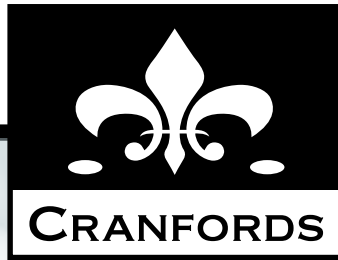


Small Self-Administered Scheme

Key Features & Member Booklet





Cranfords is the trading style of the company registered under the number of 3110950 at 1 The Pavilions, Cranford Drive, Knutsford Business Park, Knutsford, Cheshire WA16 8ZR and name of 3110950 Limited.

Small Self-Administered Scheme Key Features & Member Booklet

You should read this document carefully so that you understand the pension type you have chosen, and then keep it in a safe place for future reference.

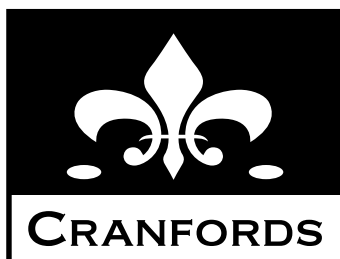
This document provides members, or prospective members, with a summary of the main features of a Small Self-Administered Scheme (SSAS) and generic details of a SSAS. The legal and tax implications of the SSAS are believed to be correct at the time when this document was prepared.

You should take independent financial advice to satisfy yourself of the suitability of a SSAS. Cranfords does not provide independent financial advice.

The information contained in this document is provided based on our understanding of current law, practice and taxation, which may be subject to change. The law of England and Wales will apply in all legal disputes.

If you have any queries in relation to this document please contact us at:

Cranfords, 1 The Pavilions, Cranford Drive, Knutsford Business Park, Cheshire, WA16 8ZR,
0844 410 0037 or admin@cranfords.biz



Background

This document summarises the main provisions of the trust deed and rules and of the HMRC regulations that apply to the SSAS and generally to registered pension schemes. However, in the event of any discrepancy between this document and the trust deed and rules the trust deed and rules will prevail.

Your SSAS is an occupational pension scheme designed to help you accumulate a sum of money which is then used to provide you with an income after you reach your preferred retirement age. It can give you greater choice, freedom and control than other types of pension plans enabling you to select and manage your own investment portfolio from a wide range of choices.

The SSAS gives you the flexibility, from the age of 55, to decide when you wish to take benefits. It provides for a lump sum and pension benefits for you in retirement and for your family and dependants following your death.

You must ensure that you understand the features, benefits and risks of your SSAS so that you can be sure it will meet your needs and expectations.

You (or your adviser where applicable) should continuously review whether the SSAS remains appropriate for your circumstances.



What is a SSAS?

A SSAS is a registered pension scheme under Chapter 2 of Part 4 of Finance Act 2004, established by an employer to provide pension and death benefits for its directors and senior employees.

The scheme is established by trust deed and rules and all of the members will usually be appointed to act jointly as trustees of the scheme for the purposes of the Finance Act 2004. We will act as Scheme Administrator on behalf of the trustees.

As trustees, the members will be able to decide how the assets of the scheme are invested, subject to the limitations described below. Members will also have considerable flexibility over the form, and timing, of their benefits.

The trustees and scheme administrators will be legally responsible for ensuring that the scheme meets the requirements for registered schemes set out in the Finance Act 2004.

There are various tax benefits available, under current legislation:

- employer contributions are allowable as a deduction against corporation tax, provided that they are made wholly and exclusively for the purpose of its business;
- member contributions attract tax relief at their highest rate;
- investments accumulate free of income and capital gains tax; and
- a proportion of the benefits can be paid out as a tax-free lump sum on retirement or death.

Flexibility and control can be maintained even beyond retirement as, where appropriate, pensions can be paid out of the accumulated scheme assets, rather than through the purchase of an annuity.

HMRC registration

We will only administer a SSAS that is fully approved by H M Revenue & Customs (HMRC) and receives a Pension Scheme Tax Reference Number (PSTR) as a registered pension scheme under Chapter 2 of Part 4 of Finance Act 2004. We will register the scheme on behalf of the trustees.

Registrations for a new SSAS can take up to 6 weeks to be received from HMRC.

The SSAS is governed by a trust deed and rules and is a separate legal entity from the sponsoring company.

Trustee responsibilities

A trustee of a pension scheme has certain responsibilities. In fulfilling their role, trustees must be aware of their legal duties and responsibilities. Trustees are required to have knowledge and understanding of, amongst other things, the law relating to pensions and trusts, as well as the investment of scheme assets.

Trustees should have some knowledge and understanding of the legal framework in which the scheme exists and operates. For example, trustees should be aware of key legislation governing this type of pension product, such as the Pensions Acts of 1995 and 2004 and the Finance Act 2004.

Trustees should also be aware of the role played by HMRC and should be able to access their guidelines on what is a permissible investment for a scheme.

Contributions

Contributions can be paid to a SSAS by the principal employer and any participating employer.

There is now no limit set by HMRC on the contributions that can be paid by an employer to provide benefits for its employees.

Contributions can be varied in line with profitability and there is no contractual commitment to pay any particular level of contribution. Contributions may be paid on a regular basis or as one-off, single contributions.

Regular contributions must be paid by Standing Order to the pension.

Contributions paid by an employer will be allowable as a deduction against corporation tax, provided that they are made wholly and exclusively for the purpose of its business. Where contributions are being paid for shareholder directors, or anyone connected with such a person, the employer should take advice from a tax adviser to check that the contribution will meet the 'wholly and exclusively' test before a contribution is paid. Employer contributions are therefore paid to the pension scheme gross.

Although there is no specific limit on employer contributions a member will face a tax charge, if contributions paid by, or on the member's behalf exceed the Annual Allowance.

There is no penalty for ceasing, reducing or altering your pension contributions to the SSAS. Your benefits will be affected by the level of contributions paid to your scheme and the investment growth within.

Member contributions

A member of a SSAS may make contributions on a regular or one-off basis. Members not currently employed by a scheme employer (e.g. ex-employees or family members) may make contributions to the SSAS, subject to the agreement of the principal employer.

There is no minimum contribution level. Regular contributions must be paid by Standing Order to the pension.

HMRC does not place a limit on the amount of contributions that may be paid by a member, although a member will face a tax charge if the contributions paid on their behalf exceed the Annual Allowance, however there is a limit on the amount of tax relief available on contributions paid by members to all registered pension schemes (employer contributions are excluded for this purpose). For each tax year, a member may obtain tax relief on contributions paid up to the higher of:

- £3,600 (the Basic Amount); and
- 100% of UK earnings.

It is very important to note that if a member has registered with HMRC for enhanced protection or fixed protection the payment of any contribution to the SSAS will lead to the loss of this protection. See 'Protection' section for more information.

Please be aware that the rules regarding tax relief on contributions may be subject to change in the future.

We accept gross contributions. Members should reclaim their tax relief from HMRC via self-assessment.

For the purposes of the SSAS, the pension input period will always coincide with the tax year unless you notify us that you wish to end your input period on a different date.

Payment of contributions in the form of property or shares

We may accept contributions in the form of commercial property. If you are interested, please ask your adviser for details of our requirements.

Annual Allowance (AA)

The Annual Allowance is a threshold which restricts the amount of pension growth you are allowed each year before tax charges apply. Where your pension growth exceeds the threshold the charge is intended to recover tax relief received on the contributions you have paid.

The annual allowance is £40,000 for 2014/15+ tax years. There is no guarantee that this will not change in the future.

If you exceed the annual allowance, you may be able to “carry forward” your unused annual allowance from the previous three tax years. Carry forward is subject to a maximum of £50,000 for each tax year up to and including 2013/14 (£40,000 from 2014/15 tax year), and the amount you can carry forward is reduced by your annual allowance usage during those tax years. To utilise “Carry Forward,” you must have been a member of a registered pension scheme during the applicable tax years.

If having made use of carry forward and you still exceed the annual allowance, you will have to pay a tax charge on the excess. The tax charge will be based on the marginal rate of tax relief applicable to the member.

Money Purchase Annual Allowance (MPAA)

The MPAA is £10,000 per annum from 2015/16. This only applies in certain circumstances and only relates to Money Purchase Schemes (such as this one). Those affected by the new MPAA can still use a further £30,000.00 maximum of the remainder of the standard Annual Allowance (£40,000.00) within a DB scheme where applicable.

Please note that there is no Carry Forward with the MPAA. If the MPAA is not used in the current tax year then any unused allowance cannot be used in a later tax year, unlike with the standard AA.

Transfer of pension benefits into a SSAS

A member's benefits under any other UK registered pension scheme can be transferred into the SSAS.

Transfers can take the form of a cash payment to the SSAS from the transferring scheme, or a transfer of investments held under the transferring scheme (an “in-specie transfer”).

By transferring your benefits into a SSAS from another pension provider you may give up the right to guarantees over the kind of benefits, the amount you receive and the level of increases that will be applied to your pension in the future. Your existing pension provider may apply a penalty or other deduction in the value of your benefits if it is transferred.

There are no guarantees that your SSAS will be able to match the benefits that you give up by transferring your pension.

Transfers to another pension scheme

A member can transfer the full value of their fund under the SSAS to another UK registered pension scheme, at any time. The transfer can either be in the form of a cash payment or by an in-specie transfer of assets held by the SSAS to the receiving scheme.

The transfer will always be made direct to the trustees or administrator of the receiving scheme.

We will only transfer to a registered pension scheme or Qualified Recognised Overseas Pension Scheme (QROPS).

If you have started to take benefits from your SSAS then you must transfer the whole part of your fund from which you are drawing benefits to your new scheme at the same time. If you have uncrystallised funds under your SSAS (i.e. no benefits have commenced) you can choose to transfer all or only part of your SSAS to another scheme.

Transfers to another pension scheme

The transfer can be in the form of a cash payment, in which case you will have to sell all of the investments before the transfer is completed. You may instead transfer them in their existing form (in-specie).

If the transfer is to a QROPS then the transfer will trigger a lifetime allowance check, so it is possible that a lifetime allowance charge may apply.

Investments

The SSAS is a separate legal entity to the company, and the trustees, normally with the assistance of professional advisers, are responsible for determining and implementing the investment policy. The trustees can invest in a broad range of investments all of which accumulate free of income and capital gains tax. This includes:

- UK quoted stocks, shares, gilts and debentures;
- shares quoted on the Alternative Investment Market (AIM);
- stocks and shares traded on a recognised overseas stock exchange;
- futures and options, relating to shares quoted on a recognised stock exchange;
- unit trusts, investment trusts and OEICs;
- hedge funds;
- insurance company funds; and
- bank and building society deposits.

You will be able to deal in a range of investments each of which carries a different type of risk. The value of investments held in your SSAS can fall as well as rise and is not guaranteed. You may get back less than the amount invested. Past performance of an investment should not be used as an indication of future performance.

Certain types of investments, for example commercial property, can be difficult to sell and this may affect your ability to retire at your chosen age.

Prohibited investments

Certain categories of investment are not permitted for a SSAS and these include:

- Antiques
- Residential property
- Works of art
- Unsecured loans to the business
- Plant & machinery
- Personal loans and loans to connected parties

If you wish us to consider any particular asset that is not referred to above then full details should be forwarded for clarification.



Commercial land and property

The trustees can invest directly in commercial land and property but apart from a small number of exemptions, there must be no residential element involved.

Purchasing property from the sponsoring employer can assist in raising funds within the business, whilst the trustees retain control of the property.

All property transactions must take place on an arm's length basis. If the property is being purchased, sold or let to a sponsoring employer, a member, or any connected person, the value of the property and the rental value must be confirmed by a chartered surveyor.

Connected for this purpose is defined in section 839 of the Income and Corporation Taxes Act 1988.

The definition is quite complicated although does include the member, close members of their family and any business with which they are associated. The SSAS trustees may register for VAT, although we cannot provide any tax advice.

The SSAS can borrow funds from a commercial lender to assist with a property purchase; however it is restricted to 50% of the net scheme assets, as calculated immediately before the borrowing takes place.

Our Property Guidance Notes provides additional information in relation to this and is available upon request.

Trustee borrowing

The trustees can borrow funds to assist in the purchase of an asset or to create liquidity for the provision of benefits.

Trustee borrowing is restricted by HMRC to 50% of the net asset value of the SSAS, immediately prior to the borrowing taking place. This limit includes existing borrowing and any amount borrowed to finance VAT on the property purchase.

The Trustees can borrow from any commercial lender, subject to their agreement to the terms.



Loans

The trustees may make loans to the principal employer, or any other company participating in the scheme, subject to HMRC rules.

There are five key tests that a loan must satisfy to qualify as an authorised employer loan. If a loan fails to meet one or more of these tests an unauthorised payment charge will apply. The five key tests are:

- security;
- interest rates;
- term of loan;
- maximum amount of loan; and
- repayment terms.

Member benefits

The member's benefits will be determined by the value of their fund under the SSAS at the time benefits commence. The trustees will determine the value of each member's fund based on the contributions paid, transfers received, benefits taken previously and return on scheme investments.

There is no HMRC limit on the benefits that may be provided for a member under the SSAS. However, if the total value of the member's pension savings, under all registered pension schemes, exceeds the 'lifetime allowance' then there will be an additional tax charge, called the lifetime allowance charge, on the excess. The lifetime allowance is currently £1.25 million.

If you take benefits earlier than you originally intended, the level of the benefits you can take may be lower than expected and may not meet your needs in retirement.

If you take income withdrawals this may erode the capital value of your fund. If investment returns are poor and a high level of income is taken this will result in your SSAS falling in value and could result in a lower than anticipated income in the future.



You can take benefits, whether or not you continue to work, at any time from age 55. It may be possible to commence benefits earlier if you are in serious ill health or transfer benefits to the SSAS from an existing provider with a lower pension age provided the transfer meets certain HMRC requirements.

You can take or 'crystallise' your benefits from all, or only part of your fund. This will allow you to phase your benefits to suit your own personal circumstances.

Pension Commencement Lump Sum

In general, a member may choose to receive a Pension Commencement Lump Sum (otherwise known as tax-free cash) up to the lower of:

- 25% of the value of the fund designated to provide their benefits; and
- 25% of their unused lifetime allowance.

If the member is entitled to a protected lump sum of more than 25% in respect of pension rights built up before 6 April 2006 (e.g. as a consequence of registration for enhanced or primary protection), then a Pension Commencement Lump Sum of more than 25% may be paid. A Pension Commencement Lump Sum is currently payable tax-free.

You cannot take your tax-free cash with the intention of making additional contributions to your pension scheme. This is known as recycling and you may incur a tax charge of between 40% and 55% on the payment (depending on how much tax you have already paid).

Benefits at retirement

The minimum retirement age is 55 years. When you retire the value of your personal account within the Scheme will be determined and used to purchase benefits for yourself and, if you wish, your dependants. Subject to the requirements and limits, you may choose to take your benefits in any form within the current legislation.

The Scheme has been specifically designed to give all members the flexibility to choose benefits at retirement that best suit their personal circumstances and requirements at that time. You do not have to choose how you take your benefits until you actually retire.

All benefits payable under the Scheme are subject to certain limits laid down by the HM Revenue & Customs. These limits are complex. If you would like any further details of these limits and how they may affect your benefits from the Scheme, please contact the Scheme Administrators.

There is no limit on the benefits that may be provided for a member in the Scheme. However, if the total value of your pension savings, under all registered pension schemes, exceeds the 'lifetime allowance' then there will be an additional tax charge, called the lifetime allowance tax charge, on the excess. The lifetime allowance is currently £1.25 million.

If you take income withdrawals this may erode the capital value of your fund. If the investment returns are poor and a high level of income is taken this will result in your fund falling in value and could result in a lower than anticipated income in the future.

It may be possible to commence benefits earlier if you are in serious ill health.

In general, as from April 2015 there are three options available:

Flexi-access

You may choose to receive a pension commencement lump sum (otherwise known as tax free cash) up to the lower of:

- 25% of the value of the fund designated to provide benefits; and
- 25% of your unused lifetime allowance.

You cannot take your tax-free cash with the intention of making additional contributions to your pension. This is known as recycling and you may incur a tax charge on the payment.

Uncrystallised Fund Pension Lump Sum (UFPLS)

You must have sufficient Lifetime Allowance to be able to utilise this option.

25% of each payment is payable tax free and the remainder is taxed at your marginal rate.

You cannot take an UFPLS if you have any of the following:

- Enhanced or Primary Protection and Lump Sum Protection;
- any Lifetime Allowance Enhancement Factor (including PP) and 'available portion' of the Lump Sum allowance is less than 25% of the proposed lump sum;
- disqualifying Pension Credit.

Where an UFPLS payment or a 'qualifying payment' under Flexi-access is made, you would become subject to the Money Purchase Allowance limit of £10,000.

Annuity purchase

You can use your funds to purchase an annuity which will usually provide you with an income for life.

Taxation of pension payments

All pensions paid will be subject to income tax under PAYE. If a lifetime annuity has been purchased, the insurance company will be responsible for the payment of income tax.

You are not forced to take lump sum or pension benefits from your SSAS at any time; however the tax charges applied to lump sum death benefits paid from your income drawdown fund will also apply to the un-drawn part of your fund from your 75th birthday.

Death benefits

Death benefits will be paid as a lump sum or may be applied to provide pension benefits for a spouse, civil partner or dependant, either under drawdown or by annuity purchase. Death benefits are payable at the discretion of the trustees of the SSAS. You may nominate the individuals you wish to receive benefits and your wishes will be taken into account. You may complete a new nomination at any time.

Lump sums paid on death are normally free of any Inheritance Tax but we cannot guarantee that this will be the case.



Lifetime allowance

The Government has set the standard lifetime allowance to £1.25 million for the 2014/15 tax year.

Each time new benefits commence (crystallise) a proportion of your lifetime allowance is used up. When you reach your 75th birthday any uncrystallised funds will also use up a portion of your lifetime allowance.

Once you have used up your lifetime allowance any benefits above the allowance will be subject to the lifetime allowance charge. The charge will depend on how the benefits are paid. If the benefit is paid as income the charge will be 25% (the income is also taxed under PAYE). Alternatively if the excess is paid as a lump sum the charge would be 55%. This tax would be deducted by Cranfords before paying your benefits.

Protection

If you built up a sizeable pension pot before 6 April 2006 and registered for enhanced and/or primary protection with HMRC then this may reduce or remove any lifetime allowance charge. This also applies to individuals who registered for Fixed Protection or Fixed Protection 2014 when the lifetime allowance reduced further post 2006.

Payment of a contribution to a registered pension scheme can cause the loss of certain protections and it is therefore important that you check and understand which protection you have before a contribution is made by you, or on your behalf, to a registered pension scheme.

Unauthorised payments

We cannot be compelled to make any payment or investment that is not authorised by the Finance Act 2004.

If an investment transaction is carried out between the SSAS and a connected person, including the principal, or a participating employer, a member, or someone connected with the member or an employer, and it is not carried out at market value, then this will also create an unauthorised payment.

The amount of the unauthorised payment will be the difference between the actual value of the transaction and the market value. Non-payment of rent by a connected person will also generate an unauthorised payment. Excessive borrowing will also lead to a tax charge against the SSAS.

The scheme administrator is required to report any unauthorised payments to HMRC. If an unauthorised payment is made, then the relevant member, or the person who receives the payment (including the principal, or a participating employer), will be subject to a tax charge of between 40% and 55% of the payment.

The scheme administrator of the SSAS will also be subject to a further tax charge of between 15% and 40% of the payment, depending on the amount of the tax charge that the member has paid. In extreme circumstances, HMRC may de-register the SSAS in which case a further tax charge of 40% of the value of the SSAS will be payable to HMRC.

Cancellation period

You have the right to change your mind and cancel your SSAS. If you wish to cancel your SSAS you must do so within 30 days of your Trust Deed being signed and returned to us.

The trustees may exercise their right to cancel by writing to us quoting their scheme name. If you make an investment within the first 30 days of establishing your SSAS your cancellation rights will be lost.



Complaints

Customer satisfaction is very important to us and we pride ourselves on our personal and reliable service, therefore if you do have any cause to complain to us about the service you are receiving we will ensure that your complaint is dealt with fairly.

If your complaint relates to the advice you have been given you should write to your financial adviser. If your complaint concerns the service you have received from Cranfords please contact us in the first instance.

If you are not satisfied with our response you may refer your complaint to The Pensions Advisory Service (TPAS) who can advise you on how to complain and may be able to sort the matter out. TPAS address is:

11 Belgrave Road, London, SW1V 1RB or
Tel: 0845 601 2923

Advice

Due to the complex nature of the SSAS we recommend that you seek independent financial advice. We are not authorised to provide you any advice in relation to your SSAS, tax planning or on any financial services related matters.

Suitability

The SSAS may not be suitable if you:

- Want unrestricted access to your money; or
- Are only likely to require access to a more limited range of investments.

Having considered the risks, if you have any doubts about the suitability of the SSAS or you need further advice, you must seek advice from a financial adviser, or other suitably qualified individual.

Charges

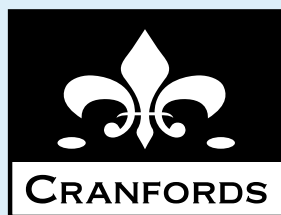
Full details of the SSAS charges are set out in our Fee Schedule and included in our Administration Agreement. Your adviser can provide you with an estimate of the fees.

Governing documentation

The SSAS is a scheme registered with HMRC under Chapter 2 of Part 4 of Finance Act 2004. It is governed by a trust deed and rules between the principal employer and the trustees, as amended from time to time.







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