rowanmoor
family pension trust

Client Scenario

Bill and Sue plan for future generations

Family Pension Trust

Structured to open new opportunities in retirement and wealth planning.

- Scheme structure widens investment opportunities.
- Costs less than multiple bespoke self-invested personal pensions (SIPPs).
- Income from assets can fund benefit payments, without forcing the sale of scheme assets.
- Succession planning opportunities for investments and death benefits.
- Comprehensive, flexible benefit options enable retirement income to be phased.
- Provides flexi-access drawdown, scheme pension and uncrystallised funds pension lump sum.
- Groups of like-minded individuals can join together under a single pension arrangement.
- Investments can be made by individual members, or by group(s) of members pooling in common investment fund(s).
- Different attitudes to risk can be catered for.
- Multiple common investment funds can be established, to access new investment opportunities, or new investment partnerships with other scheme members.
- Administration is of a truly bespoke nature and each scheme has a dedicated administrator.

By establishing a Rowanmoor Family Pension Trust a family consolidates and combines funds within a private family pension scheme to provide retirement and death benefits with succession planning options and benefits from a managed investment portfolio service.

- Husband and wife in their late 50s.
- Two sons in their 30s.
- All members are looking for a cost-effective, flexible pension arrangement.
- Looking for succession planning options to retain family wealth.
- Pooling funds provides greater investment opportunities.
- Husband dies age 70.
- Wife dies age 75.

Funding

Member	Transfer	Share of total scheme fund
Bill	£ 498,400	56%
Sue	£ 178,000	20%
Bradley	£ 124,600	14%
Iain	£ 89,000	10%
Total	**£ 890,000**	**100%**

Investment

Common Investment Funds

Discretionary fund management	**£850,000**
Member	Investment
Bill	£ 488,400
Sue	£ 168,000
Bradley	£ 114,600
Iain	£ 79,000

Individual Investment Funds

Cash	**£ 40,000**
Member	Investment
Bill	£ 10,000
Sue	£ 10,000
Bradley	£ 10,000
Iain	£ 10,000

Family Pension Trust assets

	At Outset £890,000		On Bill's death age 70 £1,200,000			On Sue's death age 75 £1,500,000				
	£	**%**	**£**	**%**		**£**	**%**		**Tax**	**Access to fund**
Bill	£498,400	**56% £498,400**	£0						Income subject to income tax at marginal rate, pension commencement lump sum tax-free	After age 55
Sue	£178,000	**20% £178,000**	£240,000	**20% £240,000**		£0			Income subject to income tax at marginal rate, pension commencement lump sum tax-free	After age 55
Bradley	£124,600	**14% £124,600**	£168,000	14%	**42% £504,000**	£210,000	14%	**52% £780,000**	Income subject to income tax at marginal rate, pension commencement lump sum tax-free	After age 55
			£336,000	28%		£420,000	28%		Income and lump sums tax-free	Immediate
						£150,000	10%		Income and lump sums subject to income tax at marginal rate	Immediate
Iain	£89,000	**10% £89,000**	£120,000	10%	**38% £456,000**	£150,000	10%	**48% £720,000**	Income subject to income tax at marginal rate, pension commencement lump sum tax-free	After age 55
			£336,000	28%		£420,000	28%		Income and lump sums tax-free	Immediate
						£150,000	10%		Income and lump sums subject to income tax at marginal rate	Immediate

Meet Bill and Sue and their sons

Bill and Sue are married and in their late fifties with two grown up sons in their early thirties. They all have existing pensions arrangements.

Following discussions with a financial adviser, Bill is introduced to the concept of the Family SIPP and the flexibility and options available under such a product appeal to him. Bill already has a SIPP that has a managed investment portfolio and Sue has a life office personal pension. Both existing pension arrangements are subject to fees and consolidating these and combining assets into one common fund should reduce costs whilst providing a wider choice of investment.

Bill's fund is currently £498,400 and when added to Sue's £178,000 fund will provide the level of pension they could live on comfortably, as they have also recently inherited a large sum of money. Both of them are keen to continue working for a few more years and wish to ensure their wealth is passed to their sons in the most tax-efficient manner by succession planning.

The sons, Bradley and Iain both have personal pensions currently valued at £124,600 and £89,000 respectively. As Bill is financially sound he wishes to help his sons build up a good nest egg for their retirement and wants the ability to make third party contributions for them.

Bill and Sue and their two sons set up a Family Pension Trust, by transferring the majority of their existing pension arrangements into a common investment fund to access the professionally managed investment portfolio services of a discretionary fund manager. They each retain £10,000 in their individual scheme bank account.

Members' share of the total scheme funds upon deaths of Bill and Sue

Bill chooses to nominate his sons as his beneficiaries to receive an equal percentage of his funds on his death. Bill dies at age 70. The scheme assets at the time of his death are £1,200,000, so Iain and Bradley each receive £336,000, 50% of Bill's share of the fund, which is retained within the scheme. Bradley and Iain can draw benefits from it at any point, tax-free.

Sue also nominates her two sons as her beneficiaries, giving them equal shares on her death. Sue dies some years after Bill, when the total scheme funds have increased to £1,500,000, without any additional benefits being received by any members. As she is 75, the funds passed to Iain and Bradley are subject to tax. Sue's share of the fund on death is 20%, which means Iain and Bradley each receive £150,000.

Bradley and Iain each now have three different asset elements within their individual funds. Their own funds, which they cannot access until age 55, funds inherited from their father that can be taken at any time tax-free and funds inherited from their mother which can be taken at any time subject to tax.

Bradley and Iain could add their own sons to the scheme to continue passing wealth to another generation.

The figures in this scenario assume that investment return is the same for all investments and no further contributions are made.

This scenario illustrates some of the features of a Rowanmoor Family Pension Trust. It is based upon our understanding of current pensions law and taxation and is correct at the time of publishing. Professional advice from a suitably qualified adviser should always be sought when considering retirement planning.

For more information on Rowanmoor's products and services please visit our website www.rowanmoor.co.uk, call 03445 440 550, or email enquiries@rowanmoor.co.uk.

Rowanmoor Executive Pensions Limited (No. 5792242), Rowanmoor Personal Pensions Limited (No. 2268900) and Rowanmoor Trustees Limited (No. 1846413) are companies registered in England at Rowanmoor House, 46-50 Castle Street, Salisbury SP1 3TS. Rowanmoor is a trading name of the Embark Group.

Rowanmoor Personal Pensions Limited is authorised and regulated by the Financial Conduct Authority.

If you require this document in audio, large print or Braille format, please telephone 03445 440 550 or fax 03445 440 500.

FPT CS BS 04/17