

## Retirement Investment Account

# Key features

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### keyfacts<sup>®</sup>

The Financial Conduct Authority is a financial services regulator. It requires us, AJ Bell Management Limited, to give you this important information to help you to decide whether our AJ Bell Investcentre Retirement Investment Account is 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.

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## IMPORTANT

The information contained in this key features document is provided based on our understanding of current law, practice and taxation which may be subject to change.

Full details of the legally binding contract between you and AJ Bell Management Limited are included in the AJ Bell Investcentre SIPP and Retirement Investment Account terms and conditions.

The law of England and Wales will apply in all legal disputes. If you would like a copy of this, or any other item of our literature, in large print, Braille or in audio format, please contact us on 0345 83 99 060 or email [enquiry@investcentre.co.uk](mailto:enquiry@investcentre.co.uk).

All of our literature and future communication to you will be in English.

## About this document

This document contains important information about our products and services. Customers tell us they understand this information better if they read it without any interruptions, so please take some time out to read it carefully in conjunction with our Terms and Conditions and Benefits guide.

## Aims, commitments and risks

### The Retirement Investment Account's aims

#### What is the AJ Bell Investcentre Retirement Investment Account, and what benefits does it offer me?

The AJ Bell Investcentre Retirement Investment Account is a personal 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 chosen pension age. It can give you greater choice, freedom and control than other types of pension, enabling you to select and manage your own investment portfolio from a wide range of choices.

You can pay one-off or regular contributions into the Retirement Investment Account to take advantage of the generous tax privileges available. You can also transfer existing pension benefits into the Retirement Investment Account.

Your investments will be free of Capital Gains Tax and Income Tax.

The Retirement Investment Account gives you the flexibility, from the age of 55 (57 from 6 April 2028), to decide when you wish to take benefits. It provides for lump sum and pension benefits for you in retirement and for your family and dependants following your death.

### Your commitment

#### What you have to do as a Retirement Investment Account member

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

You must maintain an ongoing relationship with an adviser registered with AJ Bell Investcentre. As part of that relationship, you must decide on the subscriptions and transfers to be paid to the Retirement Investment Account, and agree and regularly review the investment strategy, and you must decide not only when to access your Retirement Investment Account, but also the level of any payments you receive.

There is no penalty for ceasing or reducing any regular contributions, but your benefits will be affected by the level of contributions paid to your Retirement Investment Account.

If you transfer benefits into your Retirement Investment Account from another pension scheme, you and your adviser will be responsible for arranging the transfer from that scheme.

You must decide when to convert your fund into a pension income. When you make this decision, you may be able to take some of your fund as a tax-free lump sum.

Each Retirement Investment Account will have its own designated bank account with Bank of Scotland. You must retain sufficient cash in this account to cover ongoing charges and expenses. Full details of the Retirement Investment Account charges are published in the 'charges' section of our website ([www.investcentre.co.uk](http://www.investcentre.co.uk)) and are available from your adviser.

You must agree to be bound by the AJ Bell Investcentre Retirement Investment Account terms and conditions, and to pay the charges set out in the charges and rates.

You must review regularly, with your adviser, whether the AJ Bell Investcentre Retirement Investment Account remains appropriate for your circumstances.

### Risks

#### Factors that could affect the benefits you will receive from your Retirement Investment Account.

The main aim of any pension scheme is to provide you with income in retirement. The three areas in which your decisions will affect the payments you are able to receive from your Retirement Investment Account are:

- payments into your Retirement Investment Account;
- investments within your Retirement Investment Account; and
- withdrawals from your Retirement Investment Account.

We have set out below the risks most closely associated with these three areas. When deciding whether the AJ Bell Investcentre Retirement Investment Account is right for you, you should also consider risk factors that are beyond your control, such as the tax reliefs available, inflation, interest rates, annuity rates and charges, and the effect these may have on your pension plans. For information on these factors, please speak to your financial adviser.

#### Payments into your Retirement Investment Account

By transferring pension funds from another pension provider into your Retirement Investment Account, you may give up the right to guarantees over the type and the amount of payments you would have received, and also the level of increases that could be applied to your pension

in future. Your existing pension provider may apply a penalty, or other reduction in the value of the payments you receive, if it is transferred.

Transferring out of final salary pension schemes will usually result in you being worse off, even if you are offered an incentive to transfer. You should seek advice from your financial adviser before transferring. We can only accept transfers containing safeguarded benefits (including defined benefits pensions) with a value in excess of £30,000, if you have received advice which resulted in a positive recommendation to transfer.

There is no guarantee that you will be able to match the payments that you give up by transferring your pension to us.

Payments to you will be affected by the level of contributions paid to your Retirement Investment Account now and in the future. You may benefit less from investment growth if you delay the payment of contributions into your Retirement Investment Account.

Please note that the rules relating to tax relief on contributions may change in the future.

With a Retirement Investment Account, you could benefit from tax advantages when compared with cash and investments you hold outside of pensions.

### **Investments within your Retirement Investment Account**

The value of investments held in the Retirement Investment Account, and the income from them, can fall as well as rise. You may get back less than the amount invested.

Past performance is not an indication of future performance and some investments need to be held for the long term to achieve a return.

You will be able to deal in a range of investments. Some investments carry a higher degree of risk than others. The following are some specific examples of this:

- smaller companies, the prices of which can be more volatile – there may be a large difference between the buying and selling prices;
- overseas investments, which may carry an exchange rate risk, and may be based in less well regulated jurisdictions;
- warrants and other highly geared investments, the prices of which can be extremely volatile.

Some investments are described as complex financial instruments. If you invest in these, you should be aware that you may lose all your money.

We do not provide investment advice as this is an execution-only service. We do provide information about investments,

but this is provided solely to enable you and your adviser to make investment decisions and so must not be treated as a recommendation. If you need advice to determine whether an investment is suitable for you, you must consult your adviser.

If the value of the Retirement Investment Account is small and/or you deal frequently in small amounts, dealing costs may be disproportionately high and the value of the Retirement Investment Account may be eroded.

You should note that rules relating to the taxation of capital gains and income from investments may change in the future.

The investment returns may be less than those shown on any illustrations of payments you receive and the charges may be higher.

### **Withdrawals from your Retirement Investment Account**

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

Your Retirement Investment Account may be subject to additional tax charges at the point you withdraw funds if your pension is valued at more than the lifetime allowance (£1,073,100 for the current tax year).

Payments you take from your Retirement Investment Account are subject to Income Tax. You may have to pay a significant amount of tax if you make large withdrawals in a short period of time.

Cash and investments held within your Retirement Investment Account benefit from significant tax advantages when compared with cash and investments you hold outside of pensions.

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 Retirement Investment Account falling in value. This could mean a lower income than anticipated in the future. If your Retirement Investment Account runs out of funds it could leave you relying on other sources of income for the rest of your retirement.

The pension you receive from your Retirement Investment Account is not fixed or guaranteed for life. If security of income is important to you then you should consider taking an annuity. For more information about annuities, see the 'Benefits guide'.

If you have a small Retirement Investment Account and no other assets or income to fall back on, this may not meet your needs in retirement and the financial impact of these risks may be greater.

Your Retirement Investment Account can provide pension and lump sum income to others after your death. When thinking about how much to take out, you should consider whether others may be relying on your Retirement Investment Account after your death.

Having considered these risks, if you have any doubts about the suitability of our Retirement Investment Account, or if you need further advice, you must contact your adviser or another suitably qualified person.

## Questions and answers

### Could the Retirement Investment Account be right for me?

The AJ Bell Investcentre Retirement Investment Account could be right for you if you:

- are looking to build up a pension fund in a tax-efficient way;
- understand that growth is not guaranteed;
- are prepared to commit to having your money tied up, normally until at least age 55 (57 from 6 April 2028);
- require access to a wider range of investment opportunities, such as investment in a portfolio of listed stocks and shares and/or unit trusts; and
- wish to make use of the flexible lump sum and pension options available once you reach age 55 (57 from 6 April 2028).

It may not be suitable if you:

- want unrestricted access to your money before age 55 (57 from 6 April 2028); or
- are only likely to require access to a more limited range of investments, such as those available under insurance company personal pensions or stakeholder pension plans.

If you have any doubts about the suitability of the AJ Bell Investcentre Retirement Investment Account, you should contact your adviser.

### Can I have this Retirement Investment Account?

You can have an AJ Bell Investcentre Retirement Investment Account if you are resident in the UK.

If you are resident overseas, you may be able set up AJ Bell Investcentre Retirement Investment Account for the purposes of transferring benefits from a UK-registered pension scheme. Details of any restrictions which may apply can be found in our terms and conditions for the SIPP, Retirement Investment Account, ISA, Lifetime ISA, Junior ISA and General Investment Account.

### Is this Retirement Investment Account a stakeholder pension?

The AJ Bell Investcentre Retirement Investment Account is not a stakeholder pension.

Stakeholder pensions are relatively simple pension plans, with limited investment options, for which the Government has set minimum standards to be met by providers covering areas such as charges, minimum payment levels and terms and conditions.

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

### What are the Retirement Investment Account charges?

Full details of the Retirement Investment Account charges are available at [www.investcentre.co.uk](http://www.investcentre.co.uk).

### Adviser charging

Your adviser will discuss their charges and agree them with you. For advice relating to your Retirement Investment Account, you can either pay these charges directly to your adviser, or we can arrange for them to be deducted from your Retirement Investment Account. If you decide to go for the latter option, you will need to complete either the adviser charging section within the application form, or the adviser charging variation and additional payment form. If your adviser charges are paid from your Retirement Investment Account, the value of the Retirement Investment Account will reduce accordingly.

### What other terms and conditions apply to this Retirement Investment Account?

Your adviser will provide you with a copy of the full AJ Bell terms and conditions. A copy is also available at [www.investcentre.co.uk](http://www.investcentre.co.uk).

## Contributions

### Who can pay contributions into my Retirement Investment Account?

You can pay personal contributions into your Retirement Investment Account. In addition, contributions can be paid on your behalf by your spouse, parent or grandparent and treated as a personal contribution for tax purposes.

If you are employed, your employer can also pay contributions into your Retirement Investment Account.

Once your Retirement Investment Account is set up, you can pay single contributions and/or regular contributions. You can increase or decrease your regular contributions at

any time, subject only to the minimum contribution levels described below.

Once you have reached age 75 we will no longer accept any contributions paid by you. If you are still employed, we can accept contributions paid by your employer.

### Are there any minimum contribution levels?

If you want to contribute, the minimum single contribution is £1,000 (gross). There is currently no minimum level for your regular contributions.

There is no requirement to pay any contributions if a transfer payment is paid to your Retirement Investment Account.

### How can contributions be made?

Single contributions can only be paid by cheque or electronically. Requests to make a contribution by electronic payment can be submitted by your adviser on our website. The relevant bank details and a unique payment reference will be provided as part of this process, removing the requirement for any paperwork to be submitted.

Electronic payments also help to prevent any delays in funds being applied to your account.

Regular contributions must be paid monthly by Direct Debit. Contributions paid by Direct Debit will be taken on the first of the month, or the next working day if the first is not a working day.

### What if I am entitled to Enhanced Protection or one of the forms of fixed protection and make a contribution?

If you have registered with HM Revenue & Customs (HMRC) for Enhanced Protection (for pension rights built up before 6 April 2006), Fixed Protection 2012, Fixed Protection 2014 or Fixed Protection 2016, the payment of any contribution to your Retirement Investment Account will result in the loss of this protection.

### Do I get tax relief on my contributions?

In each tax year, you will get tax relief on personal contributions paid by you, or on your behalf, up to 100% of your UK earnings.

If you have no relevant UK earnings, or your UK earnings are less than £3,600 a year, you can still pay contributions up to £3,600 (gross) and receive tax relief.

Any contributions from your employer do not count against this tax relief limit.

All personal contributions (whether you are employed or self-employed) are payable net of basic rate tax (20% for 2023/24). As an example, if you pay a net contribution of £800 then we will reclaim £200 from HMRC and credit

this amount to your Retirement Investment Account cash account once it has been received. Basic rate Income Tax will be credited to your Retirement Investment Account cash account after between 6 and 11 weeks, depending on when your contribution is paid. If you are a higher-rate or additional-rate tax payer, you must claim any further tax relief to which you are entitled via your self-assessment.

We will only accept contributions up to the limit for tax relief referred to above. You must tell us within 30 days if you are no longer entitled to tax relief on your contributions.

All employer contributions are payable gross. Your employer will normally receive tax relief on any contributions they pay to your Retirement Investment Account and you will not normally be taxed on these contributions.

### What is the annual allowance for contributions?

HMRC uses the annual allowance to restrict tax relief on large contributions.

The annual allowance is £60,000 for 2023/24. If, in any tax year, the total of:

- contributions paid to registered pension schemes by you, or on your behalf (including any paid by an employer); and
- the increase in the value of your benefits under any final salary schemes

is greater than £60,000, you will exceed the annual allowance.

A factor of £16 per £1 p.a. of pension will be used to value the increase in benefits under a final salary scheme.

If you have flexibly accessed your pension benefits, an annual allowance of £10,000 will apply to contributions to all 'money purchase' pensions, including your Retirement Investment Account.

Continuing to take an income under the capped drawdown limit, taking a tax-free lump sum only, or purchasing a traditional annuity will not reduce the level of contributions you can make.

If you are a high-income individual, your annual allowance may be reduced.

For the 2023/24 tax year, you will be a high-income individual with:

- an 'adjusted income' of over £260,000 for the tax year, and
- 'threshold income' of over £200,000

As a high-income individual, your annual allowance will be reduced by £1 for every £2 that your adjusted income exceeds £260,000, to a minimum allowance of £10,000

### What happens if I exceed the annual allowance?

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 £60,000 for each tax year. The amount you can carry forward is reduced by your annual allowance usage during those tax years.

If, having made use of carry-forward, you still exceed the annual allowance, you will have to pay a tax charge on the excess. The tax charge will be based on your marginal rate of Income Tax.

You cannot use carry forward in your Retirement Investment Account if you have flexibly accessed your pension benefits and the £10,000 money purchase annual allowance applies.

## Transfers

### Can I transfer my existing pension benefits into my Retirement Investment Account?

Yes. Currently you can transfer benefits from any UK registered pension scheme into your Retirement Investment Account.

You are not allowed to transfer benefits to a Retirement Investment Account from most public sector pension schemes.

Transferring out of private sector final salary pension schemes involves giving up guaranteed benefits. You must take advice before transferring from final salary pensions. We can only accept transfers containing safeguarded benefits (including defined benefits pensions) with a value in excess of £30,000, if you have received advice which resulted in a positive recommendation to transfer.

You can make a transfer even if you have commenced drawdown under the scheme from which you wish to transfer (i.e. if you have already started to take an income). The benefits will be subject to the same maximum income limit and pension year as under the scheme from which you are transferring.

Please note that you, or your adviser, will be responsible for arranging the transfer from the transferring scheme. It may take some time for us to receive the transfer payment from your existing provider.

### Can I transfer investments held in a SIPP into my AJ Bell Investcentre Retirement Investment Account?

Yes, although any investments transferred 'in specie' (i.e. assets that are transferred in their present form, as opposed to if they were sold and transferred as cash) must be an acceptable investment on the Funds & Shares Service. Please ask your adviser to email us details of your portfolio of investments under the transferring scheme and we will inform your adviser of our future requirements.

### Can I transfer my Retirement Investment Account to another pension plan?

You can transfer the value of your Retirement Investment Account to another UK registered pension scheme, or Qualifying Recognised Overseas Pension Scheme (QROPS), at any time.

If you have started accessing your Retirement Investment Account, then you must transfer the whole of the part of your fund you are accessing to your new scheme. If you have funds you have not yet accessed under the Retirement Investment Account (also known as 'uncrystallised funds'), you can choose to transfer all, or only a part, of those unaccessed funds to another pension scheme.

If the transfer is to a QROPS, a check against your lifetime allowance must be carried out before the transfer payment is made (see 'How does the lifetime allowance work?' below) and so it is possible that a lifetime allowance charge may apply.

The transfer can be in the form of a cash payment, in which case you will have to sell all of the investments held under your Retirement Investment Account before the transfer is completed, or you may be able to transfer them in their existing form (known as an 'in specie transfer').

### Can I convert my Retirement Investment Account to a SIPP?

Yes, you can convert your Retirement Investment Account to a SIPP, by completing our Account transformation: Retirement Investment Account to SIPP form.

Please be advised you cannot have a Retirement Investment Account and SIPP open at the same time.

## Investments

### What can I invest in?

#### Funds & Shares Service

Our Funds & Shares Service allows you to invest using our in-house investment option. This allows us to keep costs down and ensures that you benefit from a consistently high level of service across every aspect of your investment portfolio. This option provides access to more than 10,000 collectives (of which over 3,000 are clean share classes), shares in investment trusts, Exchange Traded Funds, Exchange Traded Commodities, UK equities and gilts, corporate bonds, REITs and PIBS.

Your adviser places orders on your behalf, either online or over the telephone.

If you are considering investing in unit trusts or OEICs, you must also read the key features for collective investments documents.

## Which investments can I deal in?

You can invest in any securities that are quoted on a recognised stock exchange and that are settled within CREST. This range covers securities across the UK and more than 20 overseas markets and includes:

- shares (including AIM shares);
- more than 10,000 unit trusts and OEICs (of which over 3,000 are clean share classes);
- Government bonds;
- corporate bonds;
- Permanent Interest Bearing Shares (PIBS);
- investment trusts;
- Exchange Traded Funds (ETFs); and
- Exchange Traded Commodities (ETCs).

## Can I make regular investments?

Yes you can. Our regular investment service allows you to invest every month without incurring dealing charges in our regular investment funds universe, any FTSE 350 share, selected ETFs, ETCs and investment trusts.

Setting up a regular investment is simple and once we have received your instruction, we will automatically make your deals on the 10th calendar day of each month (or the next working day).

Obviously, for us to make your deals, there must be sufficient money in your customer cash account to pay for them. If there is not, we will not make the regular investments on that given month and will try again the next month.

Your adviser is able to amend your regular investment instructions up until midnight on the ninth calendar day of each month (or midnight on the day before the regular investment dealing day).

## Do I pay tax on any dividends or gains within my Retirement Investment Account?

There is no tax to pay on any dividends or capital gains. No tax is deducted from any interest paid on cash.

## How do I obtain a valuation of my Retirement Investment Account?

You can obtain a valuation of your Retirement Investment Account at any time by logging on to the AJ Bell Investcentre website or contacting your adviser.

## Are there any restrictions on what I can invest in?

Yes, your Retirement Investment Account cannot invest directly in:

- commercial or residential property;

- insurance company bonds;
- private (unquoted) company shares;
- personal chattels (e.g. works of art, cars etc.);
- loans; or
- any activity that could be regarded as trading.

Also, you can't borrow money under your Retirement Investment Account. If you'd like to invest more widely, please speak to your adviser.

## Member benefits

### When can I access my pension?

You can begin accessing your pension, whether or not you continue to work, at any time from age 55 (57 from 6 April 2028).

It may be possible to access your pension earlier if you are in serious ill health, or to transfer benefits to the Retirement Investment Account from an existing pension with a lower pension age, provided the transfer meets certain HMRC requirements.

The charges for accessing your pension are listed within the charges and rates.

### How do I access my pension?

You can access, or 'crystallise', all, or only a part, of your Retirement Investment Account. This will allow you to phase your income to suit your personal circumstances.

You will need to contact your adviser to discuss your options and obtain the necessary documentation.

You must complete the relevant benefit form to tell us how much of your Retirement Investment Account is to be used to provide your income and how you want the income to be paid. Where relevant, you will also have to tell us about your available lifetime allowance and any protection you have for your benefits.

### Is there any limit on the amount of my benefits?

There is no limit on the benefits that may be provided for you under your Retirement Investment Account. 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 charge', on the excess. The lifetime allowance is currently £1,073,100.

### Can I take a tax-free lump sum from my Retirement Investment Account?

Yes. You can have a tax-free lump sum (also known as the 'pension commencement lump sum'). The value of this can be up to the lower of:



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

If you have protected lump sum rights, then you may be entitled to a larger tax-free lump sum.

You cannot take a tax-free lump sum with the intention of using it to significantly increase your pension contributions. This is because the contributions may be classed as recycling and, where this is found to apply, a large tax charge may be applied.

### Are any other lump sums available from my Retirement Investment Account?

You also have the option of taking a lump sum from your Retirement Investment Account which is made up of both tax-free and taxable elements.

25% of the lump sum will be tax-free, with the other 75% taxed at your marginal rate. So if you chose to take a lump sum of £10,000, the first £2,500 would be tax-free with the other £7,500 subject to tax.

This option is known as an 'Uncrystallised Funds Pension Lump Sum' (UFPLS).

You will be able to receive one of these lump sums from all or part of your fund, but need to consider the amount of tax you will have to pay from larger payments.

You can choose to take these lump sums on an ad hoc or regular basis.

This type of lump sum will only be available from funds that have yet to be used to provide you with income. It will not be available once you have used up your lifetime allowance, or where you hold certain types of protection for your pension benefits.

Once you have taken one of these lump sums, the amount you will be able to contribute to money purchase pensions will fall from £60,000 to £10,000 each tax year.

### What are my options for accessing my pension?

If you take a tax-free lump sum payment, you can choose how the remaining fund will be used to provide you with a pension. There are a number of different ways detailed below

#### Flexi-access drawdown

Drawdown pension, also known as 'flexi-access drawdown', is when your pension fund remains invested and you draw an income from the fund. There is no minimum or maximum level of income, so you can elect to receive a 'nil' pension or take your whole Retirement Investment Account in one go, if you wish.

Payments you receive from drawdown pension are subject to tax. You should make sure that you understand how much tax you may have to pay when deciding how much

pension to take. Taking a high level of pension in a short period of time may mean you have to pay a higher rate of tax than you were expecting.

You can choose to take a regular monthly, quarterly, half yearly or annual income. We will make pension payments on the 16th of the month (or the previous working day, should the 16th fall on a non-working day).

Payments should reach your nominated account within three working days. You can also take one-off pension payments.

Taking any income under flexi-access drawdown will reduce the total amount you can contribute to your Retirement Investment Account and any other money purchase pensions to £10,000 each tax year.

If your Retirement Investment Account holds a mixture of funds that have and have not been used to provide you with benefits, you can choose to draw further benefits at any time.

You can choose to purchase a lifetime annuity with your drawdown pension fund at any time.

If you purchase an annuity from your drawdown pension fund before your 75th birthday, a further lifetime allowance check will normally be carried out.

A further lifetime allowance check will also be carried out on your drawdown pension fund at your 75th birthday, unless the drawdown pension fund commenced before 6 April 2006 and no further funds have been added to that drawdown pension fund on or after that date.

Before selecting a drawdown pension you should consult your adviser.

#### Capped drawdown

If you started your drawdown pension fund before 6 April 2015, you may be in a different type of drawdown pension called 'capped drawdown'. This works in a similar way to flexi-access drawdown but the amount of pension you can take is subject to a maximum limit set by HMRC.

The maximum level of annual income is currently set at 150% of the Government Actuary's Department's (GAD) relevant annuity rate. This rate varies depending on your age and returns from Government securities, and is applied to the value of your pension fund at the date the fund is first used to provide drawdown pension and at each subsequent review.

The maximum income will be recalculated every three years until you reach age 75, and annually thereafter. You can elect to have the maximum income level reviewed at each anniversary of the date funds were first designated to provide drawdown pension. You must make the election before the relevant anniversary.

You can also move further funds into your capped drawdown pot at any time. This will trigger an immediate

review of the maximum income level as well as a further check against the lifetime allowance.

Whilst you remain in capped drawdown, provided you have not flexibly accessed a pension elsewhere, you retain the option of contributing up to £60,000 to your Retirement Investment Account each tax year.

You can move from capped to flexi-access drawdown at any time simply by completing our 'capped to flexi-access drawdown conversion form'.

### **Lifetime annuity**

A lifetime annuity, or guaranteed lifetime pension, is a regular, taxable income guaranteed to last you for life. Buying a lifetime annuity involves passing the value of your Retirement Investment Account to the insurance company of your choice.

The annuity available will depend on the value of your fund, annuity rates at the date of purchasing the annuity and the type of annuity you choose.

If you buy an annuity using the full value of your Retirement Investment Account, you will usually cease to have any involvement with the investment of your pension fund. This may be the right option if security of income is an important issue.

When you purchase your annuity, you can decide whether you want the payments you receive to stay level, go up in line with inflation, or decrease at a later time. The last option may be useful if you have other sources of income that will only be available at a later date.

If you choose an annuity that will fall in value at a later date, the amount you can contribute to money purchase pensions, including your Retirement Investment Account, will fall to £10,000 each tax year.

### **Do I pay tax on pension payments?**

All pensions paid to you under drawdown will generally be subject to Income Tax. We will deduct the tax due before paying your pension.

If you are receiving a drawdown pension that you inherited following the death of another person, for example your spouse, this will not normally be subject to tax where the deceased was younger than 75 when they died and you did not receive payments from the drawdown fund before 6 April 2015.

If you purchase a lifetime annuity, the annuity provider will be responsible for the payment of Income Tax.

As we cannot give you advice, we would recommend that you contact your adviser, or the Pension Wise service, to discuss matters further.

### **How does the lifetime allowance work?**

The Government has set the standard lifetime allowance at £1,073,100 for the current tax year.

Each time you access ('crystallise') a new part of your pension, a portion of your lifetime allowance is used up.

Once you have used up your lifetime allowance, any payments made above the allowance will be subject to the lifetime allowance charge. If excess funds are used to provide a taxable pension, the lifetime allowance charge is 25% of those funds. Alternatively, if excess funds are paid as a lump sum, the lifetime allowance charge is 55%. We will deduct this tax charge from your fund and pay it to HMRC before paying your benefits.

If you built up substantial pension savings before 6 April 2006 and registered for enhanced and/or primary protection ('transitional protection') with HMRC, then this may reduce – or eliminate – any lifetime allowance charge that would otherwise be payable.

It was also possible to lock your lifetime allowance at £1.8 million by applying for Fixed Protection 2012 before 6 April 2012. Further protection options, Fixed Protection 2014 and Individual Protection 2014, were made available to those wishing to protect their lifetime allowance at up to £1.5 million prior to 6 April 2014. Fixed Protection 2016 and Individual Protection 2016 were also made available to protect a lifetime allowance at up to £1.25 million prior to 6 April 2016.

If you hold Enhanced Protection or any of the types of fixed protection, any further contributions to registered pension schemes will cause the loss of the protection. Payment of contributions will not effect any individual protection in place.

When you reach your 75th birthday there will be a final test of your Retirement Investment Account funds against your lifetime allowance. This consists of any remaining funds you have not previously accessed and the growth of your drawdown funds as at your 75th birthday.

### **Do I have to access my pension?**

No. You are not forced to take lump sum or pension income from your Retirement Investment Account at any time.

### **Where can I receive advice or guidance about my options for accessing my pension?**

Your adviser will be able to provide you with further information regarding the options available to you and the investment choices that fit best with your pension planning.

Guidance is available from the Government-backed 'Pension Wise' service. This is a free and impartial service available online, over the phone from MoneyHelper, and face-to-face from Citizens Advice. Though this may be valuable for certain individuals, the Pension Wise service

is not intended to be a substitute for full financial advice. More information can be found at [www.moneyhelper.org.uk/pensionwise](http://www.moneyhelper.org.uk/pensionwise).

As we cannot give you advice, we would recommend that you contact your adviser or access the Pension Wise service. We can arrange a Pension Wise appointment for you as part of an application to take benefits, unless you would prefer to make your own arrangements. More information can be found in our Benefits guide and forms.

Further information is also given in our 'Benefits guide' which is available in the 'Planning for Retirement' section of the customer area of the Website.

## Payments to beneficiaries

### What payments are made to beneficiaries when I die?

#### Payments to beneficiaries payable from your Retirement Investment Account

Nominated beneficiaries may receive payments as a lump sum or as pension income, either under drawdown or by annuity purchase.

Payments to beneficiaries are payable at the discretion of AJ Bell Management Limited as the scheme administrator of your Retirement Investment Account. 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.

Payments to beneficiaries are normally paid tax-free from the funds of individuals who died before age 75, regardless of whether that individual has accessed their pension or not, and can be paid as a lump sum or pension income. Where the deceased was over 75 on death, payments to beneficiaries will be taxed at the marginal rate of Income Tax of the beneficiary in most cases.

#### Lifetime annuity

The benefits payable, if any, will be determined by the terms of the annuity contract.

## Miscellaneous

### What are the rules that govern my Retirement Investment Account?

The scheme is governed by a trust deed and rules (scheme rules), as amended from time to time. This key features document summarises the main provisions of the rules and of the legislation that applies to registered pension schemes.

However, in the event of any discrepancy between the key features and the trust deed and rules, the trust deed and rules will prevail. A copy of our scheme rules is available from your adviser on request.

### How secure is my money?

AJ Bell Management Limited is the scheme administrator of the AJ Bell Investcentre Retirement Investment Account and is responsible for the day-to-day administration and management of the scheme.

Sippdeal Trustees Limited (STL), a wholly-owned subsidiary of AJ Bell Management Limited, is the trustee of the scheme.

AJ Bell Management Limited is part of AJ Bell, one of the UK's largest investment platforms, with £76.1 billion of assets under administration and 491,000 customers.

AJ Bell Management Limited is authorised and regulated by the Financial Conduct Authority. Sippdeal Trustees Limited (STL) does not conduct any regulated activities and is, therefore, not regulated.

The Funds & Shares Service is provided by AJ Bell Securities Limited, which is also part of AJ Bell. AJ Bell Securities is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority.

Bank of Scotland is the provider/establisher of the AJ Bell Investcentre Retirement Investment Account. The bank will satisfy any statutory obligations that it may have from time to time, as provider/establisher of the AJ Bell Investcentre Retirement Investment Account.

### What if I change my mind?

You have a legal right to cancel your Retirement Investment Account if you change your mind. If you wish to cancel you must do so within 30 days of the date you receive our letter confirming the establishment of your Retirement Investment Account.

Cancellation rights will also apply to the receipt of transfer payments and on the first occasion that you choose to take benefits. You will have 30 days from the date that you receive our letter acknowledging the transfer or establishing the benefits to exercise your right to cancel.

You may exercise your right to cancel by writing to us, quoting your name and Retirement Investment Account reference number at:

AJ Bell Investcentre  
AJ Bell Management Limited  
4 Exchange Quay  
Salford Quays  
Manchester  
M5 3EE

Fax: 0345 83 99 061  
Email: [enquiry@investcentre.co.uk](mailto:enquiry@investcentre.co.uk)

You must state whether you wish to cancel your Retirement Investment Account, a specific transfer, or payments.

If you wish to make an investment during the 30 day cancellation period you can do so, but this will lapse your cancellation rights. Lapsing your rights will mean that you cannot cancel your Retirement Investment Account or transfers.

Further information about your cancellation rights is included in the AJ Bell Investcentre Retirement Investment Account terms and conditions. Your adviser can also provide you with a copy.

### **Are there any compensation arrangements covering my Retirement Investment Account?**

Yes. The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if firms are unable to meet claims made against them. The FSCS operates separate sub-schemes, including ones for deposits and for investment business.

Any cash that you hold in your Retirement Investment Account cash account is protected up to £85,000 in the event of the bank failing. If you also hold cash in a separate deposit account, this will also be protected up to £85,000 provided the deposit taker operates under a different banking licence. Please note that the £85,000 limit applies to all cash that you hold with that deposit taker, including cash that is held in personal accounts or savings accounts.

Individual investments held in a Retirement Investment Account are protected up to £85,000 per investment per individual. This is on the proviso that the investment itself is authorised by the FCA. Shares and equities are not authorised by the FCA, so they are not covered by the FSCS. Most funds and collectives, however, are authorised by the FCA, so those that are authorised will be covered.

In the event of default by AJ Bell itself, following which you incur a loss, you can make a claim via the FSCS. Under current rules, the FSCS will pay compensation of up to £85,000 in the event of the failure of any party in relation to the Retirement Investment Account.

Further information about the compensation arrangements is available from the Financial Services Compensation Scheme ([www.fscs.org.uk](http://www.fscs.org.uk)).

### **Can AJ Bell Investcentre give me advice?**

No. AJ Bell Investcentre, AJ Bell Management Limited, AJ Bell Securities Limited and Sippdeal Trustees Limited are not authorised to provide any advice on tax or financial-services-related matters.

If you need any advice, you must consult your adviser.

### **What if I have any further questions?**

You must contact your adviser, although more detailed information on the Retirement Investment Account is available at [www.investcentre.co.uk](http://www.investcentre.co.uk).

### **What if I have a complaint?**

Customer satisfaction is very important to us and if you do have any cause to complain about the services provided, either by your financial adviser or by AJ Bell Investcentre, there are clear procedures laid down by the Financial Conduct Authority to ensure that your complaint is dealt with fairly.

If your complaint relates to the advice you have been given, you should write to your adviser. If your complaint concerns the service you have received from AJ Bell Investcentre, please contact us in the first instance at:

AJ Bell Investcentre  
AJ Bell Management Limited  
4 Exchange Quay  
Salford Quays  
Manchester  
M5 3EE

Tel: 0345 83 99 060  
Fax: 0345 83 99 061  
Email: [enquiry@investcentre.co.uk](mailto:enquiry@investcentre.co.uk)

If you are not satisfied with our response, you may refer your complaint to the Pensions Ombudsman, if it concerns the administration of your Retirement Investment Account.

Pensions Ombudsman  
Tel: 0207 630 2200  
Web: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

Help is also available from MoneyHelper, which can advise you on how to complain and may be able to sort the matter out without the need for the Ombudsman to get involved. The address for the Pensions Ombudsman as follows:

10 South Colonnade  
Canary Wharf  
London  
E14 4PU

The address for MoneyHelper as follows:

MoneyHelper,  
120 Holborn  
London  
EC1N 2TD.

Tel: 0800 011 3797

Web: [www.moneyhelper.org.uk/pensionwise](http://www.moneyhelper.org.uk/pensionwise)

All other complaints may be referred to the Financial  
Ombudsman Service free of charge at:

The Financial Ombudsman  
Service Exchange Tower  
London  
E14 9SR

Tel: 0800 023 4567 or 0300 123 9123

Web: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

Making a complaint will not affect your right to take legal  
proceedings.