits (low risk), the loan to your company (usually deemed to be high risk) and an amount which will be invested at a later date. The balance between these elements will continue to change as the loan is repaid and additional investments are made; however, we will continue to monitor the overall position of the scheme and this will form part of our ongoing reviews with you.

As mentioned, loans to sponsoring employers which take place after 6th April 2006 are now required to be secured over assets at least equal to the size of the loan plus the interest and this therefore reduces the risk of that element.

A loan to a small to medium-sized enterprise (SME) is usually considered to be a higher-risk investment. Your Attitude to Risk is considered to be high and therefore, in isolation, the loan to your company is considered appropriate for your Risk Profile.

DEATH BENEFITS UNDER YOUR SSAS

- If you die before you draw benefits under your pension, the value of the scheme will be available to be paid to your family or other beneficiaries
- Currently, if you die after you have taken your benefits (via an annuity purchase, drawing directly from your pension or scheme pension) the amount your beneficiaries receive depends upon who they are, how you have taken your retirement benefit income and your beneficiaries choose to receive their benefits
- As your pension will be managed by Hartsfield Trustee Services Limited, you will have appointed an Independent Trustee (White Horse Trustees Limited) who is in control of the situation and is allowed to exercise discretion as to who receives payment
- Competing claims may be made to the trustee for payment: - for example, if a financially dependent person, who would otherwise be excluded, makes a claim on the fund
- Given what you have already told us about the value of your estate, including the potential value of your business, it will be advisable to consider establishing a pension benefit (bypass) trust and this will be addressed as part of your general financial review.
- Extensive changes are happening from April 2015 to how people are able to take benefits from their pensions and also the tax implications involved. Please see the appendix for further details

IMPORTANT POINTS TO REMEMBER CONCERNING TAXATION OF PENSION BENEFITS

- At retirement, you may draw benefits from your pension as income, or as a tax free cash payment plus income. Up to 25% of the pension fund may be withdrawn as a cash lump sum free of income tax
- The remainder of the fund must be used to provide a retirement income and this will be subject to income tax. The rate payable will depend upon how much income you receive in retirement and, for taxation purposes, pension income will be treated as earned income.
- However, from April 2015, significant changes will happen within the pension climate to defined contribution pensions, such as your SSAS. You will be able to take your 25% tax free cash, but would have unlimited access to the rest of your pension, which would be taxed at your marginal rate. This offers further flexibility in how you can currently take your pension benefits

REASONS FOR USING HARTSFIELD TRUSTEE SERVICES AS SSAS PROVIDER

- Hartsfield Trustee Services Limited is a specialist, bespoke provider of Small Self Administered Schemes (SSAS) and a registered member of the Association of Member-Directed Pension Schemes (AMPS)
- Its founding directors have more than 30 years' experience with SSAS, having been involved with them since their inception
- Unlike many providers, Hartsfield Trustee Services Limited and its bare trustee company White Horse Trustees Limited act as both Scheme Administrator and Scheme Practitioner
- Hartsfield Trustee Services Limited will permit any investment permitted under legislation and have a great deal of experience in dealing with some types of investment not allowable by some providers. For example, Intellectual Property transactions

- The vast majority of likely scheme transactions are included within Hartsfield's standard fee schedule meaning that scheme members/trustees are aware of the true costs from the outset
- Hartsfield Trustee Services uses a panel of solicitors, lenders and other professional service providers which means that an appropriate partner with the requisite experience and expertise can be utilised depending upon the nature of the transaction being undertaken. This also means that a fixed fee can usually be quoted upfront for the underlying transaction within the SSAS
- Hartsfield Trustee Services believe that all trustees and their advisers should be kept fully up to date with their Scheme and therefore provide online access to Scheme valuations, documents and a breakdown of assets. This is backed up with quarterly valuation statements and a scheme folder containing a complete record of the scheme, which ensures transparency and also portability should you decide to move to another trustee company
- An annual trustee meeting is included within the annual administration charge and each scheme will have a nominated 'account executive' responsible for their scheme with a named 'alternative contact' if their principal contact is unavailable

Additional research relating to the relative cost comparisons between various SSAS trustee companies can be provided upon request. Whilst Hartsfield Trustee Services may not be the cheapest, its bare trustee company 'White Horse Trustees' does act as scheme administrator which a number of other trustee companies do not do. This removes a lot of the duties and responsibilities away from you as a Trustee. Because Hartsfield Trustee Services works with a panel of solicitors, lenders and other professional service providers, fixed costs can usually be quoted for the underlying transactions and the most appropriate provider chosen based on cost, experience and expertise. You will also not be left to source your own legal advisers, although can do so if you so choose.

Additionally; cost is only one factor when making a recommendation and I believe the level of service is equally important as is the ability for instructions to be dealt with seamlessly. On that last point, the fact we are using our sister-company provides obvious advantages such as the efficiency in communication between you, me (as your adviser) and the trustee company.

CONFLICTS OF INTEREST POLICY

Because I am recommending a company that is under common ownership with Hartsfield Financial Services Limited, there could be the perception that this presents a conflict of interest. As an independent financial adviser, I am free to select the best provider to meet your individual circumstances and believe that, for the reasons given in this report, Hartsfield Trustee Services Limited (and White Horse Trustees Ltd as bare trustee) presents the best option.

A copy of our conflicts of interest policy can be provided upon request.

FEES PAYABLE FOR ESTABLISHING AND RUNNING SSAS

The fees that will be charged for carrying out the recommendations detailed will be:

Fee Type	Cost
HTS – Scheme Establishment Fee*~	£695
HTS – Annual Administration Fee (paid monthly)*~	£1,320 pa (£110 pm)
HTS – Connected-Party Loan Fee*^	£375
HTS – Annual Loan Monitoring Fee*^	£165 per annum
HTS – Annual Pension Scheme Return*^ <i>to HMRC</i>	£225 per annum
HFS – Corporate, investment, Financial Needs Analysis and loanback advice*~	£6,500 (detailed below)
HFS – Final Salary Transfer Report and Transfer Intermediation**~	£675 per transfer

* Fees subject to VAT; ** Fees not subject to VAT; ^ From the SSAS; ~ From the company

The above table provides a summary of the principal fees associated with administering your SSAS given the initial transaction we are recommending; however, Hartsfield Trustee Services offer a full range of administration services and these are detailed in the 'schedule of fees' provided.

The advisory fee for assessing your circumstances and recommending and establishing an appropriate vehicle for injecting the required capital into BristolPad Ltd was agreed to be a total of £7,175+VAT (as per the above table). This includes a full financial review of your personal circumstances, Final Salary Transfer Analysis, providing a detailed 'Financial Needs Analysis' and Business Plan, along with recommending an appropriate investment strategy for the balance of your Small Self-Administered Scheme (SSAS).

It is important to note that the proposed arrangement will result in you receiving the interest from the loan into your own pension scheme rather than providing profit to a third-party lender. For example, a £250,000 loan for 5 years at 6% would equate to a cost of £39,992.02 (purely in interest) to a bank. Depending upon the size of the final loan, the costs for arranging the loan back from your pension could therefore be more than offset by this ongoing saving.

Please see the above table for a breakdown of the fees payable and details on which do and do not include VAT. You should therefore speak to your accountant in that regard as some of the fees may be tax-relievable.

The advisory fees due to Hartsfield Financial Services Ltd will become payable once the transfer of your benefits has been initiated. Please note that the ongoing fees quoted may rise or fall in the future.

A copy of our engagement letter setting out the work undertaken and the costs involved is included with this suitability pack for your reference.

INVESTMENT OBJECTIVES FOR RESIDUAL SSAS FUND

Following a proposed loan back to BristolPad Ltd of circa £250,000 there will remain a fund of approximately £250,000.

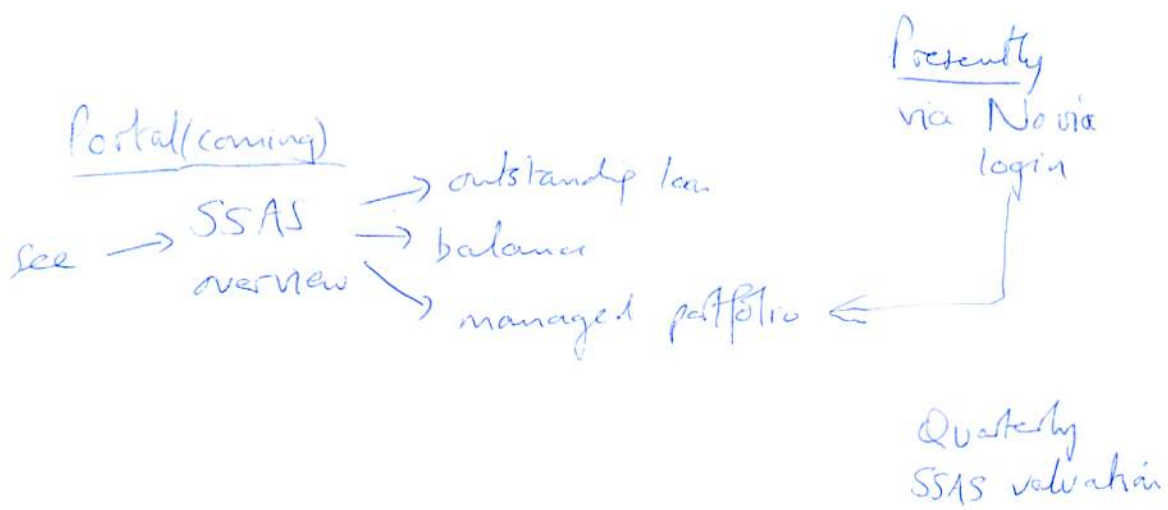
The list of 'permitted investments' for a SSAS is extensive and is detailed here:
<http://www.hmrc.gov.uk/MANUALS/RPSMMANUAL/rpsm07200010.htm>

In establishing our investment recommendations we considered the following:

- Your personal and company objectives for your investments, including your priorities: Growth and Tax Efficiency, Income and Access then Guarantees;
- The basis of our advice would be advisory rather than discretionary;
- Investment limits have been taken into account;
- Any permitted investments for our recommendation have been considered;
- The time horizons for your investments have been established;
- Ethical, Geographical, Specialist and Particular investment considerations have been discussed;
- The nature and frequency of our reporting is detailed below

Some of the common investment routes which have been considered and rejected include:

- **Leave in Cash** – this option is unsuitable given that your Attitude to Risk is considered to be high. Although cash is a secure investment for your capital, interest rates are currently low given that the Bank of England base rate is 0.5%. Given that the benefits will also be subject to Inflation risk if your investments were to remain in cash, your investment is likely to fall in real value with current rates



- **Discretionary Fund Manager** – the services of a DFM would allow a more sophisticated approach and investment style. Not only can the manager invest in funds, they are able to invest within individual assets such as direct equities and government Gilts, allowing further diversification in your portfolio. Market timing is also a strategy adopted by the DFM which can add great value to your portfolio. However, you have stated a preference for a more personalised approach with close contact to your investment advisers. A DFM service does not fulfil your objectives as the investment proposition is effectively outsourced to the investment company where you will have limited involvement and investment decisions could be made without recourse to you first. This approach may be considered in the future if you wish to take a more hands off approach to your investment involvement
- **Collectives/Model Portfolio** – Another option is to invest in collectives (funds) or a portfolio of funds managed by an investment company or by Hartsfield Financial Services. This is considered a less risky investment than investing directly into individual shares of a company/security or single assets such as commercial property. A fund will diversify the risk to the capital by spreading the investment amongst many companies. Collectives commonly invest in more than around 40 individual company shares per fund. Given your objectives for a more personal investment relationship with your investment advisers, **we consider a Model Portfolio managed by Hartsfield Financial Services to be the most suitable option for you.**

INVEST THE RESIDUAL FUND AND ONGOING SSAS LOAN REPAYMENTS INTO A MODEL PORTFOLIO AS ADVISED BY HARTSFIELD FINANCIAL SERVICES (ON NOVIA PLATFORM)

Having carefully considered your personal circumstances, including your objectives, attitude to risk and the options available to you, I have concluded that the most appropriate option is for you to invest:

1. Invest residual balance as a single investment (following acquisition of suitable property)
2. Retain a contingency fund of approximately £11,000 in scheme bank account
3. Invest c£4,833.20 per month with Novia as regular investment contribution
4. Invested within a portfolio of funds advised upon by Hartsfield Financial Services

It is generally regarded that a portfolio's risk can be controlled through diversification of asset class and geographical region over the long term. Research indicates that 90% of a portfolio's volatility in performance is attributed to asset allocation. Whether constructing a bespoke portfolio for a client or utilising a third-party managed-portfolio or discretionary portfolio provider, Hartsfield reviews and structures investments by asset class and region depending on a client's Attitude to Risk and Capacity for loss.

- **Term of investment (Single)** – your capital will be invested for a term of a minimum of 5 years. Although you have a desired retirement age in mind (65), you are prepared to invest for medium to long term growth
- **Term of investment (Regulars)** – your capital will be invested for a minimum term of 5 years
- **Type of funds** – your capital will be invested in "Accumulation" units where possible. This means that any dividends (income/interest) paid by the funds will be re-invested, which means that your fund will grow more than if the dividends were paid out to the investment cash account –
- **Type of share class** - your capital will be invested in "clean" share classes where available. This means that there are no adviser charges added to the Ongoing Charges Figure (OCF). Please note that after the Retail Distribution Review (RDR) firms are no longer allowed to take commission or rebates directly from the fund providers. Hartsfield have always operated on a "clean" charges basis and are not paid via any fund managers
- **Retail or Institutional Funds** – your capital will be invested in retail funds where possible as clean share class retail funds have a lower Annual Management Charge (AMC) than institutional funds, but both have a lower AMC than a "dirty share class" fund. We would only invest in this class if the clean retail or the institutional share classes were not available

- Portfolio of funds – your capital will be invested in a range of funds as selected and recommended by Hartsfield Financial Services based upon your attitude to risk and capacity for loss

REASONS FOR RECOMMENDING NOVIA AS A PRODUCT PROVIDER

Advancements in technology have led to the development of 'wrap platforms', offering considerably more functionality and Hartsfield believe that these will be at the centre of delivering financial advice in the UK in future. Wrap accounts are a financial planning tool that allows us to arrange transactions and report on your investment portfolio, including pensions, from a single place and usually via an internet platform. In your case, your investments will be held on a platform within the SSAS.

The key elements of a wrap are:

- Provision of a wide range of different investment types and investment managers all accessible from one electronic trading platform making buying and selling investments quick and efficient
- The ability to invest in a range of different 'product wrappers' such as a SSAS. This allows monies to be invested to optimise tax efficiency
- The provision of a cash facility which enables investments to be moved quickly into and out of the market, and can efficiently receive income from investments and pay any charges
- The ability to see all investments a client has made on one screen at any time with up to date valuations.

As part of our commitment to providing the best advice possible, we have reviewed the platform market and compare the numerous providers offering an investment account within a SSAS. We recommend Novia as your new platform provider for your SSAS. Novia describe their wrap platform as a wealth administration service. They offer all the elements of a wrap described above using the latest technology.

More specifically Novia:

- Have a wide range of investment options – over 2,500 different investment funds and many other assets are available through their service. This includes traditional funds offered by the major investment companies as well as Exchange Traded Funds (low cost 'tracker' funds), Investment Trusts, direct equities traded on the London Stock Exchange, Gilts (Government Bonds), and Alternative Investments/Structured Products
- Makes clear the rebates it negotiates with investment providers and passes these on in full to you
- Doesn't charge for switching investments and no charges for investments that need to be re-registered off the wrap platform, although Investment Manager charges may apply
- Uses modern technology to power its wrap platform
- Has access to retail and institutional funds
- Offers a gross nominee account which pays all interest gross of tax
- Clients can access up to date valuations and transaction histories 24/7
- Has a strong management team with considerable experience in managing wrap systems

A copy of our research on the most suitable wrap providers on the market can be provided upon request.

INVESTMENT FUNDS RECOMMENDATION

We believe that we have a thorough and robust process when it comes to recommending investments for our clients. Using the *Financial Express Analytics* system, we are able to utilise a number of quantitative and qualitative measures to establish our clients' portfolios based on your attitude to risk and capacity for loss.

In addition to performance, fund manager reputation and management team tenure, we also take into consideration the following measurements:

- Financial Express Risk Score
- Volatility
- Fund Quartile Ratings
- Financial Express Crown Ratings
- Financial Express' 'Select 100' research

You scored 4 out of 5 on your Attitude to Risk and Capacity for Loss questionnaire, which would place you in the Hartsfield "Growth" Portfolio and therefore the 'IMA/ABI Mixed Investment 40%-85%' would be used as a benchmark.

A more detailed picture of the investment analysis and portfolio construction methods used can be found in your attached individual "HFS Growth Portfolio" report accompanying this suitability letter; however a summary of the funds I am recommending is as follows:

Fund	Weighting (%)
Baillie Gifford Japanese	6.00
Artemis High Income	5.00
Fidelity American Special Situations	5.00
Investec UK Smaller Companies	5.00
R&M UK Equity Smaller Companies	5.00
Threadneedle European Select	5.00
Aberdeen Global Asian Smaller Companies	4.00
Baillie Gifford Corporate Bond	4.00
Baillie Gifford European	4.00
Baillie Gifford High Yield Bond	4.00
Ignis European Smaller Companies	4.00
Jupiter Strategic Bond	4.00
Newton Asian Income	4.00
Old Mutual North American Equity	4.00
Premier Pan European Property	4.00
Rathbone Global Opportunities	4.00
Royal London Sterling Extra Yield Bond	4.00
Aberdeen Property Share	3.00
First State Asia Pacific Leaders	3.00
GAM North American Growth	3.00
HSBC Open Global Property	3.00
JOHCM European Select Value	3.00
Somerset Emerging Markets Dividend Growth	3.00
Unicorn UK Income	3.00
Neptune UK Mid Cap	2.00
Cash	2.00
TOTAL	100.00

2014 ~ 10 11%
after costs
Typical
7-8%

STOCHASTIC FORECASTING

Stochastic Forecasting enables us to determine by probability the likely return parameters of your investment - meaning that given your risk profile, we are able to determine what your investments may **potentially** lose or gain. Although this tool is able to provide a useful guide, as with any investment, **there is no guarantee of returns or losses**. Our Stochastic Forecasting results are attached in the accompanying "Transfer and Investment Analysis" report.

(SSAS could be moved to another provider)

FEES PAYABLE FOR THE PLATFORM SERVICE (NOVIA)

The fees that will be charged to your investment for this service will be:

Fee Type	Cost
Initial fees (Novia)	0.00%*
Purchase and switch fees (Novia)	0.00%**
Annual platform fees (Novia)	0.40% (£0 - £500,000*)
	0.30% (£500,000 – £750,000)
	0.20% (£750,000 – £1 million)
	0.15% (£1 million +)

* Hartsfield has negotiated an arrangement with Novia whereby the initial platform fee of 0.5% has been waived in full and the annual platform fee (lowest tier) has been reduced from 0.5% to 0.4%

** Novia has negotiated a zero fee initial charge for the vast majority of their funds; however, there is a small percentage where Novia were unable to negotiate a full fee waiver with the fund manager. Where we recommend these funds, we will draw these fees to your attention and they will only be used where the additional costs can be justified.

The initial fees are payable to the provider once the monies have been transferred. Annual fees are taken once the monies are transferred and yearly on the same date. Please note that fees may rise or fall in the future.

A summary of the underlying investment managers' charges associated with this investment are also detailed in the investment report provided but the total 'Ongoing Charges Figure' (OCF) for the recommended portfolio currently stands at 0.84%. Including the platform fee of 0.40%, the total Annual Management Charge for the recommended portfolio via Novia is therefore: 1.24%.

Please be advised that Hartsfield will not receive commission or other payments facilitated by Novia and therefore the fees quoted in this suitability report for our investment advice will be paid for directly by BristolPad Ltd. This may mean that the VAT can be reclaimed and may also be tax-relievable.

RISK WARNINGS (NOVIA)

I would draw your attention to the following risks that are applicable to a Wrap Account within a SSAS:

- The value of your shares/units and the income from them will rise or fall as the value of the underlying investments in which your money is invested changes
- When you sell your investment you may get back less than you invested
- Movements in exchange rates may cause the value of your investment to fluctuate
- To obtain the benefit of equity investing, a long-term view is usually advised
- The fund performance is not guaranteed and therefore past performance is no guide to future performance
- If you are affecting a transfer from one provider to another, there is a possibility of a shortfall on cancellation, if the price of the units has fallen since they were purchased then you may not receive the full amount invested
- There is the potential for a loss of growth if the market rose while a transfer was pending
- Recommendations are based on our understanding of current tax legislation, which may be subject to change and review
- Property Funds - The value of the land and buildings is generally a matter of a valuer's opinion rather than fact. You may not be able to encash your investment whenever you choose because the land and the buildings in the fund may not always be easy to sell and, during periods when

they are not readily realisable the fund manager may refuse to re-purchase your units. Accordingly, you should carefully consider whether such an investment is suitable for you in light of your personal circumstances and the financial resources available to you

- High percentage in one fund - If you invest a high percentage into just one fund this does create an additional risk than if your investment was diversified. This is due to the fact that if the fund were to fall this would affect a large proportion of your overall portfolio.

POSSIBLE DISADVANTAGES OF THE RECOMMENDED NOVIA PLAN

If any part of the transfer of your investment is completed by a payment of cash, the value of your investment will remain fixed for a period from the date of closure of the old investment account until the payment is reinvested by the new provider, Novia. This will be to your advantage if the value of investment units fall while your money is in transit and to your disadvantage if they rise. It may be necessary for Novia to receive the transferred investment by a payment of cash even if you have requested the transfer to be made by re-registration of investment units.

The value of your pension plan and the benefits you later receive from it may adversely affect your entitlement to state benefits. Also, you should bear in mind that the rules for payment of state pensions may change to include a means test.

ONGOING SUPPORT PLAN AND PORTFOLIO REVIEWS

In keeping with any agreed ongoing support plan (detailed below), we will monitor your portfolio on a **Quarterly/Bi-Annually** basis and notify you if we feel changes need to be made.

SUMMARY OF ADVICE PROVIDED

In producing our recommendation we have taken into consideration your:

- Objectives
- Investment objectives
- Financial situation
- Knowledge and experience
- Attitude to Risk and Capacity for Loss
- Time horizons
- Tax status
- Existing provisions

In summary, the recommendations outlined in my report satisfy your needs, as they meet with your objectives, which (to recap) are to inject working capital into BristolPad Ltd with a view to:

- Utilise a proportion of your existing pensions assets, worth approximately £511,979, to invest in your growing property venture
- Provide an on-going vehicle for subsequent projects which will likely include purchasing further property
- Work with you to ensure that your pension provides for your retirement needs in the future, but also supports your more immediate business goals

Taking into account:

- You also wish to benefit from the interest payable on the loan.
- You have reservations about approaching your bank for business funding due to the excessive personal guarantees they require

Regarding your investment objectives you wish:

- For them to be prioritised in the order of: Growth and Tax Efficiency, Income and Access then Guarantees
- To ensure your pensions are actively managed to give you more investment choice and diversification so that your portfolio has a higher potential for greater returns and capital preservation
- To invest in a personal investment strategy which has a closer involvement between you and your adviser (me) and therefore a greater involvement in the investment decisions taken
- To ensure that your investment funds fall in line with your retirement objectives, your attitude to investment risk, your capacity for loss and the 'need' for you to take risk
- For the investment to keep pace with inflation at a minimum
- For your funds to grow sufficiently to provide you with a sufficient fund in retirement at age 65
- For up to 50% (to be determined) of the remaining SSAS to be invested for growth and a long term time horizon in mind, i.e. more than 5 years
- You do not have any ethical, geographical, specialist or particular investment considerations
- To amalgamate your existing pensions in order to simplify the administration and paperwork

This will be achieved in the following way:

- Establish a Small Self Administered Scheme (SSAS)
- Transfer the benefits of your existing pensions into the SSAS
- Use the scheme to extend a loan of approximately £250,000 to BristolPad Ltd
- Secure the loan by means of a first legal charge over the Intellectual Property of BristolPad Ltd, specifically the Trademark (which will be registered and therefore provides additional security for the loan), as well as a general debenture over the business. This general debenture will provide you with greater protection should the business fail, but could be released in full, or in part, if required to assist with securing subsequent third-party borrowing at a later date
- Invest the balance of the SSAS (not used to extend a loan back to BristolPad) as well as any contributions made to the scheme for tax-planning purposes, within a portfolio of funds as recommended by Hartsfield
- Invest the loan repayments of £4,833.20 per month into the Hartsfield Financial Services portfolio

For the reasons given, I therefore feel that we have fully met your overall objectives, taking into account your business and investments circumstances, your financial situation, your knowledge and experience of the finance industry, your attitude to risk and capacity for loss.

It is important to ensure that your pension planning and investment choices are reviewed on a regular basis. This is ultimately your responsibility and you should contact me if you wish to arrange a further review.

DOCUMENTS YOU HAVE RECEIVED WHICH RELATE SPECIFICALLY TO THIS RECOMMENDATION

- Hartsfield Combined Initial Disclosure Document (previously provided)
- Hartsfield SSAS key features document
- Novia Platform key features document
- Novia Platform 'Client document'
- Novia Platform 'Terms and Conditions' document
- Novia Personal illustrations

CHARGES AND ONGOING SUPPORT

On-going advisory support is available from Hartsfield Financial Services Limited. We are keen to ensure that the cost to you accurately reflects the level of support you require and, to that end, offer three levels of service:

Transactional:

There is no on-going direct support from Hartsfield Financial Services Limited and any advice would be provided and charged for on an ad hoc basis at your request. You are therefore responsible for the on-going investment decisions made within your SSAS.

Supportive:

Hartsfield Financial Services will conduct an annual review of the SSAS and its interaction with your company (to coincide with your company year-end for tax-planning purposes). This meeting will take place at your company premises. Additionally; a 6-monthly investment review will be undertaken (by phone) and the portfolio re-balanced (if necessary) in keeping with your preferred attitude to risk. Any additional meetings, investment reviews or other advice would be charged for separately.

The cost of the 'Supportive' service is 0.5% (and 0.25%/0.15% tiered, see below) of the value of the SSAS per annum (paid monthly and subject to a minimum monthly fee of £50) with the initial value taken at inception/transfer and the scheme re-valued at each anniversary, or following additional transfers into the scheme.

Based upon the SSAS's value of £511,979 this would equate to approximately £2,271.52 per annum, or £189.30 per month.

Comprehensive:

Hartsfield Financial Services will conduct 6-monthly reviews of the SSAS and its interaction with your company (with one review specifically held to coincide with your company year-end for tax-planning purposes). These meetings will be held at your company premises. Additionally; quarterly investment reviews will be undertaken (by phone) and the portfolio re-balanced (if necessary) in keeping with your preferred attitude to risk. You will also be provided with regular statements on your SSAS. Any additional meetings, investment reviews or other advice would be charged for separately.

The 'Comprehensive' service will also include a full financial review of each member of the scheme, to include a pension provision shortfall analysis, at the annual scheme review. Any advice required, as a result of the financial review, would be charged for separately.

The cost of the 'Comprehensive' service is 1% (and 0.50%/0.30% tiered, see below) of the value of the SSAS per annum (paid monthly and subject to a minimum monthly fee of £100) with the initial value taken at inception/transfer and the scheme re-valued at each anniversary, or following additional transfers into the scheme.

Based upon the SSAS's value of £511,979, this would equate to approximately £4,543.08 per annum, or £378.59 per month.

It is important to note that these service plans are optional and you may cancel them at any point; however, I believe that you would benefit from our services on an ongoing basis and would consequently recommend that a service agreement is put in place.

Camp \rightarrow ~3125 ly.
would be
4833 km away.

Summary of support plans available:

	Transactional	Supportive	Comprehensive
SSAS Scheme Review	X	Annually	6-monthly
Investment Review	X	6-monthly	Quarterly
Scheme Statements	X	X	Monthly
Financial Review and Shortfall Analysis	X	X	Annually
Cost	Charged on an ad-hoc basis	0.5% of scheme value for first £250,000, 0.25% for next £250,000 and 0.15% for remaining (min £50pm)	1% of scheme value for first £250,000, 0.5% for next £250,000 and 0.3% for remaining (min £100pm)

WHAT HAPPENS NEXT

Your application will be sent to the product provider, a representative of which will write to you to confirm receipt within the next few days. I will monitor the progress of your application and liaise with them to ensure everything is dealt with within the required timescales.



COMMENCEMENT DATE

Once the application has been accepted by the provider, I will contact you to confirm that the transfers discussed should take place. You may need to sign separate transfer documents at that time.

CANCELLATION RIGHTS

Please be advised that there are no cancellation rights or a 'cooling-off' period; however, your investment and/or the SSAS may be cashed in at any time. In the event that you cash in your investment, you would not be entitled to a refund of the fees paid and there may have been a drop in the value of your investment. You should therefore ensure you are satisfied with my recommendation before proceeding and should let me know if you require any additional information to help you come to a final decision.

IMPORTANT GENERAL POINTS

-  We rely on product providers and you to provide me with accurate information
-  All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs practice. Levels and bases of tax relief are subject to change

FUTURE REVIEWS

With regard to your financial arrangements as a whole, there are likely to be other areas that will require future action. Please remain in touch and arrange regular meetings to review your situation. I recommend that you arrange a review meeting annually if possible. Please feel free to contact me to arrange your next review meeting if a firm arrangement has not been agreed.

It is also important that you contact me if you require clarification on any of the information contained either within this letter, or any of the accompanying documents and provider literature and I will be pleased to help.

SSAS-min 80-100k pension fund

Autoregulation (people with companies + staff)

IHT

HARTSFIELD REFERRAL SCHEME

There are always costs associated with doing business. Regardless of how good your product or service is, you need to be able to get your message out there and heard by people. This usually involves marketing departments, web or other media advertising, mailshot campaigns and so on; all expensive and ultimately paid for by the person hearing your message and agreeing with what you have to say.

We feel that if we can limit our advertising, but still get our message out there, we can pass the savings on and offer a market-leading service at a responsible cost.

Hartsfield therefore offers a 'Referral Scheme' where 10% of all income generated from a successful referral is passed back to the introducer. This offers a true incentive for you to talk about us and what we do with companies and individuals you come in contact with, before arranging for us to contact them.

I would therefore ask you to let me have the details of anyone you feel may benefit from speaking with me.

Finally, many thanks for your business and I look forward to helping you with your finances for the future.





Richard Kolasinski Dip PFS
Financial Consultant
Hartsfield Financial Services








APPENDIX 1 – OTHER PENSION INFORMATION

OTHER PLAN TYPES WHICH PROVIDE SIMILAR (RETIREMENT) BENEFITS WHICH WERE CONSIDERED BUT DISCOUNTED FROM MY RECOMMENDATION

STAKEHOLDER PENSION PLAN



-  Retirement income needs can be met by arranging a “stakeholder” pension plan. The rules for maximum permitted contributions and the means of taking benefits are the same as for the plan I have recommended
-  However, plan charges are generally lower than is the case with the plan I have recommended.

Investing via stakeholder pension rather than one of the other available pension contracts may be done to good effect in the following situations - where:



-  You prefer to invest in a pension plan with the lowest possible plan charges
-  You do not object to a more limited range of investment funds to which you may apply your contributions
-  The quality of the investment funds available within the providers’ stakeholder plan is sufficiently good to make it unnecessary to consider other plan types
-  I have not recommended an investment via this form of pension plan because it cannot be used to achieve the objectives you have outlined
-  A comparison between the features of a Stakeholder Pension and a Small Self Administered Scheme is shown in the table overleaf.

Stakeholder Pension (SHP)	Hartsfield Small Self Administered Scheme (SSAS)
Maximum charge of 1.5% pa for 1 st 10 years and 1% pa thereafter	No Specific Percentage Fund Charge
No other charges apply	Charges as per fee schedule dependent upon transactions undertaken within the SSAS
Minimum premium £20	£1
Ability to stop & start contributions without penalty	Ability to stop & start contributions without penalty
One-off contributions accepted	One-off contributions accepted
Transfers in/out allowed with no penalties	Transfers in/out allowed with no penalties
Standard investment option provided	No Standard investment option; however, full range of investments available including the ability to extend a loan back to the scheme’s sponsoring employer

NON-STAKEHOLDER PENSION PLAN e.g. a SIPP

-  Retirement income needs can be met by arranging a “non-stakeholder” pension plan. The rules for maximum permitted contributions and the means of taking benefits are the same as for the plan I have recommended
-  However, plan charges are *generally* lower than is the case with the plan I have recommended for single-member schemes.

Investing via “non-stakeholder” personal pension rather than one of the other available pension contracts may be done to good effect in the following situations - where:

-  You wish to have access to a larger range of funds including some of higher quality than are available via a stakeholder plan
-  I have not recommended an investment via this form of pension plan because it cannot be used to achieve the objectives you have outlined. Specifically, you wish to retain the option of associating your SSAS with a sponsoring employer in order to make a loan back to that connected party. This would not have been possible with a Self Invested Personal Pension (SIPP).

APPENDIX 2 – GENERAL PENSION INFORMATION

TYPES OF PENSIONS

State pensions



If you're working, you are usually building up a National Insurance record. This means you are accruing the right to get a basic State Pension when you reach State Pension age.

You may also be building up an additional State Pension called the State Second Pension (formerly SERPS – State Earnings Related Pension Scheme) if you're paying a certain level of National Insurance Contributions. If you're self-employed you cannot build up an additional State Pension.

State Pension age is 65 for men and 60 for women. State Pension age for women is gradually being increased to 65 by 2020.

To find out how much State Pension you have built up so far and how much you might have by the time you reach State Pension age, get a State Pension forecast from The Pensions Service, part of the Department for Work and Pensions (<http://www.thepensionservice.gov.uk/resourcecentre/e-services/home.asp>). The forecast will show you how much you might get per week.

You can put off claiming your State Pension at these ages if you wish. If you postpone your State Pension you have the option of either:

-  Getting extra State Pension for each full year that you put off claiming it; or
-  A one-off taxable lump sum based on the State Pension you have given up, plus interest at 2% above the Bank of England base rate. The lump sum and interest are paid when you take your State Pension

Pension Credit

The government introduced Pension Credit to help pensioners with little or no income and savings at retirement. If you have several years to go before you retire, it may not be wise to assume that Pension Credit will be available when you retire.

For more information on State Pensions visit The Pensions Service website:

<http://www.thepensionservice.gov.uk/planningahead/options/basic.asp>

Occupational schemes

There are two types of occupational pension schemes which may be offered by employers – salary- related or money purchase pension schemes.

Occupational salary-related pension schemes

Some employers offer these schemes, which provide pensions for their employees based on the employee's salary and pensionable service. They are sometimes called 'defined benefit' or 'final salary' schemes. The employer contributes to the scheme and they are trustees who look after scheme members' interests. You can only get salary-related pensions through an employer.

You can get an annual statement from the salary-related occupational pension scheme you belong to in your current job. This will show how much retirement pension you have built up so far and the amount you might build up if you carry on in the scheme until retirement.

You can also get benefit statements from any salary-related occupational pension schemes you belonged to in the past. If you don't get statements automatically, write to the pensions administrator of your old occupational scheme.

Occupational money purchase pension schemes

Some employers offer these pension schemes - sometime called 'defined contribution schemes'. They do not provide a pension based on your salary or pensionable service. Instead, they build up a pension fund that you convert into an income when you retire. Usually, the employer contributes to the scheme and there are trustees who look after scheme members' interests. When you retire, your scheme administrator will buy a lifetime annuity for you or you may be able to buy one yourself.

You should get an annual statement showing how much pension income you might get based on the value of your pension fund today, taking account of future payments into your plan, how the plan might grow, future inflation and pension income from your fund when you retire.

This is only an illustration, not a guarantee. Nobody can be certain about future investment returns, interest or inflation.

Other pensions

Other pensions, such as Group Personal Pensions and stakeholder pensions, can be offered by employers, but these are not classified as 'occupational' pensions.


Stakeholder and personal pensions

Stakeholder and personal pensions are money purchase pensions. Stakeholder and personal pensions are also increasingly offered by employers, although they're not classified as occupational pensions.

However, there are some differences between them - stakeholder pensions have to meet certain standards set by government. Personal pensions are almost the same, but they do not have to meet the government's minimum standards.

What you get at retirement depends on, amongst other things, your contributions, investment growth and charges deducted. You can compare features and charges for stakeholder and personal pensions on the FCA's pension tables (<http://www.FCA.gov.uk/tables>)

You should receive a pension statement each year from your pension provider. It shows how much you have contributed and an illustration of your possible benefits at normal retirement age. If you don't get one, ask for one so that you can see whether you're on track.

 See the FCA / ABI Pension Calculator (<http://www.pensioncalculator.org.uk/>)

If you want to find out more about whether a stakeholder pension might be right for you go to the FCA's Stakeholder pension decision tree pages on their main Consumer Information (<http://www.moneymadeclear.FCA.gov.uk/trees>).

PENSION RULES

Retirement age

The earliest age at which you can take your personal or occupational pension is now 55

You may be entitled to early retirement depending on your profession, such as being a former professional sportsman or ex-forces.

More choices at retirement - tax-free lump sum

Taking a tax-free lump sum from your pension fund before drawing a pension.

- You can take up to 25% of your pension fund as a tax-free lump sum whatever pension scheme you belong to, including a protected rights pension, AVCs and FCAVCs
- For occupational pension schemes, the amount of tax-free cash will depend on the scheme rules. Some schemes allow more than 25% tax-free lump sum depending on the rules of the scheme.

More choices at retirement - unsecured pension

An unsecured pension using Income withdrawal (also referred to as 'income drawdown' or 'pension fund withdrawal') allows you to draw an income from your pension fund while the fund remains invested in the stock market or other asset-backed investments such as property or bonds.

Usually, the hope is that the returns on your invested fund will make up for all or most of the charges and any income withdrawn, and be enough to sustain your income. However:

- the fund could fall (as well as rise); and
- the income you take, plus the charges, will reduce the value of your fund if they are more than the investment growth; which may mean you have to accept a lower income in future

There are government set limits on how much income you can withdraw in each year and rules on how often your pension provider should calculate these limits.

- Your pension provider calculates the limits within which you can take an income every five years
- The maximum level of income you can withdraw is equivalent to 150% of the income you would get from a level single-life lifetime annuity.
- There is no minimum income limit

Income withdrawal is a complex product and it's essential to get financial advice from a qualified adviser on the suitability of income withdrawal for you.

For more information on income withdrawal download or order the FCA factsheet 'Your retirement options – income withdrawal' from their publications page.

<http://www.fca.org.uk/firms/financial-services-products/investments/drawdown-pensions>

Other changes

Pension contribution limits – how much you can pay into your pension funds each tax year.

- You can pay in as much as you like into all your registered pension schemes but there are limits on the amount of tax relief given. You can get tax relief on contributions of up to 100% of your UK earnings if you are a UK taxpayer. Any contributions (including any by your employer) above the annual allowance, which is £40,000 for 2014/15, will be subject to tax, currently 40%
- You can contribute to a stakeholder or personal pension in addition to your occupational pension no matter what you earn
- How much you contribute to your personal or stakeholder pensions is no longer dependent on your age
- If you're not earning but can contribute to a pension, the maximum you can contribute in each year is £2,880 (made up to £3,600 with basic rate tax relief).

Pension fund limits – the lifetime allowance you can accumulate (free of tax) in all the pension funds when you come to draw your benefits.

- This is £1.25m for the tax year 2014/15. You have to pay tax on any excess over the £1.25m allowance
- Salary-related pension scheme benefits are given a value which counts towards the £1.25m lifetime allowance
- Any amount above the lifetime allowance can be paid as a pension benefit but is subject to a tax charge, currently up to 55%.

PENSION CHANGES FROM 27 MARCH 2014

Cashing in a small pension fund

From 27 March 2014, the size of small individual pension pots that can be taken as a lump sum regardless of total pension wealth will increase from £2,000 to £10,000. From the same date, the number of small pots that can be taken as lump sums will increase from two to three.

Your pension fund is defined as small if the value of all your pension funds including pensions in payment is less than £30,000. If so:

- you can convert them all into cash;
- you can take 25% of the combined total free of tax. The rest is taxed as income – check whether this has tax implications for you;
- you must convert all funds to cash within a 12-month period; and
- you can do this between ages 60 and 75.

PENSION CHANGES FROM APRIL 2015

Pension flexibility

From April 2015, individuals will be able to draw down from a defined contribution (DC) pension after age 55, subject to their marginal rate of income tax. There will be no minimum income requirement, as currently applies under flexible drawdown. From the same date, all individuals with DC pension pots will be offered free and impartial face-to-face guidance at the point of retirement. These proposals are subject to consultation.

RETIREMENT OPTIONS

What pensions have I got?

If you're working, you'll usually get -

- a State Pension;
- if you're an employee (rather than self-employed), possibly an additional State Pension (the State Second Pension, previously called SERPS); and
- a pension from your employer if they have such an arrangement (such as an occupational pension, a Group Personal Pension or a stakeholder pension); or
- a pension from a personal or stakeholder pension which you have set up yourself.

This link is to a report that will give you a projection from the Department of Work and Pensions on what your State Pension is likely to be based on the amount of National Insurance Contributions you have made: <http://www.direct.gov.uk/pdfs/state-pension-statement.pdf>. Complete the form (BR19) and send this to the (DWP) for your state pension forecast report. **This is especially important if you are self-employed.**

If you've lost track of any old pension schemes you belonged to, contact the Pension Tracing Service who will help you trace them

(<http://www.pensionservice.gov.uk/atoz/atozdetailed/pensiontracing.asp>).

How do I convert my fund into income?

- If you're a member of a salary-related occupational pension scheme, the scheme administrators will get in touch with you and pay your pension to you direct. You can usually take part of your pension fund as a tax-free lump sum
- If you're a member of a money purchase occupational pension scheme, the scheme administrators will usually buy a lifetime annuity for you, or you may be able to buy it yourself. See more annuity choices. You can usually take part of your pension fund as a tax-free lump sum before buying a lifetime annuity
- If you have a personal or stakeholder pension, you can buy a lifetime annuity with your pension fund to provide your retirement income. You can take up to a quarter of your pension fund as a tax-free lump sum before buying an annuity – if your scheme's rules allow.
- If you have AVCs talk to your pension scheme administrators to find out what your options are
- The Department for Work and Pensions will write to you about your State Pension
- If you've contracted out of the State Second Pension, you will have to use that part of your pension fund to buy a protected rights annuity. Your pension provider will tell you if this applies to you and what it means in your circumstances
- Another option for personal or stakeholder pensions, and some money purchase occupational pensions, is an unsecured pension using income withdrawal. You can take part of your pension fund as a tax-free lump sum and you then draw a regular income from what is left while your pension fund remains invested

Bear in mind that taking a cash lump sum will reduce the amount you have left to buy a lifetime annuity, and therefore will reduce your future pension income.

If you have small pension funds you may be able to combine them to buy a single, bigger annuity – but first check if your pension provider(s) charges a fee for this transfer.

It is also possible to cash in some small pension funds (see above).

What types of lifetime annuity are there?

An annuity is an investment product which converts your pension fund into pension income. This is usually paid for the rest of your life.

There are different types of annuity to suit your needs and circumstances. **Think about whether you need to provide for your spouse or partner, especially if they don't have their own pension arrangements.**

The basic types of annuity are:

Single life: An annuity just for you if you don't have a spouse or partner, or if they don't rely on you for income.

Joint life - An annuity that will pay out to you during your lifetime and to your spouse or partner after your death.

You can also choose whether you want your single or joint-life annuity to be:

- a level annuity – this pays out the same pension income throughout your life. You will get more money to start with than you would from an escalating annuity (see below), but it will not increase in line with inflation;
- an escalating annuity – there are two main choices:
 - fixed rate – your income increases each year by a fixed rate (for example, 3%); or
 - RPI-linked – your income goes up or down in line with inflation.

An escalating annuity will start at a lower rate than a level annuity and gradually build up.

Annuity with a guarantee period

If you die soon after you buy an annuity, it will not have paid out much. To guard against this you can choose an annuity with a guarantee period, say five or ten years. If you die within the guarantee period, the income may continue to be paid for the rest of the guarantee period, or it may be paid to your estate (and tax might be due on it).

Enhanced and impaired health annuities

Some annuity providers offer higher annuity income for smokers and to people with medical conditions that could reduce their life expectancy. These are sometimes called 'impaired health' annuities'. Others might offer an enhanced annuity rate depending on your occupation or where you live.

How can I shop around for the best deal?

Your pension provider will usually offer you a lifetime annuity, but you can shop around to see what rates or arrangements other insurance companies offer - this is called the 'open market option'.

Check whether they offer specific benefits (such as an option to buy a lifetime annuity at a guaranteed rate) which you will lose if you don't take up their offer.

Ask your pension provider for an estimate of the value of your fund which takes account of any charges and use this to shop around and compare lifetime annuities. Remember to compare like with like and look at lifetime annuity quotes based on your circumstances, such as age and sex.

Some people have found they have been able to increase their income by as much as a third by shopping around for their lifetime annuity.

But you may find it difficult to shop around if you have a small pension fund, say below £5,000.

Working beyond retirement

You might want to increase your pension pot by working beyond retirement age. You can postpone taking your State Pension for as long as you want (see above). And you can usually postpone taking a personal or stakeholder pension, in consultation with your pension provider, and continue contributing to the pension.

But occupational pension schemes are different and you will need to check whether the scheme rules will allow you to continue making contributions after the scheme retirement age.

GLOSSARY OF TERMS

Actively managed funds / Passively managed funds:

Actively managed funds are where a fund manager aims to use their knowledge and investment theory to outperform a given benchmark, such as the FTSE100 for example. A Passively managed fund is linked to the performance of an index such as the FTSE100 which is controlled technology. Passive funds have lower management charges than actively managed funds.

Annual Allowance

This is the maximum gross amount that can be contributed to a pension scheme (where tax relief is available) in one year. This includes both employer and employee contributions.

Annual Management Charge (AMC) / Ongoing Charges Figure (OCF)

The Annual Management Charge (AMC) is the yearly fee that a fund manager will take from the investment in return for their services. This is usually between 0.50% and 2.00% depending on the type of manager and fund. The Ongoing Charges Figure (OCF) is the AMC plus fees that go into running the fund in total, such as trustee and audit fees.

Asset allocation

The Asset Allocation is the blend or weight that an investment goes into an asset class such as Cash, Property, Fixed Interest investments and Equities. This will also be broken down further by region (e.g. UK or International) and sector type (e.g. commodities, biotechnology, emerging markets etc).

Attitude to Risk (also see Capacity for Loss, Need for Risk and Risk Profile)

This is part of the make-up of a client's "Risk Profile". This is someone's view on investments and how much risk (loss) they are willing to take with their money versus the amount of return (gain). The higher the risk of an investment usually translates in a higher potential gain or loss. If you have a 3 out of 10 Attitude to Risk then you are likely to invest in places where investments are less volatile, such as cash and fixed interest investments. A 10 out of 10 Attitude to Risk will mean investing in more volatile asset classes and sectors such as equities and emerging markets. Depending on someone's score out of 10 (or other scale) will determine the blend and weighting between the asset classes, regions and sectors of their investments.

Auto-enrolment

The Government has introduced a scheme whereby all employees (depending on their salaries) will be automatically enrolled into either the company's pension scheme or the National Employment Savings Trust (NEST), which is a national pension fund. By October 2018, employees that meet the minimum salary criteria will automatically be enrolled and will contribute 5% of their salary to the pension, with the employer contributing a further 3%. An employee can choose to "opt out" of the scheme, but will be automatically enrolled every 3 years in order to encourage saving for retirement.

Capacity for loss (see Attitude to Risk, Need for Risk and Risk Profile)

This is part of the make-up of a client's "Risk Profile". Capacity for Loss is the amount that someone is able to see their investments fall so that it would not impact their daily lives. For example, if someone only had a pension as their main asset and this dropped in value by 20% leading to a fall in income of 20% - can this person afford that loss amount of loss?

Combined Initial Disclosure Document (CIDD)

This document combines our “About our services – Key Features Document” and “Client agreement – Terms of Business” document. The “About our services” document sets out the standard costs and charges that apply to the advice and service that it provides to clients. The “Client agreement” is our terms and conditions of becoming a client of Hartsfield Financial Services.

Contributions

These are payments into a pension scheme that attract tax relief and can be in the form of an employee (individual) or employer (company). Tax relief is applied in different ways depending upon the type of contribution.

Discretionary Fund Manager (DFM)

This is an investment manager who will not only invest in funds (which a Model Portfolio Manager can invest into), but will also invest in other types of asset such as Government Gilts, individual shares or physical commodities such as gold, for example. The DFM is able to invest in any investment within their mandate and based upon their own investment methodology. This can be more attractive than investing only within funds and therefore the minimum investment into a DFM tends to start at around £150,000. This is a “hands off” approach to investment for the client and the manager will design and change the portfolio how they see fit to produce returns.

Final Salary Scheme / Defined Benefits Scheme

These are two terms for an “occupational pension scheme” which is provided by an employer. These tend to be provided by larger employers and have generally given good benefits to people before and in retirement. They were designed in order to incentivise employees to remain at the company as long as possible as the benefits were based on the final salary of that person at the date of leaving/retiring. However, due to the generous benefits that these schemes have provided over the years and the concerns for these schemes being underfunded, they are now less common.

Financial Conduct Authority (FCA)

This is the body that regulates the financial services industry in the UK. Their aim is to protect consumers, ensure the industry remains stable and promotes healthy competition between financial services providers. They have rule-making, investigative and enforcement powers that they use to protect and regulate the financial services industry. They are an independent financial regulator who is accountable to Parliament.

Financial Needs Analysis

This is a report produced by Hartsfield Financial Services which is able to identify gaps in financial circumstances with regard to someone’s current and future goals. For example, the required saving rate in order to provide a desired income at a specific age in retirement.

Financial Ombudsman

Is a body set up by parliament that provides free services, guidance and help to individuals and businesses where a complaint cannot be resolved between themselves and the provider.

<http://www.financial-ombudsman.org.uk/default.htm>

Financial Services Compensation Scheme (FSCS)

The FSCS is the UK's compensation fund of last resort for customers of authorised financial services firms, was set up over 10 years ago and has paid out £26 billion in compensation to date. They may pay compensation if a firm is unable, or likely to be unable, to pay claims against it. This is usually because it has stopped trading or has been declared in default.

Deposits:

If anything happens to your bank, building society or credit union, the FSCS automatically refunds savings up to £85,000 within 7 days. 98% of the UK population have less than £85,000 in savings and are covered

by the £85,000 protection limit.

Investments:

The maximum level of compensation for claims against firms declared in default on or after 1 January 2010 is £50,000 per person per firm. The maximum level of compensation for claims against firms declared in default before 1 January 2010 is 100% of the first £30,000 and 90% of the next £20,000 up to £48,000 per person per firm.

Guaranteed Annuity Rates

These are rates commonly attached to Retirement Annuity Contracts (a type of old individual pension) and can provide the individual with a favourable guaranteed annuity rate in retirement, sometimes up to 15%. This means that an income of a given percentage of the pension's value will be paid to you for life. You must be very careful if transferring away from a RAC as this rate would be lost upon transfer and not provided by your new provider.

Provider Illustration

This is produced by providers if investing in a product such as an ISA or a Pension. The illustration will project a value of the investment into the future (normally based on rates of 4%, 5% and 6%) given a specific date and based against the product's charges. It allows the person to easily compare the charges of several products, how much the person's fund could be in the future and what likely income they are able to take. These projections are only for illustrative purposes as the value depends upon the performance of the investment, which is never guaranteed.

Individual Pension Scheme / Occupational Pension Scheme

Pension schemes are either "Individual" schemes, if set up by a person or their advisor, or "Occupational" schemes if set up by their company. Occupational schemes tend to have more complex rules attached to them than individual schemes.

In-specie transfer

Investments such as funds and individual assets can be transferred from existing investments either by cash, where the investments are sold down before transfer, or by in-specie, where the investment is retained and transferred to the next product. The advantage of an in-specie transfer is that the investment takes no time out of the market. However, some products providers and investment managers do not allow in-specie transfers or in some cases can take several months to transfer ownership.

Investment Classes (Cash, Fixed Interest, Property & Equities)

There are four main types of investment asset class. Cash the least volatile (risky), then fixed interest, property then equities.

Cash will not fall in value but can lose real value due to inflation and the rising cost of goods where £1 today is worth less than £1 tomorrow.

Fixed Interest investments such as Government bonds or corporate bonds are promises by an institution or company to pay the sum of money owed plus interest at a set date in the future.

Property is an asset class that moves in separate cycles to Fixed Interest investments and Equities and is an essential asset class for diversification in a portfolio.

Equities or shares are considered the most volatile investment as they are direct ownership of companies, whose value can rise or fall dramatically.

There are several ways of investing into each of these asset classes, with collectives (or funds) being the most popular route as several companies can be bought per investment to diversify risk in a portfolio.

Investment Trust – Also see Open Ended Investment Company (OEIC) and Unit Trust

An investment trust is a company, quoted on the stock exchange, whose business is holding shares in other companies. If shares in those companies do well, then the trust does well, and vice versa. To a large extent Investment Trusts, Unit Trusts and OEICs aim to do the same things, but there are several key differences. Investment trusts are stock market-quoted companies in their own right with a fixed number of shares in issue. The price of an Investment Trust share does not just depend on the value of the shares in other companies which it holds - it also depends on the demand for the trust shares themselves. Unit Trusts entitle an investor to participate in the assets of the trust without actually owning those assets. Investors in an OEIC, meanwhile, buy shares in that investment company. Investment Trusts are considered to be riskier than Unit Trusts and OEICs as in a falling market the discount that is applied can widen.

Lifetime Allowance

The Lifetime allowance is the maximum amount that is able to be contributed to a pension without a tax charge on the excess above this limit. Currently, in the 2014/15 tax year, the Lifetime Allowance stands at £1.25m. Tax charges apply to the excess over £1.25m when taking benefits from the pension of 55%, if taking a lump sum, or 25% if taking an income.

Market Value Reduction/Adjustment (MVR) and With-profits funds

MVRs apply to "With-Profit" funds where bonuses are paid based on the performance of the pooled investments. If the investment performs well, you should get an annual bonus each year, as well as a 'terminal' bonus when your policy comes to an end. What makes with-profits investments unique is the 'smoothing' process, whereby some of the return from the investments in the fund is kept back in the years when the fund does well and used to pay you more than the underlying return on the funds in years when it does badly.

If you try to cash in your with-profits investment before maturity, you're likely to be hit with a market value reduction (MVR), also known as a market value adjustment (MVA). An MVR is applied by some providers, particularly in times of weak fund performance, to ensure you don't leave with more than your fair share. MVRs of as much as 18% are not uncommon.

The idea of 'smoothing' is good in theory, but it has often not worked in practice. Although it should mean that returns and bonuses are consistent regardless of investment performance in any given year, many providers paid out too much in the early years when they were competing to attract new business and didn't have enough left later on when markets took a downturn and the value of investments shrank.

Model Portfolio Service (MPS)

An MPS is a service offered by managers where the main area of investment is via funds or collectives (where investors pool money together to benefit from diversification and cost saving). Like a Discretionary Fund Manager, the Model Portfolio Service allows a "hands off" approach to investing and designs and adjusts the portfolio to suit the investment style and methodologies of the manager in order to achieve returns.

Open Ended Investment Company (OEIC) and Unit Trust – Also see Investment Trust

Open ended investment companies and Unit Trusts are forms of shared investments, or funds, that allow you to pool your money with thousands of other people and invest in world stock markets. They are both open-ended investments, which means that investors can freely buy and sell shares in the fund, which then grows or shrinks accordingly. It means the value of the shares you own in an OEIC or Unit Trust always reflects the value of the fund's assets. Unit trusts have proved incredibly popular because your money is invested in a broad spread of shares and your risk is reduced. But they are gradually being replaced by their modern equivalent, the OEIC. This is largely because of the way they are priced and the complexity of Unit Trusts. When investing in Unit Trusts, you buy units at the offer price and sell at the lower bid price. The difference in the two prices is known as the spread. To make a return on your investment the bid price

must rise above the offer before you sell the units. An OEIC fund has a single price, directly linked to the value of the fund's underlying investments. All shares are bought and sold at this single price, so there is no need to calculate the spread. The OEIC has been described as a 'what you see is what you get product'.

Need for Risk (see Attitude to Risk, Capacity for Loss and Risk Profile)

This is part of the make-up of a client's "Risk Profile". If someone has a specific monetary goal in mind their risk profile may be adjusted to increase volatility (and thus potential return) to try and achieve their goal. Conversely, if they do not require a specific monetary goal from an investment, they may wish to reduce their risk profile to decrease unnecessary risk.

Personal Pension Plan (PPP)

A PPP is an Individual Pension Scheme and is a simple investment vehicle which attracts tax relief to help build a fund to retirement. The investment range of a personal pension is less than a Self-Invested Personal Pension.

Retirement Income Options (Annuity, Pension Fund Withdrawal & Guaranteed Products)

There are three main ways of taking an income from a non Occupational Pension Scheme:

- **Annuity** - where a sum of money from your pension is used to purchase an income for life. This income will vary depending on the amount of the lump sum, your sex, the area you live, if spousal benefits are attached, etc.
- **Pension Fund Withdrawal** - where an income is drawn directly from the pension. The money in the pension remains invested but any dividends or interest from the investment can be used to supplement income.
- **Guaranteed Products** – where the pension is used to purchase an investment that will provide either a guaranteed income for the term of the investment, or a guaranteed return of capital. These options also offer the potential for market growth on top of the guarantees.

Risk profile (see Attitude to Risk, Capacity for Loss and Need for Risk)

The Risk Profile of someone is a combination of their Attitudes to Risk, Need for Risk and Capacity for Loss. When all are determined and a time horizon is chosen we are able to understand the type of investment that is suitable for them.

Self-Invested Personal Pension (SIPP)

This is a type of Individual Pension Scheme which offers the usual tax relief on contributions, but it also has the potential to invest in a whole range of options, and can therefore be more expensive than a Personal Pension Plan.

Small Self Administered Scheme (SSAS)

This is a type of Occupational Pension Scheme which can not only invest in a whole range of options (e.g. commercial property, gold bullion) but it also has the ability to loan up to 50% of its value to a limited company.

Stakeholder Pension Plan (SHP)

This is the simplest form of Individual Pension Scheme and has a limited range of investment options. This limited range of investment options means that it is the cheapest type of pension available.

Tax Free Cash / Pension Commencement Lump Sum







Currently from the age of 55 a pension is able to offer a tax free lump sum of up to 25% if it is an Individual Pension Scheme or a Pension Commencement Lump Sum if it is an Occupational Pension Scheme. In some cases Occupational Pension Schemes can offer more than 25% depending on the scheme and the individual's circumstances.

Tax Wrappers

This is a general term for an investment vehicle that provides a tax relief or benefit, for example, Pensions, ISAs, Onshore and Offshore Bonds, etc. Within these tax wrappers the money is then invested.

"Treating Customers Fairly (TCF)"

"Treating Customers Fairly" is a policy from the Financial Conduct Authority and is central to their work in ensuring a fair deal for consumers. It underpins the delivery of their statutory consumer protection objective and the future objectives of the FCA. It is also central to their expectations of firms' conduct, that firms put the well-being of customers at the heart of how they run their businesses. Following are the 6 consumer outcomes of TCF:

-  **Outcome 1:** Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.
-  **Outcome 2:** Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
-  **Outcome 3:** Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
-  **Outcome 4:** Where consumers receive advice, the advice is suitable and takes account of their circumstances.
-  **Outcome 5:** Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.
-  **Outcome 6:** Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

Waiver of premium

This is a type of monthly insurance that can be attached to pensions. For example, if a you are ill and unable to work, Waiver of Premium can ensure that monthly contributions are still made to your pension for a given time period.

Wrap Platform

These are a financial planning tool that allows you to arrange transactions and report on your investment portfolio (for example your Pensions, ISAs, Bonds etc) from a single place and usually via the internet.

Up front £695 + VAT for SSATS set up + HMRC app
Usual for Co to pay - it is a company expense