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MC TRUSTEES (PENSIONS) LIMITED

MC Trustees Private Pension

Key Features

This document provides a summary of the key points of the MC Trustees Private Pension which is administered by MC Trustees (Pensions) Limited. It is an important document and you should keep it safe for future reference

Version 6
May 2010

Contents

The Financial Services Authority is the independent financial services regulator. It requires us, MC Trustees (Pensions) Limited, to give you this important information to help you decide whether our products are right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

Introduction

The MC Trustees Private Pension ("MCTPP") is administered by MC Trustees (Pensions) Limited ("MCTPL") and is a Personal Pension and an Appropriate Personal Pension, which enables you to invest your pension fund in a wide range of assets.

The MCTPP was established on 15 May 1995 by irrevocable trust and is now governed by a series of irrevocable trusts and by Rules adopted by the Operator and Trustees on 30 September 2008. You join the MCTPP by completing an application form. You may elect to be appointed as joint trustee of your MCTPP with MC Trustees Limited and MC Nominees Limited. An interest bearing current account will be opened with Cater Allen Private Bank specifically for your MCTPP on which MC Trustees Limited will be the signatory. Cater Allen Private Bank is part of the Santander Group, one of the ten largest banks in the world. If you have elected to be a Trustee, you will also be a signatory on this account.

You will have the flexibility to pay contributions at your chosen rate to the non Protected Rights part of your MCTPP, with HM Revenue & Customs' limits for tax relief. There is no minimum contribution.

You may appoint any authorised investment manager to manage all or part of the fund or manage the investments yourself. Your MCTPP may also invest in commercial property and may borrow for the purposes of investment. The property may be leased to either an unconnected third party or to a connected business at a commercial rent.

The MCTPP accommodates the income withdrawal rules included in the Finance Act 2004.

With effect from 1 October 2008, the MCTPP is able to accept transfers of Protected Rights as it has obtained an Appropriate Scheme Certificate. For further information on Protected Rights and Safeguarded Rights, please see the section on Protected Rights, which is appended to this document.

The parties involved in the MCTPP are :

Provider/Operator	MC Trustees (Pensions) Limited, (Co Reg No 05575694) a company authorised and regulated by the Financial Services Authority (FSA Reg No 461226) to establish, operate and wind up personal pensions
Scheme Administrator	MC Trustees (Pensions) Limited. The day to day management and administration of the MCTPP is outsourced to MC Trustees (Administration) Limited (Co Reg No 02352583)
Bare Trustees	MC Trustees Limited (Co Reg No 06196502) MC Nominees Limited (Co Reg No 03198181)
Asset Registration	MC Nominees Limited (Co Reg No 03198181) MC Trustees Limited (Co Reg No 06196502)

Please note that none of the companies in the MC Trustees group is authorised by the Financial Services Authority to give financial advice

The banking facilities for the MCTPP are provided by Cater Allen Private Bank.

MC Trustees (Pensions) Limited is authorised and regulated by the Financial Services Authority (FSA). Our permitted business is to establish, operate and wind up personal pensions. Our FSA register number is 461226. You can check this on the FSA's register by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234

The information provided in this document is a summary of our understanding of current law, HM Revenue & Customs' and Department of Work & Pensions' practice at the date the document was prepared. It should not be relied upon for detailed advice or as a statement of law. Please also note that current laws may change in the future. This document summarises the key features of the MCTPP. If you require further information, please contact your adviser or MC Trustees:

MC Trustees
Enterprise House
Meadow Drive
Hampton in Arden
West Midlands
B92 0BD
Tel 01675 444600
Fax 01675 444601
Email mail@mctrustees.co.uk
Web www.mctrustees.co.uk

1 What is the MC Trustees Private Pension and can anyone have one?

1.1 It is a SIPP, which is a personal pension scheme registered with Her Majesty's Revenue & Customs ("HMRC") under Part 4 Chapter 2 of Finance Act 2004.

1.2 Anyone can have an MCTPP. You can have one even if you are a member of a company pension scheme.

1.3 The MCTPP is governed by a Trust Deed and Rules, as amended from time to time. This Key Features document summarises the main provisions of the Rules and of the HMRC regulations that apply to your MCTPP. However, in the event of any discrepancy between the Key Features and the Trust Deed and Rules, the Trust Deed and Rules will prevail.

1.4 Please read these Key Features carefully before completing the application form.

2 What can the MCTPP do for me?

2.1 Provide a vehicle in which you can save for your retirement, taking advantage of the tax reliefs available.

2.2 Provide benefits in retirement for you and/or your dependants.

2.3 Enable you to consolidate your existing pension benefits, including where applicable Protected Rights.

2.4 Provide lump sum and pension benefits for yourself and your dependants following your death.

2.5 Provide the facility to pay pensions from the fund. This allows you to continue to invest your pension following your retirement.

2.6 Provide you with flexibility to choose the level of pension you receive each year, subject to limits set by HM Revenue & Customs ("HMRC").

2.7 Provide flexibility for your dependants in the way death benefits can be paid.

3 How do I set up an MCTPP?

3.1 You need to tell us that this is what you wish to do and we will provide you with all the documentation for completion and return.

You will need to inject funds to complete the setting up. This may be by contributions or transfer (see later).

3.2 We are required under anti-money laundering rules to formally identify you. This means we need to examine certain documents which confirm your name and address. If you prefer, your financial adviser can provide us with a certificate which confirms that he has examined the documents.

4 What happens next?

4.1 When we have received the completed documentation from you we will set up a bank account with Cater Allen Private Bank. Any contributions or transfer values will be placed in this bank account and retained there until you, or your authorised agent, instruct us to make an investment. In relation to the making and selling of investments, you are a compulsory signatory.

5 Can I change my mind?

5.1 You have cancellation rights in respect of the MCTPP, unless you elected to waive them when you filled in your application form. If you elected to waive your cancellation rights when you completed your application form, you will not be entitled to a refund of the accompanying contribution (if any).

5.2 When we receive your application form, we will bank any accompanying contribution and/or apply for the transfer value, as instructed by you. If you had not already waived your cancellation rights when you filled in your application form, we will issue the appropriate cancellation notice which gives you 30 days to cancel your MCTPP.

5.3 If you have elected to transfer other pensions into the MCTPP, you have 30 days from the date we receive the completed transfer in form to change your mind. This right cannot be waived and if you request that we make investments during this period which then have to be realised because you have changed your mind your MCTPP will bear any losses. We also reserve the right to deduct any costs we have incurred in respect of the transfer.

5.4 You should be aware that it may not be possible to return a transfer payment we have received. Should this be the case you must nominate another pension scheme to which we can transfer the payment.

5.5 If you have decided to take benefits we will send you a cancellation notice which explains that you have 30 days to change your mind. Should you do so you must return any benefits taken and bear the costs incurred by this change of mind.

5.6 If you wish to exercise your right to cancel, you must complete, sign and date the cancellation notice we send you and return it to us by post. You have 30 days from the date you receive the notice to exercise your right to cancel.

6 What must I do when managing my MCTPP?

6.1 Decide on the investment strategy. You may wish to do this in conjunction with your professional adviser, if you have one.

6.2 Regularly review your investment strategy and the benefits being drawn (if applicable).

6.3 Pay the charges set out in our fee schedule. These will be deducted from your MCTPP account by MCTPL.

6.4 Comply with HMRC rules regarding contributions, investments and benefit levels.

6.5 Notify us immediately of any changes to your personal circumstances that may affect your MCTPP, including your eligibility for tax relief on your contributions and the taxation of your benefits.

7 What are the charges?

7.1 Our charges schedule, which is appended to this document.

7.2 If you have an adviser he will charge you for his advice. You must agree this but the charges may be paid from the fund.

7.3 When you invest in stocks and shares or any regulated investment product there will be charges made by the stockbroker or the product provider.

7.4 If you decide to buy a property your MCTPP will incur legal and valuation fees in addition to our fees. Stamp duty will normally be payable.

8 Can I invest in anything?

8.1 Yes, but there may be substantial tax charges if investments are made in such things as residential property. We will not permit any investment which we believe may attract such a tax charge.

8.2 Typical investments are:

UK quoted stocks, shares, debentures and gilts
Shares quoted on AIM
Stocks and shares traded on a recognised overseas stock exchange
Futures and options relating to shares quoted on a recognised stock exchange
Hedge funds
Bank and Building Society accounts
Unit trusts, investment trusts and OEICs
Insurance company funds
Commercial land and property
Loans – SIPPs can make loans to unconnected third parties

8.3 Your MCTPP may also invest in unquoted shares, but there are tax implications which relate to tangible moveable assets and there are also rules imposed by MCTPL relating to the percentage of the issued share capital of the company that may be owned by your MCTPP and connected parties. Please ask us for further information if you are interested in investing in unquoted shares.

8.4 It is permissible for your MCTPP to enter into investment transactions with you, or persons connected with you. It is imperative that these transactions are carried out at arm's length valuations, otherwise tax changes may apply.

8.5 All quoted investments, eg equities must be registered in the name of an authorised nominee company. Stockbrokers will usually offer this service to their clients.

8.6 You may purchase commercial property, including land. All property purchases/sales must take place at market value. If the property is to be let to you or a party connected with you, the open market rental value must be confirmed by an independent chartered surveyor. ("Connected" is defined in Section 839 of ICTA 1988 – we will be pleased to supply you with a copy if you believe this may apply to you).

8.7 The Trustees of the MCTPP may borrow funds, from any source, to assist with property purchase, or for any other reason. HMRC has placed a restriction on the amount that the Trustees may borrow to 50% of the value of the net assets of the MCTPP immediately prior to the borrowing taking place, ie this does not include the value of the asset you are purchasing. The limit includes any amount borrowed to finance VAT on the property purchase.

8.8 If several parties wish to collectively purchase a property, this can be arranged. We are prepared to consider property purchases including third parties, ie non SIPPs. If you are interested in property purchase, please ask us for further details.

8.9 Please note that none of the MC Trustees group of companies accepts responsibility for the performance of any investment or liabilities associated with any investment.

9 What are the risks with the MCTPP?

The risks include:

9.1 Transferring in

By transferring other pension benefits into your MCTPP, you may be giving up:

9.1.1 the right to guaranteed benefits, and or guaranteed increases in benefits.

9.1.2 the right to receive a terminal bonus on with-profits pension plans.

You should also be aware that a penalty may be applied to your existing pension plan on transfer so you should seek appropriate professional advice before transferring existing pension benefits into your MCTPP

9.2 Investments

9.2.1 The value of investments can fall as well as rise and is not guaranteed. Past performance must not be taken as an indication of future performance.

9.2.2 You can invest in a range of investments, each of which will carry a different level of risk. You should seek appropriate professional advice when determining your investment strategy.

9.2.3 The cost effectiveness of your MCTPP will depend upon a number of factors, including:

- its size in relation to the initial and ongoing costs (including our charges which may increase in the future)
- the type of investments held
- the frequency with which you deal
- the size of transaction you undertake

If you have a smaller fund, or deal excessively, the value of your MCTPP may be eroded and the costs may be disproportionate to its value.

Some investments may take longer to sell than others eg property, and the sale price may be lower than expected.

9.3 Income Withdrawal

9.3.1 Taking income withdrawal may erode the capital value of your fund, especially if investment returns are poor and a high level of income is taken. This may result in a lower income than you had hoped to take in future.

9.3.2 If income withdrawals are close to or at the maximum level permitted by HMRC, such withdrawals may not be sustainable. The higher the pension you elect to receive, the higher the probability that your pension may have to reduce in the future and the lower the provision for your beneficiaries.

9.3.3 If you choose to receive your pension via income withdrawal, there is no requirement to purchase an annuity by the time you reach your 75^{th} birthday. (If, however, you have Safeguarded Rights in your MCTPP, then you must purchase an annuity by the age of 75 in respect of these funds). Please see the attached "Additional Information on Protected Rights and Safeguarded Rights" (Page 18) for a definition of Safeguarded Rights. If you continue income withdrawal after you reach the age of 75, the maximum income permitted by HMRC will reduce. The death benefits payable on your death after age 75 will be restricted and the remaining fund on your death will be subject to substantial taxation.

9.3.4 There is no guarantee that annuity rates will improve in the future. If you choose to purchase an annuity, the level of pension you receive when you purchase the annuity may be lower or higher than the pension previously being paid under income withdrawal and/or the annuity you could have purchased initially.

9.4 General

9.4.1 The tax benefits, laws and regulations relating to SIPPs could change to your disadvantage in the future.

9.4.2 If you intend to rely on Enhanced Protection and a contribution is paid to your MCTPP, you will lose the Protection and a tax charge may apply when you take your benefits.

9.4.3 If the total value of all of your pension funds exceeds the Lifetime Allowance when you start taking benefits, there may be a tax charge.

10 What contributions can I make?

10.1 There is no limit on the contributions you can make, but the tax relief granted by HM Revenue & Customs only applies up to the 'Annual Allowance'. Contributions may not be made to your MCTPP after your 75th birthday.

The Annual Allowances for the tax years up to 2010/11 are:

2007/08	£225,000
2008/09	£235,000
2009/10	£245,000
2010/11	£255,000

If you do make a contribution which exceeds the Annual Allowance, there will be a tax charge of 40% of the excess amount.

The Annual Allowance does not apply in the year you crystallise all your fund or the year you die.

Contributions may only be allocated to the non Protected Rights part of your fund.

11 Who can make contributions?

11.1 Yourself, your employer or another person on your behalf (eg your spouse, parent or grandparent).

12 Is there a minimum contribution?

12.1 No, you can make contributions of any amount at any time convenient to you. There is no extra cost if you increase, decrease or cease contributions at any time.

13 Can I contribute to more than one scheme?

13.1 Yes, provided that the total contributions do not exceed the Annual Allowance.

14 I don't live in the UK – can I still contribute?

14.1 Yes, in the following circumstances:

14.1.1 If you are a UK resident individual or have relevant UK earnings subject to UK tax you can contribute as set out above.

14.1.2 If you are non UK resident, but were UK resident when the MCTPP was set up, and at some time in the last 5 tax years had been resident in the UK you can contribute up to £2,880. We will reclaim basic rate tax to bring the gross contribution up to £3,600.

14.1.3 If you are a non UK resident you can contribute any amount, but you will not get tax relief.

15 What can I transfer in?

15.1 You can transfer in cash or assets from any registered pension scheme, including Protected Rights and Safeguarded Rights. Before transferring an asset you will need to check with us that it is an acceptable investment.

15.2 To start a transfer you need to complete our Transfer In/Transfer in Drawdown form. Please ask us for a copy.

15.3 If you are transferring in Protected Rights which are in drawdown, (unsecured pension), we must ensure that your non Protected Rights fund benefits are proportionate, ie if you have used 100% of your Protected Rights fund to provide benefits, you must have used 100% of your non Protected Rights to provide benefits prior to the transfer in of your Protected Rights fund.

16 Can I transfer out?

16.1 Yes, but funds providing income withdrawal may only be transferred to registered pension scheme arrangements which have been set up for the purpose of receiving transfers from income withdrawal arrangements.

16.2 If you elect to transfer out Protected Rights and Safeguarded Rights, you may only transfer these to a Registered Pension Scheme which has a Contracting Out Certificate. The same rules will apply in respect of the receiving scheme as shown at point 18.4

16.3 If you make a transfer to an overseas scheme, a check against your Lifetime Allowance must be carried out before the transfer payment is made. If the value of your MCTPP exceeds your available Lifetime Allowance, then a tax charge of 25% of the excess will be deducted from your MCTPP and paid to HMRC before the transfer payment is paid to the overseas scheme.

16.4 The transfer may be made in cash or in specie, but will always be made to the Trustee or Administrator of the receiving scheme.

17 Is there a maximum fund I can have?

17.1 No, but there is a Lifetime Allowance and amounts greater that this will be subject to additional taxation unless protected (see below).

The Lifetime Allowances have been set as follows:

2007/08	£1.60 million
2008/09	£1.65 million
2009/10	£1.75 million
2010/11	£1.80 million

18 What benefits can I get?

18.1 The following are available at any time between 55 and age 75. It may be possible to take benefits earlier if you are in serious ill health or if you established your MCTPP before 6 April 2006 and are entitled to benefits before age 55.

18.2 A 'Pension Commencement Lump Sum', commonly known as 'tax-free cash'. This is up to 25% of your fund – but see Point 23 ("My fund is larger than the Lifetime Allowance, how does this affect me?") below.

This can be taken without taking the attaching pension but, if you take a pension, the lump sum **must** be taken at the same time. If your fund contains Protected Rights and non Protected Rights, if you take a lump sum from your Protected Rights fund you must also take a proportionate lump sum from your non Protected Rights fund. Please see the example below:

Fund value £500,000 comprising	£400,000 non Protected Rights	(80%)
	£100,000 Protected Rights	(20%)

£100,000 of the total fund value is to be used to provide benefits. This must be in the proportion 80% from non Protected Rights and 20% from Protected Rights, so the £25,000 lump sum will comprise £20,000 from the non Protected Rights fund and £5,000 from the Protected Rights fund.

You may take a lump sum from your non Protected Rights fund without taking a lump sum from your Protected Rights fund.

You can take a series of tax free lump sums provided that the total does not exceed your Lifetime Allowance.

All lump sums must be taken before age 75.

18.3 'Unsecured Pension', also known as income drawdown. If you are under 75, you can take income drawdown from age 55 until age 75.

We calculate the amount of income you may receive using tables compiled by the Government Actuary's Department (GAD). These tables are used to determine the maximum income you may receive from the amount of your fund you wish to use. There is no minimum income.

Every 5 years we will retest the income you receive (as required by HMRC).

18.4 If your fund contains Protected Rights and non Protected Rights, and you take unsecured pension from your Protected Rights fund, you must take a proportionate amount of unsecured pension from your non Protected Rights fund. Please see example at 18.2. You may, however, take unsecured pension from your non Protected Rights fund without having to take unsecured pension from your Protected Rights fund.

18.5 'Alternatively Secured Pension' from age 75. We calculate this using the GAD tables. A minimum income must be paid at the level of 65% of the maximum income.

18.6 If you take a pension commencement lump sum and recycle some or all of it, either directly or indirectly, to fund an increase in pension contributions then the lump sum will be treated as an unauthorised payment. You will be taxed on that payment at between 40% and 55%. Your pension fund will also be subject to a further tax charge of between 15% and 40% (depending on how much of the tax charge you have paid).

18.7 You can choose to purchase a lifetime annuity with some, or all, of your unsecured pension fund at any time. The purchase of an annuity will trigger a review of the maximum pension payable and also a further check against the lifetime allowance.

18.8 Pension payments are subject to the deduction of tax under Pay As You Earn (PAYE). The amount of tax depends on your individual circumstances and may be subject to change in the future.

19 What is a lifetime annuity? (for non Protected Rights funds)

19.1 A lifetime annuity provides a guaranteed pension for life and is provided by an insurance company.

19.2 The annuity available will depend on the value of your fund and the annuity rates at the date of purchasing the annuity. It may also be possible to obtain "impaired life" rates, which will provide a higher income if you are in poor health.

19.3 The annuity income may increase each year, may be guaranteed for up to ten years (ie paid irrespective of whether you are alive) and may continue, normally at a reduced level, to your surviving spouse or dependant.

19.4 If an annuity is purchased, you will cease to have any involvement with the investment of your pension fund, but will receive a guaranteed income for life. If you use all your fund to buy an annuity your MCTPP will be wound up.

20 What is an appropriate annuity? (for Protected Rights)

20.1 An appropriate annuity is the same as a lifetime annuity, apart from the fact that an appropriate annuity must provide for a pension of at least 50% of the pension in payment at the annuitant's date of death to be paid to a surviving Partner

21 How flexible are the benefits?

21.1 Very. You can take your tax free cash and pension at times and in amounts that you wish (subject to HMRC requirements) and, if you have Protected Rights in your MCTPP, subject to the rules contained at 18.2 and 18.4 above.

22 How do I go about taking my benefits?

22.1 You need to write to us advising us of the benefits you wish to take or the amount of your funds you wish to use to provide these benefits.

We will then provide you with a quotation which tests your request against HMRC requirements. When you have accepted the quotation we will make the payments.

22.2 You must nominate a personal bank account to receive payments of tax free cash and pension.

23 My fund is larger than the Lifetime Allowance, how does this affect me?

23.1 Provided that your fund was accumulated before 6 April 2006 you may protect it against additional tax charges. There are two ways of doing this, namely Primary Protection and Enhanced Protection.

23.1.1 **Primary Protection** can only be claimed if the value of your pension fund at 05 April 2006 exceeded £1.5 million. If you claim this HMRC allows your standard lifetime allowance to be increased based on the amount by which the value of the pension fund at A-day exceeds the Lifetime Allowance.

23.1.2 When you take benefits your protected fund is compared with the increase in the Lifetime Allowance in force at that time. If it has increased at less than the rate of the increase in the Lifetime Allowance no further tax will be payable. If your fund has increased at a higher rate the excess will be taxed.

23.1.3 You can continue to pay contributions when you have primary protection.

23.2.1 **Enhanced Protection** can be claimed whatever the value of your pension fund at

05 April 2006. If you claim this type of protection HMRC allows the full value of your pension benefits accrued at 05 April 2006, as well as all subsequent investment growth, to be protected from any tax charges.

23.2.2 **If you make any contributions after 05 April 2006 Enhanced Protection will be lost.**

23.3 Your Lifetime Allowance does not restrict the amount of pension fund you can have but it does restrict the amount that is tax privileged. This means that if your pension fund exceeds your Lifetime Allowance, in the absence of Enhanced Protection the excess will be subject to an additional tax charge of 25% if you take this excess as an income or 55% if as a lump sum.

24 How do I claim Protection?

24.1 Protection must have been claimed by 5 April 2009.

25 What happens if I die before age 75?

25.1 Uncrystallised Funds (non Protected Rights only)

25.1.1 Uncrystallised funds are those where benefits have not yet commenced ie you have not yet received your pension commencement lump sum and commenced your pension.

25.1.2 The investments held under your MCTPP will be realised and their full cash value used to provide benefits for your spouse, dependants, family members or other beneficiaries nominated by you for this purpose.

25.1.3 The trustees (including any additional trustee you have appointed for this purpose) will decide who will receive benefits and the form of the benefits, in their absolute discretion. However, they will take into account any wishes you have expressed through the completion of an 'Expression of Wishes' form.

25.1.4 Death benefits will normally be paid as a lump sum but pensions may be provided for a spouse and/or dependant, either under income withdrawal or by annuity purchase.

25.1.5 Lump sum payments on death are normally free of any inheritance tax but we cannot guarantee that this will be the case. You should consult your adviser if you wish to discuss this.

25.2 Uncrystallised Funds (Protected Rights)

25.2.1 The investments held in your Protected Rights fund will be realised and their full cash value used to provide benefits for your spouse or civil partner, or any other beneficiaries specifically nominated by you for this purpose. In the event that you do not have a surviving spouse or civil partner and you have not made a specific nomination of beneficiary, the fund will be paid to your Estate and will be subject to inheritance tax. The distribution is not at the Trustees' discretion.

25.3 Unsecured Pension Funds (non Protected Rights)

25.3.1 If you die whilst in receipt of an unsecured pension, then we will realise the investments held under your unsecured pension and use the full cash value to provide benefits for your spouse, dependants, family members or other beneficiaries nominated by you for this purpose.

25.3.2 Again, the trustees will decide who will receive benefits and the form of the benefits, in their absolute discretion. However, they will take into account any wishes you have expressed through the completion of an 'Expression of Wishes' form.

25.3.3 The value of your fund can be used to pay benefits in the form of:

- a lump sum, subject to deduction of a 35% tax charge; and/or
- applied (with no 35% tax deduction) to provide a pension for your spouse and/or dependant, either by way of an annuity purchase or income withdrawal.

25.4 Unsecured Pension Funds (Protected Rights)

25.4.1 If you die whilst in receipt of an unsecured pension, then we will realise the investments held under your unsecured pension and use the full cash value to provide benefits for your spouse or civil partner or other beneficiaries nominated by you for this purpose. If you have not named a beneficiary, then the cash value will be paid to your Estate and will be liable to inheritance tax. The distribution is not at the Trustees' discretion.

25.4.2 The value of your fund can be used to pay benefits in the form of:

- a lump sum, subject to deduction of a 35% tax charge; and/or
- applied (with no 35% tax deduction) to provide a pension for your spouse or civil partner, either by way of an annuity purchase or income withdrawal.

Children's pensions are not permitted to be paid in respect of Protected Rights following the death of the member.

25.5 Lifetime annuity

25.5.1 If you die after an annuity has been purchased then the benefits payable, if any, will be determined by the terms of the annuity contract.

25.6 Definition of Dependant

A person is your dependant if they are :

* Your wife or civil partner
* Your child who is under the age of 23
* Your child who is over 23, but who is dependant on you due to physical or mental impairment
* Someone else who was financially dependant upon you

26 What happens if I die after age 75? (non Protected Rights)

26.1 If your pension is being paid under ASP then the full value of your pension fund will be applied to provide pension benefits for your surviving spouse or dependants, either by income withdrawal, or the purchase of an annuity.

26.2 The trustees will decide to whom the pension will be paid to but will take into account any wishes you have expressed by completing an 'Expression of Wishes' form.

26.3 If you do not leave a surviving spouse or dependant, the fund may be paid to a charity nominated by you for this purpose. If this is not to happen the fund may be paid in accordance with your wishes but subject to inheritance tax and scheme taxes.

26.4 Any funds paid to a charity or paid out in pension benefits to your spouse or dependants, will be exempt from IHT. However, if there are any funds left over after the spouse's, or dependant's pension has come to an end then, unless paid to a charity, the funds will become chargeable to IHT and scheme taxes.

26.5 We will deduct any taxes due from your fund before paying any death benefits and pay them to HMRC.

26.6 If you have purchased an annuity then the benefits payable, if any, will be determined by the terms of the annuity contract.

27 What happens if I die after age 75 ? (Protected Rights)

27.1 If you die whilst in receipt of alternatively secured pension, then we will realise the investments held in your Protected Rights fund and use the full cash value to provide benefits for your spouse or civil partner or other beneficiaries nominated by you for this purpose. If you have not named a beneficiary, then the cash value will be paid to your Estate and will be liable to inheritance tax. The distribution is not at the Trustees' discretion.

28 How will I know what my fund is worth?

28.1 We will send you annual statements showing the value.

29 Can MC Trustees provide me with advice?

29.1 Neither MC Trustees (Pensions) Limited (nor any other members of the group) can provide you with investment or financial advice, which you should seek from appropriate professional advisers.

30 Will you pay any benefits not described above?

30.1 These Key Features describe the main forms of authorised payments that can be paid by a registered pension scheme. We will not knowingly make any payment that is not authorised by Finance Act 2004.

30.2 Please note that if an investment transaction is carried out between your MCTPP and either you, or someone connected to you, which is not carried out at a market value, then this will be 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 you, or anyone connected to you, will create a debt. If this is not repaid on arms length terms the amount of the debt will be taxed as an unauthorised payment.

30.3 We are required to report any unauthorised payments to HMRC. If an unauthorised payment is made, then you, or the person who receives the payment, will be subject to a tax charge of between 40% and 55% of the payment. Your MCTPP 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 you have paid. In extreme circumstances, HMRC may de-register your MCTPP in which case a further tax charge of 40% of the value of the SIPP will be payable to HMRC.

31 What if I have further questions?

For further information please contact your advisor or MC Trustees.

32 Would I be better off with a Stakeholder Pension?

32.1 Stakeholder pensions are relatively simple pension plans. The Government has set minimum standards for pension providers for charges, minimum payment levels and terms and conditions.

32.2 Stakeholder pensions are generally available and may meet your needs at least as well as a SIPP. If you are in any doubt about the suitability of a SIPP, you should contact your adviser.

32.3 Some Stakeholder pensions are also able to accept Protected Rights.

Protected Rights

Additional Information

With effect from 01 October 2008, the MCTPP has Appropriate Personal Pension Scheme status and is able to accept Protected Rights.

1 What is an Appropriate Personal Pension Scheme?

1.1 It is a scheme (as defined in The Personal Pension Schemes (Appropriate Schemes) Regulations 1997) and is registered with HMRC under Chapter 2 of Part 4 of the Finance Act 2004. It can accept Protected Rights.

2 What is the State Second Pension (S2P)?

2.1 S2P is additional to the Basic State Pension and calculated separately.

2.2 When you are working, S2P is calculated on the amount you earn between the lower and upper earnings limits. These amounts change annually.

2.3 You will accrue benefits under S2P if your status is employed and you have earnings which exceed the lower earnings limit.

2.4 The amount of your NI contributions will determine the level of basic State Pension you will receive when you reach State pension age.

3 What is Contracting Out?

3.1 You can opt out of S2P, which is known as contracting out. In return for the rights you give up in S2P, the State will pay a contribution into your nominated personal pension plan. The contribution is based on the percentage of your earnings and will vary according to your age and earnings. Any pension fund built up as a result of these contributions is called Protected Rights.

3.2 You forfeit your right to S2P for each tax year you are contracted out and may only contract out with one personal pension provider in each tax year. You may not contract out using your MCTPP.

3.3 The rules applicable to protected rights are made by HMRC and the DWP. These govern the way you can take benefits from your Protected Rights fund.

3.4 Any contributions received by your nominated personal pension plan as a result of your having contracted-out of S2P will be paid by the National Insurance Contributions Office ("NICO") and will be allocated to the Protected Rights part of that plan automatically.

4 What must I do when managing my Protected Rights benefits?

4.1 Regularly review the benefits being drawn (if applicable).

4.2 Regularly review that contracting out of S2P is still the right option for you.

4.3 Comply with DWP rules regarding contributions, investments and benefit levels.

4.4 Notify us immediately of any changes to your personal circumstances that may affect your MCTPP, including the taxation of your benefits.

5 What are the risks involved with Protected Rights?

5.1 If you had remained in S2P, your pension may have been greater than that payable from the protected rights part of your MCTPP.

5.2 The tax benefits, laws and regulations relating to Appropriate Personal Pensions could change to your disadvantage in the future.

5.3 If the total value of all of your pension funds exceeds the Lifetime Allowance when you start taking benefits, there may be a tax charge.

5.4 If you elect to cease to contract out, your fund may not be large enough to prevent erosion in value as a result of charges.

5.5 If you are intending to rely on means tested State benefits, small amounts of pension savings may have an affect on your entitlement.

6 What contributions can I make?

6.1 You may not make contributions to the Protected Rights part of your MCTPP and your MCTPP may not accept contributions paid by NICO (National Insurance Contributions Office).

7 What can I transfer in?

7.1 You can transfer in Protected Rights from any Appropriate Personal Pension or Registered Pension Scheme.

7.2 To start a transfer you need to complete our Transfer In/Transfer in Drawdown form. Please ask us for a copy.

8 Can I transfer out?

8.1 Yes, but you may only transfer Protected Rights to another Registered Pension Scheme which has an Appropriate Scheme Certificate and can accept Protected Rights.

8.2 The transfer will always be made to the Trustee or Administrator of the receiving scheme.

9 Can I cease to be contracted out?

9.1 You can elect to cease to be contracted out at any time. There are no penalties

9.2 You cannot contract out using your MCTPP and so we can only receive transfers of Protected Rights which do not attract minimum contributions. This may have an effect on the size of your fund when you elect to take benefits.

9.3 MCTPL will continue to deduct charges from your MCTPP for the duration of the contract.

Terms and Conditions of Business

These terms and conditions set out the contract between you (the Member) and us (MC Trustees (Pensions) Limited) and should be read in conjunction with our key features. These are our standard terms and conditions of business upon which we intend to reply. For your own benefit and protection you should read these terms carefully before signing to confirm you agree to be bound by them. If you do not understand any point please ask us for further information.

All queries and correspondence should be sent to:

MC Trustees (Pensions) Limited
Enterprise House
Meadow Drive
Hampton-in-Arden
West Midlands B92 0BD

1 DEFINITIONS

Arrangement means the individual MC Trustees Private Pension (MCTPP) for a Member.

DWP means the Department for Work and Pensions

HMRC means HM Revenue and Customs

MC Trustees means all the companies named in this section where relevant in the particular context and unless a specific company name is mentioned.

MC Trustees (Administration) Limited is the company providing administration services for the Scheme

MC Trustees (Pensions) Limited is the company providing and operating the MC Trustees Private Pension. This company is authorised by the Financial Services Authority to establish, operate and wind up personal pensions under reference number 461226

MC Trustees Limited and MC Nominees Limited are the Bare Trustees of the MC Trustees Private Pension.

Member means the person who completed the application form for the MCTPP and in whose name it has been opened.

Scheme means the MC Trustees Private Pension.

Self Invested Personal Pension or **SIPP** means the MC Trustees Private Pension.

Taxable Property means residential property and most tangible moveable assets

Us and we means MC Trustees

You and **your** means the person who completed the application form for MCTPP and in whose name it has been opened.

2 TERMS OF THE AGREEMENT

2.1 This Agreement is between the Member and MC Trustees (Pensions) Limited of Enterprise House, Meadow Drive, Hampton-in-Arden, West Midlands, B92 0BD (registered number 05575694) ('the Operator').

2.2 This agreement details the terms of business and the services which will be provided under the Scheme for the Member. The Scheme is a Registered Pension Scheme which has been established for the sole purpose of the provision of pension and lump sum benefits for eligible individuals under the Finance Act 2004.

2.3 The Scheme is governed by a Trust Deed and Rules ('the Rules') and any subsequent deeds amending these. Under the provisions of these documents each Arrangement is a separate trust fund distinct from the other Arrangements under the Scheme. MC Trustees (Pensions) Limited is the Operator and MC Trustees Limited and MC Nominees Limited are the Trustees of the Scheme. MC Trustees (Administration) Limited is appointed by the Operator to administer the Scheme on its behalf and hereby undertakes to administer the Scheme in accordance with the Rules, and this Agreement. A copy of the governing documentation is available upon written request.

3 CONTRIBUTIONS AND TRANSFERS

3.1 The Member and/or his/her employer (if applicable) may contribute.

3.2 The Member may also arrange for a transfer of any other pension entitlement he/she may have to the Scheme. Please note that at the outset the Arrangement will be divided into 10,000 equal separate segments ('the Segments'). All contributions and transfer payments received in respect of the Member shall be apportioned equally between the Segments except that the apportionment may be altered for the purposes of rounding up the sum allocated to the nearest penny.

4 INCOME WITHDRAWAL TRANSFERS

4.1 The Member may arrange for a transfer of any Registered Pension Scheme that is currently providing income withdrawal benefits (either as unsecured or alternatively secured pension) in respect of the whole of the assets transferred.

4.2 10,000 Segments will be set up in respect of each transfer of arrangements. Each transfer shall be apportioned equally to the 10,000 Segments, except that the apportionment may be altered for the purpose of rounding up the sum allocated to the nearest one pence sterling.

5 MEMBER BANK ACCOUNTS (ALSO REFERRED TO AS THE SIPP BANK ACCOUNT)

5.1 All monies in respect of the Arrangements, not applied for investment purposes, will be held in separate designated Member accounts with Cater Allen Limited (the 'Bank'). No other bank or other deposit taker's accounts may be used. The Trustees will be mandatory signatories to these accounts and, where the Member has so elected, he will also be a signatory to the account.

5.2 Where monies are held in the designated Member accounts the credit balance will attract interest at a rate offered by the Bank from time to time.

5.3 No bank charges are currently payable on the designated Member accounts but this may change in the future.

5.4 Where monies are transferred to an Investment Manager/Adviser permitted to hold funds in respect of the Arrangements, the Investment Manager/Adviser will be responsible for the establishment of Member accounts in a form acceptable to the Operator and shall account for all transactions and interest periodically.

6 POOLED BANK ACCOUNTS

6.1 There may be circumstances when we need to put your money into a pooled bank account held in the name of the Trustee. These accounts are:

- Rental Income
- PAYE
- VAT
- Income Tax
- Dividend Tax Reclaim

6.2 The amounts in these pooled bank accounts may also include money in respect of other clients. Your money will only remain in a pooled bank account until it has been distributed appropriately. No interest is payable to you on any money held within a pooled bank account.

7 ACCOUNTING AND INVESTMENT STATEMENTS

7.1 The Operator maintains records of all transactions and provides the Member with annual statements. Protected Rights will be separately identifiable from any other rights under the Scheme.

8 INVESTMENTS

8.1 You may make any investments except that we will not accept any investments which we consider will be deemed by HMRC to be Taxable Property.

8.2 The investment objectives of the Arrangements must have due regard to the overall objective to provide retirement benefits.

8.3 Neither the Operator, nor the Trustees provide investment or pensions advice, nor act as Investment Manager to the Arrangements, nor accept any liability for the performance or choice of investments or performance or choice of Investment Fund Provider or execution only stockbroker.

8.4 All investment transactions must be carried out on a commercial basis. We reserve the right to decline to make an investment in a particular asset for any reason we deem appropriate.

8.5 We do not accept any liability for any tax charges should the Member, their Financial Adviser or Investment Manager invest in assets which are deemed to be Taxable Property.

8.6 You may choose, subject to any HMRC rules, the investments of the Arrangements, obtain advice from any person or body appropriately authorised under the Financial Services and Markets Act 2000 and subsequent amending legislation.

8.7 Where you have appointed a Financial Adviser then the Financial Adviser will be treated as your Representative and Agent. Investment and disinvestment instructions from the Financial Adviser will be accepted from them on the basis that such instructions are the Member's instructions.

8.8 You may appoint a stockbroker of your choice. All investments made by this stockbroker will be held in its nominee company.

8.9 The Trustees will enter into any necessary agreements with the stockbroker. We will limit our liability (and any liability of the Operator) to the value of the Arrangement in question.

8.10 We must be specifically instructed each time an investment is required except share dealing which should be directed to the stockbroker. We cannot accept instructions on an ongoing basis to make future investments.

8.11 Neither the Operator, nor the Trustee accept liability for any loss occasioned by any Investment Manager/Adviser/Stockbroker or other person or body which is responsible for any fund management or ancillary services connected therewith.

8.12 The fees and charges of any financial adviser or stockbroker are in addition to the Operator's charges and shall be payable from funds in the Member's Arrangements.

8.13 The Trustee will not exercise voting rights or any other rights in respect of any investment unless directed by the Member to do so.

8.14 The Trustee reserves the right to realise investments to pay benefits or fees and charges under the Arrangements.

9 COMPLAINTS AND COMPENSATION

9.1 Should you wish to register a complaint in relation to the services provided under this Agreement then such a complaint can be made in writing and addressed to The Administration Manager, MC Trustees, Enterprise House, Meadow Drive, Hampton-in-Arden, West Midlands, B92 0BD.

9.2 If your complaint is not resolved to your satisfaction, you can refer it to The Pensions Advisory Service or The Financial Ombudsman service. Their details are available on request.

9.3 The MCTPP is covered by the Financial Services Compensation Scheme, which was set up to deal with compensation when firms are unable to meet claims made against them. Your entitlement to compensation would depend upon the circumstances of your claim.

10 VARIATION

10.1 The Terms and Conditions of this Agreement may be amended by the Operator by giving the Member 30 business days written notice. This notice will be sent to the Member's home address as last advised to the Operator.

10.2 We may remove, change, or add to these conditions or any details forming part of the contract between us:

- To conform with or anticipate any changes in law, order, code of practice or to react to any change in the interpretation of any of these.
- To comply with the recommendations of the Financial Services Authority
- To introduce new or improved systems, methods of operation, services or facilities.
- To enable us to harmonise our banking or charging arrangements.
- To reflect market conditions.
- To reflect general banking or other financial services practice
- To make them clearer or more favourable to you.
- To rectify any mistake that may be discovered in due course.
- To enable us to change the provider of banking services to another bank.
- We may also remove change or add to these Terms and Conditions for any reason which we may consider is valid.

11 TERMINATION

11.1 We have the right to make any amendment to these provisions in order to comply with a change of applicable law or regulation, by giving you 30 days written notice. If the change is to the Member's advantage then notice can be given within 30 days of the change.

11.2 These provisions as varied, if appropriate, shall continue until the Arrangements have been terminated by the payment of a transfer value to another Registered Pension Scheme or the provision of annuity/death benefits in the appropriate form.

11.3 No fees or charges at that time paid shall be refunded and those payable shall remain so. Termination will be without prejudice to the completion of transactions already initiated and the Trustee is authorised to continue to operate the bank accounts relating to the Arrangements after notice has been given for the purpose of settling or receiving monies in respect of transactions already initiated and paying any expenses or fees due to the Operator or other parties.

12 CONFIDENTIALITY

12.1 The Operator and the Trustees undertake not to disclose, at any time, information coming into their possession during the continuance of the Arrangements except to the Member's agents (including their Financial Adviser and Investment Manager) or any investment provider with whom the Plan has been invested or the organisation through which the Plan has been introduced, unless expressly authorised to do so or where required to do so by Law or any regulatory purpose and such information will be held in accordance with the provisions of Data Protection legislation.

12.2 We may also give essential information about the Plan to others, but only if necessary to run the Plan.

12.3 You should give all instructions and written notices regarding the Scheme to the Operator who will pass them to the Trustee (as appropriate).

12.4 Any written notice or communication should be posted or delivered to MC Trustees or faxed to 01675 444601 or as may be notified from time to time. In the event of a dispute no instruction or notice shall be deemed to have been given by or on behalf of the Member unless by proof of receipt.

13 JURISDICTION

13.1 This agreement shall be construed in accordance with the laws of England and Wales and the parties submit to the exclusive jurisdiction of the English and Welsh courts.

14 CHARGES

14.1 The charges for the Scheme form part of this Agreement and are set out in the current Charges Schedule a copy of which you acknowledge has been supplied to you.

14.2 If additional services are offered in the future or additional forms of investment are permitted, then charges for these may not be reflected in the Charges Schedule and you should ensure you refer to the latest Charges Schedule for up-to-date information.

14.3 All figures are exclusive of any Value Added Tax (VAT).

14.4 All charges will be deducted when required by the Operator from the Member's designated bank account unless there are insufficient funds available.

14.5 The Operator reserves the right to require the Trustees to realise investments to pay charges if there are insufficient funds otherwise available and may require sufficient funds to be maintained in the Member's designated bank account to cover charges. The Operator shall be entitled by 30 business days' notice given to the Member to increase the level of fees and charges above the level of any predetermined increases herein provided for.

14.6 All fees and charges must be deducted from funds held in the Scheme.

14.7 The Operator reserves the right to charge interest on late payment of fees at 3% over base rate as determined by the Bank of England.

15 SERVICES

The following services are provided:

15.1 Establishment of Arrangements

15.2 Setting up administration record systems

15.3 Receipt of contributions/transfer payments into/out of the Scheme

15.4 Maintenance of records

15.5 Recovery of basic rate tax on Member contributions where applicable

15.6 Recovery of tax deducted at source on UK investment income where applicable

15.7 Arranging investments on the Members', or their financial advisers' instructions

15.8 Annual statements detailing assets, contributions and transfer payments received and amounts of tax recovered from HM Revenue & Customs and detailing Benefit Crystallisation Events which have taken place in the year, together with the percentage of the Lifetime Allowance used.

15.9 Setting up bank accounts

15.10 Maintaining records of investment transactions

15.11 Settlement and payment of benefits

15.12 Such other services as may from time to time be necessary to efficiently administer the Arrangements and to comply with HM Revenue & Customs' requirements.

16 MISCELLANEOUS

16.1 We may operate a telephone recording system and calls may be recorded for training and monitoring or security purposes.

MC TRUSTEES
CHARGES 2010

This document helps you understand the fees for establishing and administering your Self Invested Personal Pension (SIPP) and should be read in conjunction with our Key Features Document. It also provides you with a comprehensive guide to all transaction costs, answers frequently asked questions about our charges and provides explanations of all the terms we use. Terms contained in our Glossary are shown in *italics*.

All charges are subject to VAT

	Fee	When is the fee taken?
Set Up		
Taking in *Protected Rights* **or** non *Protected Rights* (includes two transfers)	£250	When *Individual Funds* have been set up
Taking in both *Protected Rights* **and** non *Protected Rights* (includes 3 transfers)	£400	

Annual fee		
Basic *administration* fee	£588	In advance
Additional fee if both *Protected Rights* and non *Protected Rights* are included	£119	
Preparation of annual Profit and Loss and Balance Sheet Preparation of annual valuation The following investments and services: Equity-based discretionary, advisory or execution only portfolio management using one stockbroker, cash, insured products subject to no more than five holdings for non-*Protected Rights* and five holdings for *Protected Rights*, receipt of contributions and reclaiming basic rate tax and provision of illustrations	Included in *annual fee*	

Additional *Transfers in* (after set up)		
Cash from another pension scheme	£152 per transfer	Upon completion of the transaction
In specie from another pension scheme (not including property)	£152 per transfer	
In specie from another pension scheme (including property)	£486 per transfer	
In specie contribution (not property)	£152 per transfer	
In specie contribution (property)	£486 per transfer	
Supplementary transfer fee in addition to the above should benefits be in payment	£152 per transfer	

Investing in commercial property		
Purchase (no borrowing) Purchase (with borrowing) Opting to tax on a property	£588 £880 £158	Upon completion of the transaction
Annual VAT management Annual property management (no borrowing) Annual property management (with borrowing)	£158 £998 (per property per member) £1,057 (per property per member)	In advance
Property sale Aborted property purchase Manual payment of loan Loan redemption Re-mortgage	£354 £284 £25 £102 £304	Upon completion of the transaction

Other Investments		
Purchase of *unquoted shares* Loan to third party – set up Loan to third party with legal charge – set up Additional SIPP bank account – set up	£566 (minimum) £253 £304 £203	Upon completion of the transaction
Monitoring of third party loan – annual Monitoring of additional SIPP bank account – annual	£120 £152	In advance

Payment of Benefits		
Pension set up and payment of pension commencement lump sum	£211	Upon completion of the transaction
Pension Payment (per annum)	£158	In advance
Subsequent *crystallisations* Pension sharing on divorce *Annuity* purchase Distribution of death benefits	£119 £588 £294 £588	Upon completion of the transaction

Other costs		
Preparation of additional valuation	£51	Upon completion of the transaction

Transfers Out		
Transfer to another *Provider* – cash only Transfer to another *Provider* – cash but with assets to be encashed *In specie* transfer to another *Provider* (without property) *In specie* transfer to another *Provider* (with property)	£152 £308 £588 £880	Upon completion of the transaction

Interest rates for pension fund accounts with both Cater Allen Private Bank and Butterfield Private Bank can be viewed at the following websites, or you can ask us for this information:

www.caterallen.co.uk/InterestRates/Default.aspx?pid=108whichrate=17
www.uk.butterfieldgroup.com/Int_Rates/Pension_Ac/home.htm

Example scenario – getting started

A client has three pension funds with other providers which will all be transferred as cash and each includes *Protected Rights* and non *Protected Rights*

MCT establishes the SIPP and sets up a bank account. Within a short period of time, the providers of the transferring arrangements transfer the funds to the SIPP and they are deposited in the bank account. The total transfer value is £250,000. MCT tells the client when each transfer has been received and once the last one has been received, the client implements his chosen investment strategy, which is discretionary fund management of the whole fund with one stockbroker. The fund manager will charge fees which will be paid by the client's SIPP.

What would the costs for this be?
Getting Started

Establishment of SIPP	£400
Transfer in fee	Included in the set up fee
Annual *administration* fee	£707
TOTAL	£1,107

Ongoing charges

Annual *administration* fee	£707
Annual Fund Manager fee (approximate, based on fund value of £250,000)	£1,250
Total per annum	£1,957

Example scenario – taking benefits

After several years, the client decides to start drawing benefits from his SIPP. He elects to take a cash lump sum together with a regular monthly income. Should the client decide to stop drawing income, the annual income charge would no longer apply.

What would the costs for this be?
Taking benefits from the SIPP

Setting up pension and cash payment	£211
Pension payment per annum	£158
Total	£369

Ongoing charges in retirement

Annual *administration* fee	£707
Annual pension payment	£158
Annual Fund Manager fee (approximate, based on fund value of £250,000)	£1,250
Total per annum	£2,115

Example scenario – change of investment

The client then decides to purchase unquoted shares. The Shareholder Agreement and associated documentation are presented to MCT so that they can ensure the terms are acceptable. A couple of changes are required in the wording of the documentation so that the liability of the Trustee is limited to the assets of the client's *Individual Fund*. The client is continuing to draw a regular income from the fund.

What would the cost for this be?

Acquiring the unquoted shares

Unquoted share purchase (including time cost for amending documentation)	£650
Total	£650

Total ongoing charges in retirement

Annual administration fee	£707
Annual Fund Manager fee (approximate, based on fund value of £250,000)	£1,250
Annual pension payment	£158
Total per annum	£2,115

Example scenario – investing in property

The client then decides to purchase a commercial property, as he believes a regular rental income would provide liquidity to pay benefits. Borrowing is not required as the SIPP has sufficient cash to purchase the property outright, but the property needs to be VAT registered.

The SIPP acquires the property and in additional to the SIPP fees, the client will also expect to pay for a valuation as well as solicitor's fees and stamp duty (if applicable). These fees will all be settled from the SIPP fund.

The client is continuing to draw a regular income from the fund.

What would the cost for this be?

Acquiring the property

Making the purchase	£588
Annual property management	£998
Opting to tax (see FAQ 12)	£158
Valuation charge (approx)	£750
Solicitor's fees (approx)	£1,000
Stamp Duty Land Tax	£1,500
Total	£4,994

New total ongoing charges in retirement

Annual *administration* fee	£707
Annual pension payment	£158
Annual property management (see FAQ 11)	£998
Annual VAT management	£158
Total per annum	£2,021

Notes

(a) Additional fees will be charged for unduly time-consuming transactions or work not listed above. We will give an estimate of the likely costs in individual cases. External professional fees (eg for property purchase) will be met by the fund.

(b) Fees will increase in accordance with the National Average Earnings Index based on the change during the 12 months to August each year. Any increase will be effective in January and run for 12 months.

Glossary and explanation of terms

Crystallisation	the designation of a pension fund or part of a pension fund to provide benefits
Establishment	the creation of an Individual Fund to the point where it is ready to be used
Administration	the process of looking after the Individual Fund on an ongoing basis. This includes providing a reconciled annual statement, setting up any contributions, reporting to HM Revenue & Customs (if applicable)
Set up fee	the charge for preparing and processing the documentation to make you a member of the SIPP. It includes opening the bank account and arranging for the *transfer in* of up to three pension arrangements.
Transfer in	taking a cash amount into the scheme from another pension you have
Annual fee	this is the basic charge we make for running the pension
In specie transfer	the transfer of an asset from another pension scheme to this one
Unquoted shares	these are shares in a private company and are not listed on any stock exchange
Annuity	a policy issued by an insurance company whereby it provides a guaranteed income for life in exchange for a lump sum
MCT	MC Trustees (Pensions) Limited
Protected Rights	you can opt out of S2P (the State Second Pension, formerly the State Earnings Related Pension Scheme or SERPS), which is known as contracting out. In return for the rights you give up in S2P, the State will pay a contribution into your nominated personal pension plan. Any pension fund built up as a result of these contributions is called Protected Rights.
Provider	the entity operating the SIPP, also known as the Operator. MC Trustees (Pensions) Limited is the Provider/Operator of the SIPPs administered by MC Trustees and this company is authorised and regulated by the Financial Services Authority to establish, operate and wind up personal pensions.
Individual Fund	has the meaning attributed to it in the Rules governing the SIPP, but broadly speaking is the fund which the Operator/Provider determines is attributable to the member

FREQUENTLY ASKED QUESTIONS

1 What are the setup fee and annual fee for?

Your SIPP is individual to you: each *Individual Fund* has its own bank account and investments. The set up fee covers all the work required to set up your SIPP, meet all regulatory requirements and issue all initial correspondence. The *annual fee* includes dealing with any ad hoc queries received during the year, buying and selling investments (unless an additional fee is payable, such as for the purchase of unquoted shares, or where the number of investment exceeds the 5 holdings included in the annual fee) producing the annual valuation, general communications and fulfilling all regulatory requirements.

2 Can I pay IFA fees from my SIPP?

Yes, provided this is agreed in advance of the advice/service provided and the IFA issues an invoice to the SIPP for the service/advice provided. If the SIPP is to pay for investment advice, the IFA must be FSA regulated and authorised.

3 How does VAT apply to fees?

Fees are liable to VAT at the standard rate which is 17.5%.

4 How do the fees for transfers work?

You can choose to transfer benefits from another pension arrangement into your SIPP. Where the benefits are being transferred as a cash sum, either we, or your adviser can arrange the transfer. The set up fee includes the *transfer in* of up to three pension arrangements and there are fees payable for additional transfers, the level of which depends upon the method of transfer and the assets to be transferred.

Alternatively, the benefits may be transferred into your SIPP *in specie* - i.e. the assets in your existing arrangement are transferred without selling them so that you don't incur selling and repurchase costs. Because this is a more complex transaction, we must co-ordinate it and our fee is between £150 and £480 depending upon the assets to be transferred. The transfer fee is payable in addition to any annual property fees which are due if a property is transferred *in specie*. We will provide an estimate of the fee, on request.

5 Do you charge for transfers out?

Yes, the charges are shown on the fee schedule. We will not refund any part of the annual fee. Our fees do not include any external fees such as solicitor's fees for the transfer of property, for example.

6 What do you charge for when I take benefits?

The work required to set up the payment of benefits and PAYE. If you choose to take an income, a pension payment fee will then be charged.

7 Are there investment related fees?

Yes, but only if the number of investments is outside the five which are included in the *annual fee*, or where there is a specific charge quoted such as for the purchase of *unquoted shares*. These will vary with the investment and we will give you an estimate of the cost when you advise us of the nature of the investment.

8 How do you charge for bank accounts other than at Cater Allen Private Bank and Butterfield Private Bank?

We charge a single fee of £200 to establish fixed term, fixed rate deposit accounts with other banks. In addition we would charge a fee of £150 per annum for accounts not held at Cater Allen Private Bank or Butterfield Private Bank. This is because we will have to manually reconcile the bank accounts held elsewhere.

9 How much do you charge to set up an investment manager account?

Provided this does not take the number of investments above five, this is included in the annual administration fee. For additional managers, we charge £150.00 plus VAT.

10 Do your fees include the stockbroker's fees etc?

No, our fees relate to the recording of investment transactions by us and do not include stockbroker, investment manager or nominee fees and charges which, where applicable, are payable in addition.

11 How much will the solicitor and valuer charge if a SIPP purchases a property?

The average legal fees are approximately £1,000 and average valuer's fees are approximately £750.00, both of which are exclusive of VAT.

12 What do you do for your property management fee?

We deal with all general property management issues including invoicing the tenant for rent, chasing any rent arrears, insuring the property on our block policy, invoicing the tenant for the insurance premium, making any loan repayments and dealing with tenants' requests concerning matters such as assignments, underlettings and alterations.

13 Are there any other fees relating to property?

There is a fee for opting to tax on a property of £158 and then an annual fee for VAT elected properties of £158 per annum. This is to cover additional work carried out by our finance team when we own a property that is VAT elected. This fee is charged on the property so if we own the property for more than one investor, it will be paid by their SIPP on a pro rata basis in accordance with the ownership percentage.

14 What are the fees if my SIPP borrows money?

If your SIPP borrows, the lender will charge a fee for arranging the loan and a facility fee for ongoing maintenance and monitoring of the loan.

15 When are fees due?

The *set up fee* and the first *annual fee* are payable in advance on the commencement date. The *annual fee* is thereafter payable in advance on each subsequent anniversary. The income facility fee, property facility fee and borrowing facility fees are also payable in advance and will be pro-rated from the time that they become payable until the next anniversary.

16 Do you receive any other income in respect of my SIPP?

No

If we insure property held by your SIPP on our block policy, we will retain any income in respect of such an arrangement.

17 Do your fees increase?

Fees will increase in line with the National Average Earnings Index based on the change during the 12 months to August each year. Any increase will be effective in January and run for 12 months.

We reserve the right to charge for additional services on a time-cost basis relevant to the expertise and seniority of our staff involved. We will provide an estimate of al such fees before commencing the work.

We may at any time amend all or any of our fees or charges payable from your SIPP in such a manner as we may determine. We will give you three months' notice where we amend or increase any fees by an amount materially exceeding the percentage increase in RPI.

18 Is there anything else I should know?

All expenses, charges and outgoings whether in respect of the investments contained in your SIPP (including the costs of purchase, sale, management, maintenance and valuation of freehold and leasehold properties, if any, and other investments) or other expenses however incurred shall be charged to your SIPP.

In the event of any levy or taxation being imposed on us or your SIPP under any statutory provision affecting the business of SIPP providers, operators, administrators or insurance companies, we may recover from your SIPP an amount equal to the proportion of such levy or taxation that we in our discretion deem to be attributable to it.

If you would like a copy of this document in larger print, please contact us on 01675 444600.

The SIPPs operated by MC Trustees (Pensions) Limited are the MC Trustees Private Pension and the MC Trustees Self Invested Pension.

Tel	01675 444600
Fax	01675 444601
Email	mail@mctrustees.co.uk
Website	www.mctrustees.co.uk

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