

KEY FEATURES OF THE COUTTS INVEST PENSION

The Financial Conduct Authority is the independent financial services regulator. It requires us, Embark Services Limited, to give you this important information to help you to decide whether the Coutts Invest Pension is right for you. You should read this Key Features Document carefully alongside the Key Features Illustration so that you understand what you are buying. Please keep it safe for future reference. You should be aware that stakeholder pension schemes are generally available and might meet your requirements as well as the Coutts Invest Pension.

Introducing the Coutts Invest Pension

The Coutts Invest Pension is a Self Invested Personal Pension (SIPP) provided by Embark Services Limited who Coutts have chosen as their specialist pensions business partner. The Coutts Invest Pension offers investment exclusively through the Personal Portfolio Funds. Coutts & Co. is the investment manager to the funds. Embark Services Limited is a company authorised and regulated by the Financial Conduct Authority as the operator of The Invest Pension Scheme ('Coutts Invest Pension Scheme') and is also the scheme administrator. Embark Trustees Limited is the trustee of the Coutts Invest Pension Scheme. All contact you receive will be through Coutts & Co.

Aims of the Coutts Invest Pension

- The Coutts Invest Pension is designed to help you plan for your future by building an investment pot for later in life in a tax-efficient way.
- It allows you to invest in one of five risk-rated investment funds
- If you die before taking your pension benefits your pension pot can be paid out to your beneficiaries.

Please note that Coutts Invest Pension doesn't currently offer a facility to take your pension benefits when you reach your intended retirement age. This means you will have to transfer your pension pot to another provider when you want to take your money out or convert it to an income.

Your commitment

- You need to be confident that you understand how a pension works and is taxed, as well as what is the most appropriate investment to make for your retirement. You should take financial advice before proceeding if you are not sure.
- Once you have started to make contributions into your pension, you will normally have to wait until you reach the age of 55 before you can take any benefits.
- You must let Coutts & Co know about any change in your circumstances that affects any of the following:
 - your eligibility to continue making payments into the Coutts Invest Pension, such as your ceasing to be UK resident for tax purposes;
 - your entitlement to tax relief on the contributions you make to your Coutts Invest Pension, such as your becoming subject to the Money Purchase Annual Allowance or a change in your employment situation;
 - the administration of your Coutts Invest Pension, such as changing your address.
- It's vital to check the value of your pension pot regularly to make sure that you are on target to meet your needs at your intended retirement age. If you think you are falling short of your goals you may want to consider additional contributions.

Risks

- **Any final value is not guaranteed**
The value of your pension pot may go down as well as up and you may get back less than you invested. The risk profile of your Coutts Invest Pension will depend upon which fund you are invested in.
- **Giving up valuable rights**
When you transfer funds from other pension schemes into your Coutts Invest Pension, you may have to give up certain benefits and entitlements that aren't included with your Coutts Invest Pension.
- **Different tax reliefs and tax charges may apply**
The tax treatment of pensions can be complex and should be considered carefully when you make contributions, take benefits and/or wish to leave benefits to beneficiaries. The tax treatment of your pension may change if the law changes.
- **Fees and charges on your pension may change**
Your Coutts Invest Pension will be subject to fees and charges, as set out in the Coutts Invest Service Terms and Conditions and Coutts Invest Fee Tariff. These fees and charges may change in the future.

Questions and Answers

Q What is the Coutts Invest Pension?

A The Coutts Invest Pension is a Self-Invested Pension Plan (SIPP) designed to help you plan for your future by investing for your retirement in a tax-efficient way.

You decide which one of the five risk rated investment funds available through the Coutts Invest Pension to invest in.

If you are employed, you should consider whether it would be better for you to join your employer's pension scheme if you haven't done so already.

Q How can I invest?

A Coutts Invest Pension is only available through Coutts Invest.

Q Who can contribute to my Coutts Invest Pension?

A Only you can make contributions to your Coutts Invest Pension. Employer and other third-party contributions are not permitted.

You must be over the age of 18 and under the age of 75 and be a UK resident for tax purposes. You cannot make contributions if you are a US citizen or US Green Card holder.

Q Is there a minimum amount I need to pay to open a Coutts Invest Pension?

A You need to start your Coutts Invest Pension with at least £500. This can be a lump sum contribution or a transfer of an existing pension, or a combination of the two that adds up to £500 or more. You can also make monthly contributions. Lump sum contributions and monthly contributions must be at least £50.

Q How will my Coutts Invest Pension be invested?

A You will be able to choose one of five risk rated investment funds managed by a highly experienced investment team. Each fund is a diverse portfolio of different investment assets, and has a different target investment return and corresponding level of risk. You will be asked to choose your investment fund when you set up your pension, but will be able to change your pot to another one of the five funds at any time.

When you make contributions or transfers to your pension the money will be invested automatically in your chosen fund.

Q I have investments in other pension schemes. Can I transfer these to my Coutts Invest Pension?

A You can transfer money from most personal pensions, including SIPPs and stakeholder pensions, into your Coutts Invest Pension, so long as you haven't started to take benefits from them, including taking tax free cash sums. You cannot transfer defined benefit schemes, also known as final salary schemes. The transferring pension company will sell its underlying investments and send your transfer value to the Coutts Invest Pension as cash. This cash will be invested in your chosen Personal Portfolio Fund once it arrives and will incur charges from the date of receipt. You are able to transfer your other pensions into Coutts Invest Pension if you are under the age of 85.

Transferring from some pension schemes may mean losing benefits or guarantees, or incurring high exit fees on leaving your current provider.

There is no guarantee that the benefits you will eventually receive from your Coutts Invest Pension will be higher than from your current scheme.

The decision on whether to transfer your pension can be complex. You should speak to a financial adviser if you're unsure about the best course of action.

Q When can I start to take benefits from my Coutts Invest Pension?

A Coutts Invest Pension doesn't currently offer the facility to take your pension benefits. This means you will have to transfer your pension pot to another scheme to take your money out or convert it to an income. If you die or experience serious ill health then your pension pot can be paid out as a lump sum.

You don't have to wait until you intend to start taking benefits from your pension in order to transfer your Coutts Invest Pension to another scheme. You will be free to transfer your pension fund to another scheme at any time.

When you open your Coutts Invest Pension you will be asked to confirm your intended retirement age, but you are not held to this and can change this later if you wish. Coutts will use your intended retirement age so they can contact you as you approach it to explain the options you have.

Tax benefits and considerations

Q What happens if I die before age 75?

A If you die before age 75, the value of your pension investments may be paid to your beneficiaries as a lump sum.

The benefits will normally be tax-free as long as they are paid within two years of your death.

If the total value of all of your pension pots, including the Coutts Invest Pension, exceeds your Lifetime Allowance, your beneficiaries may have to pay an additional tax charge.

Q What happens if I die after age 75?

A If you die after age 75, the value of your pension can still be passed to your beneficiaries, but will be subject to income tax.

Q Are there limits on the amount I can contribute to my Coutts Invest Pension?

A There are overarching maximum contributions that you are allowed to make into the Coutts Invest Pension in any given tax year. These are €10,000 per month for regular contributions and €128,000 for lump sum contributions. These limits don't include basic rate tax relief which is added after contributions are made.

There are limits on the maximum tax relief available on your contributions and tax charges that could apply if you exceed these limits. These limits could be lower than the overarching maximum limits. Tax relief limits are outlined below.

There is no maximum amount you are allowed to transfer from other pension plans to the Coutts Invest Pension.

Q What tax relief is available on contributions to my Coutts Invest Pension?

A Tax relief may be available on your contributions to your Coutts Invest Pension, although this is subject to certain conditions and limits. Broadly speaking, your tax relief is based on the lower of your total relevant UK earnings and your Annual Allowance.

- Relevant UK earnings include UK employment income and UK self-employment income, but does not include some other types of income – Investment income, for example.
- The standard Annual Allowance is currently €40,000. If your adjusted income, including the value of any pension contributions, is over €150,000, and excluding pension contributions is over €110,000, your Annual Allowance should be reduced by €1 for every €2 of 'adjusted income' between €150,000 and €210,000, meaning your tapered Annual Allowance could be as low as €10,000.

You should however be able to make a gross contribution of up to €3,600 (including basic rate tax relief at source) even if you don't have sufficient relevant UK earnings in a tax year.

Basic rate tax relief at source (currently 20%) should be added to your pension pot when you make a qualifying contribution. This means that for every €80 you currently contribute to your pension, HMRC will pay in an additional €20. If you pay a higher rate of tax than 20%, you may be able to claim tax relief on the excess amount in your tax return. Alternatively you can apply to have your tax code adjusted. This will reduce your overall tax liability rather than be added to your pension pot. No tax relief is available on pension contributions paid by those at or over the age of 75.

For example, if during the tax year you earn

€3,600 or less

You can make a net contribution of €2,880 and basic rate tax relief of €720 should be added to your pension pot bringing the total up to €3,600.

€30,000 (basic rate taxpayer)

You can make a net contribution of €24,000 and basic rate tax relief of €6,000 should be added to your pension pot bringing the total up to €30,000.

If the 'total gross contributions' to all of your pension pots after taking into account your basic tax relief at source for a given tax year exceed your Annual Allowance you may be liable to the Annual Allowance Charge. This has the effect of cancelling out the tax relief on your contributions in excess of your Annual Allowance.

Taking benefits from your pension pots in certain ways may trigger what's called the Money Purchase Annual Allowance (MPAA), which limits how much you can contribute to 'money purchase' pensions, including your Coutts Invest Pension. This will restrict the amount that can be paid into your Coutts Invest Pension, or any other 'money purchase' pension to no more than €4,000 in any given tax year. If you are subject to the MPAA you are not eligible to take out a Coutts Invest Pension and should speak to a financial adviser.

It's possible to pay contributions over the maximum Annual Allowance without incurring an Annual Allowance tax charge by 'carrying forward' your unused allowances from the previous three tax years. You'll need to have been a member of a UK-registered pension scheme in those years and receive sufficient relevant UK earnings in the tax year you are carrying forward to.

However, you can't increase the MPAA by carrying forward unused allowance from previous years.

Q What is the Lifetime Allowance?

A The Standard Lifetime Allowance for the 2019/2020 tax year is £1,055,000. This figure is expected to be adjusted at the start of each tax year based on the growth of the Consumer Price Index.

If the total value of your pension pots that are used to provide you with pension benefits exceeds the Lifetime Allowance, a Lifetime Allowance Charge will apply. It may also apply at other times, such as when you turn 75, or if you take your benefits as a result of serious ill health.

The amount of the Lifetime Allowance tax charge depends on how you take the excess benefits from your pension. If you take the excess as a lump sum it will be subject to a 55% tax charge. If you use the excess to provide an income it will be subject to an immediate 25% tax charge, and the income you receive will be subject to income tax.

The Lifetime Allowance has been reduced several times since it was introduced. To ensure fairness for anyone who had made decisions in good faith based on the previous higher levels of allowance, you may be able to apply for Lifetime Allowance Protection to keep that higher allowance.

The situations in which Lifetime Allowance Protection can be applied for are now very limited. You will either have needed to hold pension pots - including the value of any defined benefit schemes - worth at least £1 million as at 5 April 2016, or neither you nor your employer have added to your pension investments since 5 April 2016 and you should have opted out of any workplace pension scheme by that same date. If you think you are entitled to Lifetime Allowance Protection you should get advice from a financial adviser.

Please note that the Coutts Invest Pension is not suitable for clients with Lifetime Allowance Protection.

Q Can I take out a Coutts Invest Pension if I have Lifetime Allowance Protection or if I am subject to the Money Purchase Annual Allowance?

A No. If you have Lifetime Allowance Protection and/or have accessed pension benefits in such a way that means that the Money Purchase Annual Allowance (MPAA) applies to you then you are not eligible to take out a Coutts Invest Pension and should speak to a financial adviser. The provider paying your retirement benefits should tell you whether the MPAA applies to you.

Q How are investments generally taxed within my Coutts Invest Pension?

A Your investment fund grows free of UK income tax and capital gains tax, although certain foreign investments may be subject to foreign taxes.

Q How are my pension benefits taxed?

A How you are taxed on your benefits depends on how you take your benefits and other factors such as your other income. Similarly, the extent to which your pension is subject to inheritance tax and your beneficiaries are subject to tax on benefits can vary depending on the circumstances.

At your intended retirement date, you have several options for taking benefits from your pension pot. You can choose to take your pension as a single lump sum, a series of smaller cash lump sums, purchase an annuity, opt for flexi-access drawdown or any combination of these options. Generally speaking, every time you take money from your pension, either as cash or to reinvest it into a flexible retirement income product, the first 25% can be taken tax free. The remaining 75% may be subject to income tax.

Q If my pension income is taxed when I retire, why are pensions good value?

A You can usually take up to 25% of your pension pot tax-free. Depending on your tax rate during your working life and in retirement, you may also end up paying a lower rate of income tax on pension withdrawals than the rate on which you get tax relief when paying into your pension. For example, you could pay income tax at the higher rate of 40% while working, but only the basic rate of 20% when taking your pension benefits and living on a smaller income. Plus, investments held in your pension benefit from exemptions from UK income tax and capital gains tax, so overall a pension scheme is a tax-efficient way of saving.

Fees and Charges

Coutts & Co pays Embark Services Limited a fee to operate the Coutts Invest Pension. You don't pay Embark Services Limited any additional fee in relation to the administration of your pension.

You will be charged the following fees and charges for your Coutts Invest Pension:

Fund ongoing charge 0.6% a year

This charge is taken directly from the fund by the Manager. It is made up of an annual management charge averaged out over the year and taken on a daily basis, and other expenses relating to the underlying investments that are taken when they arise.

Platform fee up to 0.35% a year

Coutts & Co takes a quarter of this fee directly from your pension fund four times a year, based on the value of your investments at the end of each quarter: 31 March, 30 June, 30 September and 31 December.

Full disclosure of fees and charges including transaction costs are provided in the Coutts Invest Fee Tariff.

If you change your mind

Cancelling your application

After setting up your Coutts Invest Pension, you have the right to cancel within 30 days.

Cancelling a pension transfer

You may change your mind within 30 days from the date a pension transfer is completed. If you exercise your right to cancel and the existing pension provider has released the transfer we will attempt to repay the money back to your scheme, although the transferring scheme may refuse to accept the payment. In these cases you will have to transfer the money to an alternative registered pension scheme.

Please note that if your investment has fallen in value before you exercise your cancellation right, you may get back less than you invested.

How to exercise your right to cancel

You can exercise your right to cancel by contacting Coutts & Co. You'll need to tell us your name and pension account reference and whether you wish to cancel a specific pension transfer, or, if you are within 30 days of your initial investment, your entire account.

Please send your written cancellation notification to the following address.

**Coutts Invest
Trinity Quay I,
Avon Street
Bristol
BS2 0PT**

If we don't receive your cancellation notice within the 30 days you will remain invested in the Coutts Invest Pension.

**You have a right to change
your mind within:**



- Of your initial investment
- Of a transfer request completing

Further information

Financial Services Compensation Scheme (FSCS)

The FSCS is a scheme established by the UK government to provide compensation to customers if an FCA regulated financial services company is declared in default, and is unable to meet its financial obligations.

As a member of the Coutts Invest Pension, you may be entitled to claim compensation if Embark Services Limited or Coutts & Co are declared in default, and are unable to meet their financial obligations.

You can find further information about the eligibility conditions and compensation limits that apply to the FSCS at: www.fscs.org.uk/what-we-cover/pensions/

Making a complaint

If you are not satisfied with any aspect of your pension and wish to make a complaint, please contact Coutts 24 on 020 7957 2424.

If the complaint relates to the service provided by Embark Services Limited, Coutts & Co will refer the complaint to Embark Services Limited and Embark Services Limited will respond to you directly.

Making a complaint will not affect your legal rights.

If you are not satisfied with the response, you may also refer your complaint to the Financial Ombudsman Service (FOS), which is an independent dispute resolution service. Their contact details are:

Financial Ombudsman Service

Exchange Tower

London E14 9SR

www.financial-ombudsman.org.uk/

0800 0234 567

If you are not satisfied with Embark's response and your complaint relates to the administration of your pension plan, you may refer your complaint to The Pensions Advisory Service (TPAS). TPAS is an independent non-profit organisation who can help you resolve a pension complaint or dispute. Their contact details are:

The Pensions Advisory Service

11 Belgrave Road

London SW1V 1RB

<https://www.pensionsadvisoryservice.org.uk/>

0800 011 3797

You may also be able to refer your complaint to The Pensions Ombudsman (TPO), if it relates to how your pension plan is run. Their contact details are:

The Pensions Ombudsman

10 South Colonnade

Canary Wharf

E14 4PU

<https://www.pensions-ombudsman.org.uk/>

0800 917 4487

General

The Coutts Invest Pension is governed by the laws of England and Wales. However, the courts of England and Wales shall have non-exclusive jurisdiction to settle any dispute or claim.

All communications between you, Coutts & Co and Embark Services Limited will be in English.

Full details of the features of the Coutts Invest Pension can be found in the Terms and Conditions on the Coutts Invest website.

The information contained in this document is based on our understanding of current law and HMRC practice, which may change.

