

FAMILY PENSION TRUST PRODUCT OVERVIEW

This leaflet is designed to give a brief overview of the features of the Rowanmoor Family Pension Trust. For more details of Rowanmoor's products and services please call our Sales Support Team on **01722 443 742** or visit our website rowanmoor.co.uk.

Availability

A Rowanmoor Family Pension Trust is a private pension scheme, independently established for the benefit of its members. Anyone may be a member of a Family Pension Trust, provided when they join they have the consent of the scheme's member trustees. Members need not belong to the same family. Scheme membership will normally be limited to twelve members, however, in certain circumstances additional members may be permitted.

Each member has a separate arrangement within the scheme and has full control of his or her own pension investments.

Eligible members may also invest some or all of their funds in one or more common investment funds established within the scheme. Common investment funds can then be used to invest in assets that are shared.

Tax status

A registered pension scheme, as defined under paragraph 153 of the Finance Act 2004.

Scheme type

An Operator based scheme, established as a discretionary trust.

Scheme Administrator

Rowanmoor Personal Pensions Limited.

Trustees

Rowanmoor Trustees Limited is appointed independent trustee.

One or more of the scheme members are appointed as member trustees.

Chairperson

The members appoint a chairperson to act on their behalf.

The chairperson is our main point of contact with the trustees and must be a member trustee.

Appointed scheme advisers

Actuarial Adviser – Rowanmoor Executive Pensions Limited.

Investment Adviser – Client's financial adviser or other suitably qualified individual.

Scheme year end

5 April.

Services - Administration

Providing legal trust documentation to establish and govern the scheme and where necessary amending it. Registering the scheme with HM Revenue & Customs (HMRC). Scheme administration services. Keeping records of scheme investments, income and expenditure. Calculating and reviewing benefit payments. Technical support regarding the scheme, its investments and benefits. Claiming tax relief from and paying tax and charges to HMRC. Liaising with HMRC where necessary and filing the scheme reports required by them. Establishing and operating the scheme bank account(s). Preparing unaudited scheme accounts and member statements for year ending 5 April each year to coincide with HMRC's reporting requirements.

Fees

Please refer to the Rowanmoor Family Pension Trust Fee Schedule.

Funding the scheme

Member contributions

There is no limit to the contributions members can make, which can include contributions from third parties, but tax relief will only be granted if the member is under the age of 75 and resident in the UK. Contributions should be paid to the scheme net of basic rate tax. Tax relief will only be granted on contributions up to 100% of the member's earnings in any tax year and cannot be claimed by third parties, making contributions on behalf of the member, as they will be treated for tax purposes as if they had been paid by the member. Tax relief is also limited by the annual allowance, which may include the total of the current annual allowance and any unused qualifying annual allowance carried forward from previous tax years. Members who do not have earnings may contribute up to £3,600 gross (£2,880 net) in each tax year.

Employer contributions

Employer contributions are unlimited and will receive tax relief in the year they are made, provided they are wholly and exclusively for the purposes of the employer's trade. If the total of the employer's contribution for a particular member plus the member's personal contributions exceeds the annual allowance and any unused qualifying annual allowance carried forward from previous tax years, then the member will have to pay tax on it.

Existing pension arrangements

Assets within members' existing pension arrangements, can be transferred to the scheme either in cash or in specie. Members should discuss their options with a suitably qualified financial adviser.

Bank accounts

Once we receive notification from HMRC that the scheme has been registered, a scheme bank account is opened with the Trustee's designated bank. This account is used to hold the cash funds necessary to run the scheme. Rowanmoor Trustees Limited, as independent trustee, is sole signatory to the account and acts under instruction from the Family Pension Trust chairperson.

Individual bank accounts will also be opened for each member participating within the scheme. These bank accounts are used to hold members' cash funds. All contributions and returns on investments held within each member's individual arrangement will be paid into their own account. Rowanmoor Trustees Limited, as independent trustee, is sole signatory to these accounts and Rowanmoor Personal Pensions Limited administers their day-to-day operation under instruction from the relevant member.

A bank account is also set-up for each common investment fund established within the scheme. These bank accounts operate in the same way as the members' accounts, with Rowanmoor Personal Pensions Limited acting under instruction from the chairperson.

Investments

The members are free to appoint the investment adviser of their choice to help take advantage of the wide range of investment opportunities open to them. Members have complete control over their investments, subject to the Trust Deed and Rules of the scheme, and may invest their funds independently under their own arrangement, pool them with other scheme members under one or more common investment funds within the scheme, or both. There is no limit to the number of common investment funds that may be established within the scheme. Members may choose whether or not they wish to participate in these funds, subject to the agreement of the member trustees and other members of the fund. Decisions relating to investments held in a common investment fund must be agreed unanimously by all members participating within the fund.

Instructions relating to investments for minors must be made by their parent or appointed legal guardian.

Investments (other than dividend income) grow free from UK capital gains tax and income tax.

Investment opportunities

Standard investments

These standard investments can be held within our FPT. If the member has elected to simplify, just one portfolio can be held.

- Cash
- Cash funds
- Deposits
- Exchange traded commodities
- Government & local authority bonds and other fixed interest stocks
- Investment notes (structured products)
- Shares in Investment trusts
- Managed pension funds
- National Savings and Investment products
- Permanent interest bearing shares (PIBs)
- Physical gold bullion
- Real estate investment trusts (REITs)
- Securities admitted to trading on a regulated venue
- UK commercial property
- Units in regulated collective investment schemes

Non-standard investments

The following investments are eligible under the current legislation and regulatory framework. We will perform additional due diligence on specific opportunities.

- Fixed term bank accounts with terms of more than 30 days
- Exempt Property Unit Trusts (EPUTS)
- Unauthorised Unit Trusts
- Unregulated Collective Investment Schemes (UCIS)
- Qualified Investor Schemes
- Securities in Special Purpose Vehicles
- Limited Partnerships
- Trust-based property syndicates
- Hedge funds
- Offshore bonds
- Unlisted equities (UK and non-UK)
- Unlisted Futures, Options and Warrants
- Unlisted Corporate Bonds
- Unlisted Loan Notes

Unacceptable investments

While we aim to offer the widest range of investment opportunities possible, some assets cannot be held in our FPT. Including:

- Tangible moveable property including: plant and machinery, wind turbines, solar panels, antiques, fine wine, furniture, jewellery and gemstones, oriental rugs, rare books and stamps, vintage cars, works of art, Krugerrands and yachts
- Residential property (including ground rent)
- Carbon credits
- Harvestable commodities and plantations
- Landbanking
- Life settlements
- Contracts for difference
- Precious Metal investments – gold, silver, platinum, copper etc apart from investment grade gold bullion
- Certain types of property

Please see our website rowanmoor.co.uk/investing-in-commercial-property for further details.

There are no limitations on the sale or purchase of assets to or from member trustees or other connected parties but these transactions must be at arm's length.

Borrowing

The maximum the Family Pension Trust can borrow is 50% of the net fund value of all scheme assets at the date of the loan. Prior written agreement of the members whose funds are included in the borrowing calculation must be obtained.

Members' benefits

A member's benefits may be taken (known as crystallisation), in whole or in part, at any time from age 55. When a member takes benefits from the scheme, and at age 75, the total value of their pension funds from the Family Pension Trust and any other pension arrangements they have, will be tested against the current lifetime allowance set by the Government.

Pension commencement lump sum of up to 25% of the fund up to their lifetime allowance, tax-free.

PLUS

Pension, subject to income tax, which may be taken in the following ways:

- flexi-access drawdown;
- scheme pension;
- lifetime annuity;
- short-term annuity.

OR

A member can take some or all of their funds for immediate payment as:

- an uncrystallised funds pension lump sum.

This comprises a 25% tax-free lump sum with the rest subject to income tax.

Death benefits Before taking benefits or whilst receiving income drawdown

Member dies before age 75

Tax-free lump sum up to the current lifetime allowance, payable to a nominated beneficiary.

Alternatively, the whole fund, up to the lifetime allowance, may be used to pay beneficiaries' pensions.

Beneficiaries' pensions are tax-free and benefits may be taken as follows:

- beneficiaries' flexi-access drawdown;
- beneficiaries' scheme pension;
- beneficiaries' lifetime annuity.

Member dies from age 75

Full value of the fund paid as a lump sum death benefit to a nominated beneficiary less tax at the recipient's marginal rate of income tax.

If the beneficiary is not an individual, for example a trust fund or a company, a 45% tax rate will apply.

OR

Beneficiaries' pensions, subject to income tax, can be provided as follows:

- beneficiaries' flexi-access drawdown;
- beneficiaries' scheme pension;
- beneficiaries' lifetime annuity.

OR

Alternatively, if there are no dependants, or nominated beneficiaries, the death benefits can be given to a charity, previously nominated by the deceased member, tax-free.

Lifetime Annuity

Benefits depend upon the options chosen by the member when the annuity is purchased.

Notes

Schemes that breach the investment rules, make illegal payments, or pass assets or liabilities to connected parties outside of the rules, will be subject to a tax charge or penalties from HMRC, or both.

In some cases, capital gains tax or value added tax may be payable on the transfer of an asset in specie. Always check with an accountant before an in specie contribution is made. In specie contributions may incur stamp duty.

All transactions must be commercial and at arm's length and in most cases independent valuations will be required.

Before making a contribution or transferring benefits to a Rowanmoor Family Pension Trust always refer to your financial adviser as any protection of existing benefits may be affected.

The information contained in this document is based on our understanding of current pensions law and taxation and is correct at the time of publishing.


If you require this document in audio, large print or Braille format, please telephone **01722 443742** or email **enquiries@rowanmoor.co.uk**



 01722 443 753

 Rowanmoor House, 46-50 Castle Street,
Salisbury SP1 3TS

 enquiries@rowanmoor.co.uk

 rowanmoor.co.uk