INSTRUCTION TO USER – The following section has been designed for inclusion within a SIPP report generated by the PPOL suitability report writing solution. You will need to use the PPOL software to create a report containing an Introduction section and a Pension Recommendation section recommending a SIPP and any other required recommendation sections in the usual way. Once you have downloaded the report created via PPOL to Word, simply copy and paste the section below into the report as appropriate and then edit the text to reflect your individual requirements. It is also recommended that you include the accompany Notes on Financial Products and Risk Warnings within the Appendix of the resultant report.

The text has been colour coded to aid with your understanding. Where the text is highlighted in blue this tends to suggest that the text may not be appropriate in all instances, and you may need to delete some or all of it. Where the text is highlighted in red, this will require your input.

**TIP Recommendation to be added to a SIPP Report**

I have recommended that you invest into a **Trustee Investment Plan** via your SIPP for the following reasons:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Investment** | **Provider** | **Amount** | **Term** | **Withdrawals to Cash A/C** | **Frequency** | **Initial Charge** |
| **Trustee Investment Plan** |  |  |  |  |  |  |

* A TIP will allow you to invest in investments that you could not normally access via your SIPP provision
* It is an approved investment vehicle for your SIPP trustees
* It can provide for income drawdown payments without the need to realise other assets held within the scheme
* It can provide funds to the cash account to help meet costs or charges associated with the existing scheme investments such as commercial property
* It can provide for a fixed income for a set period to meet loan repayments on a commercial property held as part of the pension assets
* The Trustee Investment Plans underlying investment funds are not available individually via this SIPP provider
* It offers the trustees a range of guaranteed terms
* The charges associated with funds switching are designed to be extremely competitive
* Free switches within the TIP’s underlying funds can be made at any time offering the opportunity for different investment objectives for different tranches of your scheme assets

INSTRUCTION TO USER – The following section concerning charges of the recommended plan or provider will need to be merged with the Important Information (Cost of Services) section produced by the PPOL Suitability Report Builder. Where the text is highlighted in blue this tends to suggest that the text may not be appropriate in all instances. Please delete the charges which are not applicable to the recommended plan or provider. Where the text is highlighted in red, this will require your input.

**Important Information**

**Further Information and Risk Warnings**

A summary of the risk warnings associated with my advice can be found in the Appendix of this report and should be read with particular care. Additional information regarding the recommendations can be found in the Key Features Document(s) provided.

**Cost of Services**

A summary of how my company can be remunerated for the advice received and the provision of my services is detailed in the disclosure documentation provided.

Trustee Investment Plan Charges <INSERT PROVIDER>

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Entry** | | | **Ongoing** | | | **Event** | **Exit** |
|  |  |  |  |  |  |  |  |

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

• Advisor Charge: A fee paid to the advisor for advice and services received.

• AC Paid By Provider: The Advisor Charge will be paid by the product provider.

* AC Paid By Client: The Advisor Charge will be paid by directly by you.
* AC Paid By Fund: The Advisor Charge will be paid from the fund.
* Consultancy Charge: Charge agreed with employer for advice or services provided on a group pension scheme

* AC Paid By Cash Account: The Advisor Charge will be paid from the cash account within your investment.

• Commission: A payment made to the advisor directly by the recommended product provider.

• Provider Charge: A charge taken from the premium prior to investment.

• Fund Charge: The difference between the buying and selling prices of units or shares in a dual priced fund - often termed a Bid/Offer spread.

• Regular Premium Charge: A charge taken from each new premium for the term.

• Wrap Fee: Charge taken by the Wrap service provider for administering a specific tax wrapper

• Platform Fee: Charge taken by the Platform service provider for administering a specific tax wrapper.

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

• Advisor Charge: A fee paid to the advisor for ongoing advice and services received.

• AC Paid By Provider: The Advisor Charge will be paid by the product provider.

• AC Paid By Client: The Advisor Charge will be paid by directly by you.

* AC Paid By Fund: The Advisor Charge will be paid from the fund.
* AC Paid By Cash Account: The Advisor Charge will be paid from the cash account within your investment.

• Discretionary Fund Management Charge: An additional charge for day-to-day investment management decisions of client assets held in a nominee name by a professional investment firm.

• Investment Management Fee: Or Annual Management Charge (AMC). A fee levied by the investment firm paid out of the fund for the costs of investment management and fund administration.

• Total Expense Ratio (TER): Annual cost of a fund which includes the AMC and other services paid for by the fund i.e. trustee, depositary and custodian fees.

• Trading / Broker Fee: Necessary costs when investing in shares or active funds if the manager or broker buys and sells.

• Plan Fee: A set charge typically applied on the plan anniversary to cover provider administration.

• Wrap Fee: Charge taken by the Wrap service provider for administering a specific tax wrapper

• Platform Fee: Charge taken by the Platform service provider for administering a specific tax wrapper.

• Trust Fee: Charges taken from the trust property for on-going trustee duties and expenditure

* Other Fees: Attributable on-going charges to the plan or investment strategy not already mentioned.

**Event Based Charges**: Ad hoc charges related to specific events.

• Advisor Charge: A fee paid to the advisor for specific advice or services.

• AC Paid By Provider: The Advisor Charge will be paid by the product provider.

* AC Paid By Client: The Advisor Charge will be paid by directly by you
* AC Paid By Cash Account: The Advisor Charge will be paid from the cash account within your investment.
* AC Paid By Fund: The Advisor Charge will be paid from the fund.
* Income Review Fee: A charge levied by the plan provider to review the maximum GAD income drawdown level ahead of the statutory triennial review or transfer in.

• Fund Switch Fee: A charge to sell one fund to buy another.

• Income Withdrawal Charge: A charge levied by the plan provider to commence or maintain income payments from capital.

* Other Fees: Attributable specific charges to the plan or investment strategy not already mentioned.

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

• Exit Charge: Applicable under the plan or investment rules following early sale, surrender, encashment, or transfer.

• Market Value Adjustment (MVA) Charge: A penalty which may be applied to a with-profit fund on early surrender.

**Risk warnings – Trustee Investment Plan**

**General**

* The recommendations are based on current taxation, law and practice all of which may be subject to change.
* Any quotations provided are for illustration purposes only and are not guaranteed.
* For a full explanation of the charges and how they affect the plan, please refer to the personalised illustration and Key Features document(s).

**Investments**

* Past performance is no guarantee of future returns.
* Inflation will reduce the real value of the capital invested if returns do not match or exceed the rate of inflation.
* An investment should be considered over a medium to long-term time frame and should not be entered into if the capital is required for other needs.
* The value of the investment is determined by units or shares, the price of which can fall as well as rise. The value could be less than what was originally invested, especially in the early years.
* Please bear in mind that the outlook for asset classes and market sectors can change and as a result the asset allocation could become unbalanced.
* Investing in a single or limited range of asset classes or sectors may lead to greater volatility and therefore carry a greater investment risk.
* A certain fund or funds may have a higher risk rating than the agreed attitude to risk, but the overall risk applied of the combined funds or portfolio is designed to meet the agreed risk profile.
* Equities can significantly fall in value and in difficult times dividends may reduce or stop.
* Where an investment is exposed to property there can be times when this is difficult to sell, meaning the investment may not be able to be cashed-in when required.
* Corporate bonds are not risk free as the bond issuer could default, interest rate rises could reduce the capital values and in adverse market conditions the fund could become illiquid making it difficult to sell.
* Where a fund invests in overseas markets, domestic upheaval and changes in currency exchange rates mean that the value of the investment can go up or down.
* It is important to periodically review the value of an investment against expectations and the underlying investment strategy, particularly when close to retirement.
* The higher the charges applied to an investment the greater the effect of those charges on the performance.
* Changing funds or transferring excessively, may erode the value due to transactional based fees.
* Any sale of investments held, including switching may give rise to a capital gains tax liability and any income generated will normally be subject to income tax.

**With Profits <Remove if no with profit investment element>**

* When determining the value of bonuses providers apply a process of "smoothing". This means that money is kept back in years when investment returns are high to support bonus payments in years where investment returns are lower
* The rates of future bonuses in a With-Profits Fund and therefore the rate of growth in the unit price cannot be guaranteed. Any final bonus may vary or be removed at any time and is therefore not guaranteed.
* The bonus rates declared by a life company are not an explicit reflection of the performance of the underlying assets held within their With Profit fund
* A low Free Assets Ratio (the measure of the with profit fund assets over liabilities) may depress the future returns of the fund and in turn the future bonuses
* Where the equity allocation is below 45% of the with profit fund this could affect the funds potential for long term capital growth
* Certain With Profit Funds include guarantees for which there will be an additional charge
* If money invested in the With-Profits Funds is taken out at any time, except on death or to meet certain regular withdrawals, the amount paid out may be reduced to reflect the current market value of the assets within the fund. This is known as a Market Value Reduction and is in addition to any Early Cash-in Charge that may apply.
* The costs of investing within a with profit fund are taken before the declaration of bonus rates and therefore may not be wholly transparent

**Trustee Investment Plan**

* Redemption penalties or an Exit Charge may apply if a withdrawal is made, or the plan is cashed partially or in full within five years of taking it out
* If you have a smaller fund, the value of your TIP may be eroded over time.
* Where guarantees are included, these will be subject to additional charges and could proportionately reduce if partial withdrawals exceed regular withdrawals
* The value of the TIP when cashed in will depend on many factors such as:
* how much has been invested
* how long it’s been invested for, and any withdrawals made
* the funds chosen and how those funds have performed
* any guarantees selected and when they apply
* any charges that we take from the plan

**Notes on financial products**

**Trustee Investment Plan**

A Trustee Investment Plan (TIP) is a type of investment for Trustees of UK registered Occupational Pension Schemes and Self Invested Personal Pension Schemes (SIPPs). It allows Trustees to invest in a range of funds that may offer specific investment style, retirement income or capital growth solutions to its members.

TIPs are structured like an Investment Bond, and allow the trustees to hold just one plan, but be able to switch investment funds within the plan at low cost, and without any immediate tax consequences. A TIP is set up with a single payment from the existing pension fund monies after which no further payments will be accepted into that plan. Additional payments (which may be subject to minimums) are allowed but would be set up as a new TIP.

Withdrawals can be made from the TIP on a regular basis typically up to 10% per annum. These payments would be made to the pension scheme bank account and remain subject to the retirement benefit rules of the pension itself. The TIP can be cashed partially or wholly at any time, however any surrenders over and above the regular withdrawals may be subject to exit penalties or redemption charges.

**Taxation**

Tax relief will have already been given on payments into the pension scheme and therefore will not be eligible for further relief by investing within a TIP. Pension funds do not pay UK tax on capital gains and income.