

Close Brothers Self Directed Service

Key Features and Charges

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The Financial Conduct Authority (FCA) is the independent financial services regulator. It requires us, Close Asset Management Limited, to give you this important information to help you to decide whether our Close Stocks and Shares ISA, and/or our Investment Account and/or our Close SIPP 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.

1. Key Features of the Close Stocks and Shares ISA

Aims

To help the value of your money grow or to provide an income in a tax efficient way over the medium to long term.

To allow you to buy, switch or sell a wide range of investments, including shares and gilts, and a range of collective funds which aim to meet multiple investors' objectives.

Your investment

There is no set term – you can invest for as long as you want but you should be prepared to invest for at least five years.

You can invest regular and/or single lump sums from a minimum of £50 per month or £1,000 for lump sums.

The ISA allowance for the current tax year is £20,000 and can be held in cash, stocks and shares or any combination of the two. Any contributions from 6 April each year will count towards that year's limit.

You can transfer previous years' ISA savings freely between stocks and shares and cash if you wish.

Risks

What you get back will depend on the performance of the investments you choose, and will change from day to day.

The value of your investment and any income from it can fall as well as rise, and is not guaranteed at any time. It could also fall below the amount you originally invested, particularly in the early years.

Our charges may increase in the future, which would reduce the value of your investment.

If you cancel your Close ISA within 14 days of your application being accepted, and the value of your investments fall before we receive your instruction, you will get back less than originally invested.

Any foreign investments will be affected by changes in currency exchange rates.

If you are transferring from your existing ISA manager, there could be exit penalties or other charges imposed by this provider that would reduce the value of your transfer before we receive it.

If you withdraw money from your Close ISA, this will reduce the amount of any income and capital growth you receive.

If any growth on your Close ISA is less than the withdrawals you make, the value of your Close ISA will fall.

Inflation will reduce what you can buy in the future.

Tax rules may change.

These are the key risks that could affect your investment. For more information on risks please read our Guide to the Close Stocks and Shares ISA, which is available on our website.

Questions and Answers

Q What is the Close Stocks and Shares ISA?

The Close Stocks and Shares ISA is an investment that has tax advantages for most UK residents over 18 years of age. Qualifying UK residents investing up to the relevant ISA subscription limits will not need to pay UK Income Tax or Capital Gains Tax on any growth in the ISA's value.

Q Who can have a Close Stocks and Shares ISA?

You need to be aged 18 or over to be eligible to open a Close Stocks and Shares ISA.

You will also need to be resident and ordinarily resident for tax purposes in the UK. You will not be able to hold a Close ISA jointly with, or on behalf of, anyone else.

Q How much can I pay in?

You may not subscribe to more than one Stocks and Shares ISAs in the same tax year, unless you make a transfer of the current year's subscriptions from one type of ISA to another. In this case the subscriptions to the receiving ISA will be treated as if they were made to the receiving ISA at the start of the tax year.

The ISA allowance for the current tax year is £20,000. This can be held in cash, stocks and shares or any combination of the two. Any contributions from 6 April each year will count towards that year's limit. You cannot carry forward any unused ISA allowance to future tax years.

You can open a Close Stocks and Shares ISA by transferring all or part of an existing stocks and shares ISA or by making a cash payment to the plan. You will need to check if your existing ISA Manager will charge you for the transfer.

Q Can I make further investments?

Yes – at any time, as long as you do not exceed the ISA subscription limits for that tax year. There is no limit to how many transfers of previous years' subscriptions you can make.

Q How do I make further investments?

There are a number of ways you can add more money:

Debit card or direct debit

Transferring all or some of an existing stocks and shares ISA or cash ISA.

Cheques may be accepted at our discretion.

Q Can I reduce my regular payments?

Yes – you can stop or change your regular payments at any time by contacting the Investor Support Team.

Q What can I invest in my Close Stocks and Shares ISA?

You can choose from a wide range of different investments including funds, stocks and shares and gilts which are available through the Self Directed service.

Q Will I receive income from my investment?

Yes – if you choose to invest in a fund which pays income. You can find out how often your chosen fund(s) pay out an income, and when it will be paid, by speaking with the Investor Support Team.

Q Can I switch investments within my Close Stocks and Shares ISA?

Yes – you can decide how your money is invested and switch investments within your ISA at any time. You will need to bear in mind that underlying investment providers may have their own limits for switching and how much must remain within a particular investment.

Q What could I get back?

You will get back the value of your investments held in your Close Stocks and Shares ISA at the time the investments are sold. There is no guaranteed amount and you may get back less than invested. The amount you get will depend on the following factors:

The value of your initial investment.

The length of time it is invested.

The performance of your underlying investments.

The charges you have paid.

The amount of withdrawals you have taken.

The Terms and Conditions of the underlying investment.

If you want to close your ISA, please contact the Investor Support Team.

Q How will I know what my Close Stocks and Shares ISA is worth?

Twice a year you will receive an online statement showing the current value of your ISA, as well as the transactions carried out for you during the previous six months. If you need information between statements, you can review details of your ISA online.

Q How will charges and expenses impact my Close Stocks and Shares ISA?

Charges incurred will reduce the rate at which your investment grows. Please refer to the Close Brothers Asset Management Terms and Conditions to understand our charges and their impact on investments in more detail.

Q How do I withdraw my money?

You can make withdrawals through our online portal or close your account at any time, by writing to us or emailing our Investor Support Team from your registered email address. No administration charges will be incurred for account closures

Funds will be paid by electronic bank transfer into a nominated bank account in your name.

Do not forget that if you take anything out, any funds you put back in will count towards the ISA subscription limits for the current tax year.

Q What about tax?

You will pay no tax on any of the income generated from your ISAs but any investment dividends will incur a 10% dividend tax credit which cannot be reclaimed.

You do not have to declare details of your income and capital gains on an ISA in your tax return.

You can withdraw your money at any time without losing tax benefits already accrued on those monies.

Tax benefits depend on individual circumstances and may change in the future. As a self-directed service, we are unable to provide you with individual tax advice.

The taxation information above is based on our interpretation of current legislation and HMRC practice.

Q Can I transfer my existing ISA to a Close Stocks and Shares ISA at any time?

Yes – you may transfer all of your current year ISA, or part or all of a previous year's ISA at any time.

A transfer may be made in cash or by re-registering assets subject to our and your existing ISA Manager's agreement.

You will need to check whether your existing ISA manager will charge you to sell the assets and transfer the proceeds or to re-register the assets.

Q Can I transfer to another ISA manager at any time?

Yes – you can transfer your Close Stocks and Shares ISA to another ISA manager at any time provided we are notified of this request in writing. You may transfer all of your current year's ISA, or part or all of a previous year's ISA at any time, provided your new ISA Manager is in agreement. Transfers may be made in cash or by re-registering assets subject to the new ISA manager's terms and conditions.

We will not apply a charge for making a transfer.

Q Can I change my mind?

Yes – once we have accepted your application for an ISA you have 30 days during which you have the right to change your mind. In order to exercise your right to cancel, you must write to us or email our Investor Support Team from your registered email address. If you cancel your Close Stocks and Shares ISA and the value of investments has fallen in the meantime, you will receive less than originally invested.

If you decide not to exercise your right to cancel, you will still be able to withdraw your money whenever you want. However we will not refund any charges you have paid.

Q What happens if I die?

Following your death, if you have a surviving spouse or civil partner, they will be entitled to subscribe an additional amount to their ISA. This is in addition to their own personal ISA allowance and is known as an Additional Permitted Subscription (APS). This is calculated as follows:

Where the ISA investor died between 3 December 2014 and 5 April 2018, the APS allowance equals the value of the ISA(s) at the date of death.

Where the ISA investor died on or after 6 April 2018, any ISA(s) held may remain open as a continuing account of a deceased investor, referred to as a continuing ISA. The APS allowance equals the higher of the value of the ISA(s) at the date of death or the value of the ISA(s) at the date the ISA(s) cease(s) to be a continuing ISA. The account will cease to be a continuing ISA on the earlier of:

The completion of the administration of the deceased's estate.

The closure of the ISA.

Three years after the date of death.

2. Key Features of our Investment Account

Aims

To help the value of your money grow or to provide an income in a tax efficient way over the medium to long term.

To allow you to buy, switch or sell a wide range of investments, including shares and gilts, and a range of collective funds which aim to meet multiple investors' objectives.

Your investment

There is no set term – you can invest for as long as you want but you should be prepared to invest for at least five years.

You can invest regular and/or single lump sums from a minimum of £50 per month.

Risks

What you get back will depend on the performance of the investments you choose, and will change from day to day.

The value of your investment and any income from it can fall as well as rise, and is not guaranteed at any time. It could also fall below the amount you originally invested, particularly in the early years.

Our charges may increase in the future, which would reduce the value of your investment.

If you cancel your Investment Account with us within 30 days of your application being accepted, and the value of your investments fall before we receive your instruction, you will get back less than originally invested.

Any foreign investments will be affected by changes in currency exchange rates.

If you are transferring from your existing account, exit penalties or other charges could be imposed reducing the value of your transfer before we receive it.

If you withdraw money from your Investment Account, this will reduce the amount of any income and capital growth you receive.

If any growth on your Investment Account is less than the withdrawals you make, the value of your Investment Account will fall.

Inflation will reduce what you can buy in the future.

Tax rules may change.

These are the key risks that could affect your investment. For more information on risks please read our Investment Account guide, available at closebrothersam.com.

Questions and Answers

Q What is an Investment Account?

An account that allows you to invest in a wide range of investments all in one place.

Q Who can have one?

Anyone who is aged 18 or over and is resident and ordinarily resident in the UK for tax purposes.

Q How much can I pay in?

The minimum opening amount for our Investment Account is £50 for regular monthly payments. Other than that, you can pay in as much as you want.

Q Can I make further investments?

Yes – at any time.

Q How do I make further investments?

There are a number of ways you can add more money:

Debit card or direct debit.

Transferring of all or some of an existing stocks and shares ISA or cash ISA.

Cheques may be accepted at our discretion.

Q Can I reduce my regular payments?

Yes – you can stop or change your regular payments at any time by contacting the Investor Support Team.

Q What can I invest in my Investment Account?

We offer a range of investments including:

Unit Trusts

Investment Trusts

Open Ended Investment Companies (OEICs)

Shares

Exchange Traded Funds (ETFs)

Gilts

Q Will I receive income from my investment?

Yes – if you choose to invest in a fund or other investment which pays income.

If you invest in an Accumulation or Growth fund you will not receive an income payment from your investment. Any income generated will be used to buy additional shares or units in the fund.

Q Can I switch investments within my Investment Account?

Yes. You can decide how your money is invested and switch investments within your Investment Account at any time. Bear in mind that underlying investment providers may have their own limits for switching and how much must remain within a particular investment.

Q What could I get back?

You will get back the value of your investments held at the time the investments are sold. There is no guaranteed amount and you may get back less than invested. The amount you get will depend on the following factors:

The value of your initial investment.

The length of time it is invested.

The performance of your underlying investments.

The charges you have paid.

The amount of any income or withdrawals you have taken.

The Terms and Conditions of the underlying investment.

If you want to close your Investment Account, please contact the Investor Support Team.

Q Will I receive interest on any cash I hold in my Investment Account?

The interest rate payable on qualifying balances within your portfolio is on our website and is subject to change. Interest is calculated using your balance at that time and will be paid into your account every month, in arrears on or around the first business day of each month – or when you close the Investment Account. Interest will be paid net of standard rate tax; unless you are a non-taxpayer and have registered to have your interest paid gross.

Q Can I transfer my existing Investment Account to my Investment Account with you?

A transfer may only be made by re-registering assets, subject to our and your existing Investment Account Manager's agreement. You will need to check with your existing Investment Account Manager whether they will make a charge to re-register the assets.

Q Can I transfer to another Investment Account Manager?

Yes – you can transfer your Investment Account with us to another Investment Account Manager provided this request is made in writing to us. A transfer may be made in cash or by re-registering assets subject to the new Investment Account Manager's agreement.

We will not apply a charge for making a transfer.

Q How will I know what my Investment Account is worth?

Twice a year you will receive an online statement showing the current value of your Investment Account as well as the transactions carried out for you during the previous six months. If you need information between statements, you can review details of your Investment Account online.

Q How do charges and expenses affect my Investment Account?

Please refer to the Close Brothers Asset Management Terms and Conditions to understand our charges and their impact on investments in more detail.

Q How do I withdraw my money?

Via our online portal or by closing your account at any time by writing or emailing our Investor Support Team. No administration charges will be incurred for account closures.

Funds will be paid by electronic bank transfer into your nominated bank account.

Q What about tax?

Our Investment Account is not a tax exempt product.

The tax you pay will depend on the type of assets that you hold and your personal circumstances. At the end of each tax year, we will provide you with all the relevant information that you will need to include in your self-assessment tax return when calculating your income tax liability. You will need to calculate any capital gains tax implications separately.

Please remember that current tax benefits may change in the future.

Q Can I change my mind?

Yes. For 30 days after our acceptance of your Investment Account application you have the right to change your mind. In order to exercise your right to cancel, you must write to us or email our Investor Support Team from your registered email address. If you cancel your Investment Account and the value of investments has fallen in the meantime, you will receive less than originally invested.

If you decide not to exercise your right to cancel you will still be able to withdraw your money whenever you want. However we will not refund any charges you have paid.

IMPORTANT – Fixed Term Deposits must be held to maturity and cannot be closed before that date except in very limited circumstances. If you hold a Fixed Term Deposit in your Investment Account, the Investment Account cannot be closed or cancelled before the maturity of that Fixed Term Deposit. Please see the Terms and Conditions of the Fixed Term Deposit for further details.

Q What happens if I die?

If you die, your personal representatives must close your Investment Account. On receiving appropriate proof of title, we will pay them the balance together with any interest earned up to the date we close the Investment Account, or if requested, we will transfer the Investment Account's investments to them. The balance will take into account any gain or loss in the value of your investment. The proceeds from your Investment Account will form part of your estate for inheritance tax purposes.

3. Key features of the Close SIPP

Note: Stakeholder pension schemes are widely available and might meet your needs as an alternative to the Close SIPP. The following features are based on our interpretation of current legislation and HMRC's practice and should not be relied upon for detailed advice or as a statement of law. Please remember that current tax benefits may change in the future which could affect the amount of benefits you receive.

The Key features document should be read in conjunction with the Key features illustration

Aims

The Close SIPP allows you to build up a lump sum which can then be used to provide you with an income when you retire or to provide benefits for your dependant(s) on your death. Like all registered pension schemes, SIPPs allow you to choose where you want your retirement savings to be invested, instead of leaving a pension company to make the decisions.

The Close SIPP is a type of registered pension scheme known as a 'Self Invested Personal Pension', which allows you to make your own investment decisions and is designed to give you more flexibility with how and when you take your benefits. A long-term investment, this type of plan can also be known as a Money Purchase Pension Plan or a Defined Contributions Plan.

The Close SIPP is designed to accept contributions and/or transfers from existing pension arrangements.

The Close SIPP has been set up under trust and accepted as a registered pension scheme by HMRC. Close Asset Management Limited is the provider of the SIPP and has appointed Lion Nominees Limited as Trustee of the Scheme and Close Asset Management Limited to administer the Scheme.

Close Brothers Asset Management through the above entities acts as administrator, trustee and advisor to members of the Close SIPP. Close Brothers Asset Management have systems and controls in place to mitigate this conflict of interest. The Close SIPP is subject to the same legislation as a normal registered pension scheme, but it cannot be used to accept ongoing contributions from contracting out of the State Second Pension (S2P). This document should be read in conjunction with the Close SIPP Terms and Conditions set out in the Close Brothers Asset Management Terms and Conditions.

Your investment

You can open a Close SIPP to receive transfers of benefits from other pension arrangements you have.

You can pay into the Close SIPP at any time, and payments will be accepted until you reach the age of 75. You can change your payments at any time.

You cannot take your benefits until the Normal Minimum Pension age (NMPA) which is currently age 55 unless you retire early due to serious ill health or have a protected low retirement age as defined by the legislation.

If you are in Capped Drawdown agreement, the level of income you choose must be within HMRC's limits.

Your commitment

To pay into your pension plan, within the limits set by HMRC.

To tell us if your personal circumstances change and you are no longer entitled to receive tax relief on your contributions.

To wait until you are at least the NMPA of 55 before taking your benefits, unless you retire early due to serious ill health or have a protected pension age as defined by pension legislation.

To settle any fees relating to the administration of your SIPP.

To notify us immediately of any changes to your circumstances which may affect your membership of the SIPP.

To stop making contributions after you reach age 75.

Risks

Your benefits may be lower than expected if growth in your investments and interest rates is lower than illustrated.

If you take your benefits earlier than shown on your illustration, or stop paying regular contributions, your benefits may be lower than illustrated.

High income withdrawals are unlikely to be sustainable if investment returns are low during the withdrawal period.

The greater the level of income withdrawals, the less you will have available to provide for dependants, or to buy an annuity in the future.

Capital values can rise or fall and the growth of your investments may be less than shown.

Annuity rates can rise or fall substantially over short periods of time, and could be lower when you purchase an annuity than current rates.

The longer you wait before buying an annuity, the greater risk of lower levels of income if you live longer than expected.

We cannot accept contributions into your Close SIPP after you reach age 75.

Reviews of your income limits could see a decrease in the amount of income that you are able to take from your Close SIPP within a Capped Drawdown arrangement.

You should consider the liquidity of your Close SIPP when you decide to take benefits from your fund. Certain assets may take longer to realise than others.

Our charges may change in the future.

The tax efficient nature of registered pension schemes may change in the future.

A pension sharing order, made by a court against your Close SIPP, may reduce the value of your Close SIPP by the value of the pension credit.

It may take time to realise the value of certain underlying assets, such as collective investment funds that invest in property.

The risks associated with your Close SIPP may be higher or lower for certain categories of underlying investments.

If you make contributions in excess of the annual allowance, you will be personally liable to pay a tax charge unless you have carried forward any unused allowance.

Price inflation reduces the worth of all savings and investments.

Questions and Answers

Q What does the Close SIPP allow you to do?

The Close SIPP allows you to build up a pension fund in a tax-efficient way by obtaining tax relief on pension contributions and along with a more flexible approach to investments, it also allows more choice over how and when you take your benefits. You can hold a wide variety of investments in a SIPP. See, 'What can I invest in?'

Q Can I transfer other pension arrangements into my Close SIPP?

Yes, you can transfer benefits from other pension arrangements you have such as SIPPS, Personal or Stakeholder Plans, Occupational Schemes and Retirement Annuity Contracts.

The Close SIPP can accept uncrystallised transfers and transfers in drawdown whether partially or fully crystallised. The transfer can be in the form of cash and/or in-specie provided they are investments that we allow.

The Close SIPP can accept transfers in as part of a Pension Sharing Order, both uncrystallised and/or crystallised.

We are unable to accept transfers in from Recognised Overseas Pension Schemes (ROPS).

Q What can I contribute to the Close SIPP?

Although there is no limit on the level of contributions that you or your employer can make to your Close SIPP, consideration needs to be taken as to whether the contribution will qualify for tax relief purposes.

Under current legislation if you are a UK resident and have UK-relevant earnings, your contributions qualify for tax relief at the highest rate you pay. The maximum amount of contributions on which you can obtain tax relief in any given tax year is the greater of £3,600 and 100% of your relevant UK earnings.

Total contributions for tax relief purposes are also restricted to the Annual Allowance, an annual limit set by HMRC. The current Annual Allowance is £60,000. Where total pension contributions exceed the annual allowance for a tax year, an annual allowance charge will be charged at your marginal rate of income tax on the excess above the annual allowance. If you exceed the annual allowance, you may be able to carry forward any unused allowance from up to three previous tax years.

If you decide to draw flexible income from your Close SIPP or any other money purchase pension savings via the Flexi- Access Drawdown or Uncrystallised Funds Pension Lump Sum (UFPLS) arrangements, the annual amount that can be contributed to a money purchase pension scheme after that event will reduce to £10,000 per annum. This is known as the Money Purchase Annual Allowance (MPPA). Should this apply then you would no longer be able to carry forward unused allowances.

If your 'adjusted income' is more than £260,000, then you'll be subject to the tapered Annual Allowance. If you earn in excess of £260,000, the standard Annual Allowance will be reduced by £1 for every £2 of 'adjusted income' above £260,000 to a minimum of £10,000.00. Adjusted income is taxable income that has been adjusted to include the value of any pension savings for the relevant tax year.

Q How can I contribute to the Close SIPP?

You can pay regularly into a Close SIPP on a monthly, quarterly, or yearly basis by Direct Debit and/or pay single contributions by electronic transfer. Contributions made by your employer or anyone on your behalf can only be made as a single contribution by electronic transfer.

Q What can I invest in?

Securities

Includes securities that are listed on a recognised stock exchange and are purchased and held by a UK based, FCA-regulated stockbroker or investment manager.

A recognised stock exchange for these purposes are:

The London Stock Exchange or the Alternative Investment Market (AIM), or

An exchange recognised by the FCA as a recognised exchange.

This covers most transferable securities, including:

Shares in companies (equities).

Exchange Traded Funds (ETFs).

Investment Trusts

Investment Trusts that are listed, or dealt in, on a UK stock exchange.

Units/Shares in retail investment funds

That are authorised or recognised by the FCA – including overseas Undertakings For The Collective Investment Of Transferable Securities (UCITS).

Managed portfolios of collectives investments

Managed portfolio arrangements provided by a FCA regulated company that invest in permitted transferrable securities or funds.

Deposit accounts

Fixed Term Deposit accounts.

The following cannot be invested into the Close SIPP

Commercial property.

Unquoted shares.

Unregulated Collective Investment Schemes (UCIS).

Close Brothers Asset Management reserves the right to change this list in the future to include the wider range of investments that are eligible to be invested in SIPPs.

Q When can I take my benefits?

You can take benefits from your Close SIPP from the NMPA currently 55, regardless of whether you have retired from your current occupation. You cannot normally take the benefits before the NMPA unless you retire due to ill health or have a protected low retirement age as defined by legislation.

Q How will my benefits be calculated?

Prior to 6 April 2024, the Lifetime Allowance was the maximum amount of pension savings that you could build up without incurring a tax charge. All benefits were previously tested against the Lifetime Allowance. The Lifetime Allowance has now been removed.

From 6 April 2024, the Lump Sum Allowance (LSA) and Lump Sum & Death Benefit Allowance (LSDBA) have been introduced. The LSA is £268,275 and the LSDBA is £1,073,100. When you take benefits from your Close SIPP, any lump sum will now be tested against these two new allowances.

Q What benefits can I withdraw from the Close SIPP?

You can normally take up to 25% of your Close SIPP fund value as a Pension Commencement Lump Sum (PCLS) which is currently tax-free. The maximum amount that can be taken as a PCLS is £268,275 across all pension arrangements unless you hold a valid form of protection.

The remainder of your fund will then be used to provide you with an income either by way of Capped Drawdown, Flexi-Access Drawdown or by purchasing a lifetime annuity or potentially a combination of all three. Please note that Capped Drawdown is only available if you have accessed Capped Drawdown before 6 April 2015.

If you elect to take your benefits via UFPLS your payment will be made up of taxable and non-taxable elements. The amount of the non-taxable element will depend on whether you have sufficient lump sum allowance remaining.

Q How much income can I drawdown from the Close SIPP?

This will depend on whether you are taking an income as Flexi-Access Drawdown, UFPLS or Capped Drawdown.

Flexi-Access drawdown allows you to:

Take 25% tax free as a PCLS, provided you have sufficient LSA and use the remaining 75% to provide you with a taxable income. You do not need to take an income immediately from that part of your pension pot.

Take withdrawals from your pension pot at any level you require, which will be taxed at your marginal rate of income tax. However be aware that the larger the withdrawals you take, the less of your pension pot will remain invested to help with your longer term income requirements.

UFPLS allows you to:

Withdraw some or all of your uncrystallised funds i.e. non-drawdown funds as a lump sum

Take 25% of the payment tax-free and the remaining 75% taken as income at the point of payment at your marginal rate of tax. The 25% tax-free will be dependent on your available LSA so could be lower

You are not able to take a UFPLS:

From a Disqualifying Pension Credit (a pension credit paid from an ex-spouse when the pension it came from was already in payment)

Where you have Enhanced Protection with Lump Sum Protection

Where you have Primary Protection with Lump Sum Protection

If you have a Lifetime Allowance Enhancement Factor, 25% of the UFPLS must be tax-free

Once a UFPLS has been taken from your SIPP, you will be subject to the MPAA and be limited to the amount of future contributions you can make across all schemes

For Capped Drawdown, which is only available if you had accessed Capped Drawdown before 6 April 2015, there are limits laid down by the Government as to the maximum annual amount of income that can be taken from your fund, as shown in your illustration which will be produced when you elect to take benefits from your SIPP, or in statements issued following periodic reviews of your income limit as required by legislation.

When taking Capped Drawdown, your age will decide when the maximum level of income you are entitled to is recalculated:

- If you are under 75, we must re-calculate your maximum level of income at least every three years, or
- 75 or over, we must recalculate your maximum level of income every year

This recalculation may mean your maximum level of income may reduce or increase.

There is no minimum amount of income that you must take from your pension fund. You can vary the income level at any time subject to the current maximum.

You can convert your Capped Drawdown plan to Flexi-Access Drawdown at any time without charge. However, please note that where you have converted to Flexi-Access Drawdown and take an income, the amount you can contribute to a money purchase pension scheme will be reduced as you will be subject to the MPAA of £10,000.

Q What is an annuity and when can I buy one?

An annuity is an insurance product which pays income to the annuitant for a pre-determined period. Often purchased at retirement with the proceeds of a pension these can be set up to pay an income until the death of the annuitant.

Annuity rates regularly go up and down. Remember, you can use your fund on the open market to take advantage of the best rates available from the whole range of insurance companies. An annuity can provide a fixed amount of income, or it can increase each year. It is also possible to buy an annuity which will continue to be paid to your dependants if you die.

Q What happens if I die?

When you die, your SIPP can be paid out as a lump sum or be paid out as income to your nominated beneficiaries. You can nominate beneficiaries to receive death benefits arising under your SIPP in the event of your death. Please note that the Trustees of the Close SIPP will have sole discretion on the distribution of death benefits.

Please be aware that nomination is the only means by which a beneficiary can take the benefits on as a pension for pension income. Without a valid nomination, they can benefit but only as a Lump Sum Death Benefit payment.

The tax position on death will depend on your age and whether you have taken any pension benefits from your plan.

If you die before age 75, you can normally pass on your pension pot to any beneficiaries free of tax, provided that this is done within two years of the date of notification of your death. If the benefits are paid as income, this will be tax-free. For lump sums, this will be tax-free up to the available LSDBA, with any excess taxed as income.

If you die after age 75, any lump sum or income will be paid subject to tax at the beneficiaries highest marginal rate.

Q What happens if I stop paying contributions?

The fund in your Close SIPP will remain invested, but your benefits may be lower than the figures illustrated.

Q What about tax?

If you are a UK resident, your regular and single contributions are paid net of basic rate tax, and we will collect the basic rate tax relief from HMRC. If you are a higher-rate taxpayer, you can claim the extra tax relief from HMRC via your Self Assessment Tax Return. If your employer makes contributions, they will pay them gross. Transfers from other pension funds into your SIPP will not be eligible to tax relief. Please note that the rules on tax relief depend on individual circumstances and may change in the future without prior warning.

Contributions in excess of the annual allowance, including the tapered Annual Allowance and the MPAA which may apply after you have started to take income from your SIPP, will be subject to a tax charge at your marginal rate of income tax. Investments within the Close SIPP are exempt from UK Income and Capital Gains tax, but that tax may not be reclaimed on dividends. If you exceed the Annual Allowance, you may be able to carry forward any unused Annual Allowance from up to three previous tax years.

Any income withdrawals via Flexi-Access Drawdown, UFPLS, Capped Drawdown or via an annuity will be taxed under the PAYE system.

For death benefits, lump sums will be tax-free up to the available LSDBA, with any excess taxed as income. Any lump sum or income, paid out to your beneficiaries on your death after age 75 will be subject to the individual beneficiary's marginal rate of tax.

Q Can I transfer out?

Yes. However, if your Close SIPP is in drawdown, you may only transfer to a registered pension scheme arrangement which has been set up for the purpose of receiving transfers from income withdrawal arrangements.

Q Can I change my mind?

Yes. You will have 30 days, from the commencement of the Close SIPP, during which you have the right to change your mind. In order to exercise your right to cancel, you must send a signed confirmation to the Investor Support Team or email our Investor Support Team from your registered email address. If you cancel and the value of investments has fallen in the meantime, we will reduce the amount we pay back to reflect that fall. Your right to cancel will remain unaffected if any event beyond your control makes it impractical to communicate the wish to cancel.

IMPORTANT – Fixed Term Deposits must be held to maturity and cannot be closed before that date except in very limited circumstances. If you hold a Fixed Term Deposit in your SIPP, the SIPP cannot be closed or cancelled before the maturity of that Fixed Term Deposit. Please see the Terms and Conditions of the Fixed Term Deposit for further details.

Q Can I change my mind on subsequent transfers?

Yes. You will have the right to cancel any transfers from other registered pension schemes, whether they are received at the same time as when your Close SIPP is opened or at a later date. You will be able to give us investment instructions during your 30 calendar day cancellation period. However, if you choose to cancel the transfer under the terms of the cancellation rights, any investment made using the transfer payment will be sold and we will arrange to transfer the proceeds to another provider chosen by you. The amount to be repaid may be less than the amount paid to us if the value of your investment has fallen at the time it is sold.

Note: It may not always be possible to return a transfer payment to the original pension scheme if you cancel the transfer payment, within the cancellation period, after the transfer has been received by us. In this circumstance you will need to arrange for another pension scheme to accept the transfer.

Q How will I know what my Close SIPP is worth?

After we accept your application, you will be able to view details of your account including value and investment activity online. We will also send you a quarterly statement confirming the value of your Close SIPP at that time.

4. Schedule of Charges, Discounts and Interest Payable

The following schedule is applicable to the Close Stocks and Shares ISA, Investment Account and Close SIPP, unless otherwise indicated. Please also refer to the 'SIPP Schedule of Fees' for details of specific additional charges relating to the Close SIPP.

Set up charges

Set up of account	Free
Contributions to account	Free
Transfers In from another provider	Free (note that the transferring provider may make a charge for transferring investments or cash proceeds to Close Brothers Asset Management)

On-going charges

Holdings of funds within Unit Trusts and OEICs, Equities, Investment Trusts, Exchange Traded Funds, Gilts and any other exchange traded securities

Amount invested	Tiered Pricing
£0-£500,000	0.25%
£500,001-£1,000,000	0.20%
£1,000,001-£1,500,000	0.10%
Above £1,500,001	0.00%

Holdings of cash and Fixed Term Deposits (excluding money market funds)

Free (see below for details of interest payments)

We do not charge the Platform Fee on cash held on our platform but we may retain an element of the interest income earned on this. This will vary with the rate received from the institutions where client money is held but, if cash represented approximately 2.5% of your total holdings, then the annualised net interest income we receive will typically equal approximately 0.06% of the value of your holdings.

Central Securities Depositories

Securities are by default held within an omnibus arrangement, however, individual client segregated accounts are also available as an additional chargeable service upon request. Please contact us for additional information regarding segregated accounts and suitability for your needs.

Omnibus Client Segregated Account
- No charge

Individual Client Segregated Account
- £2,000 per annum

Transaction charges

Purchase or sale of Unit Trusts and OEICs

No charge is levied by Close Brothers Asset Management

Switching from one Unit Trust or OEIC to another

No charge is levied by Close Brothers Asset Management

Purchase or Sale of Equities, Investment Trusts, Exchange Traded Funds, Gilts and any other exchange traded securities

While we charge a dealing fee, this will not exceed £8.95. You should always check the online trading screens and any order confirmations prior to submitting your transaction request, as any applicable fees and charges will be clearly shown.

Fund Manager charges

Fund Manager initial charges	No initial charges are levied by fund manager on clean (commission free) share classes of funds
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Taxes and levies charged by the government

Stamp Duty	0.5% (rounded up to the nearest £5) on all UK share purchases of over £1,000 effected by means of a stock transfer form
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Stamp Duty Reserve Tax (SDRT)	0.5% on all electronic 'paperless' UK share purchases
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Panel on Takeovers and Mergers (PTM) levy	£1 on all UK share deals over £10,000
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Interest on cash

Interest on cash (excluding Fixed Term Deposits and money-market funds).	Interest paid on cash held in your Account (other than in the course of settlement of transactions on your behalf) will be calculated daily and paid monthly. The rate of interest payable can be found on Self Directed homepage of our website and may be less than the rate we earn.
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Printed reports and archived information

Sending a printed version of your six monthly report which is available within your Online Account	£10 one off fee for each request
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Copies of contract notes, vouchers and copies of entries in books or electronic recorded media relating to your transactions for a period of six years from the date of the transaction.	£10 one off fee for each request
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5. Close SIPP – Schedule of Additional Fees

Fee type	Fee amount	When is the fee taken?
Standard fees		
Establishment fee	Nil	N/A
Annual administration fee	£150 + VAT	Annually
Contributions		
As part of establishing a Close SIPP	Nil	N/A
Subsequent single contributions	Nil	N/A
Starting and variations to regular contributions	Nil	N/A
In-specie contribution	Nil	N/A
Direct Debit collection and amendment	Nil	N/A
Transfers In		
As part of establishing a Close SIPP	Nil	N/A
Cash transfer in	Nil	N/A
In-specie transfer in	Nil	N/A
Transfers Out		
	Fee amount	When is the fee taken?
Transfer out to UK scheme	Nil	N/A
In specie transfer out	Nil	N/A
Transfer out to overseas scheme	Nil	N/A
Residual cash transfer out	Nil	N/A
Benefits and payments fees		
Setting up drawdown pension	£50 + VAT	Upon completion of transaction
Review of income limits*	£75 + VAT	Upon completion of transaction
Uncrystallised Funds Pension Lump Sum (UFPLS) payment fee	£50 + VAT	N/A
Income payments from the fund	Nil	N/A
Arranging death benefits	£250 + VAT	Upon completion of transaction
Arranging a serious ill health lump sum	£75 + VAT	Upon completion of transaction

Investment administration fees		
Ad-hoc valuation fee	Nil	N/A
Duplicate paper statement or valuation	Nil	N/A
Corporate Actions	Nil	N/A
Miscellaneous fees		
Excess fund repayment (refund of overpaid contribution)	£75 + VAT	Upon completion of transaction
Implementing pension sharing order	£500 + VAT	Upon completion of transaction

*Capped Drawdown only

6. Important information about Close Brothers Asset Management Investments

Q Who do I contact if I have a query about my self-directed investments?

Please email the Investor Support Team from your registered email address: investorsupport@closebrothersam.com, or write to us: Close Brothers Asset Management, Nelson House, Gadbrook Business Centre, Gadbrook Road, Northwich, CW9 7TN.

Q What if I have a complaint?

If your complaint is about the service you have received from Close Brothers Asset Management, please write to the Compliance Officer at the address above or email client.complaints@closebrothersam.com. You can ask us for a copy of our complaints procedure at any time. If you're not satisfied with the way your complaint is dealt with, or if your complaint is not dealt with in eight weeks, you can contact: The Financial Ombudsman Service, Exchange Tower, London E14 9SR. Telephone: 0800 023 4567.

If you have a complaint regarding an individual investment, this should be directed to the specific fund manager or company concerned. A copy of our complaints procedure is available on request. Making a complaint will not affect your legal rights.

Client categorisation

Under Financial Conduct Authority rules, you are classified as a 'retail client'. This means you will receive the highest level of regulatory protection available for complaints and you will receive information in a straightforward way. Most retail clients are also eligible to claim under the Financial Services Compensation Scheme.

Conflicts of Interest Policy

Close Asset Management Limited is part of the Close Brothers Group. The Close Brothers Group has a policy on the management of conflicts of interest, covering all parts of the Group, to ensure that our clients are not adversely affected.

Details of our conflicts of interest policy are available on request.

Q Where can I see your Terms and Conditions?

Your rights as the holder of a Close Stocks and Shares ISA, Investment Account and a Close SIPP are set out in the Close Brothers Asset Management Terms and Conditions, which may be subject to change in the future and are available on our website.

Q How is this affected by the law?

The laws of England and Wales govern the relationship we have with you prior to, and on conclusion of any contract, and the parties submit to the exclusive jurisdiction of the Courts of England.

Taxation information

Any taxation information contained in this guide is based on our interpretation of current legislation and HM Revenue & Customs practice. Please remember that current tax benefits may change in the future.

7. Can I Claim Compensation? – The Financial Services Compensation Scheme (FSCS)

Q What is the FSCS?

We are members of the Financial Services Compensation Scheme (“FSCS”) – the UK’s compensation fund for customers of authorised financial services organisations, which may pay compensation if a firm is unable, or likely to be unable, to pay claims against it. In the event we are unable to meet our liabilities, you may be eligible for compensation within the rules of the FSCS.

Q What are you covered for?

Investment – Funds and other non-cash holdings

The maximum level of compensation for claims against firms in default is £85,000 per person per fund manager. If you are a Close Brothers Self-Directed Service client you shall not share in the full protection offered by FSCS in respect of receiving bad or misleading advice. We do not offer advice through this service.

Deposit holders

In respect of Close Brothers Limited deposits, an eligible depositor is entitled to claim up to £85,000. For joint accounts, each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £170,000. The £85,000 limit relates to the combined amount in all the eligible depositors’ accounts with the bank, including their share of any joint account, and not to each separate account.

Please see the FSCS Information Sheet below for detailed information regarding how the scheme applies to Close Brothers Limited Fixed Term Deposit products (offered through Close Brothers Savings).

More information

For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS website [fscs.org.uk](https://www.fscs.org.uk) or call the FSCS on **020 7741 4100** or **0800 678 1100**. Please note only compensation related queries should be directed to the FSCS.

Financial Services Compensation Scheme (FSCS) Information Sheet and Exclusions List



Protected

Please retain this FSCS Information Sheet and Exclusions List for your records

Basic information about the protection of your eligible deposits

Eligible deposits in Close Brothers Limited are protected by:	The Financial Services Compensation Scheme ("FSCS") ¹
Limit of protection:	£85,000 per depositor per bank / building society / credit union ² The following trading names are part of your bank / building society / credit union: Close Brothers Treasury and Close Brothers Savings are trading styles of Close Brothers Limited ('CBL'), a subsidiary of Close Brothers Group plc.
If you have more eligible deposits at the same bank / building society / credit union:	All your eligible deposits at the same bank / building society / credit union are "aggregated" and the total is subject to the limit of £85,000. ²
If you have a joint account with other person(s):	The limit of £85,000 applies to each depositor separately. ³
Reimbursement period in case of bank, building society or credit union's failure:	20 working days. ⁴
Currency of reimbursement:	Pound sterling (GBP, £).
To contact Close Brothers Limited for enquiries relating to your account:	FAO: Close Brothers Savings Close Brothers Limited 10 Crown Place London EC2A 4FT Tel: 020 3857 3050
To contact the FSCS for further information on compensation:	Financial Services Compensation Scheme 10th Floor Beaufort House 15 St Botolph Street London EC3A 7QU Tel: 0800 678 1100 or 020 7741 4100 Email: ICT@fscs.org.uk
More information:	https://www.fscs.org.uk

Additional information

¹ Scheme responsible for the protection of your deposit

Your eligible deposit is covered by a statutory Deposit Guarantee Scheme. If insolvency of your bank, building society or credit union should occur, your eligible deposits would be repaid up to £85,000 by the Deposit Guarantee Scheme.

² General limit of protection

If a covered deposit is unavailable because a bank, building society or credit union is unable to meet its financial obligations, depositors are repaid by a Deposit Guarantee Scheme. This repayment covers at maximum £85,000 per bank, building society or credit union. This means that all eligible deposits at the same bank, building society or credit union are added up in order to determine the coverage level. If, for instance a depositor holds a savings account with £80,000 and a current account with £20,000, he or she will only be repaid £85,000.

This method will also be applied if a bank, building society or credit union operates under different trading names. Close Brothers Limited also trades under Close Brothers Treasury and Close Brothers Savings. This means that all eligible deposits with one or more of these trading names are in total covered up to £85,000.

²General limit of protection (continued)

In some cases eligible deposits which are categorised as “temporary high balances” are protected above £85,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits connected with certain events including:

- (a) certain transactions relating to the depositor’s current or prospective only or main residence or dwelling;
- (b) a death, or the depositor’s marriage or civil partnership, divorce, retirement, dismissal, redundancy or invalidity;
- (c) the payment to the depositor of insurance benefits or compensation for criminal injuries or wrongful conviction.

More information can be obtained under <https://www.fscs.org.uk>

³Limit of protection for joint accounts

In case of joint accounts, the limit of £85,000 applies to each depositor.

However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of £85,000.

⁴Reimbursement

The responsible Deposit Guarantee Scheme is the Financial Services Compensation Scheme, 10th Floor Beaufort House, 15 St Botolph Street, London, EC3A 7QU, Tel: 0800 678 1100 or 020 7741 4100, Email: ICT@fscs.org.uk. It will repay your eligible deposits (up to £85,000) within 20 working days until 31 December 2018; within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 working days from 1 January 2024 onwards, save where specific exceptions apply.

Where the FSCS cannot make the repayable amount available within 7 working days, it will, from 1 June 2016 until 31 December 2023, ensure that you have access to an appropriate amount of your covered deposits to cover the cost of living (in the case of a depositor which is an individual) or to cover necessary business expenses or operating costs (in the case of a depositor which is not an individual or a large company) within 5 working days of a request.

If you have not been repaid within these deadlines, you should contact the the Deposit Guarantee Scheme since the time to claim reimbursement may be barred after a certain time limit. Further information can be obtained under <https://www.fscs.org.uk>.

Other important information

In general, all retail depositors and businesses are covered by Deposit Guarantee Schemes. Exceptions for certain deposits are stated on the website of the responsible Deposit Guarantee Scheme. Your bank, building society or credit union will also inform you of any exclusions from protection which may apply. If deposits are eligible, the bank, building society or credit union shall also confirm this on the statement of account.

Exclusions List

A deposit is excluded from protection if:

1. The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, bank building society or credit union.
2. The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering.
3. It is a deposit made by a depositor which is one of the following:
 - credit institution
 - financial institution
 - investment firm
 - insurance undertaking
 - reinsurance undertaking
 - collective investment undertaking
 - pension or retirement fund ¹
 - public authority, other than a small local authority
4. It is a deposit of a credit union to which the credit union itself is entitled.
5. It is a deposit which can only be proven by a financial instrument² unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which existed in the UK, Gibraltar or a Member State of the EU on 2 July 2014).
6. It is a deposit of a collective investment scheme which qualifies as a small company.³
7. It is a deposit of an overseas financial services institution which qualifies as a small company.⁴
8. It is a deposit of certain regulated firms (investment firms, insurance undertakings and reinsurance undertakings) which qualify as a small business or a small company⁵ refer to the FSCS for further information on this category.
9. It is not held by an establishment of a bank, building society or credit union in the UK or, in the case of a bank or building society incorporated in the UK, it is not held by an establishment in Gibraltar.

¹ Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded

² As listed in Part I of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, read with Part 2 of that Schedule

³ Under the Companies Act 1985 or Companies Act 2006

⁴ See footnote 3

⁵ See footnote 3

For further information about exclusions, refer to the FSCS website at <https://www.fscs.org.uk>.

We would be delighted to talk

We have offices across the UK.

If you would like further information or to arrange an initial meeting, please contact us by telephone on 0800 988 8565 or email advice@closebrothersam.com

closebrothersam.com



*Telephone calls made to Close Brothers Asset Management may be recorded and/or monitored.
Visit closebrothersam.com/privacy-policy for more information about how we use your data.

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of the Close Brothers Group plc group of companies, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority. Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86.