



# Key Features of the Cofunds Pension Account Provided by Suffolk Life

Suffolk Life has produced these key features to give you a clear understanding of the Cofunds Pension Account, including how it works and the implications for you.

Before applying you should make sure you have read the following documents:

- Personal Illustration
- Cofunds Pension Account Terms and Conditions
- Application Form

**The Financial Services Authority is the independent financial services regulator. It requires us, Suffolk Life Pensions Limited (Suffolk Life), to give you this important information to help you decide whether the Cofunds Pension Account 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.**

The Cofunds Pension Account is provided by Suffolk Life Pensions Limited (Suffolk Life) 153 Princes Street, Ipswich, Suffolk IP1 1QJ. Registered in England and Wales number 1180742. Suffolk Life is authorised and regulated by the Financial Services Authority (FSA). FSA registration number 116298.

The assets of the Cofunds Pension Account are held on the Cofunds platform provided by Cofunds Limited (Cofunds) 1st Floor, 1 Minster Court, Mincing Lane, London EC3R 7AA. Registered in England and Wales No. 3965289. Authorised and regulated by the Financial Services Authority (FSA) under FSA Registration No. 194734.

# Key Features of the Cofunds Pension Account

## What is the Cofunds Pension Account?

The Cofunds Pension Account is a pension wrapper which allows you to save for your retirement in a tax-efficient way.

The pension wrapper is provided and administered by Suffolk Life Pensions Limited (Suffolk Life) and Suffolk Life Trustees Limited is the trustee. It is Suffolk Life that you will contract with for the provision of the pension wrapper. By taking out a Cofunds Pension Account you become a member of the Suffolk Life Appropriate SIPP. This is the name of the scheme which has been registered with HMRC and which may appear on certain documents you will receive.

Cofunds are the provider of the Cofunds platform, on which you can invest within your pension account. The Cofunds platform allows you access to a large range of funds. In order to take out the Cofunds Pension Account you must also agree to become a client of Cofunds and you should therefore read the following documentation:

- Your Guide to Investing with Cofunds
- The Terms and Conditions of the Cofunds platform
- The Fund Key Features

These set out the terms of business of Cofunds for holding your Cofunds Pension Account assets on the Cofunds platform and the key elements of the funds that are to be held within your pension account and hence are important documents.

For convenience below is a diagram setting out who provides which service.

### Cofunds Pension Account

Your day to day contact will be with your adviser

Your pension contract is with Suffolk Life, who:

- Act as pension administrator & trustee
- Process pension contributions, transfers, etc
- Process all benefit payments
- Claim tax reliefs on contributions & investments & credit to your pension account
- Handle all HMRC & pension regulatory matters



Cofunds provide an investment platform for funds to be held in your pension account:

- Offering a wide range of funds for investment
- Facilitates the purchasing, sale and switching of your investments
- Custody of your investments



Individual funds with the various fund providers held on the Cofunds platform are managed and run by the fund manager concerned. Your adviser can buy or sell funds within your pension account quickly and easily to meet changing circumstances.

#### Pension wrapper (provided by Suffolk Life)

#### Investment platform (run by Cofunds)

Funds Funds Funds Funds Funds

Funds Funds Funds Funds Funds

Please read the rest of the 'Key Features of the Cofunds Pension Account' for more information.



For further details on Cofunds, please see '**Your Guide to Investing with Cofunds**'.

## Its aims

The aim of the Cofunds Pension Account is to provide you with a tax efficient way to save for your retirement.

- To provide you with a tax efficient way of saving for your retirement
- To build up a fund that you can use to provide you with an income when you retire. You can choose to take a pension commencement lump sum with a reduced income
- To allow you and your adviser to make your investment decisions, from a range of funds available on the Cofunds platform
- To give you the flexibility to take benefits from your pension in stages, choosing when to draw income (including flexible drawdown) and when to purchase an annuity. You should consult with your adviser prior to deciding on how to take income from your pension account
- To give you flexibility over the provisions for your spouse, registered civil partner and/or dependants in the event of your death. This includes the availability of a lump sum (taxed if you are in drawdown or over 75) or to draw taxable income.

## Your commitment

Taking out a pension should not be taken lightly and you should only apply for the Cofunds Pension Account if you feel you can meet the commitments mentioned here.

- To make an initial one-off contribution or transfer from an existing pension or pensions of at least £5,000
- To regularly review in conjunction with your adviser the level of your contributions made to ensure that your pension achieves your desired income for retirement
- To invest your pension in a range of funds available on the Cofunds platform which you should regularly review with your adviser to ensure that they are suitable for your investment needs
- To agree to become a customer of Cofunds and agree to the Terms and Conditions of the Cofunds platform
- You must normally wait until you are at least 55 before taking your benefits
- If you do not keep to your commitments it may result in a lower income at retirement or, in some cases, tax charges

# Risks

There are risks associated with all financial products. This section explains the risks associated with the Cofunds Pension Account so you can make a balanced decision as to whether the product is right for you.

## You could get a smaller pension if:

- you take your pension earlier than your chosen retirement date
- you are unable to continue making contributions, as illustrated
- the value of your investments may go up and down and over the long term the investment performance may not be as good as you hoped for or as indicated in the illustration
- the annuity rates are lower when you retire
- the charges to your pension increase more than illustrated. Please refer to page 8 for details of fee increases and all charges that may be made to your pension account
- the favourable tax treatment of registered pension schemes changes in the future; and/or
- the courts order that your pension account be shared should you and your spouse or registered civil partner divorce

## Other factors that could affect your pension account include:

- If the value of an underlying fund falls before notice of cancellation is given, any refund may reflect a reduction in the value of underlying funds. Please see 'Your right to change your mind' on page 15
- It may take time to realise the value of certain underlying funds, e.g. collective investment funds that invest in property
- The risks associated with your pension account may increase for certain categories of underlying funds. You should be familiar with the content of the Fund Key Features or simplified prospectus that may be issued by the product provider of any underlying fund and you should only invest after consulting with your adviser
- High withdrawals of income are unlikely to be sustainable during drawdown. They may reduce the future level of income that you can take from your pension account or your potential annuity by reducing the value of your pension account
- You may be better off and receive a higher income from buying an annuity rather than drawing an income from your pension account

Applications for a Cofunds Pension Account may only be made via an adviser.



Many things could happen to alter the level of your pension at retirement. The illustration(s) provided is/are an indication only, based on certain assumptions.

# Glossary of terms

Pensions can sometimes be a complex subject. To make this document easier to understand, please find below a table of terms which appear in this document and their meanings.

**Adviser** – A financial adviser nominated by you who is authorised by you to receive communications in respect of your pension and to give instructions on your behalf on all matters concerning your pension account.

**Annual Allowance** – The maximum amount an individual may contribute to a pension in any given tax year and on which they may claim tax relief.

**Annuity** – An annuity is an income in retirement purchased by a lump sum such as an accumulated pension fund.

It is often paid monthly for the rest of your life and can continue to be paid to a dependant such as a spouse or registered civil partner after your death. It can be for a fixed amount or can increase each year, for example according to changes in the cost of living. It provides greater certainty and security compared to the versatile but unknown future benefits of drawdown.

**Crystallisation** – This is the term used to describe taking benefits from your pension account.

**Drawdown** – Drawdown allows you to take a cash lump sum and then use the balance to pay you a taxable income.

It allows you to defer buying an annuity whilst still receiving an income from your pension and to continue making your own investment decisions.

**Enhanced Protection** – A method of protecting those pension benefits (including future growth) built up before 6 April 2006 against the Lifetime Allowance. You may alternatively have primary protection.

**Fixed protection** – A method of protecting those pension benefits (including future growth) built up before 6 April 2012 against the lifetime allowance

**In specie** – The transfer of investments from one owner to another without selling the investment. You may wish to transfer funds from other pension schemes into your pension account, provided they are allowable under the Cofunds Pension Account. Please refer to "Where will my pension be invested?" for further details.

**Lifetime Allowance** – The total value an individual may accumulate within a pension during their lifetime on which they may claim tax relief.

**Non protected rights** – That part of your pension account which is not made up of protected rights

**Pension commencement lump sum** – A tax free sum payable from your pension account when you start taking benefits.

**Pension Trading Account** – A client money account operated by Cofunds for the trustee of the Suffolk Life Appropriate SIPP in which the cash within your pension account will be held when not invested.

**Protected Rights** – This refers to the portion of your pension account which has been built up by contracting out of the state second pension (S2P) or, previously, the State Earnings Related Pension Scheme (SERPS).

**Sale for Regular Payment** – An optional service you can use to help manage regular payments you have set up to go out of your Pension Trading Account.

Where you have instructed us to make payments from your Pension Trading Account, but do not have enough money in the account to meet the payments due to be paid that month, you can set up a Sale for Regular Payment to instruct Cofunds to sell a portion of your CPA investments to raise the required amounts.

# Questions and Answers

## Q. What is a personal pension?

It is a tax-efficient investment vehicle, designed to help you save for your retirement. The pension account allows you to make your own investment decisions in conjunction with your adviser within a range of investment funds available on the Cofunds platform. Please be aware that stakeholder pension schemes are also available in the market and might meet your needs at least as well as the pension account.

***'The pension account allows you to make your own investment decisions in conjunction with your adviser within a range of investment funds available on the Cofunds platform.'***

## Q. What tax benefits are available?

Personal contributions up to your earnings generally qualify for tax relief, including tax at the higher rate. However, there are exceptions to this. Also, if all contributions (i.e. personal and employer) to your pensions applicable to any one tax year exceed the annual allowance, except in specific circumstances, you may be liable to a tax charge. If you exceed the annual allowance, you may be able to carry forward any unused annual allowance from up to three previous tax years. You should therefore speak to your adviser about the level of contributions you make, the tax year they apply to and the tax relief available.

Unless you specify otherwise, you pay contributions net of basic rate tax. Suffolk Life will reclaim the basic rate tax and add it to your pension account. If you are a higher rate taxpayer and extra tax relief is applicable, you can arrange this through your tax office.

Once contributions are paid into your pension account they are invested free of UK tax except in a few exceptional circumstances. There is no UK tax on investment income. UK tax deducted at source on income (other than tax credits on dividends from UK equities) can be reclaimed, and there is no capital gains tax on your investment gains. It may not be possible or cost effective to recover overseas tax that has been deducted from income received on overseas income.

When you retire you can normally take up to 25% of your pension benefits (subject to the lifetime allowance) as a tax free pension commencement lump sum. If you take a pension commencement lump sum you will get a smaller pension. Any drawdown income or annuity received will be taxed as earned income.

***'Suffolk Life will reclaim the basic rate tax and add it to your pension account.'***

## Q. What are protected rights benefits?

Protected rights benefits arise if you have contracted out of the State Second Pension (S2P) or previously the State Earnings Related Pension Scheme (SERPS) and hence have been a member of a contracted out pension scheme. This may be:

- an appropriate personal/stakeholder scheme;
- a contracted out money purchase occupational pension scheme;
- a contracted out final salary scheme.

## Q. Can my Cofunds Pension Account accept protected rights?

Yes, your pension account can accept transfers in of existing protected rights, guaranteed minimum pension or section 9(2B) of the Pension Schemes Act 1993 rights.

## Q. Can I use my pension to contract out of the State Second Pension?

No. Should you wish to continue to contract out of the State Second Pension you should consult with your adviser to help you find a suitable alternative.

## Q. Can I make extra contributions?

Yes, you can vary the level of contributions at any time. Should you wish to make a one off contribution the minimum amount that may be paid into the pension is £1,000. Where you wish to make regular contributions the minimum monthly amount is £100. To benefit from tax relief your gross personal contributions must not be more than your earnings and the total pension contributions must normally be not more than the annual allowance (see What tax benefits are available? for more detail).

To give your pension benefits the best chance of keeping pace with your earnings, you would be wise to review your contributions regularly, every year if possible.

Regular contributions can be paid into the pension account by direct debit. Contributions may also be made from monies held within the Cofunds Cash Account, which can accept payment by cheque or by direct bank transfer.

If you make contributions, you will lose any enhanced protection you may have, or any fixed protection that you have or can apply for.

***'To give your pension benefits the best chance of keeping pace with your earnings, you would be wise to review your contributions regularly, every year if possible.'***

### Q. What happens if contributions stop?

The full value of your pension account will continue to be invested as instructed by you or your adviser and the value of your pension account will continue to move up and down in line with the market value of the underlying investments.

As there will still be charges payable in respect of your pension account, these may have a greater effect on the overall value of your pension account and consequently the benefits payable are likely to be less than illustrated.

### Q. Where will my pension be invested?

Only investments available on the Cofunds platform may be held in your pension. Under the pension account you, in conjunction with your adviser are able to choose the funds you wish your pension to be invested in. Broadly speaking, any fund available on the Cofunds platform should be allowable within your pension account.

When not invested, all monies will normally be held in a pension trading account at Cofunds as client money. Client money is pooled with other investor's money, however interest is still earned on your pension trading account balance.

Monies may also be held for short periods of time (no longer than one working day) in ordinary circumstances in client accounts operated by Suffolk Life. These accounts facilitate amongst other things the payment of income payments, the reclamation of tax relief and the collection of direct debits. Money held within the Suffolk Life client accounts will not earn any interest. Any interest paid by the bank in respect of these accounts shall be retained by Suffolk Life.

Suffolk Life, unless they have acted negligently, will not be responsible to you for any loss (including loss of profit) in relation to any investment or investment transactions carried out by you, your adviser or Cofunds. Suffolk Life will not assess the suitability or appropriateness or otherwise of any underlying investment purchased as chosen by you or your adviser on your behalf.

***'Under the pension account you, in conjunction with your adviser, are able to choose the funds you wish your pension to be invested in.'***



To learn more about the Cofunds Cash Account, please see **'Your guide to investing with Cofunds'**.

### Q. What happens to income that the funds within my pension generate?

Where income is generated from funds within your pension, this may be either reinvested within the chosen fund or may remain on deposit within your pension trading account. Such payments must remain within your pension. If you have chosen to enter drawdown, income generated from funds may help achieve your desired income level.

### Q. How much interest will un-invested cash earn?

Where cash has not been invested it will remain within the pension trading account on the Cofunds platform. Monies held within the pension trading account will accrue interest daily and will be credited to the balance monthly in arrears. As at January 2010 the rate of interest credited is 0.4% below Bank of England base rate. Cofunds will receive interest from the Bank with which the Pension Trading Account is held and will be entitled to retain that interest. Details are available on request by writing to the Cofunds administration address.

Details of the current interest rates receivable on the pension trading account can be found at the below link: [www.cofunds.co.uk/docs/cofundrates.pdf](http://www.cofunds.co.uk/docs/cofundrates.pdf). Alternatively, please contact your adviser.

Details of the Bank of England's current base rate can be found in the financial section of leading newspapers or by visiting: [www.bankofengland.co.uk](http://www.bankofengland.co.uk)

Money held within the Suffolk Life client accounts will not earn any interest. Any interest paid by the bank in respect of these accounts shall be retained by Suffolk Life.



Details of the current interest rates receivable on the pension trading account can be found at the following link: [www.cofunds.co.uk/docs/cofundrates.pdf](http://www.cofunds.co.uk/docs/cofundrates.pdf).

# Questions and Answers

## Q. What are the charges?

The following charges are deducted by Cofunds from your pension account when due and are shared with Suffolk Life. All charges are subject to VAT.

Description of charge	Amount:
Establishment charge	£150
	<b>Charge amount:</b>
Annual administration charge (tiered based on value of all your assets held on the Cofunds platform)*:	
£0.01 - £99,999.99	£150
£100,000 - £149,999.99	£100
£150,000 - £199,999.99	£50
More than £200,000	£0
The annual administration charge is waived for the first year so will only come into effect from year 2. This is charged quarterly in arrears.	
Transfers in (cash or in specie) – Charges for all transfers in will be waived until further notice.	£75

Drawdown charges	Amount:
Drawdown (Capped and Flexible) establishment charge	£120
Drawdown annual charge – if income is taken, charged annually in advance	£150
Review of income limits for a capped drawdown pension (carried out at least every three years prior to age 75 and annually thereafter)	£150
Switching capped drawdown pensions to a flexible drawdown pension	£150

## Account closure charges

Payment of the total remaining fund as pension income through flexible drawdown	£300 on completion of the transaction
Account closure charge – including pension sharing and transfers out. This charge is not applied for annuity purchases, on death or where you transfer your pension account to another pension available through the Cofunds platform.	£75

\*Where joint assets are held on Cofunds, the platform discount from those assets will only apply to the primary holder's pension.

Suffolk Life reserves the right to charge for additional services on a time-cost basis relevant to the expertise and seniority of the staff involved. Suffolk Life will advise you in advance of these charges before any work is undertaken.

In addition Suffolk Life will be entitled to charge all expenses incurred by Suffolk Life or the trustee in acquiring, holding, disposing of, transferring or valuing any fund held within your pension account. Please note your pension account will incur all fees, commissions, charges, disbursements and other costs charged by the provider of the funds chosen to be held.

## Q. Does Suffolk Life or Cofunds receive any other income in relation to my pension account?

Yes, Suffolk Life receives a fee from Cofunds in relation to the provision of the Cofunds Pension Account. This fee is paid directly from Cofunds and does not have an impact on the charges applied to your pension account.

Cofunds also receive an annual fee from the providers of platform funds, part of which is shared with Suffolk Life. The amount Suffolk Life receives varies between 0.04% and 0.16% of the value of your pension's investment, depending on fund choice. The fee is calculated daily and paid to Suffolk Life on a monthly basis. Additionally, a proportion of the interest retained by Cofunds in respect of the pension trading account is shared with Suffolk Life. Again, these fees do not have an impact on the charges applied to your pension account.

Details of the fees received by Suffolk Life in respect of your pension's specific investments are available upon written request by writing to Suffolk Life at the following address: Suffolk Life Pensions Limited, 153 Princes Street, Ipswich, IP1 1QJ.

## Q. When are charges due?

All applicable establishment charges are payable at the commencement of the pension account or unsecured income.

Annual charges are paid quarterly in arrears. All other charges are payable on completion of the transaction.

These charges are deducted when due from your pension account.

Cofunds offers the Sale for Regular Payment service to help you to pay product charges. You can set up a Sale for Regular Payment mandate so that if you do not have enough money in your Pension Trading Account to pay the product charges when they fall due, Cofunds will sell funds from within your pension account to raise the required amount. Please speak to your adviser for more information, or see the Sale for Regular Payment Instruction form for details: <https://iws.cofunds.co.uk/docs/SfRPInstruction.pdf>.

## Q. Do the charges increase?

The charges for your pension account may be increased or amended at any time. You will be given at least three months' notice where any charges are increased.



Details of the fees received by Suffolk Life in respect of your pension's specific investments are available upon written request by writing to Suffolk Life at the following address: **Suffolk Life Pensions Limited, 153 Princes Street, Ipswich, IP1 1QJ**

## Q. How are charges calculated and taken?

One year after you first invested in the Cofunds Pension Account, Cofunds will perform a calculation at the end of the quarter that assesses if you hold any assets within your Cofunds Pension Account.

If you do not, you will not be charged.

If you do hold assets in your Cofunds Pension Account, the calculation will also review any assets you hold across the rest of the Cofunds platform (including your Pension Trading Account, Cofunds Cash Account and your other products), to calculate the total value of assets you hold on the Cofunds platform.

The calculation takes place on the 5th business day of the month following the end of a quarter, and will calculate the total value of the assets which you held on the platform as at the last working day of the month of that quarter. For example, if the calculation takes place on April 5th, you would be charged in arrears according to the assets which you held on the platform on 31st March.

The charge you pay is linked to the value of the assets held on the platform as shown in the table on page 8 above.

The charge is calculated quarterly, so the annual charge you pay can change over the year depending on the assets you held on the platform at the end of each quarter. For example, if at the end of one quarter you held over £200,000 on the platform your annual administration charge would be £0, but if at the end of the next quarter you had reduced your assets to £140,000, your annual charge would be £100, so for that quarter you'd pay £25 (plus VAT).

The charge is paid out to Cofunds, who then split the administration costs between themselves and Suffolk Life, as shown in the table on page 8.

If on the 5th business day of the month you have sufficient money available in your Pension Trading Account to meet the charge, the money will automatically be deducted from your Pension Trading Account and paid out.

If on the 5th business day of the month you do not have sufficient money available in your Pension Trading Account to meet the charge, but have set up a Sale for Regular Payment mandate over your account, funds inside your pension will be sold in order to meet the charge, as described in the Sale for Regular Payment instruction form: <https://iws.cofunds.co.uk/docs/SfRPInstruction.pdf>

If on the 5th business day of the month you do not have sufficient money available in your Pension Trading Account to meet the charge, and have not set up a Sale for Regular Payment mandate, the charge will remain standing against your account. This means that when money is paid into your Pension Trading Account, once the sufficient amount is available it will automatically be paid out to meet the charge.

# Questions and Answers

## **Q. How much will it cost me to buy, sell or switch funds within the Cofunds Pension Account?**

There are no transaction fees charged when you buy, sell or switch funds within your pension account, however the fund providers may charge initial fees which may lower the overall amount invested. Additionally, fund providers may also charge annual fees. You should always read the relevant Fund Key Features before making any investment decisions.

## **Q. How much will the advice cost?**

This will be between you and your adviser. Neither Suffolk Life nor Cofunds give advice.

If you have been charged for advice relating to your pension account you may settle this personally or ask that it is paid from your pension account. The remuneration to be paid to your adviser will be stated in your application form, which you will need to sign to provide your consent.

You have the option to agree with your adviser to set up a Sale for Regular Payment mandate to help you to meet your adviser fees. This service will sell funds held within your pension to pay your adviser fees, if you do not have enough money held within the Pension Trading Account to pay them when they fall due. Please speak to your adviser about whether the Sale for Regular Payment service is suitable for you, and see the Sale for Regular Payment Instruction form for more details: <https://iws.cofunds.co.uk/docs/SfRPInstruction.pdf>.

Additionally you may agree for commission to be paid to your adviser from the individual fund providers in respect of investments made within your pension.

***'You and your adviser decide how much the advice costs. Neither Cofunds nor Suffolk Life provide financial advice.'***

## **Q. How often will I receive a statement for my pension?**

You will receive a reconciled valuation of your pension each year. This will be sent to you and will usually be sent during the month of your pension account's anniversary.

The valuation will be based on the information Suffolk Life holds using the latest prices available to Suffolk Life.

If you are taking drawdown income from your pension account, your statement will show any withdrawals and provide an indication of the annuity that could be bought at the time.

Cofunds will also provide you with ad hoc valuations on request and trade confirmations/consolidated confirmation notes as appropriate.

***'You will receive a reconciled valuation of your pension each year. This will be sent to you and will usually be sent during the month of your pension account's anniversary.'***

## **Q. Can I transfer my pension to another provider?**

Yes, you can transfer all or part of your pension account to another UK registered pension scheme or, in certain circumstances, to an overseas scheme at any time. This is on the basis that the whole of your pension account has not been taken as flexible drawdown or used to purchase an annuity. If you transfer part of your pension account then you may lose any entitlement to a lump sum in excess of 25% of the value.

Where benefits have been taken from your pension account, you will only be able to transfer the whole of the crystallised benefits within your pension account. If you transfer your protected rights it must consist of all the protected rights benefits within the pension account.

Charges for transfers out are detailed under "What are the charges?" on page 8.

## **Q. Can I be sure how much pension I will get?**

No, the size of your pension will depend upon:

- your age, sex, marital status and interest rates at the time you decide to take benefits; and
- the value of your pension when you reach retirement which in turn will depend upon:
  - how long it has had to grow
  - the investment return from the underlying assets; and
  - the charges deducted.

Your adviser should provide you with an illustration based on your own personal circumstances alongside this document. This illustration will make some industry standard assumptions and there is no guarantee that the level of benefits indicated on the illustration will be achieved.

## Q. When can I take my benefits?

You can generally start to take benefits when you reach 55. When you take benefits you can take a tax free cash lump sum and an annual income.

For the annual income you can either use the drawdown facility or use the open market option to purchase an annuity from the annuity provider of your choice.

***‘You can generally start to take benefits when you reach 55. When you take benefits you can take a tax free cash lump sum and an annual income.’***

## Q. Can I take money out of my pension without entering drawdown or purchasing an annuity?

No, HMRC may levy a tax charge on both the pension scheme and you personally where money is taken from the pension without you having entered drawdown (capped or flexible). You may of course transfer your pension to another registered pension scheme or use the funds to purchase an annuity. The Sale for Regular Payment service can be used in situations where you have entered into drawdown and are taking an income. Please speak to your adviser for more information, and see the Sale for Regular Payment Instruction form for details: <https://iws.cofunds.co.uk/docs/SFRPInstruction.pdf>.

## Q. What happens if I am ill and cannot work?

If you become ill or are injured and are unable to continue with your normal occupation, you may be able to take benefits earlier than age 55.

If you are expected to live for less than one year and you have not taken benefits, you may be able to take the value of your non-protected rights benefits as a lump sum. If you have a spouse or a registered civil partner you may be able to take the value of half of your protected rights fund as a lump sum.

If you are under age 75 the lump sum will be tax free. If you are age 75 or over the lump sum will be taxed, currently at 55%.

## Q. How much income can I take in drawdown?

Drawdown enables you to take income from your pension account without buying an annuity. There are two types of drawdown available – capped drawdown and flexible drawdown.

You should speak to your adviser about the level of income you need, your potential sources of income and your overall financial circumstances before deciding how to take income from your pension account.

You can vary your regular income or take one-off amounts. It is your responsibility to ensure that there are sufficient funds in the pension bank account to meet these payments and, if there are insufficient funds fifteen working days before the payment date, Suffolk Life will not make the payment.

## Capped drawdown

The Government has set a maximum limit for the amount of income you can receive under capped drawdown, as shown in your illustration(s). If you take the maximum level of income there is a possibility that this may not be sustainable and will impact the future level of income that you can receive from your pension account.

The income limit must be recalculated every three years and every year after you are 75 and your income changed if necessary. At each review, we will give you an updated illustration showing the possible future benefits.

If you take the maximum level of income there is a possibility that this may not be sustainable and this will impact on the future level of income that you can receive from your pension account.

You can make further contributions to your pension account after you have entered into capped drawdown if you have not crystallised the whole of your fund.

## Flexible drawdown

Under flexible drawdown, there is no limit to the amount of income you can withdraw each year from your non protected rights benefits. Unlike capped drawdown, we will not regularly review your plan.

The Government will only allow flexible drawdown if you meet certain conditions. This includes having a secured income of at least £20,000 per annum, currently, from the following sources:

- State pensions;
- Annuities from pension schemes;
- Pensions from certain defined benefit pension schemes and similar types of pension; and
- Pensions from certain overseas schemes.

Other types of income, including drawdown income, do not count towards the required minimum secured income of £20,000.

It is not possible to start flexible drawdown if contributions have been made to any pension in the same tax year and, once in flexible drawdown, it is not possible to make further contributions. You are responsible for any tax or other costs that arise should you make a contribution to any registered pension scheme once you have started flexible drawdown.

Flexible drawdown is not allowed from protected rights benefits. You cannot choose capped drawdown from protected rights benefits and flexible drawdown from non-protected rights benefits that are held within the same plan. A £300 fee will be charged if the remaining fund is taken as pension income through flexible drawdown. This fee covers the reconciliation of the SIPP, making the final payment and reporting to HMRC.

# Questions and Answers

## Q. How much pension I will get if I buy an annuity?

The size of your pension will depend upon a number of factors, currently including:

- your age, sex, health, lifestyle, type of annuity and the cost of converting your fund at the time you convert your pension account into an annuity; and
- the value of your pension fund at that time, which in turn will depend upon:
- how long it has had to grow;
- the investment return from the underlying assets; and
- the charges deducted.

An illustration based on your personal details and some assumptions should accompany this document for your reference. The amount you will get from an annuity with your pension account cannot be guaranteed and will depend on how annuity rates are set at the time you decide to buy an annuity.

## Q. When can I buy an annuity?

You may buy an annuity at any time from age 55. Remember when you do you will have to buy at whatever annuity rates are available at that time.

When you buy an annuity you can buy this from whichever life insurer you choose i.e. on the open market. If you die after buying an annuity, any spouse's, registered civil partner's or dependant's pension selected will continue for their lifetime or as otherwise provided.

## Q. What happens if I die before age 75 and before taking benefits?

### Non-protected rights benefits

A lump sum from your pension account up to the value of your personal lifetime allowance can be paid to any nominated beneficiaries, who may be your spouse, registered civil partner, dependant or other individual, normally tax-free.

Any amount of your fund over your personal lifetime allowance which is taken as a lump sum is subject to a 55% tax charge payable by your personal representatives.

Alternatively the whole or part of your fund can be used to provide an income for your dependants by the purchase of an annuity or by taking drawdown income.

### Protected rights benefits

If you have a spouse or registered civil partner on death then the protected rights benefits must be used to provide an income to that person.

If you have no spouse or registered civil partner on death then the protected rights benefits can be paid to any nominated beneficiaries.

## Q. What happens if I die while in drawdown or after age 75?

Your pension account gives you these options:

- your spouse or registered civil partner can continue receiving drawdown income;
- another dependant can continue drawdown income, in the case of a child this will generally cease at age 23;
- your spouse, registered civil partner or dependant can buy an annuity;
- the remaining fund can be paid to your spouse, registered civil partner, other dependant, or other individual, subject to a tax charge (currently 55%) – this option is not available from the protected rights benefits if you have a surviving spouse or registered civil partner;
- if you die while in drawdown and do not have any dependants, the remaining fund can be paid tax-free to your nominated registered charities.

When you choose, in consultation with your adviser, the level of income to take you should think carefully about whether there will be sufficient funds to provide for your dependants should you die before them.

### **Q. Will my pension continue to be invested after entering drawdown?**

You and your adviser can continue to decide how your plan is invested, even after you have entered drawdown. All investments in respect of your plan must be purchased and held on the Cofunds platform.

Broadly speaking, any fund available on the Cofunds platform should be allowed within your pension account.

When not invested, all monies will normally be held in a pension trading account at Cofunds as client money. Client money is pooled with other investor's money, however interest is still earned.

### **Q. What happens to income that the funds within my pension generate?**

Where income is generated from funds within your pension, this may be either reinvested within the chosen fund or may remain on deposit within your pension trading account. Such payments must remain within your pension. If you have chosen to enter drawdown, income generated from funds may help achieve your desired income level.

### **Q. Can I make regular withdrawals from funds to meet my income requirements?**

Yes. The Cofunds Pension Account allows you to make regular withdrawals (pension drawdown) from your selected funds to help meet your income requirements. You can therefore continue to remain fully invested knowing that funds will automatically be sold at the necessary time to pay your income. You can arrange for pension drawdown to take place on a monthly, quarterly, half yearly or yearly basis.

If you choose to arrange pension drawdown, it will follow a Sale for Regular Payment mandate, which is the method by which funds are sold to pay for your drawdown. Please speak to your adviser for more information, and see the Sale for Regular Payment Instruction form for more details:

**<https://iws.cofunds.co.uk/docs/SfRPIinstruction.pdf>**

# Further information

## Contact details

If you have any queries or questions regarding your pension account you should, in the first instance, contact your adviser.

If you would like to contact Cofunds directly in relation to your pension account or investment administration, please use the contact details below. Suffolk Life's contact details are also listed below:



**Cofunds Limited , PO Box 1103, Chelmsford, CM99 2XY**

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**Tel: 0845 600 4001**

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**Cofunds Pension Administration Team, Suffolk Life  
153 Princes Street, Ipswich, Suffolk IP1 1QJ, UK**

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**Tel: 0870 414 7000 Fax: 0870 414 8000**

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## Your client category

Suffolk Life will treat you as a retail client (as defined in the FSA handbook) in respect of the services Suffolk Life will provide to you, which means that you will benefit from the highest level of customer protection. This means that Suffolk Life will provide you with information in a more straightforward way.

## Your right to change your mind

You may change your mind about having a Cofunds Pension Account. When your membership starts you will receive a cancellation notice.

This gives you the right to cancel it during the next 30 days. You should send your cancellation notice to the following address:



**Cofunds Limited , PO Box 1103, Chelmsford, CM99 2XY**

If you cancel your membership Suffolk Life will return any payment received to which the cancellation notice applies. The amount returned may be reduced for the following:

- if the value of any underlying investment(s) fall(s) before Suffolk Life receives your cancellation notice, an amount equal to the fall in value; and
- any charges or expenses incurred while your pension is self-invested.

Cancellation rights may also apply to any additional transfers.

For transfers it may not be possible to return the funds received to the original pension arrangement should you cancel the transfer within the cancellation period. In this instance you will need to arrange for another pension arrangement to accept the transfer.

If you opt to enter drawdown you will also receive a separate cancellation notice. This gives you the right to cancel drawdown during the next 30 days. You will need to return any pension commencement lump sum and income paid to you within 30 days of invoking your right to cancel otherwise you will lose your right to cancel.

***'You may change your mind about having a Cofunds Pension Account. When your membership starts you will receive a cancellation notice. This gives you the right to cancel it during the next 30 days.'***

## Tax

Pensions will be taxed as earned income. Tax reliefs could be altered in the future.

The tax treatment and tax benefits of your pension outlined in this document are based on Suffolk Life's understanding of current tax law at March 2011 and the Government's proposed changes from 6 April 2011. The tax treatment depends on your individual circumstances and may be subject to change in the future.

***'Pensions will be taxed as earned income. Tax reliefs could be altered in the future.'***

## Conflicts of interest

During the period where Suffolk Life is administering your pension accounts conflicts of interest may arise between you and Suffolk Life, its employees or its associated companies.

A conflict of interest is where Suffolk Life's duties to you as customer may conflict with what is best for Suffolk Life or other customers. To ensure that Suffolk Life treats customers consistently and fairly, Suffolk Life has a policy on how to manage these conflicts. A copy is available on request from Suffolk Life's contact address shown in 'Contact details'.

# Further information

## About Suffolk Life

Suffolk Life Pensions Limited is the operator and scheme administrator of the Cofunds Pension Account. Suffolk Life Pensions Limited is authorised and regulated by the Financial Services Authority (FSA) (FSA register number 116298). You can check the above on the FSA's Registry by visiting the FSA's website [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on 0845 6061234 or by writing to **The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.**

Suffolk Life Trustees Limited is the trustee.

## Queries and complaints

Complaints in the first instance should be addressed in writing to Cofunds Limited at PO Box 1103, Chelmsford, CM99 2XY. Where appropriate, Cofunds may forward your complaint to Suffolk Life.

Alternatively, you can address any complaint about Suffolk Life's services, in writing, to the Managing Director, Suffolk Life Pensions Limited, 153 Princes Street, Ipswich, Suffolk IP1 1QJ.

If any complaint is not dealt with to your satisfaction, you can write to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR Telephone: 0845 080 1800.

The Pensions Advisory Service (TPAS) provides free help and advice to members of the public who have problems concerning their rights under personal pension schemes. Its independent service is provided through a network of local advisers. The Pensions Ombudsman can also deal with complaints and disputes with personal pension schemes. The Pensions Ombudsman is completely independent and acts as an impartial adjudicator. The correspondence address for both organisations is: **11 Belgrave Road, London SW1V 1RB.**

Making a complaint other than to the Pensions Ombudsman will not prejudice your right to take legal proceedings.



Complaints in the first instance should be addressed in writing to:  
**Cofunds Limited at PO Box 1103, Chelmsford, CM99 2XY.**

Where appropriate, Cofunds may forward your complaint to Suffolk Life.

## Compensation

### What happens if Suffolk Life fails?

Suffolk Life is covered by the Financial Services Compensation Scheme (FSCS).

You may be entitled to compensation from the FSCS if Suffolk Life cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for compensation up to the maximum of £50,000.

Further information about compensation arrangements is available from the FSCS. The correspondence address is **7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.**

### What happens if Cofunds fails?

If Cofunds were to fail then Suffolk Life, as trustee or as operator, of the Cofunds Pension Account, may be able to make a claim under the FSCS in relation to any loss suffered by your pension account on the Cofunds platform. The value of any compensation would be limited to a maximum of £50,000. Where other assets are also held by you on the Cofunds platform, this may affect the level of compensation available in respect of your pension account.

### What happens if the fund manager or provider of an underlying fund fails?

It depends on the status of the fund manager or provider. If the fund manager or provider of an underlying fund is authorised and regulated by the Financial Services Authority and fails to meet its obligations then, where the fund manager or provider is covered by the Financial Services Compensation Scheme (FSCS), Suffolk Life may be able to make a claim in relation to any loss under the FSCS in respect of the funds held for your pension account. The value of any compensation will depend upon the type of fund held and any other investments held by you with the fund manager.



Further information about compensation arrangements is available from the FSCS. The correspondence address is **7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.**

## Law

All correspondence will be and has been made in English. In legal disputes the law of England and Wales will apply. Full details of the legally binding contract between you and Suffolk Life are contained in this document or referred to in the terms and conditions.

## Call recording

Telephone calls to or from Suffolk Life are recorded for training, monitoring and fact verification purposes.

