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# SSAS Review Report

## Prepared for:

## Henry Jodrell

## Carlton James Retirement Fund

Prepared by:

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05/09/2017

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# SSAS SUITABILITY REVIEW REPORT

## Introduction and Basis of the Suitability Review.

In preparing this suitability review, we have taken into account the Carlton James Retirement Fund prospective membership profile, and data established during the fact find conversation. Having considered the membership profile and the best practice guidelines the review findings are detailed within this report. I am authorised to conduct this review on all areas addressed in this report. I would ask that you read the report carefully and check that it reflects the Carlton James Retirement Fund members intended investment strategies, priorities and outcomes.

It is important that you understand this review. You should read this report in conjunction with the remuneration disclosure and the Fund fact sheets and Information Memorandums you have been supplied with, which all provide important information about the Carlton James Retirement Fund investments reviewed within this report. I do stress that if you do not understand any of the information contained within this report then please contact me as a matter of urgency.

Carlton James Retirement Fund has also been provided with a copy of our Client Agreement. This explains my status, our terms of business, the services we offer and how we are to be remunerated for these services as summarised below.

| Date of Client Agreement | Date of Identity Verification | Date of First Meeting | Date of Last Meeting | Initial Engagement Fee | Ongoing Reviews Annual Charge |
|---|---|---|---|---|---|
| 03/05/2017 | 03/05/2017 | 01/03/2017 | 27/07/2017 | 2% of Fund | 0.5% of Fund |

If you believe that the information in any of the documents provided is incorrect please let me know as soon as possible. I would also mention that if any information has not been disclosed, it is possible that my review may not take account of the Carlton James Retirement Fund members requirements and could ultimately have been different. I cannot accept responsibility for any non-disclosed information which could have affected this review. Nor can I accept any liability should you suffer any loss due to the non-disclosure of material facts which have not been brought to my attention.

## Summary of Current Position & Objectives

### Carlton James Retirement Fund - 11 member pension arrangement

The scheme is a Small Self Administered Scheme (SSAS) style pension which is an arrangement which forms all or part of a personal pension scheme, which gives the member the power to direct specifically how some or all of the member's contributions are invested (as opposed to simply choosing a fund or funds).

All the members of the Carlton James Retirement Fund are also Trustees of the scheme. A Trustee is company appointed to hold assets for the beneficiaries of a trust-based pension scheme, in

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accordance with the provisions of the trust instrument (the legal document that sets up, governs or amends the SSAS scheme) and general provisions of trust law.

A feature of all SSAS style schemes is that they offer a range of investment options, and the value of each member's savings changes in line with the funds they are invested in. Many people are understandably reluctant to select their own investment strategy, and so it is important that the Carlton James Retirement Fund investment strategy and asset allocation is suitable for all the scheme members with equal and fair member outcomes. As such there should be an appropriate balance between risk and return for the membership profile and the charging structure should reflect this balance. The investment strategy and asset allocation should take into account, on reasonable grounds, the retirement profile of members.

Please find below a summary of the current Carlton James Retirement Fund member trustees and individual fund values with investment allocation:

| Member Name | Member Age | Selected Retirement age | Pension Value | TempleFX Time Cycle Account | Carlton James Real Estate LLC | Preference Share Purchase | Empire Property Holdings | Cash |
|---|---|---|---|---|---|---|---|---|
| Henry Jodrell | 50 | 75 | £460,367 | £101,280 | £101,280 | £150,000 | £101,280 | £6,524 |

We have used the following information to get a broad sense of the scheme membership profile:

| Scheme membership profile | |
|---|---|
| Average member earnings | Between £25,000 and £90,000 |
| Proportion of males | Equal to 90% |
| Proportion of females | Equal to 10% |
| Business in financial sector? | No |
| Retirement age | 75 |
| Preferred equity | External passive management |

Based on the inputs provided, shown above, the scheme membership profile suggests an overall risk level of balanced. However, having taken additional information from the fact-find discussion into account, the most appropriate risk level for Carlton James Retirement Fund should be moderately adventurous.

Moderately Adventurous investors typically have moderate to high levels of investment knowledge and will usually keep up to date on investment issues. They will usually be fairly experienced investors, who have used a range of investment products in the past.

In general, moderately adventurous investors are willing to take investment risk and understand that this is crucial in terms of generating long-term return. They are willing to take risk with a substantial proportion of their available assets.

Moderately Adventurous investors will usually be able to make up their minds on investment

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matters quite quickly. While they can suffer from regret when their investment decisions turn out badly, they are usually able to accept that occasional poor outcomes are a necessary part of long-term investment.

Suitability Review

I have undertaken a suitability review of the Carlton James Retirement Fund investment selections and have undertaken this review on the basis of the information you have provided. We have reviewed your investment strategy to ensure that it:

- Is appropriately designed
- Is suitable for the scheme membership
- Adopts best practice guidelines in a cost effective manner
- Offers externally managed, passive equity investments
- Selected Investments reflect the scheme memberships' needs, capacity and willingness to take risk

Based on the information supplied the company Carlton James Private & Commercial Ltd has established a Small Self Administered Scheme (SSAS) for the following reasons:

- A SSAS will allow the Company and the scheme member trustees to exercise substantial control over the choice of investments held under the Company pension scheme. Whilst the Company may not use all of the options available, the Carlton James Retirement Fund intends to invest in a broad spectrum of investments and require the flexibility to change underlying investments in the future without having to switch providers
- The range of permitted investments is much greater under a SSAS than other pension arrangements and the Company pension scheme and its members are comfortable paying higher charges to gain access to a broader and more sophisticated range of investment opportunities
- Benefits can be taken by individual members at any time from age 55 and the effective requirement to buy an annuity at age 75 was scrapped from 6th April 2011
- 25% of the uncrystallised pension fund can be taken as a Pension Commencement Lump Sum (tax free cash) payment by any member from the age of 55
- There will be no death benefit tax charge on an individual scheme members uncrystallised pension fund on death before age 75 assuming the total value of the pension benefits are within the individual members lifetime allowance. This will help ensure that individual pension scheme members beneficiaries are looked after, financially and in a tax efficient manner, upon death
- Members will receive tax relief on all personal contributions

There are a number of factors to be considered when undertaking a suitability review.

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## Investment Options and Performance

There is obviously no means to categorically predict future investment performance. Although it should be stressed that past performance is no guarantee of future performance, it can act as a useful guide. It is also beneficial to compare the range of investment options available. Flexibility to switch between a wide range of strong performing investment opportunities is important. Your scheme membership attitude to risk could change, and as a result you may wish to take an alternative investment strategy in the future.

## Charging Structure

The effect of charges is reflected in the Reduction in Yield of the selected investments. The Reduction in Yield, outlined in this suitability letter, includes deductions for expenses, adviser remuneration and other adjustments. For further information concerning charges, I refer you to the Fund fact sheets and Information Memorandums you have been supplied with.

## Financial Strength

A pension is a long term investment. As such, it is imperative to select a provider who is financially secure and will be able to meet all their obligations to policyholders in the future.

## Summary of the suitability review

I have undertaken a suitability review on the following for the reasons detailed below:

| Ownership | Pension | Company | Member Trustee Number | Pension Value | Chosen Retirement Age |
|---|---|---|---|---|---|
| Carlton James Retirement Fund – Henry Jodrell | Group SSAS | Carlton James Private & Commercial Ltd | 8(of 11) | £460,367 | 75 |

Employer contributions will usually qualify as a business expense which can be offset against taxable profits.

***Pension Practitioner – Small Self Administered Scheme administrator***

- They are a market leader in the SSAS market place
- They have provided us and our clients with an excellent service in the past
- This pension offers a seamless transition to drawdown pension, which could prove advantageous when taking benefits in the future

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### *Investment Strategy*

I have reviewed your investment strategy and asset allocation of the available monies to be invested as follows:

| Fund | Description | Objective | Sector | Risk Rating | Initial Charge | Annual Management Charge | Amount Invested | Scheme Allocation |
|---|---|---|---|---|---|---|---|---|
| TempleFX Time Cycle Account | Forex Trading | Growth of investment over the long term | Financial Instrument | Adventurous | 0% | 0% | £101,280 | 22.00% |
| Carlton James Commercial Real Estate | Capital Accumulation shares | Compound Annual Returns | Alternative Investment scheme | Adventurous | 0% | 0% | £101,280 | 22.00% |
| Fenturi Limited | Preference Share Purchase | Fixed annual returns | Financial Instrument | Balanced | 0% | 0% | £150,000 | 32.50% |
| Empire Property Holdings 2 Ltd | Secured Loan Note | Fixed Annual Returns | Financial Instrument | Adventurous | 0% | 0% | £101,280 | 22.00% |
| Cash | Cash | SSAS charges IFA Charges Member - Benefits | Cash | Very Cautious | 0% | 0% | £6,524 | 1.5% |

**Adventurous risk strategy – TempleFX: Time Cycle account**

| Investment Type | Invested Amount | Minimum Investment Term | Annual Returns | Frequency of Returns | Early Exit Terms | Early Exit Penalties | Capital Returned at Month 12 |
|---|---|---|---|---|---|---|---|
| Foreign Exchange Trading | £101,280 | None Applicable | 78.00%* (Variable) | Monthly | None Applicable | None- Monthly Withdrawals permitted | 178.00%* |

*previous 36 month average monthly annualised returns on the TempleFX Time Cycle account. Previous account trading profits are no guarantee of future account trading profits. The TempleFX Time Cycle account returns are variable & not guaranteed.

Forex Trading - The foreign exchange market known as 'Forex' or 'FX', or currency market is a global decentralised market for the trading of currencies. This includes all aspects of buying, selling and exchanging currencies at current or determined prices. In terms of volume of trading, it is by far the largest market in the world with over 5 Trillion dollars traded every day.

TempleFX Time Cycle account – This is an investment of capital into Forex Trading via automated strategies with trading track records of at least 36 months. The strategy by algorithm consists of 25 EAs (Expert Advisors) all working based on different implementations, factors, parameters, risk control, equity management and position sizing. All the EAs working in unison complete this Algorithm and all trading is automated with no human intervention of opening or closing trades, stop loss or take profit interference. The only human intervention occurs when tweaking the Algorithm based on current data and daily ATRs (Average True Range) within the market, but not

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limited to, for example, switching off the Algorithm completely during volatile periods such as the Brexit vote, or other economic events that may impact the market by 3% or more.

The structure and flow of this investment is as follows;

Investor Capital Custodian (Client Funds Holder) - Infinox Capital Ltd

Infinox Capital Ltd are the LP providers (Liquidity Provider) and clearing agent for TempleFX, they also deal with all client 'on-boarding' (account set up) and back office work in relation to individual client accounts. All client funds are held at Infinox Capital Ltd within segregated Barclays accounts in the UK. Infinox Capital Ltd is Authorised and Regulated by the Financial Conduct Authority in the UK (FRN 501057) and its registered office is Birchin Court, 20 Birchin Lane, London EC37 9DU

Trading Strategy Provider - TempleFX

TempleFX as fund managers, control all the currency trades and apply the algorithm strategies to client accounts. TempleFX is a trading name of TS Capital Ltd who are Authorised and Regulated by the Financial Conduct Authority in the UK (FRN 447281) and registered office is 4th Floor, 6 Lloyds Avenue, London EC3N 3AX.

Investment Account Compliance – Forexmax Ltd

Forexmax Ltd underwrite all client applications. TempleFX currently obtain their DFM (Discretionary Fund Manager) licensing via Forexmax Ltd. Foremax Ltd retain compliance oversight responsibilities in relation to all TempleFX activities and strategies. ForexMax Ltd are Authorised & Regulated by the Financial Conduct Authority in the UK (FRN 229906) and registered office is Cedar Lodge, Spekes Road, Gillingham, Kent ME7 3RS.

Time Cycle Account Parameters

- UK head office with experienced professional traders in the UK and overseas;
- Returns generated from electronic trading of financial derivative Foreign Exchange;
- Strict risk management strategies to ensure minimum drawdown on client capital;
- Algorithmic traders create a copy trade signal service applied to investor capital;
- Expert Advisers intervene the automated trading during volatile periods such as the Brexit vote, or other economic events that may impact the market by 3% or more;
- Client account discipline and a high level of strict risk management strategies are set and monitored by TempleFX, the fund manager;
- Traders have execution only account set up with no access to withdraw funds;
- Profits and or capital can be withdrawn at any time by the account holder;
- Client capital held in a segregated account with an FCA approved liquidity provider Infinox Capital Limited;
- Infinox Capital LTD have insurance in place for client accounts which offers protection of account funds for up to £1,000,000 should the broker fall into liquidation.

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**Capital Requirements** Minimum deposit £50,000. Investor variable monthly returns compounded with account withdrawals permitted at any time; Performance fee of 50%, performance fees are calculated on the profit gains over and above the previous months profit size. No account management fees are charged; Investor capital plus all returns can be fully or partially withdrawn at anytime but it is recommended to compound profits for at least 6 months thereby assisting the account to grow faster;

**Client suitability:** Investors should be adventurous risk, Trading in Forex (FX) may not be suitable for all investors due to the high risk nature of the product. Trading risks are magnified by leverage losses which could exceed your deposits and you may lose all or more of your initial deposit. Margin calls may be made quickly or frequently, especially in times of high volatility, and if you cannot meet them, your positions may be closed out and any shortfall will be borne by you. Values may fluctuate significantly in times of high volatility or market /economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. The value of an investment in a Forex trade may be affected by a variety of factors, including but not limited to, price volatility, market volume, foreign exchange rates and liquidity. CFD's (Contract's For Difference) are a short term trading tool and commission is charged on the leveraged amount (not the deposit) and therefore costs can build up when frequently traded. You should evaluate potential losses against affordability. Fund your account only after you have acknowledged and accepted the risks.

You should carefully consider whether trading in leveraged products is appropriate for you based on your financial circumstances and seek independent financial consultation. TS Capital Ltd is an Introducing Broker to Infinox Capital Ltd ("Infinox"). Infinox will hold your account and respective funds and will act as the counterparty to your trades. Infinox is not affiliated with TS Capital Ltd or its affiliates.

This is a Forex Trading account type which is predominately Foreign Exchange currency pair buy sell investment and as such the risks associated with this market must be considered. Full details in the Fund Fact Sheet provided to all Investors.

**Adventurous risk strategy – Carlton James Commercial Real Estate LLC**

| Investment Type | Invested Amount | Minimum Investment Term | Annual Returns | Frequency of Returns | Early Exit Terms | Early Exit Penalties | Capital Returned at Maturity |
|---|---|---|---|---|---|---|---|
| US Asset Backed Shares with monthly compounded return | £101,280 | 2 Years | 1% monthly compound +15% Yr 2 | At end of term | None Available | No early exit | 142% |

An investment in the purchase of Preference Shares issued by Carlton James Commercial Real Estate LLC ("The Company") and entitles the holder to receive returns of 1% per month on a capital accumulation basis over a two-year investment term. Carlton James Commercial Real Estate LLC, a

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Delaware LLC, is engaged in the business of investing in properties and loan instruments. This offering of the Company's Preference Shares is to support the Company's ongoing investment activity which includes numerous Land acquisitions, rezoning and restructure of Land & development of hospitality & Commercial based developments and sites. At the term end the Company will re-purchase the Shares from investors for their capital accumulated value plus an additional exit bonus of 15%, this bonus calculated on the initial capital invested.

The structure and flow of this investment is as follows;

- Investors purchase Preference Shares in the Company;
- The Shares are non-voting, and the shareholders have no right to participate in the Company's management;
- Each shareholders liability generally will be limited to the amount of the shareholders purchase price for shares;
- The Company may re-purchase shares at their accumulated par value on the second anniversary of their issuance;
- A shareholder will have the option, instead of repayment at the end of the two-year term, to exchange some or all of the Shares for a new class of preference shares in furtherance of future Company projects;
- For UK investors, the company will make available a non-US feeder entity to make this investment in US real estate more tax-efficient. This non-US feeder entity will invest in the Company on behalf of each non-US investor.
- Investment Security: A first priority mortgage on development sites, a collateral interest in the development equity, typically 25%; a collateral assignment of developer assets & bank accounts – current value $19,00,000
- An independent Investment Administrator, Maples Fund Services, is appointed to oversee the above process and thus ensure the interests of Shareholders is maintained at all times;

Funds are administered by Maples Fund Services. The land has full planning permission for the build and the company and its investors have a first charge on this unencumbered asset. As a further layer of protection for investors an assignment of SW land & Development LLC is pledging almost all of its assets to secure investors deposits until the investment is repaid.

**Capital Requirements**

- Investment is required to complete pre-development, development and construction activities.
- Investor return of 12% gross per annum compounded for 2 years.
- The Investor will recapture the capital accumulated investment after 2 years plus a 15% bonus.

Investor capital is repaid by SW land & Development LLC obtaining funding on or before the end of the two-year term of the shares. This funding may come in the form of a sale of SW land & Development LLC underlying properties, or the refinancing of the Companies loans to SW land & Development LLC. In addition, SW land & Development LLC may sell some or all of its assets to

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satisfy SW land & Development LLC loans to the Company. The Company would use these funds to pay dividends to the holders of the Shares.

**Client suitability:** Investors should be adventurous risk, seeking to achieve fixed returns generated from this US property investment. Specific Risks with this type of offshore unregulated investment scheme (UIS) are detailed in the appendix and include but are not limited to changes in government policy concerning foreign investment within the United States and changes to tax law or interpretation. In addition, as this is a USD (United States Dollar) investment, a currency risk is apparent and investors may achieve reduced returns when converted back to sterling. Investors should be able to commit money to this investment for a minimum of two years, or more if necessary.

This investment is non FCA regulated and has no recourse to the Financial Services Compensation Scheme. Individual investors should consider carefully whether this investment is suitable for them in light of personal circumstances and financial resources available to them.

This is a property type investment and as such the risks associated with property investment must be considered. Full details in the Information Memorandum provided to all member trustees.

**Balanced risk strategy – Fenturi Limited**

| Investment Type | Invested Amount | Minimum Investment Term | Annual Returns | Frequency of Returns | Early Exit Terms | Early Exit Penalties | Capital Returned at Maturity |
|---|---|---|---|---|---|---|---|
| Purchase of Class "B" Preference shares | £150,000 | 60 Months | Up to 7% Per Annum | Every 6 Months | No Early Repayment charges* | 0* | 100% |

*0.5% stamp duty is payable on full or part repayment

An investment through the purchase of class "B" preference shares issued by Fenturi Limited, a company incorporated on the 3rd April 2017 in England & Wales, Company Number 4402051 ("The Company") and provides the investor 'Carlton James Retirement Fund' ("The Scheme") with fixed six monthly returns. The fixed returns provide the "Scheme" with contracted cash returns of up to 3.5% per six months over a term of 5 years, which can be extended, subject to legal conditions. At the term end "the Company" will reimburse the investors shares ("The Scheme") for their original value.

Fenturi Limited is a business that develops digital learning experiences for its customers. These range from quizzes through to eLearning, gamification and visualisation solutions. Recently the assets of a well-known eLearning business were purchased and 11 staff transferred under TUPE to augment the current team from Fenturi. The company is targeting large corporates to expand its client base in the legal and finance sectors where it has a strong track record of developing bespoke compliance programmes. The loan will be used to invest in the development of templates and reorganising the business model to ensure that the company delivers a minimum of 65% Gross Profit. In addition the company will be growing its sales and marketing team to support this reorganisation and efficiency programme.

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The projected turnover for the business is £900,000.00 which is up from £100,000 acheived in 2016. Fenturi Limited employs 11 staff. Fenturi Limited clients include Bank of England, Standard Chartered Bank, Amex, Linklaters, Norton Rose and DHL

The structure and flow of this investment is as follows;

- "The Scheme" secures £150,000 Class "B" preference shares, at a value of £1 Per share in Fenturi Limited ("the Company");
- "The Company" then utilises the capital raised to develop and grow the business;
- Payments to "The Scheme" will be made six monthly in arrears;
- An independent Trustee, Workplace Pension Trustees Ltd, is appointed to oversee the above process and thus ensure the interests of Shareholders is maintained at all times;

**Capital Requirements**

- Fenturi Limited is a business that develops digital learning experiences for its customers ranging from quizzes through to eLearning, gamification and visualisation solutions.
- Investment is required for the development and growth of the sales and marketing teams to increase sales as well as support the company reorganisation and increased efficiency programmes.
- "The Scheme" returns of up to 7% gross per annum for 5 years paid on the six month anniversary of the investment.
- The investor will recapture the original investment after 5 years, which can be further extended, subject to legal conditions and agreements.
- The five year exit is to be sourced from the significantly increased cashflow and retained company profits thereby redeeming "The Scheme" monies in the fifth year after the investment has been made – this can be re-paid earlier as the preference "B" class shares have no early repayment charges.

**Client suitability:** Investors should be of balanced risk, seeking to achieve annual returns generated from this share purchase. Specific Risks with this type of preference share purchase must be noted. "The Scheme" should be able to commit money to these investments for a minimum of five years, or more if necessary. Individual investors should consider carefully whether this investment is suitable for them in light of personal circumstances and financial resources available to them.

This is a share purchase investment and as such the risks associated with registering the Purchase of Class "B" preference shares must be considered. Full details of this offer are detailed in the Term Sheet, subscription agreement & supporting documents provided to all member trustees.

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## Adventurous risk strategy – Empire Property Holdings 2 Limited – 4-year Deferred loan Note

| Investment Type | Invested Amount | Minimum Investment Term | Annual Returns | Frequency of Returns | Early Exit Terms | Early Exit Penalties | Capital Returned at Maturity |
|---|---|---|---|---|---|---|---|
| Asset Backed, first charge loan note instrument | £101,280 | 4 Year Fixed Rate Secured Loan Note | Year 1-15%<br>Year 2-15%<br>Year 3-15%<br>Year 4-15% | At Maturity -at end of Year 4 | Non Offered (Transferable on Death) | N/A | 160% |

Empire Property Holdings 2 Limited was incorporated as a special purpose vehicle, to acquire commercial properties for development into residential accommodation by the Developer, Empire Property Concepts. Empire Property Holdings 2 Limited will seek to raise 18 million pounds of investment funds, 12 million pounds for the 4 year raise and 6 million pounds for the 2 year raise, via the mechanism of a Loan Note Instrument, to acquire suitable commercial properties, and strategically renovate and manage these assets to achieve the guaranteed returns. Once converted, the properties would become a commercial asset, whose underlying value whilst linked would not be reliant on the variable housing market price index. The investment opportunity utilises the asset class of commercial office buildings and the borrowing is secured by a First Legal Charge. Loan Note Instruments are the legal method used to raise investor finance which detail: a) the sum invested b) the interest payable and c) the agreed term of the Loan. This Loan Note Instrument is governed by the laws of the United Kingdom. The Company strategy is to take full advantage of current market conditions and acquire assets through the following methods:

- Initially acquire three commercial properties in prominent towns or Cities
- The funds will be used to acquire & develop the property into residential accommodation.
- The properties will be renovated using permitted development rights where possible, or the equivalent full planning requirements.
- The Company will then liaise with known private, and council letting contacts, to speedily let and manage rooms.

The structure and flow of this investment is as follows;

- The investor purchases Loan Notes issued by Empire Property Holdings 2 Limited
- Minimum Investment £20,000, each individual loan note value £1,000
- Empire Property Holdings 2 Limited use the investor funds to purchase and to cover renovation and management costs associated with acquiring commercial properties
- All investor funds are held by an appointed Independent Security Trustee in a Special Purpose Vehicle (SPV) specifically established to manage every commercial property project. Each SPV has its own bank account.
- Empire Property Holdings 2 Limited utilise the funds to initially acquire three commercial buildings in prominent towns or Cities.

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- The properties selected must adhere to specific criteria, key ones being the purchase price of the property and the cost of renovation. Each room is given an average cost to complete, which takes into account all aspects of the renovation, project management, administration, licensing, and liaison with councils.
- The investment is secured with a first legal charge by the Security Trustee on the asset which is commercial office buildings.
- Loans for Property backed developments are generally being developed in order to retain as an investment but are sometimes sold. The preferred exit route will be via a refinance with one of a number of lenders we use currently namely CCB, Lloyds, Shawbrook & Aldermore.
- At the maturity of the investment term (4 years) the investor will recapture the original investment plus all returns due.

**Capital Requirements**

- Investment term option of 4 years selected with all returns payable at maturity
- Returns fixed at 15% year 1, 15% year 2, 15% year 3 & 15% year 4.
- Investment made in sterling and all returns are in sterling
- All costs, both legal and administrative, associated with the loan note instrument and execution of the first legal charge is borne by Empire Property Holdings 2 Limited.
- The investor will recapture the original investment after 4 years

**Client suitability:** Investors should be adventurous risk, seeking to achieve fixed returns generated from this asset backed loan note instrument investment. Specific risks with this type of unregulated investment scheme (UIS) are detailed in the appendix and include but are not limited to changes in government policy, i.e. removal of permitted development rights, a major fall in property prices making sales or refinance difficult. Investors should be able to commit money to this investment for a minimum of four years. This investment is non FCA regulated and has no recourse to Financial Services Compensation Scheme. Individual investors should consider carefully whether this investment is suitable for them in light of personal circumstances and financial resources available to them. Past performance is not necessarily a reliable indication of future performance.

The return on investment is personal to each investor. Investors are responsible for taking the necessary tax advice related to their interest payments. Full information can be referenced from the factsheet along with Due Diligence pack already provided to all member trustees.

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**Reviews**

***Requirements in Retirement***

It is important that we review your pension provision on a regular basis as your current level of funding may prove insufficient to meet your required income requirements in retirement. You should also remember that if you elect to take part of your pension fund as a tax free cash payment, this will reduce the income you receive from the residual pension fund.

***Nomination of Beneficiary***

I would recommend that you complete a Nomination of Beneficiary Form. This will ensure the proceeds of your pension, subject to the trustee's discretion, are paid to your chosen beneficiary on your death.

For further information regarding the level of contributions that can be made to, how benefits can be taken from, and the taxation of pension arrangements I refer you to the Technical Notes in the appendix of this report. A summary of the risk warnings associated with my suitability review can also be found in the appendix of this report.

## Important Information

### Cost of Services

There are various ways I can be remunerated for my advice and the provision of my services. A summary of the options can be found in our Tariff of Charges document, Services and Costs Disclosure Document (SCDD) or Combined Initial Disclosure Document (CIDD) provided.

A detailed summary of all the charges associated with the advice provided in this report can be found below:

### Charges Summary

**Small Self Administered Scheme Charges for the Carlton James Retirement Fund.**

| Entry Charges | | | Ongoing Annual Charges | | | Exit Charges |
|---|---|---|---|---|---|---|
| Adviser Charge | Adviser Charge Paid By | Provider Charge | Provider Fund Charge | Adviser Charge | Adviser Charge Paid By | Member Exit Charge |
| 2% of fund | SSAS Cash Account | 0% | £0 | 0.5% of fund | SSAS Cash Account | £750 |

**Entry Charges:** One off charges taken before or on investment.

- Adviser Charge: A fee paid to the adviser for advice and services.

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- Adviser Charge: Paid By Cash Account: The Adviser Charge will be paid from the cash account within your investment.

- Provider Charge: Fees agreed with the Pension Practitioner (The SSAS Scheme Provider and Administrator) in relation to Scheme set up, year 1 annual administration charge and member funds transfer in charges.

- Provider Charge: Paid By Cash Account: The Provider Charge will be paid from the cash account within your investment.

**Ongoing Charges:** Regular charges, typically taken over a year.

- Adviser Charge: A fee paid to the adviser for ongoing advice and services.

- Adviser Charge: Paid By Cash Account: The Adviser Charge will be paid from the cash account within your investment.

- Provider Charge: A fee paid to the Provider for ongoing services.

- Provider Charge: Paid By Cash Account: The provider Charge will be paid from the cash account within your investment.

**Exit Charges:** One off fees taken on termination.

- Exit Charge: Applicable under the plan following early surrender, encashment or transfer.

## Cancellation Notice

Once your plan or contract is set up you have a legal right to cancel it (excluding mortgages unless concluded at a distance). A 'Cancellation Notice' will be sent to you detailing how to cancel should you change your mind. You normally have 30 days (which may reduce to 14 days for ISA and Unit Trust investments and may increase to 60 days for annuities) in which to cancel. The amount you get back will be reduced by any market loss incurred between making your initial investment and up until your investment is sold. Any contract arranged at your explicit consent (normally referred to as "execution only") does not provide you with cancellation rights.

## Our Service Proposition

My company offers a number of service propositions which govern the type of service and the regularity of contact and reviews you will experience as well as any on-going costs you can expect to incur. Full details of these propositions have already been discussed and provided. I confirm that you have elected for the following service:

- A focused and limited suitability review service undertaken as the appointed pension consultant to the Trustees.

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## Confirmation

I have fully reviewed the Carlton James Retirement Fund and I hope you agree that the contents of this report correspond to your current needs and future requirements. If you have any queries concerning the content of this report, or should you feel the suitability review report information is in any way an inaccurate reflection of your circumstances and future objectives please contact me immediately.

Report written by

Timus Little BA Cemap Dip

**IFA Consultant**

Signature _____ Date 05/09/2017

We the undersigned have received this report. We acknowledge this is a fair reflection of our conversation and confirm we have received all supporting literature including fund fact sheets and Information Memorandums.

**Accepted by Carlton James Retirement Fund Trustee: Henry Jodrell**

Signature _____ Date 05/09/2017 Name: Henry Jodrell

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# APPENDIX

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## Risk Warnings – Small Self Administered Scheme (SSAS)

In addition to the risks shown below, I recommend you read carefully the section entitled "risk factors" in the Key Features Document provided which highlights any possible disadvantages of affecting this plan.

- For a full explanation of the charges and how they affect your plan, please refer to the personalised illustration Key Features Documentation, Information Memorandums and Fund Fact Sheets supplied by the product provider.
- The figures on any quotations provided are for illustration purposes only and are not guaranteed.
- The cost effectiveness of your SSAS may depend on a number of factors:
    - The size of your SSAS in relation to the initial and ongoing costs.
    - The type of investments held.
    - The frequency with which you deal.
    - The size of transaction you undertake.
- The value of the investment is determined by the value of the investment, the price of which can fall as well as rise. What you get back is not guaranteed. It will depend on investment performance and the cost of converting your pension fund into an income for life.
- If you have a smaller fund or deal excessively, the value of your SSAS may be eroded and the costs may be disproportionate to the value of your SSAS.
- The recommendations are based on current taxation, law and practice and the current legal and administrational framework and are based on my current interpretation and understanding of those, all of which may be subject to change.
- Past performance is no guarantee of future returns.
- When you retire, your pension may be lower than illustrated if:
    - You stop or reduce your contributions.
    - Investment performance is lower than illustrated.
    - The cost of converting your pension fund into an income for life is more than illustrated.
    - You start taking your pension earlier than your chosen pension age.
    - Tax rules change.
    - Charges increase above those stated.
- It is important to periodically review the value of your investments against expectations - particularly as you approach your chosen retirement age when it is advisable to transfer some or your entire fund to a more stable investment environment.
- Where a property fund has been recommended the value of the fund is based on the valuer's opinion rather than fact. You should be aware property and land can be difficult to sell – so you may not be able to cash-in this investment when you want to. In extreme market conditions the fund manager may have to delay acting on your instructions to sell your investment.
- Where a fund invests in overseas markets, changes in currency exchange rates mean that the value of the investment can go up or down.

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## Technical Notes – Pensions

A current summary of the main pension's legislation effective from 6th April 2015 can be found within these technical notes.

**Budget 2015** - On 6 April 2015, "the most radical changes to pensions for almost a century" took effect. The changes were first announced in the March 2014 Budget. Here we give the basic facts and explain how they might affect you. We also explain changes announced in the July 2015 Budget.

- CHANGE 1: FLEXIBLE ACCESS TO PENSIONS FROM AGE 55

  What has changed: Most pension investors aged at least 55 now have total freedom over how they take an income or a lump sum from their pension. They can choose to:

  (a) Take the whole fund as cash in one go – 25% tax free and the rest taxed as income;
  (b) Take smaller lump sums, as and when they like with 25% of each withdrawal tax free and the rest taxed as income;
  (c) Take up to 25% tax free and a regular taxable income from the rest (via drawdown – where they draw directly from the pension fund, which remains invested – or via an annuity – where they receive a secure income for life).

Any withdrawals in excess of the tax-free amount will be taxed as income at your marginal rate. So, if you are a basic-rate (20%) taxpayer, any income you draw from your pension will be added to any other income you receive (e.g. your salary) and this could push you into the higher (40%) or even top-rate (45%) income tax bracket.

It should also be possible to take the tax-free cash straightaway and the taxable income via drawdown at a later date.

**Who is affected:** Anybody with a defined contribution pension – e.g. Small Self Administered Schemes (SSAS), individual or group personal or stakeholder pensions, Self Invested Personal Pensions (SIPPs), some Additional Voluntary Contribution (AVC) schemes, etc. – could benefit. Investors aged 55 or over should be able to take advantage of the increased flexibility now.

CHANGE 2: NEW RESTRICTIONS ON HOW MUCH YOU CAN CONTRIBUTE TO PRIVATE PENSIONS AFTER YOU MAKE WITHDRAWALS

What has changed: Pension contributions are subject to a £40,000 allowance for most people and specific contribution rules. A new £10,000 allowance has been introduced for people who have flexibly accessed a pension.

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When you flexibly access benefits you must, within 91 days, inform any of your pension providers to which contributions are subsequently paid, or face a £300 fine. The pension provider with whom you flexibly access benefits should usually inform you if this applies.

**Who is affected:** Anybody who has flexibly accessed a pension since 6 April 2015 might be affected. Flexibly accessing a pension includes:

- Taking an uncrystallised funds pension lump sum (UFPLS) or a standalone lump sum;
- Having flexible drawdown before 6 April 2015 (previously you were unable to make contributions, but now you can);
- Taking an income payment from drawdown set up or converted to flexible drawdown after 5 April 2015;
- Exceeding income limits from drawdown set up before 6 April 2015;
- Taking an income payment from a scheme pension with 12 or fewer members or from a flexible annuity;

Flexibly accessing a pension does not include:

- Taking tax-free cash and no income;
- Taking a pension as a small pot due to it being worth less than £10,000;
- Taking income from capped drawdown set up before 6 April 2015 which remains within capped drawdown limits;
- Taking a pension as an annuity or scheme pension other than as described above.

This £10,000 limit applies to contributions you and your employer make to money purchase pensions (e.g. personal pensions). It does not apply to any defined benefit pension (e.g. final salary) you are building up.

CHANGE 3: 55% PENSION 'DEATH TAX' ABOLISHED

What has changed: Previously, it was normally only possible to pass a pension on as a tax-free lump sum if you died before age 75 and you had not taken any tax-free cash or income. Otherwise, any lump sum paid from the fund was subject to a 55% tax charge.

This tax charge was abolished on 6 April 2015. The tax treatment of any defined contribution pension you pass on, which you do not use to purchase a lifetime annuity or scheme pension, will depend on your age when you die. If you die before age 75, your beneficiaries can usually take the whole pension fund as a tax-free lump sum or draw an income from it, also free of UK income tax, either by choosing to buy an annuity or by using drawdown.

If you die after age 75, your beneficiaries have three options;

(a) Take the whole fund as cash in one go: the pension fund will be subject to 45% tax. However, in the July 2015 Budget it was confirmed this will be taxed as your beneficiary's or beneficiaries' income for payments made after 5 April 2016.

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(b) Take a regular income through an annuity or drawdown: the payments will be taxed as your beneficiary's or beneficiaries' income.
(c) Take periodical lump sums through drawdown: the lump-sum payments will be taxed as your beneficiary's or beneficiaries' income.

Who is affected: Anybody who has a defined contribution pension – e.g. Small Self Administered Schemes, individual or group personal or stakeholder pensions, Self Invested Personal Pensions, Additional Voluntary Contribution schemes, etc. is affected. See change 4 for details of how the tax cut works for annuities.

CHANGE 4: DEATH AFTER BUYING AN ANNUITY – TAX CUT

What has changed: If you buy an annuity, you can choose for the income to be paid to your spouse or partner after you die (a joint-life annuity). You can also choose a guarantee period or value protection – for example, if you buy a 10 year guarantee and die after 2 years, the annuity will be paid for another 8 years to your spouse, partner or beneficiaries.

These payments used to be subject to tax. They are now free of UK income tax if you die before age 75 and the annuity you have is a lifetime annuity (death benefits paid from a scheme pension as value protection, a joint-life annuity or as a continuing guarantee period are not tax free. For further details check with your scheme pension provider to see what the implications of the new rules are).

A joint-life or dependant's annuity can be paid to anyone after you die, subject to any restrictions of your annuity provider. On their subsequent death any value protection or remaining guarantee period can be paid to anyone.

**Who is affected:** Anybody with a lifetime annuity with joint life, value protection or guarantee period who died on or after 3 December 2014 before turning 75. The first income payment to your partner, spouse or beneficiaries must have been made after 5 April 2015, otherwise it will be taxable.

CHANGE 5: ACCESS TO IMPARTIAL GUIDANCE

What has changed: Everyone can now access free guidance to help them make sense of their options at retirement. This service is called Pension Wise and provided by Citizens Advice Bureau and the Pensions Advisory Service. There is no charge and your pension provider is required to tell you about this impartial guidance.

**Who is affected:** Anybody taking retirement benefits.

**Who is affected:** Anybody with a defined benefit pension, wishing to take advantage of the increased flexibility. It is no longer possible to transfer from most public sector pension schemes. Check with your pension scheme if unsure.

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CHANGE 7: RETIREMENT AGES TO INCREASE

What is changing: The government has stated that it intends to increase the earliest age at which you can normally draw your pension, currently 55, to 57 from 2028 (and then increase it in line with the rise in the State Pension age). This will not apply to Public Sector Pension Schemes for Firefighters, Police and Armed Forces.

CHANGE 8: CONTRIBUTION ALLOWANCE INCREASE FOR 2015/16 What has changed: A £40,000 annual allowance usually applies to total pension contributions in a tax year. A new £40,000 allowance has effectively been introduced for contributions made from 9 July 2015 to 5 April 2016.

**Who is affected:** Investors who made contributions between 6 April 2015 and 8 July 2015 may now be able to invest more this tax year than they originally anticipated.

CHANGE 9: CONTRIBUTION RESTRICTIONS FOR HIGH EARNERS FROM 2016/17

What is changing: The July 2015 Budget included plans to limit how much high earners can pay into a pension without facing a tax charge. If the change goes ahead, it will apply to contributions made from 6 April 2016. The £40,000 annual allowance for pension contributions will be tapered down to as little as £10,000.

**Who is affected:** Anyone with taxable income more than £150,000 in 2016/17 is likely to be affected, although those with lower incomes could also be caught. The government has also announced a review into all pension tax benefits which could lead to more fundamental changes.

WHAT HAPPENS IF YOU HAVE RETIRED ALREADY?

If you are receiving an annuity income from all your pensions, you could only be affected if you have a lifetime annuity with joint life, value protection or guarantee period (see change 4).

If you are in drawdown you should be able to benefit from the new rules.

**State Pension Age**

Historically the State Pension Age has been 60 for women and 65 for men. Between 2010 and 2018, the State Pension Age for women will increase to 65 to ensure equality. The State pension age is planned to further increase to age 66 by 2020 for both men and women. As a result of increasing life expectancy, the Chancellor announced in his 2011 Autumn Statement a further increase to age 67 between 2026 and 2028 and further increases were implied in his 2013 Autumn Statement to age 68 by the mid 2030's and age 69 by the late 2040's.

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**The Lifetime Allowance**

The lifetime allowance is the limit on the total amount of pension benefits you can draw from before tax penalties are applied. Excess benefits are subject to a recovery (tax) charge on the balance over the lifetime allowance. The charge is 25% or 55% depending upon whether the excess benefits are taken as an income or a lump sum.

- The lifetime allowance is currently £1 million.
- Pensions in payment before A Day will be multiplied by a factor of 25:1 to determine the notional fund value against the allowance.
- Enhanced Protection, Primary Protection, Fixed Protection or Individual Protection may have ring fenced benefits from the lifetime allowance.

**Pension Protection**

*Primary Protection* - available from 6 April 2006 and gave individuals who had already built up substantial pension savings a personalised lifetime allowance based on the value of their savings as at 6th April 2006. For example, if an individual's savings were 50% above the lifetime allowance, primary protection offered individuals a personal LTA of 150% of the prevailing lifetime allowance.

*Enhanced Protection* - available from 6 April 2006 and meant that individuals who retained it were not subject to the LTA charge, regardless of the value of their pension savings at A-Day. A condition of Enhanced Protection was that no further pension savings could be earned post 6 April 2006.

*Fixed Protection 2012* – On 6 April 2012, a further protection was introduced known as Fixed Protection 2012 (FP12) to coincide with the reduction in the lifetime allowance to £1.5 million. Those with FP12 retained the previous lifetime allowance of £1.8 million, but no further accrual of pension was permissible after 6 April 2012, otherwise FP12 would be lost and the standard lifetime allowance would then apply.

*Fixed Protection 2014* - From 6 April 2014 Fixed Protection 2014 (FP2014) is to be introduced to reflect the reduction in the LTA from £1.5 million to £1.25 million. It will operate in a similar way to FP12, but individuals with FP14 will retain an LTA of £1.5 million from April 2014. Applications for FP14 must be made by 6 April 2014.

*Individual Protection 2014* - With effect from 6 April 2014 Individual Protection 2014 (IP14) becomes available to any individual whose pension savings exceed £1.25 million as at 6 April 2014, and will provide a personalised lifetime allowance up to a maximum of £1.5 million. Those with IP14 will be able to continue accruing pension after April 2014, but any excess over the personalised Lifetime allowance will be subject to the lifetime allowance charge. Individuals can hold IP14 and either FP12 or FP14. In such cases, fixed protection will take precedence and individuals will revert to IP14 should fixed protection be lost. Individuals who already hold Enhanced Protection will be able to apply for IP14 but holders of Primary Protection won't. Protection will apply until such time as the standard lifetime allowance increases to the same level.

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*2016 Protection* - It is expected people will be able to apply for protection from the lifetime allowance fall to £1 million in 2016. If you are interested, let us know and we will send you updates when details are announced.

**If you have opted for any form of the above "protection" it is important that you inform me of this fact, as this could affect my advice concerning your pension planning.**

**Contributions**

- There is no difference between different types of pension schemes. It is possible to contribute to both a personal pension and a company pension at the same time.
- Individual contributions are unlimited. However there is a limit on the amount of gross contributions that an individual can pay each tax year and receive full tax relief upon. This is restricted to the higher of £3,600 or 100% of salary – subject to the annual allowance.

The annual allowance for the 2015/16 tax year is £40,000. It is possible to offset one-off spikes in contributions in excess of the annual allowance against unused allowances from the previous three years.

- Contributions or accruals in excess of the annual allowance are subject to a tax charge at the member's marginal rate of tax relief. This applies to contributions made by the employee or employer.
- Employer contributions count towards the annual allowance. Also, it is up to the Employer's local inspector of Taxes whether or not the entire contribution will be relievable for tax purposes. The HMRC website suggests that a pension contribution when considered as being "wholly and exclusively for the purposes of trade" will qualify for tax relief. Only where there is a clear non-trade purpose may tax relief be restricted or not allowed. Even where tax relief is granted large employer contributions could have the tax relief spread over a number of accounting periods.
- In measuring "defined benefit schemes" against the limit, any annual increase in the pension benefit is multiplied by 16 to convert it to its contribution equivalent.
- No tax relief will be granted on contributions paid after age 75.

**Retirement Ages**

- From 6th April 2010, the earliest retirement age rose from 50 to 55.
- It is still possible to take benefits exceptionally early on the grounds of permanent ill health.
- It is possible, if scheme rules allow, to take benefits and continue to accrue benefits while in the same scheme before or beyond scheme pension age.
- Compulsory annuitisation by age 75 has been scrapped.

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**Retirement Benefits**

- From 6th April 2011 the effective requirement for members of registered pension schemes to secure an income, usually by purchasing an annuity with their pension fund, by age 75 has been removed. It is now possible to draw retirement benefits (income and lump sum) after your 75th birthday.
- Effective from 27th March 2014, the maximum Capped Drawdown GAD limit increases from 120% to 150% of the prevailing annuity rate which can be withdrawn in any given policy year.
- Effective from 6th April 2015, Flexible Drawdown no longer requires a minimum secured pension income to take income without limit from their pension fund.
- Effective from 27th March 2014, the whole of an individual's pension fund can be taken as cash (25% of which will be tax free) under the triviality rules provided their entire pension fund is not more than £30,000. The individual has to be at least 60 years old.
- From 6 April 2012, individuals attaining age 60 can exchange 'personal pension' benefits for cash under 'small pot' rules even if the main rules above have not been met. This is conditional on the payment not exceeding £10,000 with effect from 27th March 2014 (formerly £2,000), it extinguishes all rights of the individual under the arrangement and not more than three lump sum payments have previously been received under a similar scheme.

**Tax-Free Lump Sums**

- It has been possible to take a tax free cash (Pension Commencement Lump Sum) payment of 25% of the fund value from any pension since A Day.
- It is possible for an individual to protect any entitlement to a Pension Commencement Lump Sum payment in excess of 25% accrued prior to A Day. However detailed records have to be held and the protection can be lost on transfer.
- HMRC have established a fiddly anti-avoidance rule for the "recycling" of Pension Commencement Lump Sum payments. Significant contribution increases over 30% of the lump sum, where a Pension Commencement Lump Sum payment taken in the previous twelve months exceeds 1% of the lifetime allowance will be scrutinised.

**Death Benefits**

- On death before age 75, there will be no death benefit tax charge on an uncrystallised pension fund, assuming the total value of the pension benefits are within the lifetime allowance.
- Death on or after your 75th birthday will result in a tax charge of 55% on all uncrystallised pension benefits if taken as a lump sum.
- The same 55% tax charge on death will also apply to any crystallised pension benefits, regardless of age.

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**Investments**

- There is a single set of investment rules which, subject to DWP (Department of Works and Pensions) requirements, apply to all registered pension schemes.
- Any personal use of an asset other than on commercial terms will give rise to an income tax assessment, like a benefit-in-kind.
- There is no ban on transactions between connected persons.
- Small business owners and professional partnerships can transfer their own business premises and company shares into their pension pots.
- Scheme borrowing is limited to 50% of scheme assets.

**Auto-Enrolment**

The Pensions Act 2008 established new duties on employers to help more people save for their retirement. All employers are required by law to automatically enrol certain members of their workforce into a pension scheme and make a contribution towards it. These duties took effect for the largest employers from October 2012 with all other sized employers being phased in until October 2018.

The government has set a minimum percentage that has to be contributed in total which will be based on a band of your gross annual earnings and will include your contribution, your employer's contribution and the tax relief added together. This minimum increases gradually between 2012 and

October 2018 at which point the total contribution will be no less than 8% (of which at least 3% will be paid by the employer).

Where employers already provide a pension scheme for their workers, it will need to be checked if it is a qualifying scheme i.e. it meets a number of conditions based on the level of contributions paid or the benefits that members receive. If it doesn't qualify at the moment, employers may be able to change the scheme rules or amend the terms of the policy so that they will be able to use it.

**National Employment Savings Trust (NEST)**

Nest is a brand new workplace pension scheme designed to make it easy for employers to meet their new workplace pension duties in respect of auto-enrolment. It is open to employers of any size and it is a simple and low-cost pension scheme designed to give its members an easy way of building up a retirement pot. The self-employed are also eligible.

Nest collects an annual management charge (AMC) of 0.3% of a member's total fund each year and members will also pay a charge of 1.8% on any new contributions they make. Nest anticipates removing this charge once the costs of setting up the scheme are met.

This fact sheet is based on our understanding of current and proposed legislation as at 1 April 2015, which is subject to change. It is a brief summary that cannot cover every nuance. Any tax benefits or charges will depend on your circumstances. If you are at all unsure you should seek advice.

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## Notes on Financial Products

### Small Self Administered Scheme (SSAS)

A Small Self Administered Scheme (SSAS) is a special type of personal pension which allows you to have a greater involvement in the running of your pension and offers a much wider choice of where to invest your pension savings.

Individual contributions are unlimited. However there is a limit on the amount of gross contributions that an individual can pay each tax year and receive full tax relief upon. This is restricted to the higher of £3,600 or 100% of salary, subject to an annual allowance of £40,000 for the current tax year. It is possible to offset one-off spikes in contributions in excess of the annual allowance against unused allowances from the previous three years. Employer contributions count towards the annual allowance. Also, it is up to the Employer's local inspector of Taxes whether or not the entire contribution will be relievable for tax purposes. Individuals are subject to a tax charge on the amount of any contribution (both individual and employer) paid in excess of the annual allowance each year. The tax charge will be at the member's marginal rate of tax. No tax relief will be granted on contributions paid after age 75.

A pension is one of the most tax efficient ways of saving for your retirement. Contributions qualify for tax relief at your highest rate of income tax, subject to the restrictions outlined above. Contributions are paid net of basic rate tax and the pension provider collects the tax relief from the HM Revenue & Customs. This means that for every £80 you contribute, £100 will actually be credited to your plan. Any higher rate tax relief to which you are entitled can be reclaimed through your annual Tax Return. Growth in the value of the pension fund is free from capital gains tax and certain types of dividends paid to the plan are free from income tax.

Benefits can usually be taken from age 55, including while you are still working. At that time you can elect to take 25% of the accumulated fund as a Pension Commencement Lump Sum (tax free cash) payment. The remainder of the fund may be used to purchase an annuity, which can be established on a basis to suit your individual circumstances and objectives at that time. Alternatively you can choose to take the benefits directly from your pension fund via a more flexible retirement plan. The effective requirement to buy an annuity by age 75 was removed from 6th April 2011.

On death before age 75, there will be no death benefit tax charge on either a crystallised or uncrystallised pension fund, assuming the total value of the pension benefits are within the lifetime allowance. Death on, or after your 75th birthday If you die after age 75, your beneficiaries have three options;

(a) Take the whole fund as cash in one go: the pension fund will be subject to 45% tax. However, in the July 2015 Budget it was confirmed this will be taxed as your beneficiary's or beneficiaries' income for payments made after 5 April 2016.

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(b) Take a regular income through an annuity or drawdown: the payments will be taxed as your beneficiary's or beneficiaries' income.
(c) Take periodical lump sums through drawdown: the lump-sum payments will be taxed as your beneficiary's or beneficiaries' income.

Under normal circumstances, no inheritance tax liability will arise from pension death benefits unless HMRC believe that an individual has deliberately deferred the crystallisation of their pension benefits to avoid tax charges.

SSASs are allowed to invest in a variety of ways and "connected person transactions" are now allowed provided they occur at "arms-length". The permitted investments include:

- Stocks and shares traded on any recognised stock exchange.
- Futures and options relating to stocks and shares traded on any recognised futures exchange.
- Units in an authorised unit trust.
- Shares in OEICs.
- Unregulated, non standard Investment Schemes
- Policies of insurance linked to unit-linked or investment funds of an insurance company resident in the UK.
- Traded endowment policies transacted with a person regulated by the FCA.
- Cash deposits in any currency.
- A freehold or leasehold interest in commercial property (including land).
- Ground rents, rent charges, ground annuals, feu duties or other annual payments reserved in respect of, or charged on, or issuing out of property except where the property concerned is occupied by a member of the scheme or a person connected with him.
- Individual pension accounts.

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***Property Investment via a SSAS***

It is possible to invest directly in commercial property via a SSAS. The following should be considered when undertaking a commercial property purchase via a SSAS:

- The rent accumulates tax free within the scheme and the subsequent disposal of the property is exempt from capital gains tax.
- The lease must be on commercial terms and the administrator of the SSAS is required to take independent advice on the terms of the lease and the rent payable.
- Letting a property to a member's own business can also bring additional risks. If the business fails, the pension scheme may suffer investment losses as well as a reduction in future contributions.
- Investment in a single undertaking or having one investment as a large part of a scheme's assets brings considerable risk.
- Investment in commercial property needs to be treated with particular care. A property's potential marketability must be considered carefully because it will have to be sold before an annuity is secured.
- The problem can become even greater when several members effectively hold the property within their fund as often happens in a partnership.

A SSAS may only borrow towards the purchase of a freehold or leasehold interest in commercial property to be held as an investment of the scheme. The amount borrowed must not exceed 50% of the value of the individual pension assets.

**Budget 2015** – Please refer to the Technical Notes – Pensions section for further details on the governments announced pension flexibility reforms applied on 6th April 2015.

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## Appendix – Technical Information on Unregulated Investment Schemes

Many Unregulated Investment Schemes (UIS) are sold to investors in the UK. Regulated CIS are those that are authorised by the Financial Conduct Authority (FCA) or are non-UK CIS that the FCA recognise. FCA recognition enables overseas CIS to be marketed to the general public in the UK and the FCA will only recognise an overseas scheme if certain specified criteria are met. If the FCA do not authorise or recognise a CIS in this way, it is classed as an Unregulated Investment Scheme (UIS). A UIS may be established, operated and/or managed in the UK or in a jurisdiction outside the UK.

UIS are described as unregulated because they are not subject to the same restrictions as a regulated CIS (e.g. in terms of their investment powers and how they are operated). Although the schemes themselves are not authorised or recognised, persons carrying on regulated activities in the UK in relation to UIS (including providing personal recommendations, arranging deals and establishing, operating and managing schemes) will be subject to FCA regulation.

All investments are subject to tax of some kind. Generally speaking, if the investment pays out regularly, the returns are taxed as income and investors are liable to income tax at their highest marginal rate. Alternatively, if the investment objectives are to generate a lump sum at the end of the investment term, or capital growth, then the gains enjoyed are subject to Capital Gains Tax.

However, it is not always as simple as this and the tax treatment of individual investments can vary from the general rules. Additionally, liability to tax will often depend on an investor's personal circumstances.

UIS investments cannot be held within an ISA because they are not regulated by the FCA.