

keyfacts



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 helps you to build up a pension pot to provide for you later in life. It allows you to invest in one of five investment funds managed by a highly experienced investment team. Each fund is a diverse portfolio of different investment assets, has a different target investment return and corresponding level of risk. Tax relief may be available on contributions, subject to certain conditions and limits, and your investment fund should grow free of UK income tax and capital gains tax, although certain foreign investments may be subject to foreign taxes. Here we explain the key features and limitations of the Coutts Invest Pension and answer some of the most common questions.

The Coutts Invest Pension is a Self Invested Personal Pension (SIPP) provided by Embark Services Limited which 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 investing for your retirement in a tax-efficient way.
- If you were to die before taking your pension benefits, it can be used to pay your beneficiaries.

Please note that Coutts Invest Pension doesn't offer the facility to take your pension benefits on reaching your intended retirement age. This means you will have to sell your investments and transfer the cash value of your pension pot to another scheme to follow your chosen option for taking pension benefits.

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 appropriate professional advice when you are not sure.
- Once you have started to make contributions into your pension, you will normally have to wait until the age of 55 before you can take any benefits.
- You must let Coutts & Co know about any change in your circumstances which affect 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.
- You should regularly review the value of your investment and the contributions you make against your needs at your intended retirement age

Risks

- **Any final value is not guaranteed**
The level of any lump sum or income that will be paid to you when you draw money from your pension is not guaranteed, but will depend on the value of investments held in your pension.
- **You could receive less than you contribute**
If you reduce or stop contributing to your pension, or if the investments held perform worse than expected, the value you will receive from your pension will be reduced. It could be less than you have contributed and could be lower than shown in the Key Features Illustration when you first set up your Coutts Invest Pension.
- **Annuity rates are not guaranteed**
If you use all or part of your pension to purchase an annuity, the amount of income you receive will depend on the annuity rate offered to you by the annuity provider you choose at the time you purchase the annuity. Annuity rates may be higher or lower in the future.
- **Different pensions may offer different benefits**
By transferring funds from other pension schemes into your Coutts Invest Pension, you may have to give up certain benefits offered by those schemes. These benefits may not be matched by the benefits you are able to receive from your Coutts Invest Pension.
- **Different tax reliefs and tax charges may apply**
The tax treatment of pensions can be complex and should be considered especially when you make contributions, take benefits and/or wish to leave benefits to beneficiaries. The tax treatment of your pension may change over time if the law changes.

Further information is provided in the Questions and Answers section below. Although as we do not provide tax advice, you may need to take professional advice.

- **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 Terms and Conditions and Coutts Invest Fee Tariff. These fees and charges may change in the future. Coutts & Co will notify you of any changes to fees and charges that apply to your Coutts Invest Pension.

Questions and Answers

Q What is the Coutts Invest Pension?

A The Coutts Invest Pension is a 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 investment funds available through the Coutts Invest Pension to invest in. The amount of the benefits you ultimately receive will depend on the value of your pension pot at your intended retirement date, which in turn depends on both how much you put in and how the investments perform and the charges you pay.

If you are employed, you should consider whether it is more beneficial for you to join your employer's pension scheme if you haven't done so already. Also, if you are thinking about transferring another pension into the Coutts Invest Pension, you should note that you may be able to transfer that pension into your employer's scheme.

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 to make contributions into the Coutts Invest Pension.

You must also be a UK resident for tax purposes and not be 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 to build up your Coutts Invest Pension over time. 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 investment funds managed by a highly experienced investment team. Each fund is a diverse portfolio of different investment assets, 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 and have the option to change your pot to another one of the five funds at any time.

How well your investments perform before and after your intended retirement age will determine how much money you are able to draw from your pension. It is important that your choice of investment fund, and the contributions that you make to it, reflect your financial needs and circumstances to enable you to live as you would like both now and in retirement.

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 SPPs and stakeholder pensions, into your Coutts Invest Pension, so long as you haven't started to take benefits from them. You cannot transfer defined benefit schemes, also known as final salary schemes. Transfers to the Coutts Invest Pension are made as cash and then reinvested once the money arrives. You are able to transfer your other pensions in 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, and they could be significantly lower. For this reason, it is important you understand any changes in guarantees or benefits and fees your current provider may charge before transferring existing pensions to the Coutts Invest Pension.

It could be a complex decision and you should take appropriate professional advice before proceeding when you are not sure.

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 sell your investments and transfer the cash value of your pension pot to another scheme to follow your chosen option for taking pension benefits. The two exceptions are instances of death and serious ill health upon which pension monies are paid out as a lump sum.

Having transferred to another scheme, you can typically start to take benefits from the normal minimum pension age of 55 (expected to be 57 from 2028). However, you do not have to start taking any benefits when you reach 55, nor do you have to stop working to start taking benefits from your pension.

When considering a transfer of your Coutts Invest Pension to another pension scheme in order to start taking your retirement benefits, you should make sure that you transfer your pot to another UK registered pension scheme or a qualifying recognised overseas pension scheme. If you transfer your Coutts Invest Pension to a non-registered UK pension scheme or an 'unrecognised' overseas scheme you may be liable to tax up to 55% on the transfer

You should also take care if someone approaches you about the merits of accessing or 'unlocking' your pension benefits. Whilst you may be approached by a legitimate pension provider; there are also a lot of scams which can look very convincing. Please see the link below to the Pensions Regulator's website for further information.

<http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>

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 sell your investments and transfer the cash value of your pot 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.

Under some circumstances you may be able to take benefits from your Coutts Invest Pension before the age of 55. For example, if you are diagnosed with a terminal illness, meaning you have a life expectancy of less than a year, you can choose to take your pension benefits as a lump sum right away.

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 2 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 are the amount you are allowed to pay before the addition of basic rate tax relief. Please note however, there are limits on the maximum tax relief which is available on your contributions as well as tax charges that could apply if you exceed these limits, which could be lower than the overarching maximum limits. Please see the next section of this document for details.

There are no maximum limits on the 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.

- UK relevant earnings include UK employment income and UK self-employment income, but does not include investment income for instance.
- 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	£30,000 (basic rate taxpayer)
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.	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.

Note that the way contributions are calculated for defined benefit pension schemes for the purpose of working out your Annual Allowance is different to defined contribution schemes. Currently, they are broadly based on the increase in value of the scheme member's rights over the pension input period multiplied by a factor of 1/6 for every £1 per year of pension benefits.

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), restricting the level of your contributions 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 tax year 2018/2019 is £1,030,000 and 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 applies. It may also apply at other times, such as on turning 75, on death or 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 is dependent 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 one or a series of smaller cash lump sums, purchase an annuity, opt for flexi-access drawdown or any combination. Generally speaking, every time you take monies 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 0.60%

This charge goes to the fund manager. It's 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%

Coutts & Co take one-fourth of the 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 your pension within 30 days.

Cancelling a pension transfer

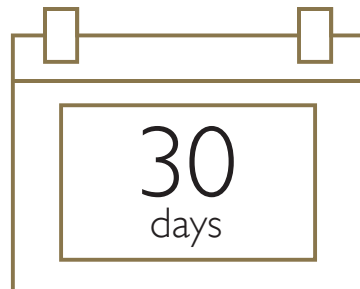
You may change your mind within 30 days from the date a pension transfer is completed. If you exercise your right to cancel and the existing pension provider has released the transfer we will attempt to repay the the money, although the transferring scheme may refuse to accept the payment. In these cases 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 quoting your name and pension account reference. You must state whether you wish to cancel a specific pension transfer, or, if you are within 30 days of your initial investment, your entire account.

You have a right to change your mind within:



- Of your initial investment
- Of a transfer request completing

Please direct your written cancellation notification to the following address.

Coutts Invest
5th Floor Trinity Quay II,
Avon Street
Bristol
BS2 0PT

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

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

0800 678 1100 or 0207 741 4100

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 responses you receive, 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 the response from Embark Services 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.

Embark is the trading name of Embark Services Limited, a company incorporated in England (company number 02089815). Embark Services Limited is authorised and regulated by the Financial Conduct Authority (reference number (120820).

Registered office: Tyman House, 42 Regent Road, Leicester, United Kingdom LE1 6YJ.