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Remuneration Guide for the active money self invested personal pension (and pension fund withdrawal plan)

part of the active money lifeplan



This Remuneration Guide provides you with an overview of the commission options available to you through the active money self invested personal pension (AMSIPP) and pension fund withdrawal plan (PFWP) from Standard Life. Since October 2008, our SIPP has been able to accept transfers of Protected Rights. Therefore any mention of commission or remuneration for PFWP is in relation to new payments to existing plans or existing commission arrangements.

We will go through the various options available to allow you to make an informed choice on which remuneration option best suits the needs of you and your client.

The commission options available are:

- *Nil Commission*

- *Initial Commission*

- *Funded Initial Commission*

- *Level Commission*

- *Fund Based Renewal Commission*

There is also the opportunity to take an adviser fee instead of, or in addition to, choosing the commission options.

The examples shown in this guide are for illustration purposes only and are not intended to reflect actual cases. In this guide we refer to the options for our AMSIPP.

The options are generally the same for the PFWP, but where there is a difference we highlight it in the PFWP section on page 6.

You can take a mixture of these options, subject to maximum limits, and you can use a different basis for each account*. Some key points about our commission options are:

- Commission is not tied into insured funds, it is calculated on total assets.

- You can take the same amount or different amounts of Initial Commission (IC) or Funded Initial Commission (FIC) on each transfer payment and single payment into the plan.
- IC and FIC are available when you first set up the plan for savings, and then again if your client takes income drawdown. FIC is also available on the Flexible Account (i.e. regular payments) when your client takes income drawdown for the first time.

**When your client sets up the plan each single or transfer payment is placed in a separate 'account' and all regular payments are paid into one 'Flexible Account' within the plan.*

Commission for single and transfer payments

This Remuneration Guide provides you with an overview of the commission options available to you through the AMSIPP and Pension Fund Withdrawal Plan (PFWP) from Standard Life.

We will go through the various options available to allow you to make an informed choice on which remuneration option best suits the needs of you and your client.

IC and FIC are both available. They can be expressed as a monetary amount or as a percentage of the single or transfer payment.

Initial Commission

You can choose IC up to a maximum of 5% of the payment. This is taken as an explicit charge equal to the commission paid and has the effect of reducing the allocation rate.

For example:

Your client invests a single/transfer payment of £10,000 and you opt to take the maximum IC of 5%.

Single payment	Your commission based on 5%	Total amount invested (after commission deducted)
£10,000	£500	£9,500

Funded Initial Commission

You can choose FIC, subject to a maximum of 3%. This is taken as an additional charge each month at a yearly rate of 0.2% for every 1% of commission we pay. We'll do this over a period of 6 years as a percentage of the current value of the single or transfer payments.

FIC is not available if your client is age 69 or over.

The following table provides a breakdown of the commission percentages and charges payable for this option. The example is based on 1%, 2% or 3%, however please note that commission can be taken in steps of 0.1%.

Your commission	Your client's charges
3%	0.6% extra per year
2%	0.4% extra per year
1%	0.2% extra per year

For example:

Your client invests a single payment of £10,000 and you opt to take the maximum commission available under this option of 3%.

Single payment	Your commission based on 3%	Charge to client
£10,000	£300	0.6% per year over six years

If your client should transfer out, or annuitise some or all of their fund within the charge period, all unlevied charges will be applied as a transfer charge. We'll deduct the transfer charge from the transfer payment.

You can take a mixture of IC and FIC up to a maximum of 5%.

Fund Based Renewal Commission

Another option available for single and transfer payments is Fund Based Renewal Commission (FBRC). You can take up to 1% of the fund each year for both AMSIPP and PFWP. We'll take a charge at a yearly rate of 0.01% for every 0.01% of commission we pay and will deduct this from the plan each month.

You can choose to have FBRC paid monthly or yearly in arrears. Once the plan has a frequency set for FBRC this cannot be changed.

FBRC cannot be paid on a proportionate basis meaning that if a plan is transferred out any commission accumulated since the last payment will not be paid.

Commission for regular payments

All regular payments are paid into the Flexible Account of the AMSIPP. Once you've set up your commission preference on the Flexible Account, any change you make affects all payments into the Flexible Account.

Initial Commission

You can choose IC for regular payments up to a maximum of 25% of the first year's expected regular payments. A charge equal to the commission paid will be deducted from the AMSIPP in 12 to 48 monthly instalments. You tell us over how many months your client wishes to pay this charge. We'll collect the charge even if the regular payments stop in the first year. If your client stops making regular payments and there's not enough money in their AMSIPP to pay the remaining charges,

we will reclaim any outstanding charges from you. IC is not available for any increases in the regular payment.

For example:

Your client has chosen to pay £300 a month which will equal £3,600 a year. You can choose to take £900 commission (i.e maximum 25% of the first year's payments). Your client will be charged in equal instalments over a 12 to 48 month period.

Client pays	Your commission based on 25%	Charge to client over 48 months	Total amount invested (after commission deducted)
£300 a month	£900	£900	£281.25 per month

Level Commission

You can choose Level Commission (LC) for regular payments up to a maximum of 5% of each payment made. This will be taken as an explicit charge equal to the commission amount and has the effect of a reduction in allocation rates. LC is paid as each regular payment is made throughout the term of the contract.

For example:

If you opt for 5% commission with a client paying a regular payment of £300 a month then commission would be as follows.

Month	Client pays	Your commission based on 5%	Total amount invested (after commission deducted)
1	£300	£15	£285
2	£300	£15	£285

If payments stop, or are reduced, level commission will also stop or be reduced accordingly.

You can choose to have FBRC paid monthly or yearly in arrears. Once the plan has a frequency set for FBRC this cannot be changed.

Fund Based Renewal Commission

Another option available for regular payments is FBRC. You can take up to 1% of the fund each year. We'll take a charge at a yearly rate of 0.01% for every 0.01% of commission we pay and will deduct this from the plan.

FBRC cannot be paid on a proportionate basis meaning that if a plan is transferred out any commission accumulated since the last payment will not be paid.

Commission for income drawdown

You can take the following commission when your client chooses income drawdown for the first time:

Initial Commission (for which we make an Initial Charge)

Your client can choose up to a maximum of 5% of the value of their plan.

We'll take a charge of 0.1% for each 0.1% of commission we pay and will deduct this from your client's plan.

If we pay a tax-free lump sum and this commission on the same day, we'll calculate the tax-free lump sum before deducting the charge.

Funded Initial Commission (for which we make an Additional Charge)

Your client can choose up to a maximum of 3% of the value of their plan, excluding any accounts from which we're still collecting an Additional Charge for commission paid out when the transfer, single, or regular payments were made.

We'll take a monthly charge, at a yearly rate of 0.2% for every 1% of commission we pay, from the current value of your client's plan less the excluded accounts. We'll do this over a period of 6 years from the date your client chooses income drawdown.

Funded Initial Commission is not available if your client is 69 or over.

Fund Based Renewal Commission (for which we make a Regular Charge)

Your client can choose up to a yearly maximum of 1% of the current value of their plan. If you are already receiving this type of commission, you can change the percentage up to this limit.

We'll take a charge at a yearly rate of 0.01% for every 0.01% of commission we pay and will deduct this from your client's plan.

Commission for Alternatively Secured Pension (ASP)

Commission option when existing AMSIPP customer reaches age 75:

- Fund Based Renewal Commission

Commission options for ASP to ASP transfers to Standard Life:

- Initial Commission
- Fund Based Renewal Commission

Notes:

Commission is available on the completion of the transfer only.

FIC is not available for ASP.

The fee option is available on ASP.

Commission for Pension Fund Withdrawal Plan (PFWP)

The options for PFWP are generally the same as for our AMSIPP, with the following exceptions:

- The regular payment options are not available for PFWP as PFWP does not accept regular payments.
- Alternatively Secured Pension (ASP) is not available on PFWP.
- No further commission is available when a PFWP moves into drawdown.
- Adviser fees are not available on a PFWP.

Adviser fees

You can also choose to be remunerated by agreeing fee(s) with your client, in addition to the commission options you take. This can be paid direct to you by your client, or for a more tax efficient agreement, the fee payment can be taken from the plan with your client's written approval. The fee can be taken as a 'one off' initial payment, a yearly payment, or a combination of both. If yearly, it can be paid for the full term, or over a specific term.

For regular payments up to 25% of the first year's expected regular payments can be paid as an initial fee in addition to any commission. For single or transfer payments up to 8% of the payment (less any initial or funded initial commission) can be paid as an initial fee.

For example:

Fee agreed	Cost to client	Tax relief
£500	£400	£100

In this example you and your client have agreed on a £500 fee. As the fee is being paid from the plan and the customer receives tax relief on their payment, they only need to pay £400 into their plan to cover the cost of the fee. The additional £100 is covered by the tax relief they receive.

Any reference to legislation and taxation is based on Standard Life’s understanding of law and HM Revenue & Customs practice at date of publication. Tax and legislation are liable to change in the future.

Tax relief may be altered and the value to the investor depends on their financial circumstances.

You can choose to mix your remuneration options:

Note – IC and FIC are available in steps of 0.1%. The total percentage for both commission types can’t be greater than 5%. FBRC is available in steps of 0.01%.

Remuneration options for single & transfer payments

The maximum remuneration (which can be a mixture of IC, FIC or adviser fee) you can take in relation to a single or transfer payment is 8% of that payment plus 1% FBRC.

Initial Remuneration			Ongoing Remuneration	
Initial Commission (Max 5% of payment)	Funded Initial Commission (Max 3% of payment)	Adviser Fee (Max 8% of payment)	Fund Based Renewal Commission (Max 1%)	Adviser Fee
0 %	0%	0-8%	0-1%	Available
0 %	1%	0-7%	0-1%	Available
0 %	2%	0-6%	0-1%	Available
0 %	3%	0-5%	0-1%	Available
0-1 %	3%	0-4%	0-1%	Available
0-2 %	3%	0-3%	0-1%	Available
0-3 %	2%	0-3%	0-1%	Available
0-4 %	1%	0-3%	0-1%	Available
0-5 %	0%	0-3%	0-1%	Available

Note – IC and LC are available in steps of 0.1%. The IC % (divided by 10) plus the LC % can’t be greater than 5%. For example, if you choose 18% IC that means the maximum available LC would be 3.2%. FBRC is available in steps of 0.01%.

Remuneration options for regular payments

The maximum amount of commission you can take in relation to a client’s regular payments is 25% of their first year’s expected payments, plus 2.5% Level Commission on each payment made, plus 1% FBRC. In addition you can also take an Adviser Fee of up to 25% of their first year’s expected payments.

We only pay a fee if there are sufficient funds available in your client’s AMSIPP. This means that we will delay payment until there’s enough money in the AMSIPP to support the payment of the fee.

Initial Remuneration			Ongoing Remuneration	
Initial Commission (Max 25% of first year’s payments)	Level Commission (Max 5% of each payment)	Adviser Fee (Max 25% of first year’s payments)	Fund Based Renewal Commission (Max 1%)	Adviser Fee
0 %	5 %	0-25%	0-1%	Available
10%	4 %	0-25%	0-1%	Available
15%	3.5%	0-25%	0-1%	Available
20%	3 %	0-25%	0-1%	Available
25%	2.5%	0-25%	0-1%	Available

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