



Key Features of The NW Brown SIPP

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Helping you decide

What is the purpose of this document?

To give you important information to help you to decide whether our NW Brown 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.

What questions should I ask before I invest?

In this document we have given you the answers to a number of very important questions to help you make your decision.

Its aims

To build up a pension fund in a tax-efficient way that will provide an income for life when you retire.

To provide benefits on death for your dependents if you die before taking an income.

To provide you with a wide choice of investment options and to give greater control the investment of your plan.

To give you flexibility about when and how you take benefits from the plan.

To let you delay the purchase of an annuity and continue investing your pension fund while drawing an income from it, thus enabling you to take your benefits in stages.

Your commitment

You do not have to make any contribution, but the SIPP fees and charges must be paid. Although there is no minimum contribution amount the N W Brown SIPP may not be suitable for smaller fund values due to these charges.

You must pay the fees and charges as outlined in the fee sheet provided separately. Failure to do so may lead to us withdrawing services.

Your fund normally has to remain invested and you do not have access until to at least age 50 (55 from April 2010)

Your SIPP fund must be used to provide benefits by age 75

You must tell us if your eligibility to make contributions changes.

We require you to appoint a suitably authorised investment adviser who must be acceptable to us.

You must comply with H M Revenue & Customs (HMRC) rules. These limit the amount that can be paid into the plan, your ability to claim tax relief and when you draw benefits. If you do not you and your SIPP fund may be subject to tax charges and penalties.

If investment performance is lower than expected, you may need to pay more to get the benefits you require at retirement.

Risk Factors

The value of your investments may go down as well as up and the extent of this may depend on how your funds are invested as well as the term of the investment, market conditions, economic and other factors.

Charges for the SIPP and the investment made will reduce the overall performance of the fund.

The fund and the income it provides will depend mainly on the investment growth of the fund, the cost of converting your pension fund into an income (dependent upon annuity rates) and the amount that has been paid out if you take income withdrawal.

When you draw benefits, your pension may be lower than illustrated if:

- You stop or reduce your contributions
- Investment performance is lower than illustrated
- Annuity rates when you retire are lower than illustrated
- You start taking your pension earlier than your chosen pension age.
- Tax rules change
- Charges increase above those illustrated
- You have transferred the plan to another company.

If you delay buying your pension, there is no guarantee that annuity rates will be the same or better than originally available. You must take benefits by the time you reach age 75.

The investments you choose will have different levels of risk, if you are unsure about these you should consult an adviser about what is suitable for you and the risk involved.

Some investments such as property may take longer to sell than others and you may not be able to sell your investment when you choose. The value of any property investment may be based on a valuer's estimate rather than an actual market price.

What is the NW Brown SIPP?

It is a tax-efficient savings plan for someone under age 75 who wants to save for retirement. If you choose, you may be paid a tax-free lump sum when you take benefits in return for a lower pension income.

Your SIPP is established under a trust deed and a bank account will be opened and this, along with the investments you choose, mean that The NW Brown SIPP may be more complex than for example a personal pension.

It enables you to control the investment strategy of your pension fund.

You can invest in a wide range of investment products including UK-registered shares, stocks, commercial property, deposits and insurance company pension funds.

It enables you to take income withdrawals from all or part of your fund so that you can continue investing while delaying your decision to buy a pension.

The Trustee of the scheme is NW Brown Trustees Limited and the Administrator is NW Brown & Company Limited.

Where are funds invested?

The NW Brown SIPP is designed to allow your pension fund to be managed by NW Brown & Company Limited.

Is this a stakeholder pension?

No. Stakeholder plans guarantee to limit charges to 1.5% a year for the first ten years and 1.0% thereafter and require that there are no penalties on transfer. They also impose rules on payment levels, costs, and terms and conditions. Our plan does not guarantee to charge less than 1.5% or 1.0% a year as we impose fixed annual charges, and the underlying investment you choose will have variable charges in addition. Furthermore the minimum contribution under a stakeholder plan would not be sufficient to pay our fees.

Stakeholder pension schemes are generally available and might meet your needs as well as The NW Brown SIPP.

How flexible is it?

You have full contribution flexibility enabling you to increase, decrease or stop your contributions and restart contributions at a later date – all at no extra cost, charge or penalty.

You can make one-off contributions at any time as well as regular monthly or yearly contributions, within limits set by HMRC, or make transfers to the plan from other approved pension schemes.

Each SIPP is split into 100 arrangements to give a flexible choice as to when and how you take benefits at retirement.

How much can be paid into my plan?

There is no minimum contribution.

Contributions that qualify for tax relief can be paid by you or your employer within the limits set by HMRC.

Regular monthly and yearly contributions must be paid by standing order and one-off contributions by cheque.

If total contributions in any tax year exceed the limits set out by HMRC the excess will not qualify for tax relief and can result in additional HMRC charges.

You can also transfer from other approved pension plans but you must appoint a pensions adviser.

If you transfer benefits from a previous pension scheme, the NW Brown SIPP cannot accept any "protected rights" in respect of contracted out service. These will need to be paid into a separate appropriate personal pension with another provider.

Can I contract-out of the State Second Pension (S2P)?

Not under the NW Brown SIPP but you may use an appropriate personal pension with another provider.

What will I receive when I decide to take my benefits?

Your pension benefits will depend upon the size of your fund and the cost of buying an annuity or income at the time you choose to buy it.

The level of income available under an income drawdown arrangement will be dependant on HMRC limits that apply as well as the value of the fund. The amount you draw as income will affect the income available from an annuity should you eventually purchase.

The size of your fund will depend on the amount invested, how long it is invested, how well the investments perform and the charges. The value of your fund may go down as well as up.

What choices will I have when I decide to take my benefits?

You can start to take your benefits between the age of 50 (55 from April 2010) and 75 even if you are still working.

People in certain occupations or who suffer a serious illness may be able to take a pension from this plan earlier.

You may start drawing your benefits in stages as your plan is set up by means of a number of separate pension arrangements.

You will be able to take up to 25% of your pension fund as a tax-free cash sum subject to an overall limit based on the Lifetime Allowance. Any lump sums paid in excess of this can be subject to a tax charge.

The remainder of your fund can be used to provide an income to suit your personal circumstances.

You can buy your annuity from any authorised provider of pension annuities. This is known as the "open market option" and enables you to "shop around" to get the best terms available at your retirement date. The NW Brown Group Limited are not annuity providers.

Alternatively you can defer the purchase of an annuity and draw an income from the fund using income drawdown.

What happens to the plan if I die after taking benefits?

This will depend upon the options selected when taking benefits. The pension you purchase may provide for a spouse's/dependant's annuity upon your death, or be for yourself alone. If you have elected to take income drawdown the fund may be used to provide income for a surviving spouse or before 75 may otherwise be available as cash for your survivors subject to tax of 35%. Please ask your adviser for further details.

What happens to the plan if I die before taking benefits?

If you die before taking a pension the full value of your arrangement at the date of your death will be used to provide benefits, subject to HMRC rules. If you have not provided for an annuity to be paid to your nominated survivors then the benefits may be paid out as a cash sum. Please ask your adviser for further details.

The Trustee of the Scheme has discretion to select the beneficiaries but will take account of your circumstances and any beneficiary chosen by you. Although the nomination notice cannot bind the Trustee we strongly recommend that you complete one.

Can I transfer my plan?

Yes, you may transfer your fund to another approved pension scheme at any time but this may incur costs in surrendering investments or from the receiving scheme. NW Brown & Company Limited will not charge you if you transfer your fund elsewhere.

Can I change my mind?

After you have applied for the SIPP, you will receive a notice telling you of your right to change your mind and how to cancel. You will then have 30 days to cancel the SIPP.

To do so you need to return the signed cancellation notice to:

NW Brown Company Limited
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Cambridge
CB2 1DB

If you decide to cancel, any contribution you have made will be returned to you. If, however, in the meantime the value of the underlying investment has fallen, you may not get back the full amount you paid in.

We shall not deduct any charges or fees for the SIPP if you exercise this right to cancel.

If you decide not to exercise this right to cancel you may terminate the SIPP on request and funds will be transferred out to another approved pension but our fees will have to be paid in accordance with the fee sheet and you will not be refunded any contributions that would have been due under the right to cancel. Transferring to a new scheme may incur advice and set up fees.

How will I know how my plan is doing?

We will send you a statement each year showing the contributions to your plan, any income withdrawals and the current value of your investments in the plan.

Who will administer my plan?

NW Brown & Company Limited, which is authorised and regulated by the Financial Services Authority, is the Scheme Administrator and NW Brown Trustees Limited is the Scheme Trustee. Record keeping and valuations are carried out by NW Brown & Company Limited and member's individual bank accounts are set up with Cater Allen Limited.

What are the Charges?

Full details of the charges can be found in our "Pension Scheme Administration Fees" leaflet.

Investment charges will be in addition to those laid out in our fee leaflet.

What about tax?

Your regular and single contributions within HMRC limits are paid net of basic rate tax – NW Brown & Company Limited will collect the tax relief from HMRC. If you are a higher rate taxpayer you must claim the extra tax relief from your tax office.

Employers will be able to claim tax relief on any contributions they make to the plan subject to approval by their local inspector. Their contributions are paid gross to the plan.

There is no tax relief on transfers from a previous pension scheme.

Your fund will grow free of UK income and capital gains tax. Corporation tax is paid on UK and some overseas share dividends.

Annuity payments and any income withdrawals are treated as earned income and taxed under the PAYE system.

Any unauthorised payments from the scheme and some investments may attract personal and scheme tax charges.

Lump sum death benefits are subject to tax charges when paid after retirement benefits have been drawn.

What about compensation?

The NW Brown SIPP is covered by the Financial Services Compensation Scheme which can provide compensation to you should we be unable to meet our liabilities.

Separately the underlying investments held in your SIPP may also be covered.

How to contact us

If you require further information or an up to date valuation on your investments, please contact us either by telephone, fax or email at the following address:

NW Brown Company Limited
16-20 Regent Street
Cambridge
CB2 1DB

Telephone: 01223 357131
Fax: 01223 365732
E-mail: fin.plan@nwbrown.co.uk

How to complain

If you ever need to complain, please write to us first at the address above. Any complaint will be passed to our compliance department and dealt with within set timescales. If you are not satisfied with our response you can complain to:

The Financial Ombudsman Service
South Quay Place
183 Marsh Wall
London
E14 9SR

Telephone: 0845 080 1800

If your complaint concerns the administration of your SIPP, you may be referred to the Office of the Pensions Advisory Service (OPAS) at:

11 Belgrave Road
London
SW1V 1RB

Telephone: 0207 233 8080

Law

The law of England and Wales will apply in legal disputes.

NW Brown Trustees Limited and NW Brown & Company Limited in its capacity as Scheme Administrator do not provide advice to members. Any advice should be obtained from your pension or investment adviser.

About NW Brown & Company Limited

NW Brown & Company Limited is authorised and regulated by the Financial Services Authority and is entered on the FSA register, number 191123.