Equitrade Capital
Global Financial Markets

# Pension Factsheet
# SIPP

## Benefits of a Flexible Pension

### Greater Investment Choice

Traditional pension providers tend to only offer a limited number of funds for investors to put their savings into. SIPP's enable a much wider range of investment choices.

### Government Incentives

The current Government is actively incentivising the public to take an active approach to managing their own pensions. SIPP's provide a vehicle for this.

### Flexibility from Investment to Drawing Down

You can now also drawdown your investment once you reach the age of 55 in a variety of ways, allowing for greater control, drawing down funds to live off whilst keeping the remaining pot invested for growth.

## SIPP
### Self invested pension plan
### What is a SIPP?

A SIPP is a tax efficient government approved pension scheme. which allows individuals to make their own investment decisions from the full range of investments approved by HM Revenue and Customs (HMRC). As with all government approved pension schemes a SIPP offers up to 45% tax relief on contributions (dependant on income tax). SIPP's are becoming more popular as a pension tool, with investors opting for the increased control over their pensions savings

## Why a SIPP?

A SIPP (Self Invested Personal Pension) has only grown in demand in recent years due to the **'self invested'** element of the scheme and the subsequent flexibility this gives investors. In an era of sustained austerity where the state pension age is only likely to be raised even higher, the importance of managing your own personal pension pot has never been greater. Rule changes which took effect on 6 April 2015 have given investors complete freedom over how they can withdraw their money once they are over the **age of 55** (57 from 2028). Investors can then either withdraw the total pot in one lump sum or in smaller drawdown amounts. Whichever way is chosen, the **first 25% can be withdrawn tax-free**, with the remaining pot taxed as income. When the pension holder dies, any remaining savings can be **passed on to beneficiaries, potentially without a tax deduction.**

## If the Investor passes away?

When a person opens a SIPP they **nominate a beneficiary** which can then be changed at any point in the future. If the investor dies under the age of **75**, the beneficiary usually receives the **remaining sum tax-free.** If the investor dies over the age of **75** the SIPP will then be taxed **based on the beneficiaries income.**

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## What can I Invest in my SIPP?

Most SIPPs allow you to select from a range of assets and investment options depending on the SIPP provider such as Building Societies or Commercial Property.

The Equitrade Capital SIPP service allows you to select within your SIPP a number of portfolio investments, depending on your investment objectives and appetite for risk, including: **UK stocks and shares, overseas stocks and shares, UK gilts, Bonds and other fixed income securities and collective schemes.**

## SIPP Tax Advantages

For every 80p an investor pays into the plan, the government adds 20p boosting the total contribution to £1. Higher-rate and top rate taxpayers can enjoy further tax-relief, as they can claim back as much as an extra 20p or 25p of every £1 gross contribution. If an employers pension contributions rank as a legitimate business expense it can then be offset against the taxable profits of the business. The tax benefits only apply if you begin drawing down your pension after the age of 55, and if you limit the amount you invest annually to £40,000 gross, and £1.25m gross in total within the fund.*

*Tax rules are subject to change and depend on your personal circumstances, you should seek independent tax advice before deciding which pension product is suitable for you.

## Options at Retirement

Once a SIPP holder reaches the age of 55 they then have a number of options on how to make the most of their pension pot. **1.) An annuity** is a way to use pension savings to buy a secure income for the life of the annuity holder. **2.)** However this is not always the best way to maximise a pension pot as the annuity holder must accept there will no longer be growth within their pension savings. New rules from the government now allow a pension holder to either **drawdown**, or take **lump sum's** from their pension whilst keeping the remaining pot invested in a SIPP. **3.)** The flexibility of a SIPP means that a holder could decide to use a **combination of these options**. Using an annuity to cover essential living costs whilst keeping the remainder invested, drawing it down to provide flexible income support.

## Why Choose Equitrade Capital

**Your Local Broker for Your Pension**

We recognise that your pension is one of your most prized assets and we believe in providing a personal and tailored service from the outset of our relationship with you through to looking after your pension portfolio for the long term.

**Your Own Pension Portfolio**

Our focus for your pension is to make the most of the financial investments within your savings. Working with you to construct a share portfolio that is created specifically with your investment goals and objectives in mind.

**Risk Management for your Pension**

It can be a challenge saving for the long term in an ever-changing world. If you opt for our advisory service we endeavour to keep you abreast of market moving events, diversifying and hedging to help shield your share portfolio against future risk.