

Your guide to the

**active money
self invested
personal pension**

part of the active money lifeplan



At Standard Life we understand you want to enjoy the most of what today has to offer, while also preparing for an active, fulfilling retirement.

That's where the active money lifeplan comes in.

It's a versatile pension plan, designed to adapt to your changing needs over time.

With real flexibility, the active money lifeplan is a plan for life, wherever it takes you.

Welcome to the active money Self Invested Personal Pension (SIPP)

People don't grow old like they used to. Most of us want to look forward to an active future where we carry on living life to the full, with the added time and freedom to do what we want – whether that means working, travelling or starting a business.

So it's only natural that your pension should help you to make the most of what tomorrow has to offer.

The active money SIPP allows you to do just that. It's a pension but with added flexibility – giving you more choice when it comes to how you invest, manage your money and take your benefits, than you would get with a conventional personal pension.

The active money SIPP's greater flexibility and wider investment freedom requires active investment management and investment advice due to the higher risk of some of the available investments. The value of your investment can fall as well as rise and you could get back less than you invest.

With an active money SIPP, you can access a wide range of investments including shares, bonds and funds. You can choose to make single payments or regular payments, which you can stop and start when you like and, if it's right for you, transfer in any existing pension savings you've accumulated over the years. And you can select from a variety of tax-efficient ways of getting an income, based on your individual circumstances and needs.

With the active money SIPP, you're in control.

Things you need to know

You can find out about all the commitments and risks involved when investing in an active money SIPP by reading our Key Features Document (SLSIP17).

All the information in this guide about tax and legislation is based on our current understanding of law and HM Revenue & Customs practice, which could change in the future. The information about tax relief could also change and its value to you depends on your financial circumstances.

Choose how you invest your money

Welcome to a world of investment choice

Gone are the days where you're limited to investing with an old-fashioned pension. With this active money SIPP, there's a whole range of investment options open to you – including stockmarket-linked funds, deposit accounts, bonds, gilts, stocks and shares and even commercial property.

Some types of investment (like property) may take longer to sell.

This means you can invest your money in a wide choice of investments, based on your attitude to investment risk and growth, as

long as they're in line with our rules and HM Revenue & Customs regulations. And as with all pension investments, the funds you invest in are not liable for UK Capital Gains Tax. This wider investment choice could result in higher risks and requires active investment management. You'll need to be satisfied that you have the necessary investment skills to do this, otherwise you'll need to take advice from your financial adviser. There may be a charge for this service.

The value of your investment can go down as well as up, and you may not get back as much as you invest.



“There are so many different ways to save for the future. So why should I have to stick to just one?”

Whereas most pensions only allow you to invest in pension funds, the active money SIPP offers a broad range of investment options.

Investing in your active money SIPP

Whether you pay into your active money SIPP with single or regular payments is, of course, up to you. However, there are minimum and maximum payment limits:

- If the value of your active money SIPP is greater than £50,000, you can choose to invest a minimum regular payment of £100 a month or £1,000 a year. You'll only actually pay in £80 a month or £800 a year, as your payments qualify for basic-rate tax relief of 20% – which we add to your plan and claim back from HM Revenue and Customs. Payments from your employer don't qualify for this tax relief.
- However, if the value of your active money SIPP fund is less than £50,000 or if you are setting up your plan from scratch you can choose to invest a minimum regular payment of £300 a month, or £3,000 a year (that's £240 a month or £2,400 a year and we'll add on basic-rate tax relief).
- You can also set up your plan with a single payment, transfer payment, or combination of both provided the amount is at least £10,000 (that means you can make a single payment of £8,000 and we'll add on basic-rate tax relief – but there's no tax relief for transfer payments). If you then wish to make additional single or transfer payments to your existing plan, there are no minimum amounts.
- There's no maximum transfer payment. However there's a maximum limit on the total regular and single payments that you and any third party (but not your employer) can make to your active money SIPP each tax year. This limit is 100% of your earnings or £3,600, whichever amount is higher, and includes payments being made to other pension arrangements. Also, HM Revenue & Customs normally make a 40% tax charge on any payment from you, your employers or a third party (but not transfer payments) to your pension arrangements that exceed their annual allowance which is £245,000 for the 2009/10 tax year.

Tax relief could change and its value to you depends on your personal circumstances.

Notes for higher-rate tax payers

If you are a higher-rate tax payer you may be able to claim additional tax relief via your self-assessment tax return. However, with effect from 6 April 2011, some higher-rate taxpayers may stop being eligible to claim back this extra tax relief. They may also incur a tax penalty if they try to increase the payments they make to their pension plans before this date. For further information, please read our fact sheet 'Tax changes to pension plans announced in the 2009 budget' (GEN658), or speak to your financial adviser.

Stop and start your payments when you like

What's more, you can choose to take a break from your payments and stop investing for a while if you need to – although this may reduce the future value of your fund. You also have the option to continue paying money into your active money SIPP until the age of 75, even after you start drawing an income.

Manage your money the active way

A pension that keeps pace with change

What makes an active money SIPP different from other pensions is that it has more flexibility to adapt to your changing priorities or circumstances.

While you're a UK resident, there's nothing to stop you from paying into your active money SIPP for as long as you like (up until you're 75). In fact, you can even continue paying in after you've started to take income from your fund.

Together with your financial adviser, you can review and alter your investments anytime you like – so you're in the driving seat. It's worth remembering that charges may apply when you switch investments and some (like property) may take longer to sell. Read our document active money SIPP Charges and Discounts SLSIP20 to find out more.

Different investments, all in one place

The active money SIPP allows you to bring together all of your pension investments in one easy-to-manage portfolio, whilst maintaining the diversity of your investments. What's more, you can monitor your portfolio with the click of a mouse.

By consolidating your pension investments under an active money SIPP, you could pay fewer administrative charges – which you'd be able to see in one clear charging structure. Your financial adviser will be able to advise you on bringing together your investments under an active money SIPP.

Transferring may not be suitable for everyone. There may be charges when you switch investments. And, you should take into account whether you would be giving up any valuable benefits you have with your existing plan.



“I'd like to have the full picture on my money, so I can see exactly where I stand.”

With an active money SIPP, you can see all of your pension investments in one easy-to-track portfolio.

The flexible way to take your benefits

Redefine retirement, your way

“Retirement” means different things to different people. It could mean gradually reducing your working hours. Or it could mean working just as hard as you’ve always done. There are a variety of options when it comes to spending the fruits of your investment.

You could choose to take an income to top up your earnings while you’re still working. You can secure this income by using your pension fund to buy an annuity from an insurance company, or you can leave your pension fund invested and draw an income directly from your active money SIPP.

You can also take part of your pension fund as a tax-free lump sum which you could use to clear your mortgage, pay for your child’s university fees or allow you to go on a once-in-a-lifetime holiday. The choice is entirely yours.

More ways to spend your money

Once you reach 50 (or 55 from April 2010), you have the option to start drawing an income from your active money SIPP, depending on the size of your fund. You have the flexibility to start, stop, reduce or increase this income whenever you need to, within the limits specified by HM Revenue & Customs. Known as income drawdown, this gives you the freedom to live your life, your way.

With an active money SIPP, your fund value must be at least £50,000 if you want to take advantage of drawdown (that’s before you’ve taken a tax-free lump sum). However, the Financial Services Authority (FSA) recommends you have at least £100,000 invested so it’s worth taking other sources of income into account when considering drawdown.

Remember that you cannot guarantee an income with drawdown. You’ll need to have enough money in your fund to do this and you’ll need to have regular reviews to ensure that your fund can sustain the level of income you’re taking. Charges may apply. Speak to your financial adviser to find out more and help you decide which option is right for you.



“I’m looking forward to the freedom to do what I want. Will my pension be able to keep up with me?”

The active money SIPP is designed to keep up with you – giving you the flexibility to manage your money in line with your life, your needs and your priorities.

Your income drawdown options up until the age of 75

The tax-free lump sum you can take depends on how much money you have in your fund and is normally restricted to 25% of your fund. It's important to remember that the amount allowed may change if legislation changes. There may be charges applicable.

Full drawdown – take a tax-free lump sum in one

This allows you to normally take up to 25% of your fund as a tax-free lump sum – in a one-off payment. You could also get an income from your active money SIPP, for example to supplement your earnings, which would be taxed as earned income.

Phased drawdown – tap into your money when you need to

This allows you to take a tax-free lump sum from your plan in stages. At each stage you apply a pension date to part of your plan to create a 'post pension date account'. You can normally take up to 25% of this new account as a tax-free lump sum and take taxable income from the balance.

Any part of your plan to which you haven't yet applied a pension date is available in the future to provide more tax-free lump sum (before age 75) and taxable income.

Drip-feed drawdown – the most tax-efficient way to get an income

Our 'drip-feed' option is available if you're aged 55 or over. It's a tax-efficient way to take an income from your plan because each payment normally consists of a tax-free lump sum and taxable income. Whenever the income payment is to include a tax-free lump sum, we'll apply a pension date to part of your plan and the tax-free lump sum will normally be up to 25% of the new 'post pension date account' we create. You have to be, and remain, fully invested in Standard Life pension funds to take an income in this way.

Your options after you turn 75

If you wish to take advantage of your tax-free lump sum benefit you must do so before you turn 75.

Alternatively Secured Pension – a flexible income you can control

This option allows you to take income drawdown after you're 75 although there are more restrictions on the amount of income you can take. However, you can still change your income level according to your needs, within these constrained limits. In the event of your death, your pension fund can provide a pension benefit for any dependants. If you have no dependants, you can nominate a registered charity to receive your fund.

Other income options

Annuity – an income you can rely on

An annuity will provide an income for the rest of your life. The income you get depends on the size of your fund, the type of annuity you choose and when you decide to buy it. Annuity rates can vary and there is no guarantee that they will be better in the future.

In a traditional pension you would have to buy an annuity before 75. With an active money SIPP you can buy an annuity any time from age 50 (age 55 from 6 April 2010 – but if you choose income drawdown before that date, you won't need to wait until you're 55 to use your drawdown fund to buy an annuity).

If you haven't bought an annuity by age 75 you will be moved into Alternatively Secured Pension. However, you can still buy an annuity at any time.

From April 2010, the age at which you can get an income or a tax-free lump sum from your active money SIPP rises from 50 to 55.

Why choose Standard Life?

Stay in touch with your active money SIPP

Once you set up your active money SIPP, you can count on Standard Life for help keeping track of your investments. You'll be able to see your plan online whenever you like, and we'll send you an annual statement to keep you up-to-date.

If you have any questions, you can call our dedicated active money SIPP team – they'll be able to deal with any query you have, from valuation requests to investment transactions. Although they'll be happy to answer your questions, they won't be able to give you financial advice.

Award-winning service from Standard Life

With Standard Life, you can rely on fast, hassle-free service whenever you need us. In fact, where we receive the correct information, 90% of tax-free lump sums are paid out in three days or less. As you'll see from the awards we've won, excellent service is something we care a great deal about.

Money Marketing Awards

– Voted Company of the Year 2008 and 2009

Financial Adviser Life & Pensions Awards


- Best SIPP/Small Self Administered Pension Scheme Provider 2008
- SIPP and/or SSAS Provider of the Year 2008 and 2009
- Best Income Drawdown Provider 2008 and 2009
- Best Alternatively Secured Pension Provider 2008 and 2009

Financial Adviser Service Awards

- Voted 4 Star Life and Pensions Provider 2009
- Special Outstanding Achievement Award in recognition of winning the 5-Star Service award for 13 years in a row 2008

Finance and Technology Research Centre in association with Money Marketing

- Awarded the 'eee' e-excellence rating for SIPP Specialist 2009



From our innovative active money SIPP to our hassle-free customer service, Standard Life can help you make more of today and tomorrow.

Call our dedicated active money SIPP team on **0845 0845 000**. Lines are open Mon-Fri, 9am to 5pm.

Call charges may vary and calls may be recorded and/or monitored to help improve customer service.

A pension that offers more

Greater choice, greater flexibility, greater opportunities. Here are just some of the things that make the active money SIPP a great way to prepare for your financial future.

Please be sure you've considered all the associated risks as well as the benefits outlined in the previous pages.

A range of investment options

With an active money SIPP, you can choose to invest in a variety of investments – including commercial property, bonds, stocks and shares, pension funds, deposit accounts and mutual funds. Some types of investment (like property) may take longer to sell.

Get your money on your terms

When it comes to taking your benefits, you'll find plenty of choice too. You can decide when you take them, how much to take and how often to take them, within the plan and HM Revenue & Customs limits.

Grow your business


You can use your active money SIPP to buy your company premises. If you already own the company premises this can potentially unlock capital which can be used to expand your business.

Provide for your loved ones

When you die your pension fund can provide a regular income for your dependants or a lump sum for one or more beneficiaries. This means that your money stays as active for them as it does for you. Speak to your financial adviser for more information about death benefits.

Pay for what you use

Unlike some other pension providers who charge a flat fee to all their customers, we believe in charging you according to the investments you make.

 *We know that you may have questions, some are answered overleaf.*

Your active money SIPP questions answered

Can anyone take out an active money SIPP?

You can take out an active money SIPP if you are under 75, are UK-resident for tax purposes and can initially invest at least £300 a month or £3,000 a year. Alternatively you can set up your active money SIPP with a minimum single payment of £10,000, or a combination of a single payment and transfers from other pensions, provided the minimum amount is £10,000.

If the value of your active money SIPP is greater than £50,000, you may choose to make a minimum regular payment of £100 a month or £1,000 a year.

Can I make additional transfers once my active money SIPP has been set up?

You could set up your active money SIPP with a transfer. And you can continue to make transfers after your active money SIPP is set up. Remember to speak to your financial adviser before considering a transfer, as it may not be right for you and you may be charged for transferring your benefits.

Can I take out a tax-free lump sum?

The tax-free lump sum you can take depends on how much money you have in your fund. You can normally take up to 25% of your plan as a tax-free lump sum. We explain on page 9 how you can do this in one go, or by taking a chunk at a time. Tax-free lump sum is only available before age 75. It's important to remember that the amount may change if legislation changes. And there may be charges applicable.

Can I get higher-rate tax relief on my active money SIPP?

If you are a higher-rate taxpayer you may be able to claim back up to an additional 20% tax relief via your self assessment tax return. With effect from 6 April 2011, some higher-rate taxpayers may stop being eligible to receive extra tax relief. For further information, please see your financial adviser.

How are my charges worked out?

With Standard Life what you're charged depends on how you invest. So you won't ever pay for anything you haven't used. Please refer to our document active money SIPP Charges and Discounts SLIP20 for more information.

What happens to my money when I die?

Your money doesn't die with you, so your dependants could potentially benefit from your fund. Speak to your financial adviser to find out more.

Things to consider with your financial adviser

With so much to take into account, planning for the future can seem a daunting task. You may want to start by discussing some of these points with your financial adviser:

Determining your needs

- How much can you afford to put away right now?
- How much will you need to live on in the future?
- Do you have any plans you need to account for?

Your investment style

- How much risk are you willing to take?
- Is this likely to change over time?

The bigger picture

- What other income/savings do you have?
- How much time can I spend managing my active money SIPP?
- Do you have anyone depending on you financially?

Pensions
Savings
Investments
Healthcare
Insurance

Get your active money SIPP started.

Talk to your financial adviser for advice on how to plan for your financial future, or if you're ready to start your active money SIPP – they'll give you the application form you need to set up your plan. If you have any questions, contact our dedicated active money SIPP team:

0845 0845 000

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www.standardlife.co.uk

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