



**WHITEHALL**

**SIPP Essential Information**



## Self-Invested Personal Pensions (SIPPs)

For many years, SIPPs have been used by individuals who want to take control of their pension planning, to make their own investment decisions from a wide range of options and to benefit from their flexibility of retirement choices.

Either on your own or with advice from a financial adviser, you can manage your retirement funds using a broader than usual range of investment options. SIPPs are defined by HM Revenue & Customs as “member-directed” pension schemes where the decisions are made by you.

The Whitehall SIPP is a flexible personal pension for accumulating and drawing retirement benefits. The SIPP benefits from all the usual tax advantages available to pension schemes in the UK. Tax can be saved on payments-in, on investments made and on withdrawals.



## Whitehall Group

**We are a specialist provider of Self-Invested Personal Pensions (SIPPS).**

Based in the pretty mill town of Ramsbottom, we provide services to customers and their advisers throughout the United Kingdom. The directors have over fifty years of combined experience in this sector and a wealth of knowledge and know-how which enables us to handle even the most complex scenarios.

Our role is to act as the provider of the SIPP, the administrator and corporate trustee alongside you. We supply the pension product, the administration services and the regulatory and legal duties required to maintain it.

We are authorised and regulated by the Financial Conduct Authority (FCA) to provide your SIPP. The SIPP is also registered with HM Revenue & Customs who oversee its operation.

We don't give financial, tax or legal advice and you either need to make your own decisions or take advice from a suitably authorised individual. We always recommend and signpost the need for financial advice before deciding what to do with your retirement arrangements.

Financial advice can be vital to guide you through your retirement planning journey.



**Saving for your retirement using a pension can save you significant amounts in tax.**

## Tax Savings

### Personal Contributions

The Government adds 25 pence to every £1 you contribute. If you are a higher rate taxpayer, you can reclaim higher rate tax relief via your self-assessment tax return.

### Company Contributions

These are an allowable deduction from company profits to save Corporation Tax which is currently 25% on profit over £250,000.

### SIPP Investments

No capital gains tax.

No income tax.

VAT can be reclaimed for commercial property purchase and expenses.

### Withdrawals

25% of your fund is paid tax-free

The balance of your fund is paid subject to income tax but not National Insurance.

There is no Inheritance Tax on your fund when you die.



## Investment Opportunities

You can choose from a wide range of investment options to suit your investment strategy.

Investments allowed are called “standard assets” which are determined by the Financial Conduct Authority (FCA):



### Cash

Either held in our main SIPP bank account or in separate bank accounts chosen by you. This is restricted to UK banks.



### UK Commercial Property and Land

This can be purchased, let, developed and sold. For example, offices, warehouses, shops, factories, hotels. Residential property is not allowed.



### Quoted Shares, Unit Trusts, Open Ended Investment Companies (OEICs) and Investment Trusts

These are purchased and held via UK FCA regulated stockbroking accounts, investment fund platforms and discretionary fund managers. You can choose any firm with whom we have an arrangement.



### Insurance Company Investment Funds

These are purchased using investment accounts with insurance companies. You can choose any firm with whom we have an arrangement.



### Gold Bullion

This is purchased from dealers with whom we have an arrangement. They will also hold the bullion in secured vaults on your behalf.



### Borrowing

Your SIPP can borrow up to 50% of its (net) value at any time. This will be commercial borrowing usually to assist with commercial property purchase.

Please also note that a standard asset must be capable of being accurately and fairly valued on an ongoing basis and readily realised (i.e. sold) within 30 days whenever required. This means we may need to refuse some investments such as specialist commercial property or fixed term deposits of more than 30 days.

We do not operate an in-house stockbroking or fund management service, but you are able to use the services of any firm with whom we have a pre-arranged agreement. We have worked with most UK stockbrokers and fund management companies.

If you are acting without advice, you should carry out your own due diligence before instructing us to proceed with an investment. We do not monitor the performance of investments on an ongoing basis.

## Examples

**Sarah runs an architect's practice. She has accumulated £200,000 in an insurance company pension scheme and also has £50,000 in an old employer's pension scheme.**

An opportunity has arisen for her to buy a new office for the firm for £230,000 plus VAT (£276,000). Including stamp duty and costs she will need £280,000. She has some cash available but not enough to buy the office.

She establishes a SIPP, transfers-in her existing pensions and makes a personal contribution of £24,000.

The Government tax refund increases her contribution to £30,000 giving enough funds for the SIPP to purchase the property.

The company occupies the property with a lease between the SIPP and the company. The rent assessed by a surveyor is £16,000 p.a. The rent is an expense of the business which reduces its tax. Rent is paid to the SIPP bank account.

The SIPP registers for VAT and reclaims the VAT paid on the purchase of £46,000.

Sarah's financial adviser arranges a fund platform account for the SIPP. The reclaimed VAT and ongoing rental payments are transferred to the platform account and the adviser manages these funds on her behalf.

As Sarah is a higher rate taxpayer she also claims higher rate income tax relief on the pension contribution of £6,000.

After ten years, the invested VAT refund and rent has grown to £250,000 and the property value has increased to £300,000, giving Sarah a pension fund of £550,000 which has incurred no tax.

Sarah could choose to pay further pension contributions to the SIPP, which will benefit from tax relief and tax-free investment growth.

## Retirement Benefit Flexibility

**You have a range of options for withdrawing your retirement benefits.**

Minimum age for commencing withdrawals is usually 55 (age 57 from April 2028). You can receive a tax-free lump sum which is usually 25% of your SIPP fund. This can be drawn in one amount or in stages, known as "phased retirement".

The balance of your fund is paid to you as a pension which is subject to income tax at your applicable rate but not National Insurance.

You can choose the amount and frequency of your pension and can start, stop or vary this whenever you like.

You can use your fund to buy an annuity which is a guaranteed pension provided by an insurance company. Usually this means you close your SIPP and we transfer your fund to the insurance company.

If there is any money left in your fund when you die, this can be inherited by your beneficiaries free of Inheritance Tax. They then have a wide range of choice for withdrawing these funds.



## Safety of Your SIPP

There are a number of measures to ensure the safety of your SIPP fund.

The SIPP trust structure legally ringfences your fund from us, from you and your business should either fail.

The Financial Services Compensation Scheme (FSCS) protects cash and FCA regulated investments if a firm fails.

If you are invested in commercial property, you must have appropriate insurance in place.

## About You

Our SIPP is designed for high-net-worth individuals (as defined by the Financial Conduct Authority) and business owners who have a level of financial sophistication to understand the complexities and risks involved.

Your role is to act as a trustee as well as being the SIPP member. You need to comply with the rules and regulations relating to your membership and position as a trustee and you make the ultimate decisions on the investment, payments-in and withdrawals from your SIPP.

A SIPP is a sophisticated and long-term savings vehicle. There are risks that your pension fund does not perform as you expected or the value of the fund falls to a level where we no longer provide you with fair value.

In our view the minimum fund you should consider before using the product is £100,000.

## How We Support You

**You should expect us to provide an efficient and helpful service to enable you to achieve your financial goals and achieve good outcomes. Sometimes this means we may have to say “no” to ensure you don’t breach any rules. We maintain published expected service levels which we use to measure our performance.**

Each client is supported by an account manager to handle their day-to-day administration and a designated director to take care of oversight, service levels and technical matters. We also have a specialist team to offer additional support in the event of vulnerable circumstances. Communication is available through a number of channels such as email, telephone, post, video call, face to face and our online dashboard which provides a wealth of useful information.

We provide a range of information and guidelines to help you and we are happy to discuss these with you on the understanding that nothing we say is advice.



## How Much Does it Cost?

We charge fees for the services we provide. These are paid from your SIPP fund. Details of our fees are given in our Schedule of Fees.

Additional fees may be payable for purchasing, letting, selling or developing commercial property, for fund management, investment and stockbroking services and for advice given by a financial adviser. These would be paid from your SIPP fund.







**WHITEHALL**

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