



WHITEHALL

whitehallgroup.co.uk

Pension Payroll Guideline



1. Introduction

These guidelines have been produced to assist you and your adviser with how we operate payment of pensions.

Your pension must be subject to income tax, but not National Insurance and must be paid via PAYE. We operate a pension payroll system used by many of our clients. Our fees are outlined in our Fee Schedule.

Our pension payroll can be paid monthly, quarterly, half yearly or annually, in advance or in arrears. Ad-hoc payments can also be made if required although there is an additional fee for these. We pay pensions using a bank account with the Royal Bank of Scotland.

Please note that we do not give financial advice and nothing in these guidelines should be considered as financial advice. The choices you make will affect your income for the rest of your life. If you are not being advised by a regulated financial adviser we strongly suggest that you seek advice from a regulated Independent Financial Adviser (IFA) or seek guidance from the Government's free advice service, the

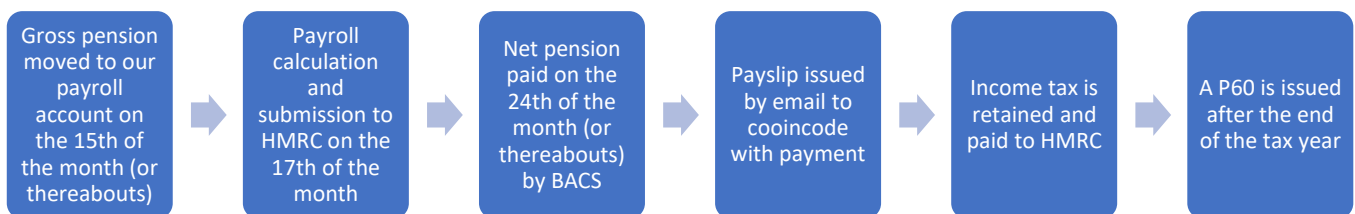
Money and Pensions Service www.moneyandpensionservice.org.uk before making any decisions on your benefits. If you do not already have a Financial Adviser, information can be obtained from www.unbiased.co.uk 0800 020 9430.

2. Commencing Pension Payroll

To commence your pension, we will need the following information no later than the 15th of the month in which you want payment to start:

- A crystal-clear instruction from you for the gross pension you want to receive and the frequency of payment. We have a benefit request form you can use for this purpose.
- Confirmation of your National Insurance number.
- Confirmation of your home address.
- Your personal email address (not a company one) so we can email your payslips.
- Your personal bank account details and a copy of a recent statement as evidence of this.
- Your current Tax Code or copy P45 showing income paid so far in the tax year and the applicable tax code. If you are a beneficiary, you may be receiving income free of income tax, in which case we will use a 0T tax code.

The process of paying your pension is as follows:



For regular payments we require a standing order for the gross amount to be set up from the pension scheme's bank account to the payroll account to reach the account on 15th of the month. This allows us time to ensure funds arrive on time, the amount is correct and they are cleared funds by 24th of the month. This also gives us time to rectify any banking errors or underpayments.

3. Tax Codes

Your tax code tells us how much income tax to deduct from your gross pension. We will apply a rate of income tax using your existing tax code or P45 if you have one.

If you do not have either of these, we will apply an emergency tax code until HMRC advise us of the tax code applicable, which is used from then on. We are also required to apply income tax on a week one month one basis. This assumes you will be receiving the same level of pension every month.

This may result in you being overtaxed. You can use an HMRC form P55 to reclaim the overpaid tax.

Any additional tax payable by you, for example because you have other sources of income, must be dealt with via your self-assessment tax return.

Your tax code changes over time and we are notified directly by HMRC. However, if you receive a new tax code notification from HMRC relating to your pension, please send us a copy so we can check we are using the correct code.

4. Funding Pension Payroll

It is your responsibility to ensure that sufficient cash is available to cover ongoing pension payments.

We check funding twice a month and tell you if there is not enough so you can liquidate funds if necessary. If you are unsure what investments should be sold, please speak to your financial adviser.

If funds are not available by the 17th of the month when we run the payroll, we will remove you from that month's payroll calculation.

5. Amending your Pension

You can amend your pension payments whenever you like. To do this, we will need a clear instruction no later than the 15th of the month in which the amendment is to occur.

If you request a later amendment, we must either re-run the payroll and we charge an additional fee of £150 plus VAT for this, or your amendment can be made in the next month.

In March each year we cannot make any late amendments due to the HMRC Real Time Information rules.

Amendments to regular pensions will also require the standing order to our payroll bank account to be updated.

6. Ceasing Pension Payroll

Please ensure we have a clear, written instruction if you want your pension to cease.

Any regular standing order to our payroll account will need to be cancelled.

We will issue your P45 when we run the payroll for the month your pension ceases.

7. Pensions and Future Pension Contributions

When you start a pension as flexi-access drawdown or a flexible annuity, your future pension contributions to a defined contribution (money purchase) scheme which we provide, will be restricted to the reduced "Money Purchase Annual Allowance" which is currently £10,000 per tax year.

You will also not be able to carry-forward unused annual allowances for previous tax years.

If you are planning on paying pension contributions in future, please therefore consider this before starting a pension.

You will receive a statement from us confirming when you have flexibly-accessed your pension. You must give a copy of this statement to any other pension scheme providers to which you are paying contributions (or pay in future) or are accruing benefits within 91 days.

8. Overseas Residents

If you are a non UK Taxpayer who is resident in another country, then provided it has a double taxation agreement with the UK, you should be eligible to receive your UK pension gross, without deduction of UK

income tax. You will need to complete a double taxation agreement claim form with the tax authorities in your country of residence and once approved by them, this should be submitted to HMRC in the UK for authorisation. The HMRC guidance notes and paperwork to apply for gross payments are known as HS304.

Once approved by HMRC you will receive a 0T tax code. We will need a copy of this to commence making gross pension payments. There are bank charges involved with making foreign payments which are deducted automatically from your cash account. It should also be noted that payment of pensions abroad can be affected by currency fluctuations.

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