

The Retirement Account

Technical summary



Key: TRA = The Retirement Account
PS = Pension Savings (uncrystallised)

PD = Pension Drawdown (crystallised)
GA = Guaranteed Annuity

Structure

Personal Pension Scheme written under flexi access drawdown rules. Can accept transfer payments only, no regular or single contributions. PS can be held within the Account provided there is a crystallised component (GA and/or residual PD fund) at outset and thereafter. Advised only and advisers must be CF30 registered with the FCA and hold relevant qualifications.

At outset of TRA	
Minimum transferred funds	Overall £20,000 after tax free cash and adviser fee (£1,000 per ceding scheme). No maximum
Minimum crystallisation	Uncrystallised (IVP) transfers only = £2,000 with £1,000 retained in PD (does not apply if GA is purchased at outset) Mixed IVP and crystallised (IDD) transfers = no minimum crystallisation requirement
IDD transfers-in	Each transfer must be held in a separate arrangement under the Account (see Product Charges)
Minimum GA purchase price	£10,000 (within overall TRA £20,000 minimum)
Maximum GA purchase price	£3 million (applies to all GA purchases with Retirement Advantage*)
GA rate guarantee	14 days from the date of the next Retirement Advantage rate change
GA income reinvestment	Can be in drawdown investment funds or cash account**
Minimum TRA age at entry	Age 55 unless there is an entitlement to take benefits at an earlier protected age, in which case 50
Maximum age at entry	No maximum age for PD/PS but age 85 for GA
Minimum GA dependant age	Age 35 (assumed healthy if below 50, otherwise underwritten)
Maximum GA dependant age	Age 85
Investment Fund choice	Same range of funds available to PS and PD. Different funds can be chosen for each

*Also includes GA purchases with MGM Advantage. **Insured fund with interest calculated on balances daily and added monthly at the bank of england base rate minus 1.25%. If a negative amount then no interest will be due.

Income and lump sum withdrawals	
Minimum TRA income level	£20 (no maximum)
Minimum PD ad hoc withdrawal	£100 (paid on next processing date)
Income frequencies	Monthly, quarterly or yearly
Income payment dates	12th, 20th and 28th (or earlier if payment date falls on a weekend or bank holiday)
Payment of GA income	28th of the month implementation deadline at outset means monthly payments are on average 3 weeks in arrears. First quarterly or annual payment may also be proportionate
Payment method	BACS

Optional GA benefits

Dependant's income	50%, 66%, 75% or 100% of annuitant's income. Payable only to named dependant
Income Guarantee	Up to 30 years (whole years). Payable only to named dependant if combined with Dependant's Income
Money Back Guarantee	Single life and joint life second death basis. Up to 100% of the purchase price. Payable to named dependant or other beneficiary
Pension increases	Fixed increases of up to 10% (1% increments) or linked to RPI. For mixed GA and PD cases, pension increases only apply to the GA

In-force transactions

Minimum additional transfer payment	£5,000 (£1,000 per ceding scheme)
Minimum additional GA purchase price	£5,000
Minimum crystallisation of PS into PD	£2,000
Fund switch charge	No charge but we reserve the right to levy a charge if more than twelve switch requests are received in a 12 month period
Transfers out	Partial or full transfer of PD and/or PS funds available

Adviser fees

Fee options	Initial fee (% or £): If £ amount deducted from PD funds. If % deducted from PD and PS funds Ongoing fees (%) based on total investment in PD and PS Ad hoc fee. Can be taken from PD or PS
Adviser fee payment date	20th of each month (or earlier, for example if your payment date falls on a weekend)

Product charges

Drawdown charge	£150, currently applies to the first crystallisation of any uncrystallised funds (IVP transfers or PS). Also applies to each individual arrangement comprising an IDD transfer	
Annual charge (tiered). Applies to all investment funds including the cash account	Up to £25k	0.6%
	Between £25k and £75k	0.3%
	Between £75k and £150k	0.2%
	Excess above £150k	0.1%

Example of how the charge works

£170,000 invested in TRA after tax free cash, charges and adviser fee. £100,000 allocated to PD and £70,000 allocated to PS.

Pension Drawdown charge = £150

Tiered annual charge	Amount subject to charge	Charge %	Charge £
Tier 1 - Up to £25k	£25k	0.6%	£150
Tier 2 - £25k - £75k	£50k	0.3%	£150
Tier 3 - £75k - £150k	£75k	0.2%	£150
Tier 4 - Excess above £150k	£20k	0.1%	£20
Total annual charge			£470

As a percentage of total investment (£170k) 0.276% plus fund management charge (OCF).

Payment of death benefits

PS & PD investment funds	Lump sum payable or instead funds can be held as PD within a Beneficiary Account. If the latter any PS is converted to PD
Money Back Guarantee	Lump sum payable or instead funds can be held as PD within a Beneficiary Account
Dependant's income / income guarantee	Beneficiary Account established for payment of income. If both are payable the maximum income is the level of the deceased annuitant's income
Income guarantee commutation	Income can be commuted for discounted lump sum. If dependants income payable as well, only the excess income over the dependant's income amount can be commuted. Commuted income can be held as PD within Beneficiary Account
Minimum age for Beneficiary Account	No minimum age

Investment Fund Information

Retirement Advantage fund name	Management style	Risk profile	AMC	OCF
Cautious Index (Vanguard/Insight)	Passive	Cautious	0.25%	0.25%
To achieve capital preservation with some opportunity for growth in the medium term by managing the asset allocation of a portfolio of predominantly fixed income and cash with some equities.				
Balanced Index (Vanguard/Insight)	Passive	Balanced	0.25%	0.25%
To achieve a combination of capital growth and capital preservation by managing the asset allocation of a portfolio of predominately equities and fixed income.				
Adventurous Index (Vanguard/Insight)	Passive	Adventurous	0.25%	0.25%
To achieve long term capital growth by managing the asset allocation of a portfolio of predominantly UK and overseas equities.				

Exclusive to The Retirement Account

Protected Index Portfolio	Passive	Cautious Protected	0.75%	0.86%
The objective is to provide investors with long term capital growth from a multi-asset portfolio and to deliver protection at 80% of the highest net asset value achieved by the fund.				
Investec Multi-Asset Protector 2	Active	Cautious Protected	0.80%	1.29%
This fund aims to provide capital growth from a multi-asset portfolio and to deliver protection at 80% of the investment's highest price to date (however this is not guaranteed). The fund invests in UK and global equities, bonds, property, commodities, cash and alternatives. From time to time the allocation to low-risk instruments and cash will be increased.				
Henderson Cautious Managed	Active	Cautious	0.74%	0.83%
This fund aims to provide income and long-term capital growth by investing in a combination of equities and bonds worldwide. No more than 60% of the fund will be invested in equities.				
Threadneedle Dynamic Real Return	Active	Cautious	0.85%	1.04%
The fund aims to achieve a positive real rate of return from capital appreciation over the medium to long term, 4% above the rate of inflation (defined as the Consumer Price Index). Regardless of market conditions, it also aims to provide a positive return over a maximum of 3 years.				
Invesco Perpetual Distribution	Active	Cautious	0.92%	1.12%
This fund aims to achieve a combination of income and capital growth over the medium to long term by investing globally in equities, bonds and other assets. No more than 60% of the fund will be invested in equities.				

Fund information continued

Retirement Advantage fund name	Management style	Risk profile	AMC	OCF
AXA Framlington Managed Balanced	Active	Balanced	0.75%	0.80%
This fund aims to achieve capital growth through investments in a broad range of assets anywhere in the world, balancing risk and return for investors.				
Jupiter Merlin Balanced Portfolio	Active	Balanced	0.85%	1.76%
This fund aims to achieve long-term capital growth with income by investing mainly in other funds across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property.				
AXA Distribution	Active	Balanced	0.85%	0.87%
This fund aims to achieve growing income with some prospects for capital growth over the medium to long term.				
Threadneedle Managed Equity	Active	Adventurous	1.00%	1.18%
This fund aims to provide a return of capital growth and invests at least two-thirds of assets in worldwide equities via other Threadneedle funds. There is also exposure to fixed income securities, cash, money market instruments and derivatives.				
Jupiter Merlin Growth Portfolio	Active	Adventurous	0.85%	1.79%
This fund aims to achieve long-term capital growth by investing mainly in other funds across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property, with a core in the UK.				
Henderson Global Equity Income	Active	Adventurous	0.85%	0.95%
This fund aims to achieve an income better than the MSCI World stockmarket index with the potential for long-term capital growth.				
Insight Liquidity	Active	Cash	0.10%	0.10%
This fund aims to preserve capital and daily liquidity, and will typically invest in bank deposits, certificates of deposit, and other secure assets.				

The value of investments may go down as well as up. Taking income or withdrawals in excess of fund growth may result in the fund running out quicker than expected. Taxation rules and regulations may change in the future. Inflation will reduce how much the Fund is worth in real terms and inflation will reduce how much your income is worth over the years. It is essential to seek advice from a suitably qualified adviser.

